

Suzhou Dongshan Precision Manufacturing Co., Ltd.

Annual Report 2022



April 21, 2023

Annual Report 2022

Section I Important Note, Table of Contents and Definitions

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

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

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

This Report contains certain forward-looking statements regarding future plans, which do not constitute any substantial covenant made by the Company to the investors, and involve material uncertainties, and the realization of which is subject to market changes, efforts made by the Company's management team and other factors. The main risk factors facing the Company are set forth in "Section III – XI. Prospects for Future Development of the Company" of this Report. The investors should pay attention to the relevant investment risks.

According to the profit distribution proposal approved by the Board of Directors, the Company will distribute a cash dividend of RMB 1.1 (inclusive of tax) per 10 shares to all shareholders on the basis of 1,702,865,009 shares (excluding the treasury shares), and will not distribute any bonus shares or transfer any capital reserve to the share capital for the reporting period.

Note:

This document is a translated version of the Chinese version Annual Report 2022 ("2022 年年度报告"), and the published annual report in the Chinese version shall prevail. The complete published Chinese Annual Report 2022 may be obtained at www.cninfo.com.cn .

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List of References

- I. Financial statements signed and chopped by Mr. YUAN Yonggang, legal representative, Mr. WANG Xu, CFO, and Mr. ZHU Deguang, Accounting Supervisor of the Company;
- II. Original of the auditor's report stamped with the seal of the accounting firm and signed and chopped by the certified public accountants;
- III. Originals of all documents of the Company publicly disclosed during the reporting period and related announcements;
- IV. Original of the Annual Report 2022 signed by the legal representative of the Company; and
- V. Place keeping such documents for inspection: Securities Department of the Company at Building 12#, Yunhe Town Headquarters Industrial Park, 99 East Taihu Road, Wuzhong District, Suzhou.

Definitions

Term	means	Definition
Company, we or DSBJ	means	Suzhou Dongshan Precision Manufacturing Co., Ltd.
Printed circuit board (PCB)	means	one of our three major business segments, including research and development (R&D), design, manufacturing and sale of flexible PCBs, rigid PCBs, rigid-flex PCBs and other products.
Photoelectric display	means	one of our three major business segments, including R&D, design, manufacturing and sale of LED devices, touch panels, liquid crystal display modules and other products.
Precision manufacturing	means	one of our three major business segments, including design, manufacturing and sale of precision metal structural components and assemblies and other products.
Yongchuang Tech	means	Suzhou Yongchuang Metal Science and Technology Co., Ltd., a wholly owned subsidiary of the Company.
Hong Kong Dongshan	means	Hong Kong Dongshan Precision Union Opoelectronic Co., Limited, a wholly owned subsidiary of the Company.
Dragon Holdings	means	Dragon Electronix Holdings Inc., a wholly owned subsidiary of Hong Kong Dongshan.
MFLEX	means	Multi-Fineline Electronix, Inc., a wholly owned subsidiary of Dragon Holdings.
MFLEX Suzhou	means	MFLEX Suzhou Co., Ltd., a wholly owned subsidiary of MFLEX.
MFLEX Yancheng	means	MFLEX Yancheng Co., Ltd., a wholly owned subsidiary of MFLEX.
Hong Kong Dongshan Holding	means	Hong Kong Dongshan Holding Limited, a wholly owned subsidiary of the Company.
Multek Group	means	Multek Group (Hong Kong) Limited, a wholly owned subsidiary of the Company.
Multek Industries	means	Multek Industries Limited, a wholly owned subsidiary of Multek Group.
Multek Electronics	means	Multek Electronics Limited, a wholly owned subsidiary of Multek Group.
Multek Zhuhai	means	Multek Zhuhai Limited, a wholly owned subsidiary of Multek Group.
Multek China	means	Multek China Limited, a wholly owned subsidiary of Multek Group.
Yancheng Dongshan	means	Yancheng Dongshan Precision Manufacturing Co., Ltd., a wholly owned subsidiary of the Company.
Mutto Optronics	means	Mutto Optronics Technology Co., Ltd., a wholly owned subsidiary of the Company.
RF Top Electronic	means	Suzhou RF Top Electronic Communication Co., Ltd., a controlled subsidiary of the Company.
JDI	means	Japan Display Inc.
5G	means	the 5 th generation mobile communication technology.
AI	means	artificial intelligence, the simulation of human intelligence using computer programs.
AR	means	augmented reality, a technology that combines and integrates the virtual world on screen with real world, based on precise calculation of position and angle of camera images and image analysis technology.
VR	means	virtual reality, a computer-simulated 3D virtual world with scenes and objects that appear to be real.
IoT	means	Internet of Things, a system of interrelated computing devices, mechanical and digital machines, that has a unique identifier (UID) and is capable to transmit data over the network.
PCB	means	printed circuit board, a finished product with insulated substrates and conductors as materials, designed and made into printed circuits, printed components or a combination of conductive patterns according to the pre-designed circuit schematic diagram.
FPC	means	flexible printed circuit.
LED or LED device	means	light-emitting diode, a conductor diode that emits incoherent light when current flows through it, and the recombination of electrons and electron holes in the semiconductor produces radiation, for purpose of this Report, including LED particles, LED light bars, LED backlight modules, LED lighting devices and other LED products.
Mini LED	means	sub-millimeter light emitting diode, a LED device with a grain size of about 50-200 μ m.

LCM	means	LCD module or LCD display module, a module formed by assembling LCD display device with the relevant connectors, control, driver and other peripheral circuits, PCB circuit board, backlight source, structural components and other components.
Touch panel	means	a device under the protection of transparent glass that detects touches using sensors and processes and transmits the relevant information.
Articles of Association	means	the Articles of Association of Suzhou Dongshan Precision Manufacturing Co., Ltd.
CSRC	means	the China Securities Regulatory Commission.
SZSE	means	the Shenzhen Stock Exchange.
Reporting period	means	the period from January 1, 2022 to December 31, 2022.
RMB and RMB0'000	means	Renminbi and ten thousand Yuan.

Section II Company Profile and Financial Highlights

I. Company Profile

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

II. Contact Person and Contact Information

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

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

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

IV. Changes in Registration Particulars

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

V. Other Related Information

Accounting firm engaged by the Company:

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

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

Applicable N/A

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

Applicable N/A

VI. Key Accounting Data and Financial Indicators

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

Yes No

	2022	2021	Y/Y % change	2020
Operating revenue (RMB)	31,580,146,732.58	31,793,147,908.12	-0.67%	28,093,409,430.26
Net profit attributable to shareholders of the listed company (RMB)	2,367,519,530.91	1,862,481,138.84	27.12%	1,530,132,196.09
Net profit attributable to shareholders of the listed company after deduction of non-recurring gain or loss (RMB)	2,125,754,423.71	1,576,650,669.18	34.83%	1,301,219,335.83
Net cash flows from operating activities (RMB)	4,629,884,011.38	3,209,544,484.21	44.25%	2,932,168,894.65
Basic earnings per share (RMB/share)	1.39	1.09	27.52%	0.93
Diluted earnings per share (RMB/share)	1.39	1.09	27.52%	0.93
Weighted average return on net assets	15.33%	13.46%	1.87%	14.41%
	December 31, 2022	December 31, 2021	Y/Y % change	December 31, 2020
Total assets (RMB)	40,531,361,181.17	37,951,408,787.25	6.80%	37,503,068,713.54
Net assets attributable to shareholders of the listed company (RMB)	16,359,429,480.45	14,576,500,325.15	12.23%	13,068,916,872.79

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

Yes No

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

Yes No

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

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

Applicable N/A

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

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

Applicable N/A

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

VIII. Key Financial Indicators by Quarter

In RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	7,312,341,630.60	7,233,844,881.71	8,272,468,957.28	8,761,491,262.99
Net profit attributable to shareholders of the listed company	364,247,140.34	432,088,992.74	784,348,996.94	786,834,400.89
Net profit attributable to shareholders of the listed company after deduction of non-recurring gain or loss	304,010,307.06	373,904,270.06	779,265,150.04	668,574,696.55
Net cash flows from operating activities	685,764,513.69	632,359,164.14	721,837,570.14	2,589,922,763.41

Whether there's any material difference between the financial metrics or aggregate amounts thereof set out above and the corresponding

financial metrics set out in any quarter report or semi-annual report of the Company already disclosed?

Yes No

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

Applicable N/A

Items	In RMB			Remark
	2022	2021	2020	
Gain or loss on disposal of non-current assets (including allowance for impairment of assets that has been written off)	-14,220,918.02	13,783,433.93	18,548,846.52	
Government grants recognized in profit or loss (excluding government grants that are closely related to the business of the Company and are provided in fixed amount or quantity continuously according to the applicable policies of the country)	317,926,133.80	268,965,326.25	208,864,058.42	
Fund occupation fee received from non-financial entities that was recorded in profit or loss		19,777,467.66	25,555,038.76	
Gain or loss on assets under entrusted investment or management	10,408,683.62	11,913,618.63	10,718,494.92	
Gain or loss on changes in fair value of financial assets held for trading and financial liabilities held for trading, and gain on disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial assets, except for effective hedges held in the ordinary course of business	-63,657,229.48	17,766,609.82	12,906,432.35	
Reversal of impairment loss on accounts receivable tested for impairment individually	9,500,583.33	22,451,468.46		
Other non-operating revenue and expenses	3,073,832.45	-1,909,316.59	-1,135,781.75	
Other gain or loss within the meaning of non-recurring gain or loss	956,961.84	722,866.99		
Less: Effect on income tax	21,900,816.79	65,906,713.13	46,295,962.38	
Effect on minority interests (exclusive of tax)	322,123.55	1,734,292.36	248,266.58	
Total	241,765,107.20	285,830,469.66	228,912,860.26	--

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

Applicable N/A

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

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

Section III Management's Discussion and Analysis

I. Industry Overview and Outlook for the Reporting Period

PCB segment: According to the latest report issued by Prismark, the total output value of the PCB industry reached USD81.741 billion in 2022, an increase of 1.0% from the preceding year. The vigorous development of 5G, cloud, AI, Internet of Things, consumer electronics, new energy and other industries will continuously drive the rapid growth of the PCB industry. According to Prismark, we were ranked the world's third largest PCB manufacturer in terms of operating revenue in 2022. In reliance on our superior R&D, production process, quality control, delivery and other capabilities, we are able to provide premium products and services to our customers.

Photoelectric display segment: (1) Touch panel products: Along with the rapid development of AI, big data and other new technologies, touch panel products are applied in more and more fields, such as laptop, smart home and new energy vehicles, to realize human-machine interaction. (2) LED devices: Small-pitch LEDs are characterized by high definition, high brightness, high fidelity, long life and seamless image, and suit different application scenarios. Due to their remarkable advantages, small-pitch LEDs come into favor of the professional display and commercial market and their market penetration has been increasing continuously. In the future, after the products show their cost advantages, they are expected to enter the broader civilian market. In the field of photoelectric display, we are a well-known manufacturer of touch panel modules and LED display devices.

Precision manufacturing segment: Our products in the field of precision manufacturing, including base station antennas, filters and other structural components and assemblies for mobile communication, functional and structural components for new energy vehicles (such as heat dissipation, shell, body in white and battery structural parts), are mainly applied in communication equipment, new energy vehicle and other fields.

As of December 2022, there were 2.31 million 5G base stations in China, accounting treatment of 21.3% of the total number of mobile base stations, or an increase of 7 percentage points from the preceding year. Along with the improvement of the private 5G network ecosystem led by the operators and participated in by lots of players, the relevant market size is expected to further increase in 2023. As a well-known supplier of communication equipment and assemblies in the world, we will firmly grasp this opportunity for development.

Along with the vigorous development of the new energy vehicle industry, the vehicles tend to be electrically powered, lightweight and intelligent with long range. As one of the few vendors that are able to provide the new energy vehicle manufacturers with a wide range of products (including PCB (including FPC), on-board display, functional and structural components) and integrated solutions, our advantages in the coverage of multiple industry chains and provision of integrated solutions will help us improve customer adhesion.

II. Main Business Overview during the Reporting Period

During the reporting period, the main business conducted by us has not undergone any material change.

We are committed to growing into a supplier of core components for the intelligently interconnected world. Our business operations are divided into three main segments: PCB, photoelectric display, and precision manufacturing. Our products are widely applied in consumer electronics, new energy vehicle, communication equipment, industrial equipment, AI, servers, medical appliances and other fields.

In the field of PCB, we are committed to providing industry-leading customers with comprehensive PCB products and services, and integrated solutions covering design, R&D and manufacturing of PCB products that are customized to suit different downstream end products. Our products are widely used on mobile phones, computers, AR/VR devices, wearable devices, energy storage devices, servers, communication equipment, new energy vehicles, energy storage, industrial control equipment, etc.

In the field of photoelectric display, we are a well-known manufacturer of touch panel modules and LED display devices. Our touch panel products are mainly used on medium- and large-sized displays for laptops, tablets, smart home devices, on-board displays, etc.; LCM products are mainly used on medium- and small-sized displays for mobile phones, tablets, etc.; and LED products are widely used on outdoor and indoor small-pitch HD displays. We are actively expanding the application of our optoelectronic display products on vehicles.

In the field of precision manufacturing, we mainly provide precision metal structural components and assemblies to customers engaged in the business of new energy vehicles, energy storage and communication equipment, including functional and structural components for new energy vehicles (such as heat dissipation, shell, body in white and battery structural parts), base station antennas, filters and other structural components and assemblies for mobile communication.

III. Core Competencies of DSBJ

(I) Advantage in customers: High-quality domestic and foreign customer base

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

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

In recent years, we have continuously improved our industrial and product mix through acquisitions and internal development, broken development bottlenecks, and introduced superior businesses to build up new growth drivers. At present, our product offerings cover three business segments, namely PCB, photoelectric display and precision manufacturing. We are able to provide our customers with a variety of basic and core components for intelligent interconnection. In the field of PCB, we have grown into a leading company in the industry. We actively leverage the synergistic effect of all business segments in R&D, technology, supply chain, products, marketing and other areas, through integration of internal resources and coordinated development, gradually achieve the synergy advantage of vertically integrated industry chain, and strive to provide comprehensive, one-stop and technologically advanced integrated product solutions to our customers, and satisfy their customization requirements to the maximum extent.

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

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

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

We advocate the corporate spirit of “openness, inclusion, pragmatism and forward-looking”, stick to the management principle of “overall planning, delegation of powers in business operation, support by the platform and centralized supervision”, give full play to

the initiative and creativity of all organizations, and have built a scientific and efficient management system. Our management team owns practical experience in the management of advanced manufacturing industry, has wide global visions, is able to make accurate strategic judgments and decisions on the trends of industry and opportunities for development, and has strong cohesion and executive ability. We are practical and keep forging ahead in day-to-day management and operation, make periodic benchmarking analysis to compare our performance against historic data, budget targets and the results of outstanding peers, and effectively improve our operational quality and efficiency by setting examples and objectives, identifying the breakthrough point, focusing on implementation and reviewing what has been done, to lay solid foundations for our sustainable high-quality development.

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

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

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

We closely follow the national development strategy, actively take part in global economic competitions, and continuously enhance integration of high-quality resources of the industry. After the completion of two overseas acquisitions, we have successfully entered the PCB industry that has broader prospects for development, optimized our industrial structure, and laid solid foundations for our high-quality development. We have achieved growth in both scale of operation and operating results through such lead-forward development. In 2019, we established our overseas headquarters and operating entities with different functions in North America, Europe, Southeast Asia and other countries and regions. In 2022, in order to implement our new-round development strategy and actively respond to the demands of customers, we accelerated the development of overseas production bases, to further improve our global operating capabilities, promote the establishment of a “dual circulation” development pattern, and actively cope with the complicated competition environment.

IV. Analysis of Main Business

1. Overview

During the reporting period, in face of complicated global economic situations, weak consumer demands, periodically interrupted supply of materials and other unfavorable factors, we made steady progress, stuck to the “two-wheel drive” strategy, focused on the two key fields of consumer electronics and new energy vehicles, actively marched into the new blue sea of new energy while continuously improving the product quality and efficiency of the consumer electronics business. We implemented a more moderate business strategy, improved internal management, enhanced system governance and data governance, actively developed domestic and overseas production bases, and fully leveraged our efficient R&D system to continuously launch new technologies and new products, thereby achieving steady growth of operating results.

In 2022, our main financial indicators grew stably: our operating revenue was RMB31.580 billion, a decrease of 0.67% year on year; net profit attributable to shareholders of the listed company was RMB2.368 billion, an increase of 27.12% year on year; net profit attributable to shareholders of the listed company after deduction of non-recurring gains or losses was RMB2.126 billion, an increase of 34.83% year on year; net cash flows from operating activities was RMB4.630 billion, an increase of 44.25% year on year; and debt

to assets ratio was 59.52%, a decrease of 1.82% year on year.

In 2022, we and our subsidiaries were awarded many special honors, including “Yins Award for Social Responsibility 2022”, “2022 Model Factory for Intelligent Manufacturing of Jiangsu” and “AAA Candidate Model Enterprise of Jiangsu in the Implementation of Integration of Informatization and Industrialization Management System”, among others.

Below is a brief description of the main activities conducted by us in 2022:

I Focus on and continue to put superior resources in the two key fields and main products

During the reporting period, we stuck to the “two-wheel drive” strategy, focused on and continued to put superior resources in the two key fields and main products; while actively cultivating our advantageous products and key customers, enhanced the development of new products and new customers. We further improved our deployment in the key fields, to enhance the synergy effect. During the reporting period, we successfully acquired a back-end on-board display module assembly plant owned by JDI, thereby entering the field of on-board displays, and accelerated the transformation and adjustment of our non-key business, to focus on key business and assets. While maintaining a cautious and optimistic attitude and pursuing sustainable development, we vigorously enhanced the deployment at home and abroad and development of the domestic and overseas market, in order to further improve our operating efficiency and results of operation.

II Actively leverage the efficient R&D system, and promote the rapid development of the new energy business.

We actively leveraged our efficient R&D system, and based on our capabilities accumulated in the fields of PCB and communication equipment, achieved the application of lightweight, electric, intelligent and other new products and made breakthroughs in the field of new energy vehicles. In particular, our heat dissipation, shell and battery structural part products have got wide approbation of the customers, driving a sharp increase in our operating revenue from the new energy business. In the field of PCB, we actively participated in the early development projects of the industry-leading customers, to keep in step with the strategic innovations of the leading customers, and further enhance our capabilities and advantages.

III Continuously optimize the organization structure, and build competitive remuneration policies and system

We continuously optimized our organization structure, provided organizational and talent support for the rapid development of the new businesses through training, introducing and retaining talents and other measures, further improved our scientific and effective performance appraisal system, and explored the establishment of a more competitive remuneration system. During the reporting period, we implemented the 2022 employee stock ownership plan (ESOP) for key officers and technical personnel with the shares repurchased. As we are accelerating the deployment in the field of new energy, the new “three-year plan” will lead our high-quality development. We implemented the 2022 second ESOP, to further enhance the sense of gain and arouse the enthusiasm of our employees, maximize our values, and promote the achievement of our strategic objectives.

IV Continuously improve the system and data governance, and further increase the management efficiency

We continuously improved the system and data governance, and further optimized the management documents and internal processes at all levels according to the characteristics of our industry and development stage, to effectively increase our operating and management capabilities, reduce the institutional costs of our business operation, build a sound, scientific and effective internal management system. We carried out a data governance campaign, in order to fully activate and release the value of our data assets through data governance at the source and with data security as the baseline, enhance group-wide data integration, further promote our development towards digitalization and intelligentization, and improve our work efficiency and management level through intelligent application of data.

V Adhere to the proactive and moderate financial management strategy, and promote our development to a new level

During the reporting period, we continuously adjusted and optimized our capital structure and debt structure, adopted a more moderate and cautious financial strategy, maintained a healthy financial position, and further lowered our debt to asset ratio. First, we improved the budget management system, monitored the achievement of budget goals, detected gaps through ongoing comparative analysis, and took corresponding measures. Second, we focused on the management of cash flows, which produced good results, ensured the use of funds as scheduled, and maintained a stable ratio of cash to net profit. Third, we used foreign exchange and commodity hedging instruments to prevent the effect of market fluctuations on our business operation. Fourth, we actively improved the asset turnovers, enhanced cost improvement, and leveraged the value of assets, to promote steady growth of our operating results.

2. Revenue and costs

(1) Components of operating revenue

In RMB

	2022		2021		Y/Y % change
	Amount	% of operating revenue	Amount	% of operating revenue	
Total operating revenue	31,580,146,732.58	100%	31,793,147,908.12	100%	-0.67%
By segment					
Computer, communication and other electronic components	31,450,821,150.93	99.59%	31,682,727,248.03	99.65%	-0.73%
Others	129,325,581.65	0.41%	110,420,660.09	0.35%	17.12%
By product					
PCBs	21,819,200,095.46	69.09%	20,495,329,957.29	64.46%	6.46%
Touch panels and LCMs	3,402,832,979.40	10.78%	5,156,396,939.04	16.22%	-34.01%
LED display devices	1,682,433,257.88	5.33%	2,603,932,687.66	8.19%	-35.39%
Precision components	4,546,354,818.19	14.40%	3,427,067,664.04	10.78%	32.66%
Others	129,325,581.65	0.41%	110,420,660.09	0.35%	17.12%
By region					
Domestic market	5,622,124,424.21	17.80%	6,798,743,063.07	21.38%	-17.31%
Overseas market	25,958,022,308.37	82.20%	24,994,404,845.05	78.62%	3.86%
By sales model					
Direct sales	31,580,146,732.58	100.00%	31,793,147,908.12	100.00%	-0.67%

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

 Applicable N/A

In RMB

	Operating revenue	Operating cost	Gross margin	Y/Y % change in operating revenue	Y/Y % change in operating cost	Y/Y % change in gross margin
By segment						
Computer, communication and other electronic components	31,450,821,150.93	25,961,338,699.87	17.45%	-0.73%	-4.13%	2.93%
By product						
PCBs	21,819,200,095.46	17,235,837,938.13	21.01%	6.46%	-0.48%	5.51%
Touch panels and LCMs	3,402,832,979.40	3,358,366,909.38	1.31%	-34.01%	-29.08%	-6.85%
LED display devices	1,682,433,257.88	1,534,248,833.74	8.81%	-35.39%	-27.87%	-9.50%
Precision components	4,546,354,818.19	3,832,885,018.62	15.69%	32.66%	32.25%	0.26%
By region						
Domestic market	5,622,124,424.21	4,921,998,801.00	12.45%	-17.31%	-16.41%	-0.94%
Overseas market	25,958,022,308.37	21,098,680,532.24	18.72%	3.86%	-0.67%	3.70%
By sales model						
Direct sales	31,580,146,732.58	26,020,679,333.24	17.60%	-0.67%	-4.08%	2.93%

Note: In 2022, our revenue from the new energy business was about RMB2.370 billion.

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

Applicable N/A

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

Yes No

Segment	Item	Unit	2022	2021	Y/Y % change
PCBs	Sales volume	m ²	3,480,443.01	3,331,653.39	4.47%
	Output	m ²	3,478,056.19	3,312,615.14	4.99%
	Inventories	m ²	134,879.10	137,265.92	-1.74%
LCMs	Sales volume	PC	10,577,698.00	21,628,005.00	-51.09%
	Output	PC	10,566,760.00	22,321,638.00	-52.66%
	Inventories	PC	3,876,017.00	3,886,955.00	-0.28%
LED display devices	Sales volume	PC	174,462,497,331.00	208,056,642,319.00	-16.15%
	Output	PC	168,183,812,209.00	216,650,785,694.00	-22.37%
	Inventories	PC	25,530,494,435.00	31,809,179,557.00	-19.74%
Precision components	Sales volume	PC	100,447,048.00	65,150,504.00	54.18%
	Output	PC	118,717,426.00	66,107,258.00	79.58%
	Inventories	PC	30,352,448.00	12,082,070.00	151.22%

Analysis of changes in the relevant data over 30% year on year

Applicable N/A

1. The output and sales volume of LCMs decreased by 52.66% and 51.09% respectively compared to the preceding year, primarily due to the significant decrease in the sales achieved by the domestic manufacturers of branded mobile phones, laptops and other consumer electronics, resulting in significant decrease in the output and sales volume of our products.

2. The output and sales volume of precision components increased by 79.58% and 54.18% respectively compared to the preceding year, primarily due to the strong demands for new energy vehicles, driving the rapid growth of purchase orders from our customers, and the mass production of our new products.

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

Applicable N/A

(5) Components of operating costs

In RMB

Category of products	Item	2022		2021		Y/Y % change
		Amount	% of operating costs	Amount	% of operating costs	
Computer, communication and other electronic components	Direct material costs	19,293,122,426.37	74.15%	20,105,035,098.47	74.11%	-4.04%
	Direct labor costs	1,784,170,333.27	6.85%	2,073,617,167.68	7.64%	-13.96%
	Manufacturing and other costs	4,943,386,573.60	19.00%	4,949,898,361.78	18.25%	-0.13%

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

Yes No

1. Subsidiaries newly included in the scope of consolidation

Company name	Method of acquisition of shares	Date of acquisition of shares	Capital contribution	Ratio of capital contribution
Suzhou Dongyue New Energy Technology Co., Ltd.	Investment	September 6, 2022	RMB165,000,000.00	100.00%
DSBJ MEXICO ,S.DER. L. DEC. V.	Investment	March 27, 2022	MXN3,000.00	100.00%
Suzhou Dongshan Industrial Investment Co., Ltd.	Investment	December 29, 2022	RMB 30,000,000.00	100.00%

2. Subsidiaries removed from the scope of consolidation

Company name	Method of disposal of shares	Date of disposal of shares	Net assets at the date of disposal	Net profit from January 1, 2022 to the date of disposal (RMB)
Suzhou Aiguan Material Technology Co., Ltd.	Deregistration	September 29, 2022		3,611,898.67

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

Applicable N/A

(8) Major customers and suppliers

Major customers of the Company

Aggregate sales revenue from top 5 customers (RMB)	21,106,964,489.18
Proportion of aggregate sales revenue from top 5 customers to annual sales revenue	66.84%
Proportion of aggregate sales revenue from related parties among top 5 customers to annual sales revenue	0.00%

Particulars of top 5 customers

No.	Name of customer	Sales revenue (RMB)	% of annual sales revenue
1	Customer 1	16,295,062,455.27	51.60%
2	Customer 2	2,160,642,100.80	6.84%
3	Customer 3	1,027,736,498.24	3.25%
4	Customer 4	886,267,264.08	2.81%
5	Customer 5	737,256,170.79	2.33%
Total	--	21,106,964,489.18	66.84%

Other information of major customers

Applicable N/A

Major suppliers of the Company

Aggregate purchase amount from top 5 suppliers (RMB)	5,312,026,961.91
Proportion of aggregate purchase amount from top 5 suppliers to annual purchase cost	27.03%
Proportion of aggregate purchase amount from related parties among top 5 suppliers to annual purchase cost	0.00%

Particulars of top 5 suppliers

No	Name of supplier	Purchase amount (RMB)	% of annual purchase cost
1	Supplier 1	1,449,502,833.70	7.38%
2	Supplier 2	1,445,026,090.10	7.35%
3	Supplier 3	1,165,482,130.64	5.93%
4	Supplier 4	762,476,476.80	3.88%
5	Supplier 5	489,539,430.67	2.49%
Total	--	5,312,026,961.91	27.03%

Other information of major suppliers

Applicable N/A

3. Expenses

In RMB

	2022	2021	Y/Y % change	Reason of material changes
Selling expenses	352,993,453.50	341,087,646.41	3.49%	
Administrative expenses	815,662,486.89	781,664,730.36	4.35%	
Financial expenses	199,633,104.49	436,663,673.90	-54.28%	Primarily due to the exchange gain realized this year
R&D expenses	940,085,451.98	1,028,567,206.95	-8.60%	

4. R&D investments

Applicable N/A

Description of major R&D project	Purpose	Progress	Proposed objectives	Expected effect on the future development of Company
Development of a full LCP multi-layer FPC	To improve the technology and market competitiveness of the relevant products.	Completed	To develop the production process for full LCP multi-layer FPCs and provide better signal transmission performance.	The technology and market competitiveness of the relevant products will be improved.
Development of press-fit technology for FPC coverlay films	To reduce carbon emission and improve the market competitiveness of the relevant products.	Completed	To improve the efficiency and reduce energy consumption of the production process of the relevant products.	The technology and market competitiveness of the relevant products will be improved.
Development of the new-type press-fit technology for super-efficient FPCs	To reduce carbon emission and improve the market competitiveness of the relevant products.	In progress	To improve the efficiency of press-fit process for multi-layer boards and coverlay films.	The technology and market competitiveness of the relevant products will be improved.
Research of the long-life dynamic bending board CPW structure for foldable devices	To improve the technology and market competitiveness of the relevant products.	Completed	To research CPW radio frequency structure meeting long-life dynamic bending requirements, extend the bending life, and reduce changes in the post-bending radio frequency performance.	The technology and market competitiveness of the relevant products will be improved.
Development of simulation assessment method for the dynamic bending life of FPCs	To improve the technology and market competitiveness of the relevant products.	Completed	To use the simulation software to assess the dynamic bending life of FPCs, and guide the selection of materials in design.	The technology and market competitiveness of the relevant products will be improved.
Development of UWB FPC antenna design proposals	To improve the technology and market competitiveness of the relevant products.	Completed	To simulate and assess different UWB FPC antenna designs, and provide the best antenna performance solution.	The technology and market competitiveness of the relevant products will be improved.
Optimization of the drying system on the development line and etching line	To reduce carbon emission and improve the market competitiveness of the relevant products.	In progress	To optimize the distribution of air flow and temperature at the drying section of the manufacturing process based on simulation.	The technology and market competitiveness of the relevant products will be improved.
Formation of FPCs by laser cutting	To improve the technology and market competitiveness of the relevant products.	Completed	To form flexible copper metal circuits by laser cutting.	The technology and market competitiveness of the relevant products will be improved.
Applied research of electro-coppering process using recycled copper powder	To reduce carbon emission and improve the market competitiveness of the relevant products.	Completed	To use recycled copper powder in electro-coppering, to reduce costs.	The technology and market competitiveness of the relevant products will be improved.
Applied research of electro-gilding process using recycled gold salt	To reduce carbon emission and improve the market competitiveness of the relevant products.	Completed	To use recycled gold salt in electro-gilding, to reduce costs.	The technology and market competitiveness of the relevant products will be improved.
Applied research of a pre-ink copper surface roughening agent	To improve the technology and market competitiveness of the relevant products.	Completed	To use copper surface roughening agent to improve the reliability of the relevant products.	The technology and market competitiveness of the relevant products will be improved.
Research and development of a new-type fluororesin FPC	To improve the technology and market competitiveness of the relevant products.	In progress	To develop fluorine materials, and build fluororesin FPC processing capability.	The technology and market competitiveness of the relevant products will be improved.
Research of protective film hardening process using infrared heating	To improve the technology and market competitiveness of the relevant products.	Completed	To replace hot air baking with infrared heating, to reduce energy consumption and improve cleanness.	The technology and market competitiveness of the relevant products will be improved.
Research and development of a stretchable FPC	To improve the technology and market competitiveness of the relevant products.	Completed	To develop a new-type stretchable FPC.	The technology and market competitiveness of the relevant products will be improved.
Development of a thin fine line FPC	To improve the technology and market competitiveness of the relevant products.	Completed	To develop thin copper and thin coverlay film for use in the manufacturing of thin fine line FPCs.	The technology and market competitiveness of the relevant products will be improved.

Research of a long-life dynamic bending FPC	To improve the technology and market competitiveness of the relevant products.	Completed	To develop a long-life dynamic bending FPC for use in foldable phones.	The technology and market competitiveness of the relevant products will be improved.
Development of a four-layer substrate-like PCB	To improve the technology and market competitiveness of the relevant products.	Completed	To produce four-layer substrate-like PCBs using mSAP process.	The technology and market competitiveness of the relevant products will be improved.
Development of the application of graphene glue and semiconductor ceramic substrate on FPCs	To improve the technology and market competitiveness of the relevant products.	Completed	To realize the control of heating temperature using FPCs.	The technology and market competitiveness of the relevant products will be improved.
Development of the single SMT assembly technology	To improve the engineering and market competitiveness of the relevant products.	Completed	To realize the diversification of assembly technologies.	The engineering and market competitiveness of the relevant products will be improved.
Development of an asymmetric thin PCB	To improve the technology and market competitiveness of the relevant products.	Completed	To let the levelness of asymmetric PCBs be similar to that of symmetric PCBs, so as to reduce the mounting risk of the customers.	The technology and market competitiveness of the relevant products will be improved.
Development of the sub-outer layer step gold finger technology	To improve the technology and market competitiveness of the relevant products.	Completed	To achieve the effect of accurate depth milling decap through form milling.	The technology and market competitiveness of the relevant products will be improved.
Development of the buried resistance process	To improve the technology and market competitiveness of the relevant products.	In progress	To satisfy the integration, anti-interference and other requirements of devices.	The technology and market competitiveness of the relevant products will be improved.
Development of laser groove	To improve the technology and market competitiveness of the relevant products.	Completed	To design laser grooves that satisfy the customers' requirements for different thicknesses, lengths and widths of dielectric layers	The technology and market competitiveness of the relevant products will be improved.
Development of the conductive copper grease process and technology	To improve the technology and market competitiveness of the relevant products.	Completed	To provide the customers with next-generation 5G millimeter waver solutions.	The technology and market competitiveness of the relevant products will be improved.
Development of the process technology for producing buried resistance using thin film buried resistance foil TCR®	To improve the technology and market competitiveness of the relevant products.	In progress	To provide the customers with buried resistance solutions.	The technology and market competitiveness of the relevant products will be improved.
Simulation and design of 56/112 Gbps transmission line	To improve the product design capability.	In progress	To improve high-speed product design capability and efficiency, and reach the leading level of the industry	The technology and market competitiveness of the relevant products will be improved.
Development of LCM blind hole technology	To improve the technology and market competitiveness of the relevant products.	Completed	To develop the LCM side blind hole and middle blind hole process, which can be applied in mass production.	The technology and market competitiveness of the relevant products will be improved.
Development of LCM three-side sealing technology	To improve the technology and market competitiveness of the relevant products.	In progress	To narrow the frames of LCMs and connect LCMs with the enclosures more closely, to produce a better sealing effect.	The technology and market competitiveness of the relevant products will be improved.
MiniLED LCM	To develop the new technology to improve the display effect of LCDs.	In progress	To develop the optic and structural design, driver and algorithm of blue light COB Mini LEDs, and realize the industrialization of the technology.	The technology and market competitiveness of the relevant products will be improved.
Display integrated black panel technology	To improve the display effect and market competitiveness of the relevant products.	In progress	To maintain the consistent color of the display area and the edge ink area when the screen is turned off, to improve the aesthetics. The integrated black panel (IBP) technology that can create a novel, prominent, beautiful display effect with a sense of technology will become a tendency of display panels.	The technology and market competitiveness of the relevant products will be improved.
PF2 project R&D	To improve the technology and market competitiveness of laptop and all-in-one PC device products.	Completed	The development of PF2 product technology and process has been completed, which will satisfy the customers' requirements for ultra-thin specifications. A number of projects have entered into mass production.	The technology and market competitiveness of the relevant products will be improved.
Self-made G-sensor	To improve the technology and market competitiveness of on-board and industrial control products.	Completed	The development of G-sensor yellow light process and etching paste process has been completed, which reaches the advanced level of the industry. A number of projects have entered into mass production.	The technology and market competitiveness of the relevant products will be improved.
Self-made metal mesh sensor	To improve the technology and market competitiveness of tablet, laptop and all-in-one PC device products.	At the stage of trial production	The development of 3um-5um mesh process has been completed, which reaches the advanced level of the industry. A number of projects are at the stage of trial production. Efforts are made to further increase	The technology and market competitiveness of the relevant products will be improved.

			the yield of the manufacturing process.	
Design of home electric vehicle charger products	To improve the market competitiveness.	Completed	To develop visually striking leading-edge products for the strategic customers in the automotive field.	The technology and market competitiveness of the relevant products will be improved.
Development of home electric vehicle charger automatic assembly line	To improve the market competitiveness.	Completed	To provide products with reliable quality for the strategic customers in the automotive field.	The technology and market competitiveness of the relevant products will be improved.
Automatic welding of home electric vehicle chargers	To improve the market competitiveness.	Completed	To provide products with reliable quality for the strategic customers in the automotive field.	The technology and market competitiveness of the relevant products will be improved.
Optimization of the structure of energy storage cabinet	To improve the manufacturability, technology and market competitiveness of the relevant products.	In progress	To optimize the structure of energy storage cabinet, improve the manufacturability, and reduce costs.	The technology and market competitiveness of the relevant products will be improved.
Development of the cold plate production line and tooling technology	To improve the market competitiveness.	Completed	To put into operation.	The technology and market competitiveness of the relevant products will be improved.

