Suzhou Dongshan Precision Manufacturing Co., Ltd.

Semi-Annual Report 2026

August 22, 2026

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 Semi-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 Semi-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 Semi-Annual Report is true, accurate and complete.

All directors of the Company attended the meeting of the Board of Directors reviewing this Semi-Annual 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.

In this Report, the Company has elaborated relevant potential risk factors and countermeasures, as can be referred to in "X. Risk Exposures to the Company and Countermeasures" under "Section III Management's Discussion and Analysis", to which the investors should pay attention.

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 Semi-Annual Report 2026 (“2026 年半年度报告”).

In case of any discrepancies, the Semi-Annual Report 2026 published in the Chinese version shall

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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 Semi-Annual Report 2026 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 transceiver business	means	one of our major business segments, including R&D, manufacturing and sale of optical transceivers (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 components	means	one of our major business segments, including R&D, manufacturing and sale of precision metal structural parts and functional components.
Hong Kong Dongshan	means	HongKong 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 transceivers, 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 transceiver. It determines key indicators like the rate, distance, power consumption, etc. of the module.
Optical transceiver	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 transceivers.
Optical device	means	a collective term for upstream parts of optical transceivers, 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 transceivers 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 reduces the electric interconnection distance to millimeters and even sub-millimeters, which minimizes transmission loss of high-speed electrical signals on the PCB to achieve 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 transceiver 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 transceiver. 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 transceivers, CPO/NPO, and other advanced architectures, mainly covering short-distance interconnection scenarios of AI data centers.
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 terminal products.
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 (if any)	东山精密		
English name (if any)	Suzhou Dongshan Precision Manufacturing Co., Ltd.		
English short name (if any)	DSBJ		
Legal representative	YUAN Yonggang		

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. Other Information

1. Contact Information of the Company

Whether there is any change in the Company’s registered address, office address and corresponding postal code, website, and email address, etc. during the reporting period?

□ Applicable ☑ N/A

There has been no change in our registered address, office address and corresponding postal code, website and email address, etc. during the reporting period, as detailed in the Annual Report 2025.

2. Media for Information Disclosure and Place for Keeping Semi-Annual Report

Whether there is any change in the media for information disclosure and place for keeping the report during the reporting period?

□ Applicable ☑ N/A

The website of the stock exchange and the media and its website disclosing our semi-annual report, as well as the place for keeping our semi-annual report remain unchanged during the reporting period, as detailed in the Annual Report 2025.

3. Other Related Information

Whether there is any change in other related information during the reporting period?

□ Applicable ☑ N/A

IV. Key Accounting Data and Financial Indicators

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

□ Yes ☑ No

	The reporting period	The same period of the previous year	Y/Y % change
Operating revenue (RMB)	27,797,683,972.88	16,955,163,898.89	63.95%
Net profit attributable to owners of the parent company (RMB)	2,956,898,811.04	758,005,980.61	290.09%
Net profit attributable to owners of the parent company after deduction of non-recurring gain or loss (RMB)	2,479,581,522.26	656,799,943.31	277.52%
Net cash flows from operating activities (RMB)	2,383,887,276.10	2,500,118,021.28	-4.65%
Basic earnings per share (RMB/share)	1.62	0.45	260.00%
Diluted earnings per share (RMB/share)	1.62	0.45	260.00%
Weighted average return on net assets	12.88%	3.95%	8.93%
	The end of the reporting period	The end of the previous year	% Change
Total assets (RMB)	69,167,411,001.34	60,250,537,094.98	14.80%
Net assets attributable to owners of the parent company (RMB)	24,366,784,235.48	21,461,147,972.59	13.54%

V. 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.

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

☑ Applicable □ N/A

In RMB

Item	Amount	Remark
Gain or loss on disposal of non-current assets (including allowance for impairment of assets that has been written off)	-6,925,770.36	
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 have long-term effects on the Company's profit or loss)	115,191,692.39	
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	506,057,632.55	
Other non-operating revenues and expenses	-15,598,890.08	
Other gain or loss within the meaning of non-recurring gain or loss	23,143,740.00	Income from debt restructuring
Less: Effect on income tax	144,213,305.14	
Effect on minority interests (after tax)	337,810.58	
Total	477,317,288.78	

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

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

We are an innovation-driven company focusing on the field of intelligent manufacturing with 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 to global leading technology companies for interconnection among human beings, equipment, and infrastructure. Our main business covers the global design, production, and sale of electronic circuits, optical transceivers (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 constantly enhancing customer loyalty for cooperation, we have established long-term stable strategic cooperation relationships with global leading enterprises.

Our main products and their applications:

Product	Type	Product features	Main application
Electronic circuit	Flexible PCB	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. 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. 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 to support 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.	Smartphones, electric vehicle BMS systems, etc.
	Rigid PCB	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. 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.	AI servers, 5G base stations, intelligent vehicles, AR&VR devices, wearable

Product	Type	Product features	Main application
		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. 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 power infrastructure where high-frequency and high-speed data transfer play 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. 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.	devices, robots, etc.
	Rigid-flexible PCB	Rigid-flexible PCBs, consisting of multiple rigid wiring layers and flexible wiring boards, achieve connection using electroplating through holes to properly match 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. 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.	AI servers, data center switches, intelligent vehicles, smartphones and tablet computers, AR&VR devices, CT scanners, industrial devices, robots, etc.
Optical transceiver	Optical chip	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 transceiver applications at 800G, 1.6T, and even higher rates. Meanwhile, we are actively making 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.	Optical transceiver
	Optical transceivers for data centers	Driven by the rapid development of AI computing and applications, our data center optical transceivers are specially designed to meet the requirements of AI infrastructure. We focus on 400G optical transceivers with QSFP-DD, QSFP112, and OSFP packages, and OSFP and QSFP-DD800G optical transceivers with the DSP, LPO, and LRO architecture. Our 1.6T optical transceivers, with multiple technology options including EML 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 transceivers by over ten million; the 200G PAM4 EML chips have reached mass production to support 1.6T optical transceivers. Meanwhile, our 400G PAM4 EML chips under development will empower 3.2T optical transceivers. In addition, we are promoting the co-packaged optics technology, which directly integrates optical engines and switch chips in one	Data centers, etc.

Product	Type	Product features	Main application
		package to greatly shorten the signal path and reduce latency, making it an ideal option for AI training and inference. 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.	
	Telecommunication optical transceivers	Our telecommunication products mainly include products for optical transmission, wireless transmission, and broadband transmission. 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. 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 among BBU, AAU, and DU to achieve stable and reliable connection for fronthaul, midhaul, and backhaul transmission. These modules are fully compatible with 5G and 5.5G network deployment. 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.	Enterprise dedicated line businesses, core networks, base stations, etc.
Precision components	Automotive components	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. 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, thus improving driving stability. We employ 8,200-ton integral stamping 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. 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 use 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	Intelligent vehicles

Product	Type	Product features	Main application
		temperature for core elements under complex conditions and achieve 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. 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 is 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. In addition, the technology expertise of GMD Group, a subsidiary of the Company, 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 components, 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.	
	Components for telecommunication equipment	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. 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 < 0.7dB, antenna gain ≥ 17.5dBi, 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. Wave filters for mobile communication 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 to ensure 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. 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. The table below outlines our main products of telecommunication equipment and components.	Base stations for mobile communication
Photoelectric display module	Touch panel	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.	Laptop computers, industrial control equipment, medical

Product	Type	Product features	Main application
			devices, etc.
	LCD and OLED modules	Display modules (LCD&OLED) can be used to build "integrated solutions", which allows in-depth combination of cutting-edge display technologies with high-reliability structural design and achieves breakthroughs in both performance and stability. 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. 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 to effectively meet the requirements of global customers from various industries.	Consumer electronics, intelligent vehicles, etc.

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

We manufacture main products based on market demands, and adopt the production mode 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 transceivers (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 integrated circuit chips, 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, 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 mode 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, which increases the product yield rates, improves capacity utilization rate, ensures prompt delivery of orders, and guarantees the quality of products and services in compliance with normative standards and customer requirements.

3. Sales mode

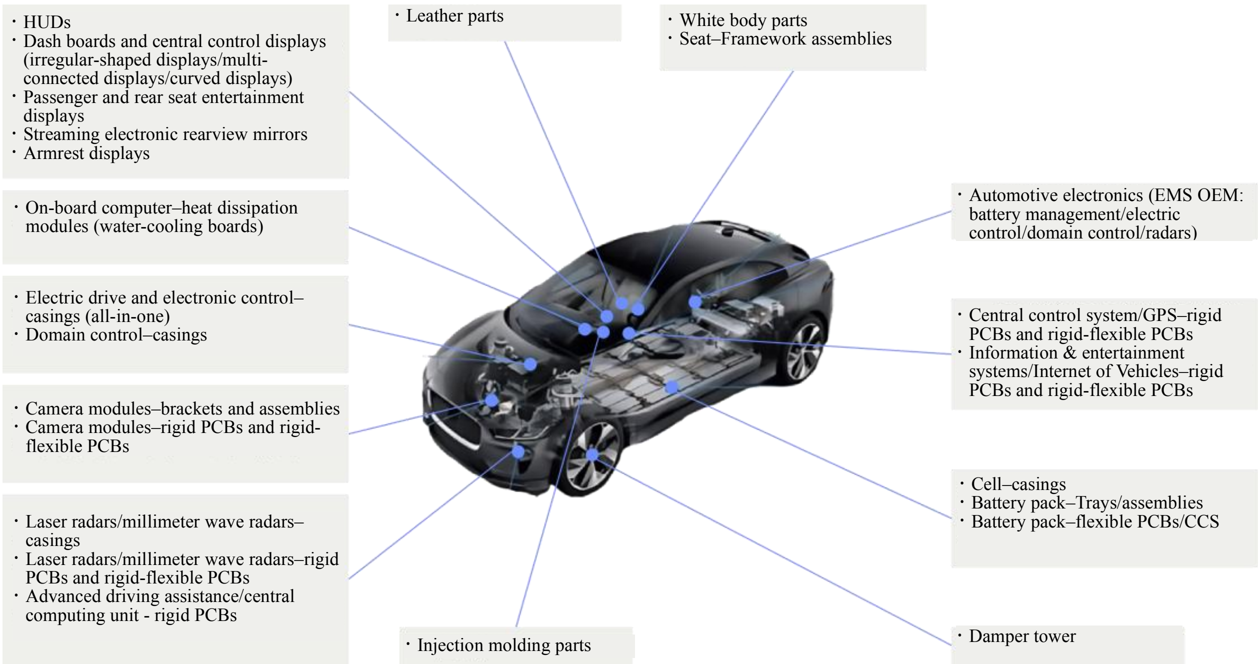
We sell directly to corporate customers. After we pass customers' system certification and are admitted to their supplier system, customers will directly place orders to us. We implement the strategy of group-based coordinated sales and build dedicated key-account service teams for various business segments 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.

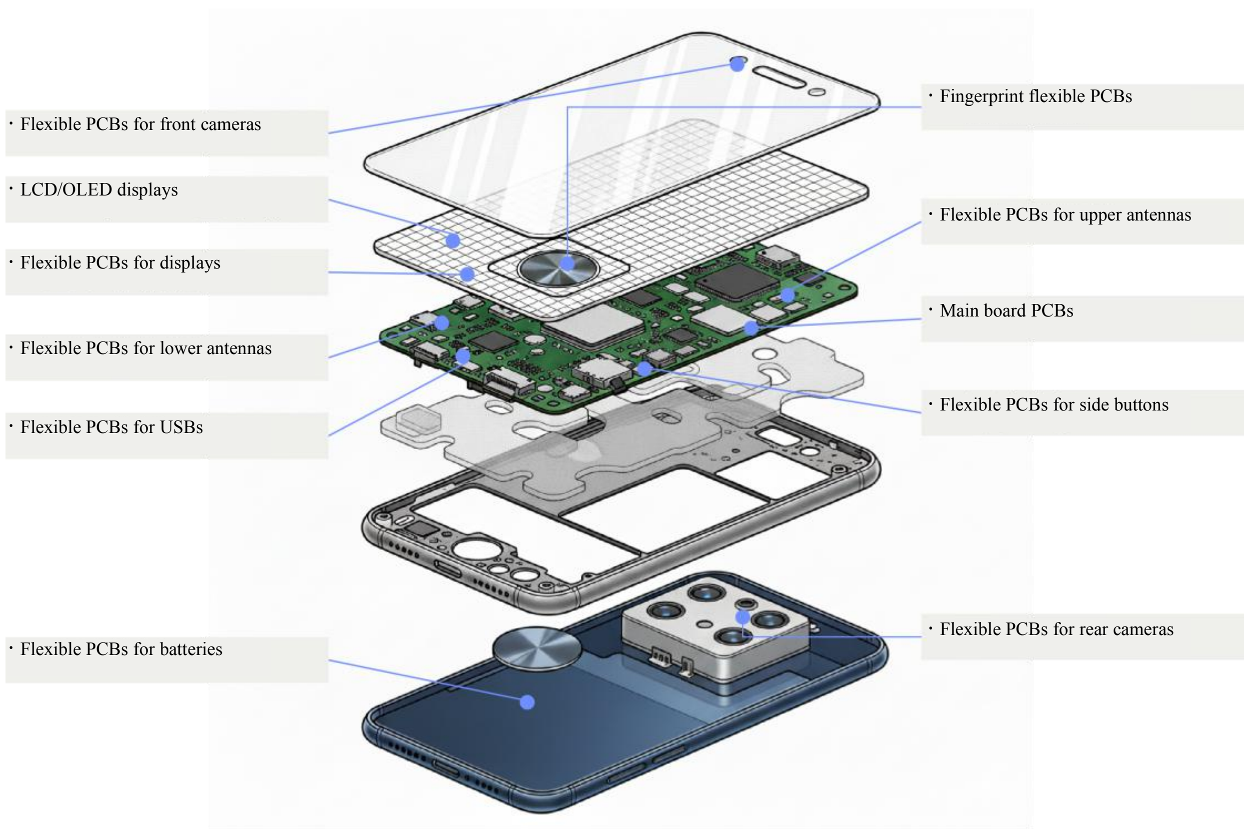
4. R&D mode

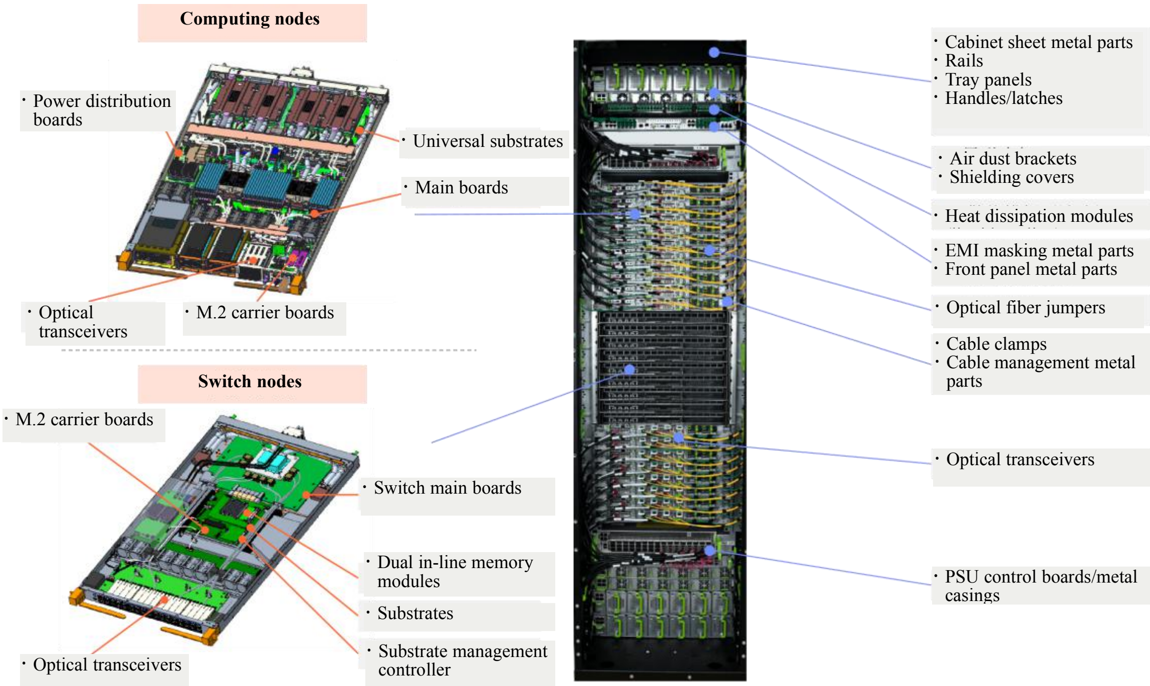
We have built an efficient R&D system focusing on independent R&D of core technologies and oriented to meeting the innovation needs of customers, and we keep close pace with the strategic layout of industry leading customers and actively participate in new product development by customers to support 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 and actively promote 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.

(III) Applications of our products, as shown in the figure below:


· HUDs
· Dash boards and central control displays (irregular-shaped displays/multi-connected displays/curved displays)
· Passenger and rear seat entertainment displays
· Streaming electronic rearview mirrors
· Armrest displays
· Leather parts
· White body parts
· Seat–Framework assemblies
· On-board computer–heat dissipation modules (water-cooling boards)
· Automotive electronics (EMS OEM: battery management/electric control/domain control/radars)
· Electric drive and electronic control–casings (all-in-one)
· Domain control–casings
· Central control system/GPS–rigid PCBs and rigid-flexible PCBs
· Information & entertainment systems/Internet of Vehicles–rigid PCBs and rigid-flexible PCBs
· Camera modules–brackets and assemblies
· Camera modules–rigid PCBs and rigid-flexible PCBs
· Cell–casings
· Battery pack–Trays/assemblies
· Battery pack–flexible PCBs/CCS
· Laser radars/millimeter wave radars–casings
· Laser radars/millimeter wave radars–rigid PCBs and rigid-flexible PCBs
· Advanced driving assistance/central computing unit - rigid PCBs
· Injection molding parts
· Damper tower


· Flexible PCBs for front cameras
· Fingerprint flexible PCBs
· LCD/OLED displays
· Flexible PCBs for upper antennas
· Flexible PCBs for displays
· Main board PCBs
· Flexible PCBs for lower antennas
· Flexible PCBs for side buttons
· Flexible PCBs for USBs
· Flexible PCBs for rear cameras
· Flexible PCBs for batteries



(IV) Situations of our industry

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

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. 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 released for a long period of time. Prismark predicted that the global PCB market size would reach USD 95.8 billion by 2026; 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. 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, together with the decisive investment of resources 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 transceiver industry

The optical transceiver 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, making it a key technology supporting the upgrade of communication networks and empowering computing infrastructure. The continuously increasing downstream bandwidth demands lead to the gradual iteration and upgrade of optical chip rates to 100G, 200G, and more, which directly determines the transfer rate and application scenario positioning of optical transceivers.

On the background of the continuously increasing global investment in computing power, AI has become the core growth engine for the market of optical transceiver data communication. Lightcounting predicted that the global market size of data communication optical transceivers would reach USD 22.8 billion by 2026, where the total market size of 800G and 1.6T optical transceivers would reach USD 14.6 billion in 2026, accounting for about 64% of the total market size of all data communication optical transceivers. Meanwhile, it’s predicted that the global market size of telecommunication optical transceivers would be USD 5.3 billion by 2026. Generally speaking, thanks to the rapid development of AI data centers, the data communication market, growing at an obviously faster rate than the conventional telecommunication market, has become the core driver for the growth of the optical transceiver industry. Lightcounting predicted that in the next three years, high-speed optical transceivers of 800G, 1.6T, etc. would dominate the market demands, while the quantity of 3.2T modules would increase gradually from 2028. It is quite 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 EML optical chips + optical transceivers, 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 EML optical chips in China. Under the industry environment of supply shortage for high-end EML 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 optical transceivers with two parallel technology routes, namely the silicon photonics solution and the independently developed EML to respond to the iteration of optical interconnect technologies with our diversified layout and 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 EML optical chip and optical transceiver 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, telecommunication equipment, etc. Given the constant upgrade of the downstream manufacturing industry and the faster and faster emerging fields like AI, new energy vehicles, etc., the global application demands for precision component products are increasing, which creates 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 built production capacities in Europe and North Africa through the acquisition of GMD Group in France, which further improves our capabilities of local services in the field of global automotive components. 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 consistently 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 to achieve 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. Core Competencies of DSBJ

(I) Strategic advantage: AI end-to-end deployment to take early opportunities in a high-growth racetrack

Our strategy focuses on an end-to-end AI deployment 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 become the top 3 global PCB supplier, the top 2 global FPC supplier, and the top 10 global optical transceiver supplier, demonstrating our leading position in multiple fields and industries; meanwhile, we are the only enterprise having the whole-process capabilities covering AI PCBs and optical transceivers (including optical chips) from R&D, designing, and mass production on the world, fully covering all scenario requirements from edge AI devices to large-scale data centers, which establishes our long-lasting competitive advantages. By providing AI PCBs and high-speed optical transceiver 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 progressively improve market shares.

(II) Product advantage: Achieve horizontal synergy among multiple product categories and leading vertical integration, making optical transceivers 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 transceivers (including optical chips), precision components, photoelectric display modules, etc., which can provide whole-life cycle core device solutions for customers in the fields of cloud service providers, consumer electronics, intelligent vehicles, etc. to achieve closed-loop value growth. Based on the opportunities of industry development created by AI technologies, “optical transceivers (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 EML optical chip IDM, making us 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 EML high-end series, with key product performance indicators and mass production capacities leading in the industry. In the field of optical transceivers, 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 transceivers at 3.2T and above to build a new core growth driver for the Company. Meanwhile, we are making active efforts to develop optical transceivers with two parallel technology routes, namely the silicon photonics solution and the independently developed EML to respond to the iteration of optical interconnect technologies with our diversified layout and building a technology basis for the next generation of high-speed product upgrade. In the field of PCBs, we maintain our leading position in the industry as one of the top players and have professional manufacturing capabilities of ultra-HLC and high-density thick HDI PCBs. 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 concurrently supply multiple core parts for top vehicle manufacturers.

