

Suzhou Dongshan Precision Manufacturing Co., Ltd.

Annual Report 2025



April 22, 2026

Annual Report 2025

Section I Important Note, Table of Contents and Definitions

The Board of Directors, directors, and senior executives of the Company hereby warrant that the information contained in this Annual Report is true, accurate and complete without any misrepresentation, misleading statement or material omission, and agree to assume joint and several liabilities for this Annual Report.

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

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

Forward-looking statements such as those on future development plans in this Report do not constitute substantial commitments by the Company to the investors. Investors and relevant persons shall be sufficiently mindful of risks, and understand the differences between plans, predictions and commitments.

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”.

The Company has no plan to pay cash dividends, distribute bonus shares or convert any capital reserve to the share capital.

Note:

This document is a translated version of the Chinese Annual Report 2025 ("2025 年年度报告"). In case of any discrepancies, the Annual Report 2025 published in the Chinese version shall prevail. The full Chinese Annual Report 2025 is available at www.cninfo.com.cn.

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List of References

I. Financial statements signed and chopped by Mr. YUAN Yonggang, legal representative, Mr. WANG Xu, CFO, and Mr. ZHU Deguang, Accounting Supervisor of the Company;

II. Originals of all documents of the Company publicly disclosed during the reporting period and related announcements;

III. Original of the Annual Report 2025 stamped with the seal and signed by the legal representative of the Company; and

IV. Place for keeping such documents for inspection: Securities Department of the Company at Building 12#, Yunhe Town Headquarters Industrial Park, No. 99 East Taihu Road, Wuzhong District, Suzhou.

Definitions

Term	Means	Definition
Company, we or DSBJ	means	Suzhou Dongshan Precision Manufacturing Co., Ltd.
Electronic circuit	means	one of our major business segments, including research and development (R&D), manufacturing and sale of FPCs, rigid PCBs, and rigid-flexible PCBs.
Optical module business	means	one of our major business segments, including R&D, manufacturing and sale of optical modules (including optical chips).
Photoelectric display module	means	one of our major business segments, including R&D, manufacturing and sale of touch panels and LCMs.
Precision component	means	one of our major business segments, including R&D, manufacturing and sale of precision metal structural parts and functional modules.
Hong Kong Dongshan	means	Hong Kong Dongshan Precision Union Opoelectronic Co., Limited, a wholly owned subsidiary of the Company.
Hong Kong Dongshan Holding	means	Hong Kong Dongshan Holding 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.
Multek Group	means	Multek Group (Hong Kong) Limited, a wholly owned subsidiary of Hong Kong Dongshan Holding.
Source Photonics	means	Source Photonics Holdings (Cayman) Limited, a subsidiary of the Company.
GMD Group	means	Groupe Mécanique Découpage, a wholly owned subsidiary of the Company.
Source Chengdu	means	Source Photonics (Chengdu) Co., Ltd., a wholly owned subsidiary of Source Photonics.
Source Jiangsu	means	Jiangsu Source Communication Technology Co., Ltd., a wholly owned subsidiary of Source Photonics.
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.
Multek China	means	Multek China Limited, a wholly owned subsidiary of Multek Group.
Suzhou Dongyue	means	Suzhou Dongyue New Energy Technology Co., Ltd., a wholly owned subsidiary of the Company.
Aranda	means	Aranda Tooling, Inc., AutoTech Production Services, Inc., and Autotech Production de Mexico S. de R. L. de C.V., wholly owned subsidiaries of the Company.
PCB	means	Printed Circuit Board, which forms conductive circuits with conductive materials on an insulated substrate according to a pre-designed circuit principle through etching, lamination, drilling, and other processes. It is a core fundamental electronic component providing mechanical support and electrical interconnection for electronic components.
FPC	means	Flexible Printed Circuit, a PCB that is made with a flexible insulated film as the substrate, having the features of flexible, light, thin, and high-density wiring.
AI DC	means	AI Data Center, an artificial intelligence data center/intelligent computing center, which is a new generation of computing power infrastructure customized for AI large model training, inference, and high-concurrency computing. As an “AI-upgraded mode” of conventional IDCs, it is also referred to as an intelligent computing center in the industry.
AI PCB	means	AI Printed Circuit Board, a high-performance PCB designed for AI computing (GPU/TPU/ASIC, AI servers, super computing). Unlike common consumer electronics PCBs, it focuses on high speed, high density, high reliability, large current, low loss, and strong heat dissipation.
HDI PCB	means	High-Density Interconnect PCB, a precision PCB with a higher wiring density and requiring a smaller installation space achieved through laser micro vias, blind vias and buried vias, fine lines, and thin substrates, and other processes. Thanks to the core features of finer wire widths and spacing, smaller holes, and higher layer utilization, it is mainly used in scenarios with dense chip pins and limited product space as a mainstream solution for smartphones, AI modules, optical

		modules, and high-end server front-end panels.
HLC PCB	means	High Layer Count PCB, a thick core structure generally with ≥ 16 layers, developing toward 20 layers, 28 layers, 30 layers, and even more. Being made by laminating multiple cores with copper foil layers, it has multiple power supply layers, multiple grounding layers, and multiple sets of high-speed differential lines to mainly meet the requirements for high-current power supply, strong anti-interference, high-speed signal transmission, and complex system integration in AI servers, switch backplanes, GPU accelerator cards, and large-scale communication equipment, focusing on thick copper, high stability, and high power handling capacity.
Optical chip	means	a core chip transmitting, modulating, and detecting optical signals in an optical module. It determines key indicators like the rate, distance, power consumption, etc. of the module.
Optical module	means	a core device for conversion between optical signals and electrical signals. It consists of optical transmitting and receiving, control, and structural parts, and is mainly intended for interconnection scenarios like data centers, computing power networks, communication, etc.
Optical engine	means	a highly integrated photoelectric core component. Generally integrating functions of optical chips, optical coupling, drivers, etc., it is a core integration mode of high-speed optical modules.
Optical device	means	a collective term for upstream parts of optical modules, including optical chips, electric chips, passive devices, and structural parts.
EML	means	Electro-Absorption Modulated Laser, a high-performance optical chip achieving monolithic integration of a DFB continuous wave (CW) laser and an electro-absorption modulator (EAM). The DFB provides constant continuous light, the modulator modulates high-speed signals by controlling optical absorption through voltage, and the laser operating point remains unchanged.
CW Laser	means	Continuous-Wave Laser, a laser outputting continuous, stable, uninterrupted optical signals unlike pulsed lasers. In the field of optical communication, the CW laser itself does not carry data signals, but provides a continuous light source at a constant power. It has to work with an external modulator (such as an EAM, lithium niobate modulator, etc.) for optical strength/phase modulation to achieve high-speed data transfer.
DFB	means	Distributed Feedback Laser, a laser with a built-in optical grating structure to achieve output at a single stable wavelength. As a direct modulated laser (DML), it switches and modulates optical signals by varying the injected current.
VCSEL	means	Vertical-Cavity Surface-Emitting Laser, a laser emitting laser light perpendicular to the chip surface. It can be integrated in an array for direct modulation. Thanks to its short cavity and great process compatibility, it can achieve concurrent transmission through multiple channels.
DSP	means	Digital Signal Processor, for equalization, error correction, clock recovery, and signal shaping of high-speed electrical signals. It is a necessary core electric chip for high-speed optical modules at 400G and above.
CPO	means	Co-packaged Optics, an ultra-high integration solution packaging a high-speed optical engine, switch ASIC/GPU, and other main chips on one substrate or middle layer. It shortens the electric interconnection distance to millimeters and even sub-millimeters to minimize transmission loss of high-speed electrical signals on the PCB, hence achieving the extreme bandwidth density and energy efficiency ratio.
NPO	means	Near-Packaged Optics, a board-level integration solution for placing optical engines in proximity to switch chips/GPU chips on the same PCB. Instead of being connected to switch chips through the long wire routing on the backplane, the optical engines are placed at a distance of millimeters to greatly shorten the electrical signal paths while keeping the optical engines and main chip physically independent for separate maintenance.
LPO	means	Linear Pluggable Optics, a technical solution based on the conventional pluggable optical module architecture, where the DSP chip inside the module is removed or greatly simplified and a switch ASIC chip is used to directly output linear electrical signals to drive the optical module. Retaining the standard pluggable shape (e.g., QSFP, OSFP) without changing the existing hardware architecture, it is a light-weight and low-cost transitional solution for high-speed, low-latency, low-power consumption requirements.
CW silicon photonics solution	means	separate architecture consisting of “continuous wave laser + silicon photonic integrated circuit”. By decoupling the light-emitting and modulation functions to achieve high-integration, low-power consumption, low-cost, and high-speed optical transmission, it is a core technical solution supporting 400G/800G/1.6T optical modules, CPO/NPO, and other advanced architectures, mainly covering short-distance interconnection scenarios of AI data centers.

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.
Touch panel	means	TP for short, a transparent sensing device installed at the front end of a display panel to sense external touch positions and output coordinate signals by employing capacitance, resistance, optics, and other principles. As a core component to achieve human-machine interaction, it is widely used in consumer electronics, vehicle-mounted display, industrial control equipment, etc.
LCM	means	Liquid Crystal Module, a complete display module integrating a liquid crystal glass panel, backlight module, driver chip, circuit board, structural parts, etc. to directly receive electrical signals and display images. It is a core functional unit to achieve visual output on various electronic terminals.
CSRC	means	China Securities Regulatory Commission.
SZSE	means	Shenzhen Stock Exchange.

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. 288 Shanfeng 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, and changed to No. 288 Shanfeng Road, Wuzhong Economic Development Zone, Suzhou on July 19, 2024.		
Office address	Building 12#, Yunhe Town Headquarters Industrial Park, No. 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, No. 99 East Taihu Road, Wuzhong District, Suzhou	Building 12#, Yunhe Town Headquarters Industrial Park, No. 99 East Taihu Road, Wuzhong District, Suzhou
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	Shenzhen Stock Exchange (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

Unified social credit code	91320500703719732P
Changes in primary business since the listing of the Company (if any)	Since our IPO and listing, we have made strategic upgrades to our businesses. Under the mission of “building a better connected world for tomorrow”, we added electronic businesses including electronic circuits, photoelectric display, and optical modules (including optical chips).
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	No. 128, Xixi Road, Lingyin Community, Xihu District, Hangzhou City, Zhejiang Province
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

Name of sponsor	Office address of sponsor	Name of sponsor representatives	Period of continuous supervision
Guotai Haitong Securities Co., Ltd.	32/F, Bohua Plaza, No. 669 Xinzha Road, Jing'an District, Shanghai	XU Jianhao, WU Yihao	2025.6.27-2026.12.31

VI. Key Accounting Data and Financial Indicators

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

Yes No

	2025	2024	Y/Y % change	2023
Operating revenue (RMB)	40,124,858,839.52	36,770,374,347.58	9.12%	33,651,205,468.80
Net profit attributable to shareholders of the Listed Company (RMB)	1,386,066,705.56	1,085,641,847.89	27.67%	1,964,525,269.65
Net profit attributable to shareholders of the Listed Company after deduction of non-recurring gain or loss (RMB)	965,995,066.64	898,627,278.48	7.50%	1,614,534,226.22
Net cash flows from operating activities (RMB)	5,307,141,746.99	4,986,018,688.48	6.44%	5,172,419,470.20
Basic earnings per share (RMB/share)	0.79	0.64	23.44%	1.15
Diluted earnings per share (RMB/share)	0.79	0.64	23.44%	1.15
Weighted average return on net assets	6.89%	5.89%	1.00%	11.38%
	December 31, 2025	December 31, 2024	Y/Y % change	December 31, 2023
Total assets (RMB)	60,250,537,094.98	46,014,173,064.47	30.94%	44,371,719,028.28
Net assets attributable to shareholders of the Listed Company (RMB)	21,461,147,972.59	18,826,387,269.38	14.00%	18,143,026,745.54

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 the audited total profit and the net profit before and after the deduction of non-recurring gain or loss of the Company during the reporting period 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 International Financial Reporting Standards (IFRS) and the CASBEs

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 IFRS and the CASBEs.

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

Applicable N/A

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

VIII. Key Financial Indicators by Quarter

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	8,602,240,027.91	8,352,923,870.98	10,115,463,490.86	13,054,231,449.77
Net profit attributable to shareholders of the Listed Company	455,862,422.17	302,143,558.44	465,271,630.98	162,789,093.97
Net profit attributable to shareholders of the Listed Company after deduction of non-recurring gain or loss	396,749,250.19	260,050,693.12	414,311,224.99	-105,116,101.66
Net cash flows from operating activities	1,365,406,591.51	1,134,711,429.77	445,723,379.86	2,361,300,345.85

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

Item	2025	2024	2023	Remark
Gain or loss on disposal of non-current assets (including allowance for impairment of assets that has been written	-384,012,866.89	-268,961,359.34	-26,367,874.21	

off)				
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)	331,688,417.02	483,141,623.05	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	69,600,586.93	-7,601,380.66	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	-41,631,510.60	-3,547,316.95	-398,583.47	
Other gain or loss within the meaning of non-recurring gain or loss	470,697,770.08		134,812,863.84	Investment income arising from business combinations involving entities not under common control
Less: Effect on income tax	23,035,787.38	13,516,787.94	22,244,723.86	
Effect on minority interests (exclusive of tax)	3,234,970.24	2,500,208.75	597,751.37	
Total	420,071,638.92	187,014,569.41	349,991,043.43	--

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

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 Primary Business during the Reporting Period

We are an innovation-driven company focusing on the field of intelligent manufacturing and having a global perspective and layout. Under the mission of “building a better connected world for tomorrow” and the vision of becoming a globally leading solution provider for intelligent interconnection, we are dedicated to providing advanced products and solutions for global leading technology companies, hence achieving interconnection among human beings, equipment, and infrastructure. Our main business covers the global design, production, and sale of electronic circuits, optical modules (including optical chips), precision components, and photoelectric display modules; our products are widely applied in the fields of consumer electronics, vehicles, data centers, communication equipment, industrial control equipment, etc. By providing all-round and one-stop comprehensive services and continuously enhancing customer loyalty for cooperation, we have established long-term stable strategic cooperation relationships with global leading enterprises.

(1) Our main products and their applications:

Product	Type	Product features	Main application
Electronic circuit	Flexible PCB	<p>The flexible PCB, as a printed circuit board, uses flexible materials like polyimide or polyester films as the substrate, and implements electric interconnection through a copper foil layer. Thanks to its unique adaptability, it can be bent, folded, and twisted repeatedly without affecting the stability of its electric performance. This flexible characteristic allows flexible PCBs to be seamlessly installed in narrow or irregular spaces, which not only reduces the weight but also achieves greater freedom of design. With these characteristics, flexible PCBs have become an ideal solution for compact devices and application scenarios requiring portability and durability.</p> <p>Our flexible PCB product series cover single-layer flexible PCBs, multi-layer flexible PCBs, and FPCA, which can directly integrate resistors, capacitors, inductors, and various functional chips onto the circuit. These products are specially designed to meet the performance requirements of terminal products in various industries. We can reduce the thickness of flexible PCBs to 0.05 mm at the minimum; the optimization for ultra-thin and lightweight products helps to provide compact solutions balancing space efficiency and performance. To ensure durability and reliability, we use advanced materials to achieve high-temperature resistance and keep signal integrity under harsh environments.</p> <p>Flexible PCBs are widely used in the fields of edge AI devices, consumer electronics, and vehicle electronics. In edge AI devices, our flexible PCBs are playing a more and more important role in creating lighter and more advanced products, supporting high-performance functions within a smaller size. Our flexible PCBs are used in the AI smartphones, wearable devices, and other smart devices of multiple globally leading brands. In the vehicle field, our flexible PCBs allow complex wiring within a restricted space, hence supporting key vehicle systems, like the battery management systems, vehicle-mounted information and entertainment systems, etc. Keeping pace with the constant development of various industries, our flexible PCBs are always at the technology forefront to facilitate the development of next generation AI devices that are smarter, more compact, and more effective.</p>	Smartphones, electric vehicle BMS systems, etc.
	Rigid PCB	<p>Rigid PCBs are printed circuit boards made with rigid substrates that cannot be bent or twisted. Our rigid PCB products cover single-layer PCBs, multi-layer PCBs, and HDI PCBs, which can meet the demands of customers from various industries, including AI computing, consumer electronics, etc.</p> <p>Single-layer and double-layer PCBs are designed with a simple structure, in which a rigid substrate is used to separate single-layer or double-layer copper foil wiring.</p>	AI servers, 5G base stations, intelligent vehicles, AR&VR devices, wearable

Product	Type	Product features	Main application
		<p>Thanks to its cost effectiveness, this solution is widely used in electronic systems with intermediate complexity. Multi-layer PCBs, containing multiple layers of conductive copper separated by insulating materials, help to achieve a higher density of elements and greater electric performance. HDI PCB products help to achieve a higher wiring density and smaller elements by using advanced through-hole structures (e.g., blind vias and buried vias), hence further improving integration.</p> <p>In particular, in applications with restricted spaces, HLC PCBs and HDI PCBs can be used to achieve a compact layout, better signal performance, and greater reliability. Therefore, these products are especially suitable for AI computing infrastructure where high-frequency and high-speed data transfer plays an important role. Our ELIC technology, as a leading technology in the HDI PCB field, can connect any layers to achieve ultra-high-density wiring in extremely compact designs. Our multi-layer PCBs and HDI PCBs use M8/9 materials with ultra-low loss to achieve the transmission rate of up to 224Gbps, which can meet the high requirements of GPU, AI accelerator cards, AI servers, and data center switches.</p> <p>Relying on our in-depth technology expertise in HLC PCBs and HDI PCBs, we can ensure high-speed low-loss interconnection with our products under harsh environments. To meet the heat dissipation requirements of high-power applications, the embedded copper block, buried copper column, laser copper filling, and other technologies are employed to effectively improve the heat dissipation efficiency and reliability of PCBs with enhanced heat dissipation.</p>	devices, robots, etc.
	Rigid-flexible PCB	<p>Rigid-flexible PCBs, consisting of multiple rigid wiring layers and flexible wiring boards, achieve connection using electroplating through holes, hence properly matching with the structural design of compact and complex electronic products. They combine the durability of rigid PCBs with the adaptability of flexible PCBs to balance mechanical strength and design flexibility. The flexible portion allows movement or folding, while the rigid portion provides structural support and space for installed components.</p> <p>This unique combination reduces the demands for connectors and wires, simplifies assembly efforts, and improves reliability by eliminating potential faulty points. Our rigid-flexible PCB products are made with high-performance materials to ensure the thermal stability and reliability under harsh environments. Therefore, our products are especially suitable for industries, like medical devices and vehicle systems, which require devices having high performance within a small space.</p>	AI servers, data center switches, intelligent vehicles, smartphones and tablet computers, AR&VR devices, CT scanners, industrial devices, robots, etc.
Optical module	Optical chip	<p>On the basis of the subsidiary Source Photonics, we are developing an optical chip product system with high-speed EML chips at the core, with the rate covering the whole matrix from 2.5G to 200G; with whole-process independent development for IDM and large-scale mass production, our products have advantages of high bandwidth, low power consumption, low transmission loss, high extinction ratio, outstanding yield rate in mass production, large temperature range, and high reliability. Our main product is 100G/200G PAM4 EML high-end chips; given the key performance indicators and mass production capacities reaching the international top level, these products are fully suitable for optical module applications at 800G, 1.6T, and even higher rates. Meanwhile, we are making forward-looking layout of technologies like 400G EML and high-power CW light sources to meet the strict application requirements in high-end scenarios of AI data centers and ultra-computing power high-speed interconnection.</p>	Optical module

Product	Type	Product features	Main application
	Optical modules for data centers	<p>Driven by the rapid development of AI computing and applications, our data center optical modules are specially designed to meet the requirements of AI infrastructure. We focus on 400G optical modules with QSFP-DD, QSFP112, and OSFP packages, and OSFP and QSFP-DD 800G optical modules with the DSP, LPO, and LRO architecture. Our 1.6T optical modules, with multiple technology options including EML, silicon photonics, and InP PIC, achieve ultra-high-speed and low-latency connections through OSFP and other compact packages. Our independently developed 100G PAM4 EML chips have been used in 400G and 800G optical modules by over ten million; the 200G PAM4 EML chips have reached mass production to support 1.6T optical modules.</p> <p>Meanwhile, our 400G PAM4 EML chips under development will empower 3.2T optical modules. In addition, we are promoting the co-packaged optics technology, which directly integrates optical engines and switch chips in one package to greatly shorten the signal path and reduce latency, making it an ideal option for AI training and inference.</p> <p>Our data center products are made with low-loss optical materials, stable signal integrity design, and adaptive power management technologies to achieve stable transmission and higher energy efficiency. These innovations not only reduce the power consumption but also enhance cost advantages and durability, empowering our solutions to meet the high requirements of AI data centers on the rate and bandwidth.</p>	Data centers, etc.
	Telecommunication optical modules	<p>Our telecommunication products mainly include products for optical transmission, wireless transmission, and broadband transmission.</p> <p>Our optical transmission products, being designed to meet the increasing requirements of high-speed data transfer for metropolitan area networks, access networks, and long-distance networks, have the characteristics of high reliability and long-distance transmission. These products support multiple size specifications and data rates, including SFP, SFP+, SFP28, and QSFP-DD, and have the transmission capabilities covering 1G to 800Gb/s.</p> <p>Our wireless transmission modules operate on the physical layer of wireless networks to achieve accurate electrical - optical signal conversion and optical - electrical signal conversion, supporting high-speed data interaction between BBU, AAU, and DU, hence providing stable and reliable connection for fronthaul, midhaul, and backhaul transmission. These modules are fully compatible with 5G and 5.5G network deployment.</p> <p>Our broadband products are based on the PON architecture, which is a point-to-multipoint fiber-optical system connecting OLT to ONU/ONT through a passive optical splitter with no power supply equipment on site. The products, covering 10G PON and 25G/50G PON and meeting the F5G and F5G-A standards, are widely deployed in FTTH, enterprise broadband, and campus networks to provide high-speed data services for end users. The solutions equipped with our independently developed 50G laser chips have been deployed in commercial 50G-PON projects to empower high-speed broadband and AI data centers.</p>	Data centers, enterprise dedicated line businesses, core networks, base stations, etc.
Precision component	Automotive parts	<p>We provide various automotive structural parts and functional module products to meet the functional requirements of vehicles under continuous upgrade. Our core products cover battery housings, water-cooling boards, EV motor housings, etc., which play a key role in improving the vehicle dynamic performance, operation safety, and energy utilization efficiency.</p> <p>Battery housing Battery housings are integral structural parts made of light-weight high-strength aluminum alloy to contain battery modules and internal core elements, providing comprehensive protection for the battery system against external shocks. The housings are equipped with an integral thermal management channel, which can greatly improve the heat dissipation efficiency; meanwhile, the lower battery housing is integrated with the vehicle chassis to lower the center of gravity of the entire vehicle, hence improving driving stability. We employ 8,200-ton integral stamping</p>	Intelligent vehicles

Product	Type	Product features	Main application
		<p>and forming, high-precision laser welding, and other advanced technologies with a supporting automatic CCD visual detection system to ensure the size accuracy and consistent quality of products. Thanks to such manufacturing technologies, our products have outstanding safety and reliability to meet the requirements of the power system for new energy vehicles.</p> <p>Water-cooling board The water-cooling board is a liquid heat exchanger that rapidly takes away the heat generated from the operation of high-power electronic components; it can achieve a cooling system with a compact structure, low noise during operation, and high reliability. Our ECU water-cooling boards can provide accurate temperature control for the vehicle-mounted controllers of the powertrain, vehicle safety, and vehicle-mounted information and entertainment system of new energy vehicles. The products, being manufactured through precision stamping and forming, full-automatic laser welding, copper-aluminum reflow welding, and other processes, can be closely integrated with PCB components to ensure the optimal operating temperature for core elements under complex conditions, hence achieving stable performance output. Meanwhile, we have the mass manufacturing capabilities for traction drive motor cooling boards, power battery pack cooling boards, and SiC inverter water-cooling boards.</p> <p>EV motor housing EV motor housings are external structural protection housings for traction motors and controllers, which can effectively protect against external shocks and reduce the loss caused by operation vibration. Reaching the protection level of IP54 and above, these products can meet the reliability requirements for long-time operation. The housings are made through high-pressure vacuum casting and forming, for which the high-precision size tolerance of key holes are guaranteed with the cylinder liner casting-in technology; meanwhile, the full-automatic friction welding process is employed to create a high-strength and sealed connection structure to achieve outstanding anti-vibration capabilities and thermal cycling resistance.</p> <p>In addition, GMD Group's technology expertise in the body in white, chassis structure, thermal management system, and interior and exterior trim parts further enriches our product matrix and improves our comprehensive capabilities for providing one-stop integrated solutions for global vehicle manufacturers. Relying on the manufacturing experience and technology accumulation built for a long period of time in the field of vehicle precision structural parts, we can meet the strict quality management and control requirements of mainstream vehicle manufacturers and are qualified suppliers for multiple global top manufacturers of conventional and new energy vehicles.</p>	
	Components for communication devices	<p>We can provide products of customized high-performance communication parts to meet the requirements in the construction and upgrade of global communication networks. Our core products cover antennas for mobile communication and wave filters for mobile communication, which can optimize the deployment adaptability inside and outside base stations and improve the stability in signal transmission.</p> <p>Antennas for mobile communication Antennas for mobile communication, as core radio frequency components of base stations, mainly implement signal reception and transmission between a base station and a mobile terminal to meet the requirements for the construction of a new generation of communication networks. Being made with technologies like low passive inter-modulation, high-power handling, and wide-frequency coverage, and designed with high-gain, low-transmission loss, and low-wind resistance structure, these products can achieve performance indicators like phase shifter insertion loss of $< 0.7\text{dB}$, antenna gain $\geq 17.5\text{dBi}$, and passive inter-modulation better than -153dBc, so as to effectively improve the operation efficiency of mobile communication networks and ensure the high-quality signal reception and transmission.</p> <p>Wave filters for mobile communication</p>	Base stations for mobile communication

Product	Type	Product features	Main application
		<p>Wave filters for mobile communication, as core frequency-selecting components of base stations, can screen radio frequency signals of the specified frequency band and filter out noise wave interference, hence ensuring the purity of communication links and operation stability of devices. These products, being made with low passive inter-modulation design and high-power metal-ceramic structure, can achieve the passive inter-modulation indicator better than -155dBc to achieve stable operation performance under various working conditions. Meanwhile, the volume of individual products is reduced by 50%, which effectively improves the space utilization rate for the internal layout of base stations and convenience in device integration.</p> <p>Our communication parts are developed and designed with high reliability, wide adaptability, and high performance in mind to meet the requirements of the technical standards and applications for mainstream mobile communication networks around the world.</p>	
Photoelectric display module	Touch panel	<p>Touch panels are widely used in consumer electronics (tablet computers, laptop computers, all-in-one computers), industrial control, medical, and vehicle (central control display, copilot display, and entertainment display for back rows) applications; they can achieve the touch precision of ± 1.0 mm and response time less than 30.0 ms. Thanks to the rapid response and adaptability for various complex environments, they can be used in multiple industries.</p>	Laptop computers, industrial control equipment, medical devices, etc.
	LCD and OLED modules	<p>Display modules (LCD&OLED) can be used to build “integrated solutions” for in-depth combination of cutting-edge display technologies with high-reliability structural design, hence achieving breakthroughs in both performance and stability.</p> <p>Display modules are widely used in consumer electronics (mobile phones, laptop computers, all-in-one computers), industrial control, medical, and vehicle (dash boards, central control display, copilot display, entertainment display for back rows, electronic rear-view mirrors, and HUD). They can achieve the brightness of up to 1,000.0 nit to ensure clear visibility even under strong light, and can achieve the wide gamut of over 96.0% NTSC for consumer modules.</p> <p>The display modules are integrated with devices seamlessly through the full-lamination process to enhance durability and improve the optical clarity. Thanks to our automatic manufacturing procedures and strong supply chain, we can provide customized display modules with guaranteed high throughput, consistent quality, and reliable delivery, hence effectively meeting the requirements of global customers from various industries.</p>	Consumer electronics, intelligent vehicles, etc.

(II) Operating modes

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 by taking into account the purchase orders placed by customers, the product quantities demanded by the customers, as well as our production capacity and supply of raw materials.

1. Purchase mode

Our main businesses, covering electronic circuits, optical modules (including optical chips), precision components, photoelectric display modules, etc., require a wide variety of raw materials. Based on the purchase scale, our main raw materials include electronic components, connectors, display devices, copper clad laminates, cast parts, wafers, aluminum parts, etc. We make purchase from corresponding suppliers with reference to orders and production plans based on our information about the lead time and quality of suppliers. Given that our products are mostly customized, suppliers should be qualified by us or our customers, and we have to obtain the consent and certification from customers for new alternative suppliers. Generally, we request order-based prompt supply from suppliers instead of keeping a large number of surplus raw materials and parts; under certain circumstances, we may also require suppliers to establish a local warehouse to shorten the lead time of raw materials and reduce our inventory. We purchase a wide variety of raw materials in large quantities. Our Group Purchase Management Center is responsible for coordinating purchase activities within the group, in which we promote green purchase and give full play to the advantages of large-volume purchase and synergy effects of raw materials. We have established long-lasting, stable, and mutually beneficial strategic cooperation relationships with core suppliers to ensure a stable supply chain and reduce purchase costs.

2. Production mode

We manufacture products based on market demands, and adopt the production model that determines production according to sales, under which we develop production plans and promptly deliver products to customers after passing inspection by 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. We implement the ideas of green development and low-carbon operation, and we always give priority to development coordinating a new generation of information technologies with manufacturing technologies, taking intelligent manufacturing as the main direction for the integration of informatization and industrialization and taking active measures to promote the construction of intelligent factories and digital workshops. On one hand, we make great efforts for automatic production and construction to improve production efficiency; on the other hand, we implement information-based production operation and management to achieve real-time management and control over the whole production operation process, hence increasing the product yield rates, improving capacity utilization rate, ensuring prompt delivery of orders, and ensuring the quality of products and services in compliance with normative standards and customer requirements.

3. Sales mode

We sell directly to corporate customers. After we pass customers' system certification and are admitted to their supplier system, customers will directly place orders to us. We implement the strategy of group-based coordinated sales and build dedicated key-account service teams for various business segments to promptly respond to requests from customers. Focusing on basic core devices in the field of intelligent interconnection, we have built a rich product matrix after years of development. Thanks to the suitability of our products for a variety of industries and the strong synergy effects we achieved for R&D, technology, supply chain, product, market, etc. in different business segments, the multi-product synergy advantages allow us to provide customers with all-round, one-stop comprehensive product solutions with leading technologies to meet customization requests of customers to the largest extent.

4. R&D mode

We have built an efficient R&D system focusing on independent R&D of core technologies and being oriented to meeting the innovation needs of customers, and we keep close pace with the strategic layout of industry leading customers and actively participate in new product development by customers, hence supporting customers in product iteration and function innovation. Meanwhile, we strive to build platform-based R&D institutions and platform-based core technologies, pay close attention to the development dynamics of new technologies and new processes in the industry, and conduct continuous and effective R&D investment and study of cutting-edge technologies to maintain the leading position of the Company in technologies and processes, hence actively promoting the implementation, update, and iteration of downstream terminal products of the industry. With importance attached to the education of technical talents, we provide the talent support for the development of new technologies and new products by measures of “talent education, talent attraction, and talent retention”, and take active measures to coordinate R&D resources and encourage cross-department joint development.

In addition to the transformation and upgrade of our own technologies in our R&D activities, we also pay attention to in-depth cooperation with customers and the study of future industry trends. By properly combining flexibility, coordination, and innovation, we have built a R&D ecology system featuring sustainable development and high adaptability to meet the constantly changing customer needs and market environments, and promote coordinated innovation throughout the industry chain.

II. Situations of Our Industry during the Reporting Period

We are primarily engaged in the R&D, manufacturing, and sale of electronic circuits, optical modules (including optical chips), precision components, photoelectric display modules, etc.

(I) Development of the industry

1. Electronic circuit industry

Printed circuit boards (PCBs), as core basic components of electronic devices, play a critical role in accurate electric interconnection, low-loss signal transfer, and mechanical support, and its performance directly determines the operating efficiency and stability of electronic devices. In terms of the fields of application, PCBs are widely used in core scenarios like consumer electronics, vehicles, data centers, communication, etc., making PCBs an indispensable basic link for the electronic information industry.

Thanks to the explosive demands of AI and high-speed network infrastructure, the global PCB market experienced rapid growth. According to Prismark, in 2025, the global PCB market was estimated to be USD 85.2 billion, a year-on-year growth of about 16%, which exceeded previous expectation, especially the growth of AI-related high layer count (HLC) PCBs and high-density interconnect (HDI) PCBs. In the long run, driven by multiple factors, including AI infrastructure construction, restructuring of the global supply chain, terminal intelligentization, etc., the growth dynamics of the industry will be continuously released. Prismark predicted that the global PCB market size would reach USD 95.8 billion by 2026, a year-on-year growth by 13%; the annual compound growth rate of the industry value would be about 7% from 2026 to 2029, and may exceed USD 116.0 billion by 2029. From 2025 to 2030, the fastest-growing fields will still be HLC PCBs (over 18 layers), HDI PCBs, etc. In terms of fields, in 2025, the global market size of servers and memory was USD 413.0 billion, a large increase by 42% year on year; it's expected that the annual compound growth rate would be 6% from 2026 to 2030, and the market size would reach USD 630.0 billion by 2030. Correspondingly, the output value of servers and memory in 2025 was about USD 16.0 billion, a year-on-year

growth by 46%; the annual compound growth rate would be 13% from 2025 to 2029. The figures above show that AI-driven data communication infrastructure is becoming the core engine to drive the upgrade and size expansion of the PCB industry.

From the perspective of enterprise development, the structural transformation of the PCB industry is creating relatively certain development opportunities for us. On one hand, in the field of consumer electronics, the innovation for products like AI terminals, foldable screens, and other products leads to continuously increasing quantity of FPC in use and value of individual devices. Relying on the production capacity and technologies of MFLEX, a top 2 manufacturer on the world, we can provide a stable cash flow and profit support for conventional businesses. On the other hand, in the field of AI computing hardware, the growth center of the industry is transforming to HLC PCBs and HDI PCBs more and more quickly. Thanks to Multek's professional manufacturing capabilities of ultra-HLC PCBs with 78 or more layers and 7-stage thick HDI PCBs, together with the decisive investment of over USD 1.0 billion for expansion of high-end production capacity, we can properly take the historical development opportunities that the value of PCBs for AI servers is obviously greater than conventional products. The PCB industry is experiencing a fundamental change under the two major trends of high-end consumer electronics and AI infrastructure, which opens a significant window for us to develop from a leading FPC manufacturer to a supplier of all high-end PCB products.

2. Optical module industry

The optical module technology, employing the mechanism of electrical - optical - electrical signal conversion, has developed generational advantages in terms of the bandwidth capacity, transfer distance, anti-interference performance, energy efficiency and density, etc. on the basis of the transfer characteristics of optical fiber, which systematically solves the core transmission challenge of large-traffic interaction and interconnection of wide area networks, hence becoming a key technology supporting the upgrade of communication networks and empowering computing infrastructure. The continuously increasing downstream bandwidth demands lead to the iteration and upgrade of optical chip rates from 2.5G, 10G, 25G, and 50G to 100G and 200G, which directly determines the transfer rate and application scenario positioning of optical modules.

On the background of the continuously increasing global investment in computing power, AI has become the core growth engine for the market of optical module data communication. Lightcounting predicted that the global market size of data communication optical modules would reach USD 22.8 billion by 2026, where the total market size of 800G and 1.6T optical modules would reach USD 14.6 billion in 2026, accounting for about 64% of the total market size of all data communication optical modules. Meanwhile, it's predicted that the global market size of telecommunication optical modules would be USD 5.3 billion by 2026. Generally speaking, thanks to the rapid development of AI data centers, the data communication market is growing at an obviously faster rate than the conventional telecommunication market, hence becoming the core driver for the growth of the optical module industry. Lightcounting predicted that in the next three years, high-speed optical modules of 800G, 1.6T, etc. would dominate the market demands, while the quantity of 3.2T modules would increase gradually from 2028. It is probable that the annual sales volume of optical interconnects used in AI clusters would reach USD 100.0 billion by 2030.

As for the Company, Source Photonics' core competitive advantages will be more and more prominent under the trend of rapid industry development. Source, as one of the few global enterprises having an integral layout of optical modules + optical chips, employs the IDM mode to maintain independence at core stages; it is one of the few enterprises with mass production capacities of 100G and 200G optical chips in China. Under the industry environment of supply shortage for high-end optical chips and high dependence on others, Source has prominent advantages in production capacity allocation and delivery response thanks to its capabilities above. Meanwhile, we are making active efforts to develop single-wavelength 400G optical chips, hence building a technology basis for the next generation of high-speed product upgrade. In terms of production capacity expansion, Source is accelerating the pace of building optical chip and optical module production capacities to effectively match with the pace

of increasing quantity of downstream customers and the demand growth trend of the industry. In addition, our comprehensive advantages in key account services, supply chain management, delivery guarantee, customer qualifications, etc. can also effectively support the further customer development for Source.

3. Precision component industry

The precision component industry is an industry where precision processing, fast forming, automatic control, and other relevant technologies are employed to design, manufacture, process, assemble, and sell structural parts, functional modules, and complete devices with a complex structure and high precision. With the obvious characteristics of technology intensity, high precision requirements, high-efficiency production, high automation, strong non-standard customization capabilities, etc., this industry has strict requirements on product consistency, reliability, and lead time. In terms of the industry chain structure, the upstream industry chain of the precision component industry is the supply of raw materials and manufacturing equipment, mainly including raw materials like metal materials, and production equipment like cutting and forming equipment, processing equipment, test and inspection equipment, etc. The midstream of the industry chain is the precision processing and manufacturing stages, that is, the processing of high-precision parts and functional modules and the assembly of complete devices by manufacturers. The downstream of the industry chain is the application field of precision component products, mainly including vehicles, communication devices, etc. Given the constant upgrade of the downstream manufacturing industry and the faster and faster emerging fields like 5G communication, AI, new energy vehicles, etc., the global application demands for precision component products are increasing, hence creating a broad growth space for the development of the global precision component industry.

We have profound technology expertise and core competitiveness in the field of precision components and have built a mature and standard process system covering the stages of precision metal processing, module-based integration, precision assembly, etc., which can meet the strict requirements of vehicle customers for structural parts with high precision, high consistency, and high reliability. In terms of production capacity and layout, we have built a global supply network, including production bases located in Mexico, the United States, and Suzhou and Yancheng in China; moreover, we have successfully entered the European market through the acquisition of GMD Group in France, which further increases our market shares in the field of global automotive parts and improves our capabilities of local services. All our customers of the precision component business are domestic and foreign leading automotive manufacturers; this outstanding customer structure not only provides stable orders for us, but also continuously promotes the introduction of new products and technology iteration. Generally speaking, we expect that our precision component business will achieve continuous and stable growth thanks to the growth period of the industry.