Particulars of R&D personnel

	2022	2021	Y/Y % change
Number of R&D personnel (person)	3,944	3,699	6.62%
Ratio of R&D personnel to total number of employees	18.76%	18.53%	0.23%
Education background of R&D personnel			
Undergraduate	1,856	1,741	6.61%
Master	55	37	48.65%
Age of R&D personnel			
Below 30	1,950	1,726	12.98%
30-40	552	518	6.56%

Particulars of R&D expenses

	2022	2021	Y/Y % change
Amount of R&D expenses (RMB)	940,085,451.98	1,028,567,206.95	-8.60%
Ratio of R&D expenses to operating revenue	2.98%	3.24%	-0.26%
Amount of R&D expenses capitalized (RMB)	0.00	0.00	0.00%
Ratio of capitalized R&D expenses to total R&D expenses	0.00%	0.00%	0.00%

Analysis of the cause and effect of the significant changes in the composition of R&D personnel

Applicable N/A

Analysis of the cause of the significant change in the ratio of R&D expenses to operating revenue compared to the preceding year

Applicable N/A

Analysis of the cause and reasonableness of the significant change in the ratio of R&D expenses capitalized

Applicable N/A

5. Cash flows

In RMB

Item	2022	2021	Y/Y % change
Cash provided by operating activities	32,948,819,791.38	31,571,649,840.58	4.36%
Cash used in operating activities	28,318,935,780.00	28,362,105,356.37	-0.15%
Net cash flows from operating activities	4,629,884,011.38	3,209,544,484.21	44.25%
Cash provided by investing activities	679,476,885.00	1,871,205,697.48	-63.69%
Cash used in investing activities	4,438,468,040.34	3,898,266,527.76	13.86%
Net cash flows from investing activities	-3,758,991,155.34	-2,027,060,830.28	-85.44%
Cash provided by financing activities	12,967,955,013.11	13,568,826,956.10	-4.43%

Cash used in financing activities	12,464,334,940.01	13,662,677,252.42	-8.77%
Net cash flows from financing activities	503,620,073.10	-93,850,296.32	636.62%
Net increase in cash and cash equivalents	1,517,725,695.91	1,066,166,041.32	42.35%

Analysis of the main causes of the significant changes in the relevant data

Applicable N/A

1. The net cash flows from operating activities increased by 44.25% compared to the preceding year, primarily due to the increase in the net profit for the reporting period and high receivables turnover ratio during the credit period for the customers of our core business.
2. The net cash flows from investing activities decreased by 85.44% compared to the preceding year, primarily due to the decrease in the amount of investment in wealth management products recovered upon maturity during the reporting period.
3. The net cash flows from financing activities increased by 636.62% compared to the preceding year, primarily due to the increase in the long-term funds raised by us for the implementation of our new energy strategy.
4. The net increase in cash and cash equivalents increased by 42.35% compared to the preceding year, primarily due to the significant increase in the net cash flows from operating activities and the reserve funds appropriated by us for the new energy and on-board component business.

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

Applicable N/A

In 2022, the net cash flows from operating activities were RMB4.630 billion, while the net profit was RMB2.368 billion. The difference was primarily due to the increase in depreciation, amortization and accounts receivable collected.

V. Analysis of Non-main Business

Applicable N/A

VI. Analysis of Assets and Liabilities

1. Material changes in the components of assets

In RMB

	December 31, 2022		January 1, 2022		Y/Y % change	Reason of significant change
	Amount	% of total assets	Amount	% of total assets		
Cash and bank balances	7,131,202,817.72	17.59%	5,400,837,392.47	14.23%	3.36%	Primarily due to the significant increase in the net cash flows from operating activities and the reserve funds appropriated by us for the new energy and on-board component business.
Accounts receivable	7,006,411,466.74	17.29%	7,666,079,765.82	20.20%	-2.91%	
Inventories	6,165,738,409.09	15.21%	6,451,712,389.82	17.00%	-1.79%	
Investment properties	1,296,551.42		1,554,262.58			
Long-term equity investment	139,767,215.41	0.34%	143,121,019.78	0.38%	-0.04%	
Fixed assets	10,673,700,468.47	26.33%	10,736,270,678.33	28.29%	-1.96%	
Construction in progress	1,813,183,815.67	4.47%	503,037,513.25	1.33%	3.14%	Primarily due to the fine line FPC project, IC substrate project and the domestic and overseas new energy-related projects being under construction
Right-of-use assets	951,068,254.01	2.35%	920,952,667.75	2.43%	-0.08%	
Short-term borrowings	7,794,409,944.68	19.23%	8,047,168,009.16	21.20%	-1.97%	
Contract liabilities	26,193,456.12	0.06%	39,681,986.94	0.10%	-0.04%	
Long-term loans	3,197,821,643.49	7.89%	2,030,525,761.80	5.35%	2.54%	Primarily due to the long-term bank loans obtained for our new major investment projects
Lease liabilities	1,647,319,046.20	4.06%	1,147,810,164.72	3.02%	1.04%	Primarily due to the new lease liabilities incurred in connection with the factory buildings leased for the

Yancheng Phase II project

Analysis of high proportion of overseas assets

 Applicable N/A

In RMB

Assets	Method of acquisition	Amount	Location	Mode of operation	Controls for guaranteeing the security of assets	Income	Proportion of overseas assets to net assets	Whether it involves risk of material impairment loss
Dragon Holdings	Established by the Company	27,056,169,632.12	Delaware, U.S.	R&D and sales	Its manufacturing entity is located in China	1,143,169,986.23	34.70%	No
Multek Group	Established by the Company	5,388,023,644.89	Hong Kong, China	R&D and sales	Its manufacturing entity is located in China	105,030,584.26	11.89%	No
Remark	None							

2. Assets and liabilities at fair value Applicable N/A

In RMB

Items	Opening balance	Gain or loss on changes in fair value	Aggregate changes in fair value recorded in equity	Impairment loss recognized in the current period	Amount acquired in the reporting period	Amount sold in the reporting period	Other changes	Closing balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	362,098,666.66				1,438,774,536.19	1,448,083,103.13	6,348,937.52	359,139,037.24
2. Derivative financial assets	97,179,912.08	-15,402,605.82	-37,830,849.50		148,764,414.64	32,845,252.37		159,865,619.03
4. Investment in other equity instruments	40,249,971.12				19,515,060.00	2,985,883.46		56,779,147.66
Subtotal of financial assets	499,528,549.86	-15,402,605.82	-37,830,849.50		1,607,054,010.83	1,483,914,238.96	6,348,937.52	575,783,803.93
Total	499,528,549.86	-15,402,605.82	-37,830,849.50		1,607,054,010.83	1,483,914,238.96	6,348,937.52	575,783,803.93
Financial liabilities	0.00	51,210,853.68	170,981,004.89			130,674,741.68		91,517,116.89

Other changes: N/A

Whether there's any material change in the measurement properties of main assets of the Company during the reporting period?

 Yes No**3. Encumbrances on assets as of the end of the reporting period**

Items	Closing carrying value	Reason for restrictions
Cash and bank balances	1,674,175,995.02	Security deposit for notes and loans, etc.
Account receivables financing	441,621,937.83	Pledge of notes
Fixed assets	459,521,491.55	Collateral for loans, sale and lease back
Right-of-use assets	951,068,254.01	Finance lease
Total	3,526,387,678.41	

VII. Analysis of Investments**1. Overview** Applicable N/A

Amount of investment in 2022 (RMB)	Amount of investment in 2021 (RMB)	Y/Y % change
3,151,530,715.00	841,517,692.36	274.51%

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 reporting period

Applicable N/A

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

Applicable N/A

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

(2) Investment in derivatives

Applicable N/A

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

Applicable N/A

In RMB0'000

Type of investment in derivatives	Initial investment amount	Gain or loss on changes in fair value	Aggregate changes in fair value recorded in equity	Amount acquired in the reporting period	Amount sold in the reporting period	Closing balance	% of net assets at the end of the reporting period
Commodity futures	2,535.88	-867.51	0	40,903.33	46,688.54	7,604.46	0.46%
Total	2,535.88	-867.51	0	40,903.33	46,688.54	7,604.46	0.46%
Hedge accounting policies and principles adopted for the reporting period and significant changes in such policies and principles compared to the preceding reporting period	None						
Actual profit or loss for the reporting period	The loss on commodity futures transactions recorded in profit or loss was RMB8.6751 million.						
Effect of hedging	We conduct hedging transactions for the purpose of locking in the costs, avoiding and preventing exchange or interest rate risks, and prohibit any risk speculation. Our objectives are to further improve our capability to address the risk of foreign exchange fluctuations, avoid and prevent exchange or interest rate risks, and improve our financial soundness.						
Source of funds for investment in derivatives	Self-owned funds						
Analysis of risks associated with the derivatives held in the reporting 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 (Announcement No. 2022-004) disclosed by us on January 25, 2022.						
Changes in the market price or fair value of the derivatives held in the reporting period (in the	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.						

analysis of the fair value of derivatives, the specific approaches, assumptions and parameters used shall be disclosed)	
Litigation involved (if applicable)	N/A
Disclosure date of the announcement of the board of directors approving the investment in derivatives (if any)	January 25, 2022
Special opinion issued by the independent directors regarding the Company's investment in derivatives and related risk control measures	The hedging transactions conducted by the Company with commodity futures can leverage the hedging function of futures, reduce the effect of the fluctuations in market prices of raw materials and products on the production and operating costs and the prices of main products of the Company, improve its capability to fend off risks and enhance its financial soundness. The relevant transactions have been considered and decided in accordance with the provisions of the applicable laws, regulations and normative documents and the relevant policies of the Company, and will not prejudice the interests of the Company and its shareholders. Therefore, we consent to the conduct of the hedging transactions by the Company with commodity futures.

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

Applicable N/A

We have not made any investment in derivatives for hedging purpose during the reporting period.

5. Use of offering proceeds

Applicable N/A

(1) Description of use of offering proceeds

Applicable N/A

In RMB0'000

Year of offering	Method of offering	Total offering proceeds	Total amount of offering proceeds used in the reporting period	Aggregate amount of offering proceeds already used	Total amount of offering proceeds the purpose of which was changed in the reporting period	Aggregate amount of offering proceeds the purpose of which has been changed	Percentage of offering proceeds the purpose of which has been changed	Total amount of unused offering proceeds	Purpose and whereabouts of unused offering proceeds	Total amount of offering proceeds that has remained unused for more than two years
2020	Private placement	289,225.58	58,878.74	211,882.99	61,565.47	61,565.47	21.29%	75,903.11	To be invested in the relevant projects	0
Total	--	289,225.58	58,878.74	211,882.99	61,565.47	61,565.47	21.29%	75,903.11	--	0

Description of use of offering proceeds

With the approval of the CSRC under the Reply on Approval of Private Placement of Shares by Suzhou Dongshan Precision Manufacturing Co., Ltd. (Zheng Jian Xu Ke [2020] No. 980) and the consent of the SZSE, we privately offered 103,294,850 Renminbi-denominated ordinary A shares at the offer price of RMB28.00 per share to specific investors through the lead underwriter Tianfeng Securities Co., Ltd., and raised RMB2,892.2558 million in total, and after deduction of the underwriter's fee and sponsor's fee totaling RMB23.1132 million, the balance of the offering proceeds, RMB2,868.7558 million, was remitted to our supervisory account of offering proceeds by Tianfeng Securities Co., Ltd. on July 13, 2020. After deduction of the accountant's fee, attorney's fee, legal information disclosure fee and other external costs directly relating to the offering of equity securities, totaling RMB5.1887 million, the amount of net offering proceeds was RMB2,863.9539 million (exclusive of tax). Pan-China Certified Public

Accountants LLP verified the receipt of such offering proceeds, and issued the Capital Verification Report (Tian Jian Yan [2020] No. 5-9).

(2) Committed investment projects using offering proceeds

Applicable N/A

In RMB0'000

Committed investment project and use of over-raised funds	Whether the project has been changed or partially changed	Total committed investment amount	Total investment amount as adjusted (1)	Amount invested in the reporting period	Aggregate amount already invested as of the end of the reporting period (2)	Progress of investment as of the end of the reporting period (3) = (2)/(1)	Date that the project is ready for its intended use	Income earned in the reporting period	Whether the project has produced the desired result	Whether there's any significant change in the feasibility of the project
Committed investment project										
400,000 m ² fine line FPC production and assembly capacity expansion project	No	80,338.48	80,338.48	11,613.98	79,798.34	99.33%	January 5, 2022	30,600.82	Yes	No
Multek 5G high-speed high-frequency and high-density PCB technology upgrading project	No	65,958.46	65,958.46	6,385.49	32,041.72	48.58%	N/A	4,324.58	No	No
Multek PCB production line technology upgrading project	No	72,805.89	72,805.89	14,576.88	65,691.03	90.23%	April 19, 2023	9,349.58	Yes	No
FPC for new energy application and assembly project of MFLEX Yancheng	Yes		61,565.47	25,931.22	25,931.22	42.12%	N/A	N/A	N/A	No
Wireless module production and construction project of Yancheng Dongshan Communication Technology Co., Ltd.	Yes	70,122.75	8,557.28	371.17	8,420.68	98.40%	N/A	N/A	N/A	Yes
Subtotal	--	289,225.58	289,225.58	58,878.74	211,882.99	--	--	44,274.98	--	--
Use of over-raised funds										
None										
Total	--	289,225.58	289,225.58	58,878.74	211,882.99	--	--	44,274.98	--	--
Failure to meet the scheduled progress and produce the desired result and reason thereof (please describe on a project-by-project basis, including the reason of selecting N/A in the column "whether the project has	<p>Due to the construction of 5G network falling short of expectations, the changes in the macro-economic environment in the recent years and other unfavorable factors, the "Multek 5G high-speed high-frequency and high-density PCB technology upgrading project" has proceeded slowly and produced relatively poor results. In recent years, the digital economy has developed vigorously in China, and become a main driving force for building the new development pattern and new competitive advantages of the country. As the key to leading the development of new-generation information technology and new-type infrastructure, 5G is an important engine driving the development of digital economy, and provides enormous potentials for pushing the society into the era of intelligent interconnection. We believe that the prospects of the 5G market are promising in the long run, and will adjust and advance the relevant investment projects taking into account the changes in market demands. Therefore, according to the market conditions and the progress of the construction and funding of the investment project, we plan to extend the date that the project is ready for its intended use to October 31, 2024, without changing the use of offering proceeds and amount of offering proceeds to be invested in the project. Such extension has been approved at the 33rd meeting of the 5th Board of Directors and the 20th meeting of the 5th Board of Supervisors held on April 19, 2023.</p>									

produced the desired result")	
Reason of significant change in the feasibility of the project	Due to the bottleneck in the development of 5G communication, weak downstream demands and other unfavorable factors, the progress of the "Wireless module production and construction project of Yancheng Dongshan Communication Technology Co., Ltd." fell short of expectations. In light of the rapid development of the new energy vehicle market and rising demands of the on-board FPC market, as a component supplier for the international leading new energy vehicle manufacturers, we need to further improve our industrial layout, capability to serve the downstream customers, and overall competencies. Therefore, in order to ensure the efficient use of offering proceeds, we have decided to change the "wireless module production and construction project of Yancheng Dongshan Communication Technology Co., Ltd." into the "FPC for new energy application and assembly project of MFLEX Yancheng".
Amount and use of over-raised offering proceeds and progress of use thereof	N/A
Change in the place of the investment project using offering proceeds	N/A
Adjustment of the method of implementation of the investment project using offering proceeds	N/A
Funds pre-invested in the investment project and replacement thereof	Applicable The 3 rd meeting of the 5 th meeting of the Board of Directors considered and adopted the Proposal for Replacing the Self-raised Funds Pre-invested in the Investment Projects using Offering Proceeds with the Idle Offering Proceeds, approving the replacement of the funds pre-invested in the investment projects using offering proceeds in the amount of RMB399.5914 million with the offering proceeds. The replacement was completed in 2020.
Temporary replenishment of working capital with the idle offering proceeds	Applicable On June 13, 2022, the 23 rd meeting of the 5 th Board of Directors and the 16 th meeting of the 5 th Board of Supervisors considered and adopted the Proposal for Temporary Replenishment of Working Capital with the Idle Offering Proceeds, approving the temporary replenishment of working capital with the idle offering proceeds up to RMB1 billion for a period of not more than 12 months. As of December 31, 2022, we used the idle offering proceeds of RMB655 million to temporarily replenish the working capital.
Amount of surplus offering proceeds and reason thereof	Applicable The "400,000 m ² fine line FPC production and assembly capacity expansion project" and the "Multek PCB production line technology upgrading project" have been ready for their intended use. On the principle of reasonableness, economy and effectiveness, we have used the offering proceeds prudently, enhanced control, supervision and management of all kinds of expenses, reasonably allocated and optimized all kinds of resources, reasonably reduced the relevant costs and expenses, and saved certain offering proceeds. In addition, we have earned interest income from the offering proceeds. The total surplus offering proceeds, in the amount of RMB6.34 million, have been permanently applied to replenish our working capital, and will be used in our day-to-day business operations. The completion of such investment projects using offering proceeds and the use of the surplus offering proceeds to permanently replenish the working capital have been approved at the 33 rd meeting of the 5 th Board of Directors and the 20 th meeting of the 5 th Board of Supervisors held on April 19, 2023.
Purpose and whereabouts of unused offering proceeds	As of December 31, 2022, the amount of unused offering proceeds was RMB759.0311 million, of which, RMB655 million was used to replenish the working capital, and RMB104.0311 million was deposited in the special account of offering proceeds.
Adjustment of the method of implementation of the investment project using offering proceeds	N/A

(3) Changes in the investment projects using offering proceeds

Applicable N/A

In RMB0'000

New project	Original committed project	Amount of offering proceeds to be invested in the new project (1)	Amount invested in the reporting period	Aggregate amount already invested as of the end of the reporting period (2)	Progress of investment as of the end of the reporting period (3) = (2)/(1)	Date that the project is ready for its intended use	Income earned in the reporting period	Whether the project has produced the desired result	Whether there's any significant change in the feasibility of the project
FPC for new energy application and assembly	Wireless module production and	61,565.47	25,931.22	25,931.22	42.12%	N/A	N/A	N/A	No

project of MFLEX Yancheng	construction project of Yancheng Dongshan Communication Technology Co., Ltd.								
Total	--	61,565.47	25,931.22	25,931.22	--	--	--	--	--
Reason of change, decision-making procedures and information disclosure (please describe on a project-by-project basis)		Due to the bottleneck in the development of 5G communication, weak downstream demands and other unfavorable factors, the progress of the "wireless module production and construction project of Yancheng Dongshan Communication Technology Co., Ltd." fell short of expectations. In light of the rapid development of the new energy vehicle market and rising demands of the on-board FPC market, as a component supplier for the international leading new energy vehicle manufacturers, we need to further improve our industrial layout, capability to serve the downstream customers, and overall competencies. Therefore, in order to ensure the efficient use of offering proceeds, we have decided to change the "wireless module production and construction project of Yancheng Dongshan Communication Technology Co., Ltd." into the "FPC for new energy application and assembly project of MFLEX Yancheng". Such change in the use of offering proceeds were approved at the 19 th meeting of the 5 th Board of Directors and the 13 th meeting of the 5 th Board of Supervisors held on February 17, 2022, and the first extraordinary general meeting in 2022 held on March 8, 2022, and disclosed on www.cninfo.com.cn , and our designated newspapers for information disclosure.							
Failure to meet the scheduled progress and produce the desired result and reason thereof (please describe on a project-by-project basis)		N/A							
Reason of significant change in the feasibility of the project		N/A							

VIII. Sale of Material Assets and Equities

1. Sale of material assets

Applicable N/A

No material asset has been sold during the reporting period.

2. Sale of material equities

Applicable N/A

IX. Analysis of Major Subsidiaries and Investees

Applicable N/A

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

In RMB

Company name	Type of company	Main business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Dragon Holdings	Subsidiary	Design, R&D, sale and after-sale services in respect of PCBs; investment holding	USD113,450,100	27,056,169,632.12	5,693,347,235.44	35,126,071,016.69	1,488,476,842.55	1,143,169,986.23
Multek Group	Subsidiary	R&D, sale and after-sale services in respect of PCBs	USD218,248,360.27	5,388,023,644.89	1,951,469,300.00	4,650,989,651.82	139,763,610.35	105,030,584.26

Subsidiaries acquired or disposed of during the reporting period:

Applicable N/A

Company name	Method of acquisition or disposal	Effect on overall production, operation and results
Suzhou Aiguan Material Technology Co., Ltd.	Deregistration	No material effect on our operating results in the reporting period
Suzhou Dongshan Industrial Investment Co., Ltd.	Investment	No material effect on our operating results in the reporting period
Suzhou Dongyue New Energy Technology Co., Ltd.	Investment	No material effect on our operating results in the reporting period
DSBJ MEXICO,S.DE R.L.DE CV.	Investment	No material effect on our operating results in the reporting period

X. Structured Entities Controlled by the Company

Applicable N/A

XI. Prospects for Future Development of the Company

(I) Our development strategy

We focus on high-quality development, enhance systemic thinking, make top-level design, strictly defend the bottom line of operation; actively embrace changes, focus on the two key fields of consumer electronics and new energy vehicles, actively march into the new blue sea of new energy while continuously improving the product quality and efficiency of the consumer electronics business; increase R&D investments, enable industrial development, fully exploit internal resources and potentialities, strive to improve our performance in the new energy sector; implement comprehensive budget management, focus on key products, serve key customers; insist on prudent operation, maintain a healthy financial position; optimize the organization structure, enhance the training of personnel; implement the integration of informatization and industrialization, and drive the transition from “manufacturing” to “intelligent manufacturing”.

(II) 2023 business plan

- (1) Stick to the “two-wheel drive” strategy, improve the product quality and efficiency of the consumer electronics business, and vigorously develop the new energy business;
- (2) Optimize the layout and improve the operating capability of the overseas bases;
- (3) Enhance comprehensive budget management, maintain a healthy financial position, and continuously optimize the capital structure;
- (4) Enhance the integration of informatization and industrialization, improve system governance and data governance, and promote high-quality development of the Company;
- (5) Continuously optimize the organization structure and talent training; and
- (6) Increase ESG values and sustainability, and actively explore green and low-carbon development and sustainable development issues.

(III) Main risk factors

1. Risk of concentration of customers

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

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

2. Risks brought by rapid technology upgrading of the industry

Our business covers PCB, photoelectric display, precision manufacturing and other technology intensive industries, and our products are widely applied in consumer electronics, new energy vehicles, communication equipment, industrial equipment, AI, medical appliances and other fields, all of which are characterized by rapid technology upgrading. If our R&D and manufacturing capabilities fail to keep pace with the rapid technology upgrading of downstream products, our products and technologies may become obsolete.

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

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 disputes in recent years may cause uncertainties to the applicable trade policies, which could affect our international trade.

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

4. Risk of market exploitation

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

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

5. Environmental risk

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

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

6. Foreign exchange risk

Export sales constitute a large proportion in 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 operation.

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

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

Applicable N/A

Date	Place	Method of communication	Type of guests	Guests	Main topics of discussion and information provided	Particulars of the investigation and research activity available at

April 20, 2022	Online	Communication by telephone	Institutional investors	Ping An Asset Management Co., Ltd. and other 160 institutional investors	Interpretation of our results in 2021 and development plans	www.cninfo.com.cn
April 27, 2022	Online	Others	Individual and institutional investors	Investors	Interpretation of our annual report 2021	www.cninfo.com.cn
August 18, 2022	Online	Communication by telephone	Institutional investors	GF Fund Management Co., Ltd. and other 171 institutional investors	Interpretation of our semi-annual report of 2022, and introduction about the development of our main business segments	www.cninfo.com.cn
October 25, 2022	Online	Communication by telephone	Institutional investors	Hua Chuang Securities and other 508 institutional investors	Interpretation of our third quarter report of 2022	www.cninfo.com.cn

Section IV Corporate Governance

I. Overview of Corporate Governance

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

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

Yes No

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

II. The Company's independence of its controlling shareholders and actual controllers in assets, personnel, finance, organization and business

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

1. Independence in business operation: We are independent of our shareholders and other affiliates in business operation, have complete production, R&D, management, procurement and sales systems, and are able to carry out business independently on the market.

2. Independence in personnel: We have a sound corporate governance structure in place, and our directors, supervisors and senior officers have been appointed in strict accordance with the *Company Law* and the *Articles of Association*, and do not hold any concurrent post in contravention of the applicable laws and regulations. We are independent of our shareholders in personnel and payroll management, and all of our employees receive their salaries from us. We have developed stringent employment, performance appraisal, promotion and other competent labor policies, and entered into a *Labor Contract* with each employee. We are fully independent in labor, personnel and payroll management.

3. Independence in assets: We have a clear property right relationship with our controlling shareholders, own or have the right to use the premises and land necessary for our production and operating activities, and have complete auxiliary production systems and supporting facilities. None of our controlling shareholders or the business entities controlled by them has occupied any of our funds, assets or other resources.

4. Independence in organization: We have established a relatively sound corporate governance structure in accordance with the requirements of the *Company Law* and the *Articles of Association*, and our general meeting, Board of Directors and Board of Supervisors exercise their respective functions in strict accordance with applicable laws and regulations. We have set up internal bodies suitable for our development, defined their respective functions, and developed corresponding internal management and control systems. All of our functional departments operate independently, free from any interference by any shareholders, other department, entities or individuals, and do not engage in any mixed operation or share office space with other departments.

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

III. Horizontal competition

Applicable N/A

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

1. General meetings held during the reporting period

Session	Type of meeting	Percentage of investors attending the meeting	Date of meeting	Disclosure date	Resolution of the meeting
The 1 st extraordinary general meeting in 2022	Extraordinary general meeting	40.13%	March 8, 2022	March 9, 2022	Announcement of the resolutions of the 1 st extraordinary general meeting in 2022 (Announcement No.: 2022-017)
2021 annual general meeting	Annual general meeting	39.83%	May 20, 2022	May 21, 2022	Announcement of the resolutions of the 2021 annual general meeting (Announcement No.: 2022-044)
The 2 nd extraordinary general meeting in 2022	Extraordinary general meeting	28.57%	October 31, 2022	November 1, 2022	Announcement of the resolutions of the 2 nd extraordinary general meeting in 2022 (Announcement No.: 2022-078)

2. Extraordinary shareholders' meetings convened on the requisition of holders of preferred shares whose voting rights have been restituted

Applicable N/A

V. Directors, Supervisors and Senior Officers

1. Particulars

Name	Title	Status	Sex	Age	Beginning date of the term of office	Ending date of the term of office	Opening balance of shares held	No. of addition shares acquired in the reporting period	No. of shares disposed of in the reporting period	Changes in the number of shares held due to other reasons	Closing balance of shares held	Cause of increase or decrease in the number of shares held
YUAN Yonggang	Chairman	Active	Male	44	May 29, 2020	May 29, 2023	202,226,196				202,226,196	
YUAN Yongfeng	Director & General Manager	Active	Male	46	May 29, 2020	May 29, 2023	222,388,153				222,388,153	
ZHAO Xuitian	Vice Chairman	Active	Male	60	May 29, 2020	May 29, 2023						
SHAN Jianbin	Director & Executive President	Active	Male	47	May 29, 2020	May 29, 2023	553,700				553,700	
MAO Xiaoyan	Director, Deputy General Manager & Board Secretary	Active	Female	43	May 29, 2020	May 29, 2023	391,600				391,600	
WANG Xu	Director, Deputy General Manager & CFO	Active	Male	41	May 29, 2020	May 29, 2023	560,000				560,000	
WANG Zhangzhong	Independent director	Active	Male	60	May 29, 2020	May 29, 2023						
SONG Liguo	Independent director	Active	Male	59	May 29, 2020	May 29, 2023						
GAO Yongru	Independent director	Active	Male	55	March 8, 2020	May 29, 2023						
LIN Shu	Independent director	Resigned	Male	45	May 29, 2020	March 8, 2022						
MA Lijiang	Chairman of the Board of Supervisors	Active	Male	42	May 29, 2020	May 29, 2023	3,000				3,000	
Ji Yachun	Employee representative supervisor	Active	Male	45	May 29, 2020	May 29, 2023						
HUANG Yongxin	Employee representative supervisor	Active	Male	37	May 29, 2020	May 29, 2023						
Total	--	--	--	--	--	--	426,122,649				426,122,649	--

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

Yes No

In 2022, Mr. LIN Shu resigned as our Independent director. Mr. GAO Yongru was elected as an Independent director at the 1st extraordinary general meeting in 2022.

Changes in directors, supervisors and senior officers

Applicable N/A

Name	Title	Type	Date	Reason
LIN Shu	Independent director	Resigned	March 8, 2022	Personal reason

GAO Yongru	Independent director	Elected	March 8, 2022	Elected by the general meeting
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2. Profile

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

(1) Members of the Board of Directors

Mr. YUAN Yonggang: a PRC citizen, bachelor's degree, one of controlling shareholders and actual controllers of the Company. He has served as the Director of the Marketing Department, Deputy Manager and Vice Chairman of the Company since October 1998, and is now Chairman of the Company, Vice Chairman of the Jiangsu General Chamber of Commerce, Vice Chairman of the Suzhou Association of Industry and Commerce, member of the 17th People's Congress of Suzhou, and Chairman of the Suzhou Chamber of Commerce for New-Generation Entrepreneurs (directly under the jurisdiction of the Suzhou Association of Industry and Commerce).

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

Mr. ZHAO Xiutian: a U.S. citizen, master's degree. He has served in Feichuang, Hughes Network Systems, MCE, Celiant and Andrew, and is now Vice Chairman of the Company.

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

Ms. MAO Xiaoyan: a PRC citizen, master's degree, economist. She has served in Suzhou Huacheng Auto Car Trade Group Company Limited and Jiangsu Wuzhong Industrial Co., Ltd., and is now director, Deputy General Manager and Board Secretary of the Company.

Mr. WANG Xu: a PRC citizen, master's degree, certified public accountant (non-practitioner). He has served in Kunshan Fengrui United Accounting Firm and Suzhou Good-ark Electronics Co., Ltd., and is now Director, Deputy General Manager and CFO of the Company, part-time tutor for postgraduates in accounting of the Soochow University Dongwu Business School, and part-time career development tutor of the Renmin University of China Suzhou Campus.

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

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

Mr. GAO Yongru: a PRC citizen, doctoral degree, senior accountant. He has served in Panda Electronic Group, Jiangsu Jinling Accounting Firm, the Nanjing Municipal Bureau of Labor, Huatai Securities Co., Ltd., Nanjing Transportation Holding Co., Ltd., Yincheng Properties Group Co., Ltd., Jiangsu Shengkun Asset Management Co., Ltd., Jiangsu Xinsheng Investment Management Co.,

Ltd., Shenwu Energy Saving Co., Ltd. and Hefei Genius Advanced Material Co., Ltd., and is now independent director of the Company, Deputy General Manager of Yongtuo Certified Public Accountants LLP Jiangsu Office, independent director of Jiangsu Binhai Rural Commercial Bank Co., Ltd., director of Jinling Resort Nanjing Co., Ltd., independent director of Guangzhou Haozhi Industrial Co., Ltd., independent director of Nanjing CompTech Composites Corp., independent director of Jiangsu Sunlant Bioengineering Co., Ltd., director of Jiangsu Limin Paper Co., Ltd., supervisor of Jiangsu Xinruide System Integration Engineering Co., Ltd., supervisor of Wuxi Jin Zhang Fang Technology Co., Ltd., director of Nanjing Borun Neuromorphic Technology Co., Ltd., CFO of Nanjing Borun Brain Intelligent Technology Co., Ltd., part-time tutor for postgraduates in accounting of the Nanjing University of Information Science & Technology, and part-time tutor for postgraduates in accounting of the Shenyang University.

(2) Members of the Board of Supervisors

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

Mr. JI Yachun: a PRC citizen, born in March 1978, bachelor's degree. He has served in the Central Committee of the Communist Youth League of China, and is now employee representative supervisor and Public Relations President (Yancheng) of the Company, Secretary of the Party Committee and Chairman of the Management Committee of the Yancheng Dongshan Precision Industrial Park, and representative of the 14th People's Congress of Jiangsu Province.

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

(3) Senior officers

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

Positions held in shareholders:

Applicable N/A

Positions held in other entities:

Applicable N/A

Name	Entity	Position
YUAN Yonggang	Suzhou Toprun Electric Equipment Co., Ltd.	Director
YUAN Yonggang	Suzhou Dongyang Investment Co., Ltd.	Supervisor
YUAN Yonggang	Anhui Landun Photoelectron Co., Ltd.	Chairman
YUAN Yonggang	Shanghai Corkuna New Material Technologies Co., Ltd.	Chairman
YUAN Yonggang	Jingbaiyue Investment Development (Suzhou) Co., Ltd.	Executive Director
YUAN Yonggang	Shenzhen National Star Vision Technology Co., Ltd.	Director
YUAN Yonggang	Suzhou Dongding Tea Shop Co., Ltd.	Supervisor
YUAN Yonggang	Shanghai Xinhuarui Semiconductor Technology Co., Ltd.	Director
YUAN Yonggang	Jiangsu Xinhuarui Semiconductor Technology Co., Ltd.	Director
YUAN Yonggang	Ningbo Qixiang Information Technology Co., Ltd.	Director
YUAN Yonggang	Brave Pioneer International Limited	Executive Director
YUAN Yonggang	Hong Kong Dongshan Investment Holdings Co., Ltd.	Executive Director
YUAN Yonggang	Fujian Nanping Nanfu Battery Co., Ltd.	Director
YUAN Yonggang	Shanghai Fu Shan Precision Manufacturing Co., Ltd.	Vice Chairman
YUAN Yonggang	Jiangsu General Chamber of Commerce	Vice Chairman
YUAN Yonggang	Suzhou Association of Industry and Commerce	Vice Chairman
YUAN Yonggang	Suzhou Chamber of Commerce for New-Generation Entrepreneurs	Chairman
YUAN Yongfeng	Suzhou Dongyang Investment Co., Ltd.	Executive Director
YUAN Yongfeng	Shanghai Fu Shan Precision Manufacturing Co., Ltd.	Director
YUAN Yongfeng	Suzhou Toprun Electric Equipment Co., Ltd.	Director

YUAN Yongfeng	Yancheng Electronic Information Industry Association	Chairman
YUAN Yongfeng	CPPCC Wuzhong District Committee of Suzhou	Member
ZHAO Xiutian	Suzhou Langsheng Communication Technology Co., Ltd.	Director
SHAN Jianbin	China Printed Circuit Association	Vice Chairman of the Executive Council
MAO Xiaoyan	Shanghai Dotwil Intelligence Technology Ltd.	Director
WANG Xu	Soochow University Dongwu Business School	Part-time tutor for postgraduates in accounting
WANG Xu	Renmin University of China Suzhou Campus	Part-time career development tutor
WANG Zhangzhong	Nanjing Institute of Technology Institute of New Material Technology	Dean
WANG Zhangzhong	Nanjing Institute of Technology School of Materials Science and Engineering	Professor
WANG Zhangzhong	Jiangsu Key Laboratory of Advanced Structural Materials and Application Technology	Director
WANG Zhangzhong	China Heat Treatment Association	Member of the Executive Council
WANG Zhangzhong	Industrial Furnace Branch of Jiangsu Mechanical Engineering Society	Chairman of the Executive Council
WANG Zhangzhong	New Metal Materials Branch of Jiangsu Metallurgical Industry Association	Vice Chairman
SONG Ligu	Jones Day International Law Firm (Hong Kong)	Counsel
SONG Ligu	Anhui University Law School	Visiting associate professor
SONG Ligu	China International Economic and Trade Arbitration Commission	Arbitrator
SONG Ligu	Cross-Straits Arbitration Center	Arbitrator
SONG Ligu	Xiamen Arbitration Commission	Arbitrator
GAO Yongru	Yongtuo Certified Public Accountants LLP Jiangsu Office	Deputy General Manager
GAO Yongru	Jiangsu Binhai Rural Commercial Bank Co., Ltd.	Independent director
GAO Yongru	Jinling Resort Nanjing Co., Ltd.	Director
GAO Yongru	Guangzhou Haozhi Industrial Co., Ltd.	Independent director
GAO Yongru	Nanjing CompTech Composites Corp.	Independent director
GAO Yongru	Jiangsu Sunlant Bioengineering Co., Ltd.	Independent director
GAO Yongru	Jiangsu Limin Paper Co., Ltd.	Director
GAO Yongru	Jiangsu Xinruide System Integration Engineering Co., Ltd.	Supervisor
GAO Yongru	Wuxi Jin Zhang Fang Technology Co., Ltd.	Supervisor
GAO Yongru	Nanjing Borun Neuromorphic Technology Co., Ltd.	Director
GAO Yongru	Nanjing Borun Brain Intelligent Technology Co., L	CFO
GAO Yongru	Nanjing University of Information Science & Technology	Part-time tutor for postgraduates in accounting
GAO Yongru	Shenyang University	Part-time tutor for postgraduates in accounting

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

Applicable N/A

3. Remunerations of directors, supervisors and senior officers

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

The remunerations of our directors, supervisors and senior officers are determined in accordance with the provisions of the *Articles of Association* as follows: the amount and terms of payment of remuneration of the members of the Board of Directors and the Board of Supervisors are determined by the general meeting; the amount and terms of payment of remuneration of the senior officers are determined by the Board of Directors; the remunerations of the directors, supervisors and senior officers are determined based on their respective job responsibilities, and achievement of annual performance indicators for those holding key operational positions concurrently, or fulfillment of job responsibilities and annual tasks for those holding key managerial positions concurrently. The remunerations paid by us to our directors, supervisors and senior officers conform to our remuneration policies and the fulfillment of their job responsibilities.