(III) Technology advantage: 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 to accelerate cutting-edge technology innovation and research results conversion to inject endless dynamics for high-quality development of the Company. With continuous efforts for R&D, acquisition, and integration, we have built unique technical advantages in electronic circuits, optical transceivers (including optical chips), precision components, and photoelectric display modules. In the field of high-end PCBs, we make great efforts in the R&D and manufacturing of circuit boards for AI servers and constantly iterate and upgrade high-density HDI and ultra-HLC high-speed board technologies to meet the high-density wiring requirements for the new generation of AI computing hardware, which lays a solid technology foundation for the Company in the field of high-end computing circuit boards. In the field of optical communication, operating in the industry for many years, Source Photonics has independently developed multiple key core technologies and built independent core technologies for EML 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 transceivers. Relying on Source Photonics, we have built a whole-process technology system covering the manufacturing of EML optical chips to optical transceivers, which provides a core support for the Company to compete on the global optical communication market. At present, we are making active efforts for the R&D of optical transceivers 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 to provide solid technology guarantee for the iteration and upgrade of ultra-high-speed optical transceivers and help the Company maintain its leading position on the high-end racetrack of optical communication. Meanwhile, relying on our technology accumulation in electronic circuits, precision components, and photoelectric display modules, we will consistently consolidate our leading position in the industry to facilitate the high-quality development of the Company in all of our business segments.

(IV) Scale advantage: Globally leading production capacity and outstanding ability for rapid production capacity expansion

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 manufacturing, whole-process quality management and control, and efficient and stable delivery, which is leading in the industry. Thanks to our mature production line replication system and capabilities for process standardization, we can increase our production capacity rapidly and expand production capacity flexibly during the window of explosive demands in the industry, allowing us to respond to additional demands of major downstream customers. 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 progressively improving the production capacity structure and improving the efficiency of resource allocation, 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 electronic circuits and precision structural components, 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 transceivers (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 progressively to fully match with the increasing purchase demands of both domestic and overseas mainstream cloud service providers to provide a strong support for the construction of global computing infrastructure.

(V) Customer advantage: Serving globally leading customers in various fields while continuously deepening in-depth cooperation

Relying on outstanding product quality, technology strength, and delivery capabilities, we have accumulated global outstanding customer resources and built a customer base consisting of top global consumer electronics brands, pure electric vehicle manufacturers, and cloud service providers, with businesses covering multiple high-growth industries like consumer electronics, vehicles, data centers, telecommunication equipment, etc., which can defend against the seasonal fluctuation and periodical risks of individual industries with the diversified industry layout. We establish long-term and in-depth strategic cooperation relationship with core customers, participate in product definition at the early stage of customers' product development, 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, thereby 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 manufacturers to sustain and improve customer loyalty. Relying on the manufacturing capabilities of vertical integration of EML optical chips and optical transceivers, Source Photonics, a subsidiary of the Company, has become one of the core suppliers of global optical transceivers, which creates a bigger growth space for the Company in the field of AI computing hardware.

(VI) Globalization and operation advantage: Global layout of production capacities to empower intelligent manufacturing and build a resilient supply chain

We are deeply participating in the global supply chain system to build a global network for R&D, production, and sale in all aspects. In this aspect, 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 bases in 14 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 and preference for local procurement, 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 to provide a solid support for the continuous and stable development of global businesses.

(VII) Management and synergy advantage: 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 conduct efficient strategy implementation. Advocating the corporate spirit of "breakthrough, diversity, simplicity, journey", we have built a scientific and efficient modern management system and made continuous efforts to build the digital and intelligent management system, construct a uniform operation and management platform to standardize procedures and accumulate experience in aspects of production and manufacturing, quality management and control, R&D projects, and supply chain scheduling and empower subsidiaries and business segments to improve operating efficiency. Having owned mature experience in cross-border acquisition and resource integration, we can rapidly promote cultural integration with the acquired target company, implement our management system, and achieve performance improvement. By completing multiple benchmark acquisition transactions in the industry, we have successfully entered a high-growth racetrack; we make continuous efforts to improve our product matrix and global layout of production capacities, build strict and regulated acquisition selecting and post-investment integration systems to output our mature and successful experience in manufacturing management, digital operation, talent incentives to the acquired companies, and to efficiently achieve in-depth integration with acquired assets 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 achieved resource sharing and complementary cooperation in a diversified business matrix covering AI PCBs, optical transceivers (including optical chips), precision components, photoelectric display modules, etc., and deeply incorporated our products and businesses into the core supply chain of global leading cloud service providers and AI computing power customers, which effectively improves customer loyalty and overall shares; and in terms of supply chain synergy, we further optimized resource allocation on the ground of our global layout of production capacities and centralized purchase system, which effectively enhances resilience of the supply chain against risks, reduces costs, improves efficiency, and builds solid competitive advantages in costs as a strong support for the long-lasting high-quality and sustainable development of the Company.

III. Analysis of Primary Business

In the first half of 2026, on the background of the accelerated global industry restructuring and a new development stage of the AI computing power industry chain, we made continuous efforts to deepen the top-level development idea with both “offensive and defensive characteristics”, and moved to in-depth industry operation and value creation on the basis of the business layout and acquisition achieved in 2025. We focused on quality and efficiency improvement for conventional businesses, and on release of new products, development of new customers, and expansion of new production capacities for emerging businesses. With continuous iteration for global coordination, technological innovation, organization governance, and financial risk control system, we are moving from layout implementation to result realization for various strategies. During the reporting period, we achieved stable and improving operation as a whole, and further enhanced organic drivers for high-quality development. In the first half of 2026, we achieved the operating revenue of RMB 27.798 billion, a year-on-year increase by 63.95%, and the net profit of RMB 2.957 billion, a year-on-year increase by 290.09%. The overall operation during the reporting period is summarized as follows:

(I) Improved quality and efficiency for conventional businesses and built a resilient operating system with balanced new and old businesses

During the reporting period, we moved from scale expansion to the improvement of profit quality and counter-cyclical capabilities for our basic businesses, including core devices for consumer electronics and core parts for vehicles. Relying on mature product lines for electronic circuits, precision structural components, photoelectric display modules, etc., we made use of our global manufacturing network and outstanding customer resources to improve our product and customer structures constantly in an effort to respond to the periodical fluctuation pressure from the downstream industry, maintain stable profitability, and achieve stable operating cash flows. Our conventional businesses provided a continuous resource basis for the technology R&D, production capacity investment, and global expansion of emerging racetracks, while the growth of emerging businesses leads to future revenues and profits for the company, which makes a virtuous cycle supporting each other. By maintaining the existing core business and expanding future growth drivers, we can effectively protect against cross-industry and cross-cycle fluctuations and promote our strategic transformation from scale-driven growth to quality-and-efficiency-first improvement, to further enhance our overall operating resilience and risk resistance.

(II) Took the opportunities of the AI computing power industry to move from capacity building to value release for “optical transceivers (including optical chips) + AI PCBs”

The reporting period witnessed the shift from scale expansion to product iteration and capability improvement in the global AI computing power building, while downstream customers raised higher requirements in product performance, stable delivery, comprehensive supporting capabilities, etc. for core devices. Relying on the industry layout completed in 2025, we made great efforts to make use of our unique industry synergy to build one-stop product solution capabilities covering optical transceivers (including optical chips) + AI PCBs. In the field of optical communication, Source Photonics, after completing preliminary production capacity building, focused on deepening product technology iteration, supply chain improvement, and customer development. It accumulated technologies and achieved breakthroughs around the next generation of high-speed products, made continuous efforts to integrate internal R&D, manufacturing, marketing to accelerate customer qualification and batch delivery of high-end products, progressively developed global mainstream customers, and improved market position and added value for products. For the AI PCB business, based on the technologies of Multek, we made active efforts for AI server iteration to match with product upgrade. Having formed a synergistic resonance in technology, customers, and supply chain, the two business segments facilitate the continuous consolidation of our differentiated competitive advantages in the field of core devices for AI data centers.

(III) Deepened the competence of global operation to move from construction of production capacities to local-based value creation in overseas layout

Following the acquisition of GMD Group in France in 2025, we shifted from acquisition closing to deep integration and value realization in our globalization efforts. We fully released the synergistic potential of the GMD Group to leverage its established manufacturing bases and complete vehicle customer resources in Europe and North Africa, which further deepened our regional layout and enhanced our overseas production capacity and customer matrix in the vehicle business. We always optimized our global manufacturing network covering Asia, the Americas, Europe, and Africa, and moved from mere capacity coverage to actively promoting global resource allocation, technology sharing, and experience exchange to enhance cross-regional collaborative operations. We made continuous efforts to build international talent pipeline and empower overseas teams to extend their roles from execution to market development and technology iteration. Thanks to our local layout that is close to customers, we can accurately capture the differential demands of customers from various regions, respond rapidly and make delivery efficiently, thereby transforming our global hardware layout to core soft capacities for market development and risk diversification and expanding the growth boundaries for the long-lasting development of the Company.

(IV) Strengthened technological innovation to upgrade product competitiveness by means of both technology and manufacturing

Insisting on development driven by innovation, we further improved the innovation system for the AI hardware racetrack on the basis of our forward-looking layout. We focused on key fields, including high-speed EML optical chips, high-speed optical transceivers, and AI PCBs, balanced preliminary research of cutting-edge technologies and mass production technologies to build a technology base in advance with customer demands for the next generation of products in mind, and progressively iterated and optimized our product matrix to build product advantages toward the future. To empower innovation results with intelligent manufacturing, we made continuous efforts for in-depth integration of intelligentization and informatization. We established data links among global bases relying on the Internet platform, empowered the whole production process with data, and progressively optimized the production scheduling system, process level, and yield rate performance to efficiently adapt to global customers' orders requiring customization, various specifications, and short lead time. We insisted on promoting the engineer culture to fully motivate the innovation potential of R&D and technology talents, and building a channel for industry-university-research cooperation to create long-lasting competition barriers with hard technologies.

(V) Improved governance competence to build organic drivers in the organization and talents to match with diversified cross-border businesses

On the background of our continuous business expansion and the successive integration of acquired entities, our organization building is moving from architecture building to governance competence upgrade. Focusing on the overall strategy, we deepened the management mechanism featuring "coordination and empowering by the group, and professional operation by business units" to break business segment and regional barriers and promote efficient coordination among R&D, supply chain, and sales resources, aiming to improve our integrated capabilities for providing comprehensive services to customers in all aspects. In terms of talent building, we attracted suitable high-profile talents for key fields, like optical communication, global operation, etc., improved the internal channel for talent development, strengthened efforts for professional competence building, and built a talent team with both professional expertise and international perspectives. We optimized the appraisal and incentive mechanism to promote simultaneous advancement of personal value and corporate development. We promoted intercultural integration under the corporate culture of “openness, inclusion, pragmatism and enterprising”. Meanwhile, we made iteration for the internal control, compliance, and risk control systems to adapt to complex scenarios of cross-border operation in multiple business segments. Lifting the integration of acquired targets to the core level of corporate governance, we promoted the in-depth integration of Source Photonics and GMD Group in France in aspects of businesses, organization, regulations, and culture to truly transform acquisition advantages into the Company’s core competence and to shift “assets from acquisition” to “value creation driven by acquisition”, hence supporting the Company’s stable and long-lasting organization efforts.

(VI) Upheld active and prudent financial strategies to achieve dynamic balance between strategic investments and safeguarding against risks

In response to the capital expenditure demands from industry upgrade and the complex external market environment, we adhered to the active and prudent financial strategy to further strengthen the financial management model with balanced strategic orientation and risk bottom lines. We planned resource allocation scientifically, with capital resources prioritized to support strategic production building in key areas like optical communication and AI PCBs, managed capital expenditure paces in a reasonable manner, and actively met the funding needs of globalization and industry upgrade through diversified financing instruments while making continued optimization of our capital and debt structure. We insisted on the idea of “cash priority”, taking the quality of operating cash flows as a key factor in operation to improve liquidity management and comprehensive budget and final account system, firmly holding the safety bottom line for funds. We always optimized hedging mechanisms against fluctuations in exchange rates and commodity prices, and implemented detailed and practical whole-process financial risk management controls. We deepened the integration of business and finance, promoted the embedding of financial management into the entire business chain and empowered cost reduction, efficiency improvement, and profitability structure optimization from a financial perspective. We made continuous efforts to iterate our global financial management and control system, strengthen the financial management capabilities of overseas subsidiaries, and ensure that all acquired entities can be smoothly and efficiently integrated into our financial system. The systematic financial governance and the balance between expansion and risk prevention help to build a solid and reliable financial foundation to support the sustained execution of our strategies.

Year-on-year changes in key financial data

In RMB

	The reporting period	The same period of the previous year	Y/Y % change	Reason for change
Operating revenue	27,797,683,972.88	16,955,163,898.89	63.95%	Primarily due to the continuous development of new customers and new products in optical transceiver businesses during the reporting period in addition to the acquisition of Source and GMD, leading to great growth in the revenue.
Operating cost	22,196,075,162.56	14,650,499,235.90	51.50%	Primarily due to the increase in the operating revenue, which leads to the corresponding increase in the cost.
Selling expenses	268,145,700.67	157,942,605.07	69.77%	In addition to the revenue increase above, primarily due to the increase in selling expenses from our active efforts to develop new products.
Administrative expenses	897,460,520.37	547,561,939.49	63.90%	In addition to the revenue increase above, primarily due to the increase

	The reporting period	The same period of the previous year	Y/Y % change	Reason for change
				in employee remuneration under the 2026 employee stock ownership plan.
Financial expenses	545,788,419.37	29,546,958.47	1,747.19%	Primarily due to the strategic acquisition of Source Photonics and GMD Group and the active expansion of production capacity for optical transceivers (including optical chips) and AI PCB products, which leads to the increase in capital expenditures, increase in the financial scale, increase in financial interests; and due to the increase in exchange losses due to exchange rate changes in the current period.
Income tax expenses	503,842,570.02	201,934,636.13	149.51%	Primarily due to the expected profits achieved for various businesses, which leads to great increase in taxes payable in the current period.
Net cash flows from operating activities	2,383,887,276.10	2,500,118,021.28	-4.65%	
Net cash flows from investing activities	-5,482,528,738.38	-1,986,314,848.75	-176.02%	Primarily due to the active efforts for increasing the production capacities of optical transceivers (including optical chips) and AI PCB products, which leads to the increase in capital expenditures.
Net cash flows from financing activities	4,139,667,280.73	1,523,390,849.48	171.74%	Primarily due to the increase in debt financing to support the strategic layout for optical transceivers (including optical chips) and AI PCBs.
Net increase in cash and cash equivalents	842,802,984.33	2,072,977,324.38	-59.34%	Primarily due to the increase in capital expenditures in the current period.

Whether there is a significant change in the components or sources of profits during the reporting period of the Company?

□ Applicable ☑ N/A

There have been no significant changes in the components or sources of profits during the reporting period of the Company.

Components of operating revenue

In RMB

	The reporting period		The same period of the previous year		Y/Y % change
	Amount	% of operating revenue	Amount	% of operating revenue	
Total operating revenue	27,797,683,972.88	100%	16,955,163,898.89	100%	63.95%
By segment					
Computer, communication and other electronics	27,347,867,868.08	98.38%	16,756,004,204.58	98.83%	63.21%
Others	449,816,104.80	1.62%	199,159,694.31	1.17%	125.86%
By product					
Electronic circuits	12,529,627,775.53	45.07%	11,059,315,884.89	65.23%	13.29%
Precision components	6,580,692,901.95	23.67%	2,361,835,859.44	13.93%	178.63%
Optical transceiver	5,350,999,299.05	19.25%			
Photoelectric display module	2,723,476,776.77	9.80%	3,048,999,533.55	17.98%	-10.68%

Others	612,887,219.58	2.20%	485,012,621.01	2.86%	26.37%
By region					
Domestic market	4,669,148,407.96	16.80%	3,787,323,865.50	22.34%	23.28%
Overseas market	23,128,535,564.92	83.20%	13,167,840,033.39	77.66%	75.64%

Segments, products, or regions representing more than 10% of operating revenue or profit of the Company

☑ 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	27,347,867,868.08	21,929,134,042.30	19.81%	63.21%	51.01%	6.48%
By product						
Electronic circuits	12,529,627,775.53	10,174,431,182.90	18.80%	13.29%	11.58%	1.25%
Precision components	6,580,692,901.95	5,782,359,541.79	12.13%	178.63%	166.89%	3.86%
Optical transceiver	5,350,999,299.05	3,246,496,191.23	39.33%			
Photoelectric display module	2,723,476,776.77	2,563,023,488.98	5.89%	-10.68%	-11.53%	0.90%
By region						
Domestic market	4,669,148,407.96	4,213,470,923.64	9.76%	23.28%	15.42%	6.15%
Overseas market	23,128,535,564.92	17,982,604,238.92	22.25%	75.64%	63.48%	5.79%

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

IV. Analysis of Non-primary Business

□ Applicable ☑ N/A

V. Analysis of Assets and Liabilities

1. Material changes in the components of assets

In RMB

	The end of the reporting period		The end of the previous year		Change %	Reason for material changes
	Amount	% of total assets	Amount	% of total assets		
Cash and bank balances	8,792,751,795.06	12.71%	7,650,283,509.10	12.70%	0.01%	
Accounts receivable	10,598,328,021.04	15.32%	9,792,745,060.06	16.25%	-0.93%	
Inventories	11,417,997,322.49	16.51%	8,928,944,182.01	14.82%	1.69%	
Investment	140,008,997.75	0.20%	142,555,461.11	0.24%	-0.04%	

properties						
Long-term equity investment	121,094,948.36	0.18%	126,566,432.55	0.21%	-0.03%	
Fixed assets	17,187,713,941.47	24.85%	16,586,762,231.15	27.53%	-2.68%	
Construction in progress	4,514,260,841.57	6.53%	2,345,985,416.22	3.89%	2.64%	Primarily due to the active efforts for increasing the production capacities of optical transceivers (including optical chips) and AI PCB products, which leads to the increase in capital expenditures; partial production capacities are under development.
Right-of-use assets	2,104,086,075.30	3.04%	2,209,353,814.61	3.67%	-0.63%	
Short-term borrowings	9,630,387,148.70	13.92%	8,011,474,049.03	13.30%	0.62%	
Contract liabilities	459,685,401.30	0.66%	474,660,658.17	0.79%	-0.13%	
Long-term borrowings	9,440,527,185.37	13.65%	6,375,079,464.54	10.58%	3.07%	Primarily due to the increase in project loans in the current period.
Lease liabilities	1,916,654,495.75	2.77%	1,790,064,820.73	2.97%	-0.20%	

2. Main overseas assets

☑ Applicable □ N/A

In RMB

Assets	Method of acquisition	Amount	Location	Mode of operation	Controls for guaranteeing the security of assets	Income	Proportion of overseas assets to net assets	Whether it involves risk of material impairment loss
Hong Kong Dongshan	Established	25,913,982,869.03	Hong Kong, China	R&D and sales	Its manufacturing entity is located in Chinese mainland	603,870,107.03	46.23%	No
Multek Group	Established	24,198,145,848.87	Hong Kong, China	R&D and sales	Its manufacturing entity is located in Chinese mainland	1,078,632,211.11	23.80%	No

3. 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)	11,515,317.92				155,000,000.00	11,500,000.00	-15,317.92	155,000,000.00
2. Derivative financial assets	65,126,316.01	51,695,741.21	31,141,123.84			99,267,093.05	-7,022.58	48,689,065.43
3. Other debt investments								
4. Investment in other equity instruments	124,912,226.68	489,136,468.09			32,622,282.76	53,000,000.00	-737,463.75	592,933,513.78
5. Other non-current financial assets								
Subtotal of financial assets	201,553,860.61	540,832,209.30	31,141,123.84		187,622,282.76	163,767,093.05	-759,804.25	796,622,579.21
Investment properties								
Productive biological assets								
Others								
Total	201,553,860.61	540,832,209.30	31,141,123.84		187,622,282.76	163,767,093.05	-759,804.25	796,622,579.21
Financial liabilities	46,545,937.17	50,141,237.39	111,335,938.25			25,704,022.68	-738,462.86	181,580,627.27

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

In RMB

Item	Closing book balance	Closing book value	Type of restriction	Reason for restriction	Opening book balance	Opening book value	Type of restriction	Reason for restriction
Cash and bank balances	1,845,226,184.58	1,845,226,184.58	Pledge	Security deposit for notes, etc.	1,545,560,882.95	1,545,560,882.95	Pledge	Security deposit for notes, etc.
Accounts receivable	859,452,468.45	855,155,206.20	Pledge	Factoring	981,561,847.06	981,561,847.06	Pledge	Factoring
Accounts receivable financing	9,050,787.13	9,050,787.13	Pledge	Pledge of notes	73,295,416.52	73,295,416.52	Pledge	Pledge of notes
Fixed assets					159,907,169.80	151,552,245.09	Mortgage	Loan mortgage
Right-of-	2,721,779,536.43	2,104,086,075.30	Mortgage	Finance	2,708,474,287.07	2,209,353,814.61	Mortgage	Finance

use assets				lease				lease
Total	5,435,508,976.59	4,813,518,253.21			5,468,799,603.40	4,961,324,206.23		

VI. 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
1,070,435,602.00	584,356,090.00	83.18%

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

In RMB

Type of securities	Code of securities	Short name	Initial investment costs	Accounting mode	Opening book value	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	Profit or loss in the reporting period	Closing book value	Accounting title	Source of funds
Domestic and overseas stocks	688808	Semight	19,999,926.92	Measurement by fair value		462,162,576.03		19,999,926.92		462,162,576.03	482,162,502.95	Financial assets held for trading	Self-owned funds
Domestic and overseas stocks	920125	Hostar	28,800,000.00	Measurement by fair value	34,885,400.00		219,056,926.33				253,942,326.33	Investments in other equity instruments	Self-owned funds
Domestic and overseas stocks	920178	Ruixiang Intelligent	8,841,000.00	Measurement by fair value		25,074,000.00		8,841,000.00		25,074,000.00	33,915,000.00	Financial assets held for trading	Self-owned funds
Total			57,640,926.92	--	34,885,400.00	487,236,576.03	219,056,926.33	28,840,926.92	0.00	487,236,576.03	770,019,829.28	--	--

(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
Commodity futures	15,639.18	19,782.96	2,879.16	0	72,740.74	44,617.38	50,785.48	2.08%
Total	15,639.18	19,782.96	2,879.16	0	72,740.74	44,617.38	50,785.48	2.08%
Hedge accounting policies and principles adopted for the reporting period and significant changes in such policies and principles compared to the previous reporting period	N/A							
Actual profit or loss for the reporting period	The commodity futures transactions recorded in profit or loss were RMB 28,791,600.							
Effect of hedging	We conduct hedging transactions for the purpose of leveraging the hedging function of futures, mitigating the effect of market price fluctuations of raw materials and products on our production and operating costs, and prices of our main products, enhancing our overall risk resistance capacity, and improving our financial soundness.							
Source of funds for investment in derivatives	Self-owned funds							
Analysis of risks associated with the derivatives held in the current period (including without limitation market risk, liquidity risk, credit risk, operational risk and legal risk) and related risk control measures	Refer to the *Announcement of Commodity Futures Hedging Transactions* disclosed by us for the relevant risk analysis and controls.							
Changes in the market price or fair value of the derivatives invested in the current period (in the analysis of the fair value of derivatives, the specific approaches, assumptions and parameters used shall be disclosed)	We are mainly engaged in hedging transactions with mainstream products on major domestic futures markets. The derivatives traded by us have a transparent and active market, and their transaction prices and settlement prices can fully reflect their fair value.							
Litigations involved (if applicable)	N/A							
Disclosure date of the announcement of the board of directors approving the	December 12, 2025							

investment in derivatives (if any)	

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.

