

Suzhou Dongshan Precision Manufacturing Co., Ltd.

Annual Report 2021



April 2022

Section I Important Note, Table of Contents and Definitions

The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of the Company hereby warrant that the information presented in this Annual Report is true, accurate and complete and this Annual Report is free from any misrepresentations, misleading statements or material omissions, and agree to assume joint and several liabilities for this Annual Report.

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

All directors of the Company attended the Board meeting to review this Annual Report.

The future plans and other forward-looking statements mentioned in this Annual Report do not constitute a material commitment to any stakeholders, and the realization of them is subject to material uncertainty due to various factors, including changes in the market and the efforts of the Company's operating team.

The main risk factors facing the Company are set forth in “Section III – XI. Prospects for Future Development of the Company” in this Annual Report. Investors are kindly reminded to 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 2.00 (inclusive of tax) per 10 shares to all shareholders on the basis of 1,705,913,710 shares, while bonus share and share distribution from capital reserve is nil.

Note

This document is a translated version of the Chinese version Annual Report 2021(2021 年年度报告), and the published Chinese version shall prevail when inconsistency occurs, which can be obtained at <http://www.cninfo.com.cn>.

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List of References

- I. The financial statements signed and chopped by Mr. YUAN Yonggang, legal representative, Mr. WANG Xu, CFO, and Mr. ZHU Deguang, Chief Accountant of the Company;
- II. The original of the auditor's report stamped with the seal of the accounting firm, and signed and chopped by the certified public accountants;
- III. The originals of all documents publicly disclosed during the reporting period and related announcements;
- IV. The original of the Annual Report 2021 signed by the legal representative of the Company; and
- V. Place for inspection of all the above-mentioned documents: Securities Department of the Company at Buliding 12A, No 99, Taihu East Road, Suzhou, PRC

Definitions

Term	means	Definition
The Company, we/our or DSBJ	means	Suzhou Dongshan Precision Manufacturing Co., Ltd.
PCB segment	means	one of the Company's three major business segments, including research and development (R&D), design, production and sale of flexible PCBs, rigid PCBs, rigid-flex PCBs and other products.
Photoelectric display segment	means	one of the Company's three major business segments, including R&D, design, production and sale of LED devices, touch panels, liquid crystal display modules and other products.
Precision manufacturing segment	means	one of the Company's three major business segments, including design, production and sale of precision metal structural components & assemblies and other products.
YCMT	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 Ltd., a wholly owned subsidiary of Multek Group.
Yancheng Dongshan	means	Yancheng Dongshan Precision Manufacturing Co., Ltd., a wholly owned subsidiary of the Company.
Mutto Optronics	means	Mutto Optronics Technology Co., Ltd., a wholly owned subsidiary of the Company
RF Top Electronic	means	Suzhou RF Top Electronic Communication Co., Ltd., a controlled subsidiary of the Company
Shenzhen Dongshan	means	Shenzhen Dongshan Precision Manufacturing Co., Ltd., a company controlled by the controlling shareholder and actual controller of the Company.
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

		& 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 equipment 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 Annual 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, drivers and other peripheral circuits, PCB, backlight source, structural components and other components.
Touch panel	means	a device under the protection of transparent glass that detects touches using sensors and processes, and transmits the relevant information.
AOA	means	the Articles of Association of the Company
CSRC	means	the China Securities Regulatory Commission.
SZSC	means	the Shenzhen Stock Exchange.
Reporting period	means	the period from January 1, 2021 to December 31, 2021.
RMB and RMB 0'000	means	Renminbi and ten thousand Yuan.

Section II Company Profile and Financial Highlights

I. Company Profile

Stock abbreviation	DSBJ	Stock code	002384
Stock exchange	Shenzhen Stock Exchange		
Chinese name	苏州东精		
Chinese short name	东精		
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	The Company's registered address was at Shangwan Village, Dongshan, Wuzhong District, Suzhou, Jiangsu when the Company 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	Buliding 12A, No 99, Taihu East Road, Suzhou, PRC		
Postal code of office address	215128		
Company website	http://www.dsbj.com		
Email	dsbj@dsbj.com		

II. Contact Person and Contact Information

	Board Secretary
Name	MAO Xiaoyan
Address	Buliding 12A, No 99, Taihu East Road, Suzhou, PRC
Telephone	0512-80190019
Facsimile	0512-80190029
Email	maoxy@dsbj.com

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

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

IV. Changes in Registration Particulars

Organization code	91320500703719732P
Changes in main business activities since the listing of the Company (if any)	Since the I.P.O., the Company's business operations have strategically included PCB segment, photoelectric display segment and other electronic business. The Company focuses on the R&D and manufacturing of technologically advanced core components for the smartly interconnected world, and the offering of comprehensive smart interconnection solutions to customers throughout the world.
Changes in controlling shareholders (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	SUN Tao and HUANG Zhenshuang

Sponsor engaged by the Company to perform the duties of continuous supervision over the Company during the reporting period:

Applicable N/A

Name	Office address	Sponsor's representatives	Period of continuous supervision
TF Securities Co., Ltd.	Block 2, TF Plaza, No. 217 Zhongbei Road, Wuchang District, Wuhan, Hubei	HE Zhaodan and ZHANG Xingwang	From August 6, 2020 to December 31, 2021

Financial advisor engaged by the Company to perform the duties of continuous supervision over the Company during the reporting period:

Applicable N/A

VI. Key Accounting Data and Financial Indicators

Whether the Company need to retrospectively adjust or restate any accounting data of previous fiscal years?

Yes No

	2021	2020	Y/Y % change	2019
Operating revenue (RMB)	31,793,147,908.12	28,093,409,430.26	13.17%	23,552,825,103.23
Net profit attributable to shareholders of the listed company (RMB)	1,862,481,138.84	1,530,132,196.09	21.72%	702,656,380.67
Net profit attributable to shareholders of the listed company excluding non-recurring gains and losses (RMB)	1,576,650,669.18	1,301,219,335.83	21.17%	418,778,063.97
Net cash flows from operating activities (RMB)	3,209,544,484.21	2,932,168,894.65	9.46%	2,651,461,601.10
Basic earnings per share (RMB/share)	1.09	0.93	17.20%	0.44
Diluted earnings per share (RMB/share)	1.09	0.93	17.20%	0.44
Weighted average ROE	13.46%	14.41%	-0.95%	8.25%
	December 31, 2021	December 31, 2020	Y/Y % change	December 31, 2019
Total assets (RMB)	37,951,408,787.25	37,503,068,713.54	1.20%	31,670,271,635.86

Net assets attributable to shareholders of the listed company (RMB)	14,576,500,325.15	13,068,916,872.79	11.54%	8,646,124,544.20
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Whether the lower of the net profit before and after deduction of non-recurring gains and losses 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 gains and losses is negative?

Yes No

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

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

Applicable N/A

There was no difference in net profit and in net assets disclosed in the financial statements during the reporting period, which prepared under CASBEs and International Financial Reporting Standards (IFRS)

2. Differences in net profit and in net assets disclosed in the financial statements during the reporting period prepared under CASBEs and overseas accounting standards

Applicable N/A

There was no difference in net profit and in net assets disclosed in the financial statements during the reporting period, which prepared under CASBEs and overseas accounting standards.

VIII. Key Financial Indicators by Quarter

Unit: RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating revenue	7,508,277,291.61	6,496,895,027.89	7,802,005,689.02	9,985,969,899.60
Net profit attributable to shareholders of the listed company	245,090,642.75	359,561,445.63	593,397,856.04	664,431,194.42
Net profit attributable to shareholders of the listed company excluding non-recurring gains and losses	209,686,552.99	320,979,638.44	509,182,981.57	536,801,496.18
Net cash flows from operating activities	146,830,386.84	807,682,971.19	238,084,288.21	2,016,946,837.97

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

Yes No

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

Applicable N/A

Unit: RMB

Items	2021	2020	2019
Gains or losses on disposal of non-current assets (including the write-off for the impairment provision of assets)	13,783,433.93	18,548,846.52	8,002,622.39

Government grants included in profits or losses (excluding government grants that are closely related to the business of the Company and are provided based on standard quota or quantitative continuous application according to the state industrial policy)	268,965,326.25	208,864,058.42	309,693,674.86
Fund occupation fee received from non-financial entities that was recorded in profits or losses	19,777,467.66	25,555,038.76	9,326,161.55
Gains or losses on assets under entrusted investment or management	11,913,618.63	10,718,494.92	4,075,701.37
Gains or losses on changes in fair value of financial assets held for trading and financial liabilities held for trading, and gains 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	17,766,609.82	12,906,432.35	-15,244,514.54
Reversal of impairment losses on accounts receivable tested for impairment individually	22,451,468.46		19,035,541.70
Other non-operating revenue and expenses	-1,909,316.59	-1,135,781.75	-931,352.59
Other gains or losses within the meaning of non-recurring gains and losses	722,866.99		-4,668,613.96
Less: Impact of income tax	65,906,713.13	46,295,962.38	46,447,862.64
Impact of non-controlling interest (exclusive of tax)	1,734,292.36	248,266.58	-1,036,958.56
Total	285,830,469.66	228,912,860.26	283,878,316.70

There is no other item of gains or losses within the meaning of non-recurring gains or losses.