Remunerations of directors, supervisors and senior officers paid in the reporting period

In RMB0'000

Name	Title	Sex	Age	Status	Total remuneration received from the	Whether or not receiving remunerations
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					Company (inclusive of tax)	from any affiliate of the Company
YUAN Yonggang	Chairman	Male	44	Active	325	No
YUAN Yongfeng	Director & General Manager	Male	46	Active	325	No
ZHAO Xiutian	Vice Chairman	Male	60	Active	410	No
SHAN Jianbin	Director & Executive President	Male	47	Active	376.6	No
MAO Xiaoyan	Director, Deputy General Manager & Board Secretary	Female	43	Active	144.52	No
WANG Xu	Director, Deputy General Manager & CFO	Male	41	Active	199.18	No
WANG Zhangzhong	Independent director	Male	60	Active	12	No
SONG Liguu	Independent director	Male	59	Active	12	No
LIN Shu	Independent director	Male	45	Resigned	3	No
GAO Yongru	Independent director	Male	55	Active	10	No
MA Liqiang	Chairman of the Board of Supervisors	Male	42	Active	240	No
JI Yachun	Employee representative supervisor	Male	45	Active	145.65	No
HUANG Yongxin	Employee representative supervisor	Male	37	Active	160	No
Total	--	--	--	--	2,362.95	--

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

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

Session	Date of meeting	Disclosure date	Resolution of the meeting
The 18 th meeting of the 5 th Board of Directors	January 21, 2022	January 25, 2022	Announcement of the resolutions of the 18 th meeting of the 5 th Board of Directors (Announcement No.: 2022-002)
The 19 th meeting of the 5 th Board of Directors	February 17, 2022	February 19, 2022	Announcement of the resolutions of the 19 th meeting of the 5 th Board of Directors (Announcement No.: 2022-008)
The 20 th meeting of the 5 th Board of Directors	April 19, 2022	April 20, 2022	Announcement of the resolutions of the 20 th meeting of the 5 th Board of Directors (Announcement No.: 2022-023)
The 21 st meeting of the 5 th Board of Directors	April 21, 2022	April 22, 2022	The first quarter report of 2022 was approved.
The 22 nd meeting of the 5 th Board of Directors	April 25, 2022	April 26, 2022	Announcement of the resolutions of the 22 nd meeting of the 5 th Board of Directors (Announcement No.: 2022-035)
The 23 rd meeting of the 5 th Board of Directors	June 13, 2022	June 14, 2022	Announcement of the resolutions of the 23 rd meeting of the 5 th Board of Directors (Announcement No.: 2022-048)
The 24 th meeting of the 5 th Board of Directors	August 17, 2022	August 18, 2022	Announcement of the resolutions of the 24 th meeting of the 5 th Board of Directors (Announcement No.: 2022-059)
The 25 th meeting of the 5 th Board of Directors	August 21, 2022	August 23, 2022	Announcement of the resolutions of the 25 th meeting of the 5 th Board of Directors (Announcement No.: 2022-063)
The 26 th meeting of the 5 th Board of Directors	October 14, 2022	October 15, 2022	Announcement of the resolutions of the 26 th meeting of the 5 th Board of Directors (Announcement No.: 2022-072)
The 27 th meeting of the 5 th Board of Directors	October 24, 2022	October 25, 2022	The third quarter report of 2022 was approved.
The 28 th meeting of the 5 th Board of Directors	October 27, 2022	October 29, 2022	Announcement of the resolutions of the 28 th meeting of the 5 th Board of Directors (Announcement No.: 2022-076)
The 29 th meeting of the 5 th Board of Directors	December 21, 2022	December 22, 2022	Announcement of the resolutions of the 29 th meeting of the 5 th Board of Directors (Announcement No.: 2022-085)
The 30 th meeting of the 5 th Board of Directors	December 30, 2022	December 31, 2022	Announcement of the resolutions of the 30 th meeting of the 5 th Board of Directors (Announcement No.: 2022-088)

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

Attendance of the directors at meetings of the Board of Directors and shareholders							
Director	No. of board meetings attended during the reporting period	No. of board meetings present in person	No. of board meetings present by means of communication	No. of board meetings present by proxy	No. of board meetings absent from	Whether or not having been absent from two consecutive board meetings	No. of general meeting attended
YUAN Yonggang	13	2	11			No	3
YUAN Yongfeng	13	2	11			No	3
ZHAO Xiutian	13		13			No	3
SHAN Jianbin	13	2	11			No	3
MAO Xiaoyan	13	2	11			No	3
WANG Xu	13	2	11			No	3
WANG Zhangzhong	13		13			No	3
SONG Liguu	13		13			No	3
GAO Yongru	11		11			No	3
LIN Shu	2		2			No	1

Reason for absence from two consecutive board meetings: None.

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

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

Yes No

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

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

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

Yes No

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

During the reporting period, our directors have performed their duties and overseen our operation in strict accordance with the applicable laws and regulations and the *Articles of Association*. All professional advice put forward by our directors have been adopted, which have actively promoted the improvement of our supervisory mechanisms and scientificity of decisions, among others.

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

Committee	Members	No. of meetings held	Date of meeting	Subject	Important opinions and suggestions	Performance of other duties
Audit Committee	GAO Yongru (LIN Shu before March 8, 2022), WANG Zhangzhong and SHAN Jianbin	4	April 19, 2022	Considered the Summary of Internal Audit in 2021 and the Working Plan 2022, the Annual Report 2021 and Summary of the Report, the Annual Financial Report 2021 of the Company, the 2021 Profit Distribution Proposal of the Company, the Proposal Regarding Re-engagement of the Auditor for 2022, the 2021 Self-assessment Report on Internal Controls, the 2021 Special Report on the Deposit and Use of Offering Proceeds of the Company, the Proposal Regarding Application for Facilities from Banks and other Financial Institutions in 2022 of the Company, the Proposal Regarding Provision of Guarantee by the Company for the Financing Obtained by its Subsidiaries from Banks and other Financial Institutions, and the Proposal Regarding Changes in Accounting Policies.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	The Audit Committee has actively communicated with the auditor of our annual report, to effectively supervise the conduct of annual audit of the Company.
Strategy Committee	YUAN Yonggang, WANG Zhangzhong, SONG Ligu, GAO Yongru (LIN Shu before March 8, 2022) and SHAN Jianbin	6	February 17, 2022	Considered the Proposal Regarding Change in the Use of Part of the Offering Proceeds, and the Proposal Regarding the Termination of Spin-off of the Controlled Subsidiary for Listing on the STAR Market.	The relevant proposals were approved and submitted to the Board of Directors for consideration.	--
			April 19, 2022	Considered the Proposal Regarding Application for Facilities from Banks and other Financial Institutions in 2022 of the Company, the Proposal Regarding Provision of Guarantee by the Company for the Financing Obtained by its Subsidiaries from Banks and other Financial Institutions, and the Proposal Regarding the Three-year Plan for Return to Shareholders (2022-2024).		
			April 25, 2022	Considered the Proposal Regarding Repurchase of the Company's Shares.		
			August 17, 2022	Considered the Proposal Regarding Additional Capital Contribution to Suzhou RF Top Electronic Communication Co., Ltd., and the Proposal Regarding Additional Investment in the Mexico Subsidiary.		
			October 27, 2022	Considered the Proposal Regarding Acquisition of 100% Shares of Suzhou JDI Electronics Inc.		
			December 30, 2022	Considered the Proposal Regarding the Progress of Acquisition of 100% Shares of Suzhou JDI Electronics Inc., the Proposal Regarding Foreign Exchange Hedging, the Feasibility Report on Foreign Exchange Hedging, the Proposal Regarding Commodity Future Hedging, and the Feasibility Report on Commodity Future Hedging.		
Nomination Committee	WANG Zhangzhong, SONG Ligu, LIN Shu (resigned), YUAN Yonggang and YUAN Yongfeng	1	February 17, 2022	Considered the Proposal Regarding the Independent Director Candidate for the 5 th Board of Directors.	The relevant proposal was approved and submitted to the Board of Directors for consideration.	--
Remuneration and Appraisal Committee	SONG Ligu, WANG Zhangzhong, GAO Yongru (LIN Shu before March 8, 2022), YUAN	3	February 17, 2022	Considered the Proposal Regarding the 2022 Stock Ownership Plan for Key Officers and Technical Personnel (Draft) and its Summary, the Proposal Regarding the Administrative Measures for the 2022 Stock Ownership Plan for Key Officers and Technical Personnel, and the Proposal	The relevant proposals were approved and submitted to	--

	Yonggang and YUAN Yongfeng			to Request the General Meeting to Authorize the Board of Directors to Handle the Matters Related to the Employee Stock Ownership Plan.	the Board of Directors for consideration.
			April 19, 2022	Considered the Proposal Regarding the Remunerations of the Directors and Senior Officers of the Company in 2022.	
			October 14, 2022	Considered the Proposal Regarding the 2022 Second Employee Stock Ownership Plan (Draft) and its Summary, the Proposal Regarding the Administrative Measures for the 2022 Second Employee Stock Ownership Plan.	

VIII. Activities of the Board of Supervisors

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

Yes No

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

IX. Employees

1. Number, structure of profession and education of employees

Number of current employees of the parent at the end of the reporting period (person)	1,932
Number of current employees of the major subsidiaries at the end of the reporting period (person)	18,694
Total number of current employees at the end of the reporting period (person)	21,021
Total number of salaried employees during the reporting period (person)	21,021
Total number of resigned employees to or for whom the parent and the major subsidiaries are obligated to make payments (person)	0
Structure of profession	
Categories of profession	Number of employees (person)
Production staff	14,941
Sales staff	399
Technical staff	3,944
Financial staff	128
Administrative staff	362
Management staff	1,247
Total	21,021
Education	
Degree of education	Number of employees (person)
Doctor	4
Master	134
Undergraduate	2,287
College	4,315
Below college	14,281
Total	21,021

2. Remuneration policies

We advocate creation of values, and give priority to high-performance teams and individuals in remuneration and incentives. We have developed sound remuneration and incentive policies, which are designed to attract and retain outstanding technical and management talents with competitive remuneration, and give long-acting incentives to our employees through the combination of short-, medium- and long-term incentives taking into account our overall operating results and the employees' performance, in order to enhance our core competencies.

3. Training programs

We actively introduce, seek and train talents, and make efforts to build an efficient and systemic talent training system, to continuously improve our employees' comprehensive capabilities; conduct job-specific training in various forms centered on the training of management and professional talents and building of talent pools, to improve our employees' professional quality, skills and management capabilities; actively provide our employees with learning and growth opportunities, encourage them to strive for progress, and build talent pools, to help the achievement of our strategic objectives.

4. Outsourced workers

Applicable N/A

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

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

Applicable N/A

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

Special explanation about the cash dividend policy	
Whether or not comply with the provisions of the articles of association or requirements of resolutions of the general meeting of the Company?	Yes
Whether the standard and ratio of cash dividend distribution are clear and definite?	Yes
Whether the relevant decision-making process and mechanism are sound?	Yes
Whether the independent directors have performed their duties and exercised their functions?	Yes
Whether the minority shareholders have sufficient opportunities to express their opinions and requests and their legitimate rights and interests are fully protected?	Yes
Whether the conditions and procedures in respect of any adjustment or amendment of the cash dividend policy comply with the applicable regulations and are transparent?	Yes

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

Applicable N/A

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

Applicable N/A

Number of bonus shares per 10 shares (share)	0
Amount of cash dividends per 10 shares (RMB) (inclusive of tax)	1.1
Share capital based on which the distribution proposal was made (share)	1,702,865,009
Amount of cash dividends (RMB) (inclusive of tax)	187,315,150.99
Amount of cash dividends distributed in other ways (such as share repurchase) (RMB)	49,990,856.17
Total amount of cash dividends (including other ways) (RMB)	237,306,007.16
Distributable profit (RMB)	224,481,653.09
Ratio of total cash dividends (including other ways) to the distributable profit	100%

Particulars of cash dividends distributed for the reporting period
If we are at the growth stage and have certain material capital expenditure arrangements, at least 20% of the distributable profit will be distributed in cash.
Particulars of the proposal of profit distribution or for transfer of capital reserve to share capital
Our 2022 Profit Distribution Proposal is as follows: to distribute to all shareholders a cash dividend of RMB1.10 (inclusive of tax) per 10 shares on the basis of the total share capital of 1,702,865,009 shares (excluding treasury shares), or RMB 187,315,150.99 in total, without distribution of any bonus shares or transfer of any capital reserve to the share capital. The 2022 Profit Distribution Proposal is subject to approval by the general meeting. (Note: As of the date of this Report, we had a total share capital of 1,709,867,327 shares, of which, 7,002,318 shares held in the special securities account for repurchase will not participate in the profit distribution.)

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

Applicable N/A

1. Share incentives

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

Share incentives granted to directors and senior officers:

Applicable N/A

Performance appraisal and incentives in respect of senior officers: None.

2. Employee stock ownership plans (ESOPs)

Applicable N/A

Effective ESOPs in the reporting period:

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

Note: 1. As of the date of this Report, the shares held under the 2021 ESOP have been sold and the 2021 ESOP has terminated.

2. The lock-up period for the 2022 ESOP for key officers and technical personnel expired on March 17, 2023, upon which, the first installment of shares, representing 50% of the total shares granted thereunder were vested.

3. As of the date of this Report, the lock-up period for the 2022 second ESOP has not yet commenced.

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

Name	Title	Opening balance of the number of shares held	Closing balance of the number of shares held	% of total share capital
SHAN Jianbin	Director & Executive President	1,753,128	1,753,128	0.10%
WANG Xu	Director, Deputy General Manager & CFO	1,314,846	1,314,846	0.08%
MAO Xiaoyan	Director, Deputy General Manager & Board Secretary	525,938	525,938	0.03%
MA Liqiang	Chairman of the Board of Supervisors	525,938	525,938	0.03%
JI Yachun	Supervisor	525,938	525,938	0.03%
HUANG Yongxin	Supervisor	525,938	525,938	0.03%

Changes in asset manager during the reporting period

Applicable N/A

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

Applicable N/A

Exercise of shareholder rights during the reporting period: None.

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

Applicable N/A

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

Applicable N/A

The financial effect of the ESOPs on the listed company during the reporting period and the relevant accounting treatment

Applicable N/A

Termination of the ESOPs during the reporting period

Applicable N/A

Other information: During the reporting period, our directors, supervisors and senior officers only held shares under the 2021 ESOP, and did not participate in any other ESOP.

3. Other employee incentives

Applicable N/A

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

1. Establishment and implementation of internal controls

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

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

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

Yes No

XIII. Management and Control of Subsidiaries during the Reporting Period

Subsidiary	Integration plan	Progress of integration	Problems encountered during integration	Actions taken	Progress of resolution	Subsequent solutions

N/A	N/A	N/A	N/A	N/A	N/A	N/A
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XIV. Self-assessment Report on Internal Controls or Auditor's Report on Internal Controls

1. Self-assessment report on internal controls

Disclosure date of the full copy of the self-assessment report on internal controls	April 21, 2023	
Disclosure reference of the full copy of the self-assessment report on internal controls	http://www.cninfo.com.cn	
Ratio of total assets of the entities covered by the assessment to total assets recorded in the consolidated financial statements of the Company	100.00%	
Ratio of total operating revenue of the entities covered by the assessment to total operating revenue recorded in the consolidated financial statements of the Company	100.00%	
Criteria for determination of deficiencies		
Type	Financial reporting	Non-financial reporting
Qualitative criteria	<p>Indicators of material weaknesses in internal control over financial reporting include: (i) any fraud on the part of directors, supervisors and senior officers of the Company; (ii) any correction of a financial report already disclosed; (iii) any material misstatement in the financial report for the current period that was found by the public certified accountants but failed to be identified through internal controls; and (iv) ineffective supervision by the Audit Committee and the Internal Audit Department of the Company over the financial reports disclosed externally or internal control over financial reporting. Indicators of significant deficiencies in internal control over financial reporting include: (i) failure to correctly select and apply accounting policies pursuant to the generally accepted accounting principles; (ii) failure to establish anti-fraud procedures and controls; (iii) failure to establish or implement controls over the accounting treatment of extraordinary or special transactions, and failure to establish corresponding compensatory controls; and (iv) one or more deficiencies existing in control over the preparation of financial report at the end of period, and inability to reasonably ensure the truthfulness and completeness of the financial statements. General deficiencies in internal control over financial reporting include deficiencies in control other than material weakness and significant deficiency.</p>	<p>Indicators of material weaknesses in internal control over non-financial reporting include: (i) any violation of the applicable laws, regulations or normative documents of the country; (ii) unscientific procedure in making any major decision; (iii) absence of any regulations which may result in systemic failure; (iv) failure to rectify any material weakness or significant deficiency; and (v) any other circumstance that has a material adverse effect on the Company. Other deficiencies are classified into significant or general deficiency depending on the degree of effect.</p>
Quantitative criteria	<p>Material weakness: amount of misstatement $\geq 0.5\%$ of the operating revenue; significant deficiency: 0.3% of the operating revenue \leq amount of misstatement $< 0.5\%$ of the operating revenue; general deficiency: amount of misstatement $< 0.3\%$ of the operating revenue.</p>	<p>Material weakness: direct loss $> 0.5\%$ of the total assets; significant deficiency: 0.2% of the total asset $<$ direct loss $\leq 0.5\%$ of the total asset; general deficiency: direct loss $\leq 0.2\%$ of the total asset.</p>

Number of material weaknesses in financial reporting	0
Number of material weaknesses in non-financial reporting	0
Number of significant deficiencies in financial reporting	0
Number of significant deficiencies in non-financial reporting	0

2. Auditor's report on internal controls

Applicable N/A

Auditor's opinion expressed in the auditor's report on internal controls	
In our opinion, DSBJ has maintained effective internal control over financial reporting in all material respects as of December 31, 2022 in accordance with the <i>Guide on Self-regulatory Supervision for Companies Listed on the Shenzhen Stock Exchange No. 1 – Code of Operations for Companies Listed on the Main Board</i> (Shen Zheng Shang [2022] No. 13).	
Disclosure of the auditor's report on internal controls	Disclosed
Disclosure date of the full copy of the auditor's report on internal controls	April 21, 2023
Disclosure reference of the full copy of the auditor's report on internal controls	http://www.cninfo.com.cn
Type of opinion expressed in the auditor's report on internal controls	Standard unqualified opinion
Whether there's any material weakness in non-financial reporting	No

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

Yes No

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

Yes No

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

N/A

Section V Environmental and Social Responsibilities

I. Material Environmental Issues

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

Yes No

Policies and industrial standards related to environmental protection:

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

Environmental Permits

Environmental permits held by us and our subsidiaries identified as major polluters during the reporting period:

Company name	No.	Validity period
Multek Electronics	91440400617482388X001W	From July 5, 2022 to July 4, 2027
Multek Technologies (Zhuhai) Co., Ltd. ("Multek Technologies")	914404007718663989001X	From November 28, 2022 to November 27, 2027
Multek Industries	91440400714732019J001W	From October 13, 2022 to October 12, 2027
Multek Zhuhai	9144040061749918XX001Y	From April 12, 2022 to April 11, 2027
Multek China	914404006182559377001W	From December 20, 2021 to December 19, 2026
Suzhou Chengjia Precision Manufacturing Co., Ltd. ("Suzhou Chengjia")	913205065754151948001X	From April 8, 2020 to April 7, 2025
Yongchuang Tech	9132050675271409XG001U	From December 14, 2022 to December 13, 2027
Yancheng Dongshan	91320903MA1P7PG85D001X	From December 31, 2022 to December 31, 2023
MFLEX Yancheng	91320903MA1P7PLE6D001T	From June 24, 2020 to June 23, 2023
MFLEX Suzhou	91320500738277671B001V	From February 22, 2022 to February 21, 2027
MFLEX Suzhou	91320500738277671B002U	From January 31, 2022 to January 30, 2027

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

Name of company or subsidiary	Category of main pollutants and specific pollutants	Description of main pollutants and specific pollutants	Method of discharge	No. of discharge outlets	Location of discharge outlets	Pollutant concentration	Applicable pollutant discharge standard	Total amount discharged	Approved total amount dischargeable	Excessive discharge
Multek	Waste	COD	Continuous	1	Within	13.05mg/L	160mg/L	35.948t	242.36t	No

Industries, Multek Electronics and Multek Technologies	water from general discharge outlet		discharge		factory boundary					
Multek Industries, Multek Electronics and Multek Technologies	Waste water from general discharge outlet	Ammonia nitrogen	Continuous discharge	1	Within factory boundary	0.95 mg/L	30mg/L	1.225t	45.44t	No
Multek Industries, Multek Electronics and Multek Technologies	Waste water from general discharge outlet	Total nitrogen	Continuous discharge	1	Within factory boundary	9.26 mg/L	40mg/L	20.975t	60.59t	No
Multek Industries, Multek Electronics and Multek Technologies	Waste water from Class I waste discharge outlet	Total nickel	Intermittent discharge	1	Within factory boundary	0.1 mg/L	0.5mg/L	0.001t	0.055t	No
Multek Zhuhai	Waste water from general discharge outlet	COD	Continuous discharge	1	Within factory boundary	15.34mg/L	160mg/L	3.997t	33.643t	No
Multek Zhuhai	Waste water from general discharge outlet	Ammonia nitrogen	Continuous discharge	1	Within factory boundary	2.35 mg/L	30mg/L	0.534t	6.308t	No
Multek Zhuhai	Waste water from general discharge outlet	Total nitrogen	Continuous discharge	1	Within factory boundary	6.18 mg/L	40mg/L	1.59t	28.6748t	No
Multek Zhuhai	Waste water from Class I waste discharge outlet	Total nickel	Intermittent discharge	1	Within factory boundary	0 mg/L	0.5mg/L	0t	0.358t	No
Multek China	Waste water from general discharge outlet	COD	Continuous discharge	1	Within factory boundary	30.23mg/L	160mg/L	21.93t	216.372t	No
Multek China	Waste water from general discharge outlet	Ammonia nitrogen	Continuous discharge	1	Within factory boundary	7.6mg/L	30mg/L	3.01t	40.5697t	No
Multek China	Waste water from general discharge outlet	Total nitrogen	Continuous discharge	1	Within factory boundary	14.48mg/L	40mg/L	10.17t	54.093t	No
Multek China	Waste water from Class I waste discharge outlet	Total nickel	Intermittent discharge	1	Within factory boundary	0.02mg/L	0.5mg/L	0.00009t	1.3523t	No
Multek China	Waste water from Class I waste discharge outlet	Total silver	Intermittent discharge	1	Within factory boundary	0mg/L	0.1 mg/L	0t	0.270465t	No
Yongchuang Tech	Waste gas	Particles	Continuous discharge	1	Southwest of the factory	1.4mg/m ³	20 mg/m ³	8400	/	No
Yongchuang Tech	Waste gas	Nitrogen oxide	Continuous discharge	1	Southwest of the factory	1.5mg/m ³	180 mg/m ³	9000	/	No
Yongchuang Tech	Waste gas	Sulfur dioxide	Continuous discharge	1	Southwest of the factory	1.5mg/m ³	80 mg/m ³	9000	/	No
Suzhou Chengjia	Waste gas	NmHc	Organized discharge	1	East of roof of factory buildings	2 mg/m ³	120 mg/m ³	0.024	0.18	No
Yancheng Dongshan	Waste water	COD	Indirect discharge	1	General waste water discharge outlet at southeast of the factory	83mg/L	500mg/L	19.747526t	188.745t	No
Yancheng Dongshan	Waste water	Ammonia nitrogen	Indirect discharge	1	General waste water discharge	10mg/L	35mg/L	2.37924t	11.91t	No

					outlet at southeast of the factory					
Yancheng Dongshan	Waste water	Total nickel	Indirect discharge	1	General waste water discharge outlet at southeast of the factory	0.005mg/L	0.5mg/L	0.001189615t	0.0057t	No
Yancheng Dongshan	Waste gas	Hydrogen chloride	Organized discharge	2	Roof of building 5#	1.36mg/m ³	30mg/m ³	0.0627t	0.412t	No
Yancheng Dongshan	Waste gas	Hydrogen cyanide	Organized discharge	4	Roof of buildings 5# and 28#	0.09mg/m ³	0.5mg/m ³	0.0054t	0.059t	No
MFLEX Yancheng	Waste water	Total nitrogen	Indirect discharge	1	East of the factory	8.1	40	75.42t	4.66t	No
MFLEX Yancheng	Waste water	Ammonia nitrogen	Indirect discharge	1	East of the factory	0.74	35	67.84t	0.35t	No
MFLEX Yancheng	Waste water	COD	Indirect discharge	1	East of the factory	46.84	500	756.39t	32.7t	No
MFLEX Yancheng	Waste water	Copper	Indirect discharge	1	East of the factory	0.015	1	1.02t	0.02t	No
MFLEX Yancheng	Waste water	Total phosphorus	Indirect discharge	1	East of the factory	1.5	3.5	6.94t	1.2t	No
MFLEX Yancheng	Waste water	Nickel	Indirect discharge	1	East of the factory	0.02	1	0.07t	0.03t	No
MFLEX Yancheng	Waste water	Total cyanides	Indirect discharge	1	East of the factory	0.001	0.3	0.17t	0.0014t	No
MFLEX Yancheng	Waste gas	VOCs	Discharge after treatment	3	Roof of factory buildings	0.115	50	19.352t	5.688t	No
MFLEX Yancheng	Waste gas	Tin and its compounds	Discharge after treatment	3	Roof of factory buildings	0.001	8.5	0.4t	0.0059t	No
MFLEX Yancheng	Waste gas	NH ₃	Discharge after treatment	1	Roof of factory buildings	1.38	10	0.52t	0.44t	No
MFLEX Yancheng	Waste gas	Sulfuric acid mist	Discharge after treatment	6	Roof of factory buildings	0.1	5	1.66t	0.19t	No
MFLEX Suzhou	Waste water from general discharge outlet	COD	Continuous discharge	1	Within factory boundary	94mg/L	500mg/L	83.374t	152.5t	No
MFLEX Suzhou	Waste water from general discharge outlet	Ammonia nitrogen	Continuous discharge	1	Within factory boundary	1.21mg/L	25mg/L	2.254t	3.413t	No
MFLEX Suzhou	Waste water from general discharge outlet	Total copper	Continuous discharge	1	Within factory boundary	0.05mg/L	0.5mg/L	0.0167t	0.319t	No
MFLEX Suzhou	Waste water from Class I waste discharge outlet	Total nickel	Continuous discharge	1	Within factory boundary	ND	0.1mg/L	/	0.010652t	No
MFLEX Suzhou	Waste water from general discharge outlet	COD	Continuous discharge	1	Within factory boundary	115.6 mg/L	500mg/L	15.9t	92.893t	No
MFLEX Suzhou	Waste water from general discharge outlet	Ammonia nitrogen	Continuous discharge	1	Within factory boundary	6.44 mg/L	30mg/L	0.885t	7.963t	No

Treatment of wastes

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

Environmental self-monitoring plans

We have developed environmental self-monitoring plans in accordance with the applicable laws and regulations, and installed automatic monitoring equipment or appointed qualified third-party inspection institutions to monitor the waste water, waste gas, noise and other pollutants on a regular basis. During the reporting period, the results of our environmental monitoring complied with the applicable standards and regulations.

Environmental emergency response plans

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

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

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

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

Applicable N/A

Refer to our Social Responsibility Report 2022 disclosed on www.cninfo.com.cn.

Other environment information that should be disclosed: None.

Refer to our Social Responsibility Report 2022 disclosed on www.cninfo.com.cn for other information related to environmental protection.

II. Social Responsibility

Refer to our Social Responsibility Report 2022 disclosed on www.cninfo.com.cn.

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

Refer to our Social Responsibility Report 2022 disclosed on www.cninfo.com.cn.

Section VI Significant Matters

I. Fulfillment of Covenants

1. Covenants made by the actual controllers, shareholders, affiliates and acquirer of the Company, the Company itself and other related parties that have been fulfilled during the reporting period or failed to be fulfilled as at 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 covenant	Status of fulfillment
Covenant relating to initial public offering or subsequent fund raising	YUAN Yongfeng and YUAN Yonggang	Covenants related to restrictions on the sale of shares	Each of the shareholders YUAN Yonggang and YUAN Yongfeng, as director and senior officer of the Company, covenants that so long as I remain a director and senior officer 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 officer of the Company, I will not transfer any shares held by me in the Company within half a year, and will not transfer more than 50% of the total shares held by me in the Company through the stock exchange within 12 months thereafter.	April 9, 2010	Permanently binding	As of the end of the reporting period, the covenants have abided by such covenants.
	YUAN Yongfeng, YUAN Yonggang 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 will not, directly or indirectly, engage in any business in competition with the business actually conducted by the Company.	April 9, 2010	Permanently binding	As of the end of the reporting period, the covenants have abided by such covenants.
	YUAN Fugen, YUAN Yongfeng and YUAN Yonggang	Covenants related to horizontal competition, related-party transactions and occupation of funds	Covenants related to horizontal competition: Each of the shareholders YUAN 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 length's basis; and if I or any of my affiliates breaches any covenant set forth above, I will indemnify the Company and other shareholders for the damages arising therefrom according to law.	June 11, 2018	Permanently binding	As of the end of the reporting period, the covenants have abided by such covenants.
	YUAN Fugen, YUAN Yongfeng and YUAN Yonggang	Covenants related to horizontal competition, related-party transactions and occupation of funds	Covenants related to the regulation and reduction of related-party transactions: Each of the shareholders YUAN Yonggang, YUAN Yongfeng and YUAN Fugen covenants that: 1. I and my affiliates will avoid and 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	June 11, 2018	Permanently binding	As of the end of the reporting period, the covenants have abided by such covenants.

			and openness, enter into the relevant agreements according to law, perform the legal procedures pursuant to the applicable laws, regulations, normative documents, the <i>Articles of Association</i> 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 the applicable laws and regulations, and the relevant provisions of the <i>Articles of Association</i> of the Company, and abstain from the voting on the related-party transactions involving me and other entities controlled by me at the general meeting of the Company in accordance with the relevant provisions.			
	YUAN Yongfeng, YUAN Yonggang, ZHAO Xiutian, SHAN Jianbin, WANG Xu, MAO Xiaoyan and MA Liqiang	Other covenants	Covenant regarding the remedial measures for the dilution of current earnings caused by the private placement: Each of the directors and senior officers 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 interest 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 remuneration system adopted by the Board of Directors or the Remuneration Committee with the implementation of the Company's remedial measures for the dilution of current earnings; 5. if the Company implements any share incentive plan in the future, I will link the vesting conditions under such share incentive plan with the implementation of the Company's remedial measures for the dilution of current earnings; and 6. I will seriously implement the Company's remedial measures for the dilution of current earnings, and abide by the relevant covenants made by me; and if I breach any covenant set forth above, I will indemnify the Company and other shareholders for the losses arising therefrom according to law, and accept the punishments that the competent regulatory authorities may impose on me.	October 10, 2019	Permanently binding	As of the end of the reporting period, the covenants have abided by such covenants.
	YUAN Fugen, YUAN Yongfeng and YUAN Yonggang	Other covenants	Covenant regarding the remedial measures for the dilution of current earnings caused by the private placement: Each of the controlling shareholders and actual controllers of the Company covenants that I will not interfere with the management and operation of the Company beyond my powers, or infringe on the interest of the Company; and as the person responsible for the serious implementation of the remedial measures for the 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 covenants have abided by such covenants.
Whether the covenants have been fulfilled on time	Yes					
If any covenant fails to be	N/A					

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

Applicable N/A

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

Applicable N/A

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

III. External Guarantees in Violation of the Regulations

Applicable N/A

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

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

Applicable N/A

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

Applicable N/A

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

Applicable N/A

We have adopted the changes in accounting standards set forth in Interpretation of the Accounting Standards for Business Enterprises No. 15 (issued on December 30, 2021) and the Interpretation of the Accounting Standards for Business Enterprises No. 16 (issued on November 30, 2022), and continued to adopt the *Accounting Standards for Business Enterprises – Basic Standard*, and the specific accounting standards, the Guidance on the Application of the Accounting Standards for Business Enterprises, interpretations of the Accounting Standards for Business Enterprises and other relevant provisions promulgated by the Ministry of Finance. Such changes in accounting policies have been approved at the 33rd meeting of the 5th Board of Directors and the 20th meeting of the 5th Board of Supervisors.

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

Applicable N/A

1. Subsidiaries newly included in the scope of consolidation

Company name	Method of acquisition of shares	Date of acquisition of shares	Capital contribution	Ratio of capital contribution
Suzhou Dongyue New Energy Technology Co., Ltd.	Investment	September 6, 2022	RMB165,000,000.00	100.00%
DSBJ MEXICO, S.DER. L. DEC. V.	Investment	March 27, 2022	MXN3,000.00	100.00%
Suzhou Dongshan Industrial Investment Co., Ltd.	Investment	December 29, 2022	RMB 30,000,000.00	100.00%

2. Subsidiaries removed from the scope of consolidation

Company name	Method of disposal of shares	Date of disposal of shares	Net assets at the date of disposal	Net profit from January 1, 2022 to the date of disposal (RMB)
Suzhou Aiguan Material Technology Co., Ltd.	Deregistration	September 29, 2022		3,611,898.67

VIII. Engagement and Termination of Engagement of Accounting Firm

Accounting firm currently engaged:

Name of domestic accounting firm	Pan-China Certified Public Accountants LLP
Remuneration of domestic accounting firm (in RMB0'000)	240
Consecutive years in which the domestic accounting firm has provided auditing service	12
Certified public accountants of the domestic accounting firm	ZHANG Yang and FU Zhenlong
Consecutive years in which the certified public accountants of the domestic accounting firm have provided auditing service	1, 1
Name of foreign accounting firm (if any)	None

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

Yes No

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

Applicable N/A

During the reporting period, we engaged Pan-China Certified Public Accountants LLP as the auditor of internal controls, responsible for audit of our internal controls in 2022.

IX. Risk of Delisting after Disclosure of the Annual Report

Applicable N/A

X. Matters Relating to Bankruptcy and Reorganization

Applicable N/A

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

XI. Material Litigation and Arbitration

Applicable N/A

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

XII. Punishments and Rectifications

Applicable N/A

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

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

Applicable N/A

XIV. Material Related-party Transactions

1. Related-party transactions relating to day-to-day operation

Applicable N/A

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

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

Applicable N/A

There has been no related-party transaction involving 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. Accounts receivable from and payable to related parties

Applicable N/A

There has been no accounts receivable from and payable to related parties during the reporting period.

5. Dealings with affiliated financial companies

Applicable N/A

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

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

Applicable N/A

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

7. Other material related-party transactions

Applicable N/A

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

XV. Particulars and Performance of Material Contracts

1. Trusteeship, contracting and leases

(1) Trusteeship

Applicable N/A

No such case during the reporting period.

(2) Contracting

Applicable N/A

No such case during the reporting period.

(3) Leases

Applicable N/A

No such case during the reporting period.