5. Use of offering proceeds

□ Applicable ☑ N/A

There was no use of offering proceeds by the Company during the reporting period.

VII. 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

VIII. Analysis of Major Subsidiaries and Associates

☑ Applicable □ N/A

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

In RMB

Company name	Type of company	Primary business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Hong Kong Dongshan	Subsidiary	R&D, sale and after-sale services in respect of electronic circuits; investment holding	HKD 10,000,000	25,913,982,869.03	11,349,729,752.86	18,650,973,983.02	641,889,578.48	603,870,107.03
Multek Group	Subsidiary	R&D, sale and after-sale services in respect of electronic circuits; investment holding	USD 218,248,360.27	24,198,145,848.87	5,843,633,095.76	8,801,477,405.44	1,332,065,538.79	1,078,632,211.11

Subsidiaries acquired or disposed of during the reporting period

□ Applicable ☑ N/A

IX. Structured Entities Controlled by the Company

□ Applicable ☑ N/A

X. Risk Exposures to the Company and Countermeasures

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 take active measures for new product and new customer development to reduce 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 transceivers (including 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, progressively 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 transceivers (including 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 increase investment in R&D and strengthen technological innovation and product iteration for continuous improvement of 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 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 and affect 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.

XI. 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.

XII. 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. Changes in Directors and Senior Executives

☑ Applicable □ N/A

Name	Position	Type	Date	Reason
WANG Zhangzhong	Independent director	Left office on term expiry	May 15, 2026	Re-election
SONG Liguo	Independent director	Left office on term expiry	May 15, 2026	Re-election
GAO Yongru	Independent director	Left office on term expiry	May 15, 2026	Re-election
WANG Leigang	Independent director	Elected	May 15, 2026	Re-election
PAN Yongcheng	Independent director	Elected	May 15, 2026	Re-election
CAI Weihua	Independent director	Elected	May 15, 2026	Re-election
Li Ting Wei	Deputy General Manager	Appointment	March 25, 2026	Appointment

II. 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 the first half of this year.

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

☑ Applicable □ N/A

1. Share incentives: None

2. Employee stock ownership plans (ESOPs)

☑ Applicable □ N/A

Effective ESOPs in the current period

Scope of employees	No. of employees	Total shares held	Changes	% of total share capital	Source of funds
Key employees for core technologies (businesses) of the Company and its subsidiaries (excluding the Company's directors or senior executives)	150	3,048,701	None	0.17%	Legal remunerations of the employees, self-raised funds or otherwise permitted by the applicable laws and administrative regulations

Changes in asset manager during the reporting period:

□ Applicable ☑ N/A

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

□ Applicable ☑ N/A

Exercise of shareholder rights during the reporting period: N/A

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

□ Applicable ☑ N/A

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

□ Applicable ☑ N/A

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

□ Applicable ☑ N/A

Termination of the ESOPs during the reporting period:

□ Applicable ☑ N/A

3. Other employee incentive measures

□ Applicable ☑ N/A

IV. 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

<table>
<tr><td colspan="2">Number of enterprises included in the list of enterprises to disclose environmental information in accordance with law</td><td>9</td></tr>
<tr><td>No.</td><td>Enterprise name</td><td>Index for query of environmental information reports disclosed in accordance with law</td></tr>
<tr><td>1</td><td>Jiangsu Source Communication Technology Co., Ltd.</td><td rowspan="6">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</td></tr>
<tr><td>2</td><td>MFLEX Suzhou Co., Ltd.</td></tr>
<tr><td>3</td><td>MFLEX Yancheng Co., Ltd.</td></tr>
<tr><td>4</td><td>Chaowei Microelectronics (Yancheng) Co., Ltd.</td></tr>
<tr><td>5</td><td>Yancheng Dongshan Precision Manufacturing Co., Ltd.</td></tr>
<tr><td>6</td><td>Yancheng Dongchuang Precision Manufacturing Co., Ltd.</td></tr>
<tr><td>7</td><td>Multek Technology (Zhuhai) Co., Ltd.</td><td rowspan="3">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)</td></tr>
<tr><td>8</td><td>Multek Industries Limited</td></tr>
<tr><td>9</td><td>Multek China Limited</td></tr>
</table>

V. Social Responsibility

Upholding the idea of “integration of enterprise development with social responsibility”, and under the mission of “building a better connected world for tomorrow”, we have progressively improved the governance system to include the concerns of stakeholders, the creation of social value, and the environment sustainable development into our core decision-making in an effort to seriously fulfill the responsibilities as a corporate citizen and promote the economic and social high-quality development.

In the first half of 2026, we made continuous efforts to deepen ESG management practices while insisting on “customer-centric” and incorporating customers’ requirements and high quality standards into the full life cycle of products to ensure rapid response and efficient handling of requests and sustained supply of high-quality products and satisfactory services. On the basis of our business strategy, we strove to create a fair and transparent purchase environment, optimize the whole-life cycle supplier management, and made continuous efforts to build a competitive, resilient, and sustainable supply chain system. We strictly abided by laws, regulations, and policies by establishing and improving the labor and human rights management system, progressively improving the talent training and development system, and constantly improving the sense of belonging and value of employees. We made active efforts to develop the regional economy and continuous efforts for public welfare and charity activities, in order to fulfill our corporate social responsibility and promote social development with our practical acts.

Section V Significant Matters

I. 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 that fail to be fulfilled on time 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 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.	June 11, 2018	Permanently binding	As of the end of the reporting period, the covenantors have complied with such covenants.
	YUAN	Covenants	Covenants related to the regulation and reduction of	June 11,	Permanently	As of the

	Yonggang, YUAN Yongfeng, and YUAN Fugen	related to horizontal competition, related-party transactions and occupation of funds	related-party transactions: Each of the shareholders YUAN Yonggang, YUAN Yongfeng, and YUAN Fugen covenants that (1) I and my affiliates will avoid or reduce related-party transactions with the Company to the maximum extent practicable; (2) 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 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 (3) I will exercise the shareholder rights in strict accordance with the Company Law 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.	2018	binding	end of the reporting period, the covenantors have complied with such covenants.
	YUAN Yonggang and YUAN Yongfeng	Covenant not to sell the Company's shares during a specific period	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.	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 Yongfeng, ZHAO Xiutian, SHAN Jianbin, WANG Xu, MAO Xiaoyan and MA Liqiang	Other covenants	Covenant regarding the remedial measures against dilution of current earnings caused by the private placement: Each of the directors and senior executives of the Company covenants that: (1) 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; (2) I will exercise self-discipline in consumption in performing my duties; (3) I will not use the assets of the Company to engage in any investment or consumption activities not in connection with my duties; (4) 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; (5) if the Company implements any share incentive plan in the future, I will link the vesting conditions under such	October 10, 2019	Permanently binding	As of the end of the reporting period, the covenantors have complied with such covenants.

			share incentive plan with the implementation of the Company's remedial measures against dilution of current earnings; and (6) 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.			
	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 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.	October 17, 2019	Permanently binding	As of the end of the reporting period, the covenantors have complied with such covenants.
	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: "(1) I will not interfere with the management and operation of the Company beyond my powers, or infringe on the interests of the Company; (2) 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 (3) 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 the losses arising therefrom according to law."	March 12, 2024	Permanently binding	As of the end of the reporting period, the covenantors have complied with such covenants.
Other covenants	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: "(1) 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; (2) I will exercise self-discipline in consumption in performing my duties; (3) I will not use the assets of the Company to engage in any investment or consumption activities not in connection with my duties; (4) 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; (5) if the	March 12, 2024	Permanently binding	As of the end of the reporting period, the covenantors have complied with such covenants.

			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; (6) 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 (7) I will seriously implement the remedial measures against dilution of current earnings 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					

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. Engagement and Termination of Engagement of Accounting Firm

Has the semi-annual financial report been audited?

□ Yes ☑ No

The semi-annual report has not been audited.

V. Explanation by the Board of Directors about the Modified Auditor’s Report Issued by the Accounting Firm for the Reporting Period

□ Applicable ☑ N/A

VI. Explanation by the Board of Directors about the Modified Auditor’s Report of the Previous Year

□ Applicable ☑ N/A

VII. Matters Relating to Bankruptcy and Reorganization

□ Applicable ☑ N/A

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

VIII. Litigation

Material litigation and arbitration proceedings

□ Applicable ☑ N/A

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

Other litigation proceedings

□ Applicable ☑ N/A

IX. Punishments and Rectifications

□ Applicable ☑ N/A

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

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

□ Applicable ☑ N/A

XI. 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

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

XII. 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		1,521.80						
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)		3,100.80				
Total amount of external guarantee approved as at the end of the reporting period (A3)		3,000		Total amount of external guarantee provided as at the end of the reporting period (A4)		1,521.80				
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		126,600.00						
Hong Kong Dongshan Holding Limited and its subsidiaries		127,000		63,748.02						
Multek Group (Hong Kong) Limited and its subsidiaries		1,000,000		368,971.17						
Source Photonics Holdings (Cayman) Limited and its		100,000		51,743.07						

subsidiaries										
Chaowei Microelectronics (Yancheng) Co., Ltd.		20,000		0						
Suzhou Dongshan Display Inc.		20,000		14,700.00						
Mutto Optronics Technology Co., Ltd.		50,000		43,899.45						
Suzhou RF Top Electronic Communication Co., Ltd.		5,000		843.55						
Suzhou Chengjia Precision Manufacturing Co., Ltd.		5,000		0						
Suzhou Yongchuang Communication Technology Co., Ltd.		20,000		4,350.20						
Yancheng Dongchuang Precision Manufacturing Co., Ltd.		140,000		85,395.73						
Yancheng Dongshan Precision Manufacturing Co., Ltd.		60,000		31,850.00						
Groupe Mecanique Decoupage S.A. and its subsidiaries		50,000		0						
Total amount of guarantee approved to be provided for subsidiaries during the reporting period (B1)		1,797,000		Total amount of guarantee actually provided for subsidiaries during the reporting period (B2)		1,014,754.30				
Total amount of guarantee approved to be provided for subsidiaries as at the end of the reporting period (B3)		1,797,000		Total amount of guarantee provided for subsidiaries as at the end of the reporting period (B4)		792,101.19				
Guarantees provided by subsidiaries for each other										
Obligor	Disclosure date of announcement of the	Maximum amount	Effective date of	Actual amount guaranteed	Type of guarantee	Collateral (if applicable)	Counter guarantee (if	Term of guarantee	Whether or not	Whether or not provided

	maximum amount guaranteed	guaranteed	guarantee				applicable)		expired	for a related party
Total amount of guarantee approved to be provided for subsidiaries during the reporting period (C1)		0		Total amount of guarantee actually provided for subsidiaries during the reporting period (C2)		0				
Total amount of guarantee approved to be provided for subsidiaries as at the end of the reporting period (C3)		0		Total amount of guarantee provided for subsidiaries as at the end of the reporting period (C4)		0				
Total amount of guarantee provided by the Company										
Total amount of guarantee approved during the reporting period (A1+B1+C1)		1,800,000		Total amount of guarantee actually provided during the reporting period (A2+B2+C2)		1,017,855.10				
Total amount of guarantee approved as at the end of the reporting period (A3+B3+C3)		1,800,000		Total amount of guarantee provided as at the end of the reporting period (A4+B4+C4)		793,622.99				
Ratio of the total amount of guarantee (A4+B4+C4) to the net assets of the Company				32.57%						
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)				647,129.24						
Portion of the total amount of guarantee in excess of 50% of the net assets (F)				0						
Total (D+E+F)				647,129.24						
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 wealth management

☑ Applicable □ N/A

In RMB 0'000

Type of product	Risk characteristics	Balance of entrusted wealth management during the reporting period	Overdue amount
Bank wealth management product	Low-risk or principal-guaranteed with floating incomes	15,500	0

4. Other material contracts

□ Applicable ☑ N/A

XIII. Record Forms for 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
2026-4-28	Online	Online communication	Others	Investors	Interpretation of our annual report and first quarter report etc.	www.cninfo.com.cn
2026-6-2	Online	Communication by telephone	Institutional investors	E-Fund, etc.	Optical communication business, etc.	
2026-6-17	Conference room	On-site investigation	Institutional investors	JPMorgan, etc.	Optical communication business, etc.	

XIV. Other Significant Matters

□ Applicable ☑ N/A

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

XV. Significant Matters of Subsidiaries

□ Applicable ☑ N/A

Section VI Changes in Shares and Shareholders

I. Changes in Shares

1. Changes in shares

In Shares

	Before the change		+/-					After the change	
	Number	%	New shares	Bonus shares	Capitalization of capital reserves	Others	Subtotal	Number	%
I. Non-tradable shares	445,285,809	24.31%						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	445,285,809	24.31%						445,285,809	24.31%
Incl.: Shares held by domestic non-State-owned corporations									
Shares held by domestic natural persons	445,285,809	24.31%						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	75.69%						1,386,321,723	75.69%
1. RMB-denominated ordinary shares	1,386,321,723	75.69%						1,386,321,723	75.69%
2. Foreign currency-denominated shares listed domestically									
3. Foreign currency-denominated shares listed overseas									
4. Others									
III. Total shares	1,831,607,532	100.00%						1,831,607,532	100.00%

Cause of change

□ Applicable ☑ N/A

Approval of changes in shares

□ Applicable ☑ N/A

Registration of changes in shares

□ Applicable ☑ N/A

Progress of share repurchases

□ Applicable ☑ N/A

Progress of sale or repurchase of shares by call auction

□ Applicable ☑ N/A

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

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

II. Offering and Listing of Securities

□ Applicable ☑ N/A

III. Number of Shareholders and Shareholding Structure of the Company

In Shares

Total number of ordinary shareholders at the end of the reporting period		389,315		Total number of preferred shareholders whose voting rights had been restituted at the end of the reporting period (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		252,224,705	50,556,549	Pledge	104,828,000
YUAN Yongfeng	Domestic natural person	13.51%	247,526,917		191,929,879	55,597,038	Pledge	46,583,800
Hong Kong Securities Clearing Company Limited	Foreign corporation	3.77%	69,090,247			69,090,247	N/A	
YUAN Fugen	Domestic natural person	3.21%	58,796,052			58,796,052	N/A	
China Life Insurance Company Ltd. – Traditional – General Insurance Product – 005L – CT001 Shanghai	Others	0.58%	10,675,141			10,675,141	N/A	
China Merchants Bank Co., Ltd. – Ruiyuan Growth Value Hybrid Securities Investment Fund	Others	0.40%	7,414,800			7,414,800	N/A	
Reform (Shanghai) Private Fund Management Co., Ltd. – Reform Red Coast No. 3 Private Securities Investment Fund	Others	0.40%	7,236,854			7,236,854	N/A	

Industrial and Commercial Bank of China Limited – Fullgoal Innovative Technology Commingled Securities Investment Fund	Others	0.38%	7,000,000			7,000,000	N/A	
China Construction Bank Corporation – Huatai-PineBridge Quality Growth Commingled Securities Investment Fund	Others	0.38%	6,872,604			6,872,604	N/A	
Bank of China – Morgan Stanley China Digital Economy Hybrid Securities Investment Fund	Others	0.34%	6,194,686			6,194,686	N/A	
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 *Administrative Measures for the Takeover of Listed Companies* 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 11)	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
Hong Kong Securities Clearing Company Limited	69,090,247	RMB-denominated ordinary share	69,090,247
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
China Life Insurance Company Ltd. – Traditional – General Insurance Product – 005L – CT001 Shanghai	10,675,141	RMB-denominated ordinary share	10,675,141
China Merchants Bank Co., Ltd. – Ruiyuan Growth Value Hybrid Securities Investment Fund	7,414,800	RMB-denominated ordinary share	7,414,800
Reform (Shanghai) Private Fund Management Co., Ltd. – Reform Red Coast No. 3 Private Securities Investment Fund	7,236,854	RMB-denominated ordinary share	7,236,854
Industrial and Commercial Bank of China Limited – Fullgoal Innovative Technology Commingled Securities Investment Fund	7,000,000	RMB-denominated ordinary share	7,000,000
China Construction Bank Corporation – Huatai-	6,872,604	RMB-	6,872,604

PineBridge Quality Growth Commingled Securities Investment Fund		denominated ordinary share	
Bank of China – Morgan Stanley China Digital Economy Hybrid Securities Investment Fund	6,194,686	RMB-denominated ordinary share	6,194,686
Affiliates or concert parties among the top 10 holders of tradable shares, and among the top 10 holders of tradable shares and 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 *Administrative Measures for the Takeover of Listed Companies* among other shareholders listed above.		
Securities margin trading conducted by the top 10 ordinary shareholders (if any) (Note 4)	N/A		

IV. Changes in Shareholding of Directors and Senior Executives

□ Applicable ☑ N/A

There has been no change in the shareholding of our directors and senior executives during the reporting period, as detailed in the Annual Report 2025.

V. Changes in Controlling Shareholders and Actual Controllers

Describe the progress of change of control if the Company has previously disclosed a planned change of control by the actual controllers but not completed

□ Applicable ☑ N/A

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.

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.

VI. 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

Has the semi-annual report been audited?
□ Yes ☑ No
This semi-annual financial report has not been audited.