There is no situation that any item of non-recurring gains or losses defined by the *Explanatory Announcement No. 1 on Information Disclosure for Companies Publicly Offering Securities – Non-recurring Gains or Losses* classified as recurrent profit or loss during the reporting period.

Section III Management's Discussion and Analysis

I. Industry Overview and Outlook for the Reporting Period

During the reporting period, the industry in which we operate has not undergone any material change as compared with the preceding year.

PCB segment: According to the latest report issued by Prismark, the PCB industry is expected to grow by 5.2% in 2022, and the total output value of the global PCB industry will exceed USD 100 billion by 2026. The vigorous development of 5G, AI, Cloud, 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 2021. In reliance on our strength in R&D, production engineering, quality control, delivery and other aspects, we are able to provide high-quality 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, the market size is increasing continuously, the adoption of touch panels in laptops is increasing steadily, and more and more touch panels are used on smart home and smart automotive products 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 commercial 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, etc., are mainly applied in communication, new energy and other fields. As a global communication technology standard, 5G stands at a critical period of development of technical standards and commercialization. The prospects for the 5G related industry are extensive in the long run. 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 lighter, resulting in an increase in the adoption of aluminum products on new energy vehicles. We provide light aluminum functional and structural components and other products to major carmakers. In the future, 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 changes.

We are committed to growing into a supplier of core components for the smartly 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, communication equipment, new energy vehicle, industrial equipment, AI, 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 applied on mobile phones, computers, AR/VR devices, wearable devices, servers, communication equipment, new energy vehicles, 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. In addition, we have successfully launched our new Mini LED backlight products on the market, and are actively developing customers for such products.

In the field of precision manufacturing, we mainly provide precision metal structural components and assemblies for customers engaged in the business of communication equipment, consumer electronics and new energy vehicles, etc., including base station antennas, filters and other structural components and assemblies for mobile communication, functional and structural components for new energy vehicles, etc.

III. Core Competencies of DSBJ

1. 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 customers with a variety of basic and core components for smart interconnection. In the field of PCB and small-pitch LED devices, we have grown into a leading company in the industry. We actively give full play to 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 customers in the field of smart interconnection, and satisfy the customization requirements of customers to the maximum extent.

2. Advantage in customers: high-quality domestic and foreign customer base

We have a mature global sales service system, industry-leading technical capabilities and advanced production capabilities, and our products are popular with top customers in different areas throughout the world and have a high-quality customer base. The remarkable platform superiority of our customers helps us maintain high profitability, reduce credit risks and continuously expand the scope of cooperation with them. In addition, the high-quality customer base has a good demonstration effect, and will help us further enhance our popularity and capability to develop new customers, and acquire larger market shares in the future competition. Our customers come from consumer electronics, communication equipment, industrial equipment, automotive and other industries. Such diversified customer base enables us to fend off the impact of the seasonal and cyclical fluctuations of different industries, and helps us accumulate experience of cooperation with customers from different industries and improve our core competencies while maintaining stable growth of business.

3. 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 continuous R&D investments, we now own hundreds of patents and licenses, 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 smart interconnection, and laid a solid foundation 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 integrated development of informatization and industrialization. By promoting integrated development of informatization and industrialization, we have vigorously implemented intelligent manufacturing and built intelligent factories.

4. 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, set strict requirements for delivery of products, and have 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 smart 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 cost. 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.

5. Advantage in management: advanced concept, complete system and efficient execution

We advocate the corporate spirit of “openness, inclusion and pragmatism”, stick to the management principle of “delegation of powers in business operation, support by the platform and centralized supervision”, give full play to the initiative and creativity of grass-roots 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 a solid foundation for our sustained high-quality development.

6. Advantage in internationalization: promoting 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 completing two overseas acquisitions in 2016 and 2018 respectively, we have successfully entered the PCB industry that has broader prospects for development, optimized our business structure, and laid a solid foundation for our high-quality development. We have

realized 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 order 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, we faced lots of challenges, such as the complicated global economic situation, repeated outbreaks of COVID-19, continuous rise of the prices of staple commodities, continuous appreciation of Renminbi, periodic shortage of energy and great shock on the global supply chain. However, we acted with one mind, coped with challenges calmly and prioritized stability while pursuing progress. We adopted more moderate business strategies, actively promoted integrated development of informatization and industrialization, and improved our technical capabilities to continuously provide our customers throughout the world with technologically advanced products and services; optimized our organization structure, strictly controlled unnecessary capital expenditures, and enhanced budget management, so that our financial position and cash flows have been continuously improved and optimized.

In 2021, our main financial performance grew stably: our operating revenue totaled RMB 31.793 billion, an increase of 13.17% year on year; net profit attributable to shareholders of the listed company was RMB 1.862 billion, an increase of 21.72% year on year; net profit attributable to shareholders of the listed company after deduction of non-recurring gains or losses was RMB 1.577 billion, an increase of 21.17% year on year; net cash flows from operating activities was RMB 3.210 billion, an increase of 9.46% year on year; and as of the end of the reporting period, equity-debt ratio was 61.34%, a decrease of 3.53% year on year.

In 2021, we and our subsidiaries were granted with many special honors, including “China ESG Golden Award 2021”, “2021 Model Enterprise for Industrial Internet Development of Jiangsu”, and “Specialized, Refinement, Characteristic and Novelty Little Giant Enterprise”, among others.

Below is a brief description of the main activities conducted by us in 2021:

(1) The PCB business grew stably and our overall competencies were improved rapidly

We center on the requirements of customers, continuously increase R&D investments, and strive to improve our core competencies. During the reporting period, our PCB business realized continued growth of operating revenue and attained good operating results. While maintaining in-depth cooperation with key customers, MFLEX actively developed AR/VR, new energy vehicle and other new businesses, gave full play to its advantages in customer response, product R&D and internal operation, and realized stable growth of main operating results. Multek made active efforts to mitigate the adverse effect caused by periodic power rationing, price rise of raw materials and other factors, and made great breakthroughs in its operating results by integrating resources, improving management capabilities and bringing all internal potentialities into full play.

(2) Take full advantage of industry chain and synergistic effect, and actively promote innovation and development

We always give priority to development. We have made correct assessments of the situation, and responses and arrangements taking into account of our capabilities and position on the market, and further defined our new “three-year development plan” from the strategic perspective; made full use of our brand, capabilities and advantages in the field of

PCB and precision manufacturing and actively cooperated with customers from the new energy vehicle industry in developing solutions. During the reporting period, our operating revenue from the new energy vehicle business increased by 120% as compared with the preceding year. In addition, we have enhanced R&D efforts, closely grasped the new opportunities brought about by the technology innovation and growth of market size of the industry, and accelerated forward-looking deployments. Our headquarters also established the new energy strategy department, in order to actively seek the application and breakthroughs of our products in electrification, intelligitization or otherwise in respect of new energy vehicles, develop new customers of the industry, and build up new growth drivers.

(3) Adjust and optimize our compensation policies and system and enhance the training of personnel

As our professional and international management structure and corporate strategies have mounted a new step, we need to continuously improve and make breakthroughs in our compensation policy and system, and augment our management and technical staff. During the reporting period, we implemented our 2021 employee stock ownership plan and repurchased certain shares, which would be available under our share incentive and employee stock ownership plans. In the future, we will actively explore the establishment of a more competitive compensation system, strive to enhance the sense of gain and arouse the enthusiasm of the employees, and maximize the value of the Company. In addition, we have established the medium-to-long term talent training plan, in order to promote our future development.

(4) Continue to promote integration of informatization and industrialization and improve management efficiency

We focus on the development of intelligent manufacturing, and an advanced production model; actively use modern information technologies, give full play to our advantages, build smart factories, and promote high integration of informatization and industrialization, and the application of big data, AI, cloud platform and IoT technologies in our management and operation, and digitalization of management and operation, to drive development with technology. During the reporting period, we completed the smart transmission system of the die bond workshop of Yancheng Dongshan, automatic and smart workshop of MFLEX Yancheng, financial RPA document review system and other projects, which effectively improved our management efficiency. In addition, we and our subsidiaries have been granted many provincial and municipal-level honors due to our excellent achievements in the integration of informatization and industrialization.