2. Material guarantees

Applicable N/A

In RMB0'000

External guarantees provided by the Company and its subsidiaries (excluding those provided for the subsidiaries)										
Obligor	Disclosure date of announcement of the maximum amount guaranteed	Maximum amount guaranteed	Effective date of guarantee	Actual amount guaranteed	Type of guarantee	Collateral (if applicable)	Counter guarantee (if applicable)	Term of guarantee	Whether or not expired	Whether or not provided for a related party
Suzhou Toprun Electric Equipment Co., Ltd.	April 20, 2022	3,000		2,500				18 months	No	Yes
Suzhou LEGATE Intelligent Equipment Corp., Ltd.	April 20, 2022	3,000								
Shanghai Fu Shan Precision Manufacturing Co., Ltd.	April 20, 2022	3,000								
Total amount of external guarantee approved during the reporting period (A1)			9,000	Total amount of external guarantee actually provided during the reporting period (A2)		5,400				
Total amount of external guarantee approved as at the end of the reporting period (A3)			9,000	Total amount of external guarantee actually provided as at the end of the reporting period (A4)		2,500				
Guarantees provided by the Company for its subsidiaries										
Obligor	Disclosure date of announcement of the maximum amount guaranteed	Maximum amount guaranteed	Effective date of 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 controlled subsidiaries	April 20, 2022	250,000		243,338.4				18 months	No	No
Hong Kong Dongshan Holding Limited	April 20, 2022	150,000								
Yancheng Dongshan	April 20, 2022	150,000		137,545				18 months	No	No
Multek Group (Hong Kong) Limited and its controlled subsidiaries	April 20, 2022	150,000		58,726.91				18 months	No	No
Mutto Optronics	April 20, 2022	100,000		85,118.49				18 months	No	No
Yongchuang Tech	April 20, 2022	80,000		47,033.27				18 months	No	No
Chaowei Microelectronics (Yancheng) Co., Ltd.	April 20, 2022	60,000								
Shanghai Dongxin New Energy Technology Co., Ltd.	April 20, 2022	60,000								
Yancheng Dongshan Communication Technology Co., Ltd.	April 20, 2022	30,000		6,295.52				18 months	No	No
RF Top Electronic	April 20, 2022	20,000		4,614.68				18 months	No	No
Hong Kong Dongshan	April 20, 2022	10,000								No
Suzhou Chengjia Precision Manufacturing Co., Ltd.	April 20, 2022	8,000		4,421.94				18 months	No	No
Suzhou Dongbo Precision Manufacturing Co., Ltd.	April 20, 2022	3,000		580				18 months	No	No
Total amount of guarantee approved to be provided for subsidiaries during the reporting period (B1)			1,071,000	Total amount of guarantee actually provided for subsidiaries during the reporting period (B2)		1,177,213.89				
Total amount of guarantee approved to			1,071,000	Total amount of guarantee		587,674.21				

be provided for subsidiaries as at the end of the reporting period (B3)				actually provided for subsidiaries as at the end of the reporting period (B4)							
Guarantees provided by subsidiaries for each other											
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	
Total amount of guarantee approved to be provided for subsidiaries during the reporting period (C1)		0		Total amount of guarantee actually provided for subsidiaries during the reporting period (C2)						0	
Total amount of guarantee approved to be provided for subsidiaries as at the end of the reporting period (C3)		0		Total amount of guarantee actually provided for subsidiaries as at the end of the reporting period (C4)						0	
Total amount of guarantee provided by the Company											
Total amount of guarantee approved during the reporting period (A1+B1+C1)		1,080,000		Total amount of guarantee actually provided during the reporting period (A2+B2+C2)						1,182,613.89	
Total amount of guarantee approved as at the end of the reporting period (A3+B3+C3)		1,080,000		Total amount of guarantee actually provided as at the end of the reporting period (A4+B4+C4)						590,174.21	
Ratio of total amount of guarantee actually provided (A4+B4+C4) to the net assets of the Company										36.08%	
Where:											
Outstanding guarantees provided for shareholders, actual controllers and their affiliates (D)										2,500	
Outstanding guarantees directly or indirectly provided for obligors whose debt-to-assets ratio exceeds 70% (E)										520,537.1	
Portion of total amount of guarantee in excess of 50% of the net assets (F)										0	
Total (D+E+F)										523,037.1	
Explanation about the joint and several liability that has 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							

Note: The guarantees provided for related parties are for our investees.

Guarantees provided using complex method: None.

3. Entrusted management of cash assets

(1) Entrusted wealth management

Applicable N/A

Particulars of entrusted wealth management during the reporting period

In RMB0'000

Type	Source of funds	Total amount	Outstanding amount	Overdue amount	Impairment loss recognized for overdue wealth management products
Bank wealth management product ¹	Self-owned funds	131,177.45	35,913.90		
Bank wealth management product	Offering proceeds	12,700.00	0.00		
Total		143,877.45	35,913.90		

Note: 1. Use in a recycling manner.

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

Applicable N/A

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

Applicable N/A

(2) Entrusted loans

Applicable N/A

No such case during the reporting period.

4. Other material contracts

Applicable N/A

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

XVI. Other Significant Matters

Applicable N/A

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

XVII. Significant Matters of Subsidiaries

Applicable N/A

Section VII Changes in Shares and Shareholders

I. Changes in Shares

1. Changes in shares

Unit: Shares

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

Reasons of changes in shares

 Applicable N/A

Approval of changes in shares

 Applicable N/A

Transfer of shares

 Applicable N/A

Effect of changes in shares on the basic earnings per share, diluted earnings per share, net assets per share attributable to ordinary shareholders and other financial indicators of the Company in the preceding year and the most recent reporting period

 Applicable N/A

Other information disclosed as the Company deems necessary or required by the securities regulatory authorities

 Applicable N/A

2. Changes in non-tradable shares

 Applicable N/A

II. Offering and Listing of Securities

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

 Applicable N/A

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

 Applicable N/A

3. Outstanding employee shares

 Applicable N/A

III. Shareholders and Actual Controllers

1. Number of shareholders and shareholding structure of the Company

Unit: Shares

Total number of ordinary shareholders at the end of the reporting period	51,870	Total number of ordinary shareholders at the end of the month immediately preceding the disclosure date of this annual report	45,884	Total number of preferred shareholders whose voting rights had been restituted at the end of the reporting period (if any) (Note 8)	0	Total number of preferred shareholders whose voting rights had been restituted at the end of the month immediately preceding the disclosure date of this annual report (if any) (Note 8)	0	
Shareholding of ordinary shareholders holding more than 5% of the shares or top 10 ordinary shareholders								
Name of shareholder	Status of shareholder	Shareholding percentage	No. of ordinary shares held at the end of the reporting period	Changes in shareholding during the reporting period	No. of non-tradable ordinary shares held	No. of tradable ordinary shares held	Pledge, attachment or freeze	
							Status of shares	Number
YUAN Yongfeng	Domestic natural person	13.01%	222,388,153		166,791,115	55,597,038	Pledged	133,137,000
YUAN Yonggang	Domestic natural person	11.83%	202,226,196		151,669,647	50,556,549	Pledged	87,620,000
							Locked	9,295,000
Hong Kong Securities Clearing Company Limited	Foreign corporation	3.55%	60,665,866			60,665,866		
YUAN Fugen	Domestic natural person	3.44%	58,796,052			58,796,052		
Industrial and Commercial Bank of China Limited – GF Multi-factor Flexible Commingled Securities Investment Fund	Others	1.39%	23,827,139			23,827,139		
Shaanxi International Trust Co., Ltd. – SITI-DSBJ ESOP Collective Trust Plan II	Others	1.28%	21,914,118			21,914,118		
Pension Fund Portfolio 15022	Others	1.17%	20,000,000			20,000,000		
Zhangjiagang Industrial Capital Investment Co., Ltd.	Stated owned corporation	1.12%	19,074,681			19,074,681		
Pension Fund Portfolio 1204	Others	1.10%	18,865,100			18,865,100		
GF Fund Management Co., Ltd. Social Security Fund Portfolio 402	Others	1.09%	18,622,600			18,622,600		
Strategic investors or general corporations becoming top 10 ordinary 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. Shaanxi International Trust Co., Ltd. – SITI-DSBJ ESOP Collective Trust Plan II is the account responsible for implementing our 2021 ESOP. We are not aware whether there are affiliates or concert parties within the meaning of the <i>Administrative Measures for Information Disclosure by the Listed Companies Relating to Changes in Shares Held by Shareholders</i> among other shareholders listed above.							
Delegation or waiver of voting rights or ownership of voting rights by or to the shareholders listed above	N/A							
Special explanation about any special account for repurchase opened by any top 10 shareholder (if any) (Note 10)	N/A							
Shares held by top 10 holders of tradable shares								
Shareholder	Number of tradable shares held at the end of the reporting period		Type and number of shares					
			Type	Number				
Hong Kong Securities Clearing Company Limited	60,665,866		RMB-denominated ordinary share	60,665,866				
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				
Industrial and Commercial Bank of China Limited – GF Multi-factor Flexible Commingled Securities Investment Fund	23,827,139		RMB-denominated ordinary share	23,827,139				
Shaanxi International Trust Co., Ltd. – SITI-DSBJ ESOP Collective Trust Plan II	21,914,118		RMB-denominated ordinary share	21,914,118				
Pension Fund Portfolio 15022	20,000,000		RMB-denominated ordinary share	20,000,000				
Zhangjiagang Industrial Capital Investment Co., Ltd.	19,074,681		RMB-denominated ordinary share	19,074,681				
Pension Fund Portfolio 1204	18,865,100		RMB-denominated ordinary share	18,865,100				
GF Fund Management Co., Ltd. Social Security Fund Portfolio 402	18,622,600		RMB-denominated ordinary share	18,622,600				

Affiliates or concert parties among top 10 holders of tradable ordinary shares, and among top 10 holders of tradable ordinary shares and top 10 ordinary 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. Shaanxi International Trust Co., Ltd. —SITI-DSBJ ESOP Collective Trust Plan II is the account responsible for implementing our 2021 ESOP. We are not aware whether there are affiliates or concert parties within the meaning of the <i>Administrative Measures for Information Disclosure by the Listed Companies Relating to Changes in Shares Held by Shareholders</i> among other shareholders listed above.
Securities margin trading carried out by top 10 ordinary shareholders (if any) (Note 4)	N/A

Did any top 10 ordinary shareholder or top 10 holder of tradable ordinary shares conduct any transaction under repurchase agreement during the reporting period?

Yes No

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

2. Controlling shareholders of the Company

Nature of controlling shareholders: Natural persons.

Type of controlling shareholders: Natural persons.

Name of controlling shareholder	Nationality	Whether or not having obtained residency in any other country or region
YUAN Yongfeng	China	No
YUAN Yonggang	China	No
YUAN Fugen	China	No
Main occupation and title	YUAN Yonggang is our Chairman, YUAN Yongfeng is our director and General Manager, and YUAN Fugen is our senior advisor.	
Shares held in other domestic or foreign listed companies controlled or invested by the controlling shareholders during the reporting period	(1) YUAN Yonggang holds 23.94% shares in Anhui Landun Photoelectron Co., Ltd. (stock short name: Landun Photoelectron; stock code: 300862) directly, and Anhui Gaoxin Jintong Anyi Venture Capital Fund II (L.P.), which is jointly controlled by YUAN Yonggang and his wife WANG Wenjuan, holds 10.95% in Landun Photoelectron, so YUAN Yonggang and his wife WANG Wenjuan hold 34.89% shares of Landun Photoelectron in aggregate and are its actual controllers. (2) YUAN Yonggang and his wife WANG Wenjuan hold 98% shares of Shenzhen Qinghai Rongyao Capital Management Co., Ltd. ("Rongyao Capital") through Jintong Zhihui Investment Management Co., Ltd. (an investment company operated and managed by a professional management team, whose investment capital was primarily raised from the society), and Rongyao Capital is the Managing Partner of Hefei Rongxin Equity Investment Fund Partnership (L.P.) ("Hefei Rongxin"). On November 21, 2019, Hefei Rongxin became the controlling shareholder of Anhui Anfu Battery Technology Co., Ltd. (stock short name: Anfu Technology; stock code: 603031). At present, Hefei Rongxin hold 29.13% shares of Anfu Technology together with its concert parties, and is the controlling shareholder of Anfu Technology, so YUAN Yonggang and his wife WANG Wenjuan are actual controllers of Anfu Technology.	

Change in the controlling shareholders during the reporting period:

Applicable N/A

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

3. Actual controllers of the Company and their concerted parties

Nature of actual controllers: Domestic natural persons.

Type of actual controllers: Natural persons.

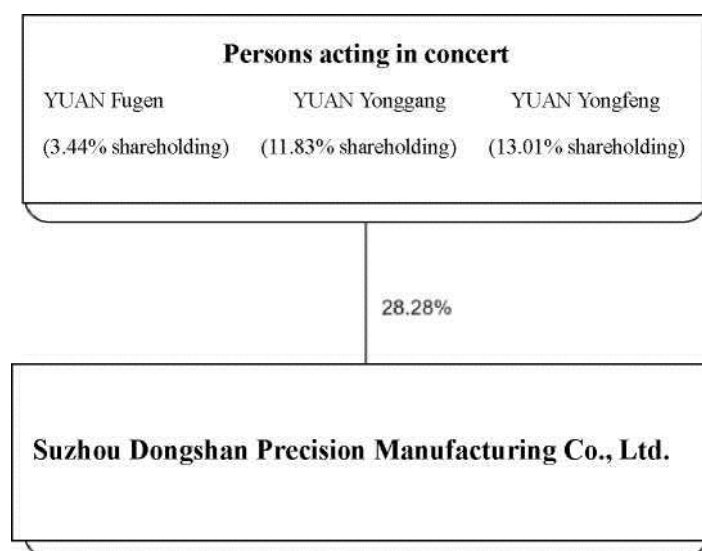
Name of actual controller	Relationship with the actual controller	Nationality	Whether or not having obtained residency in any other country or region
YUAN Yongfeng	Himself	China	No
YUAN Yonggang	Himself	China	No
YUAN Fugen	Himself	China	No
Main occupation and title	See "III. Shareholders and Actual Controllers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

Change in the actual controllers during the reporting period:

Applicable N/A

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

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



IV. Share Repurchases Effected during the Reporting Period

Progress of share repurchases

Applicable N/A

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

Progress of sale or repurchase of shares by aggregate auction:

Applicable N/A

As of the disclosure date of this Announcement, we have repurchased 3.0487 million shares in total by aggregate auction through the special securities account for repurchase, accounting for 0.18% of our total share capital. This share repurchase plan has terminated with the approval of the 2nd extraordinary general meeting in 2023. Please refer to the relevant announcement on www.cninfo.com.cn, and our designated newspapers for information disclosure.

Section VIII Preferred Shares

Applicable N/A

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

Section IX Bonds

Applicable N/A

Section X Financial Report

I. Financial Report

Audit opinion	Standard unqualified opinion
Signing date of the auditor's report	April 19, 2023
Auditor	Pan-China Certified Public Accountants LLP
Name of certified public accountants	ZHANG Yang and FU Zhenlong

Auditor's Report

Pan-China Audit [2023] No. 5-31

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

I. Opinion

We have audited the financial statements of Suzhou Dongshan Precision Manufacturing (the "Company"), which comprise the consolidated and standalone balance sheets as at December 31, 2022, consolidated and standalone income statements, consolidated and standalone cash flow statements, and consolidated and standalone statements of changes in owners' equity for the year ended December 31, 2022, and the notes to the financial statements.

In our opinion, the accompanying financial statements are prepared and present fairly, in all material respects, the consolidated and standalone financial positions of the Company as at December 31, 2022 and its consolidated and standalone results of operations and cash flows for the year ended December 31, 2022 in accordance with the China Accounting Standards for Business Enterprises (the "CASBEs").

II. Basis for opinion

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

III. Key audit matters

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

(I) Revenue recognition

1. Description

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

The operating revenue of the Company was primarily generated from the sale of PCBs, LED display devices, touch panels and LCMs, precision components and other products, which amounted to RMB31,580.1467 million in 2022.

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

2. Audit response

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

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

1. Description

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

As of December 31, 2022, the Company's book balance of accounts receivable was RMB7,997.2146 million, allowance for doubtful accounts was RMB990.8032 million, and carrying value of accounts receivable was RMB7,006.4115 million.

The Management measures the lifetime expected credit losses on accounts receivable individually or collectively according to their credit risk characteristics, and recognizes an equal amount as allowance for impairment losses. In measuring the expected credit losses on accounts receivable individually, the Management estimates the expected cash flows taking into account reasonable and supportable information relating to past events, current situation and forecasts on future economic conditions, and recognizes an allowance for doubtful accounts accordingly. In measuring the expected credit losses on accounts receivable collectively, the Management divides them into groups by age, adjusts such groups based on its historic credit loss experience and forward-looking estimates, prepares a comparison table of ages and expected credit loss ratios of accounts receivable, and recognizes an allowance for doubtful accounts accordingly.

Due to the significant amount of accounts receivable, and the impairment of accounts receivable involves significant management judgment, we identified impairment of accounts receivable as a critical audit matter.

2. Audit response

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

- (1) Obtained an understanding of the key internal controls related to impairment of accounts receivable, assessed the design of such controls, determined whether such controls have been implemented, and tested the effectiveness of the relevant internal controls;
- (2) Reviewed the subsequent write-off or reversal of the accounts receivable for which allowances for doubtful accounts have been recognized in the prior years, and assessed the accuracy of the past forecasts of the Management;
- (3) Reviewed the considerations and objective evidence used by the Management in assessing the credit risks of accounts receivable,

and assessed whether the Management has properly identified the credit risk characteristics of all accounts receivable;

(4) With respect to the accounts receivable assessed individually, on a sample basis, reviewed the basis on which the Management assessed the credit risk and expected credit losses, including the assessment by the Management of credit losses on the basis of customers' business situation, market environment, enforcement of judgments, professional opinion of counsels, etc.;

(5) With respect to the accounts receivable assessed collectively, assessed the reasonableness of grouping by the Management according to credit risk characteristics, and the comparison tables of ages and expected credit loss ratios of accounts receivable prepared by the Management based on its historic credit loss experience and forward-looking estimates, tested the accuracy and completeness of the data (such as ages of accounts receivable, historical loss rate, etc.) used and the accuracy of the allowance for doubtful accounts calculated by the Management;

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

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

(III) Goodwill impairment

1. Description

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

As of December 31, 2022, the Company's original value of goodwill was RMB2,239.0412 million, allowance for goodwill impairment was RMB47.1013 million, and carrying value of goodwill was RMB 2,191.9399 million.

The Management tests the goodwill for impairment when there's an indication of impairment of any asset group or combination of asset groups and at the end of each year. The Management tests the goodwill for impairment together with the relevant asset group or combination of asset groups, whose recoverable amount is determined according to the present value of its estimated future cash flows. The key assumptions used in impairment test include revenue growth rate over the detailed forecast period, growth rate over the perpetual forecast period, gross margin, discount rate, etc.

Due to the significant amount of goodwill, and the goodwill impairment tests involve significant management judgment, we identified goodwill impairment as a critical audit matter.

2. Audit response

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

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

(2) Reviewed the present value of future cash flows estimated by the Management in prior years and the actual operating results, and assessed the accuracy of the past forecasts of the Management;

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

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

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

(6) Tested the accuracy, completeness and relativity of the data used by the Management in impairment tests and reviewed the consistency of inputs in impairment tests;

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

IV. Other information

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

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

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

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

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

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

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

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

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

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

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

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

However, future events or conditions may cause the Company to cease to continue as a going concern;

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

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

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

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

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

Pan-China Certified Public Accountants LLP

Certified Public Accountant of China (Project partner): ZHANG Yang

Hangzhou, China

Certified Public Accountant of China: FU Zhenlong

Date: April 19, 2023

II. Financial Statements

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

1. Consolidated balance sheet

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

December 31, 2022

In RMB

Item	December 31, 2022	January 1, 2022
Current assets:		
Cash and bank balances	7,131,202,817.72	5,400,837,392.47
Settlement deposit		
Loans to banks and other financial institutions		
Financial assets held for trading	575,783,803.93	499,528,549.86
Derivative financial assets		
Notes receivable	48,401,430.82	14,624,540.85
Accounts receivable	7,006,411,466.74	7,666,079,765.82
Accounts receivable financing	644,057,382.41	828,355,016.30
Advances to suppliers	161,512,824.53	186,095,112.93
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	35,793,851.22	37,505,521.59
Incl.: Interest receivable		
Dividends receivable		
Financial assets held under resale agreements		
Inventories	6,165,738,409.09	6,451,712,389.82
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	504,573,874.64	646,070,013.64
Total current assets	22,273,475,861.10	21,730,808,303.28
Non-current assets:		
Loans and advances to clients		
Debt investments		
Other debt investments		
Long-term accounts receivable	30,000,000.00	69,950,000.88
Long-term equity investments	139,767,215.41	143,121,019.78
Investments in other equity instruments	171,322,110.00	171,322,110.00
Other non-current financial assets		
Investment properties	1,296,551.42	1,554,262.58
Fixed assets	10,673,700,468.47	10,736,270,678.33
Construction in progress	1,813,183,815.67	503,037,513.25
Productive biological assets		
Oil and gas assets		
Right-of-use assets	951,068,254.01	920,952,667.75
Intangible assets	302,589,719.92	297,383,991.47
Development expenses		
Goodwill	2,191,939,940.60	2,211,722,774.04
Long-term deferred expenses	501,517,044.33	343,067,848.10
Deferred tax assets	608,987,423.66	535,920,683.59
Other non-current assets	872,512,776.58	286,296,934.20
Total non-current assets	18,257,885,320.07	16,220,600,483.97
Total assets	40,531,361,181.17	37,951,408,787.25
Current liabilities:		

Short-term borrowings	7,794,409,944.68	8,047,168,009.16
Borrowings from Central Bank		
Borrowings from banks and other financial institutions		
Financial liabilities held for trading	91,517,116.89	
Derivative financial assets		
Notes payable	2,008,405,860.19	1,646,644,107.17
Accounts payable	5,986,286,590.32	6,729,890,126.00
Advances from clients		
Contract liabilities	26,193,456.12	39,681,986.94
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	500,125,315.30	503,138,722.06
Taxes payable	412,289,780.94	151,692,543.85
Other payables	54,324,601.72	323,166,075.34
Incl.: Interest payable		
Dividends payable		
Fees and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	1,189,744,866.13	1,490,545,864.93
Other current liabilities	4,476,657.36	2,440,030.34
Total current liabilities	18,067,774,189.65	18,934,367,465.79
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings	3,197,821,643.49	2,030,525,761.80
Bonds payable		
Incl.: Preferred shares		
Perpetual bonds		
Lease liabilities	1,647,319,046.20	1,147,810,164.72
Long-term accounts payable		78,927,000.98
Long-term employee benefits payable		
Provisions	69,202,183.16	89,442,831.13
Deferred income	747,587,634.12	685,633,680.65
Deferred tax liabilities	395,309,035.94	314,359,343.00
Other non-current liabilities		
Total non-current liabilities	6,057,239,542.91	4,346,698,782.28
Total liabilities	24,125,013,732.56	23,281,066,248.07
Owners' equity:		
Share capital	1,709,867,327.00	1,709,867,327.00
Other equity instruments		
Incl.: Preferred shares		
Perpetual bonds		
Capital reserve	8,054,894,080.77	8,099,524,872.90
Less: Treasury shares	125,906,811.33	100,479,794.32
Other comprehensive income	-692,976,005.21	-519,626,066.21
Special reserve		
Surplus reserve	135,347,835.10	111,698,315.15
General risk reserve		
Retained profits	7,278,203,054.12	5,275,515,670.63
Total owners' equity attributable to the parent	16,359,429,480.45	14,576,500,325.15
Minority interests	46,917,968.16	93,842,214.03
Total owners' equity	16,406,347,448.61	14,670,342,539.18
Total liabilities and owners' equity	40,531,361,181.17	37,951,408,787.25

Legal Representative: YUAN Yonggang

CFO: WANG Xu

Accounting Supervisor: ZHU Deguang

2. Standalone balance sheet

In RMB

Item	December 31, 2022	January 1, 2022
Current assets:		
Cash and bank balances	1,412,679,165.36	1,320,945,743.89
Financial assets held for trading	5,339,600.00	12,875,960.00
Derivative financial assets		
Notes receivable	561,448.01	31,632,433.51
Accounts receivable	1,941,106,338.87	2,751,126,772.11
Accounts receivable financing	12,405,985.23	552,882,532.72
Advances to suppliers	398,743,645.61	115,749,043.07
Other receivables	3,245,530,947.12	3,408,234,419.21
Incl.: Interest receivable		
Dividends receivable	1,210,095,256.90	581,000,000.00
Inventories	1,009,877,418.76	697,310,419.09
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	95,208,426.22	44,816,583.10
Total current assets	8,121,452,975.18	8,935,573,906.70
Non-current assets:		
Debt investments		
Other debt investments		
Long-term accounts receivable	30,000,000.00	55,000,000.88
Long-term equity investments	7,580,547,437.18	7,096,642,244.53
Investments in other equity instruments	171,322,110.00	171,322,110.00
Other non-current financial assets		
Investment properties		
Fixed assets	1,224,723,019.96	1,180,664,110.78
Construction in progress	482,015,287.67	119,752,899.75
Productive biological assets		
Oil and gas assets		
Right-of-use assets	6,523,001.84	8,479,902.43
Intangible assets	61,782,911.44	63,720,204.68
Development expenses		
Goodwill		
Long-term deferred expenses	156,467,709.39	97,651,794.61
Deferred tax assets	189,246,815.34	161,821,257.17
Other non-current assets	110,280,926.88	41,372,547.26
Total non-current assets	10,012,909,219.70	8,996,427,072.09
Total assets	18,134,362,194.88	17,932,000,978.79
Current liabilities:		
Short-term borrowings	3,239,724,817.50	3,523,782,504.56
Financial liabilities held for trading		
Derivative financial assets		
Notes payable	1,433,148,316.04	1,500,663,176.84
Accounts payable	725,307,838.44	930,354,491.13
Advances from clients		
Contract liabilities	261,978,225.55	184,899,206.27
Employee benefits payable	36,013,112.32	27,858,029.13
Taxes payable	2,676,526.20	3,879,187.43
Other payables	1,527,486,936.57	1,472,895,655.79
Incl.: Interest payable		
Dividends payable		
Liabilities held for sale		

Non-current liabilities due within one year	216,525,360.27	152,150,642.66
Other current liabilities	2,052,903.93	
Total current liabilities	7,444,914,036.82	7,796,482,893.81
Non-current liabilities:		
Long-term borrowings	1,106,033,055.55	334,960,336.11
Bonds payable		
Incl.: Preferred shares		
Perpetual bonds		
Lease liabilities	4,746,572.24	6,774,436.43
Long-term accounts payable		78,927,000.98
Long-term employee benefits payable		
Provisions	3,414,342.70	1,935,062.28
Deferred income	22,333,333.41	25,653,396.00
Deferred tax liabilities	1,235,824.13	2,178,114.46
Other non-current liabilities		
Total non-current liabilities	1,137,763,128.03	450,428,346.26
Total liabilities	8,582,677,164.85	8,246,911,240.07
Owners' equity:		
Share capital	1,709,867,327.00	1,709,867,327.00
Other equity instruments		
Incl.: Preferred shares		
Perpetual bonds		
Capital reserve	7,953,356,366.17	7,961,185,289.83
Less: Treasury shares	125,906,811.33	100,479,794.32
Other comprehensive income	-345,461,340.00	-350,000,000.00
Special reserve		
Surplus reserve	135,347,835.10	111,698,315.15
Retained profits	224,481,653.09	352,818,601.06
Total owners' equity	9,551,685,030.03	9,685,089,738.72
Total liabilities and owners' equity	18,134,362,194.88	17,932,000,978.79

3. Consolidated income statement

In RMB

Item	2022	2021
I. Total operating revenue	31,580,146,732.58	31,793,147,908.12
Incl.: Operating revenue	31,580,146,732.58	31,793,147,908.12
Interest income		
Premiums earned		
Fee and commission income		
II. Total operating costs	28,434,705,720.60	29,789,694,099.52
Incl.: Operating costs	26,020,679,333.24	27,128,550,627.93
Interest expenses		
Fee and commission expenses		
Surrenders		
Net payments for insurance claims		
Net insurance claim reserves		
Policyholder dividends		
Reinsurance expenses		
Taxes and surcharges	105,651,890.50	73,160,213.97
Selling expenses	352,993,453.50	341,087,646.41
Administrative expenses	815,662,486.89	781,664,730.36
Research and development expenses	940,085,451.98	1,028,567,206.95
Financial expenses	199,633,104.49	436,663,673.90
Incl.: Interest expenses	393,340,686.55	371,339,473.57
Interest income	42,128,725.22	62,819,318.55
Add: Other income	318,574,095.64	269,467,593.24
Investment income (loss expressed with "-")	-922,388.82	41,578,291.23

Incl.: Investment income from associates and joint ventures	-2,008,218.02	-7,515,648.15
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 “-”)	-66,613,459.50	8,645,469.99
Credit loss (loss expressed with “-”)	-76,228,643.25	-7,992,105.91
Impairment loss on assets (loss expressed with “-”)	-468,204,563.83	-187,376,720.10
Gain on disposal of assets (loss expressed with “-”)	-5,513,221.27	-14,060,145.96
III. Operating profit (loss expressed with “-”)	2,846,532,830.95	2,113,716,191.09
Add: Non-operating revenue	12,212,345.74	3,112,802.79
Less: Non-operating expenses	17,846,210.04	6,006,471.39
IV. Profit before tax (loss expressed with “-”)	2,840,898,966.65	2,110,822,522.49
Less: Income tax expenses	473,639,443.09	249,922,824.36
V. Net profit (loss expressed with “-”)	2,367,259,523.56	1,860,899,698.13
(I) Classified by continuity of operation		
1. Net profit from continuing operation (loss expressed with “-”)	2,367,259,523.56	1,860,899,698.13
2. Net profit from discontinued operation (loss expressed with “-”)		
(II) Classified by attribution		
1. Net profit attributable to owners of the parent (loss expressed with “-”)	2,367,519,530.91	1,862,481,138.84
2. Minority interests (loss expressed with “-”)	-260,007.35	-1,581,440.71
VI. Other comprehensive income, net	-173,374,048.73	-46,074,281.99
Other comprehensive income attributable to the parent, net	-173,349,939.00	-46,074,281.99
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1. Changes arising from remeasurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified into profit or loss under equity method		
3. Change in fair value of investments in other equity instruments		
4. Change in fair value of the corporation's credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified into profit or loss	-173,349,939.00	-46,074,281.99
1. Other comprehensive income that can be reclassified into profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Reserves for cash flow hedge	-112,225,912.41	4,646,609.02
6. Differences on translation of foreign currency financial statements	-61,124,026.59	-50,720,891.01
7. Others		
Other comprehensive income attributable to minority interests, net	-24,109.73	
VII. Total comprehensive income	2,193,885,474.83	1,814,825,416.14
Total comprehensive income attributable to the parent	2,194,169,591.91	1,816,406,856.85

Total comprehensive income attributable to minority interests	-284,117.08	-1,581,440.71
VIII. Earnings per share		
(I) Basic earnings per share	1.39	1.09
(II) Diluted earnings per share	1.39	1.09

The net profit realized by the acquirees before acquisition in business combinations involving entities under common control was nil in 2022 and nil in 2021.