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.
June 30, 2026

In RMB

Item	Closing balance	Opening balance
Current assets:		
Cash and bank balances	8,792,751,795.06	7,650,283,509.10
Settlement deposit		
Loans to banks and other financial institutions		
Financial assets held for trading	796,622,579.21	201,553,860.61
Derivative financial assets		
Notes receivable	84,355.48	
Accounts receivable	10,598,328,021.04	9,792,745,060.06
Accounts receivable financing	263,570,165.06	285,277,607.54
Advances to suppliers	720,298,190.03	274,265,688.35
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	199,189,721.60	165,859,090.82
Incl.: Interest receivable		
Dividends receivable		
Financial assets held under resale agreements		
Inventories	11,417,997,322.49	8,928,944,182.01
Incl.: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year	96,551,847.52	
Other current assets	1,624,243,297.69	1,328,586,793.26
Total current assets	34,509,637,295.18	28,627,515,791.75

Non-current assets:		
Loans and advances to clients		
Debt investments		
Other debt investments		
Long-term receivables	200,461,581.81	356,797,043.79
Long-term equity investment	121,094,948.36	126,566,432.55
Investments in other equity instruments	753,350,370.10	442,976,297.74
Other non-current financial assets		
Investment properties	140,008,997.75	142,555,461.11
Fixed assets	17,187,713,941.47	16,586,762,231.15
Construction in progress	4,514,260,841.57	2,345,985,416.22
Productive biological assets		
Oil and gas assets		
Right-of-use assets	2,104,086,075.30	2,209,353,814.61
Intangible assets	1,337,819,327.31	1,321,067,216.43
Incl.: Data resources		
Development expenses	45,633,398.23	41,694,639.16
Incl.: Data resources		
Goodwill	4,682,691,033.43	4,769,259,362.01
Long-term deferred expenses	1,024,532,488.90	990,698,521.69
Deferred tax assets	815,482,511.41	829,762,594.06
Other non-current assets	1,730,638,190.52	1,459,542,272.71
Total non-current assets	34,657,773,706.16	31,623,021,303.23
Total assets	69,167,411,001.34	60,250,537,094.98
Current liabilities:		
Short-term borrowings	9,630,387,148.70	8,011,474,049.03
Borrowings from the Central Bank		
Borrowings from banks and other financial institutions		
Financial liabilities held for trading	181,580,627.27	46,545,937.17
Derivative financial liabilities		
Notes payable	616,705,866.60	1,002,812,950.68
Accounts payable	15,735,505,650.92	13,043,136,687.34
Advances from clients		
Contract liabilities	459,685,401.30	474,660,658.17
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	884,144,727.12	995,231,432.74
Taxes payable	644,261,153.86	641,337,262.33
Other payables	154,547,241.39	705,336,813.22
Incl.: Interest payable		

Dividends payable		
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	2,975,457,863.36	3,488,303,627.95
Other current liabilities	65,198,657.61	43,838,129.08
Total current liabilities	31,347,474,338.13	28,452,677,547.71
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings	9,440,527,185.37	6,375,079,464.54
Bonds payable		
Incl.: Preferred shares		
Perpetual bonds		
Lease liabilities	1,916,654,495.75	1,790,064,820.73
Long-term payables		
Long-term employee benefits payable	133,338,235.43	142,470,448.33
Provisions	221,976,523.02	263,756,502.85
Deferred income	870,657,651.65	889,843,133.49
Deferred tax liabilities	687,709,601.19	634,806,937.54
Other non-current liabilities		
Total non-current liabilities	13,270,863,692.41	10,096,021,307.48
Total liabilities	44,618,338,030.54	38,548,698,855.19
Owners' equity:		
Share capital	1,831,607,532.00	1,831,607,532.00
Other equity instruments		
Incl.: Preferred shares		
Perpetual bonds		
Capital reserve	9,364,904,944.65	9,257,892,537.77
Less: Treasury shares	125,085,277.62	175,076,133.79
Other comprehensive income	-351,692,077.71	-240,832,682.74
Special reserve		
Surplus reserve	249,150,887.74	249,150,887.74
General risk reserve		
Retained profits	13,397,898,226.42	10,538,405,831.61
Total owners' equity attributable to the parent company	24,366,784,235.48	21,461,147,972.59
Minority interests	182,288,735.32	240,690,267.20
Total owners' equity	24,549,072,970.80	21,701,838,239.79
Total liabilities and owners' equity	69,167,411,001.34	60,250,537,094.98

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	1,797,027,600.68	1,160,294,626.93
Financial assets held for trading	482,600.00	219,600.00
Derivative financial assets		
Notes receivable	84,355.48	
Accounts receivable	2,830,979,403.55	2,968,231,046.34
Accounts receivable financing	133,700,423.68	97,221,485.41
Advances to suppliers	29,646,722.08	31,232,780.09
Other receivables	7,045,107,579.69	6,264,171,897.96
Incl.: Interest receivable		
Dividends receivable	1,399,081,471.06	1,430,532,996.21
Inventories	663,935,500.53	674,472,213.11
Incl.: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year	30,697,260.09	
Other current assets	68,164,879.44	63,612,410.64
Total current assets	12,599,826,325.22	11,259,456,060.48
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables	8,772,612.88	76,509,581.77
Long-term equity investment	10,325,701,433.27	10,272,197,298.16
Investments in other equity instruments	299,091,154.78	233,620,897.88
Other non-current financial assets	1,422,215,467.07	725,589,519.73
Investment properties		
Fixed assets	756,711,567.17	746,080,950.55
Construction in progress	84,081,493.54	116,200,639.43
Productive biological assets		
Oil and gas assets		
Right-of-use assets	4,036,637.47	652,300.04
Intangible assets	27,350,524.17	29,117,476.28
Incl.: Data resources		
Development expenses		
Incl.: Data resources		
Goodwill		
Long-term deferred expenses	65,433,565.46	62,191,879.79
Deferred tax assets	284,745.88	90,067,212.74
Other non-current assets	53,100,176.54	470,817,876.53
Total non-current assets	13,046,779,378.23	12,823,045,632.90
Total assets	25,646,605,703.45	24,082,501,693.38
Current liabilities:		
Short-term borrowings	1,970,561,804.40	1,891,299,933.33

Financial liabilities held for trading	138,600.00	
Derivative financial liabilities		
Notes payable	224,613,823.66	794,515,542.20
Accounts payable	2,031,403,348.28	1,713,486,270.10
Advances from clients		
Contract liabilities	29,778,023.74	24,694,026.25
Employee benefits payable	21,123,524.59	21,209,233.64
Taxes payable	2,468,409.52	2,981,563.32
Other payables	5,120,898,953.12	5,522,584,357.60
Incl.: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	1,398,138,479.76	1,491,016,892.43
Other current liabilities	4,647,129.88	4,002,965.31
Total current liabilities	10,803,772,096.95	11,465,790,784.18
Non-current liabilities:		
Long-term borrowings	3,062,596,213.05	1,356,851,593.72
Bonds payable		
Incl.: Preferred shares		
Perpetual bonds		
Lease liabilities	2,271,314.25	
Long-term payables		
Long-term employee benefits payable		
Provisions	1,284,160.56	1,284,160.56
Deferred income	19,192,706.08	16,537,828.64
Deferred tax liabilities		
Other non-current liabilities		
Total non-current liabilities	3,085,344,393.94	1,374,673,582.92
Total liabilities	13,889,116,490.89	12,840,464,367.10
Owners' equity:		
Share capital	1,831,607,532.00	1,831,607,532.00
Other equity instruments		
Incl.: Preferred shares		
Perpetual bonds		
Capital reserve	9,255,763,392.77	9,156,573,425.73
Less: Treasury shares	125,085,277.62	175,076,133.79
Other comprehensive income	68,240,906.24	12,485,447.88
Special reserve		
Surplus reserve	249,150,887.74	249,150,887.74
Retained profits	477,811,771.43	167,296,166.72
Total owners' equity	11,757,489,212.56	11,242,037,326.28
Total liabilities and owners' equity	25,646,605,703.45	24,082,501,693.38

3. Consolidated income statement

In RMB

Item	First half of 2026	First half of 2025
I. Total operating revenue	27,797,683,972.88	16,955,163,898.89
Incl.: Operating revenue	27,797,683,972.88	16,955,163,898.89
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	24,770,727,041.86	16,030,744,161.86
Incl.: Operating cost	22,196,075,162.56	14,650,499,235.90
Interest expenses		
Fee and commission expenses		
Surrenders		
Net payments for insurance claims		
Net insurance reserves		
Policyholder dividends		
Reinsurance expenses		
Taxes and surcharges	78,955,921.37	63,725,956.00
Selling expenses	268,145,700.67	157,942,605.07
Administrative expenses	897,460,520.37	547,561,939.49
R&D expenses	784,301,317.52	581,467,466.93
Financial expenses	545,788,419.37	29,546,958.47
Incl.: Interest expenses	296,149,334.39	198,585,725.04
Interest income	86,441,618.15	113,967,483.54
Add: Other income	171,583,827.69	141,318,212.63
Investment income (loss expressed with “-”)	33,671,781.46	-6,702,003.08
Incl.: Investment income from associates and joint ventures	-3,664,609.04	-4,073,896.56
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 “-”)	490,690,971.91	2,536,226.77
Credit impairment loss (loss expressed with “-”)	-13,777,349.90	3,764,627.53
Impairment loss on assets (loss expressed with “-”)	-198,128,450.05	-89,174,069.11
Gain on disposal of assets (loss expressed with “-”)	-7,633,381.80	-14,963,024.24
III. Operating profit (loss expressed with “-”)	3,503,364,330.33	961,199,707.53
Add: Non-operating revenue	2,634,397.34	5,619,440.36
Less: Non-operating expenses	17,525,675.98	6,326,490.28
IV. Profit before tax (loss expressed with “-”)	3,488,473,051.69	960,492,657.61
Less: Income tax expenses	503,842,570.02	201,934,636.13
V. Net profit (loss expressed with “-”)	2,984,630,481.67	758,558,021.48
(I) Classified by continuity of operation		
1. Net profit from continuing operations (loss expressed with “-”)	2,984,630,481.67	758,558,021.48

2. Net profit from discontinued operations (loss expressed with "-")		
(II) Classified by attribution		
1. Net profit attributable to owners of the parent company (loss expressed with "-")	2,956,898,811.04	758,005,980.61
2. Profit attributable to minority interests (loss expressed with "-")	27,731,670.63	552,040.87
VI. Other comprehensive income, net after tax	-110,859,394.97	112,697,346.88
Other comprehensive income attributable to owners of the parent company, net after tax	-110,859,394.97	112,697,346.88
(I) Other comprehensive income that cannot be reclassified to profit or loss	230,132,936.38	
1. Changes arising from remeasurement of defined benefit plans	-1,935,528.34	
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	232,068,464.72	
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	-340,992,331.35	112,697,346.88
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	-145,268,153.81	20,553,395.38
6. Differences in translation of foreign currency financial statements	-195,724,177.54	92,143,951.50
7. Others		
Other comprehensive income attributable to minority interests, net after tax		
VII. Total comprehensive income	2,873,771,086.70	871,255,368.36
Total comprehensive income attributable to owners of the parent company	2,846,039,416.07	870,703,327.49
Total comprehensive income attributable to minority interests	27,731,670.63	552,040.87
VIII. Earnings per share:		
(I) Basic earnings per share	1.62	0.45
(II) Diluted earnings per share	1.62	0.45

Legal Representative: YUAN Yonggang CFO: WANG Xu Accounting Supervisor: ZHU Deguang

4. Standalone income statement

In RMB

Item	First half of 2026	First half of 2025
I. Operating revenue	2,414,068,467.47	2,035,279,637.55
Less: Operating cost	2,207,124,036.79	1,923,255,924.16
Taxes and surcharges	4,906,867.73	7,304,339.14
Selling expenses	17,103,875.58	11,700,519.31
Administrative expenses	146,860,064.96	95,512,928.90
R&D expenses	106,098,469.66	95,862,762.28
Financial expenses	132,849,843.89	97,559,230.35
Incl.: Interest expenses	124,442,157.10	127,405,110.13
Interest income	30,602,265.37	27,296,685.73
Add: Other income	2,694,745.05	5,531,714.64
Investment income (loss expressed with "-")	-2,357,494.42	-3,285,156.20
Incl.: Investment income from associates and joint ventures	-2,997,694.42	-3,445,956.20

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 "-")	596,625,947.34	
Credit impairment loss (loss expressed with "-")	-2,898,756.73	-8,328,750.96
Impairment loss on assets (loss expressed with "-")	467,044.22	-1,685,402.36
Gain on disposal of assets (loss expressed with "-")	224,528.71	41,991.25
II. Operating profit (loss expressed with "-")	393,881,323.03	-203,641,670.22
Add: Non-operating revenue		435,385.53
Less: Non-operating expenses	3,422,450.00	4,403,421.43
III. Profit before tax (loss expressed with "-")	390,458,873.03	-207,609,706.12
Less: Income tax expenses	79,943,268.32	-43,609,661.73
IV. Net profit (loss expressed with "-")	310,515,604.71	-164,000,044.39
(I) Net profit from continuing operations (loss expressed with "-")	310,515,604.71	-164,000,044.39
(II) Net profit from discontinued operations (loss expressed with "-")		
V. Other comprehensive income, net after tax	55,755,458.36	
(I) Other comprehensive income that cannot be reclassified to profit or loss	55,649,718.36	
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	55,649,718.36	
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	105,740.00	
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	105,740.00	
6. Differences in translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	366,271,063.07	-164,000,044.39
VII. Earnings per share:		
(I) Basic earnings per share	0.17	-0.10
(II) Diluted earnings per share	0.17	-0.10

5. Consolidated cash flow statement

In RMB

Item	First half of 2026	First half of 2025
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	27,318,459,552.92	17,905,726,279.90
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	883,368,416.74	669,998,774.36
Other cash receipts related to operating activities	616,807,778.90	648,888,660.75
Cash provided by operating activities	28,818,635,748.56	19,224,613,715.01
Payments for purchase of goods and receipt of services	20,581,660,977.77	13,120,444,976.67
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	3,895,884,417.98	2,542,398,872.87
Taxes paid	625,095,887.15	360,545,772.47
Other cash payments related to operating activities	1,332,107,189.56	701,106,071.72
Cash used in operating activities	26,434,748,472.46	16,724,495,693.73
Net cash flows from operating activities	2,383,887,276.10	2,500,118,021.28
II. Cash flows from investing activities:		
Proceeds from disposal of investments	413,710,855.22	38,814,660.00
Proceeds from return on investments	27,621,900.29	4,378,625.51
Net proceeds from the disposal of fixed assets, intangible assets and other long-term assets	19,124,239.12	77,684,733.24
Net proceeds from the disposal of subsidiaries and other business entities		
Other cash receipts related to investing activities	2,361,600,623.62	793,654,284.84
Cash provided by investing activities	2,822,057,618.25	914,532,303.59
Payments for the acquisition of fixed assets, intangible assets and other long-term assets	5,253,357,960.45	2,148,254,435.73
Payments for investments	533,616,983.13	168,236,626.52
Net increase in mortgage loans		
Net payments for the acquisition of subsidiaries and other business entities	536,818,618.87	
Other cash payments related to investing activities	1,980,792,794.18	584,356,090.09
Cash used in investing activities	8,304,586,356.63	2,900,847,152.34
Net cash flows from investing activities	-5,482,528,738.38	-1,986,314,848.75
III. Cash flows from financing activities:		
Proceeds from investors	119,661,514.25	1,391,512,544.73
Incl.: Proceeds of subsidiaries from minority shareholders' investments		
Cash receipts from borrowings	10,932,032,706.62	4,365,837,875.26
Other cash receipts related to financing activities	3,587,827,793.27	730,151,717.04
Cash provided by financing activities	14,639,522,014.14	6,487,502,137.03
Repayment of borrowings	6,402,581,138.02	4,240,821,985.76
Payment of distribution of dividends and profits or for interest	246,477,649.48	269,883,548.61
Incl.: Dividends and profits distributed by subsidiaries to minority shareholders		
Other cash payments related to financing activities	3,850,795,945.91	453,405,753.18
Cash used in financing activities	10,499,854,733.41	4,964,111,287.55
Net cash flows from financing activities	4,139,667,280.73	1,523,390,849.48
IV. Effect of exchange rate changes on cash and cash equivalents	-198,222,834.12	35,783,302.37
V. Net increase in cash and cash equivalents	842,802,984.33	2,072,977,324.38
Add: Opening balance of cash and cash equivalents	6,104,722,626.15	5,343,600,382.37
VI. Closing balance of cash and cash equivalents	6,947,525,610.48	7,416,577,706.75

6. Standalone cash flow statement

In RMB

Item	First half of 2026	First half of 2025
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	2,199,184,571.79	1,848,570,248.41
Tax refunds received	32,807,394.51	55,983,401.38
Other cash receipts related to operating activities	1,939,828,648.02	706,540,414.22
Cash provided by operating activities	4,171,820,614.32	2,611,094,064.01
Payments for purchase of goods and receipt of services	1,751,065,173.99	1,625,050,615.30
Payments to and for employees	154,337,883.04	152,271,297.86
Taxes paid	83,049.68	7,912,874.45
Other cash payments related to operating activities	1,947,235,221.24	755,309,050.54
Cash used in operating activities	3,852,721,327.95	2,540,543,838.15
Net cash flows from operating activities	319,099,286.37	70,550,225.86
II. Cash flows from investing activities:		
Proceeds from disposal of investments	1,674,130.44	
Proceeds from return on investments	772,944.71	203,172,800.00
Net proceeds from the disposal of fixed assets, intangible assets and other long-term assets	5,933,863.00	133,574.11
Net proceeds from the disposal of subsidiaries and other business entities		
Other cash receipts related to investing activities	1,565,215,656.77	679,130,328.77
Cash provided by investing activities	1,573,596,594.92	882,436,702.88
Payments for the acquisition of fixed assets, intangible assets and other long-term assets	70,436,333.79	30,663,769.49
Payments for investments	129,990,000.00	
Net payments for the acquisition of subsidiaries and other business entities		
Other cash payments related to investing activities	1,825,602,180.16	888,354,407.83
Cash used in investing activities	2,026,028,513.95	919,018,177.32
Net cash flows from investing activities	-452,431,919.03	-36,581,474.44
III. Cash flows from financing activities:		
Proceeds from investors	119,661,514.25	1,391,512,544.73
Cash receipts from borrowings	3,577,513,513.05	1,360,000,000.00
Other cash receipts related to financing activities	250,000,000.00	1,353,041,000.00
Cash provided by financing activities	3,947,175,027.30	4,104,553,544.73
Repayment of borrowings	1,888,510,000.00	2,233,501,340.00
Payment of distribution of dividends and profits or for interest	65,936,018.37	187,206,039.04
Other cash payments related to financing activities	1,119,643,547.07	661,026,890.77
Cash used in financing activities	3,074,089,565.44	3,081,734,269.81
Net cash flows from financing activities	873,085,461.86	1,022,819,274.92
IV. Effect of exchange rate changes on cash and cash equivalents	-4,863,112.02	5,841,710.55
V. Net increase in cash and cash equivalents	734,889,717.18	1,062,629,736.89
Add: Opening balance of cash and cash equivalents	717,793,422.39	538,870,203.05
VI. Closing balance of cash and cash equivalents	1,452,683,139.57	1,601,499,939.94

7. Consolidated statement of changes in owners' equity

Amount of the current period

In RMB

Item	First half of 2026														
	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	1,831,607,532.00				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
Add: Changes in accounting policies															
Correction of previous period errors															
Others															
II. Balance at the beginning of the current year	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
III. Increase/(decrease) in the current period (decrease expressed with "-")					107,012,406.88	-49,990,856.17	-110,859,394.97				2,859,492,394.81		2,905,636,262.89	-58,401,531.88	2,847,234,731.01
(I) Total comprehensive income							-110,859,394.97				2,956,898,811.04		2,846,039,416.07	27,731,670.63	2,873,771,086.70
(II) Investment/(divestment) by shareholders					107,012,406.88	-49,990,856.17					-97,406,416.23		59,596,846.82	-86,133,202.51	-26,536,355.69
1. Contributions from holders of ordinary shares					69,670,658.08	-49,990,856.17							119,661,514.25		119,661,514.25
2. Contributions from															

holders of other equity instruments															
3. Share-based payments recorded in owners' equity					37,341,748.80								37,341,748.80		37,341,748.80
4. Others											-97,406,416.23		-97,406,416.23	-86,133,202.51	-183,539,618.74
(III) Distribution of profits															
1. Surplus reserve															
2. General risk reserve															
3. Distributions to owners (shareholders)															
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				9,364,904,944.65	125,085,277.62	-351,692,077.71		249,150,887.74		13,397,898,226.42		24,366,784,235.48	182,288,735.32	24,549,072,970.80

The same period of the previous year

In RMB

Item	First half of 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 expressed with "-")	125,693,822.00				1,265,818,722.73	100,084,437.00	112,697,346.88				639,210,799.98		2,043,336,254.59	552,040.87	2,043,888,295.46
(I) Total comprehensive income							112,697,346.88				758,005,980.61		870,703,327.49	552,040.87	871,255,368.36

(II) Investment/(divestment) by shareholders	125,693,822.00				1,265,818,722.73	100,084,437.00							1,291,428,107.73		1,291,428,107.73
1. Contributions from holders of ordinary shares	125,693,822.00				1,265,818,722.73								1,391,512,544.73		1,391,512,544.73
2. Contributions from holders of other equity instruments															
3. Share-based payments recorded in owners' equity															
4. Others						100,084,437.00							-100,084,437.00		-100,084,437.00
(III) Distribution of profits											-118,795,180.63		-118,795,180.63		-118,795,180.63
1. Surplus reserve															0.00
2. General risk reserve															0.00
3. Distributions to owners (shareholders)											-118,795,180.63		-118,795,180.63		-118,795,180.63
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				9,258,103,158.56	175,076,133.79	-204,407,027.20		232,241,216.54		9,927,254,777.86		20,869,723,523.97	60,268,004.72	20,929,991,528.69

8. Standalone statement of changes in owners' equity

Amount of the current period

In RMB

Item	First half of 2026											
	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	1,831,607,532.00				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
Add: Changes in accounting policies												
Correction of previous period												

errors												
Others												
II. Balance at the beginning of the current year	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
III. Increase/(decrease) in the current period (decrease expressed with “-”)					99,189,967.04	-49,990,856.17	55,755,458.36			310,515,604.71		515,451,886.28
(I) Total comprehensive income							55,755,458.36			310,515,604.71		366,271,063.07
(II) Investment/(divestment) by shareholders					99,189,967.04	-49,990,856.17						149,180,823.21
1. Contributions from holders of ordinary shares					69,670,658.08	-49,990,856.17						119,661,514.25
2. Contributions from holders of other equity instruments												
3. Share-based payments recorded in owners’ equity					29,519,308.96							29,519,308.96
4. Others												
(III) Distribution of profits												
1. Surplus reserve												
2. Distributions to owners (shareholders)												
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				9,255,763,392.77	125,085,277.62	68,240,906.24		249,150,887.74	477,811,771.43		11,757,489,212.56

The same period of the previous year

In RMB

Item	First half of 2025											
	Share	Other equity instruments			Capital	Less: Treasury	Other	Special	Surplus	Retained	Others	Total owners'

	capital	Preferred shares	Perpetual bonds	Others	reserve	shares	comprehensive income	reserve	reserve	profits		equity
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) in the current period (decrease expressed with “-”)	125,693,822.00				1,265,818,722.73	100,084,437.00				-282,795,225.02		1,008,632,882.71
(I) Total comprehensive income										-164,000,044.39		-164,000,044.39
(II) Investment/(divestment) by shareholders	125,693,822.00				1,265,818,722.73	100,084,437.00						1,291,428,107.73
1. Contributions from holders of ordinary shares	125,693,822.00				1,265,818,722.73							1,391,512,544.73
2. Contributions from holders of other equity instruments												
3. Share-based payments recorded in owners’ equity												

4. Others						100,084,437.00						-100,084,437.00
(III) Distribution of profits										-118,795,180.63		-118,795,180.63
1. Surplus reserve												
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	0.00		232,241,216.54	-148,890,918.46		10,896,455,122.02

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 transceivers (including optical chips), photoelectric display modules, precision components, etc.

These financial statements are published with the approval of the 4th meeting of the 7th Board of Directors of the Company on August 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:

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
Disclosure item involving judgment in materiality criteria	Determination and basis for selection of 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 10% 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 10% of the group's total assets/total revenue/total profit
Significant joint ventures or associates	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 losses.

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

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

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

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

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

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

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

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

6. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are 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.