(5) Stick to the strategy of prudent operations, and promote our high-quality development

During the reporting period, we stuck to the strategy of prudent operations, strictly controlled capital expenditures, and continuously adjusted and optimized capital structure and debt structure. The benchmarking, cost reduction and efficiency improvement and other activities conducted by us previously effectively promoted the improvement of our operating performance in 2021. In particular, the operating performance indicators of our LED segment have reached the advanced level of the industry. In view of the high proportion of our foreign currency assets and the impact of the prices of maple commodities on material costs, our finance department, in conjunction with the business departments, flexibly used hedging instruments to mitigate the adverse effect brought about by the fluctuations in foreign exchange rates and prices of maple commodities, and avoid the risk of market fluctuations. In the future, we will adopt more moderate and prudent financial strategies, strive to improve asset turnovers, and promote our high-quality development.

2. Revenue and cost

(1) Components of operating revenue

Unit: RMB

	2021	2020	Y/Y %

	Amount	% of operating revenue	Amount	% of operating revenue	change
Total operating revenue	31,793,147,908.12	100%	28,093,409,430.26	100%	13.17%
By segment					
Computer, communication and other electronic components	31,682,727,248.03	99.65%	28,017,895,740.11	99.73%	13.08%
Others	110,420,660.09	0.35%	75,513,690.15	0.27%	46.23%
By product					
PCBs	20,495,329,957.29	64.46%	18,771,308,897.12	66.82%	9.18%
Touch panels and LCMs	5,156,396,939.04	16.22%	4,090,095,126.44	14.56%	26.07%
LED display devices	2,603,932,687.66	8.19%	2,162,663,506.28	7.70%	20.40%
Precision components	3,427,067,664.04	10.78%	2,993,828,210.27	10.66%	14.47%
Others	110,420,660.09	0.35%	75,513,690.15	0.27%	13.08%
By region					
Domestic market	6,798,743,063.07	21.38%	7,617,683,512.66	27.12%	-10.75%
Overseas market	24,994,404,845.05	78.62%	20,475,725,917.60	72.88%	22.07%
By sales model					
Direct sales	31,793,147,908.12	100.00%	28,093,409,430.26	100.00%	13.17%

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

√ Applicable □ N/A

Unit: 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 industry						
Computer, communication and other electronic components	31,682,727,248.03	27,080,576,091.48	14.53%	13.08%	14.51%	-1.06%
By product						
PCBs	20,495,329,957.29	17,319,465,575.78	15.50%	9.18%	10.48%	-0.99%
Touch panels and LCMs	5,156,396,939.04	4,735,719,298.33	8.16%	26.07%	31.68%	-3.91%
LED display devices	2,603,932,687.66	2,127,082,704.10	18.31%	20.40%	14.79%	4.00%
Precision components	3,427,067,664.04	2,898,308,513.27	15.43%	14.47%	14.86%	-0.29%
By region						
Domestic market	6,798,743,063.07	5,888,391,366.92	13.39%	-10.75%	-9.51%	-1.19%
Overseas market	24,994,404,845.05	21,240,159,261.01	15.02%	22.07%	23.68%	-1.11%
By sales model						
Direct sales	31,793,147,908.12	27,128,550,627.93	14.67%	13.17%	14.56%	-1.04%

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 current reporting period:

□ Applicable √ N/A

(3) Whether the Company's revenue from sale of tangible goods is higher than the revenue from labor service?√ Yes No

Segment	Items	Unit	2021	2020	Y/Y % change
PCBs	Sales volume	m ²	3,331,653.39	3,010,306.6	10.67%
	Output	m ²	3,312,615.14	3,055,122.93	8.43%
	Inventories	m ²	137,265.92	156,304.17	-12.18%
Touch panels and LCMs	Sales volume	PC	21,628,005	18,667,902	15.86%
	Output	PC	22,321,638	19,769,074	12.91%
	Inventories	PC	3,886,955	3,193,322	21.72%
LED display devices	Sales volume	PC	208,056,642,319	135,284,812,074	53.79%
	Output	PC	216,650,785,694	141,610,493,380	52.99%
	Inventories	PC	31,809,179,557	23,215,036,182	37.02%
Precision components	Sales volume	PC	65,150,504	58,146,074	12.05%
	Output	PC	66,107,258	58,733,074	12.56%
	Inventories	PC	12,082,070	11,125,316	8.60%

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

√ Applicable N/A

The sales volume and output of LED display devices increased by 53.79% and 52.99% respectively, primarily due to the utilization of the production capacity of our Yancheng production base.

(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 cost**

Classification of products:

Unit: RMB

	Items	2021		2020		Y/Y % change
		Amount	% of operating revenue	Amount	% of operating revenue	
Computer, communication and other electronic components	Direct material costs	20,105,035,098.47	74.11%	17,173,719,408.59	72.52%	17.07%
	Direct labor costs	2,073,617,167.68	7.64%	1,824,434,978.54	7.70%	13.66%
	Manufacturing and other costs	4,949,898,361.78	18.25%	4,682,137,122.64	19.77%	5.72%

(6) Changes in the scope of consolidation during the reporting period√ Yes No

Subsidiaries newly included in the scope of consolidation:

Company name	Method of acquisition of shares	Date of acquisition of shares
Suzhou Dongchen Intelligent Equipment Manufacturing Co., Ltd.	Investment	November 30, 2021
Shanghai Dongxin New Energy Technology Co., Ltd.	Investment	August 27, 2021
Shanghai Donglan New Energy Technology Co., Ltd.	Investment	November 1, 2021
Hainan Chengjia Technology Consulting Co., Ltd.	Investment	May 14, 2021

Subsidiaries removed from the scope of consolidation:

Company name	Method of disposal of shares	Date of disposal of shares
Chongqing Chengjia Precision Electronic Technology Co., Ltd.	Deregistration	January 29, 2021
Dongguan Xindong Intelligent Technology Co., Ltd. [Note]	Loss of control	August 31, 2021
DSBJ FINLAND OY	Deregistration	December 31, 2021
Suzhou Dongshan Precision Technology Co., Ltd.	Deregistration	November 16, 2021

Note: Dongguan Xindong Intelligent Technology Co., Ltd. has entered the bankruptcy and liquidation proceedings and we have lost control over it. It is a small subsidiary of Dongguan Dongshan Precision Manufacturing Co., Ltd., and its disposal will not affect our operating results.

(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)	19,932,554,623.75
Proportion of aggregate sales revenue from top 5 customers to annual sales revenue	62.69%
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	14,148,014,353.45	44.50%
2	Customer 2	2,838,222,234.37	8.93%
3	Customer 3	1,495,655,942.16	4.70%
4	Customer 4	911,012,633.29	2.87%
5	Customer 5	539,649,460.47	1.70%
Total	--	19,932,554,623.75	62.69%

Other information of major customers:

Applicable N/A

Major suppliers of the Company:

Aggregate purchase amount from top 5 suppliers (RMB)	6,378,907,211.14
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Proportion of aggregate purchase amount from top 5 suppliers to annual purchase cost	29.68%
Proportion of aggregate purchase amount from related parties among top 5 suppliers to annual purchase cost	0.00%

Particulars of top 5 customers:

No.	Name of supplier	Purchase amount (RMB)	% of annual purchase cost
1	Supplier 1	2,426,861,042.69	11.29%
2	Supplier 2	1,525,225,415.40	7.10%
3	Supplier 3	1,133,848,116.04	5.28%
4	Supplier 4	698,807,986.48	3.25%
5	Supplier 5	594,164,650.53	2.76%
Total	--	6,378,907,211.14	29.68%

Other information of major suppliers:

Applicable N/A

3. Expenses

Unit: RMB

	2021	2020	Y/Y % change	Reason of material changes
Selling expenses	341,087,646.41	329,180,346.50	3.62%	Primarily due to the reconciliation of transportation-out cost of about RMB 190 million to operating costs for the reporting period
Administrative expenses	781,664,730.36	686,479,003.08	13.87%	
Financial expenses	436,663,673.90	630,110,578.97	-30.70%	During the reporting period, our financial strategy of reducing leverage and adjusting structure produced a marked effect, as a result of which our overall capital costs further decreased; on the other hand, we reduced certain foreign exchange risk through effective hedging transactions.
R&D expenses	1,028,567,206.95	910,253,381.44	13.00%	