Legal Representative: YUAN Yonggang

CFO: WANG Xu

Accounting Supervisor: ZHU Deguang

4. Standalone income statement

In RMB

Item	2022	2021
I. Operating revenue	3,877,913,051.67	4,244,074,740.42
Less: Operating costs	3,478,568,986.55	3,883,235,776.32
Taxes and surcharges	7,784,720.56	19,465,458.59
Selling expenses	63,703,774.98	38,690,956.59
Administrative expenses	354,137,272.59	324,739,564.30
Research and development expenses	149,446,571.49	43,692,074.72
Financial expenses	145,208,675.20	190,892,392.23
Incl.: Interest expenses	272,353,140.97	232,182,345.26
Interest income	71,430,377.19	80,410,545.58
Add: Other income	10,684,111.51	15,687,436.18
Investment income (loss expressed with "-")	589,880,146.37	562,696,915.32
Incl.: Investment income from associates and joint ventures	-1,184,714.09	-7,099,445.94
Gain on derecognition of financial assets at amortized cost		
Net exposure hedging income (loss expressed with "-")		
Gain on changes in fair value (loss expressed with "-")	-14,434,367.40	7,766,360.00
Credit loss (loss expressed with "-")	-14,517,058.05	40,737,910.06
Impairment loss on assets (loss expressed with "-")	-34,480,575.88	-29,305,690.70
Gain on disposal of assets (loss expressed with "-")	102,024.93	236,751.46
II. Operating profit (loss expressed with "-")	216,297,331.78	341,178,199.99
Add: Non-operating revenue	205,398.99	1,322,195.03
Less: Non-operating expenses	9,176,319.82	1,389,386.90
III. Profit before tax (loss expressed with "-")	207,326,410.95	341,111,008.12
Less: Income tax expenses	-29,168,788.50	-23,818,369.37
IV. Net profit (loss expressed with "-")	236,495,199.45	364,929,377.49
(I) Net profit from continuing operation (loss expressed with "-")	236,495,199.45	364,929,377.49
(II) Net profit from discontinued operation (loss expressed with "-")		
V. Other comprehensive income, net	4,538,660.00	
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1. Changes arising from remeasurement of defined benefit plans		
2. Other comprehensive income that cannot be reclassified into profit or loss under equity method		
3. Change in fair value of investments in other equity instruments		
4. Change in fair value of the corporation's credit risk		
5. Others		
(II) Other comprehensive income that will be	4,538,660.00	

reclassified into profit or loss		
1. Other comprehensive income that can be reclassified into profit or loss under equity method		
2. Change in fair value of other debt investments		
3. Financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Reserves for cash flow hedge	4,538,660.00	
6. Differences on translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	241,033,859.45	364,929,377.49
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated cash flow statement

In RMB

Item	2022	2021
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	30,689,737,979.37	29,815,812,937.85
Net increase in deposits from clients and other banks		
Net increase in borrowings from Central Bank		
Net increase in borrowings from other financial institutions		
Proceeds from premiums under prior insurance contracts		
Net proceeds from reinsurance business		
Net increase in insured's deposits and investments		
Proceeds from interest, fees and commissions		
Net increase in borrowings from banks and other financial institutions		
Net increase in receipts under repurchase transactions		
Net cash received as stock broker		
Tax refunds received	1,402,945,080.65	1,243,753,661.97
Other proceeds relating to operating activities	856,136,731.36	512,083,240.76
Subtotal of cash inflows from operating activities	32,948,819,791.38	31,571,649,840.58
Payments for purchase of goods and receipt of services	22,311,360,256.76	23,091,788,130.30
Net increase in loans and advances from clients		
Net increase in deposits in Central Bank and other banks		
Payment of claims under prior insurance contracts		
Net increase in loans to banks and other financial institutions		
Payment of interest, fees and commissions		
Payment of policyholder dividends		
Payments to and for employees	4,177,722,088.02	4,026,453,550.20
Taxes paid	492,638,579.06	519,261,401.11
Other payments relating to operating activities	1,337,214,856.16	724,602,274.76
Subtotal of cash outflows from operating activities	28,318,935,780.00	28,362,105,356.37
Net cash flows from operating activities	4,629,884,011.38	3,209,544,484.21
II. Cash flows from investing activities:		
Proceeds from disposal of investments	424,159,710.89	1,221,008,889.75
Proceeds from return on investments	10,968,187.55	21,034,758.46
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	8,924,465.56	14,867,642.54
Net proceeds from disposal of subsidiaries and other		

business entities		
Other proceeds relating to investing activities	235,424,521.00	614,294,406.73
Subtotal of cash inflows from investing activities	679,476,885.00	1,871,205,697.48
Payments for acquisition of fixed assets, intangible assets and other long-term assets	3,375,029,627.94	3,049,208,456.95
Payments for investments	608,374,219.69	849,056,781.87
Net increase in mortgage loans		
Net Payments for acquisition of subsidiaries and other business entities		
Other cash payments relating to investing activities	455,064,192.71	1,288.94
Subtotal of cash outflows from investing activities	4,438,468,040.34	3,898,266,527.76
Net cash flows from investing activities	-3,758,991,155.34	-2,027,060,830.28
III. Cash flows from financing activities:		
Proceeds from investors		17,800,000.00
Incl.: Proceeds of subsidiaries from minority shareholders' investments		17,800,000.00
Cash receipts from borrowings	10,828,761,291.26	9,629,498,697.60
Other proceeds relating to financing activities	2,139,193,721.85	3,921,528,258.50
Subtotal of cash inflows from financing activities	12,967,955,013.11	13,568,826,956.10
Repayment of borrowings	9,629,498,697.60	8,348,766,123.52
Payment of distribution of dividends and profits or for interest	642,139,429.34	456,920,317.80
Incl.: Dividends and profits distributed by subsidiaries to minor shareholders	36,408.79	
Other payments relating to financing activities	2,192,696,813.07	4,856,990,811.10
Subtotal of cash outflows from financing activities	12,464,334,940.01	13,662,677,252.42
Net cash flows from financing activities	503,620,073.10	-93,850,296.32
IV. Effects of exchange rate changes on cash and cash equivalents	143,212,766.77	-22,467,316.29
V. Net increase in cash and cash equivalents	1,517,725,695.91	1,066,166,041.32
Add: Opening balance of cash and cash equivalents	3,939,301,126.79	2,873,135,085.47
VI. Closing balance of cash and cash equivalents	5,457,026,822.70	3,939,301,126.79

6. Standalone cash flow statement

In RMB

Item	2022	2021
I. Cash flows from operating activities:		
Proceeds from sale of goods and rendering of services	3,930,357,686.47	3,363,805,354.17
Tax refunds received	238,277,121.92	134,161,286.35
Other proceeds relating to operating activities	2,118,216,199.44	3,081,500,098.60
Subtotal of cash inflows from operating activities	6,286,851,007.83	6,579,466,739.12
Payments for purchase of goods and receipt of services	4,440,683,078.94	4,090,981,643.21
Payments to and for employees	337,116,177.01	398,660,527.63
Taxes paid	19,309,238.75	33,744,370.30
Other payments relating to operating activities	639,515,727.10	592,980,732.05
Subtotal of cash outflows from operating activities	5,436,624,221.80	5,116,367,273.19
Net cash flows from operating activities	850,226,786.03	1,463,099,465.93
II. Cash flows from investing activities:		
Proceeds from disposal of investments	121,461,752.60	252,000,000.00
Proceeds from return on investments	573,504,702.64	356,296,361.26
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	15,670,927.06	31,699,821.28
Net proceeds from disposal of subsidiaries and other business entities		
Other proceeds relating to investing activities		50,000,000.00
Subtotal of cash inflows from investing activities	710,637,382.30	689,996,182.54
Payments for acquisition of fixed assets, intangible assets and other long-term assets	797,364,143.36	233,002,384.33
Payments for investments	458,359,760.00	1,086,517,692.36

Net payments for acquisition of subsidiaries and other business entities		
Other payments relating to investing activities		
Subtotal of cash outflows from investing activities	1,255,723,903.36	1,319,520,076.69
Net cash flows from investing activities	-545,086,521.06	-629,523,894.15
III. Cash flows from financing activities:		
Proceeds from investors		
Proceeds from borrowings	4,553,408,751.02	3,991,741,102.36
Other proceeds relating to financing activities		
Subtotal of cash inflows from financing activities	4,553,408,751.02	3,991,741,102.36
Repayment of borrowings	3,991,741,102.36	3,495,543,277.60
Payment of distribution of dividends and profits or for interest	606,951,054.50	396,644,933.48
Other payments relating to financing activities	120,819,536.78	274,156,177.46
Subtotal of cash outflows from financing activities	4,719,511,693.64	4,166,344,388.54
Net cash flows from financing activities	-166,102,942.62	-174,603,286.18
IV. Effects of exchange rate changes on cash and cash equivalents	-35,276,962.44	-1,751,977.28
V. Net increase in cash and cash equivalents	103,760,359.91	657,220,308.32
Add: Opening balance of cash and cash equivalents	930,383,165.21	273,162,856.89
VI. Closing balance of cash and cash equivalents	1,034,143,525.12	930,383,165.21

7. Consolidated statement of changes in owners' equity

2022

In RMB

Item	2022													Minority interests	Total owners' equity
	Owners' equity attributable to the parent														
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained profit	Others	Subtotal		
	Preferred shares	Perpetual bonds	Others												
I. Balance at the end of the previous year	1,709,867,327.00				8,099,524,872.90	100,479,794.32	519,626,066.21		111,698,315.15		5,275,515,670.63		14,576,500,325.15	93,842.214.03	14,670,342,539.18
Add: Changes in accounting policies															
Correction of prior period errors															
Business combination involving entities under common control															
Others															
II. Balance at the beginning of the current year	1,709,867,327.00				8,099,524,872.90	100,479,794.32	519,626,066.21		111,698,315.15		5,275,515,670.63		14,576,500,325.15	93,842.214.03	14,670,342,539.18
III. Increase/(decrease) in the current period (decrease expressed with "-")					44,630,792.13	25,427,017.01	173,349,939.00		23,649,519.95		2,002,687,383.49		1,782,929,155.30	46,924.245.87	1,736,004,909.43
(I) Total comprehensive income							173,349,939.00				2,367,519,530.91		2,194,169,591.91	260,007.35	2,193,909,584.56
(II) Investment (divestment) by shareholders					44,630,792.13	25,427,017.01							70,057,809.14	46,627.829.73	116,685,638.87
I. Contributions from holders															

		Preferred shares	Perpetual bonds	Others		shares	comprehensive income			reserve					
I. Balance at the end of the previous year	1,709.86 7,327.00				8,136.87 9,413.39		- 451,615,637.76		75,205.3 77.40		3,598.58 0,392.76		13,068.9 16,872.79	106,051,055.46	13,174.9 67,928.25
Add: Changes in accounting policies															
Correction of prior period errors															
Business combination involving entities under common control															
Others															
II. Balance at the beginning of the current year	1,709.86 7,327.00				8,136.87 9,413.39		- 451,615,637.76		75,205.3 77.40		3,598.58 0,392.76		13,068.9 16,872.79	106,051,055.46	13,174.9 67,928.25
III. Increase/(decrease) in the current period (decrease expressed with "-")					- 37,354.540.49	100,479,794.32	- 68,010,428.45		36,492.9 37.75		1,676.93 5,277.87		1,507.58 3,452.36	- 12,208.841.43	1,495.37 4,610.93
(I) Total comprehensive income							- 46,074,281.99				1,862.48 1,138.84		1,816.40 6,856.85	- 1,581.440.71	1,814.82 5,416.14
(II) Investment (divestment) by shareholders					- 37,354.540.49	100,479,794.32					-2,336.98		- 137,836,671.79	10,602.3 69.68	- 148,439,041.47
1. Contributions from holders of ordinary shares														17,800.0 00.00	17,800.0 00.00
2. Contributions from holders of other equity instruments															
3. Share-based payments recorded in owners' equity															
4. Others					- 37,354.540.49	100,479,794.32					-2,336.98		- 137,836,671.79	28,402.3 69.68	- 166,239,041.47
(III) Distribution of profits									36,492.9 37.75		- 207,479,670.45		- 170,986,732.70	- 25,031.04	- 171,011,763.74
1. Surplus reserve									36,492.9 37.75		- 36,492.937.75				
2. General risk reserve															
3. Distributions to owners (shareholders)											- 170,986,732.70		- 170,986,732.70	- 25,031.04	- 171,011,763.74
4. Others															
(IV) Internal transfer of owners' equity							- 21,936,146.46				21,936.1 46.46				
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							21,936.146.46						21,936.146.46					
6. Others																		
(V) Special reserve																		
1. Appropriated in the current year																		
2. Used in the current year																		
(VI) Others																		
IV. Balance at the end of the current year	1,709,867,327.00				8,099,524,872.90	100,479,794.32	519,626,066.21		111,698,315.15		5,275,515,670.63		14,576,500,325.15	93,842.214.03			14,670,342,539.18	

8. Standalone statement of changes in owners' equity

2022

In RMB

Item	2022											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profit	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of the previous year	1,709,867,327.00				7,961,185,289.83	100,479,794.32	350,000,000.00		111,698,315.15	352,818,601.06		9,685,089,738.72
Add:												
Changes in accounting policies												
Correction of prior period errors												
Others												
II. Balance at the beginning of the current year	1,709,867,327.00				7,961,185,289.83	100,479,794.32	350,000,000.00		111,698,315.15	352,818,601.06		9,685,089,738.72
III. Increase (decrease) in the current period (decrease expressed with "-")					7,828,923.66	25,427,017.01	4,538,660.00		23,649,519.95	128,336,947.97		133,404,708.69
(I) Total comprehensive income							4,538,660.00			236,495,199.45		241,033,859.45
(II) Investment (divestment) by shareholders					7,828,923.66	25,427,017.01						33,255,940.67
1. Contributions from holders of ordinary shares						49,990,856.17						49,990,856.17
2. Contributions from holders of other equity instruments												
3. Share-based					16,734,915.50							16,734,915.50

payments recorded in owners' equity												
4. Others					24,563,839.16	24,563,839.16						
(III) Distribution of profits									23,649,519.95	364,832,147.42		341,182,627.47
1. Surplus reserve									23,649,519.95	23,649,519.95		
2. Distributions to owners (shareholders)										341,182,627.47		341,182,627.47
3. Others												
(IV) Internal transfer of owners' equity												
1. Transfer of capital reserve to (share) capital												
2. Transfer of surplus reserve to (share) capital												
3. Make-up of losses by surplus reserve												
4. Transfer of changes in defined benefit plans to retained earnings												
5. Transfer of other comprehensive income to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriated in the current year												
2. Used in the current year												
(VI) Others												
IV. Balance at the end of the current year	1,709,867.327.00				7,953,356.366.17	125,906,811.33	345,461,340.00		135,347,835.10	224,481,653.09		9,551,685.030.03

2021

In RMB

Item	2021											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained profit	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of the previous year	1,709,867.327.00				7,961,185.289.83		-350,000,000.00		75,205,377.40	195,368,894.02		9,591,626.888.25
Add:												
Changes in accounting policies												
Correction of prior period errors												
Others												
II. Balance at the beginning of the current year	1,709,867.327.00				7,961,185.289.83		-350,000,000.00		75,205,377.40	195,368,894.02		9,591,626.888.25
III. Increase/(decrease) in the current period (decrease expressed with "-")						100,479,794.32		36,492,937.75	157,449,707.04		93,462,850.47	
(I) Total comprehensive income									364,929,377.49		364,929,377.49	
(II) Investment/(divestment) by shareholders						100,479,794.32					100,479,794.32	
1. Contributions from holders of ordinary						100,479,794.32					100,479,794.32	

shares												
2. Contributions from holders of other equity instruments												
3. Share-based payments recorded in owners' equity												
4. Others												
(III) Distribution of profits								36,492,937.75	207,479,670.45			170,986,732.70
1. Surplus reserve								36,492,937.75	36,492,937.75			
2. Distributions to owners (shareholders)									170,986,732.70			170,986,732.70
3. Others												
(IV) Internal transfer of owners' equity												
1. Transfer of capital reserve to (share) capital												
2. Transfer of surplus reserve to (share) capital												
3. Make-up of losses by surplus reserve												
4. Transfer of changes in defined benefit plans to retained earnings												
5. Transfer of other comprehensive income to retained earnings												
6. Others												
(V) Special reserve												
1. Appropriated in the current year												
2. Used in the current year												
(VI) Others												
IV. Balance at the end of the current year	1,709,867,327.00				7,961,185,289.83	100,479,794.32	350,000,000.00		111,698,315.15	352,818,601.06		9,685,089,738.72

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., which was registered with the Wuxian Municipal Administration for Industry and Commerce on October 28, 1998 and converted into the Company on September 30, 2007 (reference date). The Company was registered with the Suzhou Municipal Administration for Industry and Commerce of Jiangsu on December 24, 2007, and is headquartered in Suzhou, Jiangsu, holds a business license with unified social credit code of 91320500703719732P, and has a registered capital of RMB1,709,867,327.00, divided into 1,709,867,327 shares with a par value of RMB 1 each, of which, 319,591,987 shares are non-tradable A shares, and 1,390,275,340 shares are tradable A shares. The Company's shares have been listed and traded on the Shenzhen Stock Exchange since April 9, 2010.

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

These financial statements are published with the approval of the 33th meeting of the 5th Board of Directors of the Company on April 19, 2023.

66 subsidiaries and sub-subsidiaries are included in the scope of the consolidated financial statements for the reporting period, including Multi-Fineline Electronix Inc. (“MFLEX”), Multek Group (Hong Kong) Limited (“Multek”) and Yancheng Dongshan Precision Manufacturing Co., Ltd. (“Yancheng Dongshan”). See Notes VIII and IX to the financial statements for details.

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

There is no event or fact that may cast significant doubts on the Company’s ability to remain a going concern within 12 months after the end of the reporting period.

V. Significant Accounting Policies and Accounting Estimates

Note about specific accounting policies and accounting estimates:

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

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

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

2. Accounting period

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

3. Operating cycle

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

4. Functional currency

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

5. 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 combination exceeds the Company's share of the fair value of the acquiree's identifiable net 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 identifiable net 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 identifiable net assets, the difference is recognized in profit or loss.

6. Method of preparation of consolidated financial statements

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

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

1. Joint arrangements are classified into joint operations and joint ventures.

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

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

8. Recognition of cash and cash equivalents

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

9. 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 exchange rates prevailing at the transaction dates. At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates at the balance sheet date. 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 foreign exchange rates prevailing at the transaction dates, without adjusting the amounts in RMB. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rates prevailing at the dates the fair value was determined, with the exchange differences arising from such translations recognized in profit or loss or other comprehensive income.

2. Translation of foreign currency financial statements

The asset and liability items on 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 statements are translated at the spot exchange rates prevailing at the transaction dates. The differences arising from such translation of foreign currency financial statements are recognized in other comprehensive income.

10. Financial instruments

1. Classification of financial assets and financial liabilities

Upon initial recognition, financial assets are classified into: (1) financial assets at amortized cost; (2) financial assets at fair value through other comprehensive income; and (3) financial assets at fair value through profit or loss.

Upon initial recognition, financial liabilities are classified into: (1) financial liabilities at fair value through profit or loss; (2) financial liabilities arising as a result of transfer of financial assets not meeting the criteria for derecognition or continuing involvement in the financial assets transferred; (3) financial guarantee contracts not falling under items (1) and (2), and loan commitments not falling under item (1) and below market interest rate; and (4) financial liabilities at amortized cost.

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

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

When the Company becomes a party to a financial instrument contract, a financial asset or liability is recognized. Financial assets and liabilities are initially measured at fair value. Transaction costs relating to financial assets or liabilities at fair value through profit or loss are directly recognized in profit or loss. Transaction costs relating to other kinds of financial assets or liabilities are included in their initially recognized amount. However, the accounts receivable that do not contain any significant financing component or are recognized by the Company without taking into consideration the significant financing components under the contracts with a term of less than one year upon initial recognition are initially measured at transaction price as defined in CASBE 14 "Revenue".

(2) Subsequent measurement of financial assets

1) Financial assets at amortized cost

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

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

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

4) Financial assets at fair value through profit or loss

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

(3) Subsequent measurement of financial liabilities

1) Financial liabilities at fair value through profit or loss

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

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

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

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

Such financial liabilities are subsequently measured at the higher of ① allowance for impairment losses determined according to the policy for impairment of financial instruments; and ② balance of the initially recognized amount after deduction of the accumulated amortization determined in accordance with CASBE 14 "Revenue".

4) Financial liabilities at amortized cost

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

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when:

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

2) A financial liability (or part thereof) is derecognized when all or part of the outstanding obligations thereon 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: (1) 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 (2) 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 (1) the carrying value of the financial asset transferred at the date of derecognition; and (2) 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 (1) the carrying value of the part derecognized; and (2) 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 obligation incurred in business combinations, and financial forecasts made using own data.

5. Impairment of financial instruments

(1) Measurement and accounting treatment of impairment of financial instruments

The Company determines the impairment and assesses allowance for impairment losses of financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income, 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 accounts receivable arising from transactions within the meaning of CASBE 14 “Revenue” 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, 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 on 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.

(2) Financial instruments for which expected credit risk is assessed collectively and expected credit losses are measured using the three-stage model

Item	Basis for grouping	Method for measuring expected credit losses
Other receivables – aging group	Aging	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 expected credit loss within the next 12 months or over the lifetime.
Other receivables - related parties within the scope of consolidation	Consolidated related parties	

(3) Accounts receivable for which expected credit losses are measured collectively using the simplified approach

1) Groups and method for measuring expected credit losses

Item	Basis for grouping	Method for measuring expected credit losses
Banker's acceptance bills receivable	Type of bills	By reference to historical credit loss experience, and taking into account the current situations and prediction of future economic conditions, calculate the expected credit losses according to the default risk exposure and rate of lifetime expected credit loss.
Commercial acceptance bills receivable		
Accounts receivable – aging group	Age	By reference to historical credit loss experience, and taking into account the current situations and

		prediction of future economic conditions, prepare a comparison table of the age of accounts receivable and rate of lifetime expected credit loss, and calculate the expected credit losses.
Accounts receivable - related parties within the scope of consolidation	Consolidated related parties	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.
Long-term accounts receivable – group of security deposit	Nature of accounts	By reference to historical credit loss experience, and taking into account the current situations and prediction of future economic conditions, calculate the expected credit losses according to the default risk exposure and rate of lifetime expected credit loss.

2) Accounts receivable - comparison table of the age and rate of lifetime expected credit loss

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

6. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and presented on a net basis on the balance sheet only if: (1) the Company has a currently enforceable legal right to offset the recognized amounts; and (2) the Company has an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously. Except as stated above, financial assets and financial liabilities are presented on the balance sheet separately, without offsetting each other.

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

11. 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. Calculation of the price of inventories dispatched

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

3. Basis for determination of net realizable value of inventories

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 the allowance for impairment of inventories. 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 allowance for impairment of inventories recognized or reversed (as applicable).

4. Inventory system

The perpetual inventory system is adopted.

5. Amortization of low-value consumables and packing materials

(1) Low-value consumables

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

(2) Packing materials

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

12. Contract assets

Contract assets or contract liabilities are presented on 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.

13. Contract costs

Assets related to contract costs include contract acquisition cost and contract performance cost.

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

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

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

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

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

14. Long-term equity investments

1. Criteria for determining 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) In case of 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 date of combination. 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 achieved through multiple transactions by steps that 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 date of combination; and the difference between: (i) the initial investment cost of the long-term equity investment at the date of combination; 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 date of 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) In case of an equity investment acquired through a business combination involving entities not under common control, the initial investment cost is the fair value of the aggregate consideration paid at the date of acquisition.

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

1) In the standalone financial statements, the sum of the carrying value of the equity investment originally held in the acquiree and the additional investment cost incurred is recorded as the initial investment cost of the equity investment changed into the cost method.

2) In the consolidated financial statements, if the transactions constitute a package deal, the Company accounts for such transactions as one transaction to acquire control. If such transactions do not constitute a package deal, the Company remeasures the fair value of the equity held in the acquiree prior to the date of acquisition, and records the difference between the fair value and the carrying value as investment income for the current period; if the equity held in the acquiree prior to the date of acquisition involves other comprehensive income under equity method, such other comprehensive income is transferred to the income of the period in which the date of acquisition falls, except for other comprehensive income arising from remeasurement of changes in net liabilities or net assets of defined benefit plans.

(3) In case of an equity investment not acquired through business combination, the initial investment cost is the purchase price actually paid if it is acquired by cash, or the fair value of the equity securities issued if it is acquired through issuance of equity securities, or in accordance with CASBE 12 "Debt Restructuring" if it is acquired through debt restructuring, or CASBE 7 "Exchange of Non-monetary Assets" if it is acquired through exchange of non-monetary assets.

3. Subsequent measurement and recognition of profit or loss

Long-term equity investments in investees 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) Standalone financial statements

The difference between the carrying value of the equity disposed of and the disposal proceeds actually received is recognized in profit or loss. If the remaining equity empowers the Company to exercise significant influence or joint control over the investee, the remaining equity is accounted for using the equity method; if the remaining equity does not empower the Company to exercise control, joint control or significant influence over the investee, the remaining equity is accounted for in accordance with CASBE 22 “Recognition and Measurement of Financial Instruments”.

(2) Consolidated financial statements

1) Disposal of investment in a subsidiary through multiple transactions by steps until loss of control over the subsidiary which do not constitute a package deal. Prior to the loss of control, the difference between the disposal proceeds and the share owned by the Company in the net assets of the subsidiary in relation to the long-term equity investment disposed of that is calculated continuously from the date of acquisition or combination is treated as an adjustment to the capital reserve (share premium). In case the capital reserve is not sufficient to absorb the difference, the remaining balance is charged against the retained earnings. When losing control over a subsidiary, 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 share owned by the Company in the net assets of the subsidiary in relation to the long-term equity investment disposed of as calculated continuously from the date of acquisition according to the previous shareholding ratio, is recognized in the investment income for the period in which the control is lost, and the goodwill is written down accordingly. Other comprehensive income relating to the equity investment in the subsidiary is transferred to the investment income for the period in which the control was lost.

2) Disposal of investment in a subsidiary through multiple transactions by steps until loss of control over the subsidiary which constitute a package deal. The Company accounts for such transactions as one transaction to dispose of and lose its control over the subsidiary; however, the difference between the proceeds from each disposal before loss of control and the share owned by the Company in the net assets of the subsidiary in relation to the investment disposed of is recognized in other comprehensive income in the consolidated financial statements, which is wholly transferred to the profit or loss in the period in which the control is lost.

15. Investment property

Measurement model for investment property

Measured at cost

Method of depreciation or amortization

1. Investment properties include land use right 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.

16. Fixed assets

(1) Criteria for recognition

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

(2) Depreciation

Category	Method of depreciation	Estimated useful life (years)	Rate of residual value	Annual rate of depreciation
Buildings and structures	Straight-line method	20-30	0.05	3.17% -4.75%
Machinery and equipment	Straight-line method	5-10	0.05	9.50% -19.00%
Transportation equipment	Straight-line method	5	0.05	0.19
Office equipment and others	Straight-line method	5	0.05	0.19

17. 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. A construction in progress is measured at the actual cost incurred before it is completed and ready for 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 final settlement, the estimated value is adjusted according to the actual cost, without adjusting the accumulated depreciation.

18. 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: 1) the expenditures on the asset have already been incurred; 2) the borrowing cost has already been incurred; and 3) 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 ordinary 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 borrowings by the rate of capitalization of the ordinary borrowings occupied.

19. Right-of-use assets

A right-of-use asset is initially measured at cost, which comprise: 1) the amount of the lease liability initially measured; 2) any lease payments made at or before the commencement date, less any lease incentives received; 3) any initial direct costs incurred by the lessee; and 4) estimated costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company depreciates the right-of-use assets using the straight-line method. If it is reasonable to be certain that the ownership of an underlying asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

20. Intangible assets

(1) Measurement, useful life and impairment test

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

Item	Amortization period (years)
Land use right	50
Development costs	5
Software	3
Trademarks and patents	10

(2) Accounting policy for expenditures on internal research and development projects

Expenditures on an internal research and development project at research phase are recognized in profit or loss as incurred. Expenditures on an internal research and development project at development phase are recognized as an intangible asset if: 1) it is technically feasible to complete the intangible asset so that it will be available for use of sale; 2) it is intended to complete the intangible asset so that it will be available for use of sale; 3) 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; 4) there are sufficient technical, financial and other resources available to complete the development activities and to use or sell the intangible asset; and 5) the expenditures attributable to the development of the intangible asset can be reliably measured.

21. Impairment of long-term assets

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

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

22. 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 at 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.

23. Contract liabilities

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

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

24. 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 into 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 cost 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 the unbiased and consistent actuarial assumptions to estimate demographic variables and financial variables, measure the obligation arising from the defined benefit plan and determine the period to which the relevant obligation belongs. Meanwhile, discount the obligation arising from the defined benefit plan, in order to determine the present value of the benefit plan obligation and the current service cost;

2) If the defined benefit plan has assets, the deficit or surplus resulting after reducing the present value of the defined benefit obligation by the fair value of the defined benefit plan is recognized as a net liability or asset of the defined benefit plan. If the defined benefit plan has a surplus, the net assets of the defined benefit plan are measured at the lower of surplus in the defined benefit plan and asset ceiling;

3) At the end of the current period, the cost of employee benefits arising from the defined benefit plan is recorded as service cost, net interest on the net liabilities or net assets of the defined benefit plan, and changes arising from remeasurement of the net liabilities or net assets of the defined benefit plan, where the service cost and the net interest on the net liabilities or net assets of the defined benefit plan are included in profit or loss or the cost of related assets, and the changes arising from remeasurement of the net liabilities or net assets of the defined benefit plan are included in other comprehensive income, which will not be reversed to profit or loss in subsequent periods, but may be transferred within the scope of equity.

(3) Accounting treatment of termination benefits

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

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

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

25. 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.

26. 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 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 cancelled. 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 cancelled 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.

27. Revenue

Accounting policies for recognition and measurement of revenue

1. Revenue recognition principle

At contract inception, 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 criteria, otherwise, it shall be satisfied at a point in time: 1) the customer simultaneously receives and consumes the benefits provided by the Company's performance; 2) the customer can control the work in process created during the Company's performance; or 3) the Company's performance does not create the goods with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

With respect to a performance obligation satisfied over time, the Company recognizes revenue over time by measuring the progress toward complete satisfaction of that performance obligation. If the Company is unable to reasonably measure the progress of a performance obligation, but expects to recover the costs incurred in satisfying the performance obligation, the Company recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the progress of the performance obligation. With respect to a performance obligation satisfied at a point in time, the Company recognizes revenue when the customer obtains control of the relevant goods or service. In determining whether the customer has obtained control of any goods, the Company considers the following indicators: 1) the Company has a present right to payment for the goods, i.e., the customer presently is obliged to pay for the goods; 2) the Company has transferred the legal title to the goods to the customer, i.e. the customer has the legal title to the goods; 3) the Company has transferred physical possession of the goods to the customer, i.e. the customer physically possesses the goods; 4) 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; 5) the customer has accepted the goods; and 6) 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 obtains 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. The significant financing component contained in a contract will not be considered if the Company expects, at contract inception, that the period between the time the customer obtains controls of the relevant goods or services and the time the customer pays for the goods or services will not be longer than one year.

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

3. Methods of revenue recognition

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

28. Government grants

1. Government grants are recognized if 1) the Company meets the conditions attaching to the government grants; and 2) 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 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 sale, transfer, retirement or damage of the relevant assets before the end of intended service life, the balance of the unallocated deferred income is transferred to profit or loss for the period in which the assets are disposed of.

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

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

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

5. Accounting treatment of policy loan interest subsidy

(1) If the financial authority appropriates any interest subsidy to the lending bank, which then provides a loan to the Company at the policy preferential interest rate, the loan is stated at the amount of loan actually received, and the borrowing cost is calculated according to the principal of the loan and the policy preferential interest rate.

(2) If the financial authority directly appropriates any interest subsidy to the Company, an amount equal to the interest subsidy is charged against the borrowing cost.

29. 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 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 prior 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: 1) business combination; or 2) transaction or event directly recognized in owners' equity.

30. Leases

(1) Accounting treatment of 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 operating lease which are not included in the lease receipts are recognized in profit or loss as incurred.

(2) Accounting treatment of finance lease

At the commencement date of a lease, the Company recognizes the finance lease receivable based on the net investment in the lease (equal to the sum of the present value of unguaranteed residual value and lease receipts that are not received at the commencement

date, discounted by the interest rate implicit in 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.

31. Other Significant accounting policies and accounting estimates

1. Recognition and accounting treatment of discontinued operation

A discontinued operation is a separately identifiable component that either has been disposed of or is classified as held for sale, and:

- (1) represents a separate major line business or geographical area of operations;
- (2) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (3) is a subsidiary acquired exclusively with a review to resale.

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

(1) Hedge includes fair value hedge, cash flow hedge and 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 inception 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 inception and on an ongoing basis. If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the hedging relationship will be rebalanced.

(3) Hedge accounting

1) Fair value hedge

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

② The gain or loss on a hedged item arising from risk exposure is recognized in profit or loss, with a corresponding adjustment to the carrying amount 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 the CASBE 22 "Financial Instruments: Recognition and Measurement", the gain or loss arising from the risk exposure on the hedged item is recognized in profit or loss, without adjusting its carrying amount which has already been measured at fair value; if the hedged item is a non-trading equity instrument (or a component thereof) for which the Company has elected to present changes at fair value through other comprehensive income, the gain or loss arising from the risk exposure on the hedged item is recognized in profit or loss, without adjusting its carrying amount 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 carrying amount 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 carrying amount 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 the CASBE 22 “Financial Instruments: Recognition and Measurement”, the cumulative gain or loss previously recognized thereon is amortized in the same manner, and recognized in profit or loss, without adjusting its carrying amount.

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 inception of the hedge; and B. the cumulative change in present value of the expected future cash flows of the hedged item from inception of the hedge.

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

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

3) Hedges of a net investment in a foreign operation

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

3. 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).

32. Significant changes in accounting policies and accounting estimates

(1) Significant changes in accounting policies

Applicable N/A

Changes in accounting policies and reasons	Approval procedures	Remark
The Company adopted the provision	The <i>Proposal Regarding Changes in</i>	

<p>regarding the accounting treatment of sales of products or byproducts produced before a fixed asset is ready for intended use or during the R&D process (“sales at the stage of trial operation”) set forth in the <i>Interpretation of the Accounting Standards for Business Enterprises No. 15</i> issued by the Ministry of Finance since January 1, 2022, whereby the sales at the stage of trial operation occurred from the beginning of earliest period presented in the financial statements till January 1, 2022 were retroactively adjusted.</p>	<p><i>Accounting Policies</i> was approved at the 33th meeting of the 5th Board of Directors and the 20th meeting of the 5th Board of Supervisors of the Company held on April 19, 2023, on which the independent directors of the Company expressed their independent opinion. Pursuant to the <i>Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange</i> and other relevant provisions, such change in accounting policies is not subject to approval of the general meeting.</p>	
<p>The Company adopted the provision regarding the determination of onerous contract set forth in the <i>Interpretation of the Accounting Standards for Business Enterprises No. 15</i> issued by the Ministry of Finance since January 1, 2022, which applied to all outstanding contracts as of January 1, 2022, with the cumulative effect recognized as an adjustment to the balance of the retained earnings and other related financial statement items at the beginning of the period in which such provision was adopted, without restating comparative period financial statements.</p>	<p>The <i>Proposal Regarding Changes in Accounting Policies</i> was approved at the 33th meeting of the 5th Board of Directors and the 20th meeting of the 5th Board of Supervisors of the Company held on April 19, 2023, on which the independent directors of the Company expressed their independent opinion. Pursuant to the <i>Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange</i> and other relevant provisions, such change in accounting policies is not subject to approval of the general meeting.</p>	
<p>The Company adopted the provision regarding the determination of onerous contract set forth in the <i>Interpretation of the Accounting Standards for Business Enterprises No. 15</i> issued by the Ministry of Finance since January 1, 2022, which applied to all outstanding contracts as of January 1, 2022, with the cumulative effect recognized as an adjustment to the balance of the retained earnings and other related financial statement items at the beginning of the period in which such provision was adopted, without restating comparative period financial statements.</p>	<p>The <i>Proposal Regarding Changes in Accounting Policies</i> was approved at the 33th meeting of the 5th Board of Directors and the 20th meeting of the 5th Board of Supervisors of the Company held on April 19, 2023, on which the independent directors of the Company expressed their independent opinion. Pursuant to the <i>Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange</i> and other relevant provisions, such change in accounting policies is not subject to approval of the general meeting.</p>	
<p>The Company adopted the provision regarding the accounting treatment of the change of cash-settled share-based payment into equity-settled share-based payment set forth in the <i>Interpretation of the Accounting Standards for Business Enterprises No. 16</i> issued by the Ministry of Finance since November 30, 2022, whereby the transactions occurred between January 1, 2022 and November 30, 2022 were adjusted according to such provision, and the transactions occurred before January 1, 2022 were retroactively adjusted, with the cumulative effects recognized as adjustment to the balance of the retained earnings and other related items at January 1, 2022, without restating comparative period financial statements</p>	<p>The <i>Proposal Regarding Changes in Accounting Policies</i> was approved at the 33th meeting of the 5th Board of Directors and the 20th meeting of the 5th Board of Supervisors of the Company held on April 19, 2023, on which the independent directors of the Company expressed their independent opinion. Pursuant to the <i>Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange</i> and other relevant provisions, such change in accounting policies is not subject to approval of the general meeting.</p>	

Such changes in accounting policies did not have a material effect on the Company’s financial statements.

(2) Changes in significant accounting estimates

Applicable N/A

33. Miscellaneous

(1) Sale and leaseback

1) The Company as lessee

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

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

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

2) The Company as lessor

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

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

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

VI. Taxation

1. Main categories of taxes and tax rates

Category of tax	Tax base	Tax rate
Value-added tax (VAT)	The output tax calculated based on revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax deductible in the current period	13%, 6% or 7%-25% (for the Company's overseas subsidiaries)
Sales tax	Taxable sales	8% (U.S.A.)
Urban maintenance and construction tax	Amount of turnover tax actually paid	5% or 7% (China)
Enterprise income tax	Amount of taxable income	15%, 16.50%, 25%, 0, 21%, 0.75%-8.84%, 17%, 10%、20%, 20.6%, 24% or 30%
Property tax	If levied on the basis of price, 1.2% * 70% of the original value of the property; if levied on the basis of rental, 12% of the lease income	1.2% or 12% (China)
Education surcharge	Amount of turnover tax actually paid	3% (China)
Local education surcharge	Amount of turnover tax actually paid	2% (China)

Different rates of enterprise income tax applicable to the taxpayers:

Taxpayer	Income tax rate
The Company, Yongchuang Tech, Mutto Optronics, MFLEX Yancheng, Yancheng Dongshan, Dongguan Dongshan Precision Manufacturing Co., Ltd., RF Top Electronic, Suzhou Chengjia, Yancheng Mutto Optronics Science and Technology Co., Ltd. and Suzhou Dongdai Electronic Tech Co Ltd.	15%
Hong Kong Dongshan and other companies incorporated in Hong Kong	16.5%
Mutto Optronics Group Limited, M-Flex Cayman Island, INC, The Dii Group (BVI) Co. Limited	0
Multi-Fineline Electronix, Inc. and other companies incorporated in the United States	Federal corporate income tax rate, 21%; state corporate income tax rate, 0.75%-8.84%
Multi-Fineline Electronix Singapore Ptd. Ltd. and other companies incorporated in Singapore	17% (Singapore)
Multek Technologies Limited	15% (enjoying an 80% tax exemption)
Multek Technology Sweden AB	20.6% (Sweden)
Multek Technology Malaysia SDN.BHD	24% (Malaysia)

DSBJ MEXICO, S.DER.L.DEC.V.	30.00%
Other taxpayers not listed above	25%

2. Tax preferences

1. Pursuant to the Notice on Publishing the Filing of the Third Batch of High and New Technology Enterprises Recognized by the Recognition Authority of Jiangsu Province in 2022 issued by the Office of the National Leading Group for Recognition Management of High and New Technology Enterprises, the Company and its subsidiaries Mutto Optronics, Yancheng Dongshan, Yancheng Dongshan Communication Technology Co., Ltd. and MFLEX Yancheng passed the high and new technology enterprise qualification review with a term of three years from 2022 to 2024, and therefore are subject to an enterprise income tax rate of 15% for the current period.

2. Pursuant to the Notice on Publishing the Filing of the Fourth Batch of High and New Technology Enterprises Recognized by the Recognition Authority of Jiangsu Province in 2022 issued by the Office of the National Leading Group for Recognition Management of High and New Technology Enterprises, the Company's wholly owned subsidiary Suzhou Chengjia passed the high and new technology enterprise qualification review with a term of three years from 2022 to 2024, and therefore is subject to an enterprise income tax rate of 15% for the current period.

3. Pursuant to the Notice on Publishing the Filing the Second Batch of High and New Technology Enterprises Recognized by the Recognition Authority of Jiangsu Province in 2022 issued by the Office of the National Leading Group for Recognition Management of High and New Technology Enterprises, the Company's subsidiary EF Top Electronic passed the high and new technology enterprise qualification review with a term of three years from 2022 to 2024, and therefore is subject to an enterprise income tax rate of 15% for the current period.

4. Pursuant to the Reply on the Filing of the Third Batch of High and New Technology Enterprises of Guangdong Province in 2022 (Guo Ke Huo Zi [2021] No. 23) issued by the Office of the National Leading Group for Recognition Management of High and New Technology Enterprises, the Company's wholly owned subsidiary Dongguan Dongshan Precision Manufacturing Co., Ltd. passed the high and new technology enterprise qualification review with a term of three years from 2020 to 2022, and therefore is subject to an enterprise income tax rate of 15% for the current period.