12. Notes receivable

13. Accounts receivable

Standard for identifying and making provision of expected credit losses for accounts receivable and contract assets

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

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

Group type	Basis for grouping	Method for measuring expected credit losses
Other receivables – Optical communication business group	Business segment	conditions, calculate the expected credit losses according to the default risk exposure and rate of 12-month or lifetime expected credit loss.
Long-term receivables – conventional vehicle business group	Business segment	By reference to historical credit loss experience, and taking into account the current situations and prediction of future economic conditions, calculate the expected credit losses according to the default risk exposure and rate of 12-month or lifetime expected credit loss.

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

Age	Accounts receivable Expected credit loss rate(%)	Other receivables Expected credit loss rate(%)
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 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 losses is recognized individually.

14. Accounts receivable financing

15. Other receivables

Methods for recognition and accounting of expected credit losses of 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.

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

17. Inventories

1. Classification of inventories

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

2. Valuation of inventories dispatched

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

3. Inventory system

The perpetual inventory system is adopted.

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 receivables

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	15-30	0-5	3.33-6.67%
Machinery and equipment	Straight line method	5-20	0-5	5.00-20.00%
Transportation equipment	Straight line method	5-10	0-5	10.00-20.00%
Office equipment and others	Straight line method	3-12	0-5	8.33-33.33%

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.

27. Biological assets

28. Oil and gas assets

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 2-5 years according to the expected beneficial period	Straight line method
Unpatented technology	Determine the service life to be 3-5 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 products; 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.

4. Expenditures on an internal R&D project at the research phase are recognized in profit or loss in the period in which they are incurred. Expenditures on an internal R&D project at the development phase are recognized as an intangible asset if: (i) it is technically feasible to complete the intangible asset so that it will be available for use or sale; (ii) it is intended to complete the intangible asset so that it will be available for use or sale; (iii) the pattern in which the intangible asset will generate economic results can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself, or if it is to be used internally, the usefulness of the intangible asset; (iv) there are sufficient technical, financial and other resources available to complete the development activities and to use or sell the intangible asset; and (v) the expenditures attributable to the development of the intangible asset can be reliably measured.

30. Impairment of long-term assets

With respect to long-term equity investments, investment properties at cost, fixed assets, construction in progress, 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

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 defined 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 plan obligation by the fair value of the assets 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 the 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 economic 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 the contract commencement date, the Company allocates the transaction price to each performance obligation on a relative standalone selling price basis.

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

The Company is primarily engaged in the sale of electronic circuit products, optical transceivers (including optical chips), photoelectric display modules, precision components, and other products, the revenues from which constitute performance obligations to be satisfied at a point in time. Revenue from sale of products on the domestic market is recognized when the Company has delivered the products to the agreed place of delivery which has been accepted by the customer, has received or has a present right to payment for the products, and it is probable that the economic benefits associated with the transaction will flow to the Company. Revenue from sale of products on the overseas market is recognized when the products delivered by the Company pursuant to the contract have been cleared through customs, and the Company has received the relevant export declaration form and bill of lading, has received or has a present right to payment for the products, and it is probable that the economic benefits associated with the transaction will flow to the Company.

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: 1) the hedging relationship consists only of eligible hedging instruments and eligible hedged instruments; 2) 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 3) 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: 1) there is an economic relationship between the hedged item and the hedging instruments; 2) 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 3) 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. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

□ Applicable ☑ N/A

(2) Changes in significant accounting estimates

□ Applicable ☑ N/A

(3) Adjustment of the opening balance of related financial statement items due to the initial adoption of new accounting standards since 2026

□ Applicable ☑ N/A

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
Urban maintenance and construction tax	Amount of turnover tax actually paid	5% or 7% (China)
Enterprise income tax	Amount of taxable income	9%, 15%, 16.50%, 25%, 0, 21.75%-29.84%, 17%, 10%, 20%, 20.6%, 24%,

Category of tax	Tax base	Tax rate
		30%, 12%, 16%, 21.5%
Property tax	If levied on the basis of price, 1.2% * 70% of the original value of the property; if levied on the basis of rental, 12% of the lease income	1.2% or 12% (China)
Education surcharge	Amount of turnover tax actually paid	3% (China)
Local education surcharge	Amount of turnover tax actually paid	2% (China)

Different rates of enterprise income tax applicable to the taxpayers:

Taxpayer	Income tax rate
The Company, 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., Suzhou Yongchuang Communication Technology Co., Ltd., Suzhou Jebson Intelligent Technology Co., Ltd., Suzhou Dongyue New Energy Technology Co., Ltd., Yancheng Dongchuang Precision Manufacturing Co., Ltd., Suzhou Dongshan Display Inc., Source Photonics (Chengdu) Co., Ltd., Jiangsu Source Communication Technology Co., Ltd., and Dongguan Dongshan Precision Manufacturing Co., Ltd.	15.00%
HongKong Dongshan Precision Union Opoelectronic Co. Limited and other companies incorporated in Hong Kong	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 Pte. 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 Communication 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 Dongshan Display Inc., Suzhou RF Top Electronic Communication Co., Ltd., and Dongguan Dongshan Precision Manufacturing 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	785,509.81	620,829.32
Bank deposits	7,042,092,700.67	6,104,101,796.83
Other cash and bank balances	1,749,873,584.58	1,545,560,882.95
Total	8,792,751,795.06	7,650,283,509.10
Incl.: Total amounts deposited abroad	2,542,897,798.99	2,753,243,996.70

2. Financial assets held for trading

In RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	796,622,579.21	201,553,860.61
Incl.:		
Investments in equity instruments	592,933,513.78	124,912,226.68
Derivatives	48,689,065.43	65,126,316.01
Wealth management products	155,000,000.00	11,515,317.92
Incl.:		
Total	796,622,579.21	201,553,860.61

3. Derivative financial assets

4. Notes receivable

(1) Notes receivable by category

In RMB

Item	Closing balance	Opening balance
Commercial acceptance bills	84,355.48	
Total	84,355.48	

(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	84,779.38	100.00%	423.90	0.50%	84,355.48					
Incl.:										
Incl.: Commercial acceptance bills	84,779.38	100.00%	423.90	0.50%	84,355.48					
Total	84,779.38	100.00%	423.90	0.50%	84,355.48					

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

□ Applicable ☑ N/A

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

Allowance for doubtful accounts recognized in the current period:

In RMB

Type	Opening balance	Changes in the current period				Closing balance
		Recognized	Recovered or reversed	Written off	Others	
Allowance recognized collectively		423.90				423.90
Total		423.90				423.90

5. Accounts receivable

(1) Accounts receivable by age

In RMB

Age	Closing book balance	Opening book balance
Within 1 year (inclusive)	10,626,070,374.61	9,821,142,620.45
Within 6 months	10,500,199,854.98	9,694,632,577.94
7-12 months	125,870,519.63	126,510,042.51
1-2 years	56,121,841.84	94,823,755.62
2-3 years	47,310,462.84	26,996,591.42
Over 3 years	119,968,455.79	257,853,544.65
3-4 years	38,902,974.56	36,572,094.64
4-5 years	14,012,504.49	32,577,185.82
Over 5 years	67,052,976.74	188,704,264.19
Total	10,849,471,135.08	10,200,816,512.14

(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	160,523,258.79	1.48%	159,550,850.33	99.39%	972,408.46	176,594,186.18	1.73%	163,612,411.89	92.65%	12,981,774.29
Allowance recognized collectively	10,688,947,876.29	98.52%	91,592,263.71	0.86%	10,597,355,612.58	10,024,222,325.96	98.27%	244,459,040.19	2.44%	9,779,763,285.77
Total	10,849,471,135.08	100.00%	251,143,114.04	2.31%	10,598,328,021.04	10,200,816,512.14	100.00%	408,071,452.08	4.00%	9,792,745,060.06

Accounts receivable with allowance for doubtful accounts recognized collectively by category name: aging group, conventional vehicle business group, and optical communication business group

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	Ratio of provision
Aging group	6,220,637,966.07	64,467,821.61	1.04%
Conventional vehicle business group	1,484,317,315.51	11,762,261.05	0.79%
Optical communication business group	2,983,992,594.71	15,362,181.05	0.51%
Total	10,688,947,876.29	91,592,263.71	

Accounts receivable with allowance for doubtful accounts recognized collectively by category name: Aging group

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	Ratio of provision
Within 6 months	6,104,992,318.67	30,524,961.68	0.50%
7-12 months	69,151,575.95	3,457,578.80	5.00%
1-2 years	19,597,336.12	3,919,467.22	20.00%
2-3 years	827,303.54	496,382.12	60.00%
Over 3 years	26,069,431.79	26,069,431.79	100.00%
Total	6,220,637,966.07	64,467,821.61	

(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	163,612,411.89	-6,918.07	235,836.62		-3,818,806.87	159,550,850.33
Allowance recognized collectively	244,459,040.19	-2,968,317.72		148,237,747.51	-1,660,711.25	91,592,263.71
Total	408,071,452.08	-2,975,235.79	235,836.62	148,237,747.51	-5,479,518.12	251,143,114.04

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

In RMB

Item	Amount written off
Accounts receivable actually written off	148,237,747.51

(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
Top 1	1,204,599,301.16		1,204,599,301.16	11.10%	3,928,102.78
Top 2	640,703,438.78		640,703,438.78	5.91%	15,256,239.49
Top 3	606,669,029.86		606,669,029.86	5.59%	3,197,456.86
Top 4	518,494,572.86		518,494,572.86	4.78%	2,584,412.72
Top 5	510,893,684.90		510,893,684.90	4.71%	2,709,112.78
Total	3,481,360,027.56		3,481,360,027.56	32.09%	27,675,324.63

7. Accounts receivable financing

(1) Accounts receivable financing by category

In RMB

Item	Closing balance	Opening balance
Banker’s acceptance bills	263,570,165.06	285,277,607.54
Total	263,570,165.06	285,277,607.54

(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	263,570,165.06	100.00%			263,570,165.06	285,277,607.54	100.00%			285,277,607.54
Incl.:										
Banker's acceptance bills	263,570,165.06	100.00%			263,570,165.06	285,277,607.54	100.00%			285,277,607.54
Total	263,570,165.06	100.00%			263,570,165.06	285,277,607.54	100.00%			285,277,607.54

(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	9,050,787.13
Total	9,050,787.13

(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	1,099,579,224.79	
Total	1,099,579,224.79	

(8) Other information

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

8. Other receivables

In RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	199,189,721.60	165,859,090.82
Total	199,189,721.60	165,859,090.82

1) Other receivables by nature

In RMB

Nature of accounts	Closing book balance	Opening book balance
Loan and reserve fund	38,285,176.67	25,105,050.07
Security deposit	110,104,544.57	123,410,363.54

Temporary payment receivable and others	157,306,086.95	114,240,978.49
Total	305,695,808.19	262,756,392.10

2) Other receivables by age

In RMB

Age	Closing book balance	Opening book balance
Within 1 year (inclusive)	172,171,673.08	116,532,010.22
1-2 years	26,033,320.86	28,817,442.05
2-3 years	29,745,048.67	41,699,919.12
Over 3 years	77,745,765.58	75,707,020.71
3-4 years	34,414,209.22	36,405,825.94
4-5 years	6,504,436.24	2,176,276.43
Over 5 years	36,827,120.12	37,124,918.34
Total	305,695,808.19	262,756,392.10

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	12,416,352.49	4.06%	12,416,352.49	100.00%		2,340,704.91	0.89%	2,340,704.91	100.00%	
Incl.:										
Allowance recognized collectively	293,279,455.70	95.94%	94,089,734.10	32.08%	199,189,721.60	260,415,687.19	99.11%	94,556,596.37	36.31%	165,859,090.82
Incl.:										
Total	305,695,808.19	100.00%	106,506,086.59	34.84%	199,189,721.60	262,756,392.10	100.00%	96,897,301.28	36.88%	165,859,090.82

Other receivables with allowance for doubtful accounts recognized collectively by category name:

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	Ratio of provision
Conventional vehicle business group	118,061,482.35	77,501,478.77	65.65%
Optical communication business group	88,841,073.85	605,403.89	0.68%
Aging group	86,376,899.50	15,982,851.44	18.50%
Incl.: Within 1 year	64,850,206.94	3,242,510.32	5.00%
1-2 years	7,400,760.07	740,076.01	10.00%

2-3 years	4,251,334.77	2,125,667.39	50.00%
Over 3 years	9,874,597.72	9,874,597.72	100.00%
Total	293,279,455.70	94,089,734.10	

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

In RMB

Allowance for doubtful accounts	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	
Balance as at January 1, 2026	3,510,740.42	2,196,759.22	91,189,801.64	96,897,301.28
In the current period, the balance as at January 1, 2026				
- Transferred to stage II	-950,851.57	950,851.57		
- Transferred to stage III		-2,824,538.21	2,824,538.21	
Recognized	1,838,612.65	1,701,416.56	10,992,715.97	14,532,745.18
Transferred			296,088.75	296,088.75
Other changes	-52,983.75	-122,786.00	-4,452,101.37	-4,627,871.12
Balance as at June 30, 2026	4,345,517.75	1,901,703.14	100,258,865.70	106,506,086.59

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

□ Applicable ☑ N/A

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	69,867,882.50	Within 1 year	22.86%	
Top 2	Loan and reserve fund	17,932,362.03	3-4 years	5.87%	17,932,362.03
Top 3	Security deposit	16,642,170.76	2-5 years	5.44%	14,469,916.46
Top 4	Security deposit	14,923,923.42	1-5 years	4.88%	10,567,789.19
Top 5	Temporary payment receivable and others	13,625,205.44	Within 1 year	4.46%	681,260.27
Total		132,991,544.15		43.51%	43,651,327.95

9. Advances to suppliers

(1) Advances to suppliers by age

In RMB

Age	Closing balance		Opening balance	
	Amount	%	Amount	%
Within 1 year	701,971,502.08	97.46%	254,266,212.51	92.72%

1-2 years	13,173,786.80	1.83%	10,599,327.43	3.86%
2-3 years	2,401,304.99	0.33%	4,918,838.84	1.79%
Over 3 years	2,751,596.16	0.38%	4,481,309.57	1.63%
Total	720,298,190.03		274,265,688.35	

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

In RMB

Company name	Book balance	% of the total balance of advances
Top 1	280,009,576.05	38.87
Top 2	90,000,000.00	12.49
Top 3	46,512,000.00	6.46
Top 4	34,076,000.00	4.73
Top 5	29,700,000.00	4.12
Subtotal	480,297,576.05	66.68

10. Inventories

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

(1) Categories of inventories

In RMB

Item	Closing balance			Opening balance		
	Book balance	Inventory provision or allowance for impairment of contract fulfilling costs	Carrying value	Book balance	Inventory provision or allowance for impairment of contract fulfilling costs	Carrying value
Raw materials	4,074,063,350.60	315,621,584.87	3,758,441,765.73	2,758,783,839.14	316,612,692.03	2,442,171,147.11
Work in progress	3,478,745,448.64	181,847,907.62	3,296,897,541.02	2,247,197,239.03	202,493,545.70	2,044,703,693.33
Goods on hand	4,860,642,991.61	727,697,080.42	4,132,945,911.19	4,985,685,219.60	716,850,179.36	4,268,835,040.24
Circulating materials	97,688,494.40	13,313,329.80	84,375,164.60	100,291,581.34	13,639,898.89	86,651,682.45
Materials for consigned processing	145,336,939.95		145,336,939.95	86,582,618.88		86,582,618.88
Total	12,656,477,225.20	1,238,479,902.71	11,417,997,322.49	10,178,540,497.99	1,249,596,315.98	8,928,944,182.01

(3) 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	316,612,692.03	41,333,117.08		37,399,411.62	4,924,812.62	315,621,584.87

Work in progress	202,493,545.70	3,329,295.25		20,855,576.40	3,119,356.93	181,847,907.62
Goods on hand	716,850,179.36	153,053,554.32		138,624,060.80	3,582,592.46	727,697,080.42
Circulating materials	13,639,898.89	412,483.40			739,052.49	13,313,329.80
Total	1,249,596,315.98	198,128,450.05		196,879,048.82	12,365,814.50	1,238,479,902.71

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

<table>
<tr><th>Item</th><th>Basis for determining the net realizable value</th><th>Reason for reversing the inventory provision</th><th>Reason for writing off the inventory provision</th></tr>
<tr><td>Raw materials</td><td rowspan="3">The net realizable value is the estimated selling price of finished goods less the estimated cost of completion, estimated selling expenses and related taxes</td><td rowspan="4">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</td><td rowspan="4">The Company has sold or used the inventories for which a provision for impairment of inventory has been made during the current period</td></tr>
<tr><td>Work in progress</td></tr>
<tr><td>Other circulating materials</td></tr>
<tr><td>Goods on hand</td><td>The net realizable value is the estimated selling price of finished goods less the estimated selling expenses and related taxes</td></tr>
</table>

12. Non-current assets due within one year

In RMB

Item	Closing balance	Opening balance
Long-term receivables due with one year	96,551,847.52	
Total	96,551,847.52	

13. Other current assets

In RMB

Item	Closing balance	Opening balance
Cost of returned goods receivable	16,203,894.73	25,696,670.02
Deductible input tax	948,795,401.29	784,368,551.60
Prepaid enterprise income tax	77,831,699.39	128,996,242.65
Deferred expenses and others	485,673,924.25	389,525,328.99
Inventories pending compensation	95,738,378.03	
Total	1,624,243,297.69	1,328,586,793.26

16. Investment in other equity instruments

In RMB

Item	Opening balance	Changes in the current period				Closing balance	Dividend income recognized in the	Aggregate gain and loss recognized in other
		Additional investment	Reduced investment	Gain and loss recognized in other	Others			

				comprehensive income in the current period			current period	comprehensive income at the end of the current period
Jiangsu Bohua Equity Investment Partnership (L.P.)	207,737,297.88			65,376,356.90		273,113,654.78		73,113,654.78
Hai Dixin Semiconductor (Nantong) Co., Ltd.	25,883,600.00			93,900.00		25,977,500.00		4,655,390.00
Kunshan Hostar Intelligence Technology Co., Ltd.	34,885,400.00			219,056,926.33		253,942,326.33		225,142,326.33
Dyness Digital Energy Technology Co., Ltd.	73,898,800.00			8,413,369.08		82,312,169.08		32,312,169.08
Shanghai Wuwen Xinqiong Intelligent Technology Co., Ltd.	50,000,000.00			16,515,933.07		66,515,933.07		16,515,933.07
Shinwu Optronics (Suzhou) Co., Ltd.	21,770,800.00			1,711,300.00		23,482,100.00		1,447,100.00
Other companies	28,800,399.86				-793,713.02	28,006,686.84		1,697,600.00
Total	442,976,297.74			311,167,785.38	-793,713.02	753,350,370.10		354,884,173.26

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

1) Jiangsu Bohua Equity Investment Partnership (L.P.) was established on September 27, 2021, with a registered capital of RMB3.3 billion, and is primarily engaged in equity investments 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. was established on April 6, 2012, with a registered capital of RMB36,152,329.00, in which the Company holds 10.2345% shares. In consideration that the Company has a close business relationship with Hai Dixin Semiconductor (Nantong) Co., Ltd., the shares held by the Company in it will help the Company

improve its business competencies and the investment is not held for trading, the Company designated this investment as a financial asset at fair value through other comprehensive income on January 1, 2019.

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) 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.