4. R&D investments

√ Applicable □ N/A

Description of major R&D project	Purpose	Progress	Objectives	Expected effect on the future development of Company
Development of full LCP multi-layer flexible PCBs	To improve the technology and market competitiveness of the relevant products.	In progress	To develop the production process for full LCP multi-layer flexible PCBs and provide better signal transmission performance.	The technology and market competitiveness of the relevant products will be improved.
Research of the new-type flexible PCB protection technology	To improve the technology and market competitiveness of the relevant products.	Completed	To research the new-type PECVD waterproof technology, and improve the waterproof and environmental resistant performance of flexible PCBs.	The technology and market competitiveness of the relevant products will be improved.
Development of the production technology of roll to roll multi-layer flexible PCBs	To improve the technology and market competitiveness of the relevant products.	Completed	To improve the production efficiency and automation level of the production process, shorten the production cycle and increase the yield rate of the relevant products.	The technology and market competitiveness of the relevant products will be improved.
Development of the application of bending resistant high-frequency electromagnetic shielding films	To improve the performance and market competitiveness of the relevant products.	Completed	To optimize the material selection and technology, and lengthen the bending life, to satisfy the requirements of the relevant electronic products.	The performance and market competitiveness of the relevant products will be improved.
Development of press-fit technology for flexible PCB coverlay films	To reduce carbon emission and improve the market competitiveness of the relevant products.	In progress	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 flexible PCBs	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.
Development of the application of the new-type photo-imageable coverlay film on flexible PCBs	To improve the technology and market competitiveness of the relevant products.	Completed	To realize the application of photo-imageable coverlay film, optimize the production technology and realize industrialization of the technology.	The technology and market competitiveness of the relevant products will be improved.
Development of the biometric product for flexible PCBs	To improve the technology and market competitiveness of the relevant products.	Completed	To develop the fingerprint identification product using mSAP technology.	The technology and market competitiveness of the relevant products will be improved.
Development of the multi-layer circuit board for coils of voice coil motors	To improve the technology and market competitiveness of the relevant products.	Completed	To develop micro-coils of voice coil motors for consumer electronic cameras.	The technology and market competitiveness of the relevant products will be improved.

Research of the wettability technology for electroless nickel/immersion gold surface-treated surface pads	To improve the technology and market competitiveness of the relevant products.	Completed	To research the influence mechanism of wettability, and improve soldering quality.	The technology and market competitiveness of the relevant products will be improved.
Development of the laser soldering technology for automotive PCBs	To introduce new precision soldering technology, and improve product quality.	In progress	To innovate in the method of soldering, and improve the efficiency of soldering, and level of automation.	The technology and market competitiveness of the relevant on-vehicle products will be improved.
Development of the laser hole-opening technology for flexible PCB coverlay films	To improve the market competitiveness of the relevant products.	In progress	To shorten the process and improve the precision of coverlay film hole-opening, and realize automation of the process.	The technology and market competitiveness of the relevant products will be improved.
Industrialization of the high-frequency and high-speed signal simulation and testing technology	To improve the technology and market competitiveness of the relevant products.	Completed	To realize the industrialization of the high-frequency and high-speed products, and standardization of the high-frequency and high-speed simulation and testing technology.	The technology and market competitiveness of the relevant products will be improved.
Research of the long-life dynamic bending technology for foldable devices	To improve the technology and market competitiveness of the relevant products.	Completed	To optimize the product design, material selection and stacking, increase the dynamic bending life to more than 400,000 times, and satisfy the requirements of mass production of foldable mobile phones.	The technology and market competitiveness of the relevant products will be improved.
Industrialization of the electroplating simulation technology	To improve the technology and market competitiveness of the relevant products.	Completed	To develop the electroplating simulation process and improve the capacity of the electroplating process.	The technology and market competitiveness of the relevant products will be improved.
Development of the on-board battery panel temperature rise simulation and testing technology	To improve the technology and market competitiveness of the relevant products.	Completed	To develop the simulation and precise testing methods for circuit temperature rise, fuse burn-out and other electro-thermal coupling of on-board battery panels.	The technology and market competitiveness of the relevant products will be improved.
Development of the fracture simulation and analysis technology	To improve the performance and market competitiveness of the relevant products.	Completed	To carry out board-level fracture simulation research, optimize preliminary product design and setting of process parameters, and predict and avoid mechanic failure of the relevant products.	The performance and market competitiveness of the relevant products will be improved.
Development of the pressure sensing technology for flexible PCB coverlay films	To improve the performance and market competitiveness of the relevant products.	Completed	To realize the use of flexible PCB production technology and materials with special functions, and pressure sensing function.	The performance and market competitiveness of the relevant products will be improved.
Development of multiple cutting	To improve the technology and market	Completed	To realize cutting of multi-layer boards with	The technology and market

methods for multi-layer flexible PCBs	competitiveness of the relevant products.		different thickness.	competitiveness of the relevant products will be improved.
Development of the application of graphene glue and semiconductor ceramic substrate on flexible PCBs	To improve the technology and market competitiveness of the relevant products.	In progress	To realize the control of heating temperature using flexible PCBs.	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.	In progress	To realize the diversification of assembly technologies.	The engineering and market competitiveness will be improved.
Research of recycling of metal materials	To improve the engineering and market competitiveness.	Completed	To reduce carbon emission, protect the environment and recycle the resources.	The engineering and market competitiveness will be improved.
Development of the bending testing technology for full automatic electric testing of flexible PCBs	To improve the engineering and market competitiveness.	Completed	To make the back-end assembly process unmanned and intelligent.	The engineering and market competitiveness will be improved.
Research of the assembly technology for ultra-micro components	To improve the engineering and market competitiveness.	Completed	To realize the diversification of assembly technologies, and application of fine pitch components.	The engineering and market competitiveness will be improved.
R&D of the real-time pressure sensing monitoring technology	To improve the engineering and market competitiveness.	Completed	To realize the digitalization of hot pressing parameters.	The engineering and market competitiveness will be improved.
Automation of design assistant software	To improve the engineering competitiveness.	Completed	To realize the integration of design automation and informatization.	The engineering and market competitiveness will be improved.
Development of the thermally conductive copper grease process	To improve the technology and market competitiveness of the relevant products.	Completed	To provide the customers with a heat dissipation solution in lieu of small copper billet, and improve the production efficiency.	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.	In progress	To use copper grease to connect two or more sub-PCBs.	The technology and market competitiveness of the relevant products will be improved.
Development of the electrolytic nickel/gold + electroless nickel electroless palladium immersion gold process	To improve the technology and market competitiveness of the relevant products.	Completed	To provide the customers with a solution to realize different surface treatment of two sides of PCBs, and reduce contamination of palladium and gold cylinders.	The technology and market competitiveness of the relevant products will be improved.
Research of the signal insertion loss performance of different types of copper foils	To improve the technology and market competitiveness of the relevant products.	Completed	To satisfy the customers' signal requirements and provide the customers with optimal stacking design.	The technology and market competitiveness of the relevant products will be improved.

Development of the technology to control the length of electroplated stubs on the pit walls of high frequency PCBs	To improve the technology and market competitiveness of the relevant products.	Completed	To control stubs on pit walls, reduce power loss, simplify the production process, and greatly lower costs.	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 the semi-flex PCB technology	To improve the technology and market competitiveness of the relevant products.	Completed	To produce PCBs bendable and adjustable from four directions.	The technology and market competitiveness of the relevant products will be improved.
Development of the micro copper inlay technology for optoelectronic modules	To improve the technology and market competitiveness of the relevant products.	Completed	To develop the copper inlay technology that permits boring and interconnection at any layer.	The technology and market competitiveness of the relevant products will be improved.
Development of the femtosecond laser moulding technology	To improve the technology and market competitiveness of the relevant products.	Completed	To use femtosecond green light to cut PI flexible PCB material or FR4 rigid PCB material, to reduce edge carbonization in laser moulding.	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.
Mini LED 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.
PF2 R&D project	To improve the technology and market competitiveness of laptop and all-in-one PC device products.	In progress	To satisfy the requirements of ultra-thin specifications of the customers, be able to carry out mass production and be applied in new projects.	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	In progress	With respect to metal mesh sensor, to reach the advanced technical level of the industry, be able to	The technology and market competitiveness of the relevant

	all-in-one PC device products.		carry out mass production and be applied in new projects.	products will be improved.
Self-made G-sensor	To improve the technology and market competitiveness of on-board and industrial control products.	In progress	With respect to G-sensor, to reach the advanced technical level of the industry, be able to carry out mass production and be applied in new projects.	The technology and market competitiveness of the relevant products will be improved.
Development of the lean manufacturing technology for energy storage cabinet	To improve the production efficiency, quality and market competitiveness of the relevant products.	Completed	With respect to cabinet welding, to realize automatic work station welding by robots, adopt the welding technology for a variety of materials, including copper-iron welding, iron-stainless steel welding, laser welding and MAG, and realize full recycling of circulation packing materials.	The production efficiency, quality and market competitiveness of the relevant products will be improved.
Development of the energy saving cabinet structure and semi-integrated assembly technology	To improve the manufacturability, quality and market competitiveness of the relevant products.	Completed	To optimize the cabinet structure and BOM cost, improve the manufacturability of the processing technology, and realize assembly of the devices designated by the customers, and delivery of semi-integrated products.	The manufacturability, quality and market competitiveness of the relevant products will be improved.
Development of the self-servicing cabinet structure technology	To independently design the innovative cabinet structure and improve the market competitiveness of the relevant products.	Completed	To realize mainstream design of the appearance, modular design of glass door structure of the cabinet, and rapid maintenance.	The market competitiveness of the relevant products in the field will be improved.
Development of the cold plate production line and tooling technology	To improve the market competitiveness of the relevant products.	Under validation	To be validated for key products of strategic customers in the automotive industry.	The market share in the new energy sector and market competitiveness of the relevant products will be improved.
Development of the automatic production line of cell products	To improve the market competitiveness of the relevant products.	Samples are under validation	To be validated for key products of strategic customers in the industry.	The market share in the new energy sector and market competitiveness of the relevant products will be improved.