4. Photoelectric display industry

Photoelectric display products, as core devices for converting electrical signals into visual images, are core parts for electronic devices to present visual content and implement information and sensing interaction. Under the background of the extensive spread of consumer electronics, development of Internet communication technologies, and accelerated penetration of AI terminals, the demands for information interaction are continuously increasing, where photoelectric display products, as an important carrier, are widely used in fields like vehicles, consumer electronics, etc. Driven by the technological innovation, application, and extension and the increasing penetration of smart devices, the global photoelectric display industry has been developing stably, where the mainstream technology routes mainly include LCD and OLED.

Our photoelectric display products, with touch panels and LCMS at the core, are widely used in the fields of vehicles and consumer electronics. In the field of vehicles, the continuously increasing penetration of intelligent cockpits leads to the evolution towards vehicle-mounted displays featuring larger sizes, multiple displays, and high definition, and the vehicle-mounted display

devices are upgrading from conventional information presentation carriers to the core medium for human-vehicle interaction, hence achieving human-vehicle interconnection. Relying on our technology accumulation and mass production capacity for touch panels and display modules, we can provide customers with integral display solutions and have been admitted to the supply chain of multiple leading vehicle manufacturers. In the field of consumer electronics, given the higher requirements of AI terminal devices on display interaction, touch panels and LCMs, as the core components for human-machine interface, are experiencing stably increasing demands. Thanks to our large-scale production capacities and stable delivery capabilities, we can promptly respond to the demands of downstream brand customers. In general, we expect continuous and stable growth of our photoelectric display business driven by the upgrade of vehicle-mounted displays and interaction innovation of consumer electronics.

(II) Main laws, regulations, and policies

Title of policy	Authority	Time	Relevant policy content
<i>Printed Circuit Board Industry Specification Conditions, Interim Measures for the Administration of the Announcement on the Printed Circuit Board Industry Specification</i>	Ministry of Industry and Information Technology	2019	Build quantitative standards for the PCB industry in aspects of production capacity layout, production scale, process technologies, intelligent manufacturing, green manufacturing, etc. to regulate the development of high-frequency, high-speed, and high-density PCBs for AI application
<i>Action Plan for Developing the Industry of Basic Electronic Components (2021–2023)</i>	Ministry of Industry and Information Technology	2021	Focus on the development of high-frequency, high-speed, high-layer, and high-density printed circuit boards and substrates for package of integrated circuits to support the efforts for AI computing, data centers, servers, etc.
<i>Statistical Classification of Digital Economy and Its Core Industries (2021)</i>	National Bureau of Statistics	2021	List printed circuit boards as a core industry of digital economy, and AI PCBs as core products of digital economy
<i>Catalogue of Industries for Encouraging Foreign Investment (2022 Edition)</i>	National Development and Reform Commission, Ministry of Commerce	2022	Include core AI PCBs, like high-density interconnect PCBs, multi-layer flexible PCBs, rigid-flexible printed circuit boards, and package carrier boards, into the catalogue of industries encouraging foreign investment
<i>Action Plan for Stable Growth of the Electronic Information Manufacturing Industry 2023–2024</i>	Ministry of Industry and Information Technology	2023	Support the upgrade of servers and advanced computing terminals, and increase the PCB demands for AI servers and computing devices
<i>Guidance Catalogue for Industrial Structure Adjustment (2024 Edition)</i>	National Development and Reform Commission	2023	Clearly list high-density, high-frequency, and high-speed PCBs and package carrier boards as an encouraged industry, covering AI PCB products
<i>Action Plan for Stable Growth of the Electronic Information Manufacturing Industry 2025–2026</i>	Ministry of Industry and Information Technology, State Administration for Market Regulation	2025	Promote the layout of major projects for advanced computing, servers, etc., and promote the upgrade to high-end, intelligent, and green AI PCBs
<i>Action Plan for the Coordinated Development of “Dual Gigabit” Networks (2021–2023)</i>	Ministry of Industry and Information Technology	2021	Promote the coordinated construction of gigabit optical networks and 5G, hence driving the demands of high-speed optical modules, optical devices, and optical transmission devices
<i>“Sailing” Action Plan for 5G Applications (2021–2023)</i>	10 ministries including the Ministry of Industry and Information Technology	2021	Support the implementation of 5G applications, increasing the market demands for optical communication networks, high-speed optical modules, and optical access devices
<i>Plan for the Overall Layout of Digital China</i>	Central Committee of the Chinese Communist	2023	Optimize the layout of computing infrastructure, promote the coordination construction of optical communication

	Party, State Council		networks and nationally integrated computing networks
<i>Implementation Opinions on Deepening the “Eastern Data and Western Computing” Project and Accelerating the Construction of a National Integrated Computing Network</i>	5 ministries including the National Development and Reform Commission	2023	Accelerate the efforts of building a national integrated computing network, directly increasing the demands for 400G/800G high-speed optical modules and full-optical networks
<i>Work Priorities for Digital Economy 2024</i>	National Development and Reform Commission, National Data Administration	2024	Properly make forward-looking layout of digital infrastructure to promote the coordinated development of optical communication networks and computing networks
<i>Guidelines for Building National Data Infrastructure</i>	National Development and Reform Commission, National Data Administration, Ministry of Industry and Information Technology	2025	Promote the technology application of 400G/800G high-speed full-optical connection, supporting high-efficient transmission of computing power and upgrade of optical communication
<i>Action Plan for Computing Power Interconnection</i>	Ministry of Industry and Information Technology	2025	Achieve breakthroughs in high-speed interconnection buses and high-speed lossless network technologies to promote the in-depth integration of optical communication and computing networks
<i>Notice on Pilot Implementation of 10-Gigabit Optical Networks</i>	General Office of the Ministry of Industry and Information Technology	2025	Promote efforts for building 10-gigabit optical networks, driving the large-scale application of high-speed optical access modules and optical communication devices
<i>Action for “Millisecond Computing” for Metropolitan Areas</i>	General Office of the Ministry of Industry and Information Technology	2025	Promote the 400Gbps deployment for metropolitan area computing centers, increasing the demands for high-speed optical modules and full-optical cross devices

III. Core Competencies of DSBJ

(I) Advantage in strategy: AI end-to-end layout to take early opportunities in a high-growth racetrack

Our strategy focuses on an end-to-end AI layout from the edge side to data centers. As an innovation-driven enterprise, we are dedicated to providing global top technology companies with advanced products and solutions by accurately taking the growth opportunities for global high-speed interconnection and data transfer. Relying on the clear strategic positioning, we have established a leading position in multiple fields and industries: we are the top 3 global PCB supplier, the top 2 global FPC supplier, and the top 1 global edge AI device PCB supplier; by acquiring Source Photonics, we have emerged as a global core supplier of optical modules and built a layout of AI computing core hardware products featuring “optical modules (including optical chips) + AI PCB”, making us the only enterprise having the whole-process capabilities covering PCBs, optical chips, and optical modules from R&D, designing, and mass production on the world, fully covering all scenario requirements from edge AI devices to large-scale data centers, hence establishing our long-lasting competitive advantages. By providing PCBs and high-speed optical module products for AI DC, we can help customers achieve data transfer with lower latency, higher transmission rate, and better energy efficiency; meanwhile, we engage in in-depth design cooperation with customers to shorten product development cycles and improve system performance of terminal products. In general, relying on the end-to-end whole-process capabilities in AI and our coordinated and integrated technology system, we can fully take the opportunities of business growth driven by AI for the future, and make use of the forward-looking layout of advanced processes and production capacities under the background of accelerated AI penetration on the edge side and data center to continuously improve market shares.

(II) Advantage in products: Achieve horizontal synergy among multiple product categories and leading vertical integration, making optical modules and optical chips as the core highlights

By combining external acquisition with endogenous growth, we have built a comprehensive product system featuring full horizontal coverage and vertical integration, covering core businesses of electronic circuits, optical modules (including optical chips), precision components, photoelectric display modules, etc., which can provide whole-life cycle core device solutions for customers in the fields of consumer electronics, intelligent vehicles, cloud service providers, etc., hence achieving closed-loop value growth. Based on the opportunities of industry development created by AI technologies, “optical modules (including optical chips) + AI PCB” have become our core product highlights and a critical factor in differential competition. Relying on Source Photonics, we are capable of whole-process independent development and mass production of optical chip IDM, hence becoming one of the few domestic and even international players achieving mass production of high-end EML optical chips. With a full product matrix covering the rates of 2.5G to 200G, our main products are 100G/200G PAM4 EML high-end series, with key performance indicators and mass production capacities reaching the top international level. In the field of optical modules, we have a layout covering the whole industry chain with products for all rates from 10G to 1.6T; moreover, we make continuous efforts to promote the R&D of next generation optical modules at 3.2T and above to build a new core growth driver for the Company. Multek has the professional manufacturing capabilities for ultra-HLC PCBs with 78 or more layers and 7-stage thick HDI PCBs. Meanwhile, we continuously maintain our leading position in the industry of electronic circuits; in the field of precision components, we have the capabilities of one-stop supply for core parts of vehicles, making us the only supplier in the industry that can supply multiple core parts for top vehicle manufacturers.

(III) Advantage in technology: Drive innovation with leading product R&D capabilities in the industry

We always put technological innovation at the core strategic position for corporate development. We deeply participate in preliminary development conducted by leading industry customers, accurately understand the trend of cutting-edge technologies, build an efficient coordinated R&D mechanism, and actively engage in industry-university-research cooperation with top universities, research institutions, and industry organizations, so as to accelerate the conversion of cutting-edge innovation and research results to inject endless dynamics for high-quality development of the Company. With continuous efforts for R&D, acquisition, and integration, we have built unique advantages in electronic circuits, optical modules (including optical chips), precision components, and photoelectric display modules. In the field of optical communication, relying on Source Photonics, we have built a whole-process technology system covering the manufacturing of optical chips to optical modules, which provides a core support for us to compete on the global optical communication market. Operating in the industry for many years, Source Photonics has independently developed multiple key core technologies and built independent core technologies for optical chips under its control; meanwhile, with its independently developed chip package and reliability verification system, it stays at the industry forefront in the R&D and commercial operation of ultra-high-speed optical modules. At present, we are making active efforts for the R&D of optical modules at 3.2T and above, which can fully meet the requirements of AI data centers and other scenarios for ultra-large bandwidth interconnection and prepare for the next generation core technologies, so as to provide solid technology guarantee for the iteration and upgrade of ultra-high-speed optical modules and help the Company maintain its leading position on the high-end racetrack of optical communication. Meanwhile, relying on our technology advantages in electronic circuits, precision components, and photoelectric display modules, we will continuously consolidate our leading position in the industry to facilitate the high-quality development of the Company.

(IV) Advantage in scale: Globally leading production capacity to achieve prominent synergy effects

Based on years of operation and forward-looking strategic layout, we have built a globally leading and modern production capacity platform with prominent scale effects and comprehensive support systems, making us capable of large-scale lean manufacturing, whole-process quality management and control, and efficient and stable delivery, which is leading in the industry. Our new production capacity is planned in close alignment with the pace of industry technology iteration and the medium- to long-

term development requirements of key downstream customers; by continuously improving the production capacity structure, improving the efficiency of resource allocation, and enhancing coordinated operation of the whole industry, we can constantly maximize operating benefits, consolidate our leading position in the industry, and build a solid foundation for long-lasting core competitiveness. In terms of core products, in the fields of FPC and precision structural parts, we have built prominent production capacity barriers on the basis of large-scale manufacturing advantages, fine management systems, and capabilities of rapid response, which puts us in a leading position in terms of product yield rate, delivery efficiency, and comprehensive cost control and facilities stable and reliable supply of core components for downstream customers. In the field of AI core hardware, we have built a comprehensive product matrix and production capacity expansion layout focusing on high added-value products, like optical modules (including optical chips), AI PCB, etc. At present, our production capacity expansion projects are progressing in order as planned, capacity ramping is under implementation smoothly, and the capability of large-scale supply is improving continuously, so as to fully match with the increasing purchase demands of overseas mainstream cloud service providers to provide a strong support for the construction of global computing infrastructure.

(V) Advantage in customers: Serving global top customers to build long-term cooperation barriers

Relying on outstanding product quality, technology strength, and delivery capabilities, we have accumulated global outstanding customer resources and built a customer base consisting of four of the top five global consumer electronics brands, and four of the top five global pure electric vehicle manufacturers and the top five cloud service providers, covering multiple high-growth industries like consumer electronics, vehicles, cloud services, communication devices, etc., which can defend against the seasonal and periodical risks of individual industries. We establish long-term and in-depth strategic cooperation relationship with core customers, participate in product definition at the early stage of customers' products, closely follow the trends of technology routes, and accelerate product iteration through coordinated designing; after being admitted to customers' supply chain, we make use of our rich product portfolio, technology expertise, and large-scale production capacity for extension to orders of associated products, hence increasing sales to customers. For example, since the acquisition of MFLEX, we have been providing flexible PCB products for global leading consumer electronics manufacturers, extending the application scope from smartphones to all consumer electronics product categories and new energy vehicles; in the vehicle field, we are providing integration solutions for global leading high-performance manufacturers while continuously improving customer loyalty. Relying on the manufacturing capabilities of vertical integration of optical chips and optical modules, Source Photonics has become one of the core suppliers of global optical modules, which creates a bigger growth space for the Company in the field of AI computing hardware.

(VI) Advantage in globalization and operation: Global layout and efficient coordination with prominent synergy effects

We are deeply participating in the global supply chain system to build a global network for R&D, production, and sale in all aspects. We have established R&D teams in multiple countries and regions, including Chinese mainland, Taiwan Region, the United States, Singapore, France, etc., to attract local high-end professionals; meanwhile, we have production facilities in 15 countries and regions covering Asia, North America, Europe, and Africa, which builds an efficient operation layout featuring "global R&D, local production, and integrated services" to rapidly respond to customer needs throughout the world and flexibly address the complex and volatile international trade environment. In the field of intelligent manufacturing, we have built an industry leading intelligent manufacturing system with AI empowering and data driver as the core, in which advanced technologies like machine visual AI detection and SMT automatic production line are widely used; moreover, we have built a production central control center to implement whole-process coordinated management and control. Many of our production bases won many honors, including the National Intelligent Manufacturing Demonstration Factory granted by the Ministry of Industry and Information Technology, and Jiangsu Provincial Industrial Internet Benchmark Factory, which significantly improves the scale of production capacities, product yield rates, and production efficiency, effectively reduces manufacturing costs, and ensures product quality consistency and stability. Relying on the global network of production capacities, we can implement local rapid

delivery close to the end market, which reduces logistics costs, improves response speed, and enhances the anti-risk capabilities for the supply chain, hence providing a solid support for the continuous and stable development of global businesses.

(VII) Advantage in management and synergy: Efficient management to empower whole-process synergy

We have a management team with international understanding and forward-looking perspectives, which can make accurate strategic judgment and implement efficient strategy implementation. We advocate the corporate spirit of “breakthrough, diversity, simplicity, journey”, stick to the management principle of “overall planning, delegation of powers in business operation, support by the platform and centralized supervision”, and have built a scientific and efficient modern management system. Meanwhile, having built mature experience in cross-border acquisition and resource integration, we can rapidly promote cultural integration with and performance improvement of the acquired target company. By completing multiple benchmark acquisition transactions in the industry, including Mflex, Multek, Source Photonics, GMD Group, etc., we have successfully entered a high-growth racetrack; we will make continuous efforts to improve our product portfolio and global layout of production capacities, build strict and regulated acquisition selecting and post-investment integration systems, and efficiently achieve in-depth integration with acquired targets and release value by means of customer expansion, organizational structure optimization, supply chain synergy and integration, incentive mechanism improvement, etc. In addition, we have achieved prominent synergy effects among various business segments: in terms of customer synergy, we effectively improved customer loyalty and comprehensive shares by sharing advantageous resources in multiple product categories including PCBs, optical modules, precision components, etc.; in terms of technology synergy, we accelerated technology breakthrough and product iteration through interdisciplinary cooperation and innovation among R&D teams of various products; and in terms of supply chain synergy, we significantly improved the supply chain resilience and cost competitiveness thanks to optimized resource allocation relying on globalized production capacities and centralized purchase networks, hence supporting the long-lasting high-quality development of the Company in all aspects.

IV. Analysis of Primary Business

1. Overview

The year 2025 is a critical year witnessing the diverging trends in economic recovery on the world and continuously accelerating transformation and upgrade of the manufacturing industry. Facing the complex and volatile external environment, we developed in-depth insight into the opportunities for industry development created by AI technologies, took active measures to give full play to our advantages by effectively and decisively entering the racetrack of optical modules, and accelerated investment in production capacity of AI PCBs, hence rapidly creating the synergy effects for core devices of AI data centers featuring “optical modules (including optical chips) + AI PCB”. After the new round of industry upgrade, we have established a development strategy with both “offensive and defensive characteristics”, where conventional businesses (core devices for consumer electronics + core parts for vehicles) help to achieve stable profits and consolidate our foundation, while new businesses (optical modules (including optical chips) + AI PCB) are intended for expansion in the future, enhancing development dynamics, and building unique competition barriers for us. In terms of operation, insisting on the operating strategy of “focusing on main businesses, stable operation, improving quality and efficiency”, we made steady progress in all key tasks in this year, including putting new production capacity into operation to increase production volumes, smoothly completing private placement and acquisition, smoothly separating non-core businesses, and making continuous improvement in routine operation, hence achieving established core operating objectives and providing a solid foundation for long-lasting high-quality development of the Company. In 2025, we recorded an operating revenue of RMB 40.125 billion, a year-on-year increase of 9.12%; achieved the net profit of RMB 1.386 billion, increasing by 27.67% year on year, and achieved the net operating cash inflow of RMB 5.307 billion, increasing by 6.44% year on year. The overall tasks in the year are summarized as follows:

I. Took industry development opportunities to build dual growth engines for core devices featuring “optical modules (including optical chips) + AI PCB”

During the reporting period, the continuous explosive growth of AI computing led to the scale expansion of global data centers, where all top cloud providers increased capital expenditures and infrastructure investment. We made accurate efforts to take the strategic opportunities of the explosive development of the AI industry by implementing an in-depth layout covering the core device racetrack for AI industry hardware, endeavoring to build new dynamics for industry development. By acquiring Source to rapidly enter the optical module industry, we have become one of the few global players achieving vertical integration of optical chips with optical modules. After this transaction was decided, we made full use of our capabilities and advantages in acquisition and integration to achieve synergy and empowering effects in aspects of funds, talents, technologies, customers, etc. to support Source in production capacity expansion and new customer development, and achieved favorable results. Relying on Multek’s profound technology expertise in the field of high-end PCBs, we transformed old factories and constructed new factories to upgrade and arrange production capacities for HDI and HLC PCBs, and took active measures to meet the strong demands of downstream AI data center customers for high-end PCBs. By now, we have become the only supplier capable of providing “optical modules (including optical chips) + AI PCB” high-quality products in the industry. On the basis of the diversified product matrix with clear layers and complementary advantages, we always insist on the mission of “building a better connected world for tomorrow” and make continuous efforts to build dual growth engines to drive the high-quality development of the Company.

II. Continuously focused on core businesses to build the development foundation with both “offensive and defensive characteristics”

We took conventional advantageous businesses, including printed circuit boards, precision structural parts, photoelectric display modules, etc. for consumer electronics and vehicles, as our cornerstone, and made continuous efforts to consolidate our operating foundation by means of diversified customer structure, intelligent and information-based factory operation, and capabilities of continuous product iteration and upgrade. The continuous and stable customer relationship ensured stable revenue and profits for us, and provided the continuous and stable cash flow to support the long-lasting and stable operation of the Company. Meanwhile, we took the historical opportunities of the rapid construction of global data centers driven by the explosive demands of AI computing, and made all efforts to build the third growth curve for our core profits with “optical modules (including optical chips) + AI PCB” core devices as critical measures by means of forward-looking layout and accurate investment. Under the strategy of coordinated development for “building a stable foundation with conventional businesses, and entering new racetracks with emerging businesses”, we effectively protected ourselves against the periodical fluctuation of the industry and continuously improved our management and control of operating risks, so as to move forward on the basis of stable operation and improve quality while moving forward, and supported the Company on the path of more resilient, more dynamic, and more sustainable high-quality development.

III. Made stable efforts to promote global strategic layout and continuously improved synergy along the entire industry chain

We completed the strategic acquisition of GMD Group in France during the reporting period. This acquisition effectively expanded our customer resources in the vehicle field; more importantly, the production and operation base built by GMD Group on the basis of European vehicle customers will become an important strategic support for us to operate in the European and North African markets, hence further improving regional production capacity layout and coverage of customer resources and effectively promoting the continuous implementation of our global industry layout. By now, the proportion of overseas employees has exceeded 20%, with an international talent team taking shape preliminarily. We always insisted on the strategy of global development to actively integrate outstanding global resources and continuously optimize the overseas industry layout. By now, with management, manufacturing, R&D, and service bases covering multiple countries and regions, including China, the United States, France, Germany, Spain, Portugal, Singapore, Thailand, Morocco, Mexico, etc., we have built a manufacturing system with regional synergy covering Asia, America, Europe, and Africa, hence creating an efficient, resilient, and reliable global industry

network. With the mature and comprehensive global layout, we can come close to regional markets, develop accurate insight into and rapidly respond to global market trends and changes in customer demands, significantly improve delivery efficiency and service capabilities, and continuously consolidate our global core competitive advantages, hence providing a solid foundation for high-quality sustainable development.

IV. Focused on product innovation and consolidated development foundation to continuously meet customer requirements

We always insisted on innovation-driven development by taking new product R&D as a core priority for development, continuously increasing investment in R&D, focusing on breakthroughs in core technologies for key products in strategic emerging fields like high-speed optical chips, optical modules, AI PCBs, etc., continuously enhancing forward-looking R&D layout and investment of outstanding resources, and emphasizing technology breakthrough and iteration of product systems to improve product competitiveness with core technologies. Meanwhile, we maintained in-depth alignment with forefront dynamics of the market and core needs of customers to achieve joint movement of and mutual empowering between product R&D and market development. To accelerate technology conversion and improve innovation efficiency, we continuously deepened the industry-university-research coordinated innovation mechanism by actively cooperating with domestic and foreign research institutions and universities to jointly build an innovation platform, and promoted the efficient implementation and conversion of scientific and technology innovation results, so as to achieve in-depth integration and coordinated development of technology breakthroughs, product iteration, and market expansion. In addition, we made great efforts to promote the engineer culture and fully release the innovation dynamics and creation potential of R&D teams, so as to provide a solid talent support and guarantee for product innovation, technology breakthrough, and implementation of various strategies, help the Company consolidate the development foundation with continuous innovation, and continuously meet customer needs with high-quality products.

V. Enhanced organization and talent building for joint efforts to promote high-quality development

Focusing on our overall strategic development layout, we made continuous efforts to deepen organizational transformation and talent team building in this year to comprehensively improve cross-country and cross-region organization operation efficiency and core cohesiveness. Firstly, we optimized the organizational structure. With reference to actual needs for acquisition and integration, expansion of emerging businesses, etc., we adjusted the organizational system flexibly and effectively to integrate global talent resources and overcome obstacles for cross-department and cross-region coordination, which greatly improved organization operation efficiency and ensured the accurate and efficient implementation of various strategic measures. Secondly, we endeavored to attract and educate talents by continuously implementing the “Evergreen” talent strategy and enhancing efforts for attracting outstanding domestic and overseas fresh graduates, medium- and high-level professional technicians, and core management talents; meanwhile, we improved the system for internal talent development and promotion, and provided customized and professional training focusing on core businesses and emerging fields, so as to improve the comprehensive competence of employees in all aspects to build an high-quality, professional, and international outstanding talent team. Thirdly, based on the corporate culture, we made continuous efforts for in-depth implementation of our core values of “openness, inclusion, pragmatism and enterprising”. We promoted intercultural communication and common understanding of values, improved the diversified incentive system and employee care mechanism, and actually improved employee sense of belonging, sense of achievement, and sense of happiness, hence promoting synergy between individual growth with the corporate vision and building the inherent force to promote the long-lasting and stable corporate development.

VI. Implemented active and stable financial policies to fully guarantee the implementation of the strategic layout

We insisted on active and stable financial policies to keep close alignment with the changes in the external economic environment, market fluctuation, and industry policies and constantly optimize the financial management and control system. Firstly, we optimized the capital and debt structure to plan and use funds in a scientific and coordinated manner. We mainly invested funds in strategic fields like expansion of emerging businesses and building of core production capacities, and improved

the efficiency of fund utilization. Meanwhile, we took active measures to expand diversified financing channels, guaranteeing the funds for our key strategies like global layout, industry upgrade, etc. Secondly, we built a firm line of defense against risks. We insisted on the operating idea of “cash first”, emphasized operating cash flow of enterprises, and optimized fund liquidity planning and the comprehensive management system for budget and final accounts, so as to maintain a safe and stable corporate fund chain. We improved the risk management mechanism concerning fluctuation in exchange rates and commodity prices on the principle of risk neutrality, and used professional hedging tools to effectively address market fluctuation risks. We enhanced fine financial management and control to improve the whole-process management and control mechanism for corporate operation. Thirdly, we deepened integration between businesses and financial by promoting in-depth coordination between financial departments and business departments focusing on the core objectives of improving quality and efficiency; we enhanced whole-chain cost management and control, continuously optimized the profitability structure to improve corporate profits, and achieved closed-loop management from strategy formulation to implementation, hence providing a stable and reliable financial guarantee for the smooth implementation of various measures and the achievement of strategic objectives. Fourthly, we continuously improved global financial management capabilities by improving the financial management capabilities over overseas bases by means of system building, regulation improvement, process update, regular training, talent communication, etc., so as to smoothly connect overseas subsidiaries newly included in the scope of consolidation with the group’s financial management system.

2. Revenue and costs

(1) Components of operating revenue

In RMB

	2025		2024		Y/Y % change
	Amount	% of operating revenue	Amount	% of operating revenue	
Total operating revenue	40,124,858,839.52	100%	36,770,374,347.58	100%	9.12%
By segment					
Computer, communication and other electronics	39,643,732,616.04	98.80%	36,479,191,979.20	99.21%	8.67%
Others	481,126,223.48	1.20%	291,182,368.38	0.79%	65.23%
By product					
Electronic circuits	25,620,292,915.99	63.85%	24,800,813,670.87	67.45%	3.30%
Photoelectric display module	5,985,629,058.48	14.92%	6,369,925,398.02	17.32%	-6.03%
Precision components	5,930,242,495.99	14.78%	4,540,319,354.27	12.35%	30.61%
Optical module	1,435,534,921.96	3.58%			
Others	1,153,159,447.10	2.87%	1,059,315,924.42	2.88%	8.86%
By region					
Domestic market	7,459,672,435.12	18.59%	6,187,309,236.49	16.83%	20.56%
Overseas market	32,665,186,404.40	81.41%	30,583,065,111.09	83.17%	6.81%
By sales model					
Direct sales	40,124,858,839.52	100.00%	36,770,374,347.58	100.00%	9.12%

(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	39,643,732,616.04	34,153,971,460.65	13.85%	8.67%	8.83%	-0.12%
By product						
Electronic circuits	25,620,292,915.99	21,113,572,455.81	17.59%	3.30%	4.25%	-0.75%
Photoelectric display module	5,985,629,058.48	5,675,456,101.15	5.18%	-6.03%	-7.84%	1.86%
Precision components	5,930,242,495.99	5,383,316,361.13	9.22%	30.61%	38.36%	-5.08%
Optical module	1,435,534,921.96	908,137,144.50	36.74%			
By region						
Domestic market	7,459,672,435.12	7,157,096,931.64	4.06%	20.56%	20.56%	0.00%
Overseas market	32,665,186,404.40	27,315,572,817.13	16.38%	6.81%	6.37%	0.34%
By sales model						
Direct sales	40,124,858,839.52	34,472,669,748.77	14.09%	9.12%	9.04%	0.07%

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	2025	2024	Y/Y % change
Electronic circuits	Sales volume	m ²	6,693,546.90	5,544,309.55	20.73%
	Output	m ²	6,978,762.29	5,579,598.88	25.08%
	Inventories	m ²	429,386.72	144,171.33	197.83%
Photoelectric display module	Sales volume	PC	9,487,921.00	14,178,588.00	-33.08%
	Output	PC	9,565,558.00	14,511,811.00	-34.08%
	Inventories	PC	4,231,468.00	4,153,831.00	1.87%
Optical module	Sales volume	PC	2,793,339.00		
	Output	PC	2,872,624.00		
	Inventories	PC	410,579.00		
Precision components	Sales volume	PC	183,720,228.00	142,828,973.00	28.63%
	Output	PC	190,751,830.00	143,509,247.00	32.92%
	Inventories	PC	38,519,272.00	31,487,670.00	22.33%

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

Applicable N/A

- The inventory of electronic circuits increased by 197.83% year on year, primarily due to the inventory increase in the fourth quarter intended for the sales in the first quarter.
- The production volume of precision component products increased by 32.92% year on year, which, besides the acquisition of GMD Group in France in the fourth quarter, is primarily due to the additional production and sales volumes from several production bases that were put into operation.

(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	2025		2024		Y/Y % change
		Amount	% of operating costs	Amount	% of operating costs	
Computer, communication and other electronics	Direct material costs	24,274,267,869.12	71.07%	22,405,786,966.83	71.39%	8.34%
	Direct labor costs	2,476,423,594.48	7.25%	2,243,766,105.86	7.15%	10.37%
	Manufacturing expenses	7,403,279,997.04	21.68%	6,734,599,541.12	21.46%	9.93%

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

Yes No

Company name	Method of acquisition or disposal
Source Photonics	Acquisition
GMD Group	Acquisition
DSBJ Europe Holding	Newly established
DSBJ International	Deregistration

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

Applicable N/A

During the reporting period, by acquiring Source Photonics, we successfully entered the field of optical communication and added the relevant business of optical modules (including optical chips). This business expansion, as a critical step for our strategic layout for the AI computing infrastructure and high-speed communication market, will further improve our industry ecology in the field of high-end electronics manufacturing, so as to provide one-stop solutions for customers from AI server PCBs to high-speed optical interconnect devices and enhance the synergy effects in the AI computing industry chain.

(8) Major customers and suppliers

Major customers of the Company

Aggregate sales revenue from the top 5 customers (RMB)	25,814,059,702.20
Proportion of aggregate sales revenue from the top 5 customers to annual sales revenue	64.33%
Proportion of aggregate sales revenue from related parties among the top 5 customers to annual sales revenue	0.00%

Particulars of the top 5 customers

No.	Name of customer	Sales revenue (RMB)	% of annual sales revenue
1	Top 1	18,642,838,150.75	46.46%
2	Top 2	2,809,002,571.15	7.00%
3	Top 3	2,281,029,373.69	5.68%
4	Top 4	1,234,755,113.48	3.08%
5	Top 5	846,434,493.13	2.11%
Total	--	25,814,059,702.20	64.33%

Other information of major customers

Applicable N/A

Major suppliers of the Company

Aggregate purchase amount from the top 5 suppliers (RMB)	5,737,450,383.42
Proportion of aggregate purchase amount from the top 5 suppliers to annual purchase cost	21.87%
Proportion of aggregate purchase amount from related parties among the top 5 suppliers to annual purchase cost	0.00%

Particulars of the top 5 suppliers

No.	Name of supplier	Purchase amount (RMB)	% of annual purchase cost
1	Top 1	1,463,828,472.13	5.58%
2	Top 2	1,324,158,723.58	5.05%
3	Top 3	1,101,289,313.19	4.20%
4	Top 4	1,074,253,017.17	4.09%
5	Top 5	773,920,857.35	2.95%
Total	--	5,737,450,383.42	21.87%

Other information of major suppliers

Applicable N/A

During the reporting period, the revenue from trading businesses accounts for over 10% of the operating revenue

Applicable N/A

3. Expenses

In RMB

	2025	2024	Y/Y % change	Reason for material changes
Selling expenses	445,146,409.06	454,017,787.21	-1.95%	
Administrative expenses	1,414,555,307.76	1,112,402,085.44	27.16%	
Financial expenses	262,462,930.55	-58,736,447.60	546.85%	Primarily due to changes in exchange gains and losses caused by fluctuation in USD/RMB exchange rate.
R&D expenses	1,417,226,723.87	1,266,812,544.23	11.87%	

4. R&D expenses

Applicable N/A

Description of major R&D project	Purpose	Progress	Expected effect on the future development of the Company
6.4T ELSFP DR8 PLS 6.4T 8-wavelength ELSFP packaged external light source pluggable optical module	Intended for application scenarios of the next generation of CPO/NPO switches. Provide an external pluggable laser light source module for ELSFP package of CPO/NPO. It separates lasers with a high fault rate from the optical engine and makes it as a pluggable module (ELSFP), which maintains the maintenance advantages in hot pluggable and avoids the risks of scraping the entire ASIC chip due to a faulty optical engine in the CPO/NPO solution.	Under development	Given the expansion of AI computing clusters and the increased density for optical interconnect, ELSFP will become a critical support for large-scale implementation of CPO. We use independently developed CW lasers for the layout of ELSFP optical modules, which can build an advantageous foundation for the external light source modules for CPO/NPO optical transceivers intended for next generation data centers, hence preparing for revenue growth in the future.
6.4T/3.2T NPO 6.4T/3.2T near-packaged optics modules	Intended for the Scale-Up application scenarios of ultra-large-scale AI clusters, providing high-density optical interconnect CPX/NPO solutions better than copper cable transfer. Explore a path of product preliminary research and development under cooperation of multiple parties for product designing, process development, production testing, and supply chain based on high-density ultra-high-speed optoelectronic integration and advanced package; achieve breakthroughs in key technologies like high-speed high-density signal integrity, heat dissipation management, optoelectronic integration, etc. to build early mover advantages for next generation products.	Plan under assessment	Make preparation in technology and product for the Company to achieve breakthroughs in revenues from Scale-Up optical interconnect incremental markets in the future.
6.4T/12.8T XPO 2xDR4	Facing the ultra-high bandwidth density requirements and power challenge raised by the Scale-up and Scale-out network architecture for the next generation large-scale AI clusters, explore the solution for next generation optical interconnect and build a pluggable optical module featuring high performance, high density, high energy efficiency ratio and ease of maintenance developed and designed for the large-scale AI clusters.	Plan under assessment	Explore the solution for next generation optical interconnect, making technology preparation for the Company to achieve stable revenue growth in the long run.
3.2T OSFP-XD DR8 3.2T 8-channel OSFP packaged optical module	Break through the core bottleneck for next generation data centers to evolve from 800G/1.6T to 3.2T, and achieve 3.2Tbps transfer rate through a single port, hence meeting the urgent requirements of AI clusters and ultra-large-scale data centers on ultra-high bandwidth, low latency, and low power consumption.	Plan under assessment	Establish our leading technology position in the generational switch of the industry, taking the benefits of the window for iteration of AI infrastructure. The creation of the high-speed optical engine and advanced package technologies not only greatly increases the added value and gross profit margin of products, but also achieves in-depth binding with top cloud providers to build core competitive barriers, hence creating a revenue growth driver on the data communication market in the future.
1.6T OSFP DR8 3nm 1.6T 8-channel EML solution for 500-meter OSFP packaged optical module	Facing the requirements of next generation data centers, develop high-performance optical modules with the rate of 1600Gbps to achieve breakthroughs in critical technologies in high-speed signal integrity, flip chip process, thermal management, power consumption control, etc., hence building first early mover advantages for next generation products.	Small-scale trial production	1) Take the early opportunities for the market of next generation data center interconnect, and improve the technology barriers and shares in ultra-high-speed optical modules. Enhance loyalty of top cloud provider customers to drive the revenue from high-speed products for the next 2-3 years. 2) Use independently developed EML to demonstrate our R&D strength, mass production capabilities, and complete and controllable supply chain; optimize power consumption and costs to meet the requirements of high-density and low-power consumption computing scenarios.
1.6T OSFP 2*FR4 3nm	Facing the requirements of next generation data centers, develop high-performance	Sample production	1) Take the early opportunities for the market of next generation data center interconnect, and

Description of major R&D project	Purpose	Progress	Expected effect on the future development of the Company
1.6T 8-channel CWDM EML solution for 2000-meter OSFP packaged optical module	optical modules with the rate of 1600Gbps to achieve breakthroughs in critical technologies in high-speed signal integrity, flip chip process, thermal management, power consumption control, etc., hence building first early mover advantages for next generation products.		improve the technology barriers and shares in ultra-high-speed optical modules. Enhance loyalty of top cloud provider customers to drive the revenue from high-speed products for the next 2-3 years. 2) Use independently developed EML to demonstrate our R&D strength, mass production capabilities, and complete and controllable supply chain; optimize power consumption and costs to meet the requirements of high-density and low-power consumption computing scenarios.
1.6T OSFP 2LR4 3nm 1.6T 4-channel EML solution for 10km OSFP packaged optical module + B5	Facing the requirements of next generation data centers, develop high-performance optical modules with the rate of 1600Gbps to achieve breakthroughs in critical technologies in high-speed signal integrity, flip chip process, thermal management, power consumption control, etc., hence building first early mover advantages for next generation products.	Sample production	1) Take the early opportunities for the market of next generation data center interconnect, and improve the technology barriers and shares in ultra-high-speed optical modules. Enhance loyalty of top cloud provider customers to drive the revenue from high-speed products for the next 2-3 years. 2) Use independently developed EML to demonstrate our R&D strength, mass production capabilities, and complete and controllable supply chain; optimize power consumption and costs to meet the requirements of high-density and low-power consumption computing scenarios.
1.6T OSFP DR8&2xFR4 Siphon with BRCM and Xphor PIC 1.6T 8-channel silicon photonics solution for 500m&2000m OSFP packaged optical module	Facing the requirements of next generation data centers, develop high-performance optical modules with the rate of 1600Gbps to achieve breakthroughs in critical technologies in high-speed signal integrity, thermal management, power consumption control, etc., hence building first early mover advantages for next generation products.	Plan under verification and sample production	1) Take the early opportunities for the market of next generation data center interconnect, and improve the technology barriers and shares in ultra-high-speed optical modules. Enhance loyalty of top cloud provider customers to drive the revenue from high-speed products for the next 2-3 years. 2) Build silicon photonics integration capabilities, and optimize power consumption and costs to meet the requirements of high-density and low-power consumption computing scenarios.
1.6T OSFP DR8&2FR4 Siphon with Marvel and Xphor PIC 1.6T 8-channel silicon photonics solution for 500m&2000m OSFP packaged optical module	Expand our 1.6T high-speed optical module product line to align with the current industry trend of increasing quantity of 1.6T optical modules under the explosion of AI computing power, hence filling in the gap in the layout of relevant product solutions; relying on the advantages of short lead time of Marvell 3nm DSP, promptly respond to urgent orders from global cloud providers and AI enterprises to break through the delivery bottleneck in the industry supply chain.	Plan under verification and sample production	Improve the product portfolio of high-speed optical module products, improve our market competitiveness on the 1.6T racetrack, and take the market opportunities in the first year of increasing quantity of 1.6T optical modules in 2026 to acquire market shares; make use of the technology advantages (low-power consumption and high integration) of Marvell 3nm chips to enhance the technology barriers of products and expand the profitability space.
1.6T OSFP DR8&2xFR4 LRO 1.6T 8-channel silicon photonics solution for 500m&2000m OSFP linear receive optical module	Facing the requirements of next generation data centers, achieve breakthroughs in signal integrity, reduce power consumption, and reduce the latency for signal transfer. Perform signal restoration by DSP at the transmitting end and implement linear direct drive at the receiving end. Compared with the 1.6T FRO solution (DSP at both the transmitting and receiving ends), reduce the power consumption by 30% and achieve smaller latency at the receiving end. Compared with the LPO solution (linear direct drive at both the transmitting and receiving ends), reduce the requirements on signal integrity at switch ports and improve port interchangeability and robustness.	Plan under assessment	1) Take the early opportunities for the market of next generation data center interconnect, and improve the technology barriers and shares in ultra-high-speed optical modules. Enhance loyalty of top cloud provider customers to drive the revenue from high-speed products for the next 2-3 years. 2) Build silicon photonics integration capabilities, optimize power consumption and costs to meet the requirements of high-density and low-power consumption computing scenarios.