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

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	
Labor service by installment receivable	192,773,710.62	1,084,741.69	191,688,968.93	281,695,941.78	1,408,479.76	280,287,462.02	3-8%
Sale of long-term assets	9,784,612.88	1,012,000.00	8,772,612.88	49,035,581.77	2,526,000.00	46,509,581.77	3.38%

by installment receivable							
Total	202,558,323.50	2,096,741.69	200,461,581.81	360,731,523.55	3,934,479.76	356,797,043.79	

18. Long-term equity investments

In RMB

Investee	Opening balance (carrying value)	Opening balance of allowance for impairment loss	Changes in the current period								Closing balance (carrying value)	Closing balance of allowance for impairment loss
			Additional investment	Reduced investment	Investment income or loss under 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.	19,510,321.00	51,487,204.05			-432,671.46						19,077,649.54	51,487,204.05
Shenzhen Nanfang Blog Technology Development Co., Ltd.		17,507,056.47										17,507,056.47
Suzhou LEGATE Intelligent Equipment Corp., Ltd.	21,402,031.08				-998,948.96						20,403,082.12	
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	2,693,102.45				-152,739.16						2,540,363.29	
Jiangsu Nangao Intelligent Equipment Innovation Center Co., Ltd.	2,602,994.36				-377,744.00						2,225,250.36	
Jiaozuo Songyang Photoelectric Technology Co., Ltd.	22,181,612.25				-1,143,544.82						21,038,067.43	
Suzhou Yongxin Jingshang Venture Capital Partnership (L.P.)	41,197,773.88			1,674,130.44	107,953.98			132,744.71			39,498,852.71	
Isotek Microwave Limited		8,539,424.61										8,539,424.61

Shanghai Xinhuarui Semiconductor Technology Co., Ltd.	16,978,597.53				-666,914.62						16,311,682.91	
Subtotal	126,566,432.55	77,533,685.13		1,674,130.44	-3,664,609.04			132,744.71			121,094,948.36	77,533,685.13
Total	126,566,432.55	77,533,685.13		1,674,130.44	-3,664,609.04			132,744.71			121,094,948.36	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	148,423,000.00		153,732,132.17
2. Increase				
(1) Acquired				
(2) Transferred from inventories/ fixed assets/ construction in progress				
(3) Increased due to business combinations				
3. Decrease	5,309,132.17			5,309,132.17
(1) Disposed	5,309,132.17			5,309,132.17
(2) Other transfer-out				
4. Closing balance		148,423,000.00		148,423,000.00
II. Accumulated depreciation and amortization				
1. Opening balance	4,782,029.35	6,394,641.71		11,176,671.06
2. Increase	84,061.28	2,019,360.54		2,103,421.82
(1) Recognized or amortized	84,061.28	2,019,360.54		2,103,421.82
3. Decrease	4,866,090.63			4,866,090.63
(1) Disposed	4,866,090.63			4,866,090.63
(2) Other transfer-out				
4. Closing balance		8,414,002.25		8,414,002.25
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		140,008,997.75		140,008,997.75
2. Opening balance	527,102.82	142,028,358.29		142,555,461.11

21. Fixed assets

In RMB

Item	Closing balance	Opening balance
Fixed assets	17,187,713,941.47	16,586,762,231.15
Total	17,187,713,941.47	16,586,762,231.15

(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	7,361,327,947.15	24,139,026,612.69	84,325,559.96	1,024,270,880.02	32,608,950,999.82
2. Increase	177,080,161.73	1,798,175,993.29	6,212,271.12	109,747,508.94	2,091,215,935.08
(1) Acquired	9,708,840.67	58,196,003.12	1,111,570.13	28,587,240.17	97,603,654.09
(2) Transferred from construction in progress	263,000,620.67	1,809,964,132.69	5,234,843.07	88,295,106.50	2,166,494,702.93
(3) Increased due to business combinations					
(4) Translation of foreign currency financial statements	-95,629,299.61	-69,984,142.52	-134,142.08	-7,134,837.73	-172,882,421.94
3. Decrease	5,030,722.82	320,080,244.06	9,625,136.74	6,281,534.60	341,017,638.22
(1) Disposed or retired	5,030,722.82	320,080,244.06	9,625,136.74	6,281,534.60	341,017,638.22
4. Closing balance	7,533,377,386.06	25,617,122,361.92	80,912,694.34	1,127,736,854.36	34,359,149,296.68
II. Accumulated depreciation					
1. Opening balance	2,546,386,637.32	12,410,440,426.51	58,444,806.71	695,804,281.52	15,711,076,152.06
2. Increase	209,218,975.12	1,147,625,843.59	4,059,986.08	52,493,353.20	1,413,398,157.99
(1) Recognized	209,432,713.67	1,162,145,535.59	4,932,138.11	54,264,177.26	1,430,774,564.63
(2) Translation of foreign currency financial statements	-213,738.55	-14,519,692.00	-872,152.03	-1,770,824.06	-17,376,406.64
3. Decrease	3,505,561.87	245,162,525.33	9,128,523.50	6,029,885.96	263,826,496.66
(1) Disposed or retired	3,505,561.87	245,162,525.33	9,128,523.50	6,029,885.96	263,826,496.66
(2) Transfer of construction in progress					
4. Closing balance	2,752,100,050.57	13,312,903,744.77	53,376,269.29	742,267,748.76	16,860,647,813.39
III. Allowance for impairment loss					
1. Opening balance	4,395,043.80	305,850,837.23		866,735.58	311,112,616.61
2. Increase					
(1) Recognized					
3. Decrease		325,074.79			325,074.79
(1) Disposed or retired		325,074.79			325,074.79

Item	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment and others	Total
4. Closing balance	4,395,043.80	305,525,762.44		866,735.58	310,787,541.82
IV. Carrying value					
1. Closing balance	4,776,882,291.69	11,998,692,854.71	27,536,425.05	384,602,370.02	17,187,713,941.47
2. Opening 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) 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	44,116,758.48	Pending review
Subtotal	44,116,758.48	

22. Construction in progress

In RMB

Item	Closing balance	Opening balance
Construction in progress	4,514,260,841.57	2,345,985,416.22
Total	4,514,260,841.57	2,345,985,416.22

(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
Project of supporting construction for production expansion of PCBs and optical transceivers in Thailand	1,013,186,446.80		1,013,186,446.80			
Plant infrastructure project of Multilayer Board (Thailand) Co., Ltd.				767,805,258.88		767,805,258.88
Kunshan new energy manufacturing base project				269,865,330.68		269,865,330.68
High-end AI PCB construction project	1,493,077,239.65		1,493,077,239.65	228,037,607.94		228,037,607.94
Automatic production line of vehicle-mounted LCMs	217,686,538.92		217,686,538.92	212,383,174.42		212,383,174.42
MFLEX Suzhou Guoxiang Phase II and other production expansion projects	71,598,368.58		71,598,368.58	52,462,660.56		52,462,660.56

IC substrate project of Chaowei Microelectronics (Yancheng) Co., Ltd.	38,454,188.23		38,454,188.23	43,527,285.88		43,527,285.88
MFLEX Yancheng Phase II project	109,744,874.52		109,744,874.52	39,243,185.50		39,243,185.50
Construction project of optical transceiver manufacturing line	974,414,793.99		974,414,793.99	265,534,507.25		265,534,507.25
Installation equipment in progress and others	596,098,390.88		596,098,390.88	467,126,405.11		467,126,405.11
Total	4,514,260,841.57		4,514,260,841.57	2,345,985,416.22		2,345,985,416.22

(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	228,037,607.94	1,644,463,823.32	376,525,280.84	2,898,910.77	1,493,077,239.65	27.02%	27.02%				Own funds + loans from financial institutions
Kunshan new energy manufacturing base project	18.00	269,865,330.68	58,132,804.10	327,998,134.78			100.00%	100.00%	7,229,036.37			Loans from financial institutions
Infrastructure construction of the factory for Multi-layer Circuit Board Co., Ltd.	18.75	767,805,258.88	33,264,006.82	796,584,478.84	4,484,786.86		100.00%	100.00%	2,139,604.52			Loans from financial institutions
Construction project of optical transceiver manufacturing line	18.00	265,534,507.25	1,190,456,464.71	455,375,037.57	26,201,140.40	974,414,793.99	82.61%	82.61%				Own funds + loans from financial institutions
Project of supporting construction for production expansion of PCBs and optical transceivers in Thailand	13.12		1,159,375,240.83	70,199,195.38	75,989,598.65	1,013,186,446.80	88.37%	88.37%				Own funds + loans from financial institutions
Total	137.87	1,531,242,704.75	4,085,692,339.78	2,026,682,127.41	109,574,436.68	3,480,678,480.44			9,368,640.89			

24. Oil and gas assets

□ Applicable ☑ N/A

25. Right-of-use assets

(1) Particulars of right-of-use assets

In RMB

Item	Buildings and structures	Machinery and equipment	Land	Total
I. Original value				
1. Opening balance	2,467,654,171.34	147,367,063.77	93,453,051.96	2,708,474,287.07
2. Increase	29,794,460.73	-6,880,564.79	14,343.46	22,928,239.40
1) Lease in	34,036,293.98		25,450.96	34,061,744.94
2) Increased due to combination				
3) Translation of foreign currency financial statements	-4,241,833.25	-6,880,564.79	-11,107.50	-11,133,505.54
3. Decrease	5,099,012.78	4,523,977.26		9,622,990.04
1) Disposal	5,099,012.78	4,523,977.26		9,622,990.04
4. Closing balance	2,492,349,619.29	135,962,521.72	93,467,395.42	2,721,779,536.43
II. Accumulated depreciation				
1. Opening balance	475,491,820.99	9,667,019.01	13,961,632.46	499,120,472.46
2. Increase	106,954,893.04	8,285,910.96	8,431,197.45	123,672,001.45
(1) Recognized	112,671,571.03	11,744,816.34	8,431,197.45	132,847,584.82
2) Increased due to combination				
3) Translation of foreign currency financial statements	-5,716,677.99	-3,458,905.38		-9,175,583.37
3. Decrease	5,099,012.78			5,099,012.78
(1) Disposed	5,099,012.78			5,099,012.78
4. Closing balance	577,347,701.25	17,952,929.97	22,392,829.91	617,693,461.13
III. Allowance for impairment loss				
1. Opening balance				
2. Increase				
(1) Recognized				
3. Decrease				
(1) Disposed				
4. Closing balance				

IV. Carrying value				
1. Closing balance	1,915,001,918.04	118,009,591.75	71,074,565.51	2,104,086,075.30
2. Opening balance	1,992,162,350.35	137,700,044.76	79,491,419.50	2,209,353,814.61

26. Intangible assets

(1) Particulars of intangible assets

In RMB

Item	Land use right	Patent	Unpatented technology	Software	Trademarks and patents	Customer resources	Total
I. Original value							
1. Opening 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
2. Increase	82,591,256.08		-1,628,684.02	17,625,516.75	3,217,409.23		101,805,498.04
(1) Acquired	96,240,975.59			18,788,487.92	1,746,009.34		116,775,472.85
(2) Internal R&D					6,351,794.43		6,351,794.43
(3) Increased due to business combinations							
4) Translation of foreign currency financial statements	-13,649,719.51		-1,628,684.02	-1,162,971.17	-4,880,394.54		-21,321,769.24
3. Decrease				510,779.21			510,779.21
(1) Disposed				510,779.21			510,779.21
4. Closing balance	718,340,995.48		33,769,868.22	479,895,717.74	831,401,953.31	178,057,914.12	2,241,466,448.87
II. Accumulated amortization							
1. Opening 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
2. Increase	12,619,768.22		3,022,415.72	22,659,134.15	40,087,892.86	12,271,084.53	90,660,295.48
(1) Recognized	12,592,654.90		3,227,902.23	23,628,192.57	37,591,601.44	12,271,084.53	89,311,435.67
(2) Increased due to combination							
(3) Translation of foreign currency financial statements	27,113.32		-205,486.51	-969,058.42	2,496,291.42		1,348,859.81
3. Decrease				441,962.96			441,962.96
(1) Disposed				441,962.96			441,962.96
4. Closing balance	118,591,822.55		29,498,896.56	396,480,011.39	270,606,328.17	73,719,317.13	888,896,375.80
III. Allowance for impairment loss							
1. Opening balance					20,426,470.33		20,426,470.33
2. Increase					-5,675,724.57		-5,675,724.57
(1) Recognized							
(2) Increased due to combination							
(3) Translation of foreign currency financial statements					-5,675,724.57		-5,675,724.57
3. Decrease							

(1) Disposed							
4. Closing balance					14,750,745.76		14,750,745.76
IV. Carrying value							
1. Closing balance	599,749,172.93		4,270,971.66	83,415,706.35	546,044,879.38	104,338,596.99	1,337,819,327.31
2. Opening 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

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		
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	2,799,030,096.91		-86,568,328.58			2,712,461,768.33
Total	5,038,071,303.96		-86,568,328.58			4,951,502,975.38

(2) Allowance for impairment of goodwill

In RMB

Investee or event giving rise to goodwill	Opening balance	Increase		Decrease		Closing balance
		Recognized		Disposed		
Mutto Optronics Technology Co., Ltd.	153,957,647.78					153,957,647.78
Suzhou RF Top Electronic Communication Co., Ltd.	114,854,294.17					114,854,294.17
Total	268,811,941.95					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	Optical transceivers	Yes

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
	Source Photonics when it was acquired by the Company	(including optical chips)	

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	990,698,521.69	151,401,394.71	114,556,432.79	3,010,994.71	1,024,532,488.90
Total	990,698,521.69	151,401,394.71	114,556,432.79	3,010,994.71	1,024,532,488.90

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	1,148,894,397.73	191,135,414.52	1,203,661,558.00	205,547,687.65
Deductible losses	4,166,353,404.01	634,310,135.67	3,596,361,870.04	559,296,768.10
Difference in depreciation of fixed assets	111,932,557.23	19,787,186.14	105,783,341.60	20,675,023.55
Lease liabilities	2,062,956,022.57	325,179,991.71	2,500,101,261.08	394,720,970.92
Unrealized gains/losses from inter-company transactions	246,285,935.90	46,483,977.04	329,741,349.28	62,919,533.24
Change in the fair value of financial instruments	66,457,201.26	12,478,708.36	1,261,168.56	189,175.28
Deferred income	698,947,642.54	122,255,848.40	676,768,326.83	118,169,047.33
Accrued expenses	534,740,281.18	110,688,552.45	364,698,570.53	80,596,959.76
Total	9,036,567,442.42	1,462,319,814.29	8,778,377,445.92	1,442,115,165.83

(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	2,884,850,823.38	594,071,974.65	3,155,071,803.47	635,400,278.98
Accrued interest income and others	1,030,539,039.02	239,832,946.67	265,058,358.96	54,405,181.91

Right-of-use assets	2,049,203,415.72	332,855,415.19	2,304,688,646.71	375,918,561.89
Income tax payable due to increase in appraised value	821,926,333.86	167,786,567.56	842,218,446.34	181,435,486.53
Total	6,786,519,611.98	1,334,546,904.07	6,567,037,255.48	1,247,159,509.31

(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	646,837,302.88	815,482,511.41	612,352,571.77	829,762,594.06
Deferred tax liabilities	646,837,302.88	687,709,601.19	612,352,571.77	634,806,937.54

(4) Unrecognized deferred tax assets

In RMB

Item	Closing balance	Opening balance
Deductible temporary differences	1,393,544,108.02	1,451,854,757.71
Deductible losses	2,015,388,427.72	2,267,692,018.60
Total	3,408,932,535.74	3,719,546,776.31

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

In RMB

Year	Closing balance	Opening balance	Remark
2026	71,698,267.97	87,657,744.95	
2027	76,005,786.98	80,267,559.23	
2028	107,454,228.74	112,994,295.34	
2029	296,946,825.71	309,477,948.41	
2030	367,858,815.90	441,672,949.09	
2031	94,629,716.72	98,860,507.10	
2032	151,711,268.06	152,321,739.97	
2033	80,665,216.09	80,858,597.99	
2034	190,604,360.91	190,605,087.39	
2035	509,643,603.94	703,967,351.66	
2036	59,069,238.12	171,689.82	
2037	267,667.11	267,667.11	
2038	432,662.81	432,662.81	
2039	326,995.38	326,995.38	
2040	273,691.85	273,691.85	
2041	253,903.25	253,903.25	
2042	337,668.69	337,668.69	
2043	469,911.63		
Indefinite	6,738,597.86	6,943,958.56	
Total	2,015,388,427.72	2,267,692,018.60	

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	5,859,048.10		5,859,048.10	7,711,421.32		7,711,421.32
Performance guarantee for acquisition				434,405,903.95		434,405,903.95
Prepayment for projects and equipment	1,713,002,388.14		1,713,002,388.14	1,014,414,674.53		1,014,414,674.53
Amounts for share repurchase	8,898,712.10		8,898,712.10			
Others	2,878,042.18		2,878,042.18	3,010,272.91		3,010,272.91
Total	1,730,638,190.52		1,730,638,190.52	1,459,542,272.71		1,459,542,272.71

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	1,845,226,184.58	1,845,226,184.58	Pledge	Security deposit for notes, etc.	1,545,560,882.95	1,545,560,882.95	Pledge	Security deposit for notes, etc.
Accounts receivable	859,452,468.45	855,155,206.20	Pledge	Factoring	981,561,847.06	981,561,847.06	Pledge	Factoring
Accounts receivable financing	9,050,787.13	9,050,787.13	Pledge	Pledge of notes	73,295,416.52	73,295,416.52	Pledge	Pledge of notes
Fixed assets					159,907,169.80	151,552,245.09	Mortgage	Loan mortgage
Right-of-use assets	2,721,779,536.43	2,104,086,075.30	Mortgage	Finance lease	2,708,474,287.07	2,209,353,814.61	Mortgage	Finance lease
Total	5,435,508,976.59	4,813,518,253.21			5,468,799,603.40	4,961,324,206.23		

32. Short-term borrowings

(1) Short-term borrowings by category

In RMB

Item	Closing balance	Opening balance
Pledge loans	96,812,958.50	
Credit loans	7,983,179,536.87	6,689,912,201.97

Discounting and factoring financing of notes, letters of credit and accounts receivable	1,550,394,653.33	1,321,561,847.06
Total	9,630,387,148.70	8,011,474,049.03

33. Financial liabilities held for trading

In RMB

Item	Closing balance	Opening balance
Financial liabilities held for trading	181,580,627.27	46,545,937.17
Incl.:		
Derivative financial liabilities	181,580,627.27	46,545,937.17
Incl.:		
Total	181,580,627.27	46,545,937.17

35. Notes payable

In RMB

Category	Closing balance	Opening balance
Commercial acceptance bills		30,000,000.00
Banker’s acceptance bills	616,705,866.60	972,812,950.68
Total	616,705,866.60	1,002,812,950.68

36. Accounts payable

(1) Breakdown of accounts payable

In RMB

Item	Closing balance	Opening balance
Payment for materials	11,695,336,074.42	10,007,113,113.42
Payment for projects and equipment	3,130,744,124.46	2,493,239,585.68
Others	909,425,452.04	542,783,988.24
Total	15,735,505,650.92	13,043,136,687.34

37. Other payables

In RMB

Item	Closing balance	Opening balance
Other payables	154,547,241.39	705,336,813.22
Total	154,547,241.39	705,336,813.22

(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	75,805,048.38	77,244,154.65
Others	78,742,193.01	92,169,288.63
Total	154,547,241.39	705,336,813.22

39. Contract liabilities

In RMB

Item	Closing balance	Opening balance
Trade receivable	459,685,401.30	474,660,658.17
Total	459,685,401.30	474,660,658.17

40. Employee benefits payable

(1) Employee benefits payable

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term benefits	907,081,503.02	3,473,570,502.50	3,576,987,212.21	803,664,793.31
II. Post-employment benefits – defined contribution plans	79,270,561.17	341,444,903.91	345,261,326.34	75,454,138.74
III. Termination benefits	7,452,120.49	5,644,236.63	10,063,578.78	3,032,778.34
IV. Other benefits due within one year	1,427,248.06	741,275.03	175,506.36	1,993,016.73
Total	995,231,432.74	3,821,400,918.07	3,932,487,623.69	884,144,727.12

(2) Short-term employee benefits

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wages, bonuses, allowances and subsidies	839,903,470.98	3,042,047,724.09	3,136,391,912.34	745,559,282.73
2. Staff welfare		125,955,009.10	125,955,009.10	
3. Social insurance contributions	53,227,398.30	199,417,209.07	202,341,126.32	50,303,481.05
Workers' compensation insurance	5,698,377.15	18,474,249.64	18,681,425.41	5,491,201.38
Medical and maternity insurance	47,529,021.15	180,942,959.43	183,659,700.91	44,812,279.67
4. Housing provident fund	3,232,786.72	97,123,076.61	97,555,856.12	2,800,007.21
5. Trade union fund and employee education fund	5,926,145.44	8,941,421.41	14,166,331.79	701,235.06

6. Short-term paid absence	4,791,701.58	86,062.22	576,976.54	4,300,787.26
Total	907,081,503.02	3,473,570,502.50	3,576,987,212.21	803,664,793.31

(3) Defined contribution plans

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension insurance	68,264,250.69	317,079,478.48	320,380,090.78	64,963,638.39
2. Unemployment insurance	11,006,310.48	24,365,425.43	24,881,235.56	10,490,500.35
Total	79,270,561.17	341,444,903.91	345,261,326.34	75,454,138.74

41. Taxes payable

In RMB

Item	Closing balance	Opening balance
Value-added tax	79,411,074.25	35,923,797.22
Enterprise income tax	506,640,245.94	513,181,003.94
Individual income tax	15,379,067.31	46,215,837.22
Urban maintenance and construction tax	5,504,914.63	7,436,675.11
Property tax	10,792,737.03	9,916,289.44
Stamp duty	7,715,818.11	7,572,566.44
Education surcharge	2,381,675.90	3,010,002.58
Land use tax	479,786.57	480,526.20
Local education surcharge	1,581,221.88	1,983,592.32
Other taxes	14,374,612.24	15,616,971.86
Total	644,261,153.86	641,337,262.33

43. Non-current liabilities due within one year

In RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	2,696,859,669.92	2,959,297,257.02
Long-term payables due within one year		28,115,200.00
Lease liabilities due within one year	278,598,193.44	500,891,170.93
Total	2,975,457,863.36	3,488,303,627.95

44. Other current liabilities

In RMB

Item	Closing balance	Opening balance
Output tax to be recognized	47,028,274.12	26,024,795.18
Accrued maintenance expenses	18,170,383.49	17,813,333.90
Total	65,198,657.61	43,838,129.08

45. Long-term borrowings

(1) Long-term borrowings by category

In RMB

Item	Closing balance	Opening balance
Pledge loans	333,839,386.56	333,791,638.89
Mortgage loans		52,980,858.25
Credit loans	9,106,687,798.81	5,988,306,967.40
Total	9,440,527,185.37	6,375,079,464.54

47. Lease liabilities

In RMB

Item	Closing balance	Opening balance
Lease obligations payable	2,127,321,241.72	1,916,709,641.58
Less: Unrecognized financing costs	-210,666,745.97	-126,644,820.85
Total	1,916,654,495.75	1,790,064,820.73

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	133,338,235.43	142,470,448.33
Total	133,338,235.43	142,470,448.33

50. Provisions

In RMB

Item	Closing balance	Opening balance	Method of acquisition
Business restructuring expenditures	124,034,938.47	134,344,496.21	
Provision for commercial risks	56,546,944.19	81,477,617.62	
Provision for sales return	20,418,721.70	26,523,128.06	
Product warranty	20,975,918.66	21,411,260.96	
Total	221,976,523.02	263,756,502.85	

51. Deferred income

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Method of acquisition
Government grants	889,843,133.49	125,675,649.65	144,861,131.49	870,657,651.65	

Total	889,843,133.49	125,675,649.65	144,861,131.49	870,657,651.65	

53. Share capital

In RMB

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

55. Capital reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share premium)	9,116,395,284.34	69,670,658.08		9,186,065,942.42
Other capital reserve	141,497,253.43	37,341,748.80		178,839,002.23
Total	9,257,892,537.77	107,012,406.88		9,364,904,944.65

56. Treasury shares

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Treasury shares	175,076,133.79		49,990,856.17	125,085,277.62
Total	175,076,133.79		49,990,856.17	125,085,277.62

Other information, including the explanation about increase/decrease in the current period and the reasons of such change: On March 9, 2026, the Company transferred 3,048,701 shares from the repurchase securities account to the 2026 employee stock ownership plan securities account by means of non-trading transfer.