Particulars of R&D personnel:

	2021	2020	Y/Y % change
Number of R&D personnel	3,699	3,487	6.08%
Proportion of R&D personnel to total number of employees	18.53%	16.59%	1.94%
Education background of R&D personnel	-	-	-

Undergraduate	1,741	1,492	16.69%
Master	37	34	8.82%
Aging of R&D personnel	-	-	-
Below 30	1,726	1,479	16.70%
30-40	518	471	9.98%

Particulars of R&D expenses:

	2021	2020	Y/Y % change
Amount of R&D expenses (RMB)	1,028,567,206.95	910,253,381.44	13.00%
Proportion of R&D expenses to operating revenue	3.24%	3.24%	0.00%
Amount of R&D expenses capitalized (RMB)	0.00	0.00	0.00%
Proportion of capitalized R&D expenses to total R&D expenses	0.00%	0.00%	0.00%

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

Applicable N/A

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

Applicable N/A

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

Applicable N/A

5. Cash flows

Unit: RMB

Items	2021	2020	Y/Y % change
Cash provided by operating activities	31,571,649,840.58	28,907,652,380.61	9.22%
Cash used in operating activities	28,362,105,356.37	25,975,483,485.96	9.19%
Net cash flows from operating activities	3,209,544,484.21	2,932,168,894.65	9.46%
Cash provided by investment activities	1,871,205,697.48	529,960,243.63	253.08%
Cash used in investment activities	3,898,266,527.76	3,627,907,348.30	7.45%
Net cash flows from investment activities	-2,027,060,830.28	-3,097,947,104.67	-34.57%
Cash provided by financing activities	13,568,826,956.10	21,388,286,958.74	-36.56%
Cash used in financing activities	13,662,677,252.42	20,284,639,506.39	-32.65%
Net cash flows from financing activities	-93,850,296.32	1,103,647,452.35	-108.50%
Net increase in cash and cash equivalents	1,066,166,041.32	926,274,214.75	15.10%

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

Applicable N/A

1. The cash provided by investing activities increased by 253.08%, primarily due to recovery of the investment in wealth management products that reached maturity.
2. The cash used in investment activities decreased by 34.57%, primarily due to recovery of the investment in wealth management products that reached maturity, and increase in the investment in investment projects by offering proceeds.
3. The cash provided by financing activities decreased by 36.56%, primarily due to receipt of the offering proceeds of RMB 2.869 billion through private placement of 103 million shares in the preceding year.
4. The cash used in financing activities decreased by 32.65%, primarily due to repayment of certain bank loans with surplus funds in the preceding year.
5. The net cash flows from financing activities decreased by 108.50%, primarily due to receipt of the offering proceeds of RMB 2.869 billion through private placement in the preceding year, and repayment of certain bank loans with surplus funds during the reporting period.

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

Applicable N/A

In 2021, the net profit attributable to the parent was RMB 1.86 billion and net cash flows from operating activities was RMB 3.21 billion, primarily due to operating cash inflows from depreciation of fixed assets, amortization of intangible assets and other non-cash payments.

VI. Analysis of Assets and Liabilities

1. Material changes in the components of assets

Unit: RMB

	December 31, 2021		January 1, 2021		Y/Y % change	Reason of significant change
	Amount	% of total assets	Amount	% of total assets		
Cash and bank balances	5,400,837,392.47	14.23%	5,154,010,538.74	13.72%	0.51%	
Accounts receivable	7,666,079,765.82	20.20%	7,090,498,632.70	18.87%	1.33%	
Inventories	6,451,712,389.82	17.00%	5,977,123,863.84	15.91%	1.09%	
Investment properties	1,554,262.58					Primarily due to the leasehold properties newly acquired by RF Top Electronic during the reporting period.
Long-term investment equity	143,121,019.78	0.38%	101,207,887.93	0.27%	0.11%	Primarily due to the investment in Suzhou Yongxin Jingshang Venture Capital Partnership (Limited Partnership) and BVF (BVI) Holding during the reporting period.
Fixed assets	10,736,270,678.33	28.29%	10,414,964,294.37	27.72%	0.57%	
Construction in progress	503,037,513.25	1.33%	562,008,491.36	1.50%	-0.17%	
Right-of-use assets	920,952,667.75	2.43%	919,933,989.09	2.45%	-0.02%	
Short-term borrowings	8,047,168,009.16	21.20%	8,579,155,068.19	22.84%	-1.64%	
Contract liabilities	39,681,986.94	0.10%	21,204,655.32	0.06%	0.04%	Primarily due to an increase in the considerations received or receivable from customers recognized according to the new revenue recognition accounting standard in the reporting period.
Long-term loans	2,030,525,761.80	5.35%	2,764,720,894.68	7.36%	-2.01%	
Lease liabilities	1,147,810,164.72	3.02%	1,116,750,563.53	2.97%	0.05%	

Analysis of high proportion of overseas assets:

√ Applicable □ N/A

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	23,263,646,158.29	Delaware, U.S.	R&D and sales	Its manufacturing entity is located in China	938,077,220.83	44.92%	No
Multek Group	Established by the Company	5,337,096,155.12	Hong Kong, China	R&D and sales	Its manufacturing entity is located in China	19,453,208.78	3.83%	No

2. Assets and liabilities at fair value

√ Applicable □ N/A

Unit: RMB

Items	Beginning balance	Gains or losses 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	Ending balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	1,175,736,670.62				2,706,056,914.79	3,519,793,585.41	98,666.66	362,098,666.66
2. Derivative financial assets	76,290,891.03	8,645,469.99	110,126,954.93		103,583,872.45	201,591,636.32	124,360.00	97,179,912.08
4. Investment in other equity instruments	10,000,000.00				30,249,971.12			40,249,971.12
Subtotal of financial assets	1,262,027,561.65	8,645,469.99	110,126,954.93		2,839,890,758.36	3,721,385,221.73	223,026.66	499,528,549.86
Total	1,262,027,561.65	8,645,469.99	110,126,954.93		2,839,890,758.36	3,721,385,221.73	223,026.66	499,528,549.86

Financial liabilities	881,721.20					881,721.20		0.00
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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

Unit: RMB

Items	Closing carrying amount	Reasons for restrictions
Cash and bank balances	1,461,536,265.68	Security deposit for notes, etc.
Receivables financing	337,954,600.06	Pledge of notes receivable
Accounts receivable	49,750,000.00	Factoring of accounts receivable
Fixed assets	490,778,211.02	Collateral for loans and sale and lease back
Intangible assets	4,207,098.63	Collateral for loans
Right-of-use assets	920,952,667.75	Finance lease
Total	3,265,178,843.14	

VII. Analysis of Investments

1. Overview

Applicable N/A

Amount of investment in 2021 (RMB)	Amount of investment in 2020 (RMB)	Y/Y % change
841,517,692.36	304,876,301.58	176.02%

2. Major equity investments acquired during the reporting period

Applicable N/A

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

Applicable N/A

4. Investment in financial assets

(1) Investment in securities

We have not invested in securities during the reporting period.