Description of major R&D project	Purpose	Progress	Expected effect on the future development of the Company
1.6T AEC OSFP 1.6T single-mode 3m-7m OSFP packaged high-speed copper cable module	1.6T AEC (Active Electrical Cable) is mainly used inside large-scale AI data centers, especially for interconnection between racks having requirements of balancing transmission distances, power consumption, and costs.	Sample production	Independently develop high-speed copper cable modules to enrich our module product lines. The rapid AI development leads to the sharp increase in the demands of high-speed copper cable modules, hence increasing our revenue.
800G QDD DR8&2xFR4 Gen2 800G EML solution 500m&2000m QDD packaged optical module	Facing the requirements of next generation data centers, reduce power consumption and improve product yield rates. Compared with Gen1, reduce the power consumption by 20%, and design a pattern that is more suitable for the production line.	Small-scale trial production	Take the early opportunities for the market of next generation data center interconnect, and improve the technology barriers and shares in ultra-high-speed optical modules. Enhance loyalty of top cloud provider customers to drive the revenue from high-speed products for the next 2-3 years.
800G QDD DR4++ 800G EML solution 10km QDD packaged optical module	Facing the requirements of next generation data centers, develop high-performance optical modules at the rate of 800Gbps based on the single-wavelength 200G technology with Gearbox, so as to meet the requirements for interconnection between the current switches of the single-wavelength 100G technology and the next generation switches of the single-wavelength 200G technology. Achieve breakthroughs in critical technologies in high-speed signal integrity, flip chip process, thermal management, power consumption control, etc., hence building first early mover advantages for next generation products.	Sample production	1) In technology iteration, take the early opportunities for the interconnect market of generational switches of data centers, and improve the technology barriers and shares in ultra high-speed optical modules. 2) Use independently developed EML to demonstrate our R&D strength, mass production capabilities, and complete and controllable supply chain; optimize power consumption and costs to meet the requirements of high-density and low-power consumption computing scenarios.
800G OSFP 2xFR4 BRCM DSP 800G silicon photonics solution 2000m OSFP packaged optical module	Facing the requirements of next generation data centers, develop OSFP silicon photonics optical modules with the rate of 800Gbps to achieve breakthroughs in critical technologies in high-speed signal integrity, thermal management, power consumption control, etc., hence promoting product iteration and upgrade.	Under development	Enhance the comprehensive advantages of cost effectiveness for products with same performance, and increase the winning shares in centralized purchase of mainstream equipment manufacturers.
800G AEC OSFP 800G single-mode 7m OSFP packaged high-speed copper cable module	800G AEC (Active Electrical Cable) is mainly used inside large-scale AI data centers, especially for interconnection between racks having requirements of balancing transmission distances, power consumption, and costs.	Sample delivered to customers	Independently develop high-speed copper cable modules to enrich our module product lines. The rapid AI development leads to the sharp increase in the demands of high-speed copper cable modules, hence increasing our revenue.
400G Q112 SR4 Gen2 400G multi-mode 50m Q112 packaged optical module	Optimize device selection and circuit design to reduce BOM costs, so as to reduce module costs by 40% and improve the market competitiveness of products.	Completed	Enhance the comprehensive advantages of cost effectiveness for products with same performance, and increase the winning shares in centralized purchase of mainstream equipment manufacturers.
400G QDD FR4 Gen3.5 Hermetic 400G 2000m QDD hermetic packaged optical module	Facing the performance optimization required for high-reliability 400G products on the telecommunication market, optimize device selection and circuit design to reduce BOM costs.	Plan under verification and sample production	Enhance the comprehensive advantages of cost effectiveness for products with same performance, and increase the winning shares in centralized purchase of mainstream equipment manufacturers.
200G QSFP56 FR4 200G single-mode 2000m QSFP packaged linear optical module	Facing the requirements of data centers, improve our product portfolio by developing QSFP56 optical modules at the rate of 200 Gbps using DFB lasers, hence making use of our advantages in vertical resource integration and low costs to improve the market competitiveness of products.	Under development	Enhance the comprehensive advantages of cost effectiveness for products with same performance, and increase the winning shares in centralized purchase of mainstream equipment manufacturers.
50G SFP56 LR/Bidi 50G 10km coarse wavelength division multiplexing and 15km single-fiber	For the wireless access network 50G evolution node, work with domestic and foreign wireless system manufacturers to develop multi-wavelength optical modules featuring extended temperatures and	Small-scale shipment of coarse wavelength division	Maintain our leading position in the field of global wireless access products.

Description of major R&D project	Purpose	Progress	Expected effect on the future development of the Company
bidirectional SFP56 packaged optical module	industrial temperatures required by next generation wireless network systems.	multiplexing products, while 15km single-fiber bidirectional products are at the stage of plan verification	
212Gbaud EML chip development	Achieve single-wavelength 400G transfer for 3.2T/6.4T optical modules.	Design optimization	Enhance leading advantages in high-speed optical chips to take opportunities for the AI market.
212Gbaud EML chip development	Achieve single-wavelength 400G transfer for 3.2T/6.4T optical modules.	Sample production	Enhance leading advantages in high-speed optical chips to take opportunities for the AI market.
106Gbaud differential EML chip development	Next generation high-speed optical chips, which can provide wider bandwidth and, thanks to increased signal amplitude, reduce the drive power, overall power consumption, and crosstalk. D-EML will create more competitive advantages for 800G, 1.6T, and even 3.2T optical modules.	Sample production	Enhance leading advantages in high-speed optical chips to take opportunities for the AI market.
106Gbaud CWDM/LWDM EML chip development	Provide LWDM & CWDM high-speed EML optical chips for 800G and 1.6T optical modules.	Sample production	The AI surge accelerates the demands and development progress of 800G and 1.6T optical modules. Our independently developed 106Gbps EML chips can provide a policy layout featuring better cost effectiveness and flexibility for optical modules.
Simulation analysis and design method of CVL liner peeling process failure	Optimize the design of CVL and reduce the trial and error cost of the process through simulation.	Completed	The technology and market competitiveness of the relevant products will be improved.
Development and application of FCCL/CVL materials for dynamic bending and thinning	Provide customers with thinner FPC solutions.	Completed	The technology and market competitiveness of the relevant products will be improved.
FPC dynamic bending life improvement technology	Provide customers with solutions for the reliability of dynamic bending FPC.	Completed	The technology and market competitiveness of the relevant products will be improved.
Development, mass production and application of ink pre-middle roughening solution	Develop the roughening solution independently to reduce costs.	Completed	The technology and market competitiveness of the relevant products will be improved.
25-micron/25-micron line development by subtractive layer process	The project uses existing process equipment to develop fine circuits by adjusting the process.	Completed	The technology and market competitiveness of the relevant products will be improved.
Development of environmental friendly nickel bath and nitric acid bath agents	Develop new nickel bath and nitric acid bath agents to replace nitric acid, hence reducing environmental pollution.	Completed	The technology and market competitiveness of the relevant products will be improved.
Development of a new aluminum etching solution	Develop the key chemical solution independently to reduce costs.	Completed	The technology and market competitiveness of the relevant products will be improved.
Development of flexible pressure sensors	Develop flexible pressure sensors to provide customers with more solutions.	Completed	The technology and market competitiveness of the relevant products will be improved.

Description of major R&D project	Purpose	Progress	Expected effect on the future development of the Company
Development of fine-line patterning technology for line width and line spacing of 20um or below	Develop a fine-line patterning technology to achieve denser wiring, hence providing customers with more solutions.	In progress	The technology and market competitiveness of the relevant products will be improved.
Process development for direct metallization using magnetron sputtering	Achieve thinner flexible PCBs through direct metallization using magnetron sputtering.	In progress	The technology and market competitiveness of the relevant products will be improved.
Development of rolling process for long-size protective films	Develop rolling process for protective films to improve efficiency.	In progress	The technology and market competitiveness of the relevant products will be improved.
Development of intelligent optical inspection equipment	Independently develop equipment for critical processes to master key and core equipment and improve efficiency.	In progress	The technology and market competitiveness of the relevant products will be improved.
Development of roll-to-roll processes for multi-layer boards	Develop roll-to-roll lamination and rapid lamination processes to achieve roll-to-roll production of multi-layer board bonding, hence breaking the bottleneck in roll-to-roll manufacturing of multi-layer boards.	Completed	The technology and market competitiveness of the relevant products will be improved.
Chip-embedded circuit board	Improve system integration, and improve the efficiency and reliability of the system.	In progress	The technology and market competitiveness of the relevant products will be improved.
Study of BGA evenness	Given the increasing chip sizes, the BGA evenness affects the stress release after chip packaging, so that the chip may be pulled crack after being packaged. It is necessary to improve the BGA evenness of HLC boards and the BGA evenness after simulated reflow soldering.	In progress	The technology and market competitiveness of the relevant products will be improved.
Study of alignment accuracy of stacked laser-drilled holes	Insufficient verticality of stacked holes may lead to reliability defects caused by Z axis expansion of the board during high-density HDI.	In progress	The technology and market competitiveness of the relevant products will be improved.
Research on back drill stub length capability of 0-4 mil	A leading AI customer requires the back drill stub length of 0-4 mil for a preliminary research project. The current capability is 2-6 mil in the industry. There is a technical gap in this aspects, and preliminary R&D is required.	In progress	The technology and market competitiveness of the relevant products will be improved.
Study of 0.5OZ inner layer impedance $\pm 5\%$	At present, multiple customers requested preliminary research of inner layer impedance $\pm 5\%$; we cannot achieve this capability at present, and therefore the preliminary research is necessary.	In progress	The technology and market competitiveness of the relevant products will be improved.
R&D of 40/40um line width and surface copper thickness of $22\pm 4\mu\text{m}$	Break through the technology bottleneck of products.	In progress	The technology and market competitiveness of the relevant products will be improved.
R&D of alignment between the Cavity edge to the bonding pad for optical modules	Break through the technology bottleneck of products.	In progress	The technology and market competitiveness of the relevant products will be improved.
R&D of 11-stage inter-layer alignment 100um for HDI	Break through the technology bottleneck.	In progress	The technology and market competitiveness of the relevant products will be improved.
R&D of thermal reliability for 11-stage HDI	Break through the technology bottleneck.	In progress	The technology and market competitiveness of the relevant products will be improved.

Description of major R&D project	Purpose	Progress	Expected effect on the future development of the Company
Development of via filling technology for blind vias in multi-layer adhesive flexible PCBs	Improve the process capabilities for multi-layer flexible PCBs.	Completed	The technology and market competitiveness of the relevant products will be improved.
Development of mass production capacity for rigid-flexible boards 16L at layer misalignment of $\pm 0.1\text{mm}$	Improve the layer misalignment process capabilities for HLC rigid-flexible boards.	Completed	The technology and market competitiveness of the relevant products will be improved.
Development of low-sparkle touch screens	Reduce the sparkle issue of AG glass through the AG design of surface covers.	In progress	The technology and market competitiveness of the relevant products will be improved.
HDR TrueBlack 1000 R&D and certification	The certification is mainly applicable to OLED displays in high-end laptop computers and handheld devices to display vivid and lifelike images with better color accuracy and contrast reproduction. Passing the certification can facilitate the marketing of our copper Metalmesh, hence improving the market competitiveness.	In progress	The technology and market competitiveness of the relevant products will be improved.
R&D of automotive display screen	Customized development of 10.25-inch touch-integrated display screen, to be used as automotive instrument display screen.	Under verification by customer	The technology and market competitiveness of the relevant products will be improved.
Development of narrow-bezel automotive displays	Customized development of 15.6-inch narrow-bezel touch-integrated display screen, to be used as automotive central control and rear display screens.	Plan under assessment	The technology and market competitiveness of the relevant products will be improved.
Dual-arm lifting robots	Enhance the design (mechanical and electrical) and assembly production capabilities for the humanoid robotics industry, and establish a stable and reliable supply chain for key components at the same time.	Stage of sample optimization	The technology and market competitiveness of the relevant products will be improved.
Tracked humanoid robot	Enhance the design (mechanical, hardware, electrical and software) and assembly production capabilities for the humanoid robotics industry, and establish a stable and reliable supply chain for key components at the same time.	Stage of sample optimization	The technology and market competitiveness of the relevant products will be improved.
Smart rivet gun for humanoid robots	Enhance the design (mechanical), assembly production, and reverse engineering capabilities of end actuators.	Stage of sample optimization	The technology and market competitiveness of the relevant products will be improved.
Humanoid robots for household services	Enhance the design (mechanical and electrical) and assembly production capabilities for the humanoid robotics industry, and establish a stable and reliable supply chain for key components at the same time.	Sample designing	The technology and market competitiveness of the relevant products will be improved.
Liquid-cooled AI server	Improve the design capabilities of the liquid cooling industry.	Completed	The technology and market competitiveness of the relevant products will be improved.
Integrated module for vehicle-mounted thermal management	Innovative design of integrally brazed refrigerant-side components and water-side insertion disc valves, which enhances the integration and compact degree of integrated module products.	Sample production	Develop markets for new products; accumulate experience in product development; improve product capabilities.

Particulars of R&D personnel

	2025	2024	Y/Y % change
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Number of R&D personnel	5,074	4,619	9.85%
Ratio of R&D personnel to the total number of employees	12.93%	19.64%	-6.71%
Education background of R&D personnel			
Undergraduate	2,389	1,908	25.21%
Master	298	120	148.33%
Doctor	28	4	600.00%
Age of R&D personnel			
Below 30	1,531	1,375	11.35%
30-40	2,150	2,074	3.66%

Particulars of R&D expenses

	2025	2024	Y/Y % change
Amount of R&D expenses (RMB)	1,431,775,054.82	1,266,812,544.23	13.02%
Ratio of R&D expenses to operating revenue	3.57%	3.45%	0.12%
Amount of R&D expenses capitalized (RMB)	14,548,330.95		
Ratio of capitalized R&D expenses to total R&D expenses	1.02%		

Reasons and impacts of major changes in the composition of the Company's R&D personnel

Applicable N/A

Reasons for the significant change in the ratio of total R&D expenses to operating revenue compared with the previous year

Applicable N/A

Reasons for the significant change in the capitalization rate of R&D expenses and explanation of the reasonableness thereof

Applicable N/A

5. Cash flows

In RMB

Item	2025	2024	Y/Y % change
Cash provided by operating activities	42,774,909,630.68	39,078,913,419.97	9.46%
Cash used in operating activities	37,467,767,883.69	34,092,894,731.49	9.90%
Net cash flows from operating activities	5,307,141,746.99	4,986,018,688.48	6.44%
Cash provided by investing activities	2,008,754,818.35	1,465,360,913.36	37.08%
Cash used in investing activities	10,291,946,655.20	5,559,047,058.72	85.14%
Net cash flows from investing activities	-8,283,191,836.85	-4,093,686,145.36	-102.34%
Cash provided by financing activities	14,571,684,367.09	10,305,980,684.26	41.39%
Cash used in financing activities	10,822,290,356.20	11,625,348,087.09	-6.91%
Net cash flows from financing activities	3,749,394,010.89	-1,319,367,402.83	384.18%
Net increase in cash and cash equivalents	761,122,243.78	-300,886,635.94	352.96%

Explanation about the main factors affecting the significant year-on-year changes in relevant data

Applicable N/A

1. The cash inflow from investing activities increased by 37.08%, primarily due to the increase in the recovery of security deposits for acquisition in the current period.
2. The cash outflow from investing activities increased by 85.14%, primarily due to the strategic acquisition of Source Photonics

and GMD Group during the reporting period, and the active expansion of production capacity for optical modules (including optical chips) and AI PCB products, which increased capital investment.

3. The net cash outflow from investing activities increased by 102.34%, primarily due to the significant increase in cash outflows from investing activities.

4. The cash inflow from financing activities increased by 41.39%, primarily due to the private placement completed during the reporting period and relevant acquisition projects, which increased M&A loans from banks.

5. The net cash flows from financing activities increased by 384.18%, primarily due to the private placement completed during the reporting period and relevant acquisition projects, which increased M&A loans from banks.

6. The net increase in cash and cash equivalents increased by 352.96%, primarily due to the stable increase in the cash flows from operating activities and our active efforts for new business expansion, which increased the financing scale and led to the net cash increase that is obviously greater than the same period of the previous year.

Reasons for the significant difference between the net cash flows from operating activities of the Company during the reporting period and the net profit of the year

Applicable N/A

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, 2025		January 1, 2025		Change %	Reason for material changes
	Amount	% of total assets	Amount	% of total assets		
Cash and bank balances	7,650,283,509.10	12.70%	7,172,331,252.29	15.59%	-2.89%	
Accounts receivable	9,792,745,060.06	16.25%	7,663,458,025.49	16.65%	-0.40%	
Inventories	8,928,944,182.01	14.82%	6,152,655,607.85	13.37%	1.45%	
Investment properties	142,555,461.11	0.24%	781,129.10	0.00%	0.24%	Primarily due to the lease out of partial undeveloped land during the reporting period.
Long-term equity investment	126,566,432.55	0.21%	155,008,795.68	0.34%	-0.13%	
Fixed assets	16,586,762,231.15	27.53%	13,595,191,232.40	29.55%	-2.02%	
Construction in progress	2,345,985,416.22	3.89%	2,575,154,318.35	5.60%	-1.71%	
Right-of-use assets	2,209,353,814.61	3.67%	1,313,776,299.13	2.86%	0.81%	
Short-term borrowings	8,011,474,049.03	13.30%	4,810,954,130.69	10.46%	2.84%	Primarily due to the acquisition of Source Photonics and GMD Group and the expansion of sales

						during the reporting period, which required more operating funds.
Contract liabilities	474,660,658.17	0.79%	122,562,435.14	0.27%	0.52%	Primarily due to the advance payment for molds collected by GMD Group from customers.
Long-term borrowings	6,375,079,464.54	10.58%	5,289,187,891.33	11.49%	-0.91%	
Lease liabilities	1,790,064,820.73	2.97%	1,351,518,837.18	2.94%	0.03%	

Analysis of the high proportion of overseas assets

Applicable N/A

In hundred million 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
Hong Kong Dongshan	Established	275.00	Hong Kong, China	R&D and sales	Its manufacturing entity is located in Chinese mainland	10.00	49.48%	No
Multek Group	Established	127.16	Hong Kong, China	R&D and sales	Its manufacturing entity is located in Chinese mainland	3.66	20.65%	No

2. Assets and liabilities measured at fair value

Applicable N/A

In RMB

Item	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)		15,317.92			38,000,000.00	26,500,000.00		11,515,317.92
2. Derivative financial assets	14,931,966.03	13,968,379.70	15,912,162.83		32,097,635.00	11,783,827.55		65,126,316.01
3. Investment in other equity instruments	63,212,376.92				61,043,000.00		656,849.76	124,912,226.68
Subtotal of financial assets	78,144,342.95	13,983,697.62	15,912,162.83		131,140,635.00	38,283,827.55	656,849.76	201,553,860.61
Financial liabilities	82,922,390.17	48,038,657.49	-27,169.37		22,386,994.25	10,697,620.39		46,545,937.17

Other changes: N/A

Is there a significant change in the measurement attributes for the Company's main assets during the reporting period?

Yes No

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

Item	Closing carrying value (RMB)	Type of restriction	Reason for restriction
Cash and bank balances	1,545,560,882.95	Pledge	Security deposit for notes, etc.
Accounts receivable	981,561,847.06	Pledge	Factoring
Accounts receivable financing	73,295,416.52	Pledge	Pledge of notes
Fixed assets	151,552,245.09	Mortgage	Loan mortgage
Right-of-use assets	2,209,353,814.61	Mortgage	Finance lease
Total	4,961,324,206.23		

VII. Analysis of Investments

1. Overview

Applicable N/A

Amount of investment in the reporting period (RMB)	Amount of investment in the previous period (RMB)	Y/Y % change
7,203,263,872.69	569,000,000.00	1,165.95%

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 RMB 0'000

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
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Commodity futures	16,561.58	14,342.2	5,027.03	0	56,627.98	56,214.25	19,782.96	0.92%
Total	16,561.58	14,342.2	5,027.03	0	56,627.98	56,214.25	19,782.96	0.92%
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 amount on commodity futures transactions recorded in profit or loss was RMB 50.2703 million.							
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 bulk commodities on our production and operating costs, 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, credit risk, operational risk and legal risk) and related risk control measures	Refer to the <i>Announcement of Commodity Futures Hedging Transactions</i> disclosed by us for the relevant risk analysis and controls.							
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	None							

involved (if applicable)	
Disclosure date of the announcement of the board of directors approving the investment in derivatives (if any)	December 7, 2024
Disclosure date of the announcement of the general meeting approving the investment in derivatives (if any)	December 24, 2024

2) Investment in derivatives for speculative purposes during the reporting period

Applicable N/A

The Company did not have any derivative investment for speculative purposes during the reporting period.

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 hundred million in RMB

Company name	Type of company	Primary business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Hong Kong Dongshan	Subsidiary	Design, R&D, sale and after-sale services in respect of electronic circuits; investment holding	HKD 10,000,000	275.00	107.38	408.33	12.55	10.00
Multek Group	Subsidiary	Design, R&D, sale and after-sale services in respect of electronic circuits; investment	USD 218,248,360.27	127.16	44.80	62.21	4.23	3.66

		holding						
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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
Source Photonics	Acquisition	No material effect on our operating results in the current period
GMD Group	Acquisition	No material effect on our operating results in the current period
DSBJ International	Deregistration	No material effect on our operating results in the current period
DSBJ Europe Holding	Newly established	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

We insist on a development strategy with both “offensive and defensive characteristics”. On one hand, we make continuous efforts in our core businesses to constantly improve core device businesses, including consumer electronics, vehicles, and other key areas, as our foundation, so as to steadily consolidate and improve our competitive position in the industry and improve our operation stability and resilience in business development. On the other hand, we attentively take the strategic opportunities in the rapid development of the AI industry by making great efforts in core racetracks, focusing on key product fields like “optical modules (including optical chips) + AI PCB” by continuously enhancing investment in technology R&D and efforts for market expansion, so as to improve our core competitiveness in all aspects and develop DSBJ into a globally leading provider of intelligent interconnection solutions, hence promoting corporate development with better quality in a more sustainable manner.

(II) Work plan for 2026

1. Consolidate conventional businesses as our foundation to achieve stable operation

We will make continuous efforts to improve and strengthen conventional advantageous businesses including FPC, PCB, precision structural parts, photoelectric display modules, etc., constantly optimize our product portfolio and customer structure, and deepen long-term strategic cooperation with leading customers in the industry. By closely following the trend of the innovative upgrade of consumer electronics and the development of electric and intelligent vehicles, we can rapidly respond to the fast iteration pace of terminal products to greatly improve the proportion of high-end and high added-value products, continuously improve delivery capabilities, and further consolidate and improve our leading advantages and market shares in the industry. Relying on the businesses above, we can generate continuous and stable operating cash flow to effectively enhance our overall anti-risk abilities, hence providing a solid and reliable foundation to support and guarantee long-lasting and stable operation, forward-looking layout of emerging strategic businesses, and high-quality development in the long run.

2. Make breakthroughs in the AI hardware racetrack to accelerate the release of new high-end production capacity

We will make full use of Source Photonics’ advantages in vertical industry integration to ensure the stable release of new production capacities of optical chips as planned, and improve chip yields and product performance through continuous technology breakthroughs. On the basis of our core competitiveness in optical chips and the high market demands, this will drive

the rapid expansion of the optical module business to continuously improve the bulk delivery capabilities and market shares of 800G and 1.6T high-speed optical modules. We will make full efforts to promote the construction of the new AI PCB bases and smoothly put it into operation, so as to improve the supply scale and supporting capabilities of HLC PCBs, HDI PCBs, and other high-end PCB products for AI servers, hence accurately meeting the core demands under the rapid growth of AI computing power throughout the world. We will continuously enhance the synergy advantages of the “optical modules (including optical chips) + AI PCB” product matrix, hence building an integrated and comprehensive competition barrier in the field of AI data centers on the basis of leading technologies, sufficient production capacities, stable quality, and prompt delivery.

3. Deepen the global layout of production capacities and improve local supply capabilities

We will continuously improve our global manufacturing system and supply chain network, optimize the production capacity structure and resource allocation among overseas and domestic production bases in a scientific and coordinated manner, and promote local production, nearby supporting facilities, and agile delivery focusing on core markets and key customers, so as to further shorten the lead time and speed up response. Thanks to the diversified and decentralized layout of production capacities, we can effectively reduce potential risks from geopolitical conflicts, international trade barriers, and regional supply chain fluctuation and enhance the stability and anti-risk ability of our supply chain in all aspects, hence providing a stable and reliable production capacity foundation for continuous and stable business expansion of the Company.

4. Strengthen technological innovation and R&D to build core barriers

We will continuously increase R&D investment in key core fields like high-speed optical chips, optical modules, and AI PCBs, make firm efforts in the main racetrack of AI hardware, take technology iteration and process upgrade as core engines, and rely on our advantages to continuously consolidate and improve our core competitiveness and position in the global industry chain. We can continuously consolidate our technology barriers thanks to Source Photonics’ whole-process R&D and process system covering InP substrates, epitaxial materials, and optical chips. By now, we have achieved large-scale mass production for CW laser; in addition, we are making stable progress in the R&D of single-wavelength 400G EML high-speed optical chips, which will provide a solid foundation for the Company to master the next generation of technologies in the high-end optical communication field. Multek, operating in the PCB industry for 48 years, has the professional capabilities of manufacturing ultra-HLC PCBs with 78 or more layers and 7-stage thick HDI PCBs; focusing on the racetrack of AI servers, we can deliver high-quality PCB products in large scale to continuously meet high-end computing demands.

5. Improve governance and internal control to continuously enhance the operation and management quality

We will continuously promote systematic corporate governance and data-based governance, constantly optimize the corporate governance structure, actively explore and make prompt adjustment to achieve a management pattern in line with the global layout, continuously improve the group’s coordination, management, and control effectiveness, financial risk prevention and control abilities, and the level of digital and intelligent operation, and improve and iterate the internal control management system. We will strictly implement a whole-process risk management and control system, ensure the highly effective, controllable, and orderly implementation of regulations on significant operating affairs including production capacity expansion, acquisition and integration, overseas operation, etc., so as to build a solid security defense for operation and provide a strong system support and governance guarantee for the high-quality and sustainable development of the Company.

6. Deepen the A+H capital layout to empower the further upgrade of the international layout

Relying on our solid early layout, we have made preliminary achievements in overseas market expansion, global production capacity building, and cross-border industry chain integration. On this basis, we will take stable steps for the A+H global capital layout to continuously optimize the capital structure, establish a channel for overseas financing, and build an overseas incentive platform, hence building an effective and flexible international capital platform. By taking advantage of the A+H dual platforms,

we can further integrate global capital and industry resources to provide the fund guarantee and capital support for emerging business expansion, global production capacity optimization, and implementation of overseas strategies, hence improving our core competitiveness in all aspects.

(III) Main risk factors affecting the Company and risk response

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 pay close attention to the industry development dynamics of key customers and customer credit and make active measures for new customer development, hence reducing the adverse effects of high concentration of customers on the Company.

2. Risks brought by rapid technology upgrading of the industry

Our business covers electronic circuits, optical modules (optical chips), precision components, photoelectric display modules, and other technology-intensive industries, and our products are widely applied in AI data centers, consumer electronics, vehicles, communication equipment, 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 closely follow the trend of cutting-edge technologies in relevant industries and maintain in-depth communication with key customers to ensure advanced technologies for our products. Meanwhile, we will keep close cooperation with influential universities and research institutions in the industry to maintain our advantages in technologies and processes.

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.

Facing the complex and volatile international trade conditions, we will pay close attention to changes in geopolitical trade policies, continuously optimize the global industry layout, consolidate capabilities for local operation and support, deepen normal communication with customers, strengthen study on relevant international trade rules and compliance management, and take systematic measures to protect against operating risks from changes in the external environment.

4. Risk of market exploitation

Our business covers the R&D, production, and sale of electronic circuits, optical modules (optical chips), precision components, and photoelectric display modules; our products are widely applied in consumer electronics, vehicles, data centers, AI computing infrastructure, and other fields; and our customers are mostly leading enterprises in the industry. Our industry has the characteristics of fast technology iteration, short product life cycle, and intense market competition. If we cannot closely follow the technology development trend of the industry, cannot make sufficient investment in R&D, cannot promptly meet the constantly improving product and technical requirements of existing core customers and downstream industries, or under the impact of strict qualifications of downstream industry suppliers and long verification period, we cannot promptly develop high-quality core customers and smoothly enter their supply chain system, we may experience insufficient orders and decreasing market shares, resulting in adverse effects on the sale of our products, operating revenue, profitability, and operating performance.

We will continuously increase investment in R&D and strengthen technological innovation and product iteration, hence continuously improving our core competitiveness. We will take active measures to build a reserve mechanism of multiple customers, optimize our customer structure, and build a diversified customer base. We will take early measures intended for the qualification system of target customers, and build a dedicated working team to effectively promote qualification evaluation and admission procedures. Meanwhile, we will make continuous efforts to enhance whole-process quality management and control and guarantee production capacity, and improve the comprehensive delivery capabilities in all aspects, so as to provide a solid support for the Company to promote stable market expansion and achieve sustainable operation.

5. Environmental risk

The production process of our products involves critical steps like epitaxial growth, etching, passivation, photolithography, development, cleaning, and electroplating, which generates wastewater, exhaust gases, solid waste, and various toxic and hazardous substances. Therefore, we are subject to high management and control requirements for environmental protection. Despite our correspondingly established management measures for environmental protection, they cannot fully eliminate the risks of environment accidents caused by management defects, equipment failures, force majeure, or other factors. In the event of a pollution accident or violation of relevant environmental protection laws and regulations, we may face punishment, be required to make rectification, and suffer reputation damages, which may cause adverse effects on our production and operation. In addition, given the continuous implementation of green and low-carbon development throughout China and stricter supervision over environmental protection, if the environmental protection standard is further enhanced in the future, we need to continuously increase investment in environmental protection and strengthen transformation, which may correspondingly increase the operating costs of environmental protection, hence affecting our operating performance.

We have set “building of an environment-friendly enterprise” as a key goal of our sustainable development strategy, actively implemented the requirements of relevant latest environmental protection laws and regulations, improved the environmental management system, enhanced training and employees’ awareness, taken control measures at source, 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 keep a close watch on 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
April 25, 2025	Online	Communication by telephone	Institutional investors	275 investors including Guosheng Securities	Interpretation of the annual report, etc.	www.cninfo.com.cn
April 30, 2025	Online	Communication by telephone	Others	141 investors including Guosheng	Interpretation of the first quarter	www.cninfo.com.cn

				Securities	report, etc.	
July 1, 2025	Meeting room of the Company	On-site investigation	Institutional investors	Over 10 investors including GF Securities	FPC business, etc.	www.cninfo.com.cn
August 27, 2025	Online	Communication by telephone	Institutional investors	298 investors including Huatai Securities	Interpretation of the semi-annual report, etc.	www.cninfo.com.cn
August 29, 2025	Online	Communication through the online platform	Others	Investors	Interpretation of the semi-annual report, etc.	www.cninfo.com.cn
September 16, 2025	Changzhou, Jiangsu	On-site investigation	Institutional investors	176 investors including New China Asset Management	Optical communication business, etc.	www.cninfo.com.cn
October 22, 2025	Online	Communication by telephone	Institutional investors	392 investors including CITIC Securities	Interpretation of the third quarter report, etc.	www.cninfo.com.cn

XIII. Formulation and Implementation of Market Value Management System and Valuation Improvement Plan

Whether the Company has formulated a market value management system?

Yes No

Whether the Company has disclosed a valuation improvement plan?

Yes No

For details, refer to the *Market Value Management System* disclosed on www.cninfo.com.cn.

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

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

Yes No

Section IV Corporate Governance, Environment, and Society

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 of the People's Republic of China*, the *Securities Law of the People's Republic of China*, 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 and Board of Directors 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 and senior executives have been appointed in strict accordance with the *Company Law of the People's Republic of China* 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 employment, 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 of the People's Republic of China* and the AOA, and our general meeting and Board of Directors 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. Directors 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	Closing balance of shares held	Cause of increase or decrease in the number of shares held
YUAN Yonggang	Male	47	Chairman	Active	2023-6-6	2026-6-5	202,226,196	100,555,058	302,781,254	Private placement of shares
YUAN Yongfeng	Male	49	Director & General Manager	Active	2023-6-6	2026-6-5	222,388,153	25,138,764	247,526,917	Private placement of shares
ZHAO Xiutian	Male	63	Vice Chairman	Active	2023-6-6	2026-6-5				
SHAN Jianbin	Male	50	Director & Executive President	Active	2023-6-6	2026-6-5	553,700		553,700	
WANG Xu	Male	44	Director, Senior Vice President & CFO	Active	2023-6-6	2026-6-5	560,000		560,000	
MAO Xiaoyan	Female	46	Director, Deputy General Manager & Board Secretary	Active	2023-6-6	2026-6-5	391,600		391,600	
MA Liqiang	Male	45	Employee representative director	Active	2025-11-3	2026-6-5	3,000		3,000	
WANG Zhangzhong	Male	63	Independent director	Active	2023-6-6	2026-6-5				
SONG Ligu	Male	62	Independent director	Active	2023-6-6	2026-6-5				
GAO Yongru	Male	58	Independent director	Active	2023-6-6	2026-6-5				

XU Weidong	Male	45	Independent director	Active	2025-11-3	2026-6-5				
Total	--	--	--	--	--	--	426,122,649	125,693,822	551,816,471	--

Whether any director or senior executive left office during the reporting period?

Yes No

Changes in directors and senior executives

Applicable N/A

Name	Position	Type	Date
MA Liqiang	Employee representative director	Elected	2025-11-3
XU Weidong	Independent director	Elected	2025-11-3

2. Profile

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

Mr. YUAN Yonggang: Hong Kong permanent resident, 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 Chairman of Suzhou Chamber of International Cooperation for Private Economy.

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, member of the 5th CPPCC Wuzhong District Committee of Suzhou, Vice Chairman of the Suzhou Wuzhong District Association of Industry and Commerce, and Chairman of Suzhou Dongshan Chamber of Commerce.

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 citizen, bachelor's degree. He has served in Mekttec Manufacturing Corporation (Zhuhai) Ltd., and is now director and Executive President of the Company, and Supervisor General of the China Printed Circuit Association.

Mr. WANG Xu: PRC citizen, having permanent residency in Singapore, 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, Senior Vice President and CFO of the Company, part-time tutor for postgraduates in accounting at the Dongwu Business School of Soochow University, part-time tutor for postgraduates in accounting and audit at the School of Business of Nanjing University of Information Science & Technology, and part-time tutor for postgraduates in accounting at the School of Business of Jiangsu Normal University.

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 director, Deputy General Manager and Board Secretary of the Company.

Mr. MA Liqiang: PRC citizen, bachelor's degree. He has served in Suzhou Dayin Electronic Telecommunications Equipment Co., Ltd., Suzhou Jinhusheng Paper Co., Ltd. and Dongshan Optronics (Suzhou) Co., Ltd., and is now the employee representative director of the Company, and the Chief Operating Officer and President of China Region of Multek.

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

Mr. SONG Liguo: Hong Kong permanent resident, holding a doctoral degree. He has served in CITIC Securities Tianjin Business Department, the Tianjin Equity Exchange, Anhui Antai Law Firm, China Baoan Group, Hong Kong Hengfeng International Investment Limited, CHAN & Co., ARTHUR K.H. (Hong Kong), Denton Wilde Sapte (Hong Kong) and Jones Day (Hong Kong), and is now independent director of the Company, special counsel of Georgiou Partnership LLP, visiting associate professor of the Law School of Anhui University, and arbitrator of the China International Economic and Trade Arbitration Commission, the Arbitration Center Across the Straits, the Xiamen Arbitration Commission, and the Wuhu Arbitration Commission.

Mr. GAO Yongru: PRC citizen, holding a doctoral degree, senior accountant. He has served in Panda Electronics 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., Jiangsu Limin Paper Packaging Co., Ltd., Nanjing Borun Intelligent Technology Co., Ltd., Nanjing Borun Neuromorphic Intelligent Technology Co., Ltd., Jiangsu Xinruide System Integration Engineering Co., Ltd., Yongtuo Certified Public Accountants LLP Jiangsu Office, and Jiangsu Riyue Accounting Firm Co., Ltd., and is now independent director of the Company, independent director of Jiangsu Sunlant Bioengineering Co., Ltd., independent director of Jiangsu Binhai Rural Commercial Bank Co., Ltd., partner of Nanjing Rongsheng Accounting Firm, part-time tutor for postgraduates in accounting at Nanjing University of Information Science & Technology.

Mr. XU Weidong: PRC citizen, holding a doctoral degree. He is now independent director of the Company, associate professor and doctoral advisor at the School of Management of Zhejiang University, Qiu Shi Outstanding Young Scholar of Zhejiang University, and independent director of Zhejiang Jiemei Electronic Technology Co., Ltd.