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	45,801,392.07	308,587,080.93			78,454,144.55	230,132,936.38		275,934,328.44

Incl.: Changes from remeasurement of defined benefit plans	2,085,004.19	-2,580,704.45			-645,176.11	-1,935,528.34		149,475.85
Change in fair value of investments in other equity instruments	43,716,387.88	311,167,785.38			79,099,320.66	232,068,464.72		275,784,852.60
II. Other comprehensive income that will be reclassified to profit or loss	-286,634,074.81	-312,921,886.24	-18,691,661.95		46,762,107.06	-340,992,331.35		-627,626,406.15
Reserves for cash flow hedge	36,545,134.30	-117,197,708.70	-18,691,661.95		46,762,107.06	-145,268,153.81		-108,723,019.51
Differences in translation of foreign currency financial statements	-323,179,209.11	-195,724,177.54				-195,724,177.54		-518,903,386.66
Total other comprehensive income	-240,832,682.74	-4,334,805.31	-18,691,661.95		125,216,251.61	-110,859,394.97		-351,692,077.71

58. Special reserve

59. Surplus reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	249,150,887.74			249,150,887.74
Total	249,150,887.74			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	10,538,405,831.61	9,288,043,977.88
Opening balance of retained profits after adjustment	10,538,405,831.61	9,288,043,977.88
Add: Net profit attributable to owners of the parent company	2,956,898,811.04	1,386,066,705.56
Less: Appropriation to statutory surplus reserve		16,909,671.20
Dividends payable to the ordinary shareholders		118,795,180.63
Acquisition of minority interests	97,406,416.23	
Closing balance of retained profits	13,397,898,226.42	10,538,405,831.61

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	27,347,867,868.08	21,929,134,042.30	16,756,004,204.58	14,521,655,805.67
Other businesses	449,816,104.80	266,941,120.26	199,159,694.31	128,843,430.23
Total	27,797,683,972.88	22,196,075,162.56	16,955,163,898.89	14,650,499,235.90

62. Taxes and surcharges

In RMB

Item	Amount of the current period	Amount of the previous period
Urban maintenance and construction tax	17,247,219.44	18,294,832.19
Education surcharge	7,605,970.07	8,129,157.99
Property tax	27,979,632.45	19,592,855.42
Land use tax	903,972.02	809,767.30
Vehicle and vessel tax	894,149.41	911,806.51
Stamp duty	16,242,701.28	10,463,237.65
Local education surcharge	5,064,084.62	5,419,438.62
Environmental protection tax	147,514.38	104,860.32
Others	2,870,677.70	
Total	78,955,921.37	63,725,956.00

63. Administrative expenses

In RMB

Item	Amount of the current period	Amount of the previous period
Employee benefits	394,173,595.03	279,943,684.74
Depreciation and amortization	130,948,581.47	85,690,889.77
Consulting service fees	207,819,393.69	54,212,094.87
Office expenses	26,479,229.22	12,439,068.14
Business entertainment expenses	28,384,301.19	24,124,672.26
Travel expenses	21,250,141.56	11,634,664.08
Rents	7,527,691.67	4,656,698.12
Repair costs	11,236,446.43	14,159,167.98
Taxes	842,865.60	1,390,536.14
Others	68,798,274.51	59,310,463.39
Total	897,460,520.37	547,561,939.49

64. Selling expenses

In RMB

Item	Amount of the current period	Amount of the previous period
Employee benefits	149,609,868.81	101,851,337.61
Sales service fees	72,959,268.69	26,670,103.77
Export charges	7,417,620.83	10,789,463.58
Travel expenses	8,542,201.33	6,471,965.00
Business entertainment expenses	15,162,383.66	10,534,099.66
Others	14,454,357.35	1,625,635.45
Total	268,145,700.67	157,942,605.07

65. R&D expenses

In RMB

Item	Amount of the current period	Amount of the previous period
Direct costs	263,769,180.91	250,520,190.78
Labor costs	365,891,741.44	261,695,815.23
Depreciation and amortization	59,175,441.79	45,720,954.81
Others	95,464,953.38	23,530,506.11
Total	784,301,317.52	581,467,466.93

66. Financial expenses

In RMB

Item	Amount of the current period	Amount of the previous period
Interest expenses	256,552,474.41	159,944,331.53
Interest on leases and financing service fees	39,596,859.98	38,641,393.51
Less: Interest income	86,441,618.15	113,967,483.54
Add: Exchange loss	303,193,121.04	-64,646,445.89
Bank charges and others	32,887,582.09	9,575,162.86
Total	545,788,419.37	29,546,958.47

67. Other income

In RMB

Sources of other income	Amount of the current period	Amount of the previous period
Government grants related to assets	144,861,131.49	107,132,163.18
Government grants related to income	18,379,346.55	29,188,043.87
Additional deduction of VAT	5,300,546.73	
Tax preferences	931,982.92	3,613,741.39
Refund of individual income tax withholding service fees	2,110,820.00	1,384,264.19
Total	171,583,827.69	141,318,212.63

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	490,690,971.91	2,536,226.77
Incl.: Incomes from changes in the fair value of derivative financial instruments	1,554,503.82	2,536,226.77
Total	490,690,971.91	2,536,226.77

70. Investment income

In RMB

Item	Amount of the current period	Amount of the previous period
Income from long-term equity	-3,664,609.04	-4,073,896.56

investments under the equity method		
Investment income from the disposal of long-term equity investments		-4,851,794.93
Investment income from the disposal of financial assets held for trading	15,366,660.64	3,056,572.49
Income from debt restructuring	23,143,740.00	
Discount loss on accounts receivable financing	-1,174,010.14	-832,884.08
Total	33,671,781.46	-6,702,003.08

71. Credit impairment loss

In RMB

Item	Amount of the current period	Amount of the previous period
Loss from doubtful accounts	-13,777,349.90	3,764,627.53
Total	-13,777,349.90	3,764,627.53

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	-198,128,450.05	-86,992,131.00
X. Impairment of goodwill		-2,181,938.11
Total	-198,128,450.05	-89,174,069.11

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	-7,633,381.80	-14,963,024.24
Gain on disposal of intangible assets		
Total	-7,633,381.80	-14,963,024.24

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
Penalties	607,587.78	3,293,920.92	607,587.78
Amounts that cannot be paid	241,686.87	340,357.93	241,686.87
Others	1,785,122.69	1,985,161.51	1,785,122.69
Total	2,634,397.34	5,619,440.36	2,634,397.34

75. Non-operating expenses

In RMB

Item	Amount of the current period	Amount of the previous	Amount recognized in non-

		period	recurring gain or loss
Donations	5,786,821.77	3,915,500.00	5,786,821.77
Loss on destruction and retirement of non-current assets	189,379.80	2,052,158.56	189,379.80
Penalties, overdue fines and liquidated damages	9,146,294.91		9,146,294.91
Others	2,403,179.50	358,831.72	2,403,179.50
Total	17,525,675.98	6,326,490.28	17,525,675.98

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	501,447,967.89	198,134,719.03
Deferred income tax expenses	2,394,602.13	3,799,917.10
Total	503,842,570.02	201,934,636.13

(2) Reconciliation of income tax expenses to accounting profit

In RMB

Item	Amount of the current period
Total profit	3,488,473,051.69
Income tax expenses calculated based on statutory/applicable tax rate	523,270,957.75
Effect of different tax rates applicable to subsidiaries	-57,313,503.26
Effect of adjustment of income taxes for prior years	-32,106.83
Effect of non-taxable incomes	-1,729,883.20
Effect of non-deductible costs, expenses and losses	12,799,163.24
Effect of using the deductible losses for which the deferred income tax assets were not recognized in previous periods	-7,172,830.75
Effect of deductible temporary differences or deductible losses not recognized for deferred tax assets for the current period	115,125,112.84
Effect of super deduction of R&D expenses	-31,832,475.97
Others	-49,271,863.80
Income tax expenses	503,842,570.02

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 deposits	348,476,633.09	212,576,032.68
Government grants	133,730,643.44	300,850,136.02
Interest income	86,441,618.15	113,967,483.54
Temporary receipts payable and others	48,158,884.22	21,495,008.51
Total	616,807,778.90	648,888,660.75

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	583,086,546.82	331,549,138.55
Security deposits	661,671,859.37	339,221,569.24
Bank charges	15,392,544.26	9,575,162.86
Temporary payment receivable and others	71,956,239.11	20,760,201.07
Total	1,332,107,189.56	701,106,071.72

(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	1,861,831,543.20	777,215,212.80
Security deposit for the acquisition	435,380,725.87	
Reversal of security deposit for investments	32,426,360.23	
Other security deposits	31,961,994.32	16,439,072.04
Total	2,361,600,623.62	793,654,284.84

Other cash payments related to investing activities

In RMB

Item	Amount of the current period	Amount of the previous period
Term deposits	1,915,015,928.00	300,592,706.53
Security deposit for investments	33,407,708.70	
Security deposit for the acquisition		237,313,781.32
Other security deposits	32,369,157.48	46,449,602.24
Total	1,980,792,794.18	584,356,090.09

(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
Various security deposits and term deposits pledged	35,618,800.00	
Proceeds from discounts on acceptance bills and letters of credit	502,064,916.58	730,151,717.04
Factoring receivable	3,050,144,076.69	
Total	3,587,827,793.27	730,151,717.04

Other cash payments related to financing activities

In RMB

Item	Amount of the current period	Amount of the previous period
Security deposits	28,957,494.58	900,000.00
Payment of rents	105,829,320.42	11,405,753.18
Expenditures for repurchase of shares		100,100,000.00
Amounts related to the ESOP	27,333,109.90	
Payment of expenses for listing in Hong Kong	9,801,473.55	
Payments under bill financing	504,650,000.35	341,000,000.00
Factoring receivable	2,987,831,825.37	
Repurchase of minority interests	186,392,721.74	
Total	3,850,795,945.91	453,405,753.18

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	8,011,474,049.03	10,026,644,734.56		8,352,128,050.74	55,603,584.15	9,630,387,148.70
Long-term borrowings (including long-term borrowings due within one year)	9,334,376,721.56	4,457,596,965.33		1,542,934,913.00	111,651,918.60	12,137,386,855.29
Lease liabilities (including lease liabilities due with one year)	2,290,955,991.66		10,126,017.95	105,829,320.42		2,195,252,689.19
Total	19,636,806,762.25	14,484,241,699.89	10,126,017.95	10,000,892,284.16	167,255,502.75	23,963,026,693.18

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	2,984,630,481.67	758,558,021.48
Add: Allowance for impairment of assets	211,905,799.95	85,409,441.58
Depreciation of fixed assets, oil and gas assets, and productive biological assets	1,432,877,986.45	1,149,385,803.77

Depreciation of right-of-use assets	132,847,584.82	40,262,371.85
Amortization of intangible assets	89,311,435.67	53,908,071.35
Amortization of long-term deferred expenses	114,556,432.79	137,179,890.99
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain expressed with "-")	7,633,381.80	14,963,024.24
Loss on retirement of fixed assets (gain expressed with "-")	-707,611.44	2,052,158.56
Loss on changes in fair value (gain expressed with "-")	-490,690,971.91	-2,536,226.77
Financial expenses (income expressed with "-")	616,837,493.26	133,939,279.15
Investment loss (income expressed with "-")	-34,845,791.60	5,869,119.00
Decrease in deferred tax assets (increase expressed with "-")	4,459,544.11	6,970,787.54
Increase in deferred tax liabilities (decrease expressed with "-")	-2,064,941.98	-3,170,870.44
Decrease in inventories (increase expressed with "-")	-2,687,181,590.55	-342,665,102.19
Decrease in trade receivables (increase expressed with "-")	-1,455,615,091.07	659,746,673.69
Increase in trade payables (decrease expressed with "-")	1,430,413,825.17	-199,754,422.52
Others	29,519,308.96	
Net cash flows from operating activities	2,383,887,276.10	2,500,118,021.28
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	6,947,525,610.48	7,416,577,706.75
Less: Opening balance of cash	6,104,722,626.15	5,343,600,382.37
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	842,802,984.33	2,072,977,324.38

(4) Components of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	6,947,525,610.48	6,104,722,626.15
Incl.: Cash on hand	785,509.81	620,829.32
Bank deposits immediately available for withdrawal	6,946,740,100.67	6,104,101,796.83
III. Closing balance of cash and cash equivalents	6,947,525,610.48	6,104,722,626.15

(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	612,144,715.02	596,283,232.70	May be unavailable for withdrawal due to pledge, freeze or otherwise
Security deposit for bills	240,547,081.05	426,049,076.84	
Security deposit for factoring	301,767,307.06	295,079,875.64	
Security deposit for letters of credit	104,050,947.50	14,892,991.95	
Security deposit for letters of guarantee	217,611,441.59	52,679,614.69	
Security deposit for futures	120,204,809.28	43,403,710.89	
Security deposit for foreign exchange hedging	132,755,098.61	250,472.25	
Other security deposits	116,144,784.47	116,921,907.99	
Total	1,845,226,184.58	1,545,560,882.95	

80. Notes to items of the statement of changes in owners' equity

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			4,734,651,913.59
Incl.: USD	490,854,948.08	6.8109	3,343,163,965.91
EUR	157,643,503.87	7.7671	1,224,432,858.89
HKD	5,005,920.24	0.86855	4,347,892.02
THB	123,481,257.60	0.2042	25,214,872.80
SGD	2,727,625.30	5.2605	14,348,672.89
NTD	115,424,745.00	0.2133	24,620,098.11
MXN	30,545,575.94	0.3897	11,903,610.94
MAD	5,076,377.87	0.7249	3,679,866.32
JPY	19,760,792.54	0.042045	830,842.52
KRW	62,914,489.00	0.004403	277,012.50
MYR	26,452.32	1.6734	44,265.31
GBP	744.54	9.0145	6,711.66
MOP	290,626.52	0.84324	245,067.91
INR	3,383,577.49	0.07186	243,143.88
HUF	3,571,140,681.67	0.02196	78,422,249.37
CZK	4,659,295.52	0.3198	1,490,042.71
RON	121,173.95	1.4807	179,422.27
TRY	8,239,489.61	0.1458	1,201,317.59
Accounts receivable			7,478,261,282.57
Incl.: USD	867,089,832.05	6.8109	5,905,662,137.11
EUR	192,783,127.36	7.7671	1,497,365,828.52

HKD			
NTD	298,915,363.00	0.2133	63,758,646.93
CZK	1,508,721.78	0.3198	482,489.23
MXN	22,099,562.79	0.3897	8,612,199.62
THB	186,725.89	0.2042	38,129.43
TRY	16,062,083.32	0.1458	2,341,851.75
Long-term borrowings			2,992,380,232.87
Incl.: USD			
EUR			
HKD	3,445,259,608.39	0.86855	2,992,380,232.87
Other receivables			248,447,131.09
Incl.: EUR	14,008,480.65	7.7671	108,805,270.06
NTD	348,214,240.00	0.2133	74,274,097.39
USD	6,990,051.03	6.8109	47,608,538.56
MXN	23,347,348.11	0.3897	9,098,461.56
THB	33,838,670.27	0.2042	6,909,856.47
MAD	2,344,512.33	0.7249	1,699,536.99
TRY	352,332.37	0.1458	51,370.06
Short-term borrowings			1,655,338,164.06
Incl.: EUR	112,224,743.34	7.7671	871,660,804.00
USD	92,553,283.86	6.8109	630,371,161.05
THB	750,764,931.51	0.2042	153,306,199.01
Accounts payable			4,545,101,180.52
Incl.: USD	317,420,303.14	6.8109	2,161,917,942.69
EUR	172,516,019.04	7.7671	1,339,949,171.52
THB	2,365,140,596.01	0.2042	482,961,709.71
NTD	2,191,517,459.00	0.2133	467,450,674.00
MXN	64,603,044.27	0.3897	25,175,806.35
MAD	33,054,154.78	0.7249	23,960,956.80
JPY	786,249,776.22	0.042045	33,057,871.84
CZK	8,592,375.94	0.3198	2,747,841.83
HUF	233,386,549.23	0.02196	5,125,168.62
HKD	1,816,170.19	0.86855	1,577,434.62
SEK	2,650.00	0.7003	1,855.80
SGD	11,930.05	5.2605	62,758.03
TRY	7,626,808.71	0.1458	1,111,988.71
Other payables			33,569,833.65
Incl.: EUR	514,977.00	7.7671	3,999,877.86
USD	3,154,586.42	6.8109	21,485,572.65
THB	25,731,423.52	0.2042	5,254,356.68
NTD	12,477,727.00	0.2133	2,661,499.17
JPY	688,073.00	0.042045	28,930.03
MXN	358,217.25	0.3897	139,597.26
Non-current liabilities due within one year			119,701,756.64
Incl.: EUR	13,476,563.93	7.7671	104,673,819.70
USD	1,913,712.17	6.8109	13,034,102.22
HKD	2,295,590.03	0.86855	1,993,834.72

(2) The nature of the lack of convertibility of a currency and its financial impact, the spot exchange rate adopted and its estimation process, and the risks faced by the Company due to the lack of convertibility of the currency

□ Applicable ☑ N/A

(3) 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

(4) Description of the lack of convertibility between the functional currency for overseas operations and the reporting currency of the Company

□ Applicable ☑ N/A

82. Leases

(1) The Company as the lessee

☑ Applicable □ N/A

Variable lease payments not included in lease liabilities

□ Applicable ☑ N/A

Lease expenses under short-term leases and leases of low-value assets using the simplified approach

□ Applicable ☑ N/A

Sale and leaseback transactions

1) The Company as the lessee

Item	Current period (RMB)	The same period of the previous year (RMB)
Short-term lease expenses	46,706,827.56	24,215,000.85
Total	46,706,827.56	24,215,000.85

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

Item	Current period (RMB)	The same period of the previous year (RMB)
Interest expense on lease liabilities	39,596,859.99	38,641,393.51
Total cash outflow for leases	165,199,262.79	35,621,000.00

(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	1,334,936.47	

The Company as lessor under finance leases

□ Applicable ☑ N/A

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	884,263.00	943,144.17
Year 2	711,342.00	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	263,769,180.91	250,520,190.78
Labor costs	376,441,301.33	261,695,815.23
Depreciation and amortization	59,175,441.79	45,720,954.81
Others	96,602,406.31	23,530,506.11
Total	795,988,330.34	581,467,466.93
Incl.: Expensed R&D expenses	784,301,317.52	
Capitalized R&D expenses	11,687,012.82	

IX. Changes in the Scope of Consolidation

1. Business combination involving entities not under common control

2. Business combination involving entities under common control

3. Reverse acquisition

4. Disposal of subsidiaries

Whether the control over any subsidiary was lost as a result of disposal of investment in such subsidiary through a single transaction

□ Yes ☑ No

Whether the control over any subsidiary was lost during the current period as a result of the disposal of investment in such subsidiary through multiple transactions by steps

□ Yes ☑ No

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

Subsidiaries newly included in the scope of consolidation

Company name	Method of acquisition of	Date of acquisition of shares	Contribution amount	Percentage of capital contribution

	shares			
Suzhou Dongshan Xinchen Industry Investment Partnership (L.P.)	Newly established	2026/3/31	Registered capital of RMB 100,000	100.00%
Sunny Residential Property LLC	Newly established	2026/2/6	USD 35,000,100	100.00%
Source Photonics Organization Inc.	Newly established	2026/1/1	USD 10	100.00%
Source Photonics USA Management Inc.	Newly established	2026/3/12	USD 10	100.00%
Source Photonics United States Inc.	Newly established	2026/1/1	USD 10	100.00%
Source Photonics (Thailand) Co., Ltd.	Newly established	2026/2/13	THB 2 million	100.00%
Zhuhai Hengqin Ancong Information Consulting Partnership (L.P.)	Acquisition	2026/6/16	RMB 1 million	100.00%

6. Others

X. Interests in Other Entities

1. Interests in subsidiaries

(1) Composition of the enterprise group

1. The Company incorporated 132 subsidiaries, including Multi-Fineline Electronix Inc, Multek Group (Hong Kong) Limited, Groupe Mécanique Découpage (GMD Group), Source Photonics Holdings (Cayman) Limited, Suzhou Dongshan Display Inc., etc. into the scope of consolidated financial statements.

2. Basic information of significant subsidiaries

Subsidiary	Registered capital	Principal place of business and place of registration	Nature of business	Shareholding percentage (%)		Method of acquisition
				Direct	Indirect	
Multi-Fineline Electronix Singapore Pte. Ltd.	USD 1	Singapore	Business & investment		100.00	Business combinations involving entities not under common control
MFLEX Suzhou Co., Ltd.	USD 268.80 million	Suzhou	Manufacturing		100.00	Business combinations involving entities not under common control
MFLEX Yancheng Co., Ltd.	USD 264.99 million	Yancheng	Manufacturing		100.00	Established
DSBJ PTE. LTD.	SGD 15,000	Singapore	Business & investment		100.00	Established

XI. Government Grants

1. Government grants recognized at the amount receivable at the end of the reporting period

□ Applicable ☑ N/A

Reason for failure to receive expected government grants at the expected time

□ Applicable ☑ N/A

2. Liabilities related to government grants

☑ Applicable □ N/A

In RMB

Item	Opening balance	New grants received in the current period	Amount of non-operating revenue recognized in the current period	Amount transferred to other income in the current period	Other changes in the current period	Closing balance	Related to assets/income
Deferred income	889,843,133.49	130,876,623.04		144,861,131.49	-5,200,973.39	870,657,651.65	Related to assets
Subtotal	889,843,133.49	130,876,623.04		144,861,131.49	-5,200,973.39	870,657,651.65	

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	163,240,478.04	136,320,207.08
Effect of financial interest subsidy on total profit		
Total	163,240,478.04	136,320,207.08

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 losses

The key factors in the measurement of expected credit losses include the probability of default, loss given default, and exposure to default risk. The Company has developed a model of the probability of default, loss given default and exposure to default risk on the basis of quantitative analysis of historical data (e.g. counterparty rating, guarantee measures and collateral type, 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 June 30, 2026, the Company faced certain credit concentration risks. In particular, 32.09% (December 31, 2025: 35.67%) 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	21,767,774,003.99	23,020,899,836.06	12,678,000,867.70	5,512,821,414.47	4,830,077,553.90
Financial liabilities held for trading	181,580,627.27	181,580,627.27	181,580,627.27		
Notes payable	616,705,866.60	616,705,866.60	616,705,866.60		
Accounts payable	15,735,505,650.92	15,735,505,650.92	15,735,505,650.92		
Other payables	154,547,241.39	154,547,241.39	154,547,241.39		
Lease liabilities (including non-current liabilities due within one year)	2,195,252,689.19	2,437,933,627.14	310,612,385.42	867,105,733.99	1,260,215,507.73
Long-term payables (including non-current liabilities due within one year)					
Subtotal	40,651,366,079.36	42,147,172,849.38	29,676,952,639.30	6,379,927,148.46	6,090,293,061.63

(Continued)

In RMB

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	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	28,115,200.00	28,115,200.00	28,115,200.00		

year)					
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

(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 June 30, 2026, the Company had bank loans of RMB 7,178,928,639.23 (December 31, 2025: RMB 6,241,579,337.64) 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.