(2) Investment in derivatives

Applicable N/A

Unit: RMB 0'000

Counterparty	Affiliation	Whether or not a related-party transaction	Type of derivative	Initial investment cost	Date of commencement	Date of termination	Beginning balance	Amount acquired in the reporting period	Amount sold in the reporting period	Allowance for impairment loss (if any)	Ending balance	% of ending balance to the net asset as at the end of the reporting period	Actual gains or losses in the reporting period
Futures company	None	No	Commodity futures	187.3	June 24, 2021	June 14, 2022	0	31,105.12	16,836.63	0	14,257.18	0.97%	-11.31
Total				187.3	-	-	0	31,105.12	16,836.63	0	14,257.18	0.97%	-11.31
Source of funds				Self-owned funds									
Whether or not involved in any litigation (if applicable)				No									
Disclosure date of the announcement of the board of directors approving the investment in derivatives (if any)				June 15, 2021									

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	The risk analysis and control measures are set out in the <i>Announcement on the Conduct of Hedging Transactions with Commodity Futures</i> disclosed by us on June 15, 2021 (Announcement No.: 2021-037).
Changes in the market price or fair value of the derivatives held in the reporting period (in the analysis of the fair value of derivatives, the specific approaches, assumptions and parameters used shall be disclosed)	We are mainly engaged in hedging transactions with mainstream products on major domestic futures markets. The derivatives traded by us have a transparent and active market, and their transaction prices and settlement prices can fully reflect their fair value.
Whether there's any material change in the accounting policies and accounting principles for the measurement of derivatives in the reporting period as compared with the preceding reporting period	None
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 give full play to 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 <i>Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange</i> , the <i>Guide on Operational Compliance for Companies Listed on the Shenzhen Stock Exchange</i> , and other applicable laws and regulations and the AOA, and will not prejudice the interests of the Company and the shareholders. Therefore, we consent to the conduct of the hedging transactions by the Company with commodity futures.

5. Use of offering proceeds

Applicable N/A

(1) Description of use of offering proceeds

Applicable N/A

Unit: RMB 0'000

Year of offering	Method of offering	Total offering proceeds	Total amount of offering proceeds	Aggregate amount of offering	Total amount of offering proceeds the	Aggregate amount of offering	Percentage of offering proceeds the	Total amount of unused	Purpose and whereabouts of unused	Total amount of offering proceeds that has remained
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			used in the reporting period	proceeds already used	purpose of which was changed in the reporting period	proceeds the purpose of which has been changed	purpose of which has been changed	offering proceeds	offering proceeds	unused for more than two years
2020	Private share offering	286,395.39	65,800.5	153,004.25	0	0	0.00%	134,607.54	To be invested in the relevant projects	0
Total	--	286,395.39	65,800.5	153,004.25	0	0	0.00%	134,607.54	--	0
Description of use of offering proceeds										
With the approval of the CSRC by its document 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 RMB 28.00 per share to specific investors through the lead underwriter TF Securities Co., Ltd., and raised RMB 2.89 billion in total, and after deduction of the underwriter's fee and sponsor's fee totaling RMB 23,500,000, the balance of the offering proceeds, RMB 2.87 billion, was remitted to our supervisory account of offering proceeds by TF 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 RMB 6,500,000, the amount of net offering proceeds was RMB 2.86 billion (exclusive of tax). Pan-China Certified Public Accountants LLP verified the receipt of such offering proceeds, and issued the <i>Capital Verification Report</i> (Tian Jian Yan [2020] No. 5-9).										

(2) Committed investment projects by offering proceeds

√ Applicable □ N/A

Unit: RMB 0'000

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										

Wireless module production and construction project of Yancheng Dongshan Communication Technology Co., Ltd.	No	70,122.75	70,122.75	2,383.85	8,049.51	11.48%	N/A	N/A	N/A	No
Multek 5G high-speed high-frequency and high-density PCB technology upgrading project	No	65,958.46	65,958.46	13,410.81	25,656.23	38.90%	N/A	N/A	N/A	No
Multek PCB production line technology upgrading project	No	72,805.89	72,805.89	25,256.24	51,114.15	70.21%	N/A	N/A	N/A	No
400,000 m ² fine line FPC production and assembly capacity expansion project	No	80,338.48	80,338.48	24,749.6	68,184.36	84.87%	N/A	N/A	N/A	No
Subtotal	--	289,225.58	289,225.58	65,800.5	153,004.25	--	--		--	--
Use of over-raised funds										
None										
Total	--	289,225.58	289,225.58	65,800.5	153,004.25	--	--		--	--
Failure to meet the scheduled progress and produce the desired result and reason thereof (please describe on a project per project basis)	Due to the fact that 5G deployment falls short of expectations, and the effect of COVID-19 and other factors, the investment in the wireless module production and construction project of Yancheng Dongshan Communication Technology Co., Ltd., Multek 5G high-speed high-frequency and high-density PCB technology upgrading project and Multek PCB production line technology upgrading project slowed down. We will accelerate the investment in the investment projects by offering proceeds, taking into account the situation of the industry in which we operate and our actual situations, and improve the efficiency of the use of offering proceeds.									
Reason of significant change in the feasibility of the project	None									
Amount and use of over-raised offering proceeds and progress of use thereof	N/A									
Change in the place of the	Applicable									

investment projects by offering proceeds	Occurred during the reporting period
	On August 10, 2021, the 15th meeting of the 5th session of the Board of Directors considered and adopted the <i>Proposal for Changing the Place of Certain Investment Project by Offering Proceeds</i> , approving the addition of Plot Su Wu Guo Tu 2020-WG-16 at the north of Tangdong Road, Wuzhong Economic Development Zone, Suzhou as the new place for implementing the 400,000 m ² fine line FPC production and assembly capacity expansion project. After such change, the project will be implemented at No.88 Tangdong Road, Wuzhong Economic Development Zone, Suzhou and Plot Su Wu Guo Tu 2020-WG-16 (north of Tangdong Road, Wuzhong Economic Development Zone, Suzhou).
Adjustment of the method of implementation of the investment project by offering proceeds	N/A
Funds pre-invested in the investment project and replacement thereof	Applicable
	The 3rd meeting of the 5th session of the Board of Directors considered and adopted the <i>Proposal for Replacing the Self-raised Funds Pre-invested in the Investment Projects by Offering Proceeds with the Idle Offering Proceeds</i> , approving the replacement of the funds pre-invested in the investment projects by offering proceeds in the amount of RMB 399.59 million with the offering proceeds. The replacement was completed in 2020.
Temporary replenishment of working capital with the idle offering proceeds	Applicable
	On July 28, 2021, the 14th meeting of the 5th session of the Board of Directors considered and adopted the <i>Proposal for Temporary Replenishment of Working Capital with the Idle Offering Proceeds</i> , approving the temporary replenishment of working capital with the idle offering proceeds up to RMB 1.2 billion for a period of not more than 12 months. As of December 31, 2021, we used the idle offering proceeds of RMB 1.13 billion to temporarily replenish the working capital.
Amount of surplus offering proceeds and reason thereof	N/A
Purpose and whereabouts of unused offering proceeds	As of December 31, 2021, the amount of unused offering proceeds was RMB 1,346.0754 million, of which, RMB 1,130 million was used to replenish the working capital, RMB 45 million was used to purchase wealth management products for purpose of cash management, and the remaining RMB 171.0754 million was deposited in the special account of offering proceeds.

(3) Changes in the investment projects by offering proceeds

Applicable N/A

There has been no change in the investment projects by offering proceeds during the reporting period.

VIII Sale of Material Assets and Equities

1. Sale of material assets

No material asset has been sold during the reporting period.

2. Sale of material equities

Applicable N/A

IX. Analysis of Major Subsidiaries and Associates

Applicable N/A

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

Unit: 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; sale and after-sale services in respect of electronic products; and investment holding	USD 113,450,100	23,263,646,158.29	6,590,536,235.65	32,506,671,197.17	1,132,987,332.05	938,077,220.83
Multek Group	Subsidiary	R&D, sale and after-sale services in respect of PCBs	USD 100	5,337,096,155.12	562,250,926.27	4,775,336,289.38	33,865,776.91	19,453,208.78

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 Dongchen Intelligent Equipment Manufacturing Co., Ltd.	Investment	No material effect on our operating results in the reporting period
Shanghai Dongxin New Energy Technology Co., Ltd.	Investment	No material effect on our operating results in the reporting period
Shanghai Donglan New Energy Technology Co., Ltd.	Investment	No material effect on our operating results in the reporting period
Hainan Chengjia Technology Consulting Co., Ltd.	Investment	No material effect on our operating results in the reporting period
Chongqing Chengjia Precision Electronic Technology Co., Ltd.	Deregistration	No material effect on our operating results in the reporting period
Dongguan Xindong Intelligent Technology Co., Ltd.	Loss of control	No material effect on our operating results in the reporting period
DSBJ FINLAND OY	Deregistration	No material effect on our operating results in the reporting period
Suzhou Dongshan Precision Technology Co., Ltd.	Deregistration	No material effect on our operating results in the reporting period

Particulars of major subsidiaries and associates:

None.