5. Pursuant to the Notice on the Filing of the Third Batch of High and New Technology Enterprises of Jiangsu Province in 2021, the Company's wholly owned subsidiary Yancheng Mutto Optronics Science and Technology Co., Ltd. passed the high and new technology enterprise qualification review with a term of three years from 2021 to 2023, and therefore is subject to an enterprise income tax rate of 15% for the current period.

6. Pursuant to the Reply on the Filing of the Second Batch of High and New Technology Enterprises of Jiangsu Province in 2020 (Guo Ke Huo Zi [2021] No. 40) issued by the Office of the National Leading Group for Recognition Management of High and New Technology Enterprises, the Company's subsidiary Suzhou Dongdai Electronic Tech Co., Ltd. passed the high and new technology enterprise qualification review with a term of three years from 2020 to 2022, and therefore is subject to an enterprise income tax rate of 15% for the current period.

7. Multek Technologies Limited is subject a corporate income tax rate of 15% under the Mauritius Corporate Income Tax Act, and as a global Class I company incorporated in Mauritius but operating abroad, enjoys an 80% tax exemption, so its effective corporate income tax rate is 3%.

VII. Notes to items of the consolidated financial statements

1. Cash and bank balances

In RMB

Item	Closing balance	Opening balance
Cash on hand	340,651.93	241,046.60

Bank deposits	5,456,686,170.77	3,939,060,080.19
Other cash and bank balances	1,674,175,995.02	1,461,536,265.68
Total	7,131,202,817.72	5,400,837,392.47
Incl.: Total amounts deposited abroad	2,247,517,164.32	1,025,270,288.66

Note: Other cash and bank balances included RMB611,218,010.65 of security deposit for acceptance bills, RMB278,516,239.17 of financing security for acceptance bills, RMB59,093,243.44 of security for letters of credit, RMB174,646,000.00 of security for loans, RMB87,288,309.05 of security for letters of guarantee, RMB455,064,192.71 of time deposits, and RMB8,350,000.00 of security for foreign exchange transactions, all of which were subject to restrictions.

2. Financial assets held for trading

In RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	575,783,803.93	499,528,549.86
Incl.:		
Investments in equity instruments	56,779,147.66	40,249,971.12
Bank wealth management products	519,004,656.27	459,278,578.74
Incl.:		
Total	575,783,803.93	499,528,549.86

3. Notes receivable

(1) Notes receivable by category

In RMB

Item	Closing balance	Opening balance
Commercial acceptance bills	48,401,430.82	14,624,540.85
Total	48,401,430.82	14,624,540.85

In RMB

Item	Closing balance					Opening balance				
	Book balance		Allowance for doubtful accounts		Carrying value	Book balance		Allowance for doubtful accounts		Carrying value
	Amount	%	Amount	%		Amount	%	Amount	%	
Incl.:										
Allowance recognized collectively	48,644,654.09	100.00%	243,223.27	0.50%	48,401,430.82	14,698,031.00	100.00%	73,490.15	0.50%	14,624,540.85
Incl.:										
Commercial acceptance bills	48,644,654.09	100.00%	243,223.27	0.50%	48,401,430.82	14,698,031.00	100.00%	73,490.15	0.50%	14,624,540.85
Total	48,644,654.09	100.00%	243,223.27	0.50%	48,401,430.82	14,698,031.00	100.00%	73,490.15	0.50%	14,624,540.85

Allowance for doubtful accounts recognized collectively:

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	%
Group of commercial acceptance bills	48,644,654.09	243,223.27	0.50%
Total	48,644,654.09	243,223.27	

Basis for grouping:

If the allowance for doubtful accounts is recognized for notes receivable in accordance with the general model of expected credit losses, please disclose the relevant information by reference to the disclosure of the allowance for doubtful accounts in respect of other receivables:

Applicable N/A

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

Allowance for doubtful accounts recognized in the current period:

In RMB

Item	Opening balance	Changes in the current period				Closing balance
		Recognized	Recovered or reversed	Written off	Others	
Allowance recognized collectively	73,490.15	169,733.12				243,223.27
Total	73,490.15	169,733.12				243,223.27

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

□Applicable N/A**(3) Notes receivable already endorsed or discounted but not yet become due at the balance sheet date**

In RMB

Item	Amount derecognized at December 31, 2022	Amount not derecognized at December 31, 2022
Commercial acceptance bills	77,828,794.51	
Total	77,828,794.51	

4. Accounts receivable**(1) Accounts receivable by category**

In RMB

Item	Closing balance					Opening balance				
	Book balance		Allowance for doubtful accounts		Carrying value	Book balance		Allowance for doubtful accounts		Carrying value
	Amount	%	Amount	%		Amount	%	Amount	%	
Allowance recognized individually	619,864,657.18	7.75%	619,864,657.18	100.00%		648,099,738.87	7.50%	648,099,738.87	100.00%	
Incl.:										
Allowance recognized collectively	7,377,349,972.72	92.25%	370,938,505.98	5.03%	7,006,411,466.74	7,994,960,203.24	92.50%	328,880,437.42	4.11%	7,666,079,765.82
Incl.:										
Total	7,997,214,629.90	100.00%	990,803,163.16	12.39%	7,006,411,466.74	8,643,059,942.11	100.00%	976,980,176.29	11.30%	7,666,079,765.82

Allowance for doubtful accounts recognized individually:

In RMB

Name	Closing balance			
	Book balance	Allowance for doubtful accounts	%	Reason
Shenzhen Baofeng Leader Technology Co., Ltd.	401,778,317.42	401,778,317.42	100.00%	According to the forecast of collection, the account is less likely to be collected, so an amount equal to the account receivable was already recognized as impairment loss in 2019.
Dongguan Baofeng Intelligent Technology Co., Ltd.	169,582,771.72	169,582,771.72	100.00%	According to the forecast of collection, the account is less likely to be collected, so an amount equal to the account receivable was already recognized as impairment loss in 2019.
YLC International Group Inc.	32,623,735.29	32,623,735.29	100.00%	According to the forecast of collection, the account is less likely to be collected, so an amount equal to the account receivable was already recognized as impairment loss in 2018.
Gongguan Xindong Intelligent Technology Co., Ltd.	3,787,969.53	3,787,969.53	100.00%	According to the forecast of collection, the account is less likely to be collected, so an amount equal to the account receivable was already recognized as impairment loss in 2021.
Leesys - Leipzig Electronic Systems	3,583,014.53	3,583,014.53	100.00%	According to the forecast of collection, the account is less likely to be collected, so an amount equal to the account receivable was already recognized as impairment loss in 2019.
Others	8,508,848.69	8,508,848.69	100.00%	According to the forecast of collection, the account is less likely to be collected, so an impairment loss was recognized.
Total	619,864,657.18	619,864,657.18		

Allowance for doubtful accounts recognized collectively: age

In RMB

Item	Closing balance		
	Book balance	Allowance for doubtful accounts	%
Within 6 months	6,527,619,977.21	32,638,099.89	0.50%
7-12 months	415,534,427.06	20,776,721.35	5.00%
1-2 years	74,386,686.62	14,877,337.32	20.00%
2-3 years	142,906,336.02	85,743,801.61	60.00%
Over 3 years	216,902,545.81	216,902,545.81	100.00%
Total	7,377,349,972.72	370,938,505.98	

Basis for grouping:

If the allowance for doubtful accounts is recognized for notes receivable in accordance with the general model of expected credit losses, please disclose the relevant information by reference to the disclosure of the allowance for doubtful accounts in respect of other receivables:

Applicable N/A

Accounts receivable by age

In RMB

Age	Book balance
Within 1 year (inclusive)	6,943,154,404.27
Within 6 months	6,527,619,977.21
7-12 months	415,534,427.06
1-2 years	79,131,332.02
2-3 years	147,646,312.40
Over 3 years	827,282,581.21
3-4 years	780,916,195.14
4-5 years	29,163,991.48
Over 5 years	17,202,394.59
Total	7,997,214,629.90

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

Allowance for doubtful accounts recognized in the current period:

In RMB

Item	Opening balance	Changes in the current period				Closing balance
		Recognized	Recovered or reversed	Written off	Others	
Allowance recognized individually	648,099,738.87	3,432,495.64	6,000,583.33	25,666,994.00		619,864,657.18
Allowance recognized collectively	328,880,437.42	88,483,587.06		47,788,795.71	1,363,277.21	370,938,505.98
Total	976,980,176.29	91,916,082.70	6,000,583.33	73,455,789.71	1,363,277.21	990,803,163.16

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

In RMB

Item	Amount written off
Accounts receivable	73,455,789.71

Significant amount of accounts receivable written off:

In RMB

Company name	Nature of account	Amount written off	Reason for write-off	Write-off procedure	Whether or not arising from
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				performed	related-party transactions
Universal Wisdom Tech. (Beijing) Co., Ltd.	Loan	25,666,994.00	The debtor has gone bankrupt and been liquidated	With the approval of the working meeting of the General Manager	No
AMBASSADOR FUEGUINASA	Loan	18,398,411.69	The debtor has become insolvent	With the approval of the working meeting of the General Manager	No
Total		44,065,405.69			

(4) Top 5 debtors in terms of closing balance of accounts receivable

In RMB

Company name	Closing balance of accounts receivable	% of total closing balance of accounts receivable	Closing balance of allowance for doubtful accounts
Debtor 1	2,866,719,849.53	35.85%	17,555,802.92
Debtor 2	401,778,317.42	5.02%	401,778,317.42
Debtor 3	393,757,570.89	4.92%	1,968,787.86
Debtor 4	314,339,343.99	3.93%	3,149,017.12
Debtor 5	240,456,591.83	3.01%	1,202,282.96
Total	4,217,051,673.66	52.73%	

(5) Assets and liabilities arising from continuing involvement in accounts receivable transferred

Item	Amount derecognized (RMB)	Gain or loss related to derecognition (RMB)	Method of transfer of financial assets
Customer 1	386,875,406.33	-750,524.24	Factoring
Subtotal	386,875,406.33	-750,524.24	

5. Accounts receivable financing

In RMB

Item	Closing balance	Opening balance
Banker's acceptance bills	644,057,382.41	828,355,016.30
Total	644,057,382.41	828,355,016.30

Changes in the amount and fair value of accounts receivable financing in the current period:

Applicable N/A

If the allowance for impairment loss on accounts receivable financing is recognized in accordance with the general model of expected credit loss, please the relevant information by reference to the disclosure of the allowance for doubtful accounts in respect of other receivables:

Applicable N/A

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*.

6. Advances to suppliers**(1) Advances to suppliers by age**

In RMB

Age	Closing balance		Opening balance	
	Amount	%	Amount	%
Within 1 year	144,831,544.38	89.67%	160,251,493.67	86.11%

1 to 2 years	9,311,244.44	5.77%	15,439,994.92	8.30%
2 to 3 years	3,378,241.58	2.09%	3,182,325.68	1.71%
Over 3 years	3,991,794.13	2.47%	7,221,298.66	3.88%
Total	161,512,824.53		186,095,112.93	

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

Company name	Closing balance (RMB)	Reason of failure to settle
Leader Formula (Hong Kong) Industrial Ltd.	4,626,030.09	The contract has not yet been executed
Subtotal	4,626,030.09	

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

Company name	Book balance (RMB)	% of total balance of advances to suppliers
Supplier 1	34,581,921.08	20.51
Supplier 2	20,000,000.00	11.86
Supplier 3	11,407,005.87	6.77
Supplier 4	8,755,875.83	5.19
Supplier 5	7,652,852.36	4.54
Subtotal	82,397,655.14	48.87

7. Other receivables

In RMB

Item	Closing balance	Opening balance
Other receivables	35,793,851.22	37,505,521.59
Total	35,793,851.22	37,505,521.59

(1) Other receivables

1) Other receivables by nature

In RMB

Nature of account	Closing balance	Opening balance
Loan and reserve fund	7,767,360.70	6,048,087.60
Security deposit	25,463,197.09	31,879,767.11
Performance compensation		7,000,000.00
Temporary payment receivable and others	17,415,911.41	17,631,714.10
Total	50,646,469.20	62,559,568.81

2) Allowance for doubtful accounts

In RMB

Allowance for doubtful accounts	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	
Balance at January 1, 2022	1,120,965.67	1,175,265.40	22,757,816.15	25,054,047.22
In the current period:				
- Transferred to stage 2	-161,491.44	161,491.44		
- Transferred to stage 3		-308,750.74	308,750.74	
Recognized	690,170.63	-705,023.22	-6,341,736.65	-6,356,589.24
Reversed			3,500,000.00	3,500,000.00
Written off			344,840.00	344,840.00
Balance at December 31, 2022	1,649,644.86	322,982.88	12,879,990.24	14,852,617.98

Significant changes in the carrying amount of allowance for doubtful accounts in the current period:

Applicable N/A

Other receivables by age:

In RMB

Age	Book balance
Within 1 year	32,992,896.42
1-2 years	3,233,448.86
2-3 years	3,764,903.27
Over 3 years	10,655,220.65
3-4 years	3,360,841.55
4-5 years	508,660.00
Over 5 years	6,785,719.10
Total	50,646,469.20

3) Other receivables actually written off in the current period

In RMB

Item	Amount written off
Other receivables	344,840.00

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

In RMB

Company name	Nature of account	Closing balance	Age	% of total closing balance of other receivables	Closing balance of allowance for doubtful accounts
Debtor 1	Security deposit	6,964,598.25	Within 1 year	13.75%	348,229.91
Debtor 2	Security deposit	4,146,250.00	Over 3 years	8.19%	4,146,250.00
Debtor 3	Temporary payment receivable and others	3,620.00	1-2 years	0.01%	3,620.00
	Temporary payment receivable and others	677,395.91	2-3 years	1.34%	677,395.91
	Temporary payment receivable and others	2,909,689.00	Over 3 years	5.75%	2,909,689.00
Debtor 4	Temporary payment receivable and others	3,211,140.00	Within 1 year	6.34%	160,557.00
	Security deposit	16,800.00	Over 3 years	0.03%	16,800.00
Debtor 5	Security deposit	2,855,772.00	Within 1 year	5.64%	142,788.60
Total		20,785,265.16		41.05%	8,405,330.42

5) Receivables related to government grants

In RMB

Company name	Description of government grant	Closing balance	Closing age	Estimated time of receipt, amount to be received and basis
Yancheng Hi-tech Zone Investment Group Co., Ltd.	Milestone investment installment II for model Internet project	3,211,140.00	Within 1 year	The grant has been received in full on January 11, 2023

8. 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	Allowance for impairment of inventories or costs of fulfilling contracts	Carrying value	Book balance	Allowance for impairment of inventories or costs of fulfilling contracts	Carrying value
Raw materials	1,054,142,552.20	52,636,496.51	1,001,506,055.69	1,389,061,379.96	21,517,744.17	1,367,543,635.79
Work in progress	839,758,226.64	29,797,143.67	809,961,082.97	1,043,705,029.33	13,539,434.50	1,030,165,594.83
Goods on hand	4,710,817,179.86	366,785,710.02	4,344,031,469.84	4,234,690,470.68	188,416,933.04	4,046,273,537.64
Circulating materials	10,278,315.47	38,514.88	10,239,800.59	7,768,136.44	38,514.88	7,729,621.56
Total	6,614,996,274.17	449,257,865.08	6,165,738,409.09	6,675,225,016.41	223,512,626.59	6,451,712,389.82

(2) Allowance for impairment of inventories or costs of fulfilling contracts

In RMB

Item	Opening balance	Increase		Decrease		Closing balance
		Recognized	Others	Reversed or written off	Others	
Raw materials	21,517,744.17	31,118,752.34				52,636,496.51
Work in progress	13,539,434.50	16,257,709.17				29,797,143.67
Goods on hand	188,416,933.04	394,180,158.86	5,320,935.45	221,132,317.33		366,785,710.02
Circulating materials	38,514.88					38,514.88
Total	223,512,626.59	441,556,620.37	5,320,935.45	221,132,317.33		449,257,865.08

Item	Basis for determining the net realizable value	Reason for writing off the allowance for impairment of inventories in the current period
Raw materials	The net realizable value is the estimated selling price of finished goods less the estimated cost of completion, estimated selling expenses and related taxes in the ordinary course of business.	The inventories for which an allowance for impairment of inventories was recognized at the beginning of the current period have been used.
Work in progress	The net realizable value is the estimated selling price of finished goods less the estimated cost of completion, estimated selling expenses and related taxes in the ordinary course of business.	The inventories for which an allowance for impairment of inventories was recognized at the beginning of the current period have been used.
Goods on hand	The net realizable value is the estimated selling price of finished goods less the estimated selling expenses and related taxes in the ordinary course of business.	The inventories for which an allowance for impairment of inventories was recognized at the beginning of the current period have been sold.

9. Other current assets

In RMB

Item	Closing balance	Opening balance
Cost of returned goods receivable	21,651,650.92	12,777,920.71
Deductible input tax	153,399,758.40	309,081,986.00
Prepaid enterprise income tax	76,293,525.58	34,663,477.77
Deferred expenses and others	253,228,939.74	289,546,629.16
Total	504,573,874.64	646,070,013.64

10. Long-term accounts receivable**(1) Particulars of long-term accounts receivable**

In RMB

Item	Closing balance			Opening balance			Range of discount rate
	Book balance	Allowance for doubtful accounts	Carrying value	Book balance	Allowance for doubtful accounts	Carrying value	
Security deposit for finance lease	30,000,000.00		30,000,000.00	69,950,000.88		69,950,000.88	
Account receivable from Powerwave Technologies (Thailand) Co., Ltd.	10,703,905.76	10,703,905.76		10,703,905.76	10,703,905.76		7.5
Total	40,703,905.76	10,703,905.76	30,000,000.00	80,653,906.64	10,703,905.76	69,950,000.88	

11. Long-term equity investments

In RMB

Investee	Opening balance (carrying value)	Changes in this year								Closing balance (carrying value)	Closing balance of allowance for impairment loss
		Additio nal invest ment	Redu ced invest ment	Investment income or loss under equity method	Adjustme nt to other compre hensive income	Other changes in equity	Declared cash dividends or profit distribution	Allowa nce for impair ment loss	Oth ers		
I. Joint ventures											
II. Associates											
Suzhou Toprun Electric Equipment Co., Ltd.	24,012,990.02			227,839.46						24,240,829.48	51,487,204.05
Shenzhen Nanfang Blog Technology Development Co., Ltd.											17,507,056.47
Shanghai Fu Shan Precision Manufacturing Co., Ltd.											
Suzhou LEGAIE Intelligent Equipment Co., Ltd.	23,087,770.98			106,212.49						23,193,983.47	
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	3,716,150.29			34,482.66						3,750,632.95	

Jiangsu Nangao Intelligent Equipment Innovation Center Co., Ltd.	4,020,556.59			112,738.89					4,133,295.48	
Jiaozuo Songyang Optoelectric Technology Co., Ltd.	30,748,059.62			-2,549,668.86					28,198,390.76	
Suzhou Yongxin Jingshang Venture Capital Partnership (L.P.)	14,983,489.88			-461,905.08					14,521,584.80	
Isotek Microwave Limited	8,539,424.61								8,539,424.61	
BVF (BVI) Holding L.P.	34,012,577.79			-823,503.93					33,189,073.86	
Subtotal	143,121,019.78			-3,353,804.37					139,767,215.41	68,994,260.52
Total	143,121,019.78			-3,353,804.37					139,767,215.41	68,994,260.52

12. Investment in other equity instruments

In RMB

Item	Closing balance	Opening balance
Jiangsu Bohua Equity Investment Partnership (L.P.)	150,000,000.00	150,000,000.00
Hai Dixin Semiconductor (Nantong) Co., Ltd.	21,322,110.00	21,322,110.00
Total	171,322,110.00	171,322,110.00

Other information:

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

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

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

Jiangsu Bohua Equity Investment Partnership (L.P.) was established on September 27, 2021, with a registered capital of RMB3.3billion, and is primarily engaged in venture capital investment (in unlisted 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 has designated this investment as a financial asset at fair value through other comprehensive income.

13. Investment properties

(1) Investment properties measured at cost

 Applicable N/A

In RMB

Item	Buildings and structures	Land use right	Construction in progress	Total
I. Original value				
1. Opening balance	5,309,132.17			5,309,132.17
2. Increase				
(1) Acquired				
(2) Transferred from inventories/ fixed assets/ construction in progress				
(3) Increased due to business combinations				
3. Decrease				
(1) Disposed				
(2) Other transfer-out				
4. Closing balance	5,309,132.17			5,309,132.17
II. Accumulated depreciation and amortization				

1. Opening balance	3,754,869.59			3,754,869.59
2. Increase	257,711.16			257,711.16
(1) Recognized or amortized	257,711.16			257,711.16
3. Decrease				
(1) Disposed				
(2) Other transfer-out				
4. Closing balance	4,012,580.75			4,012,580.75
III. Allowance for impairment loss				
1. Opening balance				
2. Increase				
(1) Recognized				
3. Decrease				
(1) Disposed				
(2) Other transfer-out				
4. Closing balance				
IV. Carrying value				
1. Closing balance	1,296,551.42			1,296,551.42
2. Opening balance	1,554,262.58			1,554,262.58

(2) Investment properties measured at fair value□ Applicable N/A**14. Fixed assets**

In RMB

Item	Closing balance	Opening balance
Fixed assets	10,673,700,468.47	10,736,270,678.33
Total	10,673,700,468.47	10,736,270,678.33

(1) Particulars of fixed assets

In RMB

Item	Buildings and structures	Machinery and equipment	Transport equipment	Office equipment and others	Total
I. Original value					
1. Opening balance	3,404,571,153.47	15,940,602,509.77	84,352,784.26	653,421,895.02	20,082,948,342.52
2. Increase	163,839,782.99	1,510,970,058.32	6,205,624.45	72,202,842.72	1,753,218,308.48
(1) Acquired		17,740,559.02	3,850,347.38	5,000,350.97	26,591,257.37
(2) Transferred from construction in progress	163,739,033.99	1,418,774,061.95	2,294,031.72	66,548,332.01	1,651,355,459.67
(3) Increased due to business combinations					
(4) Differences on translation of foreign currency financial statements	100,749.00		61,245.35	654,159.74	816,154.09
(5) Acquisition of assets under finance lease		74,455,437.35			74,455,437.35
3. Decrease	14,507,090.77	379,610,976.27	5,096,848.68	15,184,966.97	414,399,882.69
(1) Disposed or retired	14,507,090.77	369,542,145.66	5,096,848.68	15,184,966.97	404,331,052.08

(2) Renovation and upgrading		10,068,830.61			10,068,830.61
4. Closing balance	3,553,903,845.69	17,071,961,591.82	85,461,560.03	710,439,770.77	21,421,766,768.31
II. Accumulated depreciation					
1. Opening balance	1,200,644,824.27	7,681,028,127.93	59,384,782.62	397,841,742.20	9,338,899,477.02
2. Increase	171,264,342.83	1,484,018,225.77	4,633,607.64	83,927,007.50	1,743,843,183.74
(1) Recognized	171,212,432.44	1,438,305,022.15	4,585,121.75	83,411,607.34	1,697,514,183.68
(2) Differences on translation of foreign currency financial statements	51,910.39		48,485.89	515,400.16	615,796.44
(3) Acquisition of assets under finance lease		45,713,203.62			45,713,203.62
3. Decrease	8,658,330.80	323,068,678.28	4,639,620.37	13,830,222.74	350,196,852.19
(1) Disposed or retired	8,658,330.80	315,593,795.93	4,639,620.37	13,830,222.74	342,721,969.84
(2) Renovation and upgrading		7,474,882.35			7,474,882.35
4. Closing balance	1,363,250,836.30	8,841,977,675.42	59,378,769.89	467,938,526.96	10,732,545,808.57
III. Allowance for impairment loss					
1. Opening balance		7,219,901.42		558,285.75	7,778,187.17
2. Increase		11,049,705.17			11,049,705.17
(1) Recognized		11,049,705.17			11,049,705.17
3. Decrease		3,307,401.07			3,307,401.07
(1) Disposed or retired		3,307,401.07			3,307,401.07
4. Closing balance		14,962,205.52		558,285.75	15,520,491.27
IV. Carrying value					
1. Closing balance	2,190,653,009.39	8,215,021,710.88	26,082,790.14	241,942,958.06	10,673,700,468.47
2. Opening balance	2,203,926,329.20	8,252,354,480.42	24,968,001.64	255,021,867.07	10,736,270,678.33

(2) Fixed assets whose property title certificates have not yet been obtained

In RMB

Item	Carrying value	Reason of not obtaining the property title certificate
Multek's factory building	28,865,800.05	Pending review

15. Construction in progress

In RMB

Item	Closing balance	Opening balance
Construction in progress	1,813,183,815.67	503,037,513.25
Total	1,813,183,815.67	503,037,513.25

(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
Wireless module production and construction project of				6,086,553.24		6,086,553.24

Yancheng Dongshan Communication Technology Co., Ltd.						
Multek 5G high-speed high-frequency and high-density PCB technology upgrading project	8,726,174.90		8,726,174.90	6,499,800.00		6,499,800.00
Multek PCB production line technology upgrading project	22,910,222.23		22,910,222.23	108,766,335.70		108,766,335.70
400,000 m ² fine line FPC production and assembly capacity expansion project	30,000,000.00		30,000,000.00	15,468,498.40		15,468,498.40
FPC for new energy application and assembly project of MFLEX Yancheng	15,615,783.77		15,615,783.77			
R&D and industrialization of LED packaging technology				125,169,108.26		125,169,108.26
IC substrate project of Chaowei Microelectronics (Yancheng) Co., Ltd.	212,665,663.71		212,665,663.71			
Large-sized die-casting project of Yancheng Dongchuang	429,683,425.58		429,683,425.58			
Kunshan new energy manufacturing base-related project	97,518,667.74		97,518,667.74			
Mexico new energy manufacturing base-related project	11,656,038.90		11,656,038.90			
MFLEX Yancheng Phase II project	228,417,694.07		228,417,694.07	28,911,225.60		28,911,225.60
MFLEX Suzhou Guoxiang Phase II and other production expansion project	372,710,903.38		372,710,903.38	1,497,678.22		1,497,678.22
Installation equipment in progress and others	383,279,241.39		383,279,241.39	210,638,313.83		210,638,313.83
Total	1,813,183,815.67		1,813,183,815.67	503,037,513.25		503,037,513.25

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

In RMB

Project	Budget	Opening balance	Increase	Amount transferred to fixed assets	Other decreases	Closing balance	% of project costs to the budget	Progress	Accumulated amount of capitalized interest	Incl.: Capitalized interest this year	Rate of interest capitalization this year	Source of funds
Wireless module production and construction project of Yancheng Dongshan Communication	86,000.00	6,086.553 .24		6,086.553 .24			94.77%	1				Offering proceeds

Technology Co., Ltd.												
Multek 5G high-speed high-frequency and high-density PCB technology upgrading project	660,000,000.00	6,499,800.00	24,221,162.76	9,803,702.18	12,191,085.68	8,726,174.90	42.57%	0.4257				Offering proceeds
Multek PCB production line technology upgrading project	728,000,000.00	108,766,335.70	126,396,690.79	154,353,947.95	57,898,856.31	22,910,222.23	87.57%	0.8757				Offering proceeds
400,000 m ² fine line FPC production and assembly capacity expansion project	803,000,000.00	15,468,498.40	65,497,533.12	50,966,031.52		30,000,000.00	93.03%	0.9303				Offering proceeds
FPC for new energy application and assembly project of MFLEX Yancheng	650,000,000.00		118,405,954.38	102,790,170.61		15,615,783.77	29.34%	0.2934				Offering proceeds
R&D and industrialization of LED packaging technology	680,000,000.00	125,169,108.26	27,844,036.92	145,789,778.08	7,223,367.10		90.88%	1				Others
IC substrate project of Chaowei Microelectronics (Yancheng) Co., Ltd.	1,500,000,000.00		212,665,663.71			212,665,663.71	14.18%	0.1418				Others
Large-sized die-casting project of Yancheng Dongchuang	1,500,000,000.00		430,324,737.79	641,312,211		429,683,425.58	28.69%	0.2869				Others
Kunshan new energy manufacturing base-related project	1,800,000,000.00		148,670,340.78	51,151,673.04		97,518,667.74	8.26%	0.0826				Others
Mexico new energy manufacturing base-related project	600,000,000.00		11,656,038.90			11,656,038.90	1.94%	0.0194				Others
MFLEX Yancheng Phase II project	1,000,000,000.00	28,911,225.60	772,912,570.62	438,120,720.78	135,285,381.37	228,417,694.07	77.29%	0.7729				Others
MFLEX Suzhou Guoxiang Phase II and other	2,100,000,000.00	1,497,678.22	757,808,708.55	353,935,823.32	32,659,660.07	372,710,903.38	36.09%	0.3609				Others

production expansion project												
Total	12,107,000,000.00	292,399,199.42	2,696,403,438.32	1,313,639,712.93	245,258,350.53	1,429,904,574.28						

16. Right-of-use assets

In RMB

Item	Buildings and structures	Machinery and equipment	Land	Total
I. Original value				
1. Opening balance	938,323,995.90	96,320,821.16	49,571,215.74	1,084,216,032.80
2. Increase	115,989,640.92		43,628,970.89	159,618,611.81
(1) Leased	115,170,918.83		43,628,970.89	158,799,889.72
(2) Differences on translation of foreign currency financial statements	818,722.09			818,722.09
3. Decrease	2,710,951.71	74,809,377.98		77,520,329.69
(1) Disposed	2,710,951.71			2,710,951.71
(2) Acquisition of assets under finance lease		74,809,377.98		74,809,377.98
4. Closing balance	1,051,602,685.11	21,511,443.18	93,200,186.63	1,166,314,314.92
II. Accumulated depreciation				
1. Opening balance	127,433,979.70	30,898,095.70	4,931,289.65	163,263,365.05
2. Increase	74,230,573.82	25,589,051.36	587,226.01	100,406,851.19
(1) Recognized	73,929,774.47	25,589,051.36	587,226.01	100,106,051.84
(2) Differences on translation of foreign currency financial statements	300,799.35			300,799.35
3. Decrease	2,710,951.71	45,713,203.62		48,424,155.33
(1) Disposed	2,710,951.71			2,710,951.71
(2) Acquisition of assets under finance lease		45,713,203.62		45,713,203.62
4. Closing balance	198,953,601.81	10,773,943.44	5,518,515.66	215,246,060.91
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	852,649,083.30	10,737,499.74	87,681,670.97	951,068,254.01
2. Opening balance	810,890,016.20	65,422,725.46	44,639,926.09	920,952,667.75

Other information:

17. Intangible assets

Particulars of intangible assets:

In RMB

Item	Land use right	Patent	Unpatented technology	Software	Trademark and patent	Development costs	Total
I. Original value							
1. Opening balance	236,106,942.79			185,075,303.39	140,567,942.35	6,733,029.45	568,483,217.98

2. Increase	12,896,365.64			49,543,085.38			62,439,451.02
(1) Acquired	12,896,365.64			249,203.62			13,145,569.26
(2) Internal R&D							
(3) Increased due to business combinations							
(4) Transferred from inventories				2,344,964.66			2,344,964.66
(5) Differences on translation of foreign currency financial statements				2,253,903.46			2,253,903.46
(6) Transferred from construction in progress				44,695,013.64			44,695,013.64
3. Decrease				2,099,040.53			2,099,040.53
(1) Disposed				2,099,040.53			2,099,040.53
4. Closing balance	249,003,308.43			232,519,348.24	140,567,942.35	6,733,029.45	628,823,628.47
II. Accumulated amortization							
1. Opening balance	61,151,767.10			132,063,151.39	71,151,278.57	6,733,029.45	271,099,226.51
2. Increase	6,448,005.76			36,554,075.02	14,057,163.08		57,059,243.86
(1) Recognized	6,448,005.76			37,270,886.20	14,057,163.08		57,776,055.04
(2) Differences on translation of foreign currency financial statements				-716,811.18			-716,811.18
3. Decrease				1,924,561.82			1,924,561.82
(1) Disposed				1,924,561.82			1,924,561.82
4. Closing balance	67,599,772.86			166,692,664.59	85,208,441.65	6,733,029.45	326,233,908.55
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	181,403,535.57			65,826,683.65	55,359,500.70		302,589,719.92
2. Opening balance	174,955,175.69			53,012,152.00	69,416,663.78		297,383,991.47

Ratio of intangible assets arising from internal R&D to total intangible assets at the end of the current period: 0.00%.

18. Goodwill

(1) Original value of goodwill

In RMB

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

(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	18,450,298.84	19,782,833.44				38,233,132.28
RF Top Electronic	8,868,134.17					8,868,134.17
Total	27,318,433.01	19,782,833.44				47,101,266.45

Information regarding the asset group or combination of asset groups to which the goodwill belongs:

(1) MFLEX

Composition of the asset group or combination of asset groups	Asset or liability (RMB)
Carrying value of the asset group or combination of asset groups	8,429,930,810.14
Carrying value of the goodwill allocated to the asset group or combination of asset groups and method of allocation	1,770,752,915.84
Carrying value of the asset group or combination of asset groups including the goodwill	10,200,683,725.98
Whether the asset group or combination of asset groups is consistent with the asset group or combination of asset groups determined at the acquisition date and prior goodwill impairment tests	Yes

(2) Multek

Composition of the asset group or combination of asset groups	Asset or liability (RMB)
Carrying value of the asset group or combination of asset groups	2,489,414,865.47
Carrying value of the goodwill allocated to the asset group or combination of asset groups and method of allocation	179,329,062.87
Carrying value of the asset group or combination of asset groups including the goodwill	2,668,743,928.34
Whether the asset group or combination of asset groups is consistent with the asset group or combination of asset groups determined at the acquisition date and prior goodwill impairment tests	Yes

(3) Mutto Optronics

Composition of the asset group or combination of asset groups	Asset or liability (RMB)
Carrying value of the asset group or combination of asset groups	589,275,484.50
Carrying value of the goodwill allocated to the asset group or combination of asset groups and method of allocation	135,507,348.94
Carrying value of the asset group or combination of asset groups including the goodwill	724,782,833.44
Whether the asset group or combination of asset groups is consistent with the asset group or combination of asset groups determined at the acquisition date and prior goodwill impairment tests	Yes

(4) RF Top Electronic

Composition of the asset group or combination of asset groups	Asset or liability (RMB)
Carrying value of the asset group or combination of asset groups	178,934,090.60
Goodwill attributable to the Company	126,133,446.36
Goodwill attributable to the minority interests	54,057,191.30
Carrying value of the goodwill allocated to the asset group or combination of asset groups and method of allocation	180,190,637.66
Carrying value of the asset group or combination of asset groups including the goodwill	359,124,728.26
Whether the asset group or combination of asset groups is consistent with the asset group or combination of asset groups determined at the acquisition date and prior goodwill impairment tests	Yes

Describe the process and key parameters (such as growth rate over the forecast period, growth rate over the stable period, margin, discount rate and forecast period used in estimating the present value of future cash flow) of the goodwill impairment test, and method for determining impairment of goodwill:

(1) MFLEX

The recoverable amount of goodwill was calculated according to the present value of estimated future cash flow, which was determined based on the five-year cash flow estimation approved by the Company and using the discount rate of 14.52%, and the growth rate of cash flow after the forecast period as 0.00%.

Other key inputs used in the impairment test included expected selling prices and sales volume of products, production costs and other related expenses, which were determined based on historic experience and forecasts of market development. The discount rate reflected the time value of money on the present market and the pre-tax interest rate for the specific risks of the relevant asset group.

According to the Valuation Report (Canwin Valuation Report [2023] No. 2-9) issued by Canwin Appraisal Co., Ltd., the recoverable amount of the asset group or combination of asset groups including the goodwill was RMB13.05 billion, which was higher than its carrying value of RMB2,849,316,274.02, so the goodwill was not impaired.

(2) Multek

The recoverable amount of goodwill was calculated according to the present value of estimated future cash flow, which was determined based on the five-year cash flow estimation approved by the Company and using the discount rate of 11.17%, and the growth rate of cash flow after the forecast period as 0.00%.

Other key inputs used in the impairment test included expected selling prices and sales volume of products, production costs and other related expenses, which were determined based on historic experience and forecasts of market development. The discount rate reflected the time value of money on the present market and the pre-tax interest rate for the specific risks of the relevant asset group.

According to the Valuation Report (Canwin Valuation Report [2023] No. 2-4) issued by Canwin Appraisal Co., Ltd., the recoverable amount of the asset group or combination of asset groups including the goodwill was RMB3.43 billion, which was higher than its carrying value of RMB761,256,071.66, so the goodwill was not impaired.