Whether the controlling shareholders and actual controllers also act as the chairman and general manager of the listed company

Applicable N/A

Mr. YUAN Yonggang and Mr. YUAN Yongfeng, controlling shareholders and actual controllers of the Company, act as the Chairman and General Manager of the Company, respectively. This is a reasonable arrangement made with reference to the development stage and actual requirements for operation and management of the Company, which helps to improve the efficiency

in operation decision-making, ensure effective implementation of the development strategy, and continuously maintain stable operation and management. This post arrangement is reasonable.

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	Shanghai Corkuna New Material Technologies Co., Ltd.	Chairman
YUAN Yonggang	Jingbaiyue Investment Development (Suzhou) Co., Ltd.	Managing 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 Limited	Managing Director
YUAN Yonggang	Anhui Landun Photoelectron Co., Ltd.	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 Yonggang	Suzhou Chamber of International Cooperation for Private Economy	Chairman
YUAN Yongfeng	Suzhou Dongyang Investment Co., Ltd.	Managing Director
YUAN Yongfeng	CPPCC Wuzhong District Committee of Suzhou	Member
YUAN Yongfeng	Suzhou Wuzhong District Association of Industry and Commerce	Vice Chairman
YUAN Yongfeng	Suzhou Dongshan Chamber of Commerce	Chairman
ZHAO Xiutian	Suzhou Langsheng Communication Technology Co., Ltd.	Director
SHAN Jianbin	China Printed Circuit Association	Supervisor General
WANG Xu	Dongwu Business School of Soochow University	Part-time tutor for postgraduates in accounting
WANG Xu	School of Business of Nanjing University of Information Science & Technology	Part-time tutor for postgraduates in accounting and audit
WANG Xu	School of Business of Jiangsu Normal University	Part-time tutor for postgraduates in accounting
WANG Zhangzhong	Special Metallurgy and Metal Forming Committee of Jiangsu Metal Society	Chairman
WANG Zhangzhong	School of Materials Science and Engineering of Nanjing Institute of Technology	Professor
WANG Zhangzhong	Industrial Furnace Branch of Jiangsu Mechanical Engineering Society	Chairman of the Executive Council

Name	Entity	Position
WANG Zhangzhong	New Metal Materials Branch of Jiangsu Metallurgical Industry Association	Vice Chairman
WANG Zhangzhong	Zhangjiagang Haiguo New Energy Equipment Co., Ltd.	Independent director
WANG Zhangzhong	Suzhou Xianglou New Material Co., Ltd.	Independent director
SONG Ligu	Georgiou Partnership LLP	Special counsel
SONG Ligu	Law School of Anhui University	Visiting associate professor
SONG Ligu	China International Economic and Trade Arbitration Commission	Arbitrator
SONG Ligu	Arbitration Center Across the Straits	Arbitrator
SONG Ligu	Xiamen Arbitration Commission	Arbitrator
SONG Ligu	Wuhu Arbitration Commission	Arbitrator
GAO Yongru	Jiangsu Sunlant Bioengineering Co., Ltd.	Independent director
GAO Yongru	Jiangsu Binhai Rural Commercial Bank Co., Ltd.	Independent director
GAO Yongru	Nanjing Rongsheng Accounting Firm	Partner
GAO Yongru	Nanjing University of Information Science & Technology	Part-time tutor for postgraduates in accounting
XU Weidong	School of Management of Zhejiang University	Associate Professor
XU Weidong	Zhejiang Jiemei Electronic Technology Co., Ltd.	Independent director

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

Applicable N/A

3. Remunerations of directors and senior executives

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

The remunerations of our directors 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 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 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 and senior executives conform to our remuneration policies and the fulfillment of their job responsibilities.

Remunerations of directors and senior executives paid in the current period

In RMB 0'000

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	47	Chairman	Active	344.27	No
YUAN Yongfeng	Male	49	Director & General Manager	Active	344.27	No
ZHAO Xiutian	Male	63	Vice Chairman	Active	443.70	No

SHAN Jianbin	Male	50	Director & Executive President	Active	412.67	No
WANG Xu	Male	44	Director, Senior Vice President & CFO	Active	208.86	No
MAO Xiaoyan	Female	46	Director, Deputy General Manager & Board Secretary	Active	162.90	No
MA Liqiang	Male	45	Employee representative director	Active	260.84	No
WANG Zhangzhong	Male	63	Independent director	Active	12.00	No
SONG Ligu	Male	62	Independent director	Active	12.00	No
GAO Yongru	Male	58	Independent director	Active	12.00	No
XU Weidong	Male	45	Independent director	Active	2.00	No
Total	--	--	--	--	2,215.51	--

Basis for evaluation of the remunerations actually acquired by all directors and senior executives at the end of the reporting period	The remunerations of directors and senior executives are determined in accordance with the Company's regulations, remuneration system, and performance evaluation system; the remunerations of independent directors are determined in accordance with the standard of allowances for independent directors.
Completion of evaluation of the remunerations actually acquired by all directors and senior executives at the end of the reporting period	The directors and senior executives have completed the annual performance evaluation for 2025.
Deferred payment arrangement for the remunerations actually acquired by all directors and senior executives at the end of the reporting period	N/A
Termination of payment and refund claim for the remunerations actually acquired by all directors and senior executives at the end of the reporting period	N/A

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

1. 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 required to attend during the reporting period	No. of board meetings present in person	No. of board meetings present by means of communication equipment	No. of board meetings present by proxy	No. of board meetings absent from	Whether or not having been absent from two consecutive board meetings	No. of general meetings attended
YUAN Yonggang	14	0	14			No	5
YUAN Yongfeng	14	0	14			No	5
ZHAO Xiutian	14	0	14			No	5
SHAN Jianbin	14	0	14			No	5
WANG Xu	14	0	14			No	5
MAO Xiaoyan	14	0	14			No	5

Attendance of the directors at meetings of the Board of Directors and general meetings							
Director	No. of board meetings required to attend during the reporting period	No. of board meetings present in person	No. of board meetings present by means of communication equipment	No. of board meetings present by proxy	No. of board meetings absent from	Whether or not having been absent from two consecutive board meetings	No. of general meetings attended
MA Liqiang	2	0	2			No	2
WANG Zhangzhong	14	0	14			No	5
SONG Ligu	14	0	14			No	5
GAO Yongru	14	0	14			No	5
XU Weidong	2	0	2			No	2

2. 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.

3. 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, our directors performed their duties diligently in prudently considering the Company's matters in operation, management, and significant decision-making and raised no objection to relevant matters.

VI. 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	Objections (if any)
Audit Committee	GAO Yongru, WANG Zhangzhong and YUAN Yonggang	5	April 22, 2025	Considered the <i>Proposal for Provision for Impairment for 2024</i> , the <i>Annual Report 2024 and Summary of the Report</i> , the <i>Annual Financial Report 2024</i> , the <i>2024 Profit Distribution Proposal</i> , the <i>Proposal for Re-engagement of the Auditor for 2025</i> , the <i>2024 Self-assessment Report on Internal Controls</i> , the <i>2024</i>	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.	

Committee	Members	No. of meetings held	Date of meeting	Subject	Important opinions and suggestions	Performance of other duties	Objections (if any)
				<i>Special Report on the Deposit and Use of Offering Proceeds, the Proposal Regarding Application for Facilities from Banks and Other Financial Institutions in 2025, the Proposal Regarding Changes in Accounting Policies, and the Report of the Audit Committee under the Board of Directors on the Performance Assessment of the Accounting Firm and Exercise of Supervision Duties in 2024</i>			
			April 29, 2025	Considered the <i>First Quarter Report 2025</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		
			August 22, 2025	Considered the <i>Semi-annual Report 2025 and Summary of the Report</i> , and the <i>Special Report on the Deposit and Use of Offering Proceeds in the First Half of 2025</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		
			October 14, 2025	Considered the <i>Proposal for Distribution of Accumulated Profits Prior to the Issuance of H Shares by the Company</i> , the <i>Proposal Regarding the Report on the Application of the Previous Offering Proceeds</i> , and the <i>Proposal for Engagement of the Auditor for Issuance and Listing of H</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		

Committee	Members	No. of meetings held	Date of meeting	Subject	Important opinions and suggestions	Performance of other duties	Objections (if any)
				<i>Shares by the Company</i>			
			October 21, 2025	Considered the <i>Third Quarter Report 2025</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		
Audit Committee	GAO Yongru, WANG Zhangzhong, XU Weidong, YUAN Yonggang, and ZHAO Xiutian	1	December 12, 2025	Considered the <i>Proposal Regarding the Estimation of the Amount of External Guarantees in 2026, the Proposal Regarding Application for Facilities from Banks and Other Financial Institutions in 2026, the Proposal Regarding Commodity Futures Hedging Transactions, the Feasibility Report on Commodity Futures Hedging Transactions, the Proposal Regarding Foreign Exchange Hedging Transactions, and the Feasibility Report on Foreign Exchange Hedging Transactions</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		
Strategy and ESG Committee	YUAN Yonggang, SHAN Jianbin, WANG Zhangzhong, SONG Liguo, and GAO Yongru	9	April 22, 2025	Considered the <i>Proposal Regarding Application for Facilities from Banks and Other Financial Institutions in 2025</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		
			May 12, 2025	Considered the <i>Proposal Regarding the Acquisition of 100% Equity Interests in GMD Group in France & Debt Restructuring</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		

Committee	Members	No. of meetings held	Date of meeting	Subject	Important opinions and suggestions	Performance of other duties	Objections (if any)
			June 10, 2025	Considered the <i>Proposal Regarding External Investments, the Proposal Regarding Capital Increase in Wholly-owned Subsidiary MFLEX Yancheng Co., Ltd.</i> , and the <i>Proposal Regarding Capital Reduction in Wholly-owned Subsidiary Chaowei Microelectronics (Yancheng) Co., Ltd.</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		
			July 10, 2025	Considered the <i>Proposal for External Investment and Related-party Transactions</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		
			July 25, 2025	Considered the <i>Proposal Regarding Investment to Build a High-end Printed Circuit Board Project</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		
			August 5, 2025	Considered the <i>Proposal Regarding Capital Increase in Wholly-owned Subsidiary</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		
			October 14, 2025	Considered the <i>Proposal Regarding Issuance of H Shares and Listing on the Main Board of Stock Exchange of Hong Kong Limited</i> , the <i>Proposal Regarding the Plan for Issuance of H Shares and Listing on the Main Board of Stock Exchange of Hong Kong Limited</i> , the <i>Proposal Regarding</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		

Committee	Members	No. of meetings held	Date of meeting	Subject	Important opinions and suggestions	Performance of other duties	Objections (if any)
				<i>Converting the Company to a Joint Stock Limited Company Offering and Listing Shares Overseas, and the Proposal Regarding the Plan for the Use of Proceeds Raised by Offering H Shares</i>			
			November 3, 2025	Considered the <i>Proposal Regarding Renaming the Strategy Committee of the Board of Directors and Amending Its Working Rules</i> , and the <i>Proposal Regarding Formulating the Environment, Society, and Governance (ESG) Management Regulations</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		
			December 12, 2025	Considered the <i>Proposal Regarding the Estimation of the Amount of External Guarantees in 2026</i> and the <i>Proposal Regarding Application for Facilities from Banks and Other Financial Institutions in 2026</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		
Nomination Committee	YUAN Yonggang, YUAN Yongfeng, WANG Zhangzhong, SONG Liguo, and GAO Yongru	1	October 14, 2025	Considered the <i>Proposal Regarding the Election of Independent Directors</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		
Compensation and Appraisal Committee	YUAN Yonggang, YUAN Yongfeng, WANG Zhangzhong, SONG Liguo, and GAO	2	April 22, 2025	Considered the <i>Proposal Regarding the Remunerations of the Directors and Senior Executives of the Company in 2025</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		

Committee	Members	No. of meetings held	Date of meeting	Subject	Important opinions and suggestions	Performance of other duties	Objections (if any)
	Yongru		October 14, 2025	Considered the <i>Proposal Regarding Purchasing the Director, Senior Executive, and Prospectus Liability Insurance</i>	The relevant proposals were approved and submitted to the Board of Directors for consideration.		

VII. Activities of the Audit Committee

Whether the Audit Committee has identified any risk involving the Company in its supervisory activities during the reporting period?

Yes No

The Audit Committee has not raised any objection to the supervisory matters during the reporting period.

VIII. Employees

1. Number, structure of profession and education of employees

Number of current employees of the parent at the end of the reporting period	1,492
Number of current employees of the major subsidiaries at the end of the reporting period	37,753
Total number of current employees at the end of the reporting period	39,245
Total number of salaried employees during the reporting period	39,245
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	29,716
Sales staff	604
Technical staff	7,056
Financial staff	217
Administrative staff	505
Management staff	1,147
Total	39,245
Education	
Degree of education	Number of employees
Doctor	30
Master	746
Undergraduate	5,118
Vocational college	6,092
Below vocational college	27,259
Total	39,245

2. Compensation policies

We advocate the creation of value, 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-term incentives to our employees through the combination of short-, medium- and long-term incentives by 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 comprehensive 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

IX. 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

Pursuant to relevant provisions of the *Regulatory Guidance for Listed Companies No. 3 – Distribution of Cash Dividends*, the AOA, and the *Three-year Plan for Returns to Shareholders (2024-2026)*, in comprehensive consideration of the Company's actual operation and development, future business development, and fund requirements, the Company has no plan to pay cash dividends, distribute bonus shares, or convert any capital reserve to the share capital.

Special explanation about the cash dividend policy	
Whether it complies 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:	The Company is at the critical stage of strategic upgrade at present. To take the development opportunities of the industry, improve the global layout, and fully enhance long-term profitability and core competitiveness, we completed the strategic acquisition of GMD Group in France and Source Photonics in 2025 with a total investment of RMB 6.749 billion, greater than the net profit attributable to shareholders of

	<p>the listed company, namely, RMB 1.386 billion. This circumstance is in compliance with the relevant provisions on not distributing cash dividends in the AOA and the <i>Three-year Plan for Returns to Shareholders (2024-2026)</i>; therefore, the Company has no plan of profit distribution for 2025.</p> <p>This distribution solution matches with the Company's development stage, actual operation, and future fund requirements. We will concentrate funds on core strategic projects to lay a solid foundation for long-term development despite the short-term suspension of profit distribution, hence effectively protecting the long-term interests of all shareholders, especially minority shareholders, while maintaining stable operation.</p> <p>The retained profits not distributed at the end of 2025 will be carried over to subsequent years, and be fully used for the operation of the Company as a fund guarantee for future performance growth, which is in compliance with the interests of the Company and all shareholders as a whole.</p> <p>In the future, we will strive to improve operating performance and enterprise value to guarantee returns to shareholders. After achieving mature operation development and stable profitability improvement, we will gradually increase the ratio of profit distribution to give back to shareholders on the basis of continuously improved operating performance and stable investment returns.</p>
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?	N/A

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

Reason why 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	Use of retained profits and plan thereof
<p>The Company is at the critical stage of strategic upgrade at present. To take the development opportunities of the industry, improve the global layout, and fully enhance long-term profitability and core competitiveness, we completed the strategic acquisition of GMD Group in France and Source Photonics in 2025 with a total investment of RMB 6.749 billion, greater than the net profit attributable to shareholders of the listed company, namely, RMB 1.386 billion. This circumstance is in compliance with the relevant provisions on not distributing cash dividends in the AOA and the <i>Three-year Plan for Returns to Shareholders (2024-2026)</i>; therefore, the Company has no plan of profit distribution for 2025.</p>	<p>The retained profits not distributed at the end of 2025 will be carried over to the next year, and be fully used for the operation of the Company as a fund guarantee for future performance growth, which is in compliance with the interests of the Company and all shareholders as a whole.</p>

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

Applicable N/A

The Company has no plan to pay cash dividends, distribute bonus shares or convert any capital reserve to the share capital for this year.

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

Applicable N/A

The Company did not implement share incentive plans, employee stock ownership plans or other employee incentives during the reporting period.

XI. 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 of the People's Republic of China*, 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 internal control standard systems 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

XII. Management and Control of Subsidiaries during the Reporting Period

Company name	Plan of integration	Progress of integration	Issues encountered during integration	Measures taken	Progress of solution	Future plan
N/A	N/A	N/A	N/A	N/A	N/A	N/A

XIII. 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 22, 2026
Full copy of the assessment report on internal controls available at	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	100.00%

assessment to total operating revenue recorded in the consolidated financial statements of the Company		
Criteria for determination of deficiencies		
Type	Financial reporting	Non-financial reporting
Qualitative criteria	<p>Indicators of material weaknesses in internal control over financial reporting include:</p> <p>(i) any fraud on the part of directors and senior executives of the Company;</p> <p>(ii) any correction of a financial report already disclosed;</p> <p>(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;</p> <p>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.</p> <p>Indicators of significant deficiencies in internal control over financial reporting include:</p> <p>(i) failure to correctly select and apply accounting policies pursuant to the generally accepted accounting principles;</p> <p>(ii) failure to establish anti-fraud procedures and controls;</p> <p>(iii) failure to establish or implement controls over the accounting treatment of extraordinary or special transactions, and failure to establish corresponding compensatory controls;</p> <p>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.</p> <p>General deficiencies in internal control over financial reporting include deficiencies in control other than material weakness and significant deficiency.</p>	<p>Indicators of material weaknesses in internal control over non-financial reporting include:</p> <p>(i) any violation of the applicable laws, regulations or normative documents of the country;</p> <p>(ii) unscientific procedure in making any major decision;</p> <p>(iii) absence of any regulations which may result in systemic failure;</p> <p>(iv) failure to rectify any material weakness or significant deficiency;</p> <p>and (v) any other circumstance that has a material adverse effect on the Company.</p> <p>Other deficiencies are classified as significant or general deficiencies depending on the degree of effect.</p>
Quantitative criteria	<p>Material weakness: amount of misstatement \geq 0.5% of the operating revenue</p> <p>Significant deficiency: 0.3% of the operating revenue \leq amount of misstatement $<$ 0.5% of the operating revenue</p> <p>General deficiency: amount of misstatement $<$ 0.3% of the operating revenue</p>	<p>Material weakness: direct loss $>$ 0.5% of the total assets</p> <p>Significant deficiency: 0.2% of the total assets $<$ direct loss \leq 0.5% of the total assets</p> <p>General deficiency: direct loss \leq 0.2% of the total assets</p>
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	0	

in non-financial reporting	
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2. Auditor's report on internal controls

Applicable N/A

Auditor's opinion expressed in the auditor's report on internal controls	
We are of the opinion that DSBJ has maintained effective internal control over financial reporting in all material respects pursuant to the <i>Basic Internal Control Standards for Enterprises</i> and other relevant provisions as of December 31, 2025.	
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 22, 2026
Full copy of the auditor's report on internal controls available at	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

Whether non-standard audit opinions on internal control were issued for the reporting period or the previous year?

Yes No

XIV. Rectification of Non-compliance Found in the Special Self-examination of Corporate Governance of the Listed Company

N/A

XV. Disclosure of Environmental Information

Whether the Listed Company and its major subsidiaries are included in the list of enterprises to disclose environmental information in accordance with law

Yes No

Number of enterprises included in the list of enterprises to disclose environmental information in accordance with law		9
No.	Enterprise name	Index for query of environmental information reports disclosed in accordance with law
1	Jiangsu Source Communication Technology Co., Ltd.	Official website of the Department of Ecology and Environment of Jiangsu Province (http://sthjt.jiangsu.gov.cn/) – “Environmental Protection Faces” Information Disclosure Platform – Lawful Enterprise Information Disclosure
2	MFLEX Suzhou Co., Ltd. (Guoxiang factory)	
3	MFLEX Yancheng Co., Ltd.	
4	Chaowei Microelectronics (Yancheng) Co., Ltd.	
5	Yancheng Dongshan Precision Manufacturing Co., Ltd.	

6	Yancheng Dongchuang Precision Manufacturing Co., Ltd.	
7	Multek Technology (Zhuhai) Co., Ltd.	The Department of Ecology and Environment of Guangdong Province – Guangdong Enterprise Environmental Information Disclosure System According to Law (https://gdee.gd.gov.cn/gdeepub/front/dal/dal/newindex)
8	Multek Industries Limited	
9	Multek China Limited	

XVI. Social Responsibility

For details, refer to the *2025 Environmental, Social, and Corporate Governance (ESG) Report* disclosed on www.cninfo.com.cn.

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

For details, refer to the *2025 Environmental, Social, and Corporate Governance (ESG) Report* disclosed on www.cninfo.com.cn.

Section V 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 Yonggang and YUAN Yongfeng	Covenants related to restrictions on the sale of shares	Each of the shareholders YUAN Yonggang and YUAN Yongfeng, 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 covenantors have complied with such covenants.
	YUAN Yonggang, YUAN Yongfeng, and YUAN Fugen	Covenants related to horizontal competition, related-party transactions and occupation of funds	Covenants related to horizontal competition: Each of the shareholders YUAN Yonggang, YUAN Yongfeng, and YUAN Fugen covenants that I do 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 covenantors have complied with such covenants.
	YUAN Yonggang, YUAN Yongfeng, and YUAN Fugen	Covenants related to horizontal competition, related-party transactions and occupation of funds	Covenants related to horizontal competition: Each of the shareholders YUAN Yonggang, YUAN Yongfeng, and YUAN Fugen covenants that after the completion of this material asset restructuring, I will not, directly or through any affiliate, participate or engage	June 11, 2018	Permanently binding	As of the end of the reporting period, the covenantors have complied with such covenants.

			<p>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's length 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.</p>			
	YUAN Yonggang, YUAN Yongfeng, and YUAN Fugen	Covenants related to horizontal competition, related-party transactions and occupation of funds	<p>Covenants related to the regulation and reduction of related-party transactions: Each of the shareholders YUAN Yonggang, YUAN Yongfeng, and YUAN Fugen covenants that (i) I and my affiliates will avoid or 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 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</p>	June 11, 2018	Permanently binding	As of the end of the reporting period, the covenantors have complied with such covenants.

			<p>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</p> <p>(iii) I will exercise the shareholder rights in strict accordance with the <i>Company Law</i> and other 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.</p>			
	YUAN Yonggang and YUAN Yongfeng	Covenant not to sell the Company's shares during a specific period	<p>I. Within six months from the base date for pricing (March 13, 2024) for the private placement of shares, I and the affiliates under my control have not sold the shares of DSBJ; II. From the base date for pricing to the expiration of eighteen months after the private placement of DSBJ is completed, I and the affiliates under my control will neither sell DSBJ's shares in any form nor have any plan of selling DSBJ's shares; and III. My covenant is an irrevocable covenant, which shall be binding on me and the affiliates under my control from the execution date of this covenant, and the transferee under the share transfer described above shall inherit this covenant; if I and the affiliates under my control sell shares in violation of this covenant, all the proceeds from selling such shares shall be owned by DSBJ and I shall be fully responsible for all the legal liabilities arising therefrom.</p>	December 18, 2024	Permanently binding	As of the end of the reporting period, the covenantors have complied with such covenants.
Other covenants	YUAN Yonggang, YUAN	Other covenants	Covenant regarding the remedial measures against dilution of current earnings	October 10, 2019	Permanently binding	As of the end of the reporting

	Yongfeng, ZHAO Xiutian, SHAN Jianbin, WANG Xu, MAO Xiaoyan and MA Liqiang		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 interests 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 or the investors for the losses arising therefrom according to law, and accept the punishments that the competent regulatory authorities may impose on me.			period, the covenantors have complied with such covenants.
	YUAN Yonggang, YUAN Yongfeng, and YUAN Fugen	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	October 17, 2019	Permanently binding	As of the end of the reporting period, the covenantors have complied with such covenants.

			will not interfere with the management and operation of the Company beyond my powers, or infringe on the interests 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.			
	YUAN Yonggang, YUAN Yongfeng, and YUAN Fugen	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 powers, or infringe on the interests 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 CSRC or the SZSE 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 CSRC, the SZSE or other competent securities authorities against me, and indemnify the Company or the investors for	March 12, 2024	Permanently binding	As of the end of the reporting period, the covenantors have complied with such covenants.

			the losses arising therefrom according to law.”			
	YUAN Yonggang, YUAN Yongfeng, 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 interests 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 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 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 CSRC or the SZSE 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 current earnings	March 12, 2024	Permanently binding	As of the end of the reporting period, the covenantors have complied with such covenants.

			adopted by the Company and fulfill my covenants in connection therewith, and if I breach any covenant set forth above, indemnify the Company or the investors for the losses arising therefrom according to law.”			
Whether the covenants have been fulfilled on time	Yes					
If any covenant fails to be fulfilled on time, please explain the reason and the relevant actions to be taken in detail	N/A					

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

3. Performance covenants of the Company

Applicable N/A

II. Occupation by the Controlling Shareholders and their Affiliates of the Funds of the Listed 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 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

Company name	Method of acquisition or disposal
Source Photonics	Acquisition
GMD Group	Acquisition
DSBJ Europe Holding	Newly established
DSBJ International	Deregistration

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 RMB 0'000)	395
Consecutive years in which the domestic accounting firm has provided auditing service	15
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	4, 4
Name of foreign accounting firm (if any)	N/A
Remuneration of foreign accounting firm (if any) (in RMB 0'000)	
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 2025.

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 businesses between us and any of our affiliated financial companies.

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

Applicable N/A

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

7. Other material related-party transactions

Applicable N/A

To implement the idea of green development and achieve the objective of sustainable development, we held the 23rd Meeting of the 6th Board of Directors on July 11, 2025, which considered and adopted the *Proposal for External Investment and Related-party Transactions*, approving DSBJ Pte. Ltd. (hereinafter referred to as “DSG”), a wholly owned subsidiary of the Company, to receive the shares of China Renewable Power Infrastructure LPF (hereinafter referred to as the “CRPIF Fund”) to be invested by Hong Kong Dongshan Investment Holdings Limited (hereinafter referred to as “Hong Kong Investment Holdings”). The CRPIF Fund mainly invests in new energy infrastructure, like photovoltaic, wind power, etc., and supporting energy storage projects. For its target scale of no more than USD 650 million, DSG will invest no more than USD 30.00 million to subscribe to its fund shares with the funds owned by the Company.

Query for interim reports on material related-party transactions on the information disclosure website

Name of interim announcement	Disclosure date of interim announcement	Website for disclosure of interim announcement
<i>Announcement on External Investment and Related-party Transaction</i>	July 12, 2025	www.cninfo.com.cn

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 RMB 0'000

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.		3,000		2,440	Joint and several guarantee					
Total amount of external guarantee approved during the reporting period (A1)			3,000	Total amount of external guarantee actually provided during the reporting period (A2)						4,800
Total amount of external guarantee approved as at the end of the reporting period (A3)			3,000	Total amount of external guarantee actually provided as at the end of the reporting period (A4)						2,440
Guarantees provided by the Company for its 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
Dragon Electronix Holdings Inc. and its subsidiaries		200,000		150,800						
Hong Kong Dongshan Holding Limited and its subsidiaries		127,000		39,700						
Multek Group (Hong Kong) Limited and its subsidiaries		700,000		323,258.98						
Source Photonics Holdings (Cayman)		100,000		73,395.62						

Limited and its subsidiaries										
Chaowei Microelectronics (Yancheng) Co., Ltd.		20,000		10,000						
Suzhou JDI Electronics Inc.		20,000		14,800						
Mutto Optronics Technology Co., Ltd.		50,000		15,505.7						
Suzhou RF Top Electronic Communication Co., Ltd.		5,000		1,129.46						
Suzhou Chengjia Precision Manufacturing Co., Ltd.		5,000		1,000						
Suzhou Yongchuang Communication Technology Co., Ltd.		20,000		4,714.42						
Yancheng Dongchuang Precision Manufacturing Co., Ltd.		140,000		85,586.9						
Yancheng Dongshan Precision Manufacturing Co., Ltd.		60,000		44,687.87						
Groupe Mecanique Decoupage S.A. and its subsidiaries		50,000		4,250.47						
Total amount of guarantee approved to be provided for subsidiaries during the reporting period (B1)			1,500,000	Total amount of guarantee actually provided for subsidiaries during the reporting period (B2)						1,129,401.49
Total amount of guarantee approved to be provided for subsidiaries as at the end of the reporting period (B3)			1,500,000	Total amount of guarantee actually provided for subsidiaries as at the end of the reporting period (B4)						767,018.95
Guarantees provided by subsidiaries for each other										
Obligor	Disclosure date of announcement of the	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

	maximum amount guaranteed									related party	
Total amount of guarantee approved to be provided for subsidiaries during the reporting period (C1)				Total amount of guarantee actually provided for subsidiaries during the reporting period (C2)							
Total amount of guarantee approved to be provided for subsidiaries as at the end of the reporting period (C3)				Total amount of guarantee actually provided for subsidiaries as at the end of the reporting period (C4)							
Total amount of guarantee provided by the Company											
Total amount of guarantee approved during the reporting period (A1+B1+C1)		1,503,000		Total amount of guarantee actually provided during the reporting period (A2+B2+C2)						1,134,201.49	
Total amount of guarantee approved as at the end of the reporting period (A3+B3+C3)		1,503,000		Total amount of guarantee actually provided as at the end of the reporting period (A4+B4+C4)						769,458.95	
Ratio of the total amount of guarantee (A4+B4+C4) to the net assets of the Company											35.85%
Incl.:											
Outstanding guarantees provided for shareholders, actual controllers and their affiliates (D)											0
Outstanding guarantees directly or indirectly provided for obligors whose debt-to-assets ratio exceeds 70% (E)											203,170.94
Portion of the total amount of guarantee in excess of 50% of the net assets (F)											0
Total (D+E+F)											203,170.94
Explanation about the joint and several liabilities 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 RMB 0'000

Type of product	Risk characteristics	Balance of entrusted wealth management during the reporting period	Overdue amount
Bank wealth management product	No risk	52,317.69	

Assets management by financial institutions entrusted by the Company as a single principal, or high-risk entrusted wealth management with low security and low liquidity of investment

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. Use of Offering Proceeds

Applicable N/A

1. Summary of use of offering proceeds

Applicable N/A

In RMB 0'000

Year of offering	Method of offering	Listing date of securities	Total offering proceeds	Net offering proceeds (1)	Total amount of offering proceeds used in the current period	Aggregate amount of offering proceeds already used (2)	Ratio of used offering proceeds at the end of the reporting period (3) = (2) / (1)	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
2025	Private placement of shares	June 27, 2025	140,400	139,151.25	139,157.06	139,157.06	100.00%	0	0	0.00%	0	N/A	0

Total	--	--	140,400	139,151.25	139,157.06	139,157.06	100.00%	0	0	0.00%	0	--	0
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Description of the overall use of offering proceeds:

With the approval of the CSRC under the *Reply on the Registration of Private Placement of Shares by Suzhou Dongshan Precision Manufacturing Co., Ltd.* (Zheng Jian Xu Ke [2025] No. 911), we privately offered 125,693,822.00 RMB-denominated ordinary A-shares at the offer price of RMB 11.17 per share to YUAN Yonggang and YUAN Yongfeng through the lead underwriter Guotai Haitong Securities Co., Ltd., and raised RMB 1,403,999,991.74 in total, and after deduction of the underwriter's fee and sponsor's fee (tax inclusive) totaling RMB 8,480,000.00 (excluding the prepayment of RMB 1,060,000.00), the balance of the offering proceeds, RMB 1,395,519,991.74, was remitted to our supervisory account of offering proceeds by Guotai Haitong Securities Co., Ltd. on June 11, 2025. After the deduction of the information disclosure expenses, accountant's fee, attorney's fee, issuance registration and other external costs directly relating to the offering of equity securities, totaling RMB 3,487,447.01 (tax exclusive), and after the deduction of the sponsor's fees of RMB 1,000,000.00 (tax exclusive) prepaid by the Company with its own funds, the amount of net offering proceeds was RMB 1,391,512,544.73. Pan-China Certified Public Accountants LLP verified the receipt of such offering proceeds, and issued the *Capital Verification Report* (PCCPA Capital Verification [2025] No. 5-2).

2. Committed investment projects using offering proceeds

Applicable N/A

In RMB 0'000

Name of financing project	Listing date of securities	Committed investment project and use of over-raised funds	Nature of project	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 when the project is ready for its intended use	Income earned in the current period	Cumulative benefits realized as of the end of the reporting period	Whether the project has produced the desired result	Whether there's any significant change in the feasibility of the project
Committed investment project														
Private placement of shares	June 27, 2025	Replenishment of working capital	Replenishment of working capital	No	140,400	140,400	139,157.06	139,157.06	100.00%		0	0	N/A	No
Subtotal				--	140,400	140,400	139,157.06	139,157.06	--	--	0	0	--	--
Use of over-raised funds														
N/A	June 27, 2025	N/A	N/A	No									N/A	No

Total	--	140,4 00	140,4 00	139,1 57.06	139,1 57.06	--	--	0	0	--	--
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 N/A in the column “whether the project has produced the desired result”)	N/A										
Reason for significant change in the feasibility of the project	N/A										
Amount and use of over-raised offering proceeds and progress of use thereof	N/A										
Cases of changing the purpose of offering proceeds without permission or misappropriating offering proceeds in violation of regulations	N/A										
Change in the place of the committed investment project	N/A										
Adjustment of the method of implementation of the committed investment	N/A										

project	
Funds pre-invested in the investment project and replacement thereof	N/A
Temporary replenishment of working capital with the idle offering proceeds	N/A
Amount of surplus offering proceeds and reason thereof	N/A
Purpose and whereabouts of unused offering proceeds	None
Problems or any other issues in the use and disclosure of offering proceeds	None

3. Changes in the committed investment projects using offering proceeds

Applicable N/A

We made no change in the committed investment projects using offering proceeds.

4. Review opinions of intermediaries on the deposit and use of offering proceeds

Applicable N/A

XVII. Other Significant Matters

Applicable N/A

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

XVIII. Significant Matters of Subsidiaries

Applicable N/A

Section VI Changes in Shares and Shareholders

I. Changes in Shares

1. Changes in shares

	Before the change		+/-					In Shares After the change	
	Number	%	New shares	Bonus shares	Capitalization of capital reserves	Others	Subtotal	Number	%
I. Non-tradable shares	319,591,987	18.73%	125,693,822				125,693,822	445,285,809	24.31%
1. Shares held by the State									
2. Shares held by State-owned corporations									
3. Shares held by other domestic investors	319,591,987	18.73%	125,693,822				125,693,822	445,285,809	24.31%
Incl.: Shares held by domestic non-State-owned corporations									
Shares held by domestic natural persons	319,591,987	18.73%	125,693,822				125,693,822	445,285,809	24.31%
4. Shares held by foreign investors									
Incl.: Shares held by foreign corporations									
Shares held by foreign natural persons									
II. Tradable shares	1,386,321,723	81.27%						1,386,321,723	75.69%
1. RMB-	1,386,321,723	81.27%						1,386,321,723	75.69%

denominated ordinary shares									
2. Foreign currency-denominated shares listed domestically									
3. Foreign currency-denominated shares listed overseas									
4. Others									
III. Total shares	1,705,913,710	100.00%	125,693,822				125,693,822	1,831,607,532	100.00%

Cause of change

Applicable N/A

With the approval of the Shenzhen Stock Exchange and the CSRC, 125,693,822 RMB-denominated ordinary shares issued by the Company at the issuance price of RMB 11.17 per share were listed on the Shenzhen Stock Exchange on June 27, 2025; after the issuance, the total shares of the Company increased from 1,705,913,710 shares to 1,831,607,532 shares.

Approval of changes in shares

Applicable N/A

On March 10, 2025, the Company received the *Notification Letter of the Opinions of the Review Center on the Private Placement of Shares by Suzhou Dongshan Precision Manufacturing Co., Ltd.* issued by the Listing Review Center of the Shenzhen Stock Exchange, stating that the listing review institution of the Shenzhen Stock Exchange reviewed the application documents for private placement of shares, and concluded that the Company met the issuance conditions, listing conditions, and information disclosure requirements. On April 28, 2025, the Company received the *Reply on the Registration of Private Placement of Shares by Suzhou Dongshan Precision Manufacturing Co., Ltd.* (Zheng Jian Xu Ke [2025] No. 911) (effective date of registration: April 23, 2025), which approved the request for registration of private placement of shares by the Company.

Registration of changes in shares

Applicable N/A

We have completed the registration and custody formalities for the newly issued shares with China Securities Depository and Clearing Co., Ltd. Shenzhen Branch on June 18, 2025, and China Securities Depository and Clearing Co., Ltd. Shenzhen Branch has issued a certificate of securities registration. The nature of the newly issued shares is non-tradable shares, with a lock-up period of 36 months from the listing date of the shares under the private placement for the 2 persons purchasing such shares.

Effect of changes in shares on financial indicators including the basic earnings per share, diluted earnings per share, net assets per share attributable to ordinary shareholders of the Company, etc. in the last year and the last period

Applicable N/A

1. During the reporting period, the Company repurchased 4,202,200 shares, which, based on the net assets at the end of 2025, led to an increase of RMB 0.03/share for the net assets per share attributable to ordinary shareholders of the Company. According to

the net profit attributable to ordinary shareholders of the Company in 2025, this repurchase of shares has little impact on the basic earnings per share and diluted earnings per share.

2. During the reporting period, the Company issued 125,693,822 new shares, which, based on the net assets at the end of 2025, led to a decrease of RMB 0.87/share for the net assets per share attributable to ordinary shareholders of the Company. According to the net profit attributable to ordinary shareholders of the Company in 2025, this issuance of new shares reduced the basic earnings per share and diluted earnings per share by RMB 0.03/share.

Other information that should be disclosed at the discretion of the Company or at the request of the securities regulatory authorities

Applicable N/A

2. Changes in non-tradable shares

Applicable N/A

In Shares

Name of shareholder	Opening non-tradable shares	Increase in non-tradable shares in the current period	Non-tradable shares released in the current period	Closing non-tradable shares	Reason for restriction	Date of release
YUAN Yonggang	151,669,647	100,555,058		252,224,705	Private placement of 100,555,058 shares	2028/6/27
YUAN Yongfeng	166,791,115	25,138,764		191,929,879	Private placement of 25,138,764 shares	2028/6/27
Total	318,460,762	125,693,822		444,154,584	--	--

II. Offering and Listing of Securities

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

Applicable N/A

Name of stocks and derivative securities therefrom	Date of issuance	Issuance price (or interest rate)	Number of shares	Listing date	Number of shares approved for listing	End date of transaction	Index of disclosure	Disclosure date
Stocks								
DSBJ	2025-6-10	RMB 11.17/share	125,693,822	2025-6-27	125,693,822		www.cninfo.com.cn <i>Announcement on the Listing of A-shares under Private Placement</i>	2025-6-25

Description of offering of securities (other than preferred shares) during the reporting period

With the approval of the Shenzhen Stock Exchange and the CSRC, 125,693,822 RMB-denominated ordinary shares issued by the Company at the issuance price of RMB 11.17 per share were listed on the Shenzhen Stock Exchange on June 27, 2025; after the issuance, the total shares of the Company increased from 1,705,913,710 shares to 1,831,607,532 shares.