X. Structured Entities Controlled by the Company

□ Applicable √ N/A

XI. Prospects for Future Development of the Company

1. 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, continue to develop the main business, consolidate and improve the basic 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 the healthiness of financial position; optimize the organization structure, enhance the training of personnel; implement integration of informatization and industrialization, and drive the transition from “manufacturing” to “intelligent manufacturing”.

2. 2022 business plan

Make further use of our advantages in R&D, technology and delivery, consolidate and improve the basic business; fully exploit our potentialities, actively increase the application of our products in the field of new energy; give full play to the role of the headquarters in business planning, overall arrangement of sales, etc., efficiently allocate resources, and strive to provide the customers with more accurate and one-stop products and services.

Insist on prudent operation, enhance comprehensive budget management, improve the asset turnovers; ensure the security of supply chain, keep a close watch on the changes in foreign exchange rates and prices of staple commodities, and strive to eliminate and mitigate the effect of external factors on us.

Enhance integration of informatization and industrialization, insist on lean operations and cost control, strive to improve the return on investment; implement systemic governance, and promote our high-quality development.

Actively explore scientific and effective incentive mechanisms, enhance organizational building and training of personnel, in particular, young people, to build a talent pool for our future development.

Maintain the healthiness of financial position, enhance management of cash flows, and continuously optimize debt structure and financing costs.

3. Main risk factors

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.

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, 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.

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.

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 competitive edge, 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 competitive edge, and actively cope with market competitions.

Risk of environmental protection

In our production, the electroplating, etching and other processes are subject to relatively higher requirements for environmental protection, and require huge investment in purification and treatment of the relevant wastes. In recent years, the country’s environmental protection regulation over the industrial manufacturing enterprises has become increasingly strict, resulting in continued increase in the investment by the enterprises in environmental protection facilities. Though our and our subsidiaries’ environmental protection investment in connection with the production lines can ensure that all environmental protection metrics comply with the applicable national and local environmental protection standards, if the country puts forward stricter environmental protection requirements, we may need to increase our environmental protection investment, which would increase our environmental protection costs and affect our results.

In our production and operation, we will continue to attach great importance to environmental protection investment, enhance environmental protection training and employees’ awareness of environmental protection, take control measures at source, establish and improve the environmental management system, to reduce the risk of environmental protection.

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 expressed 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 rate, strive to control the exposure to foreign exchange risk at a reasonable level, and hedge or otherwise reduce exposure to such risk.

Effect of COVID-19 on global economy

At present, COVID-19 is still spreading in China and throughout the world, which greatly impacts many industries, and the production and operation of enterprises, global supply chain, transportation,

logistics, business exchanges and cooperation, consumer confidence, among others.

We will pay close attention to the situations of epidemic prevention and control, keep close communication with the relevant parties, take anti-epidemic measures regularly, and strive to eliminate the adverse effect of COVID-19.

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 topic of discussion and information provided	Particulars of the investigation and research activity available at
January 21, 2021	online	Communication by telephone	Institutional investors	Millenium and other 90 institutional investors	Our development plan, team management, foreign exchange risk management and business development.	http://www.cninfo.com.cn
April 26, 2021	online	Others	Retail investors	Investors	Interpretation of the financial data disclosed in our annual report and first quarter report, and our development of customers, risk management and market value management, etc.	http://www.cninfo.com.cn
August 12, 2021	online	Communication by telephone	Institutional investors	Brilliance and other 73 institutional investors	Our business development and exchange risk management.	http://www.cninfo.com.cn
November 3, 2021	Suzhou	Others	Institutional investors	Beijing Hongcheng Investment Management Co., Ltd. and other 14 institutional investors	Interpretation of our third quarter report 2021, and introduction about the development of our main business segments, operation of major subsidiaries, and development plan for the automotive electronic business.	http://www.cninfo.com.cn
November 30, 2021	Suzhou	Communication by telephone	Institutional investors	Guangdong-Hong Kong-Macao Greater Bay Area Industrial, Finance and Investment Company	Our new energy vehicle-related business and IC substrate project.	http://www.cninfo.com.cn

Section IV Corporate Governance

I. Basic Situation of Corporate Governance

During the reporting period, the Company has been improving the corporate governance structure, regulating our operation and speeding up disclosure of information in strict accordance with the *Company Law*, the *Securities Law*, the *Code of Corporate Governance of Listed Companies* and the *Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange*. Currently, the Company has in place a legal person governance structure where all organs have clearly defined rights and duties and maintain effective balance and coordinated operation. The board of shareholders, the board of directors and board of supervisors of the Company have fulfilled their respective responsibilities and duties and operated in a standardized manner, and have effectively safeguarded the legitimate interests of investors and the Company.

Does the actual situation of corporate governance materially differ from applicable laws, administrative regulations and the rules for corporate governance of listed companies issued by the CSRC?

Yes No

The actual situation of corporate governance does not materially differ from applicable laws, administrative regulations and the rules for corporate governance of listed companies issued by the CSRC.

II. The Company's Independence from Controlling Shareholder and Actual Controller in Terms of Assets, Personnel, Finance, Organizations and Business

The Company is completely independent in business, personnel, assets, organizations, and finances from its controlling shareholder, and has independent and full capacity for business operation and independent management.

1. Business: The Company is independent from our shareholders and other affiliates in terms of business, and has a complete set of production, R&D, management, procurement and sales business systems, and is able to independently operate business in the market.

2. Personnel: The Company has established and perfected the legal person governance structure, and all directors, supervisors and senior officers are elected in strict accordance with the Company Law, the Articles of Association and other pertinent regulations, and have never taken any part-time job as prohibited by applicable laws and regulations. The Company shall be completely separated from our shareholders in terms of personnel and payroll management, and all of our employees get paid by the Company; the Company has formulated a stringent labor system involving employee recruitment, assessment and promotion, and has entered into a Labor Contract with all of our employees. The Company's labor, personnel and payroll management are completely independent from one another.

3. Assets: The property relationship between the Company and our controlling shareholder is clear, and the Company has the title to or the right to use the principal premises for production and operation activities, and a complete set of auxiliary production system and supporting facilities. Neither the controlling shareholder nor the enterprise legal person under our control has possessed any funds, assets or other sources of the Company.

4. Organizations: The Company has established a relatively perfect legal person governance structure in accordance with the requirements of the Company Law and the Articles of Association, and the board of shareholders, board of directors and board of supervisors have operated in strict accordance with applicable laws and regulations. In terms of internal bodies, the Company has established bodies suitable for our growth, clarified the functions of all bodies, and formulated corresponding internal management

and control systems. The operation of each functional department is not subject to intervention by any shareholder or other relevant department, entity or individual. There is no mixed operation or shared workplace for different functional departments.

5. Finance: The Company has established an independent finance department equipped with financial professionals, established and perfected our accounting system and financial management and decision-making policy, and implemented rigorous financial supervision and administration. The Company opens bank accounts and controls our funds and assets independently, and no shareholder has intervened in the Company's use of funds; as an independent taxpayer, the Company has paid taxes independently by law, and there is no mixed taxation between the Company and any of our shareholders.

III. Horizontal Competition

¶ Applicable √ N/A

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

1. Particulars of general meetings held during the reporting period

Meeting	Type of meeting	Proportion of participating investors	Convened Date	Disclosure date	Resolution of the Meeting
First Extraordinary General Meeting in 2021	Extraordinary General Meeting	45.93%	February 26, 2021	February 27, 2021	Announcement of Resolutions Passed at the First Extraordinary General Meeting in 2021 (No.: 2021-009)
2020 Annual General Meeting	Annual General Meeting	35.56%	May 25, 2021	May 26, 2021	Announcement of Resolutions Passed at the Annual General Meeting in 2020 (No.: 2021-034)

2. The preferred shareholder, whose voting right has been restored, requests the holding of extraordinary general meetings