(3) Mutto Optronics

The recoverable amount of goodwill was calculated according to the present value of estimated future cash flow, which was determined based on the five-year cash flow estimation approved by the Company and using the discount rate of 11.56%, and the growth rate of cash flow after the forecast period as 0.00%.

Other key inputs used in the impairment test included expected selling prices and sales volume of products, production costs and other related expenses, which were determined based on historic experience and forecasts of market development. The discount rate reflected the time value of money on the present market and the pre-tax interest rate for the specific risks of the relevant asset group.

According to the Valuation Report (Canwin Valuation Report [2023] No. 2-8) issued by Canwin Appraisal Co., Ltd., the recoverable amount of the asset group or combination of asset groups including the goodwill was RMB705 million, while its carrying value was RMB724,782,833.44, so the goodwill impairment of RMB19,782,833.44 was recognized.

(4) RF Top Electronic

The recoverable amount of goodwill was calculated according to the present value of estimated future cash flow, which was determined based on the five-year cash flow estimation approved by the Company and using the discount rate of 12.60%, and the growth rate of cash flow after the forecast period as 0.00%.

Other key inputs used in the impairment test included expected selling prices and sales volume of products, production costs and other related expenses, which were determined based on historic experience and forecasts of market development. The discount rate reflected the time value of money on the present market and the pre-tax interest rate for the specific risks of the relevant asset group.

According to the Valuation Report (Zhongsheng Valuation Report [2023] No. 0030) issued by Zhongsheng Appraisal & Consulting Co., Ltd., the recoverable amount of the asset group or combination of asset groups including the goodwill was RMB377 million, which was higher than its carrying value of RMB17,875,271.74, so the goodwill was not impaired.

19. Long-term deferred expenses

In RMB

Item	Opening balance	Increase	Amortization	Other decreases	Closing balance
Decoration costs of fixed assets and others	343,067,848.10	315,650,230.75	157,201,034.52		501,517,044.33
Total	343,067,848.10	315,650,230.75	157,201,034.52		501,517,044.33

20. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets not offset

In RMB

Item	Closing balance	Opening balance
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	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Allowance for impairment of assets	1,152,275,069.45	181,401,380.14	956,860,891.98	180,116,639.73
Deductible losses	1,466,877,523.35	222,911,742.77	1,160,149,214.53	184,025,381.05
Fixed assets	200,864,027.50	30,334,952.34	18,518,436.84	3,989,568.63
Accrued expenses	200,467,698.35	40,863,348.65	215,578,295.20	37,447,545.61
Provisions	69,202,183.16	12,324,185.63	89,442,831.13	17,799,642.22
Deferred income	747,587,634.12	121,151,814.13	681,387,013.96	112,541,906.35
Total	3,837,274,135.93	608,987,423.66	3,121,936,683.64	535,920,683.59

(2) Deferred tax liabilities not offset

In RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Book-tax differences on fixed assets	1,803,750,324.83	380,449,918.63	1,292,505,799.91	285,711,977.06
Accrued interest income and others	69,638,588.72	14,859,117.31	136,407,400.98	28,647,365.94
Total	1,873,388,913.55	395,309,035.94	1,428,913,200.89	314,359,343.00

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

In RMB

Item	Closing set-off amount of deferred tax assets and liabilities	Closing balance of deferred tax assets or liabilities after set-off	Opening set-off amount of deferred tax assets and liabilities	Opening balance of deferred tax assets or liabilities after set-off
Deferred tax assets		608,987,423.66		535,920,683.59
Deferred tax liabilities		395,309,035.94		314,359,343.00

(4) Unrecognized deferred tax assets

In RMB

Item	Closing balance	Opening balance
Deductible losses	460,552,464.56	260,832,646.62
Allowance for doubtful accounts - accounts receivable	184,846,353.06	143,374,158.66
Allowance for doubtful accounts - other receivables	14,541,464.85	25,054,047.22
Allowance for impairment of inventories	119,014,473.40	100,331,242.39
Allowance for impairment of advances to suppliers	7,086,125.93	11,270,721.08
Investment loss	76,100,324.95	74,092,106.93
Changes in investment in other equity instruments	400,000,000.00	400,000,000.00
Allowance for impairment of long-term equity investments	68,994,260.52	68,994,260.52
Allowance for impairment of goodwill	47,101,266.45	27,318,433.01
Total	1,378,236,733.72	1,111,267,616.43

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

In RMB

Year	Closing balance	Opening balance	Remark
2022		66,252,182.98	
2023	13,996,117.83	13,996,117.83	
2024	40,403,329.83	40,403,329.83	
2025	100,804,003.97	100,804,003.97	
2026	39,377,012.01	39,377,012.01	
2027	265,972,000.92		
Total	460,552,464.56	260,832,646.62	

21. 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	33,780,926.88		33,780,926.88	41,372,547.26		41,372,547.26

income - unrealized gain or loss on sale and leaseback						
Prepayment for projects and equipment	838,731,849.70		838,731,849.70	244,924,386.94		244,924,386.94
Total	872,512,776.58		872,512,776.58	286,296,934.20		286,296,934.20

22. Short-term borrowings

(1) Short-term borrowings by category

In RMB

Item	Closing balance	Opening balance
Pledge loans	747,939,478.37	803,328,447.58
Credit loans	5,734,146,965.18	5,423,644,628.31
Proceeds from discount on acceptance bills and letters of credit	1,312,323,501.13	1,820,194,933.27
Total	7,794,409,944.68	8,047,168,009.16

23. Financial liabilities held for trading

In RMB

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

24. Notes payable

In RMB

Category	Closing balance	Opening balance
Commercial acceptance bills	280,442,316.20	495,211,358.88
Banker's acceptance bills	1,727,963,543.99	1,151,432,748.29
Total	2,008,405,860.19	1,646,644,107.17

Total amount of notes payable due and unpaid at the end of the current period: Nil.

25. Accounts payable

(1) Particulars of accounts payable

In RMB

Item	Closing balance	Opening balance
Payment for materials	5,156,025,655.74	6,379,442,178.87
Payment for projects and equipment	563,403,370.98	238,100,061.70
Others	266,857,563.60	112,347,885.43
Total	5,986,286,590.32	6,729,890,126.00

26. Contract liabilities

In RMB

Item	Closing balance	Opening balance
Loans	26,193,456.12	39,681,986.94
Total	26,193,456.12	39,681,986.94

27. Employee benefits payable

(1) Employee benefits payable

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term benefits	494,188,318.20	3,923,597,175.06	3,927,719,830.29	490,065,662.97
II. Post-employment	8,950,403.86	244,829,829.64	243,720,581.17	10,059,652.33

benefits - defined contribution plans				
III. Termination benefits		6,118,695.31	6,118,695.31	
Total	503,138,722.06	4,174,545,700.01	4,177,559,106.77	500,125,315.30

(2) Short-term employee benefits

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Wages, bonuses, allowances and subsidies	483,302,445.96	3,427,491,424.71	3,433,010,711.69	477,783,158.98
2. Staff welfare	7,033,964.95	237,030,483.06	235,717,370.98	8,347,077.03
3. Social insurance contributions	3,095,849.82	134,491,048.09	134,279,334.36	3,307,563.55
Workers' compensation insurance	305,337.04	5,995,376.33	6,010,698.24	290,015.13
Medical and maternity insurance	2,790,512.78	128,495,671.76	128,268,636.12	3,017,548.42
4. Housing provident fund	713,714.47	114,496,314.06	114,644,453.18	565,575.35
5. Trade union fund and employee education fund	42,343.00	10,087,905.14	10,067,960.08	62,288.06
Total	494,188,318.20	3,923,597,175.06	3,927,719,830.29	490,065,662.97

(3) Defined contribution plans

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension insurance	8,515,363.52	236,273,469.15	235,230,443.46	9,558,389.21
2. Unemployment insurance	435,040.34	8,556,360.49	8,490,137.71	501,263.12
Total	8,950,403.86	244,829,829.64	243,720,581.17	10,059,652.33

28. Taxes payable

In RMB

Item	Closing balance	Opening balance
VAT	51,132,065.23	13,157,710.23
Enterprise income tax	339,281,179.49	118,468,480.14
Individual income tax	6,334,094.56	6,497,075.81
Urban maintenance and construction tax	3,920,049.58	5,756,770.23
Property tax	3,841,808.72	2,086,047.98
Stamp duty	4,553,692.87	1,218,619.49
Education surcharge	1,765,890.80	2,533,372.30
Land use tax	267,878.11	251,467.78
Local education surcharge	1,061,118.33	1,688,914.92
Water conservancy construction fund		3,191.10
Environmental protection tax	132,003.25	30,893.87
Total	412,289,780.94	151,692,543.85

29. Other payables

In RMB

Item	Closing balance	Opening balance
Other payables	54,324,601.72	323,166,075.34
Total	54,324,601.72	323,166,075.34

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

In RMB

Item	Closing balance	Opening balance
Advance from customers under factoring agreement		255,139,275.93
Temporary receipts payable	30,358,476.53	53,170,787.42
Others	23,966,125.19	14,856,011.99
Total	54,324,601.72	323,166,075.34

30. Non-current liabilities due within one year

In RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	1,165,803,694.70	1,386,857,142.00
Long-term payables due within one year		34,658,340.90
Lease liabilities due within one year	23,941,171.43	69,030,382.03
Total	1,189,744,866.13	1,490,545,864.93

31. Other current liabilities

In RMB

Item	Closing balance	Opening balance
Output tax to be recognized	4,476,657.36	2,440,030.34
Total	4,476,657.36	2,440,030.34

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

In RMB

Item	Closing balance	Opening balance
Pledge loans		96,273,070.00
Guaranteed loans		200,000,000.00
Credit loans	2,583,821,643.49	1,274,252,691.80
Guaranteed and pledge loans	100,000,000.00	200,000,000.00
Pledge, mortgage and guaranteed loans	514,000,000.00	260,000,000.00
Total	3,197,821,643.49	2,030,525,761.80

33. Lease liabilities

In RMB

Item	Closing balance	Opening balance
Lease obligations payable	1,985,857,535.57	1,477,069,971.87
Less: Unrecognized financing costs	-338,538,489.37	-329,259,807.15
Total	1,647,319,046.20	1,147,810,164.72

34. Long-term payables

In RMB

Item	Closing balance	Opening balance
Long-term payables		78,927,000.98
Total		78,927,000.98

(1) Long-term payables by nature

In RMB

Item	Closing balance	Opening balance
Finance lease obligations payable		78,927,000.98

35. Provisions

In RMB

Item	Closing balance	Opening balance	Reason
Product warranty	42,352,230.73	67,188,779.26	
Provision for sales return	26,849,952.43	22,254,051.87	
Total	69,202,183.16	89,442,831.13	

36. Deferred income

In RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government grants	685,633,680.65	204,822,493.63	142,868,540.16	747,587,634.12	
Total	685,633,680.65	204,822,493.63	142,868,540.16	747,587,634.12	--

37. Share capital

In RMB

	Opening balance	+/-					Closing balance
		New issue	Bonus shares	Capitalization of capital reserve	Others	Subtotal	
Total shares	1,709,867,327.00						1,709,867,327.00

38. Capital reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (share premium)	7,957,871,910.95	7,368,451.11	68,729,455.32	7,896,510,906.74
Other capital reserve	141,652,961.95	16,734,915.50	4,703.42	158,383,174.03
Total	8,099,524,872.90	24,103,366.61	68,734,158.74	8,054,894,080.77

Other information, including explanation about changes in the current period and reasons thereof:

In January and March 2021, the Company entered into share transfer agreements with the minority shareholders of RF Top Electronic, namely Shanghai Nanyao Asset Management Center (L.P.), Zhoushan Longxiang Investment Partnership (L.P.), XIANG Rong, Suzhou Aifuxin Investment Management Center (L.P.), CHEN Rongda and JIANG Nanqiu respectively, pursuant to which, the Company purchased 19.44% shares held by them in total in RF Top Electronic at the aggregate purchase price of RMB83,405,588.47, as a result of which, the Company's capital reserve was reduced by RMB44,165,616.16 in the current period.

In June 2022, pursuant to the capital injection agreement entered into between the Company and RF Top Electronic, the Company contributed an additional amount of RMB52 million to RF Top Electronic, which resulted in the dilution of the minority interests, and an increase in the consolidated capital reserve by RMB7,368,451.11.

In March 2022, with the approval of the general meeting, the Company decided to implement the ESOP for key officers and technical personnel. The share-based payments thereunder would be amortized over the service period, which resulted in an increase in the capital reserve by RMB16,734,915.50. See Note XI(I) for details.

In March 2022, the Company received a Confirmation of Securities Transfer Registration from China Securities Depository and Clearing Corporation Limited Shenzhen Branch, confirming that 1,366,120 shares of the Company held in the "special securities account for repurchase of Suzhou Dongshan Precision Manufacturing Co., Ltd." were transferred to "Suzhou Dongshan Precision Manufacturing Co., Ltd. – third employee stock ownership plan" on March 15, 2022 by means of non-trade transfer, which resulted in a decrease in the capital reserve by RMB24,563,839.16.

The decrease in the capital reserve by RMB4,703.42 in the current period reflected the effect on minority interests caused by the share incentives granted by the Company.

39. Treasury shares

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Treasury shares	100,479,794.32	49,990,856.17	24,563,839.16	125,906,811.33
Total	100,479,794.32	49,990,856.17	24,563,839.16	125,906,811.33

Other information, including explanation about changes in the current period and reasons thereof:

1) Pursuant to the Proposal Regarding Repurchase of the Company's Shares (the "Repurchase") adopted at the 22nd meeting of the 5th Board of Directors held on April 25, 2022, the Company repurchased 3.0487 million shares in total by aggregate auction through the special securities account for repurchase as of the end of May 2022, accounting for 0.18% of the Company's total share capital, at the purchase price of RMB15.98-16.77 per share, or RMB49.9909 million in total.

2) Refer to "Capital reserve" for the reason of decrease in treasury shares.

40. Other comprehensive income

In RMB

Item	Balance at January 1, 2022	2022						Balance at December 31, 2022
		Amount before tax	Less: Other comprehensive income reclassified into profit or loss	Less: Other comprehensive income reclassified into retained earnings	Less: Income tax expenses	Amount attributable to the parent after tax	Amount attributable to minor interest after tax	
I. Other comprehensive income that cannot be reclassified into profit or loss	-350,000,000.00							-350,000,000.00
Change in fair value of investments in other equity instruments	-350,000,000.00							-350,000,000.00
II. Other comprehensive income that will be reclassified into profit or loss	-169,626,066.21	269,935,880.98	-78,788,663.50		-17,773,168.75	-173,349,939.00	-24,109.73	-342,976,005.21
Reserves for cash flow hedge	54,755,948.99	208,811,854.39	-78,788,663.50		-17,773,168.75	-112,225,912.41	-24,109.73	-57,469,963.42
Differences on translation of foreign currency financial statements	-224,382,015.20	-61,124,026.59				-61,124,026.59		-285,506,041.79
Total other comprehensive income	-519,626,066.21	269,935,880.98	-78,788,663.50		-17,773,168.75	-173,349,939.00	-24,109.73	-692,976,005.21

41. Surplus reserve

In RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	111,698,315.15	23,649,519.95		135,347,835.10
Total	111,698,315.15	23,649,519.95		135,347,835.10

42. Retained profits

In RMB

Item	2022	2021
Opening balance of retained profits after adjustment	5,275,515,670.63	3,598,580,392.76
Add: Net profit attributable to owners of the parent	2,367,519,530.91	1,862,481,138.84
Less: Appropriation to statutory surplus reserve	23,649,519.95	36,492,937.75
Dividends payable to the ordinary shareholders	341,182,627.47	170,986,732.70
Add: Others		21,933,809.48
Closing balance of retained profits	7,278,203,054.12	5,275,515,670.63

Particulars of adjustment to the retained profits at the beginning of the current period:

- 1) The effect of retrospective adjustment pursuant to the CASBEs and related new provisions thereunder on the opening balance of retained profits was nil.
- 2) The effect of changes in accounting policies on the opening balance of retained profits was nil.
- 3) The effect of correction of material accounting errors on the opening balance of retained profits was nil.
- 4) The effect of changes in the scope of consolidation resulting from business combinations involving entities under common control on the opening balance of retained profits was nil.
- 5) The cumulative effect of other adjustments on the opening balance of retained profits was nil.

43. Operating revenue and operating costs

In RMB

Item	2022		2021	
	Income	Cost	Income	Cost
Main business	31,450,821,150.93	25,961,338,699.87	31,682,727,248.03	27,080,576,091.48
Other business	129,325,581.65	59,340,633.37	110,420,660.09	47,974,536.45
Total	31,580,146,732.58	26,020,679,333.24	31,793,147,908.12	27,128,550,627.93

44. Taxes and surcharges

In RMB

Item	2022	2021
Urban maintenance and construction tax	42,173,074.00	24,263,505.47
Education surcharge	18,333,969.54	11,969,192.59
Property tax	16,738,300.91	16,123,105.43
Land use tax	1,587,701.79	1,365,774.21
Vehicle and vessel tax	9,563.33	24,502.86
Stamp duty	14,176,516.91	11,367,477.23
Local education surcharge	12,228,157.62	7,913,333.55
Environmental protection tax	404,606.40	133,322.63
Total	105,651,890.50	73,160,213.97

45. Selling expenses

In RMB

Item	2022	2021
Employee benefits	178,775,039.38	190,368,189.92
Sales service fees	35,375,649.64	39,874,711.20
Export charges	52,914,479.30	35,107,304.52
Travel expenses	26,656,711.23	30,192,865.53
Entertainment expenses	18,403,395.91	13,589,530.56
Others	40,868,178.04	31,955,044.68
Total	352,993,453.50	341,087,646.41

46. Administrative expenses

In RMB

Item	2022	2021
Employee benefits	445,921,834.05	416,884,816.93
Depreciation and amortization	124,492,061.14	112,065,654.97
Consulting service fees	58,050,066.27	72,107,147.93
Office expenses	44,182,104.24	49,392,919.93
Entertainment expenses	44,097,815.99	39,212,589.24
Travel expenses	15,460,221.90	12,835,540.39
Rents	10,211,075.07	8,372,878.92
Repair costs	19,422,207.36	17,205,668.65
Taxes	1,409,194.20	436,304.97
Others	52,415,906.67	53,151,208.43
Total	815,662,486.89	781,664,730.36

47. R&D expenses

In RMB

Item	2022	2021
Materials requisitioned	448,026,811.32	553,757,553.07
Labor costs	367,119,066.09	345,837,438.45
Depreciation	76,160,187.19	56,671,015.71
Others	48,779,387.38	72,301,199.72
Total	940,085,451.98	1,028,567,206.95

48. Financial expenses

In RMB

Item	2022	2021
Interest expenses	302,704,601.47	285,474,106.93
Interest on leases and financing fees	80,950,330.25	85,865,366.64
Less: Interest income	42,128,725.22	62,819,318.55
Add: Exchange loss	-204,336,793.36	70,483,663.21
Bank charges and others	62,443,691.35	57,659,855.67
Total	199,633,104.49	436,663,673.90

49. Other income

In RMB

Sources of other income	2022	2021
Government grants related to assets	142,868,540.16	105,569,311.37
Government grants related to income	174,748,593.64	163,175,414.88
Refund of individual income tax withholding service fees	956,961.84	722,866.99

50. Investment income

In RMB

Item	2022	2021
Income from long-term equity investments under equity method	-3,353,804.37	-7,515,648.15
Investment income from disposal of long-term equity investments		28,827,931.90
Investment income from financial assets held for trading during the holding period	6,348,937.52	108,467.86
Investment income from disposal of financial assets held for trading	2,956,230.02	9,012,671.97
Discount loss on accounts receivable financing	-10,933,498.09	-768,750.98
Income from bank wealth management products	4,059,746.10	11,913,618.63
Total	-922,388.82	41,578,291.23

51. Gain on changes in fair value

In RMB

Source of gain on changes in fair value	2022	2021
Financial assets held for trading	-66,613,459.50	8,645,469.99
Total	-66,613,459.50	8,645,469.99

52. Impairment loss on credit

In RMB

Item	2022	2021
Loss from doubtful accounts	-76,228,643.25	-7,992,105.91
Total	-76,228,643.25	-7,992,105.91

53. Impairment loss on assets

In RMB

Item	2022	2021
I. Loss from doubtful accounts	4,184,595.15	-11,270,721.08
II. Allowance for impairment of inventories or costs of fulfilling contracts	-441,556,620.37	-166,254,407.47
V. Impairment loss on fixed assets	-11,049,705.17	-983,457.38
XI. Goodwill impairment loss	-19,782,833.44	-8,868,134.17
Total	-468,204,563.83	-187,376,720.10

54. Gain on disposal of assets

In RMB

Source of gain on disposal of assets	2022	2021
Gain on disposal of fixed assets	-5,513,221.27	-14,060,145.96

55. Non-operating revenue

In RMB

Item	2022	2021	Amount recognized in non-recurring gain or loss
Penalties	7,926,374.74	407,738.14	7,926,374.74
Amounts that cannot be paid	3,996,486.25	2,380,233.49	3,996,486.25
Others	289,484.75	324,831.16	289,484.75
Total	12,212,345.74	3,112,802.79	12,212,345.74

56. Non-operating expenses

In RMB

Item	2022	2021	Amount recognized in non-recurring gain or loss
Donations	6,916,600.00	3,503,180.00	6,916,600.00
Loss on destruction and retirement of non-current assets	8,707,696.75	984,352.01	8,707,696.75
Penalties, overdue fines and liquidated damages	1,440,637.80	972,242.63	1,440,637.80
Others	781,275.49	546,696.75	781,275.49
Total	17,846,210.04	6,006,471.39	17,846,210.04

57. Income tax expenses**(1) Statement of income tax expenses**

In RMB

Item	2022	2021
Income tax expense	447,983,321.47	213,580,884.70
Deferred income tax expenses	25,656,121.62	36,341,939.66
Total	473,639,443.09	249,922,824.36

(2) Reconciliation of income tax expenses to accounting profit

In RMB

Item	2022
Total profit	2,840,898,966.65
Income tax expenses calculated based on statutory/applicable tax rate	426,134,845.00
Effect of different tax rates applicable to subsidiaries	30,184,598.68
Effect of non-deductible costs, expenses and losses	5,895,200.27
Effect of deductible temporary differences or deductible losses not recognized for deferred tax assets for the current period	79,000,011.80
Effect of super deduction of R&D expenses	-67,575,212.66
Income tax expenses	473,639,443.09

58. Other comprehensive income

See the notes related to other comprehensive income.

59. Items of the cash flow statement**(1) Other cash receipts related to operating activities**

In RMB

Item	2022	2021
Security deposit for acceptance bills	406,241,523.96	129,542,128.04
Government grants	379,880,087.27	318,989,224.87
Interest income	42,128,725.22	62,819,318.55
Temporary receipts payable and others	27,886,394.91	732,569.30
Total	856,136,731.36	512,083,240.76

(2) Other cash payments related to operating activities

In RMB

Item	2022	2021
Security deposit for acceptance bills	767,949,563.14	151,102,248.04
Payment of selling expenses in cash	174,218,414.12	150,719,456.49
Payment of administrative expenses in cash	247,248,591.70	252,714,258.46
Payment of R&D expenses in cash	48,779,307.34	72,301,199.72
Bank charges	62,443,691.35	57,659,855.67
Temporary payment receivable and others	36,575,288.51	40,105,256.38
Total	1,337,214,856.16	724,602,274.76

(3) Other cash receipts related to investing activities

In RMB

Item	2022	2021
Recovery of term deposits	228,424,521.00	50,000,000.00
Recovery of performance compensation	7,000,000.00	
Recovery of asset transfer price		564,294,406.73
Total	235,424,521.00	614,294,406.73

(4) Other cash payments related to investing activities

In RMB

Item	2022	2021
Term deposits	455,064,192.71	
Loss of control over subsidiaries		1,288.94
Total	455,064,192.71	1,288.94

(5) Other cash receipts related to financing activities

In RMB

Item	2022	2021
Security deposits	826,870,220.72	2,101,333,325.23
Proceeds from discount on acceptance bills and letters of credit	1,312,323,501.13	1,820,194,933.27
Total	2,139,193,721.85	3,921,528,258.50

(6) Other cash payments related to financing activities

In RMB

Item	2022	2021
Security deposits	453,162,239.17	826,870,220.72
Payment of rents	253,811,187.11	282,078,462.04
Payments under bill financing	1,337,897,642.56	3,581,805,423.85
Repurchase of shares	49,990,856.17	100,479,794.32
Acquisition of minority interests in RF Top Electronic	97,834,888.06	65,756,910.17
Total	2,192,696,813.07	4,856,990,811.10

60. Supplementary information to the cash flow statement**(1) Supplementary information to the cash flow statement**

In RMB

Supplementary information	2022	2021
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	2,367,259,523.56	1,860,899,698.13
Add: Allowance for impairment of assets	544,433,207.08	195,368,826.01
Depreciation of fixed assets, oil and gas assets, and productive biological assets	1,697,771,894.84	1,581,049,391.72
Depreciation of right-of-use assets	100,106,051.84	86,304,860.90
Amortization of intangible assets	57,776,055.04	48,775,081.14
Amortization of long-term deferred	157,201,034.52	147,371,022.13

expenses		
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain expressed with “-”)	5,513,221.27	14,060,145.96
Loss on retirement of fixed assets (gain expressed with “-”)	8,707,696.75	984,352.01
Loss on changes in fair value (gain expressed with “-”)	66,613,459.50	-8,645,469.99
Financial expenses (income expressed with “-”)	179,318,138.36	351,562,005.91
Investment loss (income expressed with “-”)	-10,011,109.27	-41,578,291.23
Decrease in deferred tax assets (increase expressed with “-”)	-73,066,740.07	22,499,150.53
Increase in deferred tax liabilities (decrease expressed with “-”)	98,722,861.69	13,842,789.13
Decrease in inventories (increase expressed with “-”)	-160,903,575.10	-739,877,310.44
Decrease in trade receivables (increase expressed with “-”)	625,999,220.48	-780,445,681.69
Increase in trade payables (decrease expressed with “-”)	-1,052,291,844.61	457,373,913.99
Others	16,734,915.50	
Net cash flows from operating activities	4,629,884,011.38	3,209,544,484.21
2. Significant investing and financing activities not involving cash receipts and payments		
Debt-to-capital swap		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	5,457,026,822.70	3,939,301,126.79
Less: Opening balance of cash	3,939,301,126.79	2,873,135,085.47
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	1,517,725,695.91	1,066,166,041.32

(2) Composition of cash and cash equivalents

In RMB

Item	Closing balance	Opening balance
I. Cash	5,457,026,822.70	3,939,301,126.79
Incl.: Cash on hand	340,651.93	241,046.60
Bank deposit readily available for payment	5,456,686,170.77	3,939,060,080.19
III. Closing balance of cash and cash equivalents	5,457,026,822.70	3,939,301,126.79

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

In RMB

Item	Closing carrying value	Reason of restriction
Cash and bank balances	1,674,175,995.02	Security deposit for bills, loans, etc.
Fixed assets	459,521,491.55	Collateral for loans, sale and lease back
Accounts receivable financing	441,621,937.83	Pledge of notes
Right-of-use assets	951,068,254.01	Finance lease
Total	3,526,387,678.41	

62. 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			3,749,263,803.12
Incl.: USD	527,233,216.63	6.96460	3,671,968,460.54
EUR	8,532,422.87	7.42290	63,335,321.72
HKD	1,050,849.62	0.89327	938,692.44
KRW	19,096,808.00	0.00552	105,471.67
SGD	1,375,985.72	5.18310	7,131,871.59
NTD	394,433.00	0.22700	89,536.29
JPY	278.00	0.05236	14.56
SEK	25,274.71	0.66590	16,830.43
CHF	0.74	7.54320	5.58
NOK	29,936.34	0.70420	21,081.17
MXN	15,826,852.63	0.35740	5,656,517.13
Accounts receivable			5,444,917,839.46
Incl.: USD	781,576,649.25	6.96460	5,443,368,731.37
EUR	190,477.60	7.42290	1,413,896.18
HKD			
JPY	2,582,351.20	0.05236	135,211.91
Long-term borrowings			481,100,696.82
Incl.: USD	69,078,008.33	6.96460	481,100,696.82
EUR			
HKD			
Other receivables			38,679,653.02
Incl.: USD	3,205,277.15	6.9646	22,323,473.24
NTD	13,000.00	0.227	2,951.00
NOK	23,222,420.88	0.7042	16,353,228.78
Short-term borrowings			1,955,594,688.97
Incl.: USD	272,178,970.36	6.9646	1,895,617,656.97
EUR	8,080,000.00	7.4229	59,977,032.00
Accounts payable			2,725,863,060.76
Incl.: USD	390,455,533.55	6.9646	2,719,366,608.96
EUR	156,504.39	7.4229	1,161,716.44
JPY	101,852,000.00	0.05236	5,332,970.72
SEK	2,650.00	0.6659	1,764.64
Employee benefits payable			52,016,173.72
Incl.: USD	7,468,652.00	6.9646	52,016,173.72
Taxes payable			313,073,333.33
Incl.: USD	44,952,091.05	6.9646	313,073,333.33
Other payables			52,613,130.27
Incl.: USD	7,554,364.97	6.9646	52,613,130.27
Non-current liabilities due within one year			134,522,114.07
Incl.: USD	19,315,124.21	6.9646	134,522,114.07

(2) Information about overseas operating entities, including main places of business and functional currencies of major overseas operating entities, basis for choice of such functional currencies, and reasons of changes in functional currencies:

Applicable N/A

63. Government grants

(1) Particulars of government grants

In RMB

Item	Amount	Recorded in	Amount recognized profit or loss
Yancheng subsidy for production equipment	384,111,702.15	Other income	65,286,852.60
District special fund for high-quality development of industrial economy	158,226,471.48	Other income	41,216,171.12
Technology upgrading subsidy to Multek	81,407,701.16	Other income	11,627,050.30
Special reward fund of the science and technology industrial park	57,474,000.00	Other income	7,416,000.00
2020 central financial subsidy for the building of emergency supplies assurance system	19,413,333.37	Other income	2,559,999.96
Reward for high-quality development of industrial economy – replacement of labor with machine	18,325,514.26	Other income	3,504,674.44
Suzhou subsidy for machinery and equipment	5,853,443.08	Other income	4,297,147.92
Reward and subsidy to RF Top Electronic for industrial technological upgrading	5,038,630.67	Other income	727,486.20
Subsidy to Mutto Optronics for technological upgrading	4,540,666.67	Other income	749,200.00
Reward and subsidy for supporting effective investment by manufacturers	4,466,156.25	Other income	297,743.75
Special fund for high-quality development (digitalization)	2,719,500.00	Other income	220,500.00
Other subsidies	6,010,515.03	Other income	4,965,713.87
Special reward for outstanding contributions	64,086,500.00	Other income	64,086,500.00
Job stabilization subsidy	16,252,362.09	Other income	16,252,362.09
Special fund for high-quality development of industrial economy	14,150,000.00	Other income	14,150,000.00
Special reward for development of foreign trade	7,104,900.00	Other income	7,104,900.00
Local economic contribution reward	5,774,900.00	Other income	5,774,900.00
Municipal special fund for the development of advanced manufacturing industry	5,700,000.00	Other income	5,700,000.00
2022 municipal special fund for the development of advanced manufacturing industry	5,500,000.00	Other income	5,500,000.00
Development of the advanced manufacturing industry	5,180,000.00	Other income	5,180,000.00
Refund of income tax	5,042,196.10	Other income	5,042,196.10
2022 municipal special fund for the development of advanced manufacturing industry (batch 1) – construction of key industrial projects	4,336,200.00	Other income	4,336,200.00
Municipal special fund for the development of open economy – availability of foreign investment	2,610,000.00	Other income	2,610,000.00
Subsidy for work in lieu of training	2,555,589.66	Other income	2,555,589.66
2021 model factory for industrial Internet of the province	2,000,000.00	Other income	2,000,000.00
2021 high-quality development of industrial economy and intelligent upgrading	1,910,000.00	Other income	1,910,000.00
2021 provincial special fund for intelligent transformation and digital upgrading	1,790,000.00	Other income	1,790,000.00
Subsidy for stay during the Spring Festival	1,717,100.00	Other income	1,717,100.00
2020 science and technology policy reward and subsidy	1,680,000.00	Other income	1,680,000.00
2020 Yancheng Hi-tech Zone fund for encouraging proprietary innovation and building new driving force for development	1,600,680.00	Other income	1,600,680.00
2021 special fund for the development of financial industry (batch 2)	1,600,000.00	Other income	1,600,000.00
2021 district reward fund for scientific and technological innovations	1,515,300.00	Other income	1,515,300.00
2021 reward for high-quality development of industrial economy	1,437,500.00	Other income	1,437,500.00
2022 municipal special fund for advanced manufacturing bases	1,340,000.00	Other income	1,340,000.00
REITs subsidy for differences in rent under new and old contracts	1,195,822.91	Other income	1,195,822.91
2021 municipal special fund for the development of advanced manufacturing industry (batch 2)	1,000,000.00	Other income	1,000,000.00
2022 Suzhou subsidy for scientific and technological development (batch 1)	1,000,000.00	Other income	1,000,000.00
2022 municipal special fund for the development of advanced manufacturing industry (batch 1) – commencement of operation and achievement of design capacity of key projects	1,000,000.00	Other income	1,000,000.00
2021 special fund for business development (batch 1) – supporting	900,000.00	Other income	900,000.00

headquarters economy of transnational companies			
Application for 2020 Yancheng Hi-tech Zone reward	788,050.00	Other income	788,050.00
2021 Seagull program municipal reward and subsidy – digital RMB	779,228.50	Other income	779,228.50
Subsidy for the building of skilled talent base	600,000.00	Other income	600,000.00
Others	12,602,264.38	Other income	12,602,264.38
Loan interest subsidy	309,000.00	Financial expenses	309,000.00

(2) Return of government grants□ Applicable N/A**VIII. Changes in the Scope of Consolidation****1. Changes in the scope of consolidation caused by other reasons**

Particulars of changes in the scope of consolidation caused by other reasons (such as subsidiaries newly established or liquidated):

(1) Subsidiaries newly included in the scope of consolidation

In RMB

Company name	Method of acquisition of shares	Date of acquisition of shares	Capital contribution	Ratio of capital contribution
Suzhou Dongyue New Energy Technology Co., Ltd.	Investment	September 6, 2022	RMB165,000,000.00	100.00%
DSBJ MEXICO, S.DER. L. DEC. V.	Investment	March 27, 2022	MXN3,000.00	100.00%
Suzhou Dongshan Industrial Investment Co., Ltd.	Investment	December 29, 2022	RMB 30,000,000.00	100.00%

(2) Subsidiaries removed from the scope of consolidation

In RMB

Company name	Method of disposal of shares	Date of disposal of shares	Net assets at the date of disposal	Net profit from January 1, 2022 to the date of disposal
Suzhou Aiguan Material Technology Co., Ltd.	Deregistration	September 29, 2022		3,611,898.67