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

In Shares

Total number of ordinary shareholders at the end of the reporting period	81,673	Total number of ordinary shareholders at the end of the month immediately preceding the disclosure date of this Annual Report	108,519	Total number of preferred shareholders whose voting rights had been restituted at the end of the reporting period (if any) (Note 8)	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) (Note 8)	0	
Shareholding by shareholders holding more than 5% of the shares or the 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 Yonggang	Domestic natural person	16.53%	302,781,254	100,055,058	252,224,705	50,556,549	Pledge	104,828,000
YUAN Yongfeng	Domestic natural person	13.51%	247,526,917	25,138,764	191,929,879	55,597,038	Pledge	56,883,800
YUAN Fugen	Domestic natural person	3.21%	58,796,052			58,796,052	N/A	
Hong Kong Securities Clearing Company Limited	Foreign corporation	2.26%	41,396,650			41,396,650	N/A	
China Life Insurance Company Ltd. – Traditional –	Others	1.25%	22,974,707			22,974,707	N/A	

General Insurance Product – 005L – CT001 Shanghai								
New China Life Insurance Company Limited – Traditional – General Insurance Product – 018L – CT001 Shenzhen	Others	1.13%	20,660,374			20,660,374	N/A	
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange-Traded Index Securities Investment Fund	Others	1.12%	20,451,440			20,451,440	N/A	
China Merchants Bank Co., Ltd. – Ruiyuan Growth Value Hybrid Securities Investment Fund	Others	1.07%	19,570,610			19,570,610	N/A	
New China Life Insurance Company Limited – Participating – Individual Participating – 018L – FH002 Shenzhen	Others	0.89%	16,293,622			16,293,622	N/A	
China Construction Bank Corporation	Others	0.82%	15,109,347			15,109,347	N/A	

– E-Fund CSI 300 Exchange- Traded Index Sponsored Securities Investment Fund								
Strategic investors or general corporations becoming the 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 the Takeover of Listed Companies</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 (excluding the shares lent via refinancing or under executive lock-up)								
Name of shareholder	No. of tradable shares held at the end of the reporting period	Type and number of shares						
		Type of shares	Number					
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					
Hong Kong Securities Clearing Company Limited	41,396,650	RMB-denominated ordinary share	41,396,650					
China Life Insurance Company Ltd. – Traditional – General Insurance Product – 005L – CT001 Shanghai	22,974,707	RMB-denominated ordinary share	22,974,707					
New China Life Insurance Company Limited –	20,660,374	RMB-denominated	20,660,374					

Traditional – General Insurance Product – 018L – CT001 Shenzhen		ordinary share	
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange-Traded Index Securities Investment Fund	20,451,440	RMB-denominated ordinary share	20,451,440
China Merchants Bank Co., Ltd. – Ruiyuan Growth Value Hybrid Securities Investment Fund	19,570,610	RMB-denominated ordinary share	19,570,610
New China Life Insurance Company Limited – Participating – Individual Participating-018L-FH002 Shenzhen	16,293,622	RMB-denominated ordinary share	16,293,622
China Construction Bank Corporation – E-Fund CSI 300 Exchange-Traded Index Sponsored Securities Investment Fund	15,109,347	RMB-denominated ordinary share	15,109,347
Affiliates or concert parties among the top 10 holders of tradable shares, and among the top 10 holders of tradable shares and the top 10 shareholders	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 the Takeover of Listed Companies</i> among other shareholders listed above.		
Securities margin trading conducted by the top 10 ordinary shareholders (if any) (Note 4)	N/A		

Share lending by shareholders holding more than 5% of the shares, the top 10 shareholders and the top 10 holders of tradable shares via refinancing

Applicable N/A

Changes in the top 10 shareholders and the top 10 holders of tradable shares compared with the previous period due to share lending under refinancing/repayment

Applicable N/A

Whether the top 10 ordinary shareholders or the top 10 holders of tradable shares conducted any transaction under the repurchase agreement during the reporting period

Yes No

No top 10 ordinary shareholder or top 10 holder of tradable 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 Yonggang	Hong Kong, China	Yes
YUAN Yongfeng	China	No

YUAN Fugen	China	No
Main occupation and title	YUAN Yonggang is our Chairman and YUAN Yongfeng is our director and General Manager.	
Shares held in other domestic or foreign listed companies controlled or invested by the controlling shareholders during the reporting period	YUAN Yonggang and his wife WANG Wenjuan are the actual controllers of Landun Photoelectron (300862) and Anfu Technology (603031).	

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 concert parties

Nature of actual controllers: Domestic natural persons, overseas natural persons

Type of actual controllers: Natural persons

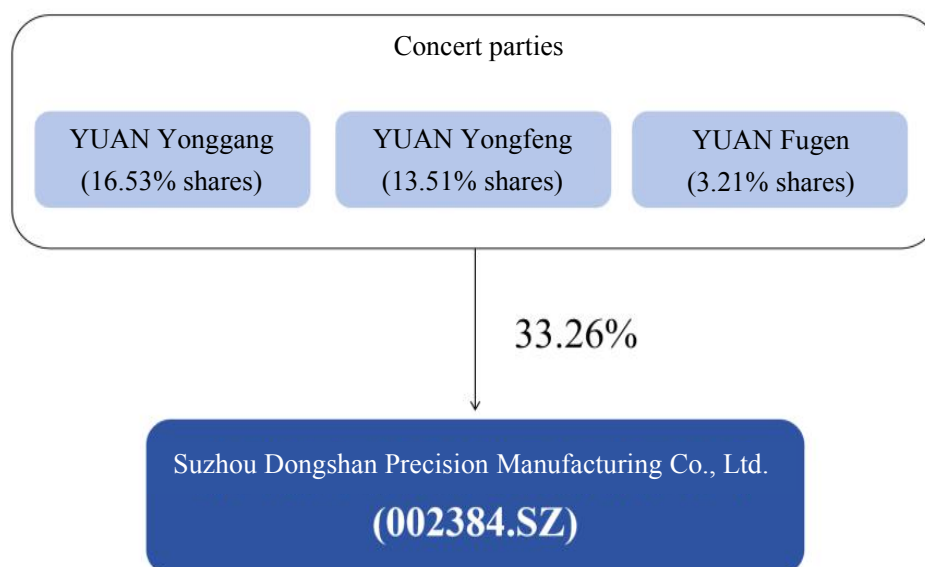
Name of the actual controller	Relationship with the actual controller	Nationality	Whether or not having obtained residency in any other country or region
YUAN Yonggang	Himself	Hong Kong, China	Yes
YUAN Yongfeng	Himself	China	No
YUAN Fugen	Himself	China	No
Main occupation and title	See “III. Shareholders 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 shareholders 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:



The actual controllers control the Company through trust or other assets management methods

Applicable N/A

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 RMB 0'000)	Proposed period of repurchase	Use of shares repurchased	Number of shares already repurchased	Ratio of shares repurchased to the target shares under the equity incentive plan (if any)
April 10, 2025	2050000-4100000	0.12%-0.24%	10000-20000	12 months following the date when the share repurchase plan was approved by the Board of Directors	Employee stock ownership plan or equity incentive	4,202,200	

Progress of sale or repurchase of shares by call auction

Applicable N/A

V. Preferred Shares

Applicable N/A

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

Section VII Bonds

Applicable N/A

Section VIII Financial Report

I. Auditor's Report

Audit opinion	Standard unqualified opinion
Signing date of the auditor's report	April 20, 2026
Auditor	Pan-China Certified Public Accountants LLP
Document number of the auditor's report	PCCPA Audit [2026] No. 5-37
Name of certified public accountants	ZHANG Yang and FU Zhenlong

Text

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, 2025, 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, 2025, 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, 2025 and its consolidated and standalone results of operations and cash flows for the year ended December 31, 2025 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 *China Independence Standard for Certified Public Accountants No. 1 – Independence Requirements for Financial Statements Audit and Review Business* and the *Code of Ethics for Certified Public Accountants of China*, and have fulfilled our other ethical responsibilities. We followed the independence requirements for the audit of public interest entities. 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(XXIV) and V(II)1 to the financial statements for details.

The operating revenue of the Company was primarily generated from the sale of electronic circuits, optical modules (including optical chips), precision components, photoelectric display modules, and other products, which amounted to RMB 40,124,858,800 in 2025.

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; 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) Net realizable value of inventories

1. Description

See Notes III(XII) and V(I)8 to the financial statements for details.

As of December 31, 2025, the Company’s book balance of inventories was RMB 10,178,540,500, inventory provision was RMB 1,249,596,300, and carrying value of inventories was RMB 8,928,944,200.

Inventories are measured at the lower of the cost and net realizable value. The Management determines the net realizable value according to the estimated selling price less the estimated cost of completion, estimated selling expenses and related taxes. Due to the significant amount of inventories and the significant management judgment involved in determining the net realizable values of inventories, we identified the net realizable values of inventories as a critical audit matter.

2. Audit response

Our audit procedures related to the net realizable values of inventories included the following, among others:

(1) Obtained an understanding of the key internal controls related to the net realizable values of inventories, assessed the design of such controls, determined whether they have been implemented, and tested the effectiveness of the relevant internal controls;

(2) With respect to the net realizable value of inventories estimated by the Management in prior years, reviewed the relevant results or subsequent re-estimates made by the Management;

(3) Selected items to assess the reasonableness of the estimated selling prices of inventories, so as to verify whether the estimated selling prices were consistent with the prices on sales contracts, sales prices on the market, historical data, etc.;

(4) Evaluated the reasonableness of the estimation made by the Management regarding the costs, selling expenses and relevant taxes before the inventories were completed;

(5) Tested the accuracy of the calculation of the net realizable value of inventories made by the Management;

(6) With reference to stock counting of inventories under supervision, identified inventories that were long-aged, outdated, decreased in production, subject to fluctuation in production costs or selling prices, or experienced changes in technologies or

market demands, and assessed the reasonableness of the estimation of the net realizable value of inventories made by the Management; and

(7) Examined whether the information related to the net realizable value of inventories has been properly presented in the financial statements.

(III) Goodwill impairment

1. Description

See Notes III(XIX) and V(I)19 to the financial statements for details.

As of December 31, 2025, the Company's original value of goodwill was RMB 5,038,071,300, allowance for goodwill impairment was RMB 268,811,900, and carrying value of goodwill was RMB 4,769,259,400.

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 implemented, and tested the effectiveness of the relevant 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) 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 present value of estimated future cash flows made 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 CASBEs, 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 concern, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

(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 doubts 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 auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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, 2025

In RMB

Item	Closing balance	Opening balance
Current assets:		
Cash and bank balances	7,650,283,509.10	7,172,331,252.29
Settlement deposit		
Loans to banks and other financial institutions		
Financial assets held for trading	201,553,860.61	78,144,342.95
Derivative financial assets		
Notes receivable		9,037,098.60
Accounts receivable	9,792,745,060.06	7,663,458,025.49
Accounts receivable financing	285,277,607.54	252,612,009.41
Advances to suppliers	274,265,688.35	93,875,465.69
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	165,859,090.82	45,836,662.39
Incl.: Interest receivable		
Dividends receivable		
Financial assets held under resale agreements		
Inventories	8,928,944,182.01	6,152,655,607.85
Incl.: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	1,328,586,793.26	1,209,842,283.99
Total current assets	28,627,515,791.75	22,677,792,748.66
Non-current assets:		
Loans and advances to clients		
Debt investments		
Other debt investments		
Long-term receivables	356,797,043.79	30,000,000.00
Long-term equity investment	126,566,432.55	155,008,795.68

Investments in other equity instruments	442,976,297.74	333,657,110.00
Other non-current financial assets		
Investment properties	142,555,461.11	781,129.10
Fixed assets	16,586,762,231.15	13,595,191,232.40
Construction in progress	2,345,985,416.22	2,575,154,318.35
Productive biological assets		
Oil and gas assets		
Right-of-use assets	2,209,353,814.61	1,313,776,299.13
Intangible assets	1,321,067,216.43	962,594,133.34
Incl.: Data resources		
Development expenses	41,694,639.16	
Incl.: Data resources		
Goodwill	4,769,259,362.01	2,119,612,220.47
Long-term deferred expenses	990,698,521.69	903,599,713.89
Deferred tax assets	829,762,594.06	834,450,612.08
Other non-current assets	1,459,542,272.71	512,554,751.37
Total non-current assets	31,623,021,303.23	23,336,380,315.81
Total assets	60,250,537,094.98	46,014,173,064.47
Current liabilities:		
Short-term borrowings	8,011,474,049.03	4,810,954,130.69
Borrowings from the Central Bank		
Borrowings from banks and other financial institutions		
Financial liabilities held for trading	46,545,937.17	82,922,390.17
Derivative financial liabilities		
Notes payable	1,002,812,950.68	935,581,272.50
Accounts payable	13,043,136,687.34	9,659,268,990.43
Advances from clients		
Contract liabilities	474,660,658.17	122,562,435.14
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	995,231,432.74	597,573,087.02
Taxes payable	641,337,262.33	395,772,127.76
Other payables	705,336,813.22	94,163,223.90
Incl.: Interest payable		
Dividends payable		
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	3,488,303,627.95	2,458,987,301.36
Other current liabilities	43,838,129.08	5,190,838.21
Total current liabilities	28,452,677,547.71	19,162,975,797.18
Non-current liabilities:		

Provision for insurance contracts		
Long-term borrowings	6,375,079,464.54	5,289,187,891.33
Bonds payable		
Incl.: Preferred shares		
Perpetual bonds		
Lease liabilities	1,790,064,820.73	1,351,518,837.18
Long-term payables		49,434,786.31
Long-term employee benefits payable	142,470,448.33	
Provisions	263,756,502.85	58,258,872.92
Deferred income	889,843,133.49	585,933,889.89
Deferred tax liabilities	634,806,937.54	630,759,756.43
Other non-current liabilities		
Total non-current liabilities	10,096,021,307.48	7,965,094,034.06
Total liabilities	38,548,698,855.19	27,128,069,831.24
Owners' equity:		
Share capital	1,831,607,532.00	1,705,913,710.00
Other equity instruments		
Incl.: Preferred shares		
Perpetual bonds		
Capital reserve	9,257,892,537.77	7,992,284,435.83
Less: Treasury shares	175,076,133.79	74,991,696.79
Other comprehensive income	-240,832,682.74	-317,104,374.08
Special reserve		
Surplus reserve	249,150,887.74	232,241,216.54
General risk reserve		
Retained profits	10,538,405,831.61	9,288,043,977.88
Total owners' equity attributable to the parent company	21,461,147,972.59	18,826,387,269.38
Minority interests	240,690,267.20	59,715,963.85
Total owners' equity	21,701,838,239.79	18,886,103,233.23
Total liabilities and owners' equity	60,250,537,094.98	46,014,173,064.47

Legal Representative: YUAN Yonggang

CFO: WANG Xu

Accounting Supervisor: ZHU Deguang

2. Standalone balance sheet

In RMB

Item	Closing balance	Opening balance
Current assets:		
Cash and bank balances	1,160,294,626.93	1,090,000,348.49
Financial assets held for trading	219,600.00	
Derivative financial assets		
Notes receivable		
Accounts receivable	2,968,231,046.34	3,143,492,614.37
Accounts receivable financing	97,221,485.41	18,920,385.63
Advances to suppliers	31,232,780.09	39,423,778.51
Other receivables	6,264,171,897.96	5,969,486,558.66
Incl.: Interest receivable		
Dividends receivable	1,430,532,996.21	1,495,758,008.53
Inventories	674,472,213.11	986,847,112.47
Incl.: Data resources		

Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	63,612,410.64	71,972,689.92
Total current assets	11,259,456,060.48	11,320,143,488.05
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables	76,509,581.77	30,000,000.00
Long-term equity investment	10,272,197,298.16	9,627,857,599.31
Investments in other equity instruments	233,620,897.88	221,322,110.00
Other non-current financial assets	725,589,519.73	
Investment properties		
Fixed assets	746,080,950.55	775,223,315.27
Construction in progress	116,200,639.43	148,492,748.83
Productive biological assets		
Oil and gas assets		
Right-of-use assets	652,300.04	2,609,200.64
Intangible assets	29,117,476.28	61,524,955.69
Incl.: Data resources		
Development expenses		
Incl.: Data resources		
Goodwill		
Long-term deferred expenses	62,191,879.79	89,330,126.49
Deferred tax assets	90,067,212.74	36,909,520.17
Other non-current assets	470,817,876.53	70,661,066.13
Total non-current assets	12,823,045,632.90	11,063,930,642.53
Total assets	24,082,501,693.38	22,384,074,130.58
Current liabilities:		
Short-term borrowings	1,891,299,933.33	2,294,208,162.79
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	794,515,542.20	585,570,169.87
Accounts payable	1,713,486,270.10	1,389,942,826.35
Advances from clients		
Contract liabilities	24,694,026.25	18,959,880.87
Employee benefits payable	21,209,233.64	30,758,082.10
Taxes payable	2,981,563.32	3,170,402.36
Other payables	5,522,584,357.60	5,101,960,753.88
Incl.: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	1,491,016,892.43	799,561,489.98
Other current liabilities	4,002,965.31	1,508,828.34
Total current liabilities	11,465,790,784.18	10,225,640,596.54
Non-current liabilities:		
Long-term borrowings	1,356,851,593.72	2,251,616,980.54

Bonds payable		
Incl.: Preferred shares		
Perpetual bonds		
Lease liabilities		861,053.29
Long-term payables		
Long-term employee benefits payable		
Provisions	1,284,160.56	1,125,097.32
Deferred income	16,537,828.64	16,473,333.57
Deferred tax liabilities		534,830.01
Other non-current liabilities		
Total non-current liabilities	1,374,673,582.92	2,270,611,294.73
Total liabilities	12,840,464,367.10	12,496,251,891.27
Owners' equity:		
Share capital	1,831,607,532.00	1,705,913,710.00
Other equity instruments		
Incl.: Preferred shares		
Perpetual bonds		
Capital reserve	9,156,573,425.73	7,890,754,703.00
Less: Treasury shares	175,076,133.79	74,991,696.79
Other comprehensive income	12,485,447.88	
Special reserve		
Surplus reserve	249,150,887.74	232,241,216.54
Retained profits	167,296,166.72	133,904,306.56
Total owners' equity	11,242,037,326.28	9,887,822,239.31
Total liabilities and owners' equity	24,082,501,693.38	22,384,074,130.58

3. Consolidated income statement

In RMB

Item	2025	2024
I. Total operating revenue	40,124,858,839.52	36,770,374,347.58
Incl.: Operating revenue	40,124,858,839.52	36,770,374,347.58
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	38,148,363,423.73	34,556,547,462.54
Incl.: Operating cost	34,472,669,748.77	31,615,008,629.39
Interest expenses		
Fee and commission expenses		
Surrenders		
Net payments for insurance claims		
Net insurance contract reserves		
Policyholder dividends		
Reinsurance expenses		
Taxes and surcharges	136,302,303.72	167,042,863.87
Selling expenses	445,146,409.06	454,017,787.21
Administrative expenses	1,414,555,307.76	1,112,402,085.44
R&D expenses	1,417,226,723.87	1,266,812,544.23
Financial expenses	262,462,930.55	-58,736,447.60

Incl.: Interest expenses	443,476,258.00	438,226,327.56
Interest income	200,834,090.18	243,071,834.40
Add: Other income	362,767,797.18	523,255,832.55
Investment income (loss expressed with “-”)	-9,282,244.32	-22,034,772.62
Incl.: Investment income from associates and joint ventures	-921,784.97	-398,084.25
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 “-”)	62,022,355.11	-17,898,094.22
Credit impairment loss (loss expressed with “-”)	-63,742,824.35	-44,109,673.59
Impairment loss on assets (loss expressed with “-”)	-687,900,170.84	-938,687,855.79
Gain on disposal of assets (loss expressed with “-”)	-371,479,536.46	-234,749,852.86
III. Operating profit (loss expressed with “-”)	1,268,880,792.11	1,479,602,468.51
Add: Non-operating revenue	478,428,588.60	9,260,396.63
Less: Non-operating expenses	56,892,612.84	21,151,029.02
IV. Profit before tax (loss expressed with “-”)	1,690,416,767.87	1,467,711,836.12
Less: Income tax expenses	297,449,230.14	382,650,922.07
V. Net profit (loss expressed with “-”)	1,392,967,537.73	1,085,060,914.05
(I) Classified by continuity of operation		
1. Net profit from continuing operations (loss expressed with “-”)	1,392,967,537.73	1,085,060,914.05
2. Net profit from discontinued operations (loss expressed with “-”)		
(II) Classified by attribution		
1. Net profit attributable to owners of the parent company	1,386,066,705.56	1,085,641,847.89
2. Profit attributable to minority interests	6,900,832.17	-580,933.84
VI. Other comprehensive income, net after tax	76,271,691.34	47,560,204.56
Other comprehensive income attributable to owners of the parent company, net after tax	76,271,691.34	47,560,204.56
(I) Other comprehensive income that cannot be reclassified to profit or loss	45,801,392.07	
1. Changes arising from remeasurement of defined benefit plans	2,085,004.19	
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		
3. Change in fair value of investments in other equity instruments	43,716,387.88	
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	30,470,299.27	47,560,204.56
1. Other comprehensive income		

that can be reclassified to profit or loss under the 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	40,974,107.22	13,125,520.72
6. Differences in translation of foreign currency financial statements	-10,503,807.95	34,434,683.84
7. Others		
Other comprehensive income attributable to minority interests, net after tax		
VII. Total comprehensive income	1,469,239,229.07	1,132,621,118.61
Total comprehensive income attributable to owners of the parent company	1,462,338,396.90	1,133,202,052.45
Total comprehensive income attributable to minority interests	6,900,832.17	-580,933.84
VIII. Earnings per share		
(I) Basic earnings per share	0.79	0.64
(II) Diluted earnings per share	0.79	0.64

Legal Representative: YUAN Yonggang

CFO: WANG Xu

Accounting Supervisor: ZHU Deguang

4. Standalone income statement

In RMB

Item	2025	2024
I. Operating revenue	4,636,461,984.31	4,750,880,680.91
Less: Operating cost	4,035,985,624.06	4,071,450,528.91
Taxes and surcharges	12,619,064.43	20,509,211.02
Selling expenses	28,361,890.11	41,590,505.69
Administrative expenses	271,817,883.08	267,655,862.76
R&D expenses	204,659,472.31	223,564,889.84
Financial expenses	212,763,047.77	161,027,919.44
Incl.: Interest expenses	240,892,696.42	322,381,094.38
Interest income	54,364,364.00	52,566,198.94
Add: Other income	7,559,769.61	33,990,328.28
Investment income (loss expressed with "-")	240,750,766.70	593,170,019.98
Incl.: Investment income from associates and joint ventures	434,578.85	5,584,848.30
Gain on derecognition of financial assets at amortized cost (loss expressed with "-")		
Net exposure hedging income (loss expressed with "-")		
Gain on changes in fair value (loss expressed with "-")	165,589,519.73	-13,243,914.03
Credit impairment loss (loss expressed with "-")	-15,282,282.79	17,367,223.10
Impairment loss on assets (loss expressed with "-")	-68,023,117.47	-27,906,250.25
Gain on disposal of assets (loss	-78,700,426.61	-1,030,988.54

expressed with “-”)		
II. Operating profit (loss expressed with “-”)	122,149,231.72	567,428,181.79
Add: Non-operating revenue	459,385.53	66,579,410.21
Less: Non-operating expenses	7,237,367.84	7,823,757.31
III. Profit before tax (loss expressed with “-”)	115,371,249.41	626,183,834.69
Less: Income tax expenses	-53,725,462.58	152,440,366.64
IV. Net profit (loss expressed with “-”)	169,096,711.99	473,743,468.05
(I) Net profit from continuing operations (loss expressed with “-”)	169,096,711.99	473,743,468.05
(II) Net profit from discontinued operations (loss expressed with “-”)		
V. Other comprehensive income, net after tax	12,485,447.88	
(I) Other comprehensive income that cannot be reclassified to profit or loss	12,298,787.88	
1. Changes arising from remeasurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method		
3. Change in fair value of investments in other equity instruments	12,298,787.88	
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	186,660.00	
1. Other comprehensive income that can be reclassified to profit or loss under the 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	186,660.00	
6. Differences in translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	181,582,159.87	473,743,468.05
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated cash flow statement

In RMB

Item	2025	2024
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	40,268,971,755.81	36,888,162,952.22
Net increase in deposits from clients and other banks		
Net increase in borrowings from the 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	1,312,580,854.55	1,110,541,496.13
Other cash receipts related to operating activities	1,193,357,020.32	1,080,208,971.62
Cash provided by operating activities	42,774,909,630.68	39,078,913,419.97
Payments for purchase of goods and receipt of services	29,701,823,618.56	27,320,456,007.82
Net increase in loans and advances from clients		
Net increase in deposits in the 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	5,650,852,540.20	4,844,071,324.22
Taxes paid	697,615,390.76	704,488,780.75
Other cash payments related to operating activities	1,417,476,334.17	1,223,878,618.70
Cash used in operating activities	37,467,767,883.69	34,092,894,731.49
Net cash flows from operating activities	5,307,141,746.99	4,986,018,688.48
II. Cash flows from investing activities:		
Proceeds from disposal of investments	108,814,660.00	331,862,195.88
Proceeds from return on investments	19,291,611.41	665,777.96
Net proceeds from the disposal of fixed assets, intangible assets and other long-term assets	90,863,187.17	173,295,074.50
Net proceeds from the disposal of subsidiaries and other business entities	0.00	39,159,620.71
Other cash receipts related to investing activities	1,789,785,359.77	920,378,244.31
Cash provided by investing activities	2,008,754,818.35	1,465,360,913.36
Payments for the acquisition of fixed assets, intangible assets and other long-term assets	4,383,254,216.35	3,792,143,747.46
Payments for investments	1,032,364,101.58	328,162,771.38
Net increase in mortgage loans		
Net payments for the acquisition of subsidiaries and other business entities	3,383,277,302.46	
Other cash payments related to investing activities	1,493,051,034.81	1,438,740,539.88
Cash used in investing activities	10,291,946,655.20	5,559,047,058.72
Net cash flows from investing activities	-8,283,191,836.85	-4,093,686,145.36
III. Cash flows from financing activities:		
Proceeds from investors	1,391,555,544.73	

Incl.: Proceeds of subsidiaries from minority shareholders' investments	43,000.00	
Cash receipts from borrowings	11,196,201,280.75	9,292,322,928.58
Other cash receipts related to financing activities	1,983,927,541.61	1,013,657,755.68
Cash provided by financing activities	14,571,684,367.09	10,305,980,684.26
Repayment of borrowings	7,723,099,453.20	9,305,852,934.81
Payment of distribution of dividends and profits or for interest	438,979,848.30	789,614,962.62
Incl.: Dividends and profits distributed by subsidiaries to minority shareholders		
Other cash payments related to financing activities	2,660,211,054.70	1,529,880,189.66
Cash used in financing activities	10,822,290,356.20	11,625,348,087.09
Net cash flows from financing activities	3,749,394,010.89	-1,319,367,402.83
IV. Effect of exchange rate changes on cash and cash equivalents	-12,221,677.25	126,148,223.77
V. Net increase in cash and cash equivalents	761,122,243.78	-300,886,635.94
Add: Opening balance of cash and cash equivalents	5,343,600,382.37	5,644,487,018.31
VI. Closing balance of cash and cash equivalents	6,104,722,626.15	5,343,600,382.37

6. Standalone cash flow statement

In RMB

Item	2025	2024
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	3,904,328,054.01	3,087,518,926.49
Tax refunds received	105,357,331.49	79,327,801.50
Other cash receipts related to operating activities	3,811,238,088.63	5,758,926,751.58
Cash provided by operating activities	7,820,923,474.13	8,925,773,479.57
Payments for purchase of goods and receipt of services	3,282,162,963.65	2,829,046,533.99
Payments to and for employees	312,361,955.27	374,024,194.96
Taxes paid	18,939,914.52	74,184,275.05
Other cash payments related to operating activities	3,927,477,083.94	5,022,100,747.33
Cash used in operating activities	7,540,941,917.38	8,299,355,751.33
Net cash flows from operating activities	279,981,556.75	626,417,728.24
II. Cash flows from investing activities:		
Proceeds from disposal of investments	295,045,679.59	52,599,999.99
Proceeds from return on investments	148,297.93	1,487,814,382.67
Net proceeds from the disposal of fixed assets, intangible assets and other long-term assets		2,321,703.00
Net proceeds from the disposal of subsidiaries and other business entities		
Other cash receipts related to investing activities	1,680,303,260.48	348,788,350.25
Cash provided by investing activities	1,975,497,238.00	1,891,524,435.91
Payments for the acquisition of fixed assets, intangible assets and other long-term assets	124,344,513.08	178,368,792.91
Payments for investments	775,163,000.00	264,999,999.99
Net payments for the acquisition of subsidiaries and other business entities		

Other cash payments related to investing activities	2,339,633,268.53	2,145,958,659.54
Cash used in investing activities	3,239,140,781.61	2,589,327,452.44
Net cash flows from investing activities	-1,263,643,543.61	-697,803,016.53
III. Cash flows from financing activities:		
Proceeds from investors	1,391,512,544.73	
Cash receipts from borrowings	3,131,500,000.00	3,927,134,206.67
Other cash receipts related to financing activities	2,900,541,711.39	3,092,048,892.48
Cash provided by financing activities	7,423,554,256.12	7,019,183,099.15
Repayment of borrowings	3,733,671,340.00	4,732,373,761.70
Payment of distribution of dividends and profits or for interest	246,482,514.76	406,253,984.10
Other cash payments related to financing activities	2,285,402,298.62	1,840,793,177.42
Cash used in financing activities	6,265,556,153.38	6,979,420,923.22
Net cash flows from financing activities	1,157,998,102.74	39,762,175.93
IV. Effect of exchange rate changes on cash and cash equivalents	4,587,103.46	91,649,076.85
V. Net increase in cash and cash equivalents	178,923,219.34	60,025,964.49
Add: Opening balance of cash and cash equivalents	538,870,203.05	478,844,238.56
VI. Closing balance of cash and cash equivalents	717,793,422.39	538,870,203.05

7. Consolidated statement of changes in owners' equity

Amount of the current period

In RMB

Item	2025														
	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 profits	Others	Subtotal		
	Preferred shares	Perpetual bonds	Others												
I. Balance at the end of the previous year	1,705,913,710.00				7,992,284,435.83	74,991,696.79	-317,104,374.08		232,241,216.54		9,288,043,977.88		18,826,387,269.38	59,715,963.85	18,886,103,233.23
Add: Changes in accounting policies															
Correction of previous period errors															
Others															
II. Balance at the beginning of the current year	1,705,913,710.00				7,992,284,435.83	74,991,696.79	-317,104,374.08		232,241,216.54		9,288,043,977.88		18,826,387,269.38	59,715,963.85	18,886,103,233.23
III. Increase/(decrease) in the current period (decrease	125,693,822.00				1,265,608,101.94	100,084,437.00	76,271,691.34		16,909,671.20		1,250,361,853.73		2,634,760,703.21	180,974,303.35	2,815,735,006.56

expressed with “-”)															
(I) Total comprehensive income							76,271,69 1.34				1,386,066,7 05.56	1,462,338,3 96.90	6,900,832 .17	1,469,239,2 29.07	
(II) Investment/(div estment) by shareholders	125,693,82 2.00				1,265,608, 101.94	100,084,4 37.00						1,291,217,4 86.94	174,073,4 71.18	1,465,290,9 58.12	
1. Contributions from holders of ordinary shares	125,693,82 2.00				1,265,818, 722.73	100,084,4 37.00						1,291,428,1 07.73	43,000.00	1,291,471,1 07.73	
2. Contributions from holders of other equity instruments															
3. Share-based payments recorded in owners' equity															
4. Others					- 210,620.79							-210,620.79	174,030,4 71.18	173,819,85 0.39	
(III) Distribution of profits								16,909,67 1.20		- 135,704,85 1.83		- 118,795,18 0.63		- 118,795,18 0.63	
1. Surplus reserve								16,909,67 1.20		- 16,909,671. 20					
2. General risk reserve															
3. Distributions to owners (shareholders)										- 118,795,18 0.63		- 118,795,18 0.63		- 118,795,18 0.63	

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 period															
2. Used in the															

current period															
(VI) Others															
IV. Balance at the end of the current period	1,831,607,532.00				9,257,892,537.77	175,076,133.79	240,832,682.74	-	249,150,887.74		10,538,405,831.61		21,461,147,972.59	240,690,267.20	21,701,838,239.79

Amount of the previous period

In RMB

Item	2024														
	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 profits	Others			Subtotal
Preferred shares		Perpetual bonds	Others												
I. Balance at the end of the previous year	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
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				8,063,768,409.73	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
III.	-				-	-	397,560,2		47,374,34		262,948,44		683,360,523	12,386,1	695,746,635

Increase/(decrease) in the current period (decrease expressed with “-”)	3,953,617.00				71,483,973.90	50,915,114.54	04.56		6.81		8.83		.84	12.13	.97
(I) Total comprehensive income							47,560,204.56				1,085,641,847.89		1,133,202,052.45	580,933.84	1,132,621,118.61
(II) Investment/(divestment) by shareholders	3,953,617.00				71,483,973.90	50,915,114.54							24,522,476.36	5,870,379.87	30,392,856.23
1. Contributions from holders of ordinary shares					26,238,619.50	25,000,846.30							51,239,465.80	5,870,000.00	57,109,465.80
2. Contributions from holders of other equity instruments															
3. Share-based payments recorded in owners' equity					478,369.94								478,369.94	-379.87	477,990.07
4. Others	3,953,617.00				45,723,724.34	75,915,960.84									26,238,619.50
(III) Distribution of profits									47,374,346.81		472,693,399.06		425,319,052.25	18,837,425.84	406,481,626.41
1. Surplus reserve									47,374,346.81		47,374,346.81				
2. General risk reserve															

in the current period															
2. Used in the current period															
(VI) Others															
IV. Balance at the end of the current period	1,705,913,710.00				7,992,284,435.83	74,991,696.79	317,104,374.08		232,241,216.54		9,288,043,977.88		18,826,387,269.38	59,715,963.85	18,886,103,233.23

8. Standalone statement of changes in owners' equity

Amount of the current period

In RMB

Item	2025											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of the previous year	1,705,913,710.00				7,890,754,703.00	74,991,696.79			232,241,216.54	133,904,306.56		9,887,822,239.31
Add: Changes in accounting policies												
Correction of previous period errors												
Others												
II. Balance at the beginning of the current year	1,705,913,710.00				7,890,754,703.00	74,991,696.79			232,241,216.54	133,904,306.56		9,887,822,239.31
III. Increase/(decrease)	125,693,822.00				1,265,818,722.73	100,084,437.00	12,485,447.88		16,909,671.20	33,391,860.16		1,354,215,086.97

in the current period (decrease expressed with “-”)												
(I) Total comprehensive income							12,485,447.8 8			169,096,711. 99		181,582,159.87
(II) Investment/(divestm ent) by shareholders	125,693,822.0 0				1,265,818,722. 73	100,084,437. 00						1,291,428,107.7 3
1. Contributions from holders of ordinary shares	125,693,822.0 0				1,265,818,722. 73	100,084,437. 00						1,291,428,107.7 3
2. Contributions from holders of other equity instruments												
3. Share-based payments recorded in owners’ equity												
4. Others												
(III) Distribution of profits									16,909,671.2 0	- 135,704,851. 83		-118,795,180.63
1. Surplus reserve									16,909,671.2 0	- 16,909,671.2 0		
2. Distributions to owners (shareholders)										- 118,795,180. 63		-118,795,180.63
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 period												
2. Used in the current period												
(VI) Others												
IV. Balance at the end of the current period	1,831,607,532.00				9,156,573,425.73	175,076,133.79	12,485,447.88		249,150,887.74	167,296,166.72		11,242,037,326.28

Amount of the previous period

In RMB

Item	2024											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of the previous 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

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				7,962,239,056.77	125,906,811.33	350,000,000.00	-	184,866,869.73	482,854,237.57		9,863,920,679.74
III. Increase/(decrease) in the current period (decrease expressed with “-”)	-3,953,617.00				-71,484,353.77	50,915,114.54	350,000,000.00	47,374,346.81		-348,949,931.01		23,901,559.57
(I) Total comprehensive income										473,743,468.05		473,743,468.05
(II) Investment/(divestment) by shareholders	-3,953,617.00				-71,484,353.77	50,915,114.54	-					-24,522,856.23
1. Contributions from holders of ordinary shares					26,238,619.50	25,000,846.30						1,237,773.20
2. Contributions from holders of other equity instruments												
3. Share-based payments recorded in owners' equity					477,990.07							477,990.07
4. Others	-3,953,617.00				-98,200,963.34	75,915,960.84	-					-26,238,619.50
(III) Distribution of								47,374,346.81		-472,693,399.		-425,319,052.2

profits										06		5
1. Surplus reserve								47,374,346.8 1		- 47,374,346.8 1		
2. Distributions to owners (shareholders)										- 425,319,052. 25		- 425,319,052.2 5
3. Others												
(IV) Internal transfer of owners' equity							350,000,000. 00			- 350,000,000. 00		
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							350,000,000. 00			- 350,000,000. 00		
6. Others												
(V) Special reserve												
1. Appropriated in the current period												
2. Used in the current period												
(VI) Others												

IV. Balance at the end of the current period	1,705,913,710.00				7,890,754,703.00	74,991,696.79			232,241,216.54	133,904,306.56		9,887,822,239.31
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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 the unified social credit code of 91320500703719732P, and has a registered capital of RMB 1,831,607,532, divided into 1,831,607,532 shares with a par value of RMB 1 each share, of which, 445,285,809 shares are non-tradable A-shares, and 1,386,321,723 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 electronic circuits, optical modules (including optical chips), photoelectric display modules, precision components, etc.

These financial statements were approved for release at the 33rd meeting of the 6th Board of Directors on April 20, 2026.

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 or events according to its actual production and operational characteristics.

1. Statement of compliance with the Accounting Standards for Business Enterprises (“ASBE”)

The financial statements prepared by the Company conform to the requirements of the ASBE, 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 parent company and domestic subsidiaries adopt RMB as their functional currency. Overseas subsidiaries determine their functional currencies according to the main economic environment where they conduct operating activities, mainly including USD, EUR, THB, MXN, etc. These consolidated financial statements are presented in RMB.