2. Hedging

(1) The Company has hedging businesses for risk management

☑ Applicable □ N/A

Item	Corresponding risk management policy and target	Qualitative and quantitative information of hedged risks	Economic relationship between the hedged item and the hedging	Effective realization of the expected risk management target	Effect of the corresponding hedging activity on the risk exposure

			instrument		
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 for ongoing tracing of hedging businesses and ensuring 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, thereby avoiding the risks of price fluctuation due to the price fluctuation in commodities and foreign exchange and 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	The Company has set up relevant internal control measures for hedging to for ongoing tracing of hedging businesses and ensuring 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, thereby avoiding the risks of price fluctuation due to the price fluctuation in commodities and foreign exchange and reducing the effect on the normal operation of the Company

3. Financial assets

(1) Categories of transfer types

☑ Applicable □ N/A

In RMB

Types of transfer	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition	Basis for determining derecognition
Note discounting	Accounts receivable	319,544,462.73	Derecognized	All most all the risks

	financing			and returns have been transferred
Note endorsement	Notes receivable	4,659,832.99	Derecognized	All most all the risks and returns have been transferred
Note endorsement	Accounts receivable financing	780,034,762.06	Derecognized	All most all the risks and returns have been transferred
Factoring of accounts receivable	Accounts receivable	275,862,379.42	Derecognized	All most all the risks and returns have been transferred
Factoring of accounts receivable	Accounts receivable	859,452,468.45	Not derecognized	All most all the risks and returns have been reserved
Total		2,239,553,905.65		

(2) Financial assets derecognized due to transfer

☑ Applicable □ N/A

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	1,099,579,224.79	164,414.06
Notes receivable	Endorsement	4,659,832.99	
Accounts receivable	Factoring	275,862,379.42	458,275.83
Total		1,380,101,437.20	622,689.89

(3) Financial assets transferred with assets with continuous involvement

☑ Applicable □ N/A

In RMB

Item	Method of assets transfer	Amount of assets arising from continuous involvement	Amount of liabilities arising from continuous involvement
Accounts receivable	Factoring	859,452,468.45	859,452,468.45
Total		859,452,468.45	859,452,468.45

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	516,077,502.95	155,000,000.00	125,545,076.26	796,622,579.21

profit or loss				
(2) Investment in equity instruments	516,077,502.95		76,856,010.83	592,933,513.78
(3) Derivative financial assets			48,689,065.43	48,689,065.43
Bank wealth management product		155,000,000.00		155,000,000.00
2. Accounts receivable financing			263,570,165.06	263,570,165.06
3. Investments in other equity instruments	253,942,326.33		499,408,043.77	753,350,370.10
Total assets measured at fair value on a recurring basis	770,019,829.28	155,000,000.00	888,523,285.09	1,813,543,114.37
(VI) Financial liabilities held for trading			181,580,627.27	181,580,627.27
Total liabilities measured at fair value on a recurring basis			181,580,627.27	181,580,627.27
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 shareholder	Relationship with the Company	Percentage of ownership interest in the Company (%)	Percentage of voting rights held in the Company (%)
YUAN Yonggang, YUAN	Actual controllers	33.26	33.26

Yongfeng, and YUAN Fugen			

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.	Invested company
Haidike (Nantong) Photoelectric Technology Co., Ltd.	Invested company
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
Hefei Anhui Software 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	160,052.15			7,964.55
Shanghai Corkuna New Material Technologies Co., Ltd.	Purchase of goods	596,661.55			936,457.17
Suzhou Corkuna New Material Technologies Co., Ltd.	Purchase of goods	37,831,742.31			11,214,138.95
Haidike (Nantong) Photoelectric Technology Co., Ltd.	Purchase of goods	1,394,606.33			
Hefei Anhui Software Co., Ltd.	Purchase of detectors	1,752,212.40			

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 goods	61,415.93	
Suzhou Toprun Electric Equipment Co., Ltd.	Software and services	102,358.49	24,637.14
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Sale of goods	1,504.42	22,188.29
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Rendering of services	8,906.18	
Anhui Landun Photoelectron Co., Ltd.	Sale of goods	11,806.50	75,600.00
Haidike (Nantong) Photoelectric Technology Co., Ltd.	Sale of goods	3,443,286.21	

(4) Related-party guarantees

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	January 27, 2026	January 27, 2027	No
Suzhou Toprun Electric Equipment Co., Ltd.	5,217,971.96	September 15, 2025	July 15, 2026	No
Suzhou Toprun Electric Equipment Co., Ltd.	8,000,000.00	January 1, 2026	July 19, 2026	No

(7) Remunerations of key officers

In RMB

Item	Amount of the current period	Amount of the previous period
Remunerations of key officers	14,861,400.00	11,563,600.00

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.	380,469.59	233,182.93	370,742.71	150,802.90
Accounts receivable	Suzhou Toprun Electric Equipment Co., Ltd.	162,100.00	810.50	124,120.00	620.60
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.	85,428.00	427.14	90,498.90	4,296.75
Accounts receivable	Haidike (Nantong) Photoelectric Technology Co., Ltd.	3,890,913.39	19,454.57		
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	Multek International	13,625,205.44	681,260.27	13,625,205.44	681,260.27

receivables	Development Limited				

(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.	66,532.07	229,916.81
Accounts payable	Shanghai Corkuna New Material Technologies Co., Ltd.	194,565.53	282,921.53
Accounts payable	Suzhou Corkuna New Material Technologies Co., Ltd.	23,852,264.17	27,479,253.79
Accounts payable	Hefei Anhui Software Co., Ltd.	1,980,000.00	

XV. Share-based Payments

1. Summary of share-based payments

☑ Applicable □ N/A

In RMB

Type of grantees	Granted in the current period		Exercised in the current period		Vested in the current period		Expired in the current period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Management staff	2,715,456.00	106,581,514.25						
R&D personnel	159,236.00	6,250,000.00						
Sales staff	174,009.00	6,830,000.00						
Total	3,048,701.00	119,661,514.25						

Outstanding share options or other equity instruments at the end of the current period:

□ Applicable ☑ N/A

2. Equity-settled share-based payments

☑ Applicable □ N/A

In RMB

Method for determining the fair value of equity instruments at the grant date	Closing price of the Company’s stock at the date the employee stock ownership plan was approved by the general meeting – transfer price
Important parameters for determining the fair value of equity instruments at the grant date	Closing price of the Company’s stock at the date the employee stock ownership plan was approved by the general meeting – transfer price
Basis for determining the number of exercisable equity instruments	*Confirmation of Securities Transfer Registration* issued by China Securities Depository and Clearing Co., Ltd. Shenzhen Branch
Reason of significant differences between the current estimates and previous estimates	N/A
Aggregate amount of equity-settled share-based payments recorded in capital reserve	29,519,308.96
Total amount of equity-settled share-based payments recognized in expenses in the current period	29,519,308.96

3. Cash-settled share-based payments

□ Applicable ☑ N/A

4. Share-based payments in the current period

☑ Applicable □ N/A

In RMB

Type of grantees	Equity-settled share-based payments	Cash-settled share-based payments
Management staff	26,292,602.67	
R&D personnel	1,541,813.02	
Sales staff	1,684,893.27	
Total	29,519,308.96	

XVI. Commitments and Contingencies

1. Significant commitments

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

2. Contingencies

(1) Significant contingencies as of the balance sheet date

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

(2) Whether the Company does not have any significant contingency needing to be disclosed

The Company does not have any significant contingency needing to be disclosed.

XVII. Subsequent Events

XVIII. Other Significant Information

The Company mainly engages in the sale of electronic circuit products, optical transceivers (including optical chips), photoelectric display modules, precision components, 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)	1,567,856,574.77	1,662,114,718.95
Within 6 months	1,329,632,648.57	1,546,087,059.15
7-12 months	238,223,926.20	116,027,659.80
1-2 years	1,182,470,188.77	1,279,507,925.29
2-3 years	72,839,881.75	43,980,168.50
Over 3 years	90,175,486.67	87,344,953.06
3-4 years	46,563,284.19	19,637,039.23
4-5 years	503,872.57	11,406,818.31
Over 5 years	43,108,329.91	56,301,095.52
Total	2,913,342,131.96	3,072,947,765.80

(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	35,578,461.54	1.22%	35,578,461.54	100.00%		35,578,461.54	1.16%	35,578,461.54	100.00%	
Incl.:										
Allowance recognized collectively	2,877,763,670.42	98.78%	46,784,266.87	1.63%	2,830,979,403.55	3,037,369,304.26	98.84%	69,138,257.92	2.28%	2,968,231,046.34
Incl.:										
Total	2,913,342,131.96	100.00%	82,362,728.41	2.83%	2,830,979,403.55	3,072,947,765.80	100.00%	104,716,719.46	3.41%	2,968,231,046.34

Accounts receivable with allowance for doubtful accounts recognized collectively by category name: group of related parties within the scope of consolidation, and aging group

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	Ratio of provision
Group of related parties within the scope of consolidation	1,668,636,658.80		
Aging group	1,209,127,011.62	46,784,266.87	3.87%

Total	2,877,763,670.42	46,784,266.87	

Accounts receivable with allowance for doubtful accounts recognized collectively by category name: age

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	Ratio of provision
Age			
Within 6 months	1,136,687,775.28	5,683,438.88	0.50%
7-12 months	18,025,570.79	901,278.54	5.00%
1-2 years	17,167,801.20	3,433,560.24	20.00%
2-3 years	1,199,687.85	719,812.71	60.00%
Over 3 years	36,046,176.50	36,046,176.50	100.00%
Total	1,209,127,011.62	46,784,266.87	

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

□ Applicable ☑ N/A

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

Allowance for doubtful accounts recognized in the current period:

In RMB

Type	Opening balance	Changes in the current period				Closing balance
		Recognized	Recovered or reversed	Written off	Others	
Allowance recognized individually	35,578,461.54					35,578,461.54
Allowance recognized collectively	69,138,257.92	484,439.95		22,838,431.00		46,784,266.87
Total	104,716,719.46	484,439.95		22,838,431.00		82,362,728.41

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

(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.	861,868,353.04		861,868,353.04	29.58%	
Top 2	450,193,441.27		450,193,441.27	15.45%	2,250,967.21
MFLEX Yancheng Co., Ltd.	309,398,965.63		309,398,965.63	10.62%	
DSBJ PTE. Ltd.	288,698,159.61		288,698,159.61	9.91%	
Top 5	148,524,287.83		148,524,287.83	5.10%	743,605.38
Total	2,058,683,207.38		2,058,683,207.38	70.66%	2,994,572.59

2. Other receivables

In RMB

Item	Closing balance	Opening balance
Dividends receivable	1,399,081,471.06	1,430,532,996.21
Other receivables	5,646,026,108.63	4,833,638,901.75
Total	7,045,107,579.69	6,264,171,897.96

(2) Dividends receivable

1) Dividends receivable by category

In RMB

Item (or investee)	Closing balance	Opening balance
Hong Kong Dongshan Holding Limited	983,081,471.06	1,014,532,996.21
Yancheng Dongshan Precision Manufacturing Co., Ltd.	266,000,000.00	266,000,000.00
Suzhou Dongshan Display Inc.	80,000,000.00	80,000,000.00
Suzhou Dongyue New Energy Technology Co., Ltd.	70,000,000.00	70,000,000.00
Total	1,399,081,471.06	1,430,532,996.21

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	887,728,871.06	Over 1 year	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	1,153,728,871.06			

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

□ Applicable ☑ N/A

(3) Other receivables

1) Other receivables by nature

In RMB

Nature of accounts	Closing book balance	Opening book balance
Current accounts	5,636,770,873.16	4,829,937,651.06
Security deposit	905,000.00	5,000.00
Loan and reserve fund	8,005,948.23	1,947,026.93
Temporary payment receivable	5,360,739.25	6,377,782.89
Total	5,651,042,560.64	4,838,267,460.88

2) Other receivables by age

In RMB

Age	Closing book balance	Opening book balance
Within 1 year (inclusive)	2,935,005,809.15	4,699,261,104.15
1-2 years	2,711,233,176.89	134,572,600.27
2-3 years	369,818.14	
Over 3 years	4,433,756.46	4,433,756.46
3-4 years	414,350.00	1,765,000.00
4-5 years	1,350,650.00	1,250,649.25
Over 5 years	2,668,756.46	1,418,107.21
Total	5,651,042,560.64	4,838,267,460.88

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	
Incl.:										
Allowance recognized collectively	5,651,042,560.64	100.00%	5,016,452.01	0.09%	5,646,026,108.63	4,838,267,460.88	100.00%	4,628,559.13	0.10%	4,833,638,901.75
Incl.:										
Total	5,651,042,560.64	100.00%	5,016,452.01	0.09%	5,646,026,108.63	4,838,267,460.88	100.00%	4,628,559.13	0.10%	4,833,638,901.75

Other receivables with allowance for doubtful accounts recognized collectively by category name: group of related parties within the scope of consolidation, and aging group

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	Ratio of provision
Group of related parties within the scope of consolidation	5,636,770,873.16		
Aging group	14,271,687.48	5,016,452.01	35.15%
Incl.: Within 1 year	8,021,950.88	401,097.54	5.00%
1-2 years	1,815,980.14	181,598.01	10.00%
2-3 years			50.00%
Over 3 years	4,433,756.46	4,433,756.46	100.00%
Total	5,651,042,560.64	5,016,452.01	

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

In RMB

Allowance for doubtful accounts	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	
Balance as at January 1, 2026	194,802.67		4,433,756.46	4,628,559.13
In the current period, the balance as at January 1, 2026				
- Transferred to stage II	-144,616.20	144,616.20		

Recognized	350,911.07	36,981.81		387,892.88
Balance as at June 30, 2026	401,097.54	181,598.01	4,433,756.46	5,016,452.01

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

□ Applicable ☑ N/A

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

5) Other receivables actually written off in the current period

6) 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	767,597,046.58	Within 1 year	13.58%	
Yancheng Dongshan Precision Manufacturing Co., Ltd.	Current accounts	906,881,008.02	1-2 years	16.05%	
Mutto Optronics Technology Co., Ltd.	Current accounts	5,300,239.48	Within 1 year	0.09%	
Mutto Optronics Technology Co., Ltd.	Current accounts	628,842,502.71	1-2 years	11.13%	
Suzhou Dongyue New Energy Technology Co., Ltd.	Current accounts	590,949,399.95	Within 1 year	10.46%	
Suzhou Yongchuang Communication Technology Co., Ltd.	Current accounts	109,656,305.94	Within 1 year	1.94%	
Suzhou Yongchuang Communication Technology Co., Ltd.	Current accounts	347,919,477.77	1-2 years	6.16%	
Dongguan Dongshan Precision Manufacturing Co., Ltd.	Current accounts	180,000,000.00	Within 1 year	3.19%	
Dongguan Dongshan Precision Manufacturing Co., Ltd.	Current accounts	304,142,051.89	1-2 years	5.38%	
Total		3,841,288,032.34		67.98%	

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	10,373,456,278.08	133,690,000.00	10,239,766,278.08	10,315,147,573.40	133,690,000.00	10,181,457,573.40
Investments in associates and joint ventures	103,442,211.66	17,507,056.47	85,935,155.19	108,246,781.23	17,507,056.47	90,739,724.76
Total	10,476,898,489.74	151,197,056.47	10,325,701,433.27	10,423,394,354.63	151,197,056.47	10,272,197,298.16

(1) Investments in subsidiaries

In RMB

Investee	Opening balance (carrying value)	Opening balance of allowance for impairment loss	Changes in the current period				Closing balance (carrying value)	Closing balance of allowance for impairment loss
			Additional investment	Reduced investment	Allowance for impairment loss	Others		
Dongguan Dongshan Precision Manufacturing Co., Ltd.	342,000,000.00					78,944.64	342,078,944.64	
MFLEX Shanghai Co., Ltd.	2,023,777.30						2,023,777.30	
Shenzhen Qindao Dongchuang Investment Partnership (L.P.)	100,000,000.00						100,000,000.00	
Suzhou RF Top Electronic Communication Co., Ltd.	372,858,083.14					4,938.08	372,863,021.22	
Suzhou Chengjia Precision Manufacturing Co., Ltd.	80,109,368.24						80,109,368.24	
Suzhou Dongdai Electronic Technology Co., Ltd.	1,530,000.00						1,530,000.00	
Suzhou Dongke Enterprise Management Co., Ltd.	152,389,096.00						152,389,096.00	
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.	451,582,710.63						451,582,710.63	
HongKong Dongshan Precision Union Opoelectronic Co. Limited	3,744,565,150.00	133,690,000.00					3,744,565,150.00	133,690,000.00
Hong Kong Dongshan Holding Limited	1,096,583,000.00						1,096,583,000.00	
Yancheng	1,093,619,6						1,093,619,6	

Dongshan Precision Manufacturing Co., Ltd.	10.92						10.92	
Yancheng Dongshan Business Management Co., Ltd.	3,067,267.20					41,925.24	3,109,192.44	
Yancheng Dongshan Communication Technology Co., Ltd.	280,401,403.77						280,401,403.77	
Suzhou Dongshan Display Inc.	1,382,684,003.83					276,286.92	1,382,960,290.75	
Suzhou Dongshan Industrial Investment Co., Ltd.	20,010,000.00		29,990,000.00				50,000,000.00	
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					98,677.56	450,098,677.56	
Suzhou Dongyue New Energy Technology Co., Ltd.	500,000,000.00					646,358.56	500,646,358.56	
Multek China Limited	71,324.52					259,026.20	330,350.72	
Mutto Optronics Technology Co., Ltd.	824,778.48					478,593.08	1,303,371.56	
MFLEX Suzhou Co., Ltd.	7,193,259.60					6,744,564.92	13,937,824.52	
Yancheng Mutto Optronics Technology Co., Ltd.	47,549.64						47,549.64	
MFLEX Yancheng Co., Ltd.	4,175,696.89					98,684.08	4,274,380.97	
Multek Industries Limited	2,425,059.72					814,098.08	3,239,157.80	
Dongwei Smart Suzhou Co., Ltd.	14,216.26						14,216.26	
Multek Zhuhai Enterprise Management Co., Ltd.	927,217.26					18,031,597.04	18,958,814.30	
Yancheng Dongshan Optoelectronics Technology Co.,						69,074.96	69,074.96	

Ltd.								
Suzhou Dongchen Ecological Technology Co., Ltd.						39,478.76	39,478.76	
Chaowei Microelectronics (Yancheng) Co., Ltd.						636,456.56	636,456.56	
Total	10,181,457,573.40	133,690,000.00	29,990,000.00			28,318,704.68	10,239,766,278.08	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		
I. Joint ventures												
II. Associates												
Suzhou Toprun Electric Equipment Co., Ltd.	11,817,069.93				-432,671.46						11,384,398.47	
Shenzhen Nanfang Blog Technology Development Co., Ltd.		17,507,056.47										17,507,056.47
Suzhou LEGATE Intelligent Equipment Corp., Ltd.	10,247,171.89				-998,948.96						9,248,222.93	
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	2,693,102.45				-152,739.16						2,540,363.29	
Jiangsu Nangao Intelligent Equipment Innovation Center Co., Ltd.	2,602,994.36				-377,744.00						2,225,250.36	
Jiaozuo Songyang Photoelectric Technology Co., Ltd.	22,181,612.25				-1,143,544.82						21,038,067.43	
Suzhou Yongxin Jingshang Venture Capital Partnership (L.P.)	41,197,773.88			1,674,130.44	107,953.98			132,744.71			39,498,852.71	
Subtotal	90,739,724.76	17,507,056.47		1,674,130.44	-2,997,694.42	-		132,744.71			85,935,155.19	17,507,056.47
Total	90,739,724.76	17,507,056.47		1,674,130.44	-2,997,694.42	-		132,744.71			85,935,155.19	17,507,056.47

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	2,362,015,750.86	2,197,011,699.38	2,007,552,995.18	1,910,964,376.03
Other businesses	52,052,716.61	10,112,337.41	27,726,642.37	12,291,548.13
Total	2,414,068,467.47	2,207,124,036.79	2,035,279,637.55	1,923,255,924.16

5. 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	-2,997,694.42	-3,445,956.20
Bank wealth management product	640,200.00	160,800.00
Total	-2,357,494.42	-3,285,156.20

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	-6,925,770.36	
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 have long-term effects on the Company’s profit or loss)	115,191,692.39	
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	506,057,632.55	
Other non-operating revenues and expenses	-15,598,890.08	
Other gain or loss within the meaning of non-recurring gain or loss	23,143,740.00	Income from debt restructuring
Less: Effect on income tax	144,213,305.14	
Effect on minority interests (after tax)	337,810.58	
Total	477,317,288.78	--

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

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	12.88%	1.62	1.62
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring gain or loss	10.80%	1.36	1.36

3. Differences in accounting data under the CASBEs and overseas accounting standards

(1) Differences in net profit and net assets disclosed in the financial report prepared under the CASBEs and the IFRS

□ Applicable ☑ N/A

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

□ Applicable ☑ N/A