IX. Interests in Other Entities**1. Interests in subsidiaries****(1) Composition of the enterprise group**

Subsidiary	Principal place of business	Place of incorporation	Nature of business	Shareholding percentage		Method of acquisition
				Direct	Indirect	
Yongchuang Tech	Suzhou	Suzhou	Manufacturing	100.00%		Business combination involving entities under common control
Suzhou Yuanshi Electronic Technology Co., Ltd.	Suzhou	Suzhou	Manufacturing	100.00%		Business combination involving entities under common control
Hong Kong Dongshan	Hong Kong, China	Hong Kong, China	Business & investment	100.00%		Established
Suzhou Dongkui Lighting Co., Ltd.	Suzhou	Suzhou	Manufacturing	100.00%		Established
Suzhou Chengjia	Suzhou	Suzhou	Manufacturing	100.00%		Established
Dongguan Dongshan Precision Manufacturing Co., Ltd.	Dongguan	Dongguan	Manufacturing	95.00%	5.00%	Established
Suzhou Dongjiyuan Metal Technology Co., Ltd.	Suzhou	Suzhou	Manufacturing	100.00%		Established
Yancheng Dongshan	Yancheng	Yancheng	Manufacturing	95.00%	5.00%	Established
RF Top Electronic	Suzhou	Suzhou	Manufacturing	93.51%		Business combination involving entities not under

						common control
Suzhou Jebson Intelligent Technology Co., Ltd.	Suzhou	Suzhou	Manufacturing	51.00%		Established
Suzhou Dongdai Electronic Technology Co., Ltd.	Suzhou	Suzhou	Manufacturing	51.00%		Established
Suzhou Dongyan Electronic Technology Co., Ltd.	Suzhou	Suzhou	Manufacturing	51.00%		Established
Yancheng Dongshan Business Management Co., Ltd.	Yancheng	Yancheng	Property management	95.00%	5.00%	Established
Hong Kong Dongshan Holding Limited	Hong Kong, China	Hong Kong, China	Business & investment	100.00%		Established
Yancheng Dongshan Communication Technology Co., Ltd.	Yancheng	Yancheng	Manufacturing	100.00%		Established
Shanghai Chengjia Consulting Management Co., Ltd.	Shanghai	Shanghai	Business & investment	100.00%		Established
Mutto Optronics Group Limited	BVI	BVI	Business & investment		100.00%	Business combination involving entities not under common control
DSBJ Solutions INC	USA	USA	Business & investment		100.00%	Established
DSBJ holdings Inc.	USA	USA	Business & investment		100.00%	Established
DSBJ International Inc.	USA	USA	Business & investment		100.00%	Established
DSBJ Finland OY	Finland	Finland	Business & investment		100.00%	Established
Dragon Electronix Holdings INC.	USA	USA	Business & investment		100.00%	Established
Dongshan International Holdings Inc	Cayman Islands	Cayman Islands	Business & investment	100.00%		Established
Mutto Optronics	Suzhou	Suzhou	Manufacturing		100.00%	Business combination involving entities not under common control
Suzhou Dongshan Precision Technology Co., Ltd.	Suzhou	Suzhou	Manufacturing		100.00%	Established
Yancheng Mutto Optronics Technology Co., Ltd.	Yancheng	Yancheng	Manufacturing		100.00%	Established
Multi-Fineline Electronix, Inc.	USA	USA	Business & investment		100.00%	Business combination involving entities not under common control
MFLEX Delaware, Inc.	Delaware, USA	Delaware, USA	Business & investment		100.00%	Business combination involving entities not under common control
MFLEX B.V.	Netherlands	Netherlands	Business & investment		100.00%	Business combination involving entities not under common control
Multi-Fineline Electronix Singapore Pte. Ltd.	Singapore	Singapore	Business & investment		100.00%	Business combination involving entities not under common control
MFLEX Suzhou	Suzhou	Suzhou	Manufacturing		100.00%	Business combination involving entities not under common control
Dowell Smart Suzhou Co., Ltd.	Suzhou	Suzhou	Manufacturing		100.00%	Established
MFLEX Chengdu Co., Ltd.	Chengdu	Chengdu	Manufacturing		100.00%	Business combination involving entities not under common control
MFLEX Yancheng Co., Ltd.	Yancheng	Yancheng	Manufacturing		100.00%	Established
DSBJ Pte. Ltd.	Singapore	Singapore	Business & investment		100.00%	Established
Multek Technology Sweden AB	Sweden	Sweden	Business & investment		100.00%	Established
Multek Technology Malaysia SDN.BHD	Malaysia	Malaysia	Business & investment		100.00%	Established
DSBJ Germany Pte. Ltd.	Germany	Germany	Business & investment		100.00%	Established
Multek Group (Hong Kong) Limited	Hong Kong, China	Hong Kong, China	Business & investment		100.00%	Established
The Dii Group (BVI) Co. Limited	BVI	BVI	Business & investment		100.00%	Business combination involving entities not under common control
Multek Group (Hong Kong) Limited	Hong Kong, China	Hong Kong, China	Business & investment		100.00%	Business combination involving entities not under common control
Multek Technologies Limited	Mauritius	Mauritius	Business & investment		100.00%	Business combination involving entities not under

						common control
The Dii Group Asia Limited	Hong Kong, China	Hong Kong, China	Business & investment		100.00%	Business combination involving entities not under common control
Astron Group Limited	Hong Kong, China	Hong Kong, China	Business & investment		100.00%	Business combination involving entities not under common control
Multek Technology (Zhuhai) Co., Ltd.	Zhuhai	Zhuhai	Manufacturing		100.00%	Business combination involving entities not under common control
Vastbright PCB (Holding) Limited	Hong Kong, China	Hong Kong, China	Business & investment		100.00%	Business combination involving entities not under common control
Multek Industries	Zhuhai	Zhuhai	Manufacturing		100.00%	Business combination involving entities not under common control
Multek Electronics	Zhuhai	Zhuhai	Manufacturing		100.00%	Business combination involving entities not under common control
Multek Zhuhai	Zhuhai	Zhuhai	Manufacturing		100.00%	Business combination involving entities not under common control
Multek China	Zhuhai	Zhuhai	Manufacturing		100.00%	Business combination involving entities not under common control
Multek Technology, Inc.	USA	USA	Business & investment		100.00%	Established
Suzhou Dongbo Precision Manufacturing Co., Ltd.	Suzhou	Suzhou	Manufacturing	51.00%		Established
MFLEX Shanghai Co., Ltd.	Shanghai	Shanghai	Wholesale	100.00%		Established
Shenzhen Qindao Dongchuang Investment Partnership (L.P.)	Shenzhen	Shenzhen	Business & investment	76.92%		Established
Suzhou Dongke Real Estate Co., Ltd.	Suzhou	Suzhou	Real estate	100.00%		Established
Yancheng Dongchuang Precision Manufacturing Co., Ltd.	Yancheng	Yancheng	Manufacturing	100.00%		Established
DSBJ Norway AS	Norway	Norway	Business & investment		100.00%	Established
Suzhou Dongchen Intelligent Equipment Manufacturing Co., Ltd.	Suzhou	Suzhou	Manufacturing		100.00%	Established
Shanghai Dongxin New Energy Technology Co., Ltd.	Shanghai	Shanghai	Manufacturing	95.00%	5.00%	Established
Shanghai Donglan New Energy Technology Co., Ltd.	Shanghai	Shanghai	Manufacturing		100.00%	Established
Hainan Chengjia Technology Consulting Co., Ltd.	Haikou	Haikou	Technology consulting	100.00%		Established
Suzhou Dongyue New Energy Technology Co., Ltd.	Kunshan	Kunshan	Manufacturing	90.00%	10.00%	Established
DSBJ MEXICO, S.DER.L.DEC.V.	Mexico	Mexico	Manufacturing		100.00%	Established
Suzhou Dongshan Industrial Investment Co., Ltd.	Suzhou	Suzhou	Business & investment	100.00%		Established

2. Transactions resulting in changes in the share of the owners' equity of a subsidiary while retaining the control over the subsidiary

(1) Description of changes in the share of the owners' equity of the subsidiary

Name of subsidiary	Time of change	Shareholding percentage before the change	Shareholding percentage after the change
RF Top Electronic	January 31, 2022	68.91%	82.33%
RF Top Electronic	March 31, 2022	82.33%	88.35%
RF Top Electronic	August 31, 2022	88.35%	93.51%

(2) Effects of the transactions on minority interests and owners' equity attributable to the parent

In RMB

	RF Top Electronic	RF Top Electronic	RF Top Electronic
Acquisition cost			

--Cash	65,847,206.25	17,558,382.22	14,429,299.59
--Fair value of non-cash assets			37,570,700.41
Total acquisition cost/consideration for disposal	65,847,206.25	17,558,382.22	52,000,000.00
Less: Share of the net assets of the subsidiary calculated based on the shares acquired/disposed	27,047,455.73	12,192,516.58	44,631,548.89
Difference	38,799,750.52	5,365,865.64	7,368,451.11
Incl.: Adjustment to capital reserve	38,799,750.52	5,365,865.64	7,368,451.11
Adjustment to surplus reserve			
Adjustment to retained profits			

3. Interests in joint ventures or associates

(1) Summarized financial information of insignificant joint ventures and associates

In RMB

	Closing balance/2022	Opening balance/2021
Joint ventures:		
Aggregate amount of the following items calculated based on shareholding percentage		
Associates:		
Aggregate carrying value of investments:	139,767,215.41	143,121,019.78
Aggregate amount of the following items calculated based on shareholding percentage		
--Net profit	-3,353,804.37	-7,515,648.15
--Total comprehensive income	-3,353,804.37	-7,515,648.15

X. Risks associated with financial instruments

The Company's objectives of risk management are to maintain a balance between risk and income, minimize the negative effect of risks on the operating results of the Company and maximize the interests of the shareholders and other equity investors. On the basis of such objectives of risk management, the Company's basic risk management policy is designed to identify and analyze all kinds of risks facing the Company, set appropriate risk thresholds in risk management, and monitor risks and adherence to limits in a timely and reliable manner.

The Company faces a variety of risks associated with financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk. Below is a summary of the policies for managing such risks considered and approved by the management.

(I) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation.

1. Credit risk management practice

(1) Assessment of credit risk

At each balance sheet date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. In assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default risk of financial instruments during their estimated lifetime through 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 becoming 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 rate of default, and exposure to default risk. The Company has developed a model of the probability of default, loss rate of default and exposure to default risk on the basis of quantitative analysis of historical data (e.g. counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. See Notes V(I)3, V(I)4, V(I)7 and V(I)10 for the conciliation table of opening balances and closing balances of allowance for impairment loss on financial instruments.

4. Credit risk exposure and credit risk concentration

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures:

(1) Cash and bank balances

The Company deposits its bank balances and other monetary capital in financial institutions with relatively high credit ratings, so its credit risk is relatively low.

(2) Accounts receivable

The Company performs credit assessment on customers using credit settlement on an ongoing basis. The Company selects approved and creditworthy customers based on the result of credit assessment, and monitors the balance of accounts receivable from them on an ongoing basis, to avoid significant risk of doubtful accounts.

As the Company only deals with approved and creditworthy third parties, no collateral is required. As at December 31, 2022, the Company faced certain credit concentration risk. In particular, 52.73% (which was 50.05% as at December 31, 2021) 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 on 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 inability to liquidate financial assets at fair value in a timely manner, or failure of counterparties to discharge their contract liabilities, acceleration of debts, failure to generate expected cash flows, or otherwise.

In order to control such risk, the Company utilizes a variety of financing tools such as settlement by means of notes, bank loans, etc., combines long-term and short-term financing to optimize financing structure, and maintains a balance between financing sustainability and flexibility. The Company has obtained lines of credit from many commercial banks to satisfy its working capital requirements and capital expenditures.

Financial liabilities classified by remaining maturity

In RMB

Item	December 31, 2022				
	Carrying value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank loans (including non-current liabilities due within one year)	12,518,035,282.87	12,622,983,732.45	9,154,149,516.56	2,953,900,674.22	514,933,541.67
Financial liabilities held for trading	91,517,116.89	91,517,116.89	91,517,116.89		
Notes payable	2,008,405,860.19	2,008,405,860.19	2,008,405,860.19		
Accounts payable	5,986,286,590.32	5,986,286,590.32	5,986,286,590.32		
Other payables	54,324,601.72	54,324,601.72	54,324,601.72		
Lease liabilities (including non-current liabilities due within one year)	1,671,260,217.63	2,187,054,071.55	24,396,526.02	303,388,335.26	1,859,269,210.27
Subtotal	22,329,829,669.62	22,950,571,973.12	17,319,080,211.70	3,257,289,009.48	2,374,202,751.94

(Continued)

Item	December 31, 2021				
	Carrying value	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Bank loans (including non-current liabilities due within one year)	11,464,550,912.96	11,736,409,681.74	9,646,227,290.73	1,985,923,474.35	104,258,916.66
Financial liabilities held for trading	1,646,644,107.17	1,646,644,107.17	1,646,644,107.17		
Notes payable	6,729,890,126.00	6,729,890,126.00	6,729,890,126.00		
Accounts payable	323,166,075.34	323,166,075.34	323,166,075.34		
Other payables	113,585,341.88	117,815,283.97	38,648,899.77	79,166,384.20	
Long-term payables (including non-current liabilities due within one year)	1,216,840,546.75	1,547,455,035.50	70,417,680.05	140,536,827.11	1,336,500,528.34
Lease liabilities (including non-current liabilities due within one year)	21,494,677,110.10	22,101,380,309.72	18,454,994,179.06	2,205,626,685.66	1,440,759,445.00
Subtotal	11,464,550,912.96	11,736,409,681.74	9,646,227,290.73	1,985,923,474.35	104,258,916.66

(III) Market Risk

Market risk is the risk of fluctuation in the fair value or future cash flows of financial instruments due to changes in market prices. Market risk mainly includes interest risk and foreign exchange risk.

1. Interest risk

Interest risk is the risk of fluctuation in the fair value or future cash flows of financial instruments due to changes in market interest rates. Interest-bearing financial instruments with fixed interest rates expose the Company to fair value interest rate risk, while interest-bearing financial instruments with floating interest rates expose the Company to cash flow interest rate risk. The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and reviews and monitors the appropriateness of its portfolio of financial instruments on a regular basis. The cash flow interest rate risk that the Company faces is primarily associated with the floating-rate bank loans owed by the Company, which amounted to RMB735.9 million as at December 31, 2022 (which was RMB11,449,693,630.87 as at December 31, 2021). 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 instrument 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 occurred 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)2 for details of foreign currency denominated monetary assets and liabilities at December 31, 2022.

XI. Fair Value Disclosures

1. Closing balance of the fair value of assets and liabilities measured at fair value

In RMB

Item	Closing balance of fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement	--	--	--	--
1. Financial assets at fair value through profit or loss		519,004,656.27	56,779,147.66	575,783,803.93
(2) Investment in equity instruments			56,779,147.66	56,779,147.66
(4) Bank wealth management products		519,004,656.27		519,004,656.27
(II) Other debt investments			644,057,382.41	644,057,382.41
(III) Investment in other equity instruments			171,322,110.00	171,322,110.00
Total assets measured at fair value on a recurring basis		519,004,656.27	872,158,640.07	1,391,163,296.34
(VI) Financial liabilities held for trading		91,517,116.89		91,517,116.89
Total liabilities measured at fair value on a recurring basis		91,517,116.89		91,517,116.89
II. Fair value measurement on a non-recurring basis	--	--	--	--

2. Valuation techniques and qualitative and quantitative information of important inputs for items subject to recurring and non-recurring fair value measurements at Level 2

1. The closing balance of the fair value of bank wealth management products was determined mainly based on their principal and expected income.

2. The fair value of forward exchange settlement and sale transactions already authorized but not yet settled was determined based on the forward exchange rates as confirmed with the transaction bank at the end of the reporting period.

3. Valuation techniques and qualitative and quantitative information of important inputs for items subject to recurring and non-recurring fair value measurements at Level 3

1. The fair value of an investment in other equity instruments was determined based on the initial investment amount.

2. The fair value of a note receivable was determined based on its face amount.

3. The fair value of an investment in equity instruments was determined based on the initial investment amount.

XII. Related Parties and Related-Party Transactions

1. Parent of the Company

The Company's actual controllers are YUAN Yonggang, YUAN Yongfeng and YUAN Fugen, who hold 11.83%, 13.01% and 3.44% of the total shares and votes of the Company respectively, and 28.28% of the total shares and votes of the Company in aggregate.

2. Subsidiaries of the Company

The particulars of the subsidiaries of the Company are set forth in “Interests in Other Entities”.

3. Joint ventures and associates of the Company

The particulars of the joint ventures and associates of the Company are set forth in “Interests in Other Entities”.

Other joint ventures or associates that have carried out related-party transactions with the Company in the current period or in the previous periods with balances recorded in the current period:

Name of joint venture or associate	Relationship with the Company
Suzhou Toprun Electric Equipment Co., Ltd.	Associate
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Associate

4. Other related parties

Name of other related party	Relationship with the Company
Hai Dixin Semiconductor (Nantong) Co., Ltd.	Investee
Anhui Landun Photoelectron 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	2022	Transaction quota approved	Whether or not exceed the transaction quota?	2021
Suzhou Toprun Electric Equipment Co., Ltd.	Purchase of goods	3,097.35		No	
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Purchase of goods	204,576.69		No	49,297.45

Sale of goods and rendering of services to related parties

In RMB

Related party	Subject matter	2022	2021
Suzhou Toprun Electric Equipment Co., Ltd.	Sale of goods	131,783.22	1,580,509.87
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Sale of goods	18,297.73	109,532.95
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Rendering of services	97,261.61	
Anhui Landun Photoelectron Co., Ltd.	Rendering of services	485,700.00	

(2) Related-party guarantees

The Company as guarantor:

In RMB

Obligor	Amount guaranteed	Effective date of guarantee	Expiry date of guarantee	Whether the obligation guaranteed has been discharged
Suzhou Toprun Electric Equipment Co., Ltd.	3,000,000.00	April 30, 2022	April 30, 2023	No
	5,400,000.00	August 21, 2022	August 21, 2023	No
	6,600,000.00	August 25, 2022	August 25, 2023	No
	4,000,000.00	November 10, 2022	November 10, 2023	No

The Company as obligor:

In RMB

Guarantor	Amount guaranteed	Effective date of guarantee	Expiry date of guarantee	Whether the obligation guaranteed has been
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				discharged
YUAN Yonggang and YUAN Yongfeng	500,000,000.00	March 22, 2018	August 28, 2024	No

(3) Remunerations of key officers

In RMB

Item	2022	2021
Remunerations of key officers	23,629,500.00	22,533,200.00

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	Hai Dixin Semiconductor (Nantong) Co., Ltd.	1,607,132.92	1,607,132.92	1,607,132.92	1,607,132.92
Accounts receivable	Suzhou Dongcan Optoelectronics Technology Co., Ltd.	95,094.62	1,972.32	63,031.33	315.16
Accounts receivable	Suzhou Toprun Electric Equipment Co., Ltd.	1,032,857.12	181,059.83	1,485,976.17	7,429.88
Other receivables	Hai Dixin Semiconductor (Nantong) Co., Ltd.	1,790,748.55	1,790,748.55	1,790,748.55	1,438,405.10
Other receivables	Suzhou Dongcan Optoelectronics Technology Co., Ltd.			20,000.00	1,000.00

(2) Amounts payable to related parties

In RMB

Item	Related party	Closing balance	Opening balance
Accounts payable	Suzhou Dongcan Optoelectronics Technology Co., Ltd.	45,359.67	3,499.61

XIII. Share-based Payments**1. Summary of share-based payments** Applicable N/A

In RMB

Total amount of equity instruments granted in the current period	1,366,120.00
Total amount of equity instruments exercised in the current period	1,366,120.00
Total amount of equity instruments expired in the current period	0.00

Other information:

Pursuant to the 2022 stock ownership plan for key officers and technical personnel (the "ESOP") approved at the 19th meeting of the 5th Board of Directors, the 13th meeting of the 5th Board of Supervisors and the first extraordinary general meeting in 2022, the shares will be granted to up to 350 key officers and technical personnel of the Company and its subsidiaries, while the directors, supervisors, senior officers, holders of more than 5% shares and actual controllers of the Company will not participate in the ESOP.

2. Equity-settled share-based payments Applicable N/A

In RMB

Method of determining the fair value of equity instruments at the grant date	Closing price of the Company's stock at the grant date
Basis for determining the number of exercisable equity instruments	Number actually exercised in the current period
Accumulated amount of equity-settled share-based payments recorded in capital reserve	16,734,915.50
Total amount of equity-settled share-based payments recognized in expenses in the current period	16,734,915.50

XIV. Commitments and Contingencies

1. Significant commitments

Significant commitments as at the balance sheet date

As at the balance sheet date, the Company did not have any significant commitment that need to be disclosed.

2. Contingencies

(1) Significant contingencies as of the balance sheet date

As at the balance sheet date, the Company did not have any contingency that need to be disclosed.

(2) Whether the Company does not have any significant contingency that need to be disclosed?

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

XV. Subsequent Events

1. Profit distribution

In RMB

Profits or dividends to be distributed	187,315,150.99
Profit or dividend distribution that has been approved and declared	187,315,150.99

2. Other subsequent events

On October 27, 2022, the 28th meeting of the 5th Board of Directors considered and approved the Proposal Regarding the Progress of Acquisition of 100% Shares of Suzhou JDI Electronics Inc., pursuant to which, the Company intends to acquire 100% Shares of Suzhou JDI Electronics Inc. held by JDI at the price of JPY20.5 billion (equivalent to RMB1 billion, as calculated according to the JPY/RMB exchange rate published by the People's Bank of China at the date of announcement), as adjusted for any dividends, effects of profit or loss or other changes in equity that may occur before the reference date, i.e. November 30, 2022 (the final transaction price would be determined based on the audit conducted on the reference date) (the "Transaction"). As of January 19, 2023, the Company has paid to JDI the total consideration (except 15% of the total basic consideration), JDI has delivered the relevant proofs of closing to the Company, the share purchase has been consummated, and Suzhou JDI Electronics Inc. has become a wholly owned subsidiary of the Company.

XVI. Other Significant Information

1. Segment information

(1) Determination basis and accounting policies for reporting segments

The Company is primarily engaged in the sale of PCBs, LED display devices, touch panels and LCMs, precision components and other products, which are managed and assessed as a whole, so the Company does not need to disclose segment information.

(2) Financial information of reporting segments

In RMB

Item	PCB	LED display devices	Touch panels and LCMs	Precision components	Offset among segments	Total
Revenue of main business	21,819,200,095.46	1,682,433,257.88	3,402,832,979.40	4,546,354,818.19		31,450,821,150.93
Costs of main business	17,235,837,938.13	1,534,248,833.74	3,358,366,909.38	3,832,885,018.62		25,961,338,699.87

2. Others

1. The Company as lessee

(1) See Note V(I)16 for details of right-of-use assets.

(2) See Note III(XXVIII) for the Company's accounting policy regarding short-term leases. The table below summarizes the payments for short-term leases recognized in profit or loss:

Item	2022 (RMB)	2021 (RMB)
Payments for short-term leases	18,926,906.73	12,662,311.00
Total	18,926,906.73	12,662,311.00

(3) Profit or loss and cash flows related to leases:

Item	2022 (RMB)	2021 (RMB)
Interest expenses related to lease liabilities	75,984,905.99	69,800,646.24
Total cash outflows related to leases	264,518,782.83	294,740,773.04

(4) See Note VIII(II) for an analysis of the remaining maturity of lease liabilities and related liquidity risk management.

2. The Company as lessor

Operating lease

(1) Lease income

Item	2022 (RMB)	2021 (RMB)
Lease income	2,758,058.01	4,253,653.65

(2) Assets held under finance leases

Item	December 31, 2022 (RMB)	December 31, 2021 (RMB)
Fixed assets		25,725.92
Investment properties	1,296,551.42	1,554,262.58
Subtotal	1,296,551.42	1,579,988.50

See Note V(I)14 for details of fixed assets leased out under finance leases.

(3) Undiscounted lease payments receivable under non-cancellable leases entered into with the lessees:

Remaining term	December 31, 2022 (RMB)	December 31, 2021 (RMB)
Within one year	982,800.00	4,497,481.58
1-2 years		935,664.81
Total	982,800.00	5,433,146.39

XVII. Notes to Key Items of the Standalone Financial Statements

1. Accounts receivable

(1) Accounts receivable by category

In RMB

Category	Closing balance					Opening balance				
	Book balance		Allowance for doubtful accounts		Carrying value	Book balance		Allowance for doubtful accounts		Carrying value
	Amount	%	Amount	%		Amount	%	Amount	%	
Allowance recognized individually	11,014.43	0.54%	11,014.43	100.00%		13,584.08	0.47%	13,584.08	100.00%	
Incl.:										
Allowance recognized collectively	2,029,413.258.12	99.46%	88,306.919.25	4.35%	1,941,106.338.87	2,846,995.763.39	99.53%	95,868.991.28	3.37%	2,751,126.772.11
Incl.										
Total	2,040,427,689.76	100.00%	99,321.350.89	4.87%	1,941,106.338.87	2,860,579.844.77	100.00%	109,453.072.66	3.83%	2,751,126.772.11

Allowance for doubtful accounts recognized individually:

In RMB

Name	Closing balance			Reason
	Book balance	Allowance for doubtful accounts	%	
Dongguan Xindong Intelligent Technology Co., Ltd.	3,787,969.53	3,787,969.53	100.00%	According to the forecast of collection, the account is less likely to be collected, so an impairment loss was recognized.
Jiangyin Hanwei Aluminum Co., Ltd.	2,425,312.67	2,425,312.67	100.00%	
Huizhou Chuangshi Industrial Co., Ltd.	1,216,968.00	1,216,968.00	100.00%	
Others	3,584,181.44	3,584,181.44	100.00%	
Total	11,014,431.64	11,014,431.64		

Allowance for doubtful accounts recognized collectively:

In RMB

Name	Closing balance		
	Book balance	Allowance for doubtful accounts	%
Group of related parties within the scope of consolidation	900,953,382.92		
Group of age	1,128,459,875.20	88,306,919.25	7.83%
Total	2,029,413,258.12	88,306,919.25	

Explanation about the basis for grouping: None.

If the allowance for doubtful accounts is recognized for notes receivable in accordance with the general model of expected credit losses, please disclose the relevant information by reference to the disclosure of the allowance for doubtful accounts in respect of other receivables:

Applicable N/A

Accounts receivable by age:

In RMB

Age	Book balance
Within 1 year (inclusive)	1,687,314,119.76
Within 6 months	1,391,027,273.41
7-12 months	296,286,846.35
1-2 years	42,046,884.05
2-3 years	46,005,127.05
Over 3 years	265,061,558.90
3-4 years	230,459,611.43
4-5 years	15,304,313.92
Over 5 years	19,297,633.55
Total	2,040,427,689.76

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

Allowance for doubtful accounts recognized in the current period:

In RMB

Item	Opening balance	Changes in the current period				Closing balance
		Recognized	Recovered or reversed	Written off	Others	
Allowance recognized individually	13,584,081.38	3,430,933.59	6,000,583.33			11,014,431.64
Allowance recognized collectively	95,868,991.28	16,841,818.87		24,403,890.90		88,306,919.25
Total	109,453,072.66	20,272,752.46	6,000,583.33	24,403,890.90		99,321,350.89

(3) Top 5 debtors in terms of closing balance of accounts receivable

In RMB

Company name	Closing balance of accounts receivable	% of total closing balance of accounts receivable	Closing balance of allowance for doubtful accounts
Dongguan Dongshan Precision	404,119,464.30	19.81%	

Manufacturing Co., Ltd.			
Mutto Optronics	178,785,220.43	8.76%	
MFLEX Yancheng	186,294,791.48	9.13%	
Debtor 4	143,509,868.11	7.03%	717,549.34
Yancheng Mutto Optronics Science and Technology Co., Ltd.	96,588,732.62	4.73%	
Total	1,009,298,076.94	49.46%	

2. Other receivables

In RMB

Item	Closing balance	Opening balance
Dividends receivable	1,210,095,256.90	581,000,000.00
Other receivables	2,035,435,690.22	2,827,234,419.21
Total	3,245,530,947.12	3,408,234,419.21

(1) Dividends receivable

1) Dividends receivable by category

In RMB

Item (or investee)	Closing balance	Opening balance
Hong Kong Dongshan Holding Limited	944,095,256.90	315,000,000.00
Yancheng Dongshan	266,000,000.00	266,000,000.00
Total	1,210,095,256.90	581,000,000.00

2) Significant dividends receivable aged over one year

In RMB

Item (or investee)	Closing balance	Age	Reason of failure to collect	Whether or not impaired and basis for determination
Hong Kong Dongshan Holding Limited	344,095,256.90	1-2 years	To support the development of the subsidiary	
Yancheng Dongshan	266,000,000.00	1-2 years	To support the development of the subsidiary	
Total	610,095,256.90			

(2) Other receivables

1) Other receivables by nature

In RMB

Nature of account	Closing balance	Opening balance
Current accounts	2,021,455,028.32	2,811,870,279.40
Security deposit	8,626,398.25	2,852,298.50
Performance compensation		7,000,000.00
Loans and reserve fund	7,191,382.15	7,083,613.68
Total	2,037,272,808.72	2,828,806,191.58

2) Allowance for doubtful accounts

In RMB

Allowance for doubtful accounts	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	
Balance at January 1, 2022	413,792.74	818,644.63	339,335.00	1,571,772.37
In the current period:				
- Transferred to stage 2	-101,236.18	101,236.18		
- Transferred to stage 3		-161,725.84	161,725.84	
Recognized	284,800.35	-555,682.60	536,228.38	265,346.13
Balance at December 31, 2022	597,356.91	202,472.37	1,037,289.22	1,837,118.50

Significant changes in the carrying amount of allowance for doubtful accounts in the current period:

□ Applicable N/A

Other receivables by age:

In RMB

Age	Book balance
Within 1 year	1,811,580,254.07
1-2 years	209,574,243.72
2-3 years	8,539,126.50
Over 3 years	7,579,184.43
3-4 years	39,000.00
4-5 years	189,660.00
Over 5 years	7,350,524.43
Total	2,037,272,808.72

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

In RMB

Company name	Nature of account	Closing balance	Age	% of total closing balance of other receivables	Closing balance of allowance for doubtful accounts
Yancheng Dongshan	Current accounts	642,244,114.46	Within 1 year	31.52%	
Suzhou Dongkui Lighting Co., Ltd.	Current accounts	308,786,242.13	Within 1 year	15.16%	
Hong Kong Dongshan Holding	Current accounts	34,823,000.00	Within 1 year	1.71%	
	Current accounts	207,549,520.03	1-2 years	10.19%	
MFLEX Yancheng	Current accounts	215,662,000.00	Within 1 year	10.59%	
Mutto Optronics	Current accounts	198,058,742.37	Within 1 year	9.72%	
Total		1,607,123,618.99		78.89%	

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	7,635,046,830.50	133,690,000.00	7,501,356,830.50	7,148,611,337.41	133,690,000.00	7,014,921,337.41
Investments in associates and joint ventures	96,697,663.15	17,507,056.47	79,190,606.68	99,227,963.59	17,507,056.47	81,720,907.12
Total	7,731,744,493.65	151,197,056.47	7,580,547,437.18	7,247,839,301.00	151,197,056.47	7,096,642,244.53

(1) Investments in subsidiaries

In RMB

Investee	Opening balance (carrying value)	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		
Yongchuang Tech	451,439,101.11	89,755.90				451,528,857.01	
Suzhou Yuanshi Electronic Technology Co., Ltd.	5,000,000.00					5,000,000.00	
Hong Kong Dongshan	3,744,565,150.00					3,744,565,150.00	133,690,000.00
Suzhou Dongkui Lighting Co., Ltd.	12,100,000.00					12,100,000.00	
Suzhou Chengjia Precision Manufacturing Co., Ltd.	80,000,000.00	68,355.10				80,068,355.10	
Dongguan Dongshan Precision Manufacturing	342,000,000.00					342,000,000.00	

Co., Ltd.							
Suzhou Dongjiyuan Metal Technology Co., Ltd.	52,600,000.00					52,600,000.00	
Yancheng Dongshan	1,092,500,000.00					1,092,500,000.00	
RF Top Electronic	237,256,910.17					237,256,910.17	
Suzhou Jebson Intelligent Technology Co., Ltd.	255,000.00					255,000.00	
Suzhou Dongdai Electronic Technology Co., Ltd.	1,530,000.00					1,530,000.00	
Suzhou Dongyan Electronic Technology Co., Ltd.	1,530,000.00					1,530,000.00	
Hong Kong Dongshan Holding Limited	452,677,880.00					452,677,880.00	
Yancheng Dongshan Communication Technology Co., Ltd.	279,978,200.13					279,978,200.13	
Suzhou Dongbo Precision Manufacturing Co., Ltd.	5,100,000.00					5,100,000.00	
MFLEX Shanghai Co., Ltd.	2,000,000.00					2,000,000.00	
Shenzhen Qindao Dongchuang Investment Partnership (L.P.)	100,000,000.00					100,000,000.00	
Suzhou Dongke Real Estate Co., Ltd.	150,389,096.00	2,000,000.00				152,389,096.00	
Yancheng Dongshan Business Management Co., Ltd.	3,000,000.00	42,042.00				3,042,042.00	
Hainan Chengjia Technology Consulting Co., Ltd.	1,000,000.00	3,090,724.00				4,090,724.00	
Multek China		44,577.80				44,577.80	
Shanghai Dongxin New Energy Technology Co., Ltd.		20,000,000.00				20,000,000.00	
MFLEX Shanghai Co., Ltd.		23,777.30				23,777.30	
RF Top Electronic		135,478,107.29				135,478,107.29	
Suzhou Dongyue New Energy Technology Co., Ltd.		165,000,000.00				165,000,000.00	
Mutto Optronics		571,953.00				571,953.00	
MFLEX Suzhou		4,501,718.20				4,501,718.20	

Yancheng Dongchuang Precision Manufacturing Co., Ltd.		150,000,000.00								150,000,000.00	
Yancheng Dongshan		699,757.00								699,757.00	
Yancheng Dongshan Communication Technology Co., Ltd.		264,502.30								264,502.30	
Yancheng Mutto Optronics Technology Co., Ltd.		29,718.50								29,718.50	
MFLEX Yancheng		2,806,806.40								2,806,806.40	
Multek Industries		1,536,469.20								1,536,469.20	
Multek Zhuhai		187,229.10								187,229.10	
Total	7,014,921,337.41	486,435,493.09								7,501,356,830.50	133,690,000.00

(2) Investments in associates and joint ventures

In RMB

Investee	Opening balance (carrying value)	Changes in the current period								Closing balance (carrying value)	Closing balance of allowance for impairment loss
		Additional investment	Reduced investment	Investment income or loss under equity method	Adjustment to other comprehensive income	Other changes in equity	Declared cash dividends or profit distribution	Allowance for impairment loss	Others		
I. Joint ventures											
II. Associates											
Suzhou Toprun Electric Equipment Co., Ltd.	16,319,738.95			227,839.46						16,547,578.41	
Shenzhen Nanfang Blog Technology Development Co., Ltd.											
Shanghai Fushan Precision Manufacturing Co., Ltd.											17,507,056.47
Suzhou LEGATE Intelligent Equipment Co., Ltd.	11,932,911.79			106,212.49						12,039,124.28	
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	3,716,150.29			34,482.66						3,750,632.95	
Jiangsu Nangao Intelligent Equipment Innovation Center Co., Ltd.	4,020,556.59			112,738.89						4,133,295.48	
Jiaozuo Songyang Optoelectronic Technology Co., Ltd.	30,748,059.62			-2,549,668.86						28,198,390.76	
Suzhou Yongxin	14,983,489.88			-461,905.08						14,521,584.80	

Jingshang Venture Capital Partnership (L.P.)											
Subtotal	81,720,907.12			-2,530,300.44						79,190,606.68	17,507,056.47
Total	81,720,907.12			-2,530,300.44						79,190,606.68	17,507,056.47

4. Operating revenue and operating costs

In RMB

Item	2022		2021	
	Income	Cost	Income	Cost
Main business	3,614,088,084.88	3,328,227,008.90	3,936,953,911.43	3,714,657,158.64
Other business	263,824,966.79	150,341,977.65	307,120,828.99	168,578,617.68
Total	3,877,913,051.67	3,478,568,986.55	4,244,074,740.42	3,883,235,776.32

5. Investment income

In RMB

Item	2022	2021
Income from long-term equity investments under cost method	600,121,362.64	581,083,436.82
Income from long-term equity investments under equity method	-2,530,300.44	-7,099,445.94
Investment income from disposal of long-term equity investments		-13,500,000.00
Discount loss on accounts receivable financing	-7,880,660.00	
Income from bank wealth management products	169,744.17	2,212,924.44
Total	589,880,146.37	562,696,915.32

XVIII. 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	-14,220,918.02	
Government grants recognized in profit or loss (excluding government grants that are closely related to the business of the Company and are provided in fixed amount or quantity continuously according to the applicable policies of the country)	317,926,133.80	
Gain or loss on entrusted investment or asset management	10,408,683.62	
Gain or loss on changes in fair value of financial assets held for trading and financial liabilities held for trading, and gain on disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial assets, except for effective hedges held in the ordinary course of business	-63,657,229.48	
Reversal of allowance for impairment loss on accounts receivable assessed individually	9,500,583.33	
Other non-operating revenues and expenses not listed above	3,073,832.45	
Other gains or losses within the meaning of extraordinary gain or loss	956,961.84	
Less: Effect on income tax	21,900,816.79	
Effect on minority interests	322,123.55	
Total	241,765,107.20	--

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

 Applicable N/A

The Company does not have any other item of gain or loss within the meaning of non-recurring gain or loss.

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

 Applicable N/A

2. Return on net assets 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	15.33%	1.39	1.39
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring gain or loss	13.76%	1.25	1.25

Suzhou Dongshan Precision Manufacturing Co., Ltd.

Legal representative: YUAN Yonggang

April 19, 2023