5. Determination and basis for selection of materiality criteria

Applicable N/A

Item	Materiality criteria
Significant dividends receivable aged over one year	Individual amount accounting for over 0.3% of the total assets
Significant constructions in progress	Total investment in an individual project accounting for over 0.3% of the total assets
Significant accounts payable aged over one year	Individual amount accounting for over 0.3% of the total assets
Significant other payables aged over one year	Individual amount accounting for over 0.3% of the total assets
Significant contract liabilities aged over one year	Individual amount accounting for over 0.3% of the total assets
Significant cash flows from investing activities	Individual amount accounting for over 5% of the total assets
Significant overseas operating entities	Total assets/total revenue/total profit accounting for over 15% of the group's total assets/total revenue/total profit
Significant subsidiaries and non-wholly owned subsidiaries	Total assets/total revenue/total profit accounting for over 15% of the group's total assets/total revenue/total profit
Significant associates or joint ventures	The book value of an individual long-term equity investment accounting for over 15% of the group's net assets/the individual investment income accounted for using the equity method accounting for over 15% of the group's total profit

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

(1) 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 ASBE 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

9. Recognition of cash and cash equivalents

For the purpose of the cash flow statement, 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 spot exchange rates prevailing at the dates when 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) or (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 or liabilities are initially measured at fair value. Transaction costs relating to financial assets and 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 ASBE 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 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 ASBE 23 “Transfer of Financial Assets”.

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

Upon initial recognition, 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 ASBE 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 ASBE 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 impairment losses.

Expected credit impairment loss is the weighted average of credit impairment losses on financial instruments taking into account the possibility of default. Credit impairment 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 impairment losses since initial recognition.

With respect to lease payments receivable, accounts receivable arising from transactions within the meaning of ASBE 14 "Revenue" and contract assets, the Company uses the simplified measurement method and recognizes an impairment loss equal to the lifetime expected credit impairment 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 impairment losses if the credit risk has increased significantly since initial recognition, or to the expected credit impairment 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 impairment 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 impairment 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

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

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.

7. Standard for identifying and making provision of expected credit losses for receivables and contract assets

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

Group type	Basis for grouping	Method for measuring expected credit impairment losses
Banker's acceptance bills receivable	Type of bills	By reference to historical credit impairment loss experience, and taking into account the current situations and prediction of future economic conditions, calculate the expected credit impairment losses according to the default risk exposure and rate of lifetime expected credit impairment loss.
Commercial acceptance bills receivable		
Financial company acceptance bills receivable		
Accounts receivable – aging group	Age	By reference to historical credit impairment 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 expected credit impairment loss, and calculate the expected credit impairment losses.
Accounts receivable – optical communication business group	Business segment	By reference to historic 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 12-month or rate of lifetime expected credit loss.
Accounts receivable – conventional vehicle business group	Business segment	
Other receivables – aging group	Age	By reference to historical credit impairment 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 expected credit impairment loss, and calculate the expected credit impairment losses.
Other receivables – conventional vehicle business group	Business segment	By reference to historic 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 12-month or rate of lifetime expected credit loss.
Other receivables – optical communication business group	Business segment	
Long-term receivables – conventional vehicle business group	Business segment	By reference to historic 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 12-month or rate of lifetime expected credit loss.

2. Comparison table of the age and rate of expected credit impairment loss

Age	Rate of expected credit loss on accounts receivable (%)	Rate of expected credit loss on other receivables (%)
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 accounts receivable/other receivables is calculated from the date of initial recognition.

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

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

12. Notes receivable

13. Accounts receivable

14. Accounts receivable financing

15. Other receivables

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.

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.

4. 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

(1) Recognition standard and method for provision of impairment for inventory

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

19. Debt investments

20. Other debt investments

21. Long-term receivable

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 constitute a package deal, the Company accounts for such transactions as one transaction to acquire 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 not 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, it is required to judge whether such transactions constitute a package deal. If such transactions constitute a package deal, the Company accounts for such transactions as one transaction to acquire 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 ASBE 12 “Debt Restructuring” if it is acquired through debt restructuring, or ASBE 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 ASBE 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 or combination 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 investment 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 investment 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 service 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

Type	Method of depreciation	Estimated service life	Rate of residual value	Annual rate of depreciation
Buildings and structures	Straight line method	20-30	0-5	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
Buildings and structures	The main construction project and supporting project have been substantially completed, reached the predefined design requirements, and inspected and accepted
Machinery and equipment	Meet the design requirements or agreed standards after installation and commissioning

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.

29. Intangible assets

(1) Service life and basis for determination of service 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 service 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	Service life and basis for determination of service life	Method of amortization
Land use right	Determine the service life to be 50 years according to the period for title registration	Straight line method
Software use right	Determine the service life to be 3 years according to the expected beneficial period	Straight line method
Unpatented technology	Determine the service life to be 10 years according to the expected beneficial period	Straight line method
Trademarks and patents	Determine the service life to be 10 years according to the expected beneficial period	Straight line method
Customer resources	Determine the service life to be 10 years according to the expected beneficial period	Straight line method

Intangible asset with indefinite service life is not amortized, but its service life is reviewed annually.

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

(1) Labor costs

Labor costs comprise the wages, salaries, basic pension insurance, basic medical insurance, unemployment insurance, 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, material 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.

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, right-of-use assets, intangible assets with a finite service 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 service 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 asset 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

(1) when the Company can no longer withdraw the offer of termination benefits as a result of termination of employment or redundancy; or (2) the Company 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 other long-term employee benefits, changes arising from remeasurement of the net liabilities or net assets of the other long-term employee benefits 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

37. Revenue

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

1. Revenue recognition principle

At contract commencement date, 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 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 date, 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 electronic circuit, optical modules (including optical chips), precision components, photoelectric display modules, 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

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 costs, 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 costs, 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

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

Right-of-use assets are initially measured at cost, which cost includes: (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 lease asset, restoring the site on which it is located or restoring the lease 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 a lease asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset over its remaining service life. Otherwise, the Company depreciates the right-of-use asset over the shorter of the lease term and its remaining service 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.

(3) Sale and leaseback

In accordance with ASBE 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 ASBE 22 "Financial Instruments: Recognition and Measurement" at the same time.

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

At the lease commencement date, the Company classifies a lease that transfers substantially all the risks and rewards incidental to ownership of a lease 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 interest rate under the lease), 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.

(3) Sale and leaseback

In accordance with ASBE 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 ASBE 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 ASBE 22 “Financial Instruments: Recognition and Measurement”.

42. Other Significant accounting policies and accounting estimates

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

(1) A hedge includes a fair value hedge/cash flow hedge/hedge of a net investment in a foreign operation.

(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 treatment

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 ASBE 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 other comprehensive income, 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 ASBE 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): A. the cumulative gain or loss on the hedging instrument from the commencement of the hedge; B. 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 transaction 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

44. Miscellaneous

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%, 5%, 7%-25% for VAT for the Company's overseas subsidiaries
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)
Urban maintenance and construction tax	Amount of turnover tax actually paid	5% or 7% (China)
Education surcharge	Amount of turnover tax actually paid	3% (China)
Local education surcharge	Amount of turnover tax actually paid	2% (China)
Enterprise income tax	Amount of taxable income	9%、15%、16.50%、25%、0、21.75%-29.84%、17%、10%、20%、20.6%、24%、30%、12%、16%、21.5%

Different rates of enterprise income tax applicable to the taxpayers:

Taxpayer	Income tax rate
The Company, Mutto Optronics Technology Co., Ltd., MFLEX Yancheng Co., Ltd., Yancheng Dongshan Precision Manufacturing Co., Ltd., Suzhou RF Top Electronic Communication Co., Ltd., Suzhou Dongdai Electronic Technology Co., Ltd., Yancheng Dongshan Communication Technology Co., Ltd., Suzhou Yongchuang Communication Technology Co., Ltd., Suzhou Jebson Intelligent Technology Co., Ltd., Suzhou Dongyue New Energy Technology Co., Ltd., and Yancheng Dongchuang Precision Manufacturing Co., Ltd., Suzhou JDI Electronics Inc., Source Photonics (Chengdu) Co., Ltd., and Jiangsu Source Communications Technology Co., Ltd.	15.00%
Hong Kong Dongshan Precision Union Opoelectronic Co., Limited and other companies incorporated in Hong Kong, China	16.50%
Mutto Optronics Group Limited, The Dii Group (BVI) Co. Limited, Source Photonics Holdings (Cayman) Limited	0
Mflex Delaware, Inc., Multi-Fineline Electronix, Inc. (hereinafter referred to as Mflex), 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%
Multi-Fineline Electronic (Thailand) Co., Ltd., Source Photonics Co., Ltd.	20.00%
Source Photonics (Macau) Commercial Offshore Limited	12.00%
Companies incorporated in Hungary	9.00%
Companies incorporated in Germany	30.88%
Companies incorporated in Portugal	21.50%
Companies incorporated in Morocco	21.50%
Companies incorporated in Slovakia	24.00%
Companies incorporated in Czech Republic	21.00%
Companies incorporated in Romania	16.00%
Other taxpayers not listed above	25.00%

2. Tax preferences

1. Pursuant to the *Administrative Measures on Certification and Management of High and New Technology Enterprises* (Guo Ke Fa Huo (2016) No. 32) and *Guidelines for the Accreditation of High and New Technology Enterprises* (Guo Ke Fa Huo (2016) No. 195), Suzhou Dongdai Electronic Technology Co., Ltd., Suzhou Yongchuang Communication Technology Co., Ltd., Suzhou Jebson Intelligent Technology Co., Ltd., Source Photonics (Chengdu) Co., Ltd., and Jiangsu Source Communications Technology Co., Ltd. passed the qualification review of high and new technology enterprises with a term of three years from 2023 to 2026, and therefore are subject to an enterprise income tax rate of 15% for the current period.

2. Pursuant to the *Administrative Measures on Certification and Management of High and New Technology Enterprises* (Guo Ke Fa Huo (2016) No. 32) and *Guidelines for the Accreditation of High and New Technology Enterprises* (Guo Ke Fa Huo (2016) No. 195), Suzhou Dongyue New Energy Technology Co., Ltd. and Yancheng Dongchuang Precision Manufacturing Co., Ltd. passed the qualification review of high and new technology enterprises with a term of three years from 2024 to 2027, and therefore are subject to an enterprise income tax rate of 15% for the current period.

3. Pursuant to the *Administrative Measures on Certification and Management of High and New Technology Enterprises* (Guo Ke Fa Huo (2016) No. 32) and *Guidelines for the Accreditation of High and New Technology Enterprises* (Guo Ke Fa Huo (2016) No. 195), the Company and its subsidiaries including Mutto Optronics Technology Co., Ltd., Yancheng Dongshan Precision Manufacturing Co., Ltd., MFLEX Yancheng Co., Ltd., Suzhou JDI Electronics Inc., and Suzhou RF Top Electronic Communication Co., Ltd. passed the qualification review of high and new technology enterprises with a term of three years from 2025 to 2028, and therefore are subject to an enterprise income tax rate of 15% for the current period.

4. 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%. From July 1, 2025 to June 30, 2028, enterprises entitled to the preferential tax rate and achieving annual taxable income of over MUR 24.00 million shall pay an additional fair share contribution tax at 2%.

5. Pursuant to the *Announcement of the Ministry of Finance and State Taxation Administration on Further Improvement to the Policy on the Additional Pre-tax Deduction of Research and Development Expenses* (Announcement No. 7 of 2023 by the Ministry of Finance and State Taxation Administration), if an enterprise's R&D expenses actually incurred during R&D activities are not recognized in profit or loss for creation of intangible assets, on the basis of actual deduction as specified, from January 1, 2023, there is an additional pre-tax deduction at 100% of the incurred amount; if intangible assets are created, from January 1, 2023, the R&D expenses may be allocated at 200% of the costs of such intangible assets prior to tax payment.

6. Pursuant to Article 244quaterB of the *General Tax Code* of France, Eurostyle Systems Tech Center France, GMD Eurocast, Eurocast Delle, Eurocast Chateauroux, and Eurocast Reyrieux located in France are entitled to the policy of offsetting taxes against R&D expenditures. R&D expenditures that may be offset include: salaries of R&D personnel and technicians, depreciation of assets related to R&D, expenses for R&D outsourcing, patent-related expenditures, etc. The tax credit is calculated as follows: the eligible R&D expenditures in the year may be offset at 30% for the portion within EUR 10.00 million and at 5% for the portion over EUR 10.00 million; the tax not fully offset in the year may be carried over during the effective period of the policy.

7. Pursuant to the *Announcement of the Ministry of Finance and the State Taxation Administration on Additional Deductions for Value-added Taxes of Advanced Manufacturing Enterprises* (Announcement No. 43 of 2023), from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed to deduct an additional 5% of the deductible input tax amount from the payable VAT amount.

8. Export rebates for VAT

Pursuant to the *Notice on Allowing Tax Rebate for Water, Electricity, and Gas Consumption in Export Processing Areas* (Guo Shui Fa [2002] No. 116) released by the State Taxation Administration, Source Photonics (Chengdu) Co., Ltd. is entitled to the tax rebate policy at 13% for the water, electricity, and gas consumption in the export processing area.

Pursuant to the *Value-added and Non-value-added Business Tax Act* of Taiwan, China, Source Photonics Co., Ltd. is subject to value-added business tax for the excess of the output tax over the input tax, where the input tax may offset against the output tax. The prevailing value-added business tax rate is 5%, while goods sold overseas (exported) are entitled to the tax rate of zero. Meanwhile, for the over payment of business taxes for goods or services entitled to zero tax rate, for acquisition of fixed assets, and for acquisition, transfer, dissolution, or request for de-registration, the tax payer may request tax rebate, and the tax will be refunded after being verified by the competent tax authority.

Pursuant to the *Implementation Measures for the Interim Regulations of the People's Republic of China on Value-added Tax*, where the goods manufactured by a domestic (foreign) manufacturing enterprise holding an export license are exported by itself or through a foreign trade agency, such goods are entitled to tax exemption and tax rebate unless otherwise provided.

VII. Notes to items of the consolidated financial statements

1. Cash and bank balances

In RMB

Item	Closing balance	Opening balance
Cash on hand	620,829.32	266,540.67
Bank deposits	6,104,101,796.83	5,771,485,841.70
Other cash and bank balances	1,545,560,882.95	1,400,578,869.92
Total	7,650,283,509.10	7,172,331,252.29
Incl.: Total amounts deposited abroad	2,753,243,996.70	2,457,343,027.80

Other information:

See Notes V(III)4 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	201,553,860.61	78,144,342.95
Incl.:		
Investments in equity instruments	124,912,226.68	63,212,376.92
Derivatives	65,126,316.01	14,931,966.03
Wealth management products	11,515,317.92	
Total	201,553,860.61	78,144,342.95

4. Notes receivable

(1) Notes receivable by category

In RMB

Item	Closing balance	Opening balance
Commercial acceptance bills		9,037,098.60

Total		9,037,098.60
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(2) Notes receivable by method of recognition of allowance for doubtful accounts

In RMB

Type	Closing balance					Opening balance				
	Book balance		Allowance for doubtful accounts		Carrying value	Book balance		Allowance for doubtful accounts		Carrying value
	Amount	%	Amount	Ratio of provision		Amount	%	Amount	Ratio of provision	
Incl.:										
Allowance recognized collectively						9,082,511.16	100.00%	45,412.56	0.50%	9,037,098.60
Incl.:										
Commercial acceptance bills						9,082,511.16	100.00%	45,412.56	0.50%	9,037,098.60
Total	0.00					9,082,511.16	100.00%	45,412.56	0.50%	9,037,098.60

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

Allowance for doubtful accounts recognized in the current period:

In RMB

Type	Opening balance	Changes in the current period				Closing balance
		Recognized	Recovered or reversed	Written off	Others	
Allowance recognized collectively	45,412.56	-45,412.56				
Total	45,412.56	-45,412.56				

5. Accounts receivable**(1) Accounts receivable by age**

In RMB

Age	Closing book balance	Opening book balance
Within 1 year (inclusive)	9,821,142,620.45	7,669,860,368.06
Within 6 months	9,694,632,577.94	7,558,742,455.97
7-12 months	126,510,042.51	111,117,912.09
1-2 years	94,823,755.62	30,428,150.63
2-3 years	26,996,591.42	42,084,100.70

Over 3 years	257,853,544.65	218,266,298.53
3-4 years	36,572,094.64	33,424,157.23
4-5 years	32,577,185.82	103,896,595.98
Over 5 years	188,704,264.19	80,945,545.32
Total	10,200,816,512.14	7,960,638,917.92

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

In RMB

Type	Closing balance					Opening balance				
	Book balance		Allowance for doubtful accounts		Carrying value	Book balance		Allowance for doubtful accounts		Carrying value
	Amount	%	Amount	Ratio of provision		Amount	%	Amount	Ratio of provision	
Allowance recognized individually	176,594,186.18	1.73%	163,612,411.89	92.65%	12,981,774.29	58,220,894.36	0.73%	57,514,295.37	98.79%	706,598.99
Allowance recognized collectively	10,024,222,325.96	98.27%	244,459,040.19	2.44%	9,779,763,285.77	7,902,418,023.56	99.27%	239,666,597.06	3.03%	7,662,751,426.50
Total	10,200,816,512.14	100.00%	408,071,452.08	4.00%	9,792,745,060.06	7,960,638,917.92	100.00%	297,180,892.43	3.73%	7,663,458,025.49

Allowance for doubtful accounts recognized collectively:

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	Ratio of provision
Aging group	7,170,220,901.02	216,624,006.04	3.02%
Conventional vehicle business group	1,418,921,042.01	18,165,569.17	1.28%
Optical communication business group	1,435,080,382.93	9,669,464.98	0.67%
Total	10,024,222,325.96	244,459,040.19	

Allowance for doubtful accounts recognized collectively: by aging group

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	Ratio of provision
Within 6 months	6,944,475,971.56	34,722,379.85	0.50%
7-12 months	29,752,785.82	1,487,639.29	5.00%
1-2 years	18,217,801.33	3,643,560.27	20.00%
2-3 years	2,509,789.20	1,505,873.52	60.00%
Over 3 years	175,264,553.11	175,264,553.11	100.00%
Total	7,170,220,901.02	216,624,006.04	

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

Allowance for doubtful accounts recognized in the current period:

In RMB

Type	Opening balance	Changes in the current period				Closing balance
		Recognized	Recovered or reversed	Written off	Others	
Allowance recognized individually	57,514,295.37	70,498,760.02	2,751,648.54	2,685,542.96	41,036,548.00	163,612,411.89
Allowance recognized collectively	239,666,597.06	-11,117,686.02	-2,308,936.45	1,513,938.62	15,115,131.32	244,459,040.19
Total	297,180,892.43	59,381,074.00	442,712.09	4,199,481.58	56,151,679.32	408,071,452.08

(4) The 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 impairment of contract assets
Top 1	1,962,763,298.59		1,962,763,298.59	19.24%	9,855,825.76
Top 2	499,013,149.43		499,013,149.43	4.89%	2,657,573.97
Top 3	455,053,347.43		455,053,347.43	4.46%	2,275,266.74
Top 4	378,152,891.15		378,152,891.15	3.71%	1,055,962.00
Top 5	343,466,482.53		343,466,482.53	3.37%	1,759,322.87
Total	3,638,449,169.13		3,638,449,169.13	35.67%	17,603,951.34

7. Accounts receivable financing**(1) Accounts receivable financing by category**

In RMB

Item	Closing balance	Opening balance
Banker's acceptance bills	285,277,607.54	252,612,009.41
Total	285,277,607.54	252,612,009.41

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

In RMB

Type	Closing balance					Opening balance				
	Book balance		Allowance for doubtful accounts		Carrying value	Book balance		Allowance for doubtful accounts		Carrying value
	Amount	%	Amount	Ratio of provision		Amount	%	Amount	Ratio of provision	
Incl.:										

Allowance recognized collectively	285,277,607.54	100.00%			285,277,607.54	252,612,009.41	100.00%			252,612,009.41
Incl.:										
Banker's acceptance bills	285,277,607.54	100.00%			285,277,607.54	252,612,009.41	100.00%			252,612,009.41
Total	285,277,607.54	100.00%			285,277,607.54	252,612,009.41	100.00%			252,612,009.41

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

In RMB

Item	Amount pledged at the end of the period
Banker's acceptance bills	73,295,416.52
Total	73,295,416.52

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

In RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Banker's acceptance bills	1,054,462,870.06	
Total	1,054,462,870.06	

8. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	165,859,090.82	45,836,662.39
Total	165,859,090.82	45,836,662.39

(3) Other receivables

1) Other receivables by nature

In RMB

Nature of accounts	Closing book balance	Opening book balance
Loan and reserve fund	25,105,050.07	6,147,448.39
Security deposit	123,410,363.54	34,357,968.88
Temporary payment receivable and others	114,240,978.49	21,095,827.83
Total	262,756,392.10	61,601,245.10

2) Other receivables by age

In RMB

Age	Closing book balance	Opening book balance
Within 1 year (inclusive)	116,532,010.22	27,206,070.82
1-2 years	28,817,442.05	18,570,040.87
2-3 years	41,699,919.12	6,555,716.67
Over 3 years	75,707,020.71	9,269,416.74
3-4 years	36,405,825.94	2,020,570.56
4-5 years	2,176,276.43	2,933,721.60
Over 5 years	37,124,918.34	4,315,124.58
Total	262,756,392.10	61,601,245.10

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

Applicable N/A

In RMB

Type	Closing balance					Opening balance				
	Book balance		Allowance for doubtful accounts		Carrying value	Book balance		Allowance for doubtful accounts		Carrying value
	Amount	%	Amount	Ratio of provision		Amount	%	Amount	Ratio of provision	
Allowance recognized individually	2,340,704.91	0.89%	2,340,704.91	100.00%		2,340,704.91	3.80%	2,340,704.91	100.00%	
Incl.:										
Allowance recognized collectively	260,415,687.19	99.11%	94,556,596.37	36.31%	165,859,090.82	59,260,540.19	96.20%	13,423,877.80	22.65%	45,836,662.39
Incl.:										
Total	262,756,392.10	100.00%	96,897,301.28	36.88%	165,859,090.82	61,601,245.10	100.00%	15,764,582.71	25.59%	45,836,662.39

Allowance for doubtful accounts recognized collectively:

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	Ratio of provision
Conventional vehicle business group	122,142,108.12	79,255,890.39	64.89%
Optical communication business group	59,637,159.23	14,473.28	0.02%
Aging group	78,636,419.84	15,286,232.70	19.44%
Incl.: Within 1 year	57,822,116.31	2,891,105.81	5.00%
1-2 years	7,078,824.94	707,882.49	10.00%

2-3 years	4,096,468.39	2,048,234.20	50.00%
Over 3 years	9,639,010.20	9,639,010.20	100.00%
Total	260,415,687.19	94,556,596.37	

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

In RMB

Allowance for doubtful accounts	Stage I	Stage II	Stage III	Total
	12-month expected credit impairment loss	Lifetime expected credit impairment loss (not credit impaired)	Lifetime expected credit impairment loss (credit impaired)	
Balance as at January 1, 2025	1,360,303.54	1,857,004.09	12,547,275.08	15,764,582.71
In the current period, the balance as at January 1, 2025				
- Transferred to stage II	-422,118.73	422,118.73		
- Transferred to stage III		-409,646.84	409,646.84	
Recognized	-164,470.31	324,325.47	-2,756,279.85	-2,596,424.69
Written off			510,629.68	510,629.68
Other changes	2,737,025.92	2,957.77	81,499,789.25	84,239,772.94
Balance as at December 31, 2025	3,510,740.42	2,196,759.22	91,189,801.64	96,897,301.28

6) The 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
Top 1	Temporary payment receivable and others	35,063,052.14	Within 1 year	13.34%	1,753,152.61
Top 2	Security deposit	17,177,806.02	1-5 years	6.54%	14,268,482.73
Top 3	Security deposit	15,157,042.45	1-5 years	5.77%	10,373,457.87
Top 4	Temporary payment receivable and others	14,106,207.42	Within 1 year	5.37%	705,310.37
Top 5	Temporary payment receivable and others	11,000,000.00	Within 1 year	4.19%	550,000.00
Total		92,504,108.03		35.21%	27,650,403.58

9. Advances to suppliers

(1) Advances to suppliers by age

In RMB

Age	Closing balance		Opening balance	
	Amount	%	Amount	%
Within 1 year	254,266,212.51	92.72%	88,459,876.91	94.23%

1-2 years	10,599,327.43	3.86%	1,897,007.20	2.02%
2-3 years	4,918,838.84	1.79%	1,923,162.05	2.05%
Over 3 years	4,481,309.57	1.63%	1,595,419.53	1.70%
Total	274,265,688.35		93,875,465.69	

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

Company name	Book balance (RMB)	% of the total balance of advances
Top 1	27,200,000.00	9.92
Top 2	25,202,190.66	9.19
Top 3	20,636,000.00	7.52
Top 4	17,956,000.00	6.55
Top 5	9,389,293.55	3.42
Subtotal	100,383,484.21	36.60

(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	2,758,783,839.14	316,612,692.03	2,442,171,147.11	1,654,514,762.22	177,951,960.02	1,476,562,802.20
Work in progress	2,247,197,239.03	202,493,545.70	2,044,703,693.33	1,003,084,859.72	82,988,158.81	920,096,700.91
Goods on hand	4,985,685,219.60	716,850,179.36	4,268,835,040.24	4,503,260,856.05	749,742,579.85	3,753,518,276.20
Circulating materials	100,291,581.34	13,639,898.89	86,651,682.45	2,516,343.42	38,514.88	2,477,828.54
Materials for consigned processing	86,582,618.88		86,582,618.88			
Total	10,178,540,497.99	1,249,596,315.98	8,928,944,182.01	7,163,376,821.41	1,010,721,213.56	6,152,655,607.85

(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	177,951,960.02	111,401,268.23	133,606,551.64	106,347,087.86		316,612,692.03
Work in progress	82,988,158.81	104,331,816.37	60,369,498.06	45,195,927.54		202,493,545.70

Goods on hand	749,742,579.85	363,023,491.06	34,418,219.78	430,334,111.33		716,850,179.36
Circulating materials	38,514.88	1,898,924.70	11,702,459.31			13,639,898.89
Total	1,010,721,213.56	580,655,500.36	240,096,728.79	581,877,126.73		1,249,596,315.98

Basis for determining the net realizable value, and reason for reversing or writing off the provisions for decline in value of inventories in the current period

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 circumstances that previously caused the inventory to be written down no longer exist, resulting in that the net realizable value of the inventory is greater than its carrying amount	The Company has sold or used the inventories for which a provision for impairment of inventory has been made during the current period
Work in progress			
Other circulating materials			
Goods on hand	The net realizable value is the estimated selling price of finished goods less the estimated selling expenses and related taxes		

13. Other current assets

In RMB

Item	Closing balance	Opening balance
Cost of returned goods receivable	25,696,670.02	28,122,898.55
Deductible input tax	784,368,551.60	743,118,926.80
Prepaid enterprise income tax	128,996,242.65	56,072,964.14
Deferred expenses and others	389,525,328.99	382,527,494.50
Total	1,328,586,793.26	1,209,842,283.99

16. Investment in other equity instruments

In RMB

Item	Closing balance	Opening balance	Changes in the current period				Dividend income recognized in the current period	Aggregate gain and loss recognized in other comprehensive income at the end of the current period
			Additional investment	Reduced investment	Gain and loss recognized in other comprehensive income in the current period	Others		
Jiangsu Bohua Equity Investment Partnership (L.P.)	207,737,297.88	200,000,000.00			7,737,297.88		1,713,379.59	7,737,297.88
Hai Dixin Semiconductor (Nantong) Co.,	25,883,600.00	21,322,110.00			4,561,490.00			4,561,490.00

Ltd.								
Kunshan Hostar Intelligence Technology Co., Ltd.	34,885,400.00	28,800,000.00			6,085,400.00			6,085,400.00
Dyness Digital Energy Technology Co., Ltd.	73,898,800.00	50,000,000.00			23,898,800.00			23,898,800.00
Shanghai Wuwen Xinqiong Intelligent Technology Co., Ltd.	50,000,000.00		50,000,000.00					
Shinwu Optronics (Suzhou) Co., Ltd.	21,770,800.00	22,035,000.00			-264,200.00			-264,200.00
Other companies	28,800,399.86	11,500,000.00	25,602,799.86	10,000,000.00	1,697,600.00			
Total	442,976,297.74	333,657,110.00	75,602,799.86	10,000,000.00	43,716,387.88		1,713,379.59	43,716,387.88

Other information:

1) Jiangsu Bohua Equity Investment Partnership (L.P.)

Jiangsu Bohua Equity Investment Partnership (L.P.) was established on September 27, 2021, with a registered capital of RMB 3.3 billion, and is primarily engaged in equity investment and 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.

2) Hai Dixin Semiconductor (Nantong) Co., Ltd.

Hai Dixin Semiconductor (Nantong) Co., Ltd. was established on April 6, 2012, with a registered capital of RMB 36,152,329.00, 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.

3) Hostar Intelligence Technology Co., Ltd. was established on April 2, 2011, with a registered capital of RMB 42,660,000, 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 supporting business scale expansion, 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 1.4716% 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 RMB 57,754,000, 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) Shanghai Wuwen Xinqiong Intelligent Technology Co., Ltd. was established on May 31, 2023, with a registered capital of RMB 2,191,215, in which the Company holds 1.7697% 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 November 2025.

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	
Amount of finance lease	30,000,000.00		30,000,000.00	30,000,000.00		30,000,000.00	
Labor service by installment receivable	281,695,941.78	1,408,479.76	280,287,462.02				3%-8%
Sale of long-term assets by installment receivable	49,035,581.77	2,526,000.00	46,509,581.77				3.38%
Total	360,731,523.55	3,934,479.76	356,797,043.79	30,000,000.00		30,000,000.00	

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	
			Addition investment	Reduced investment	Investment income or loss under the 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.	19,477,664.46	51,487,204.05			32,656.54							19,510,321.00	51,487,204.05
Shenzhen Nanfang Blog Technol		17,507,056.47											17,507,056.47

ogy Develop ment Co., Ltd.												
Shangha i Fu Shan Precisio n Manufac turing Co., Ltd.												
Suzhou LEGAT E Intellige nt Equipme nt Corp., Ltd.	22,647,0 67.59				- 1,245,0 36.51						21,402,0 31.08	
Suzhou Dongcan Optoelec tronics Technol ogy Co., Ltd.	3,316,47 2.49				- 623,37 0.04						2,693,10 2.45	
Jiangsu Nangao Intellige nt Equipme nt Innovati on Center Co., Ltd.	3,442,83 5.16				- 839,84 0.80						2,602,99 4.36	
Jiaozuo Songyan g Photoele ctric Technol ogy Co., Ltd.	24,392,0 91.70				- 2,210,4 79.45						22,181,6 12.25	
Suzhou Yongxin Jingshan g Venture Capital Partners hip (L.P.)	35,877,1 24.77				5,320,6 49.11						41,197,7 73.88	
Isotek Microwa ve		8,539,4 24.61										8,539,4 24.61

Limited												
BVF (BVI) Holding L.P.	27,734,283.16			27,734,283.16								
Multek International Development Limited			213,705.00		-213,705.00							
Shanghai Xinhuaui Semiconductor Technology Co., Ltd.	18,121,256.35				-1,142,658.82					16,978,597.53		
Subtotal	155,008,795.68	77,533,685.13	213,705.00	27,734,283.16	-921,784.97					126,566,432.55	77,533,685.13	
Total	155,008,795.68	77,533,685.13	213,705.00	27,734,283.16	-921,784.97					126,566,432.55	77,533,685.13	

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		148,423,000.00		148,423,000.00
(1) Acquired				
(2) Transferred from inventories/ fixed assets/ construction in progress				
(3) Increased due to business combinations				
Transferred from intangible assets		148,423,000.00		148,423,000.00
3. Decrease				
(1) Disposed				
(2) Other transfer-out				
4. Closing balance	5,309,132.17	148,423,000.00		153,732,132.17
II. Accumulated depreciation and amortization				
1. Opening balance	4,528,003.07			4,528,003.07
2. Increase	254,026.28	6,394,641.71		6,648,667.99

(1) Recognized or amortized	254,026.28			254,026.28
Transferred from intangible assets		6,394,641.71		6,394,641.71
3. Decrease				
(1) Disposed				
(2) Other transfer-out				
4. Closing balance	4,782,029.35	6,394,641.71		11,176,671.06
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	527,102.82	142,028,358.29		142,555,461.11
2. Opening balance	781,129.10			781,129.10

21. Fixed assets

In RMB

Item	Closing balance	Opening balance
Fixed assets	16,586,762,231.15	13,595,191,232.40
Total	16,586,762,231.15	13,595,191,232.40

(1) Particulars of fixed assets

In RMB

Item	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment and others	Total
I. Original value					
1. Opening balance	5,971,211,249.44	21,623,751,576.31	99,150,719.84	998,293,766.67	28,692,407,312.26
2. Increase	1,533,292,363.62	4,759,051,922.87	9,080,850.83	231,427,059.21	6,532,852,196.53
(1) Acquired	1,690,583.30	185,657,253.50	1,528,777.95	12,247,637.81	201,124,252.56
(2) Transferred from construction in progress	1,280,737,701.92	3,131,819,687.01	5,592,958.87	95,851,750.13	4,514,002,097.93
(3) Increased due to business combinations	247,299,396.32	1,469,096,963.20	2,314,215.24	125,182,097.54	1,843,892,672.30
(4) Translation of foreign currency financial statements	3,564,682.08	-27,521,980.84	-355,101.23	-1,854,426.27	-26,166,826.26
3. Decrease	143,175,665.91	2,243,776,886.49	23,906,010.71	205,449,945.86	2,616,308,508.97
(1) Disposed or retired	143,175,665.91	2,196,012,064.33	23,906,010.71	205,449,945.86	2,568,543,686.81
(2) Transfer of construction in progress		47,764,822.16			47,764,822.16
4. Closing balance	7,361,327,947.15	24,139,026,612.69	84,325,559.96	1,024,270,880.02	32,608,950,999.82

II. Accumulated depreciation					
1. Opening balance	2,406,383,642.12	11,467,372,557.00	61,329,692.85	753,698,962.63	14,688,784,854.60
2. Increase	277,865,528.44	2,629,233,334.42	10,630,485.73	127,016,528.93	3,044,745,877.52
(1) Recognized	277,348,951.95	2,132,165,640.64	10,052,641.50	81,760,386.68	2,501,327,620.77
(2) Increased due to combination		511,931,676.24	662,139.34	46,497,692.81	559,091,508.39
(3) Translation of foreign currency financial statements	516,576.49	-14,863,982.46	-84,295.11	-1,241,550.56	-15,673,251.64
3. Decrease	137,862,533.24	1,686,165,464.91	13,515,371.87	184,911,210.04	2,022,454,580.06
(1) Disposed or retired	137,862,533.24	1,664,960,817.70	13,515,371.87	184,911,210.04	2,001,249,932.85
(2) Transfer of construction in progress		21,204,647.21			21,204,647.21
4. Closing balance	2,546,386,637.32	12,410,440,426.51	58,444,806.71	695,804,281.52	15,711,076,152.06
III. Allowance for impairment loss					
1. Opening balance	4,570,236.72	402,994,252.96		866,735.58	408,431,225.26
2. Increase					
(1) Recognized					
3. Decrease	175,192.92	97,143,415.73			97,318,608.65
(1) Disposed or retired	175,192.92	97,143,415.73			97,318,608.65
4. Closing balance	4,395,043.80	305,850,837.23		866,735.58	311,112,616.61
IV. Carrying value					
1. Closing balance	4,810,546,266.03	11,422,735,348.95	25,880,753.25	327,599,862.92	16,586,762,231.15
2. Opening balance	3,560,257,370.60	9,753,384,766.35	37,821,026.99	243,728,068.46	13,595,191,232.40

(2) Temporary idle fixed assets

In RMB

Item	Original value	Accumulated depreciation	Allowance for impairment loss	Carrying value
Machinery and equipment	224,176,351.08	106,531,752.40	34,353,156.21	83,291,442.47
Subtotal	224,176,351.08	106,531,752.40	34,353,156.21	83,291,442.47

(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	25,943,809.37	Pending review
Subtotal	25,943,809.37	

22. Construction in progress

In RMB

Item	Closing balance	Opening balance
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Construction in progress	2,345,985,416.22	2,575,154,318.35
Total	2,345,985,416.22	2,575,154,318.35

(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
High-end AI PCB construction project	228,037,607.94		228,037,607.94			
Infrastructure construction of the factory for Multi-layer Circuit Board Co., Ltd.	767,805,258.88		767,805,258.88	1,228,168,131.58		1,228,168,131.58
IC substrate project of Chaowei Microelectronics (Yancheng) Co., Ltd.	43,527,285.88		43,527,285.88	10,009,858.49		10,009,858.49
Large-sized die-casting project of Yancheng Dongchuang				178,439,112.27		178,439,112.27
Kunshan new energy manufacturing base-related project	269,865,330.68		269,865,330.68	395,279,797.72		395,279,797.72
Automatic production line of vehicle-mounted liquid crystal display	212,383,174.42		212,383,174.42	95,496,218.59		95,496,218.59
MFLEX Yancheng Phase II project	39,243,185.50		39,243,185.50	125,744,191.31		125,744,191.31
MFLEX Suzhou Guoxiang Phase II and other production expansion projects	52,462,660.56		52,462,660.56	160,977,750.57		160,977,750.57
Construction project of optical module manufacturing line	265,534,507.25		265,534,507.25			
Installation equipment in progress and others	467,126,405.11		467,126,405.11	381,039,257.82		381,039,257.82
Total	2,345,985,416.22		2,345,985,416.22	2,575,154,318.35		2,575,154,318.35

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

In RMB

Item	Budget (100 million RMB)	Opening balance	Increase in the current period	Amount transferred to fixed assets	Other decreases	Closing balance	% of project costs to the budget	Progress	Aggregate amount of capitalized interest	Incl.: Capitalized interest in the current period	Rate of interest capitalization in the current period	Source of funds
High-end AI PCB construction project	70.00		246,596,048.11	18,558,440.17		228,037,607.94	6.57%	3.52%				Own funds, loans from financial institutions
Kunshan new energy manufacturing base project	18.00	395,279,797.72	11,657,874.96	86,426,453.19	50,645,888.81	269,865,330.68	95.00%	95.00%	7,229,036.37			Loans from financial institutions
Large-sized die-casting project of Yancheng Dongchuang	15.00	178,439,112.27	122,988,818.26	301,427,930.53			100.00%	100.00%	18,784,092.21	2,346,724.19	2.65%	Loans from financial institutions
Infrastructure construction of the factory for Multi-layer Circuit Board Co., Ltd.	18.75	1,220,700,181.43	676,596,092.30	1,129,180,780.15	310,234.70	767,805,258.88	100.00%	93.78%	2,139,604.52	1,798,303.10	0.76%	Loans from financial institutions
Construction project of optical module manufacturing line	18.00		296,445,757.55	30,182,068.34	729,181.96	265,534,507.25	16.50%	16.50%				Own funds, loans from financial institutions
Total	139.75	1,794,419,091.42	1,354,284,591.18	1,565,775,672.38	51,685,305.47	1,531,242,704.75			28,152,733.10	4,145,027.29		