¶ Applicable √ N/A

V. Particulars of Directors, Supervisors and Senior Officers

1. Basic information

Name	Title	Tenure status	Gender	Age	Employment commencement date	Employment termination date	Number of shares held at the beginning of the period (Shares)	Number of shares held at the end of the period (Shares)
YUAN Yonggang	Chairman	Incumbent	Male	43	December 14, 2007	May 29, 2023	202,226,196	202,226,196
YUAN Yongfeng	Director & General Manager	Incumbent	Male	45	December 14, 2007	May 29, 2023	222,388,153	222,388,153
ZHAO Xiutian	Vice Chairman	Incumbent	Male	59	May 29, 2020	May 29, 2023		
SHAN Jianbin	Director	Incumbent	Male	46	January 16, 2017	May 29, 2023	553,700	553,700
	CEO				May 29, 2020	May 29, 2023		
MAO Xiaoyan	Director	Incumbent	Female	42	December 10, 2013	May 29, 2023	391,600	391,600
	Deputy General Manager & Board Secretary				August 23, 2012	May 29, 2023		
WANG Xu	Director	Incumbent	Male	40	January 16, 2017	May 29, 2023	560,000	560,000
	Deputy General Manager				December 10, 2013	May 29, 2023		
	CFO				October 14, 2013	May 29, 2023		
WANG Zhangzhong	Independent Director	Incumbent	Male	59	May 29, 2020	May 29, 2023		
SONG Liguo	Independent Director	Incumbent	Male	58	May 29, 2020	May 29, 2023		
LIN Shu	Independent Director	Incumbent	Male	44	May 29, 2020	May 29, 2023		
MA Liqiang	Chairman of board of supervisors	Incumbent	Male	41	January 16, 2017	May 29, 2023	3,000	3,000
JI Yachun	Employee Supervisor	Incumbent	Male	44	May 29, 2020	May 29, 2023		
HUANG Yongxin	Employee Supervisor	Incumbent	Male	36	May 29, 2020	May 29, 2023		
In Total	--	--	--	--	--	--	426,122,649	426,122,649

Has any director or supervisor resigned from or senior officer been removed by the Company during the reporting period

Yes No

Change of the Company's directors, supervisors or senior officers

Applicable N/A

2. Employment particulars

Professional background and work experience of the Company's current directors, supervisors and senior officers, and their current duties and responsibilities at the Company

(1) Basic information about members of board of directors of the Company

Mr. YUAN Yonggang: a PRC citizen who has a bachelor's degree and serves as the controlling shareholder and actual controller of the Company. He served as the Director of the Marketing Department, Deputy General Manager and Vice Chairman of the Company since October 1998. He currently serves as the Chairman of the Company, the Vice Chairman of Jiangsu General Chamber of Commerce, the member of Suzhou Seventeenth People's Congress, and the Chairman of Suzhou Chamber of Commerce for New-Generation Entrepreneurs (Directly under the JGCC).

Mr. YUAN Yongfeng: a PRC citizen who has a bachelor's degree and serves as the controlling shareholder and actual controller of the Company. He served as the Director of the Manufacturing Department and Supervisor of the Company since October 1998. He currently serves as the Director and General Manager of the Company, the President of Yancheng Electronic Information Industry Association, and the member of the Fifth Suzhou Wuzhong District Committee of CPPCC.

Mr. ZHAO Xiutian: a US citizen who has a master's degree. He once worked for Feichuang, Hughes Network Systems, MCE, Celiant and Andrew. He currently serves as the Vice Chairman of the Company.

Mr. SHAN Jianbin: a PRC citizen who has a bachelor's degree. He once worked for Mektec Manufacturing Corporation (Zhuhai) Ltd. He currently serves as the Director & CEO of the Company, the member of the Twelfth Jiangsu Committee of CPPCC, and the Vice President of China Printed Circuit Association.

Ms. MAO Xiaoyan: a PRC citizen with a master's degree, and an economist. She once worked for Suzhou Huacheng Auto Car Trade Group Company Limited and Jiangsu Wuzhong Industrial Co., Ltd. She currently serves as the Director, Deputy General Manager and Board Secretary of the Company, and the member of Suzhou Wuzhong District NSSA.

Mr. WANG Xu: a PRC citizen with a master's degree, and a certified public accountant (non-practitioner). He once worked for Kunshan Fengrui United Accounting Firm and Suzhou Good-ark Electronics Co., Ltd. He currently serves as the Director, Deputy General Manager and CFO of the Company, the Off-Campus Tutor for Masters in Accounting Program of Soochow University Dongwu Business School, and the Off-Campus Career Development Tutor of Renmin University of China Suzhou Campus.

Mr. WANG Zhangzhong: a PRC citizen who has a master's degree. He has been working for the School of Materials Science and Engineering of Nanjing Institute of Technology in his capacity as Teacher, Office Director, Secretary of Party Committee, Head of Division of Science and Technology, Dean and Professor since August 1983. He served as the independent director of the Company from December 2007 to November 2013. He currently serves as the independent director of the Company. He concurrently serves as the Director of Jiangsu Key Laboratory of Advanced Structural Materials and Application Technology, the member of China Heat Treatment Association, the Chairman of Industrial Furnace Branch of Jiangsu Mechanical Engineering Society (JMES), and the Vice President of New Metal Materials Branch of Jiangsu Metallurgical Industry Association.

Mr. SONG Liguo: a Hong Kong citizen with a doctoral degree. He once worked for Tianjin Business Unit of CITIC Securities, Tianjin Equity Exchange, Anhui Antai Law Firm, China Baoan Group, Hong Kong Heng Feng Group International Investment Limited, CHAN & CO., ARTHUR K.H. and Dan Hao Dun International Law Firm (Hong Kong). He currently serves as the independent director of the Company, and the Barrister of Jones Day International Law Firm (Hong Kong). He concurrently serves as

the Visiting Associate Professor of Anhui University Law School, the Arbitrator of China International Economic and Trade Arbitration Commission, the Arbitrator of the Cross-Straits Arbitration Center, and the Arbitrator of Xiamen Arbitration Commission.

Mr. LIN Shu: a PRC citizen who has a doctoral degree. He has been working for the Department of Accounting of Nanjing University Business School in his capacity as Lecturer, Associate Professor, Professor, Doctorate Tutor and Dean since November 2006. As of the end of the reporting period, he serves as the independent director of the Company. He also serves as the independent director of CTS International Logistics Corporation Limited.

(2) Basic information about members of the Company's board of supervisors

Mr. MA Liqiang: a PRC citizen who has a bachelor's degree. He once worked for Suzhou Dayin Electronic Telecommunications Equipment Co., Ltd., Suzhou Jinhuasheng Paper Co., Ltd. and Dongshan Optronics (Suzhou) Co., Ltd. He currently serves as the Chairman of the board of supervisors of the Company, COO and President of China Region of Multek, and President of the Touch & Display Business Unit.

Mr. JI Yachun: a PRC citizen with a master's degree. He once worked for the Central Committee of the Communist Youth League of China. He currently serves as the PR President of the Company (in Yancheng), Employee Representative Supervisor, and the Secretary of the Party Committee and the Chairman of the Management Committee of Yancheng Dongshan Precision Industrial Park.

Mr. HUANG Yongxin: a PRC citizen with a bachelor's degree. He once worked for Everlight Electronics (China) Co., Ltd.. He currently serves as the Employee Representative Supervisor of the Company, and the General Manager of Yancheng Dongshan Precision Manufacturing Co., Ltd.

(3) Basic information about senior officers of the Company

The basic information about **Mr. YUAN Yongfeng (General Manager)**, **Mr. SHAN Jianbin (CEO)**, **Ms. MAO Xiaoyan (Deputy General Manager and Board Secretary)**, **Mr. WANG Xu (Deputy General Manager and CFO)** is seen in the "Basic information about the members of board of directors of the Company" section.

Positions held in shareholders' entities

¶ Applicable √ N/A

Positions held in other entities

√ Applicable N/A

Name	Name of other entity	Position in other entity
YUAN Yonggang	Jingbaiyue Investment Development (Suzhou) Co., Ltd.	Executive Director
	Suzhou Dongyang Investment Co., Ltd.	Supervisor
	Suzhou Dongding Tea Shop Co., Ltd.	Supervisor
	Shanghai Keguna New Materials Technology Co., Ltd.	Chairman
	Anhui Landunguang Electronic Co., Ltd.	Chairman
	Ningbo Qixiang Information Technology Co., Ltd.	Director
	Shenzhen National Star Vision Technology Co., Ltd.	Director
	Brave Pioneer International Limited	Executive Director
	Hong Kong Dongshan Investment Holdings Co., Ltd.	Executive Director

	Shanghai Xinhuarui Semiconductor Technology Co., Ltd.	Director
	Fujian Nanping Nanfu Battery Co., Ltd.	Director
	Jiangsu General Chamber of Commerce	Vice Chairman
	Suzhou Chamber of Commerce for New-Generation Entrepreneurs (Directly under the JGCC)	Chairman
YUAN Yongfeng	Suzhou Dongyang Investment Co., Ltd.	Executive Director
	Yancheng Electronic Information Industry Association	Chairman
ZHAO Xiutian	Suzhou Langsheng Communication Technology Co., Ltd.	Director
SHAN Jianbin	Vice Chairman of China Printed Circuit Association	Vice Chairman
MAO Xiaoyan	Shanghai Dotwil