25. Right-of-use assets

(1) Particulars of right-of-use assets

In RMB

Item	Buildings and structures	Machinery and equipment	Land	Total
I. Original value				
1. Opening balance	1,513,376,667.44	30,676,878.28	93,200,186.63	1,637,253,732.35
2. Increase	957,359,869.03	116,690,185.49	504,637.90	1,074,554,692.42
1) Lease in	225,182,890.10	39,199,476.43	252,865.33	264,635,231.86
2) Increased due to combination	732,241,727.86	77,286,511.39	263,216.00	809,791,455.25
3) Translation of foreign currency financial statements	-64,748.93	204,197.67	-11,443.43	128,005.31
3. Decrease	3,082,365.13		251,772.57	3,334,137.70
1) Disposal	3,082,365.13		251,772.57	3,334,137.70
4. Closing balance	2,467,654,171.34	147,367,063.77	93,453,051.96	2,708,474,287.07
II. Accumulated depreciation				
1. Opening balance	312,079,420.58	2,914,303.50	8,483,709.14	323,477,433.22
2. Increase	166,494,765.54	6,752,715.51	5,729,695.89	178,977,176.94
(1) Recognized	92,141,646.91	6,749,198.07	5,490,903.41	104,381,748.39
2) Increased due to combination	75,850,779.35		250,055.20	76,100,834.55
3) Translation of foreign currency financial statements	-1,497,660.72	3,517.44	-11,262.72	-1,505,406.00
3. Decrease	3,082,365.13		251,772.57	3,334,137.70
(1) Disposed	3,082,365.13		251,772.57	3,334,137.70
4. Closing balance	475,491,820.99	9,667,019.01	13,961,632.46	499,120,472.46
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	1,992,162,350.35	137,700,044.76	79,491,419.50	2,209,353,814.61
2. Opening balance	1,201,297,246.86	27,762,574.78	84,716,477.49	1,313,776,299.13

26. Intangible assets

(1) Particulars of intangible assets

						In RMB
Item	Land use right	Unpatented technology	Software	Trademarks and patents	Customer resources	Total
I. Original value						
1. Opening balance	775,959,155.42	6,733,029.45	411,964,161.42	154,881,057.21	207,803,629.23	1,557,341,032.73
2. Increase	50,057,640.06	28,695,688.83	65,577,458.16	674,265,758.87	-1,057,000.00	817,539,545.92
(1) Acquired	13,002,972.25		49,793,537.20	749,616.09		63,546,125.54
(2) Internal R&D		2,516,876.38		27,523,076.34		30,039,952.72
(3) Increased due to business combinations	32,922,072.58	26,077,484.36	16,591,041.29	648,850,278.31		724,440,876.54
4) Translation of foreign currency financial statements	4,132,595.23	101,328.09	-807,120.33	-2,857,211.87	-1,057,000.00	-487,408.88
3. Decrease	190,267,056.08	30,166.04	14,760,639.38	962,272.00	28,688,715.11	234,708,848.61
(1) Disposed	41,844,056.08	30,166.04	14,760,639.38	962,272.00		57,597,133.50
(2) Transfer of investment properties	148,423,000.00					148,423,000.00
(3) Others					28,688,715.11	28,688,715.11
4. Closing balance	635,749,739.40	35,398,552.24	462,780,980.20	828,184,544.08	178,057,914.12	2,140,171,730.04
II. Accumulated amortization						
1. Opening balance	110,389,681.79	6,733,029.45	322,949,202.16	114,845,957.06	39,829,028.93	594,746,899.39
2. Increase	12,494,822.48	19,743,451.39	64,631,066.95	116,634,750.25	21,619,203.67	235,123,294.74
(1) Recognized	12,494,822.48	19,741,438.34	54,679,315.13	15,943,036.50	22,158,546.08	125,017,158.53
(2) Increased due to combination			10,746,683.28	102,362,060.21		113,108,743.49
(3) Translation of foreign currency financial statements		2,013.05	-794,931.46	-1,670,346.46	-539,342.41	-3,002,607.28
3. Decrease	16,912,449.94		13,317,428.91	962,272.00		31,192,150.85
(1) Disposed	10,517,808.23		13,317,428.91	962,272.00		24,797,509.14
(2) Transfer of investment properties	6,394,641.71					6,394,641.71
4. Closing balance	105,972,054.33	26,476,480.84	374,262,840.20	230,518,435.31	61,448,232.60	798,678,043.28
III. Allowance for						

impairment loss						
1. Opening balance						
2. Increase				20,426,470.33		20,426,470.33
(1) Recognized						
(1) Increased due to combination				20,862,468.61		20,862,468.61
(2) Translation of foreign currency financial statements				-435,998.28		-435,998.28
3. Decrease						
(1) Disposed						
4. Closing balance				20,426,470.33		20,426,470.33
IV. Carrying value						
1. Closing balance	529,777,685.07	8,922,071.40	88,518,140.00	577,239,638.44	116,609,681.52	1,321,067,216.43
2. Opening balance	665,569,473.63		89,014,959.26	40,035,100.15	167,974,600.30	962,594,133.34

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	Translation of foreign currency financial statements	Disposed	Others	
MFLEX	1,770,752,915.84					1,770,752,915.84
Multek	179,329,062.90					179,329,062.90
Mutto Optronics Technology Co., Ltd.	153,957,647.78					153,957,647.78
Suzhou RF Top Electronic Communication Co., Ltd.	135,001,580.53					135,001,580.53
Source Photonics		2,825,093,512.48	-26,063,415.57			2,799,030,096.91
Aranda	50,502,380.96				50,502,380.96	
Total	2,289,543,588.01	2,825,093,512.48	-26,063,415.57		50,502,380.96	5,038,071,303.96

(2) Allowance for impairment of goodwill

In RMB

Investee or event giving rise to	Opening	Increase	Decrease	Closing
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goodwill	balance	Recognized	Others	Disposed	Others	balance
Mutto Optronics Technology Co., Ltd.	115,869,337.30	38,088,310.48				153,957,647.78
Suzhou RF Top Electronic Communication Co., Ltd.	45,697,934.17	69,156,360.00				114,854,294.17
Aranda	8,364,096.07				8,364,096.07	
Total	169,931,367.54	107,244,670.48				268,811,941.95

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

Item	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 Technology Co., Ltd.	All of its assets and liabilities	Photoelectric display module	Yes
Suzhou RF Top Electronic Communication Co., Ltd.	All of its assets and liabilities	Precision components, manufacturing ceramic filters	Yes
Source Photonics	All the assets and liabilities of Source Photonics when it was acquired by the Company	Optical module	Yes

(4) Method of determination of recoverable amounts

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	11,592,132,267.05	19,400,000,000.00		5 years	Revenue compound growth rate: 0.10%; gross profit margin: 17.00%.	During the stable period, revenue growth rate: 0%; gross profit margin: 17.11%.	Pre-tax discount rate of 10.62%, determined based on the weighted average capital cost (WACC) as adjusted.
Multek	3,355,277,279.45	3,638,000,000.00		5 years	Revenue compound growth rate: 2.12%; average gross profit margin: 18.98%.	During the stable period, revenue growth rate: 0%; gross profit margin: 19.11%.	Pre-tax discount rate of 12.50%, determined based on the weighted average capital cost (WACC) as adjusted.
Mutto Optronics Technology Co., Ltd.	377,515,037.05	311,000,000.00	38,088,310.48	5 years	Revenue compound growth rate: 6.00%; gross profit margin: 6.05%.	During the stable period, revenue growth rate: 0%; gross profit margin: 7.02%.	Pre-tax discount rate of 9.30%, determined based on the weighted average capital cost (WACC) as adjusted.
Suzhou RF Top Electronic Communication Co., Ltd.	211,794,700.00	113,000,000.00	69,156,360.00	5 years	Revenue compound growth rate: 13.65%; gross profit margin: 15.86%.	During the stable period, revenue growth rate: 0%; gross profit margin: 17.99%.	Pre-tax discount rate of 14.40%, determined based on the weighted average capital cost (WACC) as adjusted.
Source Photonics	4,913,891,520.68	5,300,000,000.00		5 years	Revenue compound growth rate: 3.20%; average gross profit margin: 27.11%.	During the stable period, revenue growth rate: 0%; gross profit margin: 26.02%.	Pre-tax discount rate of 16.70%, determined based on the weighted average capital cost (WACC) as adjusted.
Total	20,450,610,804.23	28,762,000,000.00	107,244,670.48				

1) According to the *Valuation Report* (Canwin Valuation Report [2026] No. 2-17) issued by Canwin Appraisal Co., Ltd., the recoverable amount of the asset group or combination of asset groups including the goodwill for MFLEX was RMB 19,400,000,000.00, which was higher than its carrying value of RMB 11,592,132,267.05, so the goodwill was not impaired.

2) According to the *Valuation Report* (Canwin Valuation Report [2026] No. 2-26) issued by Canwin Appraisal Co., Ltd., the recoverable amount of the asset group or combination of asset groups including the goodwill for Multek was RMB 3,638,000,000.00, which was higher than its carrying value of RMB 3,355,277,279.45, so the goodwill was not impaired.

3) According to the *Valuation Report* (Zhongsheng Valuation Report [2026] No. 0065) issued by Zhongsheng Appraisal & Consulting Co., Ltd., the recoverable amount of the asset group or combination of asset groups including the goodwill for Mutto Optronics Technology Co., Ltd. was RMB 311,000,000.00, while its carrying value was RMB 377,515,037.05, so a goodwill impairment of RMB 38,088,310.48 was recognized.

4) According to the *Valuation Report* (Zhongsheng Valuation Report [2026] No. 0076) issued by Zhongsheng Appraisal & Consulting Co., Ltd., the recoverable amount of the asset group or combination of asset groups including the goodwill for Suzhou RF Top Electronic Communication Co., Ltd. was RMB 113,000,000.00, while its carrying value was RMB 211,794,700.00, so a goodwill impairment of RMB 69,156,360.00 was recognized.

5) According to the *Valuation Report* (Zhongsheng Valuation Report [2026] No. 0081) issued by Zhongsheng Appraisal & Consulting Co., Ltd., the recoverable amount of the asset group or combination of asset groups including the goodwill for Source Photonics was RMB 5,300,000,000.00, while its carrying value was RMB 4,913,891,520.68, so the goodwill was not impaired.

28. Long-term deferred expenses

In RMB

Item	Opening balance	Increase in the current period	Amortization	Other decreases	Closing balance
Decoration costs of fixed assets and others	903,599,713.89	356,974,769.42	227,134,742.78	42,741,218.84	990,698,521.69
Total	903,599,713.89	356,974,769.42	227,134,742.78	42,741,218.84	990,698,521.69

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	1,203,661,558.00	205,547,687.65	1,324,692,293.90	205,243,454.52
Deductible losses	3,596,361,870.04	559,296,768.10	2,300,687,978.39	362,521,218.64
Difference in depreciation of fixed assets	105,783,341.60	20,675,023.55	56,738,475.07	13,329,567.82
Lease liabilities	2,500,101,261.08	394,720,970.92	1,925,266,733.21	304,432,313.12
Unrealized gains/losses from inter-company transactions	329,741,349.28	62,919,533.24	276,240,960.60	57,088,993.26

Change in the fair value of financial instruments	1,261,168.56	189,175.28	9,096,191.75	1,953,655.94
Deferred income	676,768,326.83	118,169,047.33	522,365,262.99	85,669,295.35
Accrued expenses	364,698,570.53	80,596,959.76	198,231,909.28	37,291,672.83
Total	8,778,377,445.92	1,442,115,165.83	6,613,319,805.19	1,067,530,171.48

(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	3,155,071,803.47	635,400,278.98	2,569,191,598.13	523,588,207.16
Accrued interest income and others	265,058,358.96	54,405,181.91	89,930,966.31	19,085,788.45
Right-of-use assets	2,304,688,646.71	375,918,561.89	1,403,935,934.81	241,292,708.42
Income tax payable due to increase in appraised value	842,218,446.34	181,435,486.53	351,178,186.24	79,872,611.80
Total	6,567,037,255.48	1,247,159,509.31	4,414,236,685.49	863,839,315.83

(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	612,352,571.77	829,762,594.06	233,079,559.40	834,450,612.08
Deferred tax liabilities	612,352,571.77	634,806,937.54	233,079,559.40	630,759,756.43

(4) Unrecognized deferred tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary differences	1,451,854,757.71	660,868,902.87
Deductible losses	2,267,692,018.60	701,671,666.45
Total	3,719,546,776.31	1,362,540,569.32

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

In RMB

Year	Closing balance	Opening balance	Remark
2025		664,655.23	
2026	87,657,744.95	2,874,755.50	
2027	80,267,559.23	5,336,249.76	
2028	112,994,295.34	15,008,079.01	
2029	309,477,948.41	88,077,121.81	
2030	441,672,949.09	85,423,573.15	
2031	98,860,507.10	91,460,298.37	
2032	152,321,739.97	147,263,784.23	

2033	80,858,597.99	78,499,471.26	
2034	190,605,087.39	187,063,678.13	
2035	703,967,351.66		
2036	171,689.82		
2037	267,667.11		
2038	432,662.81		
2039	326,995.38		
2040	273,691.85		
2041	253,903.25		
2042	337,668.69		
Indefinite	6,943,958.56		
Total	2,267,692,018.60	701,671,666.45	

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	7,711,421.32		7,711,421.32	19,414,150.16		19,414,150.16
Performance guarantee for acquisition	434,405,903.95		434,405,903.95			
Prepayment for projects and equipment	1,014,414,674.53		1,014,414,674.53	493,140,601.21		493,140,601.21
Others	3,010,272.91		3,010,272.91			
Total	1,459,542,272.71		1,459,542,272.71	512,554,751.37		512,554,751.37

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 for restriction	Book balance	Carrying value	Type of restriction	Reason for restriction
Cash and bank balances	1,545,560,882.95	1,545,560,882.95	Pledge	Security deposit for notes, etc.	1,828,730,869.92	1,828,730,869.92	Pledge	Security deposit for notes, etc.
Accounts receivable	981,561,847.06	981,561,847.06	Pledge	Factoring	90,000,000.00	90,000,000.00	Pledge	Factoring
Accounts receivable financing	73,295,416.52	73,295,416.52	Pledge	Pledge of notes	47,745,743.70	47,745,743.70	Pledge	Pledge of notes
Fixed assets	159,907,169.80	151,552,245.09	Mortgage	Mortgage for loans	690,336,250.99	190,880,378.32	Mortgage	Security for loans, sales and leaseback

Right-of-use assets	2,708,474,287.07	2,209,353,814.61	Mortgage	Finance lease	1,582,499,405.56	1,258,999,636.74	Mortgage	Finance lease
Total	5,468,799,603.40	4,961,324,206.23			4,239,312,270.17	3,416,356,628.68		

32. Short-term borrowings

(1) Short-term borrowings by category

In RMB

Item	Closing balance	Opening balance
Credit loans	6,689,912,201.97	3,857,114,689.19
Discounting and factoring financing of notes, letters of credit and accounts receivable	1,321,561,847.06	953,839,441.50
Total	8,011,474,049.03	4,810,954,130.69

33. Financial liabilities held for trading

In RMB

Item	Closing balance	Opening balance
Financial liabilities held for trading	46,545,937.17	82,922,390.17
Incl.:		
Derivative financial liabilities	46,545,937.17	82,922,390.17
Incl.:		
Total	46,545,937.17	82,922,390.17

35. Notes payable

In RMB

Category	Closing balance	Opening balance
Commercial acceptance bills	30,000,000.00	10,677,710.87
Banker's acceptance bills	972,812,950.68	924,903,561.63
Total	1,002,812,950.68	935,581,272.50

36. Accounts payable

(1) Breakdown of accounts payable

In RMB

Item	Closing balance	Opening balance
Payment for materials	10,007,113,113.42	6,934,434,355.01
Payment for projects and equipment	2,493,239,585.68	2,235,670,994.79
Others	542,783,988.24	489,163,640.63
Total	13,043,136,687.34	9,659,268,990.43

37. Other payables

In RMB

Item	Closing balance	Opening balance
Other payables	705,336,813.22	94,163,223.90
Total	705,336,813.22	94,163,223.90

(3) Other payables**1) Other payables by nature**

In RMB

Item	Closing balance	Opening balance
Share purchase price	535,923,369.94	
Temporary receipts payable	77,244,154.65	54,101,772.81
Others	92,169,288.63	40,061,451.09
Total	705,336,813.22	94,163,223.90

39. Contract liabilities

In RMB

Item	Closing balance	Opening balance
Loans	474,660,658.17	122,562,435.14
Total	474,660,658.17	122,562,435.14

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

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term benefits	578,999,821.65	5,533,126,012.86	5,205,044,331.49	907,081,503.02
II. Post-employment benefits – defined contribution plans	15,291,550.45	466,435,749.80	402,456,739.08	79,270,561.17
III. Termination benefits	3,281,714.92	77,672,768.65	73,502,363.08	7,452,120.49
IV. Other benefits due within one year		1,591,258.13	164,010.07	1,427,248.06
Total	597,573,087.02	6,078,825,789.44	5,681,167,443.72	995,231,432.74

(2) Short-term employee benefits

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wages, bonuses, allowances and subsidies	566,785,511.31	4,837,890,787.97	4,564,772,828.30	839,903,470.98

2. Staff welfare		228,316,163.74	228,316,163.74	
3. Social insurance contributions	7,520,834.55	266,668,018.57	220,961,454.82	53,227,398.30
Incl.: Medical insurance	7,110,065.19	241,247,893.28	200,828,937.32	47,529,021.15
Workers' compensation insurance	410,769.36	25,420,125.29	20,132,517.50	5,698,377.15
4. Housing provident fund	2,837,418.06	174,087,063.93	173,691,695.27	3,232,786.72
5. Trade union fund and employee education fund	1,856,057.73	18,449,804.79	14,379,717.08	5,926,145.44
6. Short-term paid absence		7,714,173.86	2,922,472.28	4,791,701.58
Total	578,999,821.65	5,533,126,012.86	5,205,044,331.49	907,081,503.02

(3) Defined contribution plans

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension insurance	14,661,431.85	439,320,266.99	385,717,448.15	68,264,250.69
2. Unemployment insurance	630,118.60	27,115,482.81	16,739,290.93	11,006,310.48
Total	15,291,550.45	466,435,749.80	402,456,739.08	79,270,561.17

41. Taxes payable

In RMB

Item	Closing balance	Opening balance
Value-added tax	35,923,797.22	20,674,711.21
Enterprise income tax	513,181,003.94	342,390,303.11
Individual income tax	46,215,837.22	9,277,024.93
Urban maintenance and construction tax	7,436,675.11	4,101,006.65
Property tax	9,916,289.44	7,364,518.95
Stamp duty	7,572,566.44	5,657,390.62
Education surcharge	3,010,002.58	1,878,074.57
Land use tax	480,526.20	367,722.10
Local education surcharge	1,983,592.32	1,252,049.72
Other taxes	15,616,971.86	2,809,325.90
Total	641,337,262.33	395,772,127.76

43. Non-current liabilities due within one year

In RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	2,959,297,257.02	2,327,145,419.12
Long-term payables due within one year	28,115,200.00	
Lease liabilities due within one year	500,891,170.93	131,841,882.24
Total	3,488,303,627.95	2,458,987,301.36

44. Other current liabilities

In RMB

Item	Closing balance	Opening balance
Output tax to be recognized	26,024,795.18	5,190,838.21
Accrued maintenance expenses	17,813,333.90	
Total	43,838,129.08	5,190,838.21

45. Long-term borrowings**Long-term borrowings by category**

In RMB

Item	Closing balance	Opening balance
Pledge loans	333,791,638.89	714,721,945.32
Mortgage loans	52,980,858.25	
Credit loans	5,988,306,967.40	4,470,332,834.45
Mortgage and guaranteed loans		104,133,111.56
Total	6,375,079,464.54	5,289,187,891.33

47. Lease liabilities

In RMB

Item	Closing balance	Opening balance
Lease obligations payable	1,916,709,641.58	1,456,822,089.69
Less: Unrecognized financing costs	-126,644,820.85	-105,303,252.51
Total	1,790,064,820.73	1,351,518,837.18

48. Long-term payables

In RMB

Item	Closing balance	Opening balance
Long-term payables		49,434,786.31
Total		49,434,786.31

49. Long-term employee benefits payable**(1) Long-term employee benefits payable**

In RMB

Item	Closing balance	Opening balance
I. Post-employment benefits - net liabilities under defined benefit plans	142,470,448.33	
Total	142,470,448.33	

50. Provisions

In RMB

Item	Closing balance	Opening balance
Business restructuring expenditures	134,344,496.21	
Provision for commercial risks	81,477,617.62	
Provision for sales return	26,523,128.06	27,724,858.36
Product warranty	21,411,260.96	30,534,014.56
Total	263,756,502.85	58,258,872.92

51. Deferred income

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Method of acquisition
Government grants	585,933,889.89	523,442,239.62	219,532,996.02	889,843,133.49	
Total	585,933,889.89	523,442,239.62	219,532,996.02	889,843,133.49	--

53. Share capital

In RMB

	Opening balance	Change (+/-)					Closing balance
		New shares	Bonus shares	Capitalization of capital reserves	Others	Subtotal	
Total shares	1,705,913,710.00	125,693,822.00				125,693,822.00	1,831,607,532.00

Other information:

In June 2025, the Company issued 125,693,822 RMB-denominated ordinary shares (A shares) through private placement and raised the net proceed of RMB 1,391,512,544.73, including RMB 125,693,822.00 recognized in paid-in capital and RMB 1,265,818,722.73 recognized in capital reserve (share premium).

55. Capital reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share premium)	7,850,787,182.40	1,265,818,722.73	210,620.79	9,116,395,284.34
Other capital reserve	141,497,253.43			141,497,253.43
Total	7,992,284,435.83	1,265,818,722.73	210,620.79	9,257,892,537.77

Other information, including the explanation about increase/decrease in the current period and the reasons of such change:

1) See the description in Notes V(I)41 to the Financial Statements.

2) The decrease in the capital reserve (share premium) in the current period is primarily due to the acceptance of capital increase from minority shareholders by subsidiaries, which diluted the Company's shareholding ratio and led to adjustment to the difference between the Company's shares in the net assets of such subsidiaries and the corresponding investment costs.

56. Treasury shares

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Treasury shares	74,991,696.79	100,084,437.00		175,076,133.79
Total	74,991,696.79	100,084,437.00		175,076,133.79

Other information, including the explanation about increase/decrease in the current period and the reasons of such change:

The Company held the 18th meeting of the 6th Board of Directors on April 9, 2025, at which the *Proposal Regarding Repurchase of the Company's Shares* was considered and adopted; as of May 6, 2025, the Company has implemented the repurchase by means of call auction under the special securities account for repurchase, repurchased a total of 4,202,200 shares of the Company with the trading amount of RMB 100,084,437.00.

57. Other comprehensive income

In RMB

Item	Opening balance	Amount of the current period						Closing balance
		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 minority shareholders after tax	
I. Other comprehensive income that cannot be reclassified to profit or loss		46,496,393.47			695,001.40	45,801,392.07		45,801,392.07
Incl.: Changes from remeasurement of defined benefit plans		2,780,005.59			695,001.40	2,085,004.19		2,085,004.19
Change in fair value of investments in other equity instruments		43,716,387.88				43,716,387.88		43,716,387.88
II. Other comprehensive income that will be reclassified to profit or loss	317,104,374.08	36,678,393.54	5,238,183.30		11,446,277.57	30,470,299.27		286,634,074.81
Differences in translation of foreign currency financial statements	312,675,401.16	10,503,807.95				10,503,807.95		323,179,209.11

Reserves for cash flow hedge	- 4,428,972.9 2	47,182,201. 49	- 5,238,183.3 0		11,446,277. 57	40,974,107. 22		36,545,134. 30
Total other comprehensive income	- 317,104,37 4.08	83,174,787. 01	- 5,238,183.3 0		12,141,278. 97	76,271,691. 34		- 240,832,68 2.74

59. Surplus reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	232,241,216.54	16,909,671.20		249,150,887.74
Total	232,241,216.54	16,909,671.20		249,150,887.74

60. Retained profits

In RMB

Item	Current period	Previous period
Balance of retained profits at the end of the previous period before adjustment	9,288,043,977.88	9,025,095,529.05
Opening balance of retained profits after adjustment	9,288,043,977.88	9,025,095,529.05
Add: Net profit attributable to owners of the parent	1,386,066,705.56	1,085,641,847.89
Less: Appropriation to statutory surplus reserve	16,909,671.20	47,374,346.81
Dividends payable to the ordinary shareholders	118,795,180.63	425,319,052.25
Transfer of other comprehensive income to retained earnings		350,000,000.00
Closing balance of retained profits	10,538,405,831.61	9,288,043,977.88

61. Operating revenue and operating costs

In RMB

Item	Amount of the current period		Amount of the previous period	
	Revenue	Cost	Revenue	Cost
Primary business	39,643,732,616.04	34,153,971,460.65	36,479,191,979.20	31,384,152,613.81
Other businesses	481,126,223.48	318,698,288.12	291,182,368.38	230,856,015.58
Total	40,124,858,839.52	34,472,669,748.77	36,770,374,347.58	31,615,008,629.39

62. Taxes and surcharges

In RMB

Item	Amount of the current period	Amount of the previous period
Urban maintenance and construction tax	37,772,291.54	61,853,438.98
Education surcharge	16,720,020.29	27,745,541.46
Property tax	42,993,372.55	34,216,080.50
Land use tax	1,613,327.58	2,000,681.61
Vehicle and vessel tax	421,679.56	14,547.32

Stamp duty	25,399,806.51	22,192,921.83
Local education surcharge	11,146,680.05	18,496,251.85
Environmental protection tax	235,125.64	523,400.32
Total	136,302,303.72	167,042,863.87

63. Administrative expenses

In RMB

Item	Amount of the current period	Amount of the previous period
Employee benefits	687,297,831.52	588,115,074.18
Depreciation and amortization	174,477,609.89	170,661,772.04
Consulting service fees	163,485,611.63	82,023,901.91
Office expenses	67,455,743.01	54,385,756.29
Business entertainment expenses	67,362,659.46	72,233,699.76
Travel expenses	30,392,781.04	19,968,826.98
Rents	25,885,745.44	4,960,539.80
Repair costs	33,608,356.49	32,327,485.58
Taxes	1,463,956.91	1,950,672.98
Others	163,125,012.37	85,774,355.92
Total	1,414,555,307.76	1,112,402,085.44

64. Selling expenses

In RMB

Item	Amount of the current period	Amount of the previous period
Employee benefits	245,857,269.02	237,488,594.13
Sales service fees	93,859,008.44	109,217,184.46
Export charges	15,160,389.93	18,461,845.70
Travel expenses	17,263,760.01	14,252,966.99
Business entertainment expenses	27,945,861.62	29,394,436.20
Others	45,060,120.04	45,202,759.73
Total	445,146,409.06	454,017,787.21

65. R&D expenses

In RMB

Item	Amount of the current period	Amount of the previous period
Direct costs	552,820,998.14	548,167,661.46
Labor costs	633,423,008.67	510,711,948.15
Depreciation and amortization	124,533,733.49	98,435,864.38
Others	106,448,983.57	109,497,070.24
Total	1,417,226,723.87	1,266,812,544.23

66. Financial expenses

In RMB

Item	Amount of the current period	Amount of the previous period
Interest expenses	332,187,087.15	368,551,945.48
Interest on leases and financing service fees	111,289,170.85	69,674,382.08
Less: Interest income	-200,834,090.18	-243,071,834.40

Add: Exchange loss	8,121,129.30	-286,978,985.40
Bank charges and others	11,699,633.43	33,088,044.64
Total	262,462,930.55	-58,736,447.60

67. Other income

In RMB

Sources of other income	Amount of the current period	Amount of the previous period
Government grants related to assets	219,532,996.02	154,892,895.28
Government grants related to income	137,997,106.43	328,831,954.86
Additional deduction of VAT	1,398,908.43	32,688,476.14
Tax relief	1,733,198.24	5,861,818.16
Refund of individual income tax withholding service fees	2,105,588.06	980,688.11
Total	362,767,797.18	523,255,832.55

69. Gain on changes in fair value

In RMB

Source of gain on changes in fair value	Amount of the current period	Amount of the previous period
Financial assets held for trading	62,022,355.11	-17,898,094.22
Incl.: Equity investments		-819,659.80
Derivatives	62,007,037.19	-17,078,434.42
Bank wealth management	15,317.92	
Total	62,022,355.11	-17,898,094.22

70. Investment income

In RMB

Item	Amount of the current period	Amount of the previous period
Income from long-term equity investments under the equity method	-921,784.97	-398,084.25
Investment income from the disposal of long-term equity investments	-5,003,046.71	-25,868,191.04
Investment income from financial assets held for trading during the holding period	313,465.45	665,778.00
Investment income from the disposal of financial assets held for trading	7,264,766.37	9,630,935.56
Dividend income from other equity instrument investments during the holding period	1,713,379.59	
Discount loss on accounts receivable financing	-12,649,024.05	-6,065,210.89
Total	-9,282,244.32	-22,034,772.62

71. Credit impairment loss

In RMB

Item	Amount of the current period	Amount of the previous period
Loss from doubtful accounts	-63,742,824.35	-44,109,673.59
Total	-63,742,824.35	-44,109,673.59

72. Impairment loss on assets

In RMB

Item	Amount of the current period	Amount of the previous period
I. Impairment of inventories and contract fulfilling costs	-580,655,500.36	-454,659,790.71
IV. Impairment of fixed assets		-394,440,784.57
X. Impairment of goodwill	-107,244,670.48	-89,587,280.51
Total	-687,900,170.84	-938,687,855.79

73. Gain on disposal of assets

In RMB

Source of gain on disposal of assets	Amount of the current period	Amount of the previous period
Gain on disposal of fixed assets	-387,069,056.35	-234,749,852.86
Gain on disposal of intangible assets	15,589,519.89	
Total	-371,479,536.46	-234,749,852.86

74. Non-operating revenue

In RMB

Item	Amount of the current period	Amount of the previous period	Amount recognized in non-recurring gain or loss
Investment income	470,697,770.08		470,697,770.03
Penalties	2,928,769.29	4,306,009.83	2,928,769.29
Amounts that cannot be paid	542,766.31	4,141,160.34	542,766.31
Others	4,259,282.92	813,226.46	4,259,282.97
Total	478,428,588.60	9,260,396.63	478,428,588.60

75. Non-operating expenses

In RMB

Item	Amount of the current period	Amount of the previous period	Amount recognized in non-recurring gain or loss
Donations	6,777,980.00	7,186,576.91	6,777,980.00
Business restructuring expenditures	39,985,577.12		39,985,577.12
Loss on destruction and retirement of non-current assets	7,807,614.60	8,343,315.44	7,807,614.60
Penalties, overdue fines and liquidated damages	2,112,615.15	5,451,363.41	2,112,615.15
Others	208,825.97	169,773.26	208,825.97
Total	56,892,612.84	21,151,029.02	56,892,612.84

76. Income tax expenses

(1) Statement of income tax expenses

In RMB

Item	Amount of the current period	Amount of the previous period
Income tax expense	365,773,171.95	201,638,862.70
Deferred income tax expenses	-68,323,941.81	181,012,059.37
Total	297,449,230.14	382,650,922.07

(2) Reconciliation of income tax expenses to accounting profit

In RMB

Item	Amount of the current period
Total profit	1,690,416,767.87
Income tax expenses calculated based on the tax rate applicable to the parent company	253,562,515.18
Effect of different tax rates applicable to subsidiaries	-89,818,330.99
Effect of adjustment of income taxes for prior years	7,964,401.68
Effect of non-taxable incomes	-76,974,220.94
Effect of non-deductible costs, expenses and losses	26,045,262.64
Effect of using the deductible losses for which the deferred income tax assets were not recognized in previous periods	-7,690,829.09
Effect of deductible temporary differences or deductible losses not recognized for deferred tax assets for the current period	262,828,400.66
Effect of super deduction of R&D expenses	-78,467,969.00
Income tax expenses	297,449,230.14

77. Other comprehensive income

See the description in Notes V(I)43 for details.

78. Items of the cash flow statement

(1) Cash flows related to operating activities

Other cash receipts related to operating activities:

In RMB

Item	Amount of the current period	Amount of the previous period
Security deposit for acceptance bills	368,078,334.92	447,811,795.42
Government grants	547,538,144.73	336,202,054.86
Interest income	200,834,090.18	243,071,834.40
Temporary receipts payable and others	76,906,450.49	53,123,286.94
Total	1,193,357,020.32	1,080,208,971.62

Other cash payments related to operating activities

In RMB

Item	Amount of the current period	Amount of the previous period
Payment of period expenses in cash	854,704,179.51	806,013,008.87
Security deposit for acceptance bills	500,750,333.33	368,078,334.92

Bank charges	11,699,633.43	33,088,044.64
Temporary payment receivable and others	50,322,187.90	16,699,230.27
Total	1,417,476,334.17	1,223,878,618.70

(2) Cash flows related to investing activities

Other cash receipts related to investing activities

In RMB

Item	Amount of the current period	Amount of the previous period
Recovery of term deposits	1,284,483,800.00	690,180,814.95
Recovery of security deposit for acquisition	460,202,891.26	
Reversal of security deposit for investments	45,098,668.51	230,197,429.36
Total	1,789,785,359.77	920,378,244.31

Other cash payments related to investing activities

In RMB

Item	Amount of the current period	Amount of the previous period
Term deposits	553,929,171.86	1,325,308,422.77
Payment of remaining acquisition amount		109,158,061.37
Security deposit for investments	44,513,067.74	4,274,055.74
Security deposit for the acquisition	894,608,795.21	
Total	1,493,051,034.81	1,438,740,539.88

Cash payments related to significant investing activities

In RMB

Item	Amount of the current period	Amount of the previous period
Cash or cash equivalents paid in the period for business combination occurring in the period	4,332,904,872.25	
Less: Cash and cash equivalents held by subsidiaries at the acquisition date	-949,627,569.79	
Total	3,383,277,302.46	

(3) Cash flows related to financing activities

Other cash receipts related to financing activities

In RMB

Item	Amount of the current period	Amount of the previous period
Security deposits	431,070,056.49	177,359,173.02
Proceeds from discounts on acceptance bills and letters of credit	1,552,857,485.12	836,298,582.66
Total	1,983,927,541.61	1,013,657,755.68

Other cash payments related to financing activities

In RMB

Item	Amount of the current period	Amount of the previous period
Security deposits	315,383,108.30	131,070,056.49
Payment of rents	267,230,450.42	644,317,313.92

Expenditures for repurchase of shares	100,084,437.00	25,000,846.30
Amount for ESOP repurchase	184,599,628.23	
Payment of expenses for listing in Hong Kong	7,809,923.30	
Payments under bill financing	1,785,103,507.45	729,491,972.95
Total	2,660,211,054.70	1,529,880,189.66

Changes in liabilities arising from financing activities

Applicable N/A

In RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Cash change	Non-cash change	Cash change	Non-cash change	
Short-term borrowings	4,810,954,130.69	7,963,955,989.97	1,754,807,565.83	6,518,243,637.46		8,011,474,049.03
Long-term borrowings (including long-term borrowings due within one year)	7,616,333,310.45	4,785,102,775.90	243,084,626.07	3,310,143,990.86		9,334,376,721.56
Lease liabilities (including lease liabilities due with one year)	1,483,360,719.42		1,059,174,857.70	251,579,585.46		2,290,955,991.66
Dividends payable		118,795,180.63		118,795,180.63		
Total	13,910,648,160.56	12,867,853,946.50	3,057,067,049.60	10,198,762,394.41		19,636,806,762.25

(5) Significant activities that do not involve receipts and payments of cash in the current period, but affect the financial position of the enterprise or may affect cash flows of the enterprise in the future, and financial effects thereof

Amount of endorsed transfer for commercial bill not involving receipts and payments of cash

In RMB

Item	Current period	The same period of the previous year
Amount of the commercial bill transferred by endorsement	2,567,847,793.19	1,923,542,351.47
Incl.: Payment for goods	2,312,864,310.20	1,658,479,539.00
Payment for acquisition of long-term assets such as fixed assets	254,983,482.99	265,062,812.47

79. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

In RMB

Supplementary information	Amount of the current period	Amount of the previous period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	1,392,967,537.73	1,085,060,914.05
Add: Allowance for impairment of assets	687,900,170.84	938,687,855.79
Provision for credit impairment	63,742,824.35	44,109,673.59
Depreciation of fixed assets, right-of-use assets, oil and gas assets, and productive biological assets	2,605,963,395.44	2,198,097,122.77
Amortization of intangible assets	125,017,158.53	99,907,909.26
Amortization of long-term deferred expenses	227,134,742.78	261,921,167.74

Loss on disposal of fixed assets, intangible assets and other long-term assets (gain expressed with “-”)	371,479,536.46	234,749,852.86
Loss on retirement of fixed assets (gain expressed with “-”)	7,807,614.60	8,343,315.44
Loss on changes in fair value (gain expressed with “-”)	-62,022,355.11	17,898,094.22
Financial expenses (income expressed with “-”)	454,593,062.75	151,247,342.16
Investment loss (income expressed with “-”)	-3,366,779.73	15,969,561.73
Decrease in deferred tax assets (increase expressed with “-”)	-109,188,793.32	240,525,211.30
Increase in deferred tax liabilities (decrease expressed with “-”)	40,864,851.51	-59,513,151.93
Decrease in inventories (increase expressed with “-”)	-943,226,436.08	-463,400,406.42
Decrease in trade receivables (increase expressed with “-”)	-2,966,822,352.37	-445,997,039.57
Increase in trade payables (decrease expressed with “-”)	3,884,995,338.69	657,933,275.42
Others	-470,697,770.08	477,990.07
Net cash flows from operating activities	5,307,141,746.99	4,986,018,688.48
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	6,104,722,626.15	5,343,600,382.37
Less: Opening balance of cash	5,343,600,382.37	5,644,487,018.31
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	761,122,243.78	-300,886,635.94

(4) Components of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	6,104,722,626.15	5,343,600,382.37
Incl.: Cash on hand	620,829.32	266,540.67
Bank deposits immediately available for withdrawal	6,104,101,796.83	5,343,333,841.70
III. Closing balance of cash and cash equivalents	6,104,722,626.15	5,343,600,382.37

(6) Cash and bank balances not classified as cash and cash equivalents

In RMB

Item	Amount of the current period	Amount of the previous period	Reason for not classified as cash and cash equivalents
Term deposits and interest	596,283,232.70	1,325,308,422.77	May be unavailable for withdrawal due to pledge, freeze or otherwise
Security deposit for bills	426,049,076.84	368,078,334.92	May be unavailable for withdrawal due to pledge, freeze or otherwise
Security deposit for factoring	295,079,875.64		May be unavailable for withdrawal due to pledge, freeze or otherwise
Security deposit for letters of credit	14,892,991.95	39,986,159.48	May be unavailable for withdrawal due to pledge, freeze or otherwise
Security deposit for letters of guarantee	52,679,614.69	91,083,897.01	May be unavailable for withdrawal due to pledge, freeze or otherwise
Other security deposits	160,576,091.13	4,274,055.74	May be unavailable for withdrawal due to pledge, freeze or otherwise

Total	1,545,560,882.95	1,828,730,869.92	
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81. Monetary items denominated in foreign currencies

(1) Monetary items denominated in foreign currencies

In RMB

Item	Closing balance in foreign currency	Exchange rate	Closing balance in RMB
Cash and bank balances			4,546,583,606.40
Incl.: USD	470,016,985.14	7.0288	3,303,655,385.15
EUR	142,661,182.24	8.2355	1,174,886,166.34
HKD	4,369,814.62	0.9032	3,946,816.56
THB	123,476,758.35	0.2225	27,473,578.73
SGD	2,397,096.94	5.4586	13,084,793.36
NTD	45,615,636.00	0.2231	10,176,848.39
MXN	13,808,841.30	0.3899	5,384,067.22
MAD	6,296,147.17	0.7672	4,830,404.11
JPY	29,196,359.35	0.0448	1,307,909.31
Others	53,051,844.30	0.0346	1,837,637.22
Accounts receivable			6,902,410,216.45
Incl.: USD	759,366,265.94	7.0288	5,337,433,610.04
EUR	179,373,653.66	8.2355	1,477,231,724.72
HKD			
NTD	383,962,021.00	0.2231	85,661,926.89
CZK	5,482,508.84	0.3392	1,859,667.00
MXN	572,679.68	0.3899	223,287.81
Long-term borrowings			2,737,185,127.75
Incl.: USD			
EUR	8,800,214.65	8.2355	72,474,167.75
HKD	2,950,300,000.00	0.9032	2,664,710,960.00
Other receivables			188,837,701.17
Incl.: EUR	14,377,438.86	8.2355	118,405,397.73
NTD	170,366,975.00	0.2231	38,008,872.12
USD	2,443,028.78	7.0288	17,171,560.69
MXN	20,710,717.82	0.3899	8,075,108.88
THB	29,291,404.04	0.2225	6,517,337.40
HUF	30,958,889.71	0.0213	659,424.35
Short-term borrowings			1,709,217,436.31
Incl.: EUR	99,454,575.16	8.2355	819,058,153.73
USD	111,723,633.81	7.0288	785,283,077.32
THB	471,353,731.51	0.2225	104,876,205.26
Accounts payable			4,713,296,361.55
Incl.: USD	350,731,783.56	7.0288	2,465,223,560.29
EUR	157,419,960.35	8.2355	1,296,432,083.46
THB	2,991,634,030.95	0.2225	665,638,571.89
NTD	921,763,045.00	0.2231	205,645,335.34
MXN	84,703,451.77	0.3899	33,025,875.85
MAD	20,174,878.58	0.7672	15,478,166.85
JPY	327,570,133.00	0.0448	14,674,159.25
CZK	36,175,527.70	0.3392	12,270,739.00

HUF	171,861,395.00	0.0213	3,660,647.71
Others	1,262,389.29	0.9880	1,247,221.93
Other payables			503,349,756.32
Incl.: EUR	55,742,254.42	8.2355	459,065,336.28
USD	5,155,858.60	7.0288	36,239,498.93
THB	28,300,824.00	0.2225	6,296,933.34
NTD	7,566,228.00	0.2231	1,688,025.47
JPY	1,338,534.00	0.0448	59,962.31
Non-current liabilities due within one year			168,963,034.18
Incl.: EUR	19,491,162.09	8.2355	160,519,465.39
NTD	31,536,986.06	0.2231	7,035,901.59
USD	200,271.34	7.0288	1,407,667.19

(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

Sale and leaseback transactions

1) For information about right-of-use assets, see the description in Notes V(I)16 to the Financial Statements for details.

2) For the Company's accounting policies on short-term leases and leases of low-value assets, see the description in Notes III(XXVIII) to the Financial Statements for details. The amounts of short-term lease expenses and lease expenses of low-value assets recognized in the profit or loss of the current period are as follows:

In RMB

Item	Current period	The same period of the previous year
Short-term lease expenses	58,364,654.52	8,044,946.05
Total	58,364,654.52	8,044,946.05

3) Profit/loss and cash flow related to leases in the current period

In RMB

Item	Current period	The same period of the previous year
Interest expense on lease liabilities	111,289,170.85	69,674,382.08
Total cash outflow for leases	325,595,104.94	652,362,259.97

(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	3,495,980.29	

Total	3,495,980.29	
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Annual undiscounted lease receipts in the following five years

Applicable N/A

In RMB

Item	Annual undiscounted lease receipts	
	Closing balance	Opening balance
Year 1	943,144.17	82,450.00
Year 2	948,715.60	
Year 3	276,952.60	

VIII. Research and Development Expenses

In RMB

Item	Amount of the current period	Amount of the previous period
Direct costs	554,640,787.71	548,167,661.46
Labor costs	644,047,801.55	510,711,948.15
Depreciation	125,586,937.98	98,435,864.38
Others	107,499,527.58	109,497,070.24
Total	1,431,775,054.82	1,266,812,544.23
Incl.: Expensed R&D expenses	1,417,226,723.87	1,266,812,544.23
Capitalized R&D expenses	14,548,330.95	

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	Date of acquisition of shares	Acquisition cost	Percentage of shares acquired	Method of acquisition of shares	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
GMD Group	2025-10-31	509,852,353.60	100.00	Acquisition	2025/10/31	When the control is gained	1,292,325,384.34	30,118,591.29	93,494,787.56
Source Photonics	2025-9-30	4,358,975,888.59	97.479	Acquisition	2025/9/30	When the control is gained	1,435,534,921.96	314,503,268.32	126,615,536.80

Other information:

In June 2025, through a wholly owned subsidiary Multek Group (Hong Kong) Limited, the Company entered into a *Share Purchase Agreement* with the former shareholder of Source Photonics Holdings (Cayman) Limited (hereinafter referred to as

Source Photonics), under which the Company acquired equity interests in Source Photonics with M&A loans and its own funds, and the Company subscribed to its convertible bonds, where the consideration for the acquiring 100% of Source Photonics' shares was no more than USD 629 million; and the consideration for acquiring the interests in Source Photonics's Employee Stock Option Program (ESOP, included in the acquisition solution) was no more than USD 58 million. In October 2025, pursuant to the relevant provisions of the *Share Purchase Agreement* and the *Accounting Standard for Business Enterprises*, the Company included Source Photonics into the scope of consolidation.

In May 2025, through a wholly owned subsidiary DSBJ Pte. Ltd., the Company acquired 100% equity interests in Groupe Mécanique Découpage (hereinafter referred to as the GMD Group) and implemented debt restructuring at the amount of about EUR 100 million. On October 31, 2025, given that all the closing conditions set forth in the *Share Purchase Agreement* were met, the transaction parties handed over the equity interests in the target company in accordance with the provisions of the *Share Purchase Agreement*.

(2) Acquisition cost and goodwill

In RMB

Acquisition cost	GMD Group	Source Photonics
--Cash	23.87	4,358,975,888.59
--Fair value of non-cash assets		
--Fair value of liabilities issued or assumed	509,852,329.73	
--Fair value of equity securities issued		
--Fair value of contingent consideration		
--Fair value at the acquisition date of the equity interests held prior to the acquisition date		
--Others		
Total acquisition cost	509,852,353.60	4,358,975,888.59
Add: Fair value attributable to the ESOP		304,121,718.99
Less: Share of fair value of identifiable net assets acquired	980,550,123.68	1,838,004,095.10
Excess of the share of fair value of identifiable net assets acquired over goodwill/acquisition cost	-470,697,770.08	2,825,093,512.48

Method for determining the fair value of acquisition cost:

The acquisition cost for GMD Group is the sum of the nominal acquisition consideration paid by the buyer and the amount of the debts assumed.

The acquisition cost for Source Photonics is the amount of cash paid at the acquisition date and to be paid for gaining control over the acquiree.

(3) Identifiable assets and liabilities of the acquirees at the acquisition date

In RMB

	GMD Group		Source Photonics	
	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	5,986,766,091.71	5,796,402,828.20	4,904,362,843.36	4,420,012,794.00
Cash and bank balances	1,051,539,248.57	1,051,539,248.57	329,592,423.19	329,592,423.19
Accounts receivable	1,692,531,583.03	1,692,531,583.03	1,373,807,793.76	1,373,807,793.76
Inventories	1,172,975,686.31	1,152,107,211.86	1,264,849,666.35	1,248,205,680.28

Fixed assets	544,405,180.32	388,141,082.70	740,395,983.58	740,395,983.58
Intangible assets	66,984,471.20	53,753,876.49	523,485,193.25	55,779,129.96
Deferred tax assets	107,642,423.06	107,642,423.06	56,749,549.52	56,749,549.52
Liabilities	5,006,072,809.71	4,960,996,223.06	3,012,204,146.95	2,939,551,639.55
Borrowings	981,862,985.85	981,862,985.85	568,618,155.09	568,618,155.09
Accounts payable	1,452,584,091.50	1,452,584,091.50	1,493,303,419.97	1,493,303,419.97
Provisions	174,422,380.97	174,422,380.97		
Deferred tax liabilities	86,581,575.15	41,504,988.50	140,617,696.70	67,965,189.30
Net assets	980,693,282.00	835,406,605.14	1,892,158,696.41	1,480,461,154.45
Less: Minority interests	143,158.32	143,158.32	6,620,175.19	6,620,175.19
Net assets acquired	980,550,123.68	835,263,446.82	1,885,538,521.22	1,473,840,979.26

Method for determining the fair value of identifiable assets and liabilities:

The fair value of identifiable assets and liabilities is determined with reference to the results of appraisal implemented by appraisal institutions.

5. Changes in the scope of consolidation due to other reasons

Change in the scope of consolidation due to other reasons (such as new establishment of subsidiaries, liquidation of subsidiaries, etc.) and relevant information:

1. Subsidiaries newly included in the scope of consolidation

Company name	Method of acquisition of shares	Date of acquisition of shares	Contribution amount	Percentage of capital contribution
DSBJ Europe Holding	Newly established	2025-12-26	EUR 100,000	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 the beginning of the period to the date of disposal
DSBJ International	Deregistration	2025-12-28	-13,876,885.89	

X. Interests in Other Entities

1. Interests in subsidiaries

(1) Composition of the enterprise group

In RMB

Subsidiary	Principal place of business	Place of incorporation	Nature of business	Shareholding percentage		Method of acquisition
				Direct	Indirect	
Hong Kong Dongshan Precision Union Opoelectronic Co., Limited	Hong Kong, China	Hong Kong, China	Business & investment	100.00%		Established
Dragon Electronix Holdings Inc.	USA	USA	Business & investment		100.00%	Established
Mutto Optronics Technology Co., Ltd.	Suzhou	Suzhou	Manufacturing		100.00%	Business combinations involving entities not under common control
Multi-Fineline Electronix	Singapore	Singapore	Business &		100.00%	Business combinations

Singapore Pte. Ltd.			investment			involving entities not under common control
Source Photonics Holdings (Cayman) Limited	Cayman	Cayman	Business & investment		97.48%	Business combinations involving entities not under common control
Source Photonics (Chengdu) Co., Ltd.	Chengdu	Chengdu	Manufacturing		97.48%	Business combinations involving entities not under common control
MFLEX Suzhou Co., Ltd.	Suzhou	Suzhou	Manufacturing		100.00%	Business combinations involving entities not under common control
MFLEX Yancheng Co., Ltd.	Yancheng	Yancheng	Manufacturing		100.00%	Established
DSBJ Pte. Ltd.	Singapore	Singapore	Business & investment		100.00%	Established
Multek Industries Limited	Zhuhai	Zhuhai	Manufacturing		100.00%	Business combinations involving entities not under common control
Multek China Limited	Zhuhai	Zhuhai	Manufacturing		100.00%	Business combinations involving entities not under common control
Suzhou Dongyue New Energy Technology Co., Ltd.	Kunshan	Kunshan	Manufacturing	100.00%		Established
Suzhou JDI Electronics Inc.	Suzhou	Suzhou	Manufacturing	100.00%		Business combinations involving entities not under common control

(4) Disclosure of aggregated individually immaterial joint ventures and associates

In RMB

	Closing balance/amount of the current period	Opening balance/amount of the previous period
Joint ventures:		
Total carrying value of investments	126,566,432.55	155,008,795.68
Aggregate of the following calculated according to the shareholding ratio		
--Net profit	-921,784.97	-398,084.25
Associates:		
Aggregate of the following calculated according to the shareholding ratio		
--Total comprehensive income	-921,784.97	-398,084.25

XI. Government Grants

2. Liabilities related to government grants

 Applicable N/A

In RMB

Item	Opening	New grants	Amount of	Amount	Other changes	Closing	Related to
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	balance	received in the current period	non-operating revenue recognized in the current period	transferred to other income in the current period	in the current period	balance	assets/income
Deferred income	585,933,889.89	404,812,164.61		219,532,996.02	118,630,075.01	889,843,133.49	Related to assets
Subtotal	585,933,889.89	404,812,164.61		219,532,996.02	118,630,075.01	889,843,133.49	

3. Government grants recognized in profit or loss

Applicable N/A

In RMB

Item	Amount of the current period	Amount of the previous period
Government grants recognized in other income	357,530,102.45	483,724,850.14
Effect of financial interest subsidy on total profit	2,995,675.45	
Total	360,525,777.90	483,724,850.14

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 by 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 impairment losses

The key factors in the measurement of expected credit impairment 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, repayment 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. The concentration of credit risks are managed customer by customer. As of December 31, 2025, the Company faced certain credit concentration risks. In particular, 35.67% (December 31, 2024: 54.89%) 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	Closing balance				
	Carrying value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank loans	17,345,850,770.59	18,447,118,979.42	11,256,575,000.94	2,692,839,996.18	4,497,703,982.29
Financial liabilities held for trading	46,545,937.17	46,545,937.17	46,545,937.17		
Notes payable	1,002,812,950.68	1,002,812,950.68	1,002,812,950.68		
Accounts payable	13,043,136,687.34	13,043,136,687.34	13,043,136,687.34		
Other payables	705,336,813.22	705,336,813.22	705,336,813.22		
Lease liabilities (including non-current liabilities due within one year)	2,290,955,991.66	2,507,799,521.86	591,089,880.28	1,237,264,337.10	679,445,304.48
Long-term payables (including non-current liabilities due within one year)	28,115,200.00	28,115,200.00	28,115,200.00		
Subtotal	34,462,754,350.66	35,780,866,089.69	26,673,612,469.63	3,930,104,333.28	5,177,149,286.77

(Continued)

Item	Balance at the end of the previous year				
	Carrying value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank loans	12,427,287,441.14	12,945,053,630.60	7,357,404,130.16	4,070,557,149.80	1,517,092,350.64
Financial liabilities held for trading	82,922,390.17	82,922,390.17	82,922,390.17		
Notes payable	935,581,272.50	935,581,272.50	935,581,272.50		
Accounts payable	9,659,268,990.43	9,659,268,990.43	9,659,268,990.43		
Other payables	94,163,223.90	94,163,223.90	94,163,223.90		
Lease liabilities (including non-current liabilities due within one year)	1,483,360,719.42	1,605,316,008.57	155,598,833.56	1,394,948,589.61	54,768,585.40
Long-term payables (including non-current liabilities due within one year)	49,434,786.31	49,434,786.31		49,434,786.31	
Subtotal	24,732,018,823.87	25,371,740,302.48	18,284,938,840.72	5,514,940,525.72	1,571,860,936.04

(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.

As of December 31, 2025, the Company had bank loans of RMB 6,241,579,337.64 (December 31, 2024: RMB 2,392,686,104.16) on which the interests were calculated on a floating interest rate. 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 Note V(V)1 to the Financial Statements for details of foreign currency denominated monetary assets and liabilities as of the end of the reporting period.

(IV) Hedge

Item	Corresponding risk management policy and target	Qualitative and quantitative information of hedged risks	Economic relationship between the hedged item and the hedging instrument	Effective realization of the expected risk management target	Effect of the corresponding hedging activity on the risk exposure
Cash flow hedging – future contracts	To avoid potential risks against the Company's expected production and operation due to the fluctuation in the prices of copper, aluminum and gold and reduce the fluctuation in the operating cash flow caused by the fluctuation in the prices of copper, aluminum and gold, the Company had hedging businesses of copper and aluminum commodities.	The hedged risk is the risk of price fluctuation of copper and aluminum. See the description in Notes V.43 to the Financial Statements for quantitative information.	The future contracts change in the reverse direction due to the same risks of price fluctuation of copper and aluminum expected to be purchased and sold	The Company has set up relevant internal control measures for hedging to continuously trace hedging businesses, so as to ensure the realization of the expected risk management target	The implementation of the hedging businesses gives full play to the hedging and value preservation features of the futures and derivative market, so as to avoid the risks of price fluctuation due to the price fluctuation in commodities and foreign exchange, hence reducing the effect on the normal operation of the Company
Cash flow hedging – foreign exchange future contracts	Manage the Company's risks exposure of expected sales of foreign exchange to be settled in USD by using future foreign exchange contracts	The expected sales to be settled in USD are subject to foreign exchange risk exposure. See the description in Notes V.43 to the Financial Statements for quantitative information.	The expected sales to be settled in USD are in the same foreign currency corresponding to the future foreign exchange contracts, where the basic variable of the hedging instrument and the hedged item is the exchange rate of USD		

(V) Transfer of financial assets

1. Basic information about transfer of financial assets

In RMB

Types of transfer	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition	Basis for determining derecognition
Note discounting	Accounts receivable financing	311,264,752.18	Derecognized	All most all the risks and returns have been transferred
Note endorsement	Notes receivable	1,780,000.00	Derecognized	All most all the risks and returns have been transferred
Note endorsement	Accounts receivable financing	743,198,117.88	Derecognized	All most all the risks and returns have been transferred
Factoring of accounts	Accounts receivable	981,561,847.06	Not derecognized	All most all the risks and returns have been reserved

receivable				
Subtotal		2,037,804,717.12		

2. Financial assets derecognized due to transfer

In RMB

Item	Method of transferring financial assets	Amount of the financial assets derecognized	Gains or losses related to the derecognition
Accounts receivable financing	Endorsement/discounting	1,054,462,870.06	87,948.24
Subtotal		1,054,462,870.06	87,948.24

3. Assets and liabilities arising from transfer of financial assets and continued involvement

In RMB

Item	Method of assets transfer	Amount of assets arising from continuous involvement	Amount of liabilities arising from continuous involvement
Accounts receivable	Factoring	981,561,847.06	981,561,847.06
Subtotal		981,561,847.06	981,561,847.06

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			201,553,860.61	201,553,860.61
(2) Investment in equity instruments			124,912,226.68	124,912,226.68
Derivatives			65,126,316.01	65,126,316.01
Bank wealth management product			11,515,317.92	11,515,317.92
2. Accounts receivable financing			285,277,607.54	285,277,607.54
(III) Investment in other equity instruments			442,976,297.74	442,976,297.74
Total assets measured at fair value on a recurring basis			929,807,765.89	929,807,765.89
(VI) Financial liabilities held for trading			46,545,937.17	46,545,937.17
Total liabilities measured at fair value on a recurring basis			46,545,937.17	46,545,937.17
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

1. 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.

2. The Company estimates the fair value by using the market method, the method of discounting future cash flows, etc. for other equity instrument investments not listed. In the absence of a material change in the operating environment, operating conditions, and financial conditions of the investee, the Company uses the investment costs as the reasonable estimate of the fair value.

3. The fair value of a note receivable is determined based on its face amount.

4. 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 company of the Company

The ultimate controllers of the Company are YUAN Yonggang, YUAN Yongfeng, and YUAN Fugen.

Name of natural person	Relationship with the Company	Percentage of ownership interest in the Company (%)	Percentage of voting rights held in the Company (%)
YUAN Yonggang, YUAN Yongfeng, and YUAN Fugen	Actual controllers	33.26	33.26

2. Subsidiaries of the Company

See the description in Notes VII for details about the Company's subsidiaries.

3. Joint ventures and associates of the Company

See the description in Notes VII for details about significant joint ventures or associates of the Company.

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
Multek International Development Limited	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	Amount of the current period	Transaction quota approved	Whether or not exceed the transaction quota?	Amount of the previous period
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Purchase of goods	223,196.55			710,133.35
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Acceptance of services	50,557.52			
Shanghai Corkuna New Material Technologies Co., Ltd.	Purchase of goods	1,434,644.27			9,595,091.96
Suzhou Corkuna New Material Technologies Co., Ltd.	Purchase of goods	59,343,986.58			7,766,790.60

Sale of goods and rendering of services to related parties

In RMB

Related party	Subject matter	Amount of the current period	Amount of the previous period
Suzhou Toprun Electric Equipment Co., Ltd.	Sale of equipment	253,182.96	
Suzhou Toprun Electric Equipment Co., Ltd.	Software and services		683,324.25
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Sale of goods	1,603.77	
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Rendering of services	49,312.65	59,554.04
Anhui Landun Photoelectron Co., Ltd.	Rendering of services	75,600.00	
Anhui Landun Photoelectron Co., Ltd.	Sale of goods	5,070.90	
Suzhou Corkuna New Material Technologies Co., Ltd.	Sale of equipment		

(2) 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.	2,000,000.00	2025/1/25	2026/1/25	No
Suzhou Toprun Electric Equipment Co., Ltd.	6,000,000.00	2025/1/21	2026/1/21	No
Suzhou Toprun Electric Equipment Co., Ltd.	2,000,000.00	2025/8/22	2026/2/22	No
Suzhou Toprun Electric Equipment Co., Ltd.	5,217,971.96	2025/9/15	2026/7/15	No
Suzhou Toprun Electric Equipment Co., Ltd.	3,790,000.00	2025/10/21	2026/6/18	No
Suzhou Toprun Electric Equipment Co., Ltd.	992,028.04	2025/8/18	2026/3/23	No
Suzhou Toprun Electric Equipment Co., Ltd.	4,400,000.00	2025/3/17	2026/3/16	No

(7) Remunerations of key officers

In RMB

Item	Amount of the current period	Amount of the previous period
Remunerations of key officers	24,517,000.00	22,357,000.00

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.	370,742.71	150,802.90	318,894.64	93,307.33
Accounts receivable	Suzhou Toprun Electric Equipment Co., Ltd.	124,120.00	620.60	11,177.70	55.89
Accounts receivable	Hai Dixin Semiconductor (Nantong) Co., Ltd.	1,607,132.92	1,607,132.92	1,607,132.92	1,607,132.92
Accounts receivable	Anhui Landun Photoelectron Co., Ltd.	90,498.90	4,296.75		
Other receivables	Hai Dixin Semiconductor (Nantong) Co., Ltd.	1,790,748.55	1,790,748.55	1,790,748.55	1,790,748.55
Other receivables	Multek International Development Limited	14,106,207.42	705,310.37		

(2) Amounts payable to related parties

In RMB

Item	Related party	Closing book balance	Opening book balance
Accounts payable	Suzhou Dongcan Optoelectronics Technology Co., Ltd.	229,916.81	298,971.64
Accounts payable	Shanghai Corkuna New Material Technologies Co., Ltd.	282,921.53	1,792,220.15
Accounts payable	Suzhou Corkuna New Material Technologies Co., Ltd.	27,479,253.79	4,970,486.19

XVI. Commitments and Contingencies

As of the balance sheet date, the Company did not have any significant commitment or significant contingency needing to be disclosed.

XVIII. Other Significant Information

The Company mainly engages in the sale of electronic circuits, optical modules (including optical chips), precision components, photoelectric display modules, and other products, and manages and assesses its operating results by taking such

businesses as a whole. Therefore, the Company has no segment information to be disclosed. For breakdown information about the Company's revenue, see the description in Notes V(II)1 to the Financial Statements.

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)	1,662,114,718.95	2,998,577,516.40
Within 6 months	1,546,087,059.15	1,717,998,540.30
7-12 months	116,027,659.80	1,280,578,976.10
1-2 years	1,279,507,925.29	67,754,351.05
2-3 years	43,980,168.50	94,214,723.81
Over 3 years	87,344,953.06	75,446,354.06
3-4 years	19,637,039.23	3,854,595.17
4-5 years	11,406,818.31	48,135,349.97
Over 5 years	56,301,095.52	23,456,408.92
Total	3,072,947,765.80	3,235,992,945.32

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

In RMB

Type	Closing balance					Opening balance				
	Book balance		Allowance for doubtful accounts		Carrying value	Book balance		Allowance for doubtful accounts		Carrying value
	Amount	%	Amount	Ratio of provision		Amount	%	Amount	Ratio of provision	
Allowance recognized individually	35,578,461.54	1.16%	35,578,461.54	100.00%		14,625,467.55	0.45%	14,625,467.55	100.00%	
Incl.:										
Allowance recognized collectively	3,037,369,304.26	98.84%	69,138,257.92	2.28%	2,968,231,046.34	3,221,367,477.77	99.55%	77,874,863.40	2.42%	3,143,492,614.37
Incl.:										
Total	3,072,947,765.80	100.00%	104,716,719.46	3.41%	2,968,231,046.34	3,235,992,945.32	100.00%	92,500,330.95	2.86%	3,143,492,614.37

Allowance for doubtful accounts recognized collectively:

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	Ratio of provision
Group of related parties within the scope of	1,767,944,954.35		

consolidation			
Aging group	1,269,424,349.91	69,138,257.92	5.45%
Total	3,037,369,304.26	69,138,257.92	

Allowance for doubtful accounts recognized collectively: Aging group

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	Ratio of provision
Within 6 months	1,190,131,880.25	5,950,659.40	0.50%
7-12 months	6,397,344.94	319,867.25	5.00%
1-2 years	11,634,241.89	2,326,848.38	20.00%
2-3 years	1,799,999.84	1,079,999.90	60.00%
Over 3 years	59,460,882.99	59,460,882.99	100.00%
Total	1,269,424,349.91	69,138,257.92	

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

Allowance for doubtful accounts recognized in the current period:

In RMB

Type	Opening balance	Changes in the current period				Closing balance
		Recognized	Recovered or reversed	Written off	Others	
Allowance recognized individually	14,625,467.55	20,952,993.99				35,578,461.54
Allowance recognized collectively	77,874,863.40	-8,726,605.48		10,000.00		69,138,257.92
Total	92,500,330.95	12,226,388.51		10,000.00		104,716,719.46

(5) The 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 impairment of contract assets
Mutto Optronics Technology Co., Ltd.	859,189,565.53		859,189,565.53	27.96	
DSBJ Pte. Ltd.	345,259,894.85		345,259,894.85	11.24	
Top 3	281,720,830.28		281,720,830.28	9.17	1,450,594.61
MFLEX Yancheng Co., Ltd.	281,301,206.19		281,301,206.19	9.15	
Top 5	265,510,987.62		265,510,987.62	8.64	1,339,714.26
Total	2,032,982,484.47		2,032,982,484.47	66.16	2,790,308.87

2. Other receivables

In RMB

Item	Closing balance	Opening balance
Dividends receivable	1,430,532,996.21	1,495,758,008.53
Other receivables	4,833,638,901.75	4,473,728,550.13
Total	6,264,171,897.96	5,969,486,558.66

Dividends receivable

1) Dividends receivable by category

In RMB

Item (or investee)	Closing balance	Opening balance
Hong Kong Dongshan Holding Limited	1,014,532,996.21	1,044,758,008.53
Yancheng Dongshan Precision Manufacturing Co., Ltd.	266,000,000.00	266,000,000.00
Suzhou JDI Electronics Inc.	80,000,000.00	140,000,000.00
Suzhou Dongyue New Energy Technology Co., Ltd.	70,000,000.00	45,000,000.00
Total	1,430,532,996.21	1,495,758,008.53

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 Limited	916,129,796.21	Over 3 years	To support the development of the subsidiary	
Yancheng Dongshan Precision Manufacturing Co., Ltd.	266,000,000.00	Over 3 years	To support the development of the subsidiary	
Total	1,182,129,796.21			

(3) Other receivables

1) Other receivables by nature

In RMB

Nature of accounts	Closing book balance	Opening book balance
Current accounts	4,829,937,651.06	4,469,455,999.04
Security deposit	5,000.00	1,325,000.00
Loan and reserve fund	1,947,026.93	4,407,055.00
Temporary payment receivable	6,377,782.89	2,639,160.94
Total	4,838,267,460.88	4,477,827,214.98

2) Other receivables by age

In RMB

Age	Closing book balance	Opening book balance
Within 1 year (inclusive)	4,699,261,104.15	4,293,041,449.14

1-2 years	134,572,600.27	179,913,329.38
2-3 years		1,936,000.00
Over 3 years	4,433,756.46	2,936,436.46
3-4 years	1,765,000.00	1,367,016.15
4-5 years	1,250,649.25	1,414,020.31
Over 5 years	1,418,107.21	155,400.00
Total	4,838,267,460.88	4,477,827,214.98

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

In RMB

Type	Closing balance					Opening balance				
	Book balance		Allowance for doubtful accounts		Carrying value	Book balance		Allowance for doubtful accounts		Carrying value
	Amount	%	Amount	Ratio of provision		Amount	%	Amount	Ratio of provision	
Allowance recognized collectively	4,838,267,460.88	100.00%	4,628,559.13	0.10%	4,833,638,901.75	4,477,827,214.98	100.00%	4,098,664.85	0.09%	4,473,728,550.13
Total	4,838,267,460.88	100.00%	4,628,559.13	0.10%	4,833,638,901.75	4,477,827,214.98	100.00%	4,098,664.85	0.09%	4,473,728,550.13

Allowance for doubtful accounts recognized collectively:

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	Ratio of provision
Group of related parties within the scope of consolidation	4,829,937,651.06		
Aging group	8,329,809.82	4,628,559.13	55.57%
Incl.: Within 1 year	3,896,053.36	194,802.67	5.00%
Over 3 years	4,433,756.46	4,433,756.46	100.00%
Total	4,838,267,460.88	4,628,559.13	

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

In RMB

Allowance for doubtful accounts	Stage I	Stage II	Stage III	Total
	12-month expected credit impairment loss	Lifetime expected credit impairment loss (not credit impaired)	Lifetime expected credit impairment loss (credit impaired)	
Balance as at January 1, 2025	155,649.55	38,578.84	3,904,436.46	4,098,664.85
In the current period, the balance as at January 1, 2025				

- Transferred to stage III		-38,578.84	38,578.84	
Recognized	39,153.12		490,741.16	529,894.28
Balance as at December 31, 2025	194,802.67		4,433,756.46	4,628,559.13

6) The 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 Precision Manufacturing Co., Ltd.	Current accounts	618,606,036.63	Within 1 year	12.79%	
Yancheng Dongshan Precision Manufacturing Co., Ltd.	Current accounts	906,881,008.02	1-2 years	18.74%	
Mutto Optronics Technology Co., Ltd.	Current accounts	628,842,502.71	1-2 years	13.00%	
Suzhou Dongyue New Energy Technology Co., Ltd.	Current accounts	591,030,226.35	Within 1 year	12.22%	
Suzhou Yongchuang Communication Technology Co., Ltd.	Current accounts	109,656,305.94	Within 1 year	2.27%	
Suzhou Yongchuang Communication Technology Co., Ltd.	Current accounts	392,140,582.58	1-2 years	8.10%	
Dongguan Dongshan Precision Manufacturing Co., Ltd.	Current accounts	180,000,000.00	Within 1 year	3.72%	
Dongguan Dongshan Precision Manufacturing Co., Ltd.	Current accounts	304,142,051.89	1-2 years	6.29%	
Total		3,731,298,714.12		77.13%	

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	10,315,147,573.40	133,690,000.00	10,181,457,573.40	9,671,242,453.40	133,690,000.00	9,537,552,453.40
Investments in associates and joint ventures	108,246,781.23	17,507,056.47	90,739,724.76	107,812,202.38	17,507,056.47	90,305,145.91
Total	10,423,394,354.63	151,197,056.47	10,272,197,298.16	9,779,054,655.78	151,197,056.47	9,627,857,599.31

(1) Investments in subsidiaries

In RMB

Investee	Opening	Opening	Changes in the current period	Closing	Closing
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	balance (carrying value)	balance of allowance for impairment loss	Additional investment	Reduced investment	Allowance for impairment loss	Others	balance (carrying value)	balance of allowance for impairment loss
Dongguan Dongshan Precision Manufacturing Co., Ltd.	342,000,00 0.00						342,000,00 0.00	
MFLEX Shanghai Co., Ltd.	2,023,777.3 0						2,023,777.3 0	
Shenzhen Qindao Dongchuang Investment Partnership (L.P.)	100,000,00 0.00						100,000,00 0.00	
Suzhou RF Top Electronic Communication Co., Ltd.	372,858,08 3.14						372,858,08 3.14	
Suzhou Chengjia Precision Manufacturing Co., Ltd.	80,109,368. 24						80,109,368. 24	
Suzhou Dongdai Electronic Technology Co., Ltd.	1,530,000.0 0						1,530,000.0 0	
Suzhou Dongke Enterprise Management Co., Ltd.	152,389,09 6.00						152,389,09 6.00	
Suzhou Dongkui Lighting Co., Ltd.	12,100,000. 00						12,100,000. 00	
Suzhou Jebson Intelligent Technology Co., Ltd.	255,000.00						255,000.00	
Suzhou Yongchuang Communication Technology Co., Ltd.	451,582,71 0.63						451,582,71 0.63	
Hong Kong Dongshan Precision Union Opoelectronic Co., Limited	3,744,565,1 50.00	133,690,00 0.00					3,744,565,1 50.00	133,690,00 0.00
Hong Kong Dongshan Holding Limited	452,677,88 0.00		643,905,12 0.00				1,096,583,0 00.00	
Yancheng Dongshan Precision Manufacturing Co., Ltd.	1,093,619,6 10.92						1,093,619,6 10.92	
Yancheng Dongshan Business Management Co., Ltd.	3,067,267.2 0						3,067,267.2 0	
Yancheng Dongshan Communication Technology Co., Ltd.	280,401,40 3.77						280,401,40 3.77	
Suzhou JDI	1,382,684,0						1,382,684,0	

Electronics Inc.	03.83									03.83	
Suzhou Dongshan Industrial Investment Co., Ltd.	20,010,000.00									20,010,000.00	
Shanghai Dongxin New Energy Technology Co., Ltd.	80,000,000.00									80,000,000.00	
Yancheng Dongchuang Precision Manufacturing Co., Ltd.	450,000,000.00									450,000,000.00	
Suzhou Dongyue New Energy Technology Co., Ltd.	500,000,000.00									500,000,000.00	
Multek China Limited	71,324.52									71,324.52	
Mutto Optronics Technology Co., Ltd.	824,778.48									824,778.48	
MFLEX Suzhou Co., Ltd.	7,193,259.60									7,193,259.60	
Yancheng Mutto Optronics Technology Co., Ltd.	47,549.64									47,549.64	
MFLEX Yancheng Co., Ltd.	4,175,696.89									4,175,696.89	
Multek Industries Limited	2,425,059.72									2,425,059.72	
Dongwei Smart Suzhou Co., Ltd.	14,216.26									14,216.26	
Multek Zhuhai Enterprise Management Co., Ltd.	927,217.26									927,217.26	
Total	9,537,552,453.40	133,690,000.00	643,905,120.00							10,181,457,573.40	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 the equity method	Adjustment to other comprehensive income	Other changes in equity	Declared cash dividends or profit distribution	Allowance for impairment loss	Others		
Associate												
Suzhou Toprun Electric Equipment Co.,	11,784,413.39				32,656.54							11,817,069.93

Ltd.											
Shenzhen Nanfang Blog Technology Development Co., Ltd.		17,507,056.47									17,507,056.47
Shanghai Fu Shan Precision Manufacturing Co., Ltd.											
Suzhou LEGATE Intelligent Equipment Corp., Ltd.	11,492,208.40				-1,245,036.51						10,247,171.89
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	3,316,472.49				-623,370.04						2,693,102.45
Jiangsu Nangao Intelligent Equipment Innovation Center Co., Ltd.	3,442,835.16				-839,840.80						2,602,994.36
Jiaozuo Songyang Photoelectric Technology Co., Ltd.	24,392,091.70				-2,210,479.45						22,181,612.25
Suzhou Yongxin Jingshang Venture Capital Partnership (L.P.)	35,877,124.77				5,320,649.11						41,197,773.88
Total	90,305,145.91	17,507,056.47			434,578.85						90,739,724.76

4. Operating revenue and operating costs

In RMB

Item	Amount of the current period		Amount of the previous period	
	Revenue	Cost	Revenue	Cost
Primary business	4,022,260,005.83	4,006,822,960.37	4,190,338,512.76	4,025,950,010.51
Other businesses	614,201,978.48	29,162,663.69	560,542,168.15	45,500,518.40
Total	4,636,461,984.31	4,035,985,624.06	4,750,880,680.91	4,071,450,528.91

5. Investment income

In RMB

Item	Amount of the current period	Amount of the previous period
Income from long-term equity investments under cost method	248,403,200.00	655,000,000.00
Income from long-term equity investments under the equity method	434,578.85	5,584,848.30
Investment income from the disposal of long-term equity investments		-64,763,689.49

Investment income from the disposal of financial assets held for trading	320,300.00	
Dividend income from other equity instrument investments during the holding period	1,713,379.59	
Discount loss on accounts receivable financing	-10,120,691.74	
Bank wealth management product		-2,651,138.83
Total	240,750,766.70	593,170,019.98

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	-384,012,866.89	
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)	331,688,417.02	
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	69,600,586.93	
Other non-operating revenues and expenses	-41,631,510.60	
Other gain or loss within the meaning of non-recurring gain or loss	470,697,770.08	Investment income arising from business combinations involving entities not under common control
Less: Effect on income tax	23,035,787.38	
Effect on minority interests (exclusive of tax)	3,234,970.24	
Total	420,071,638.92	--

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	6.89%	0.79	0.79
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring gain or loss	4.80%	0.55	0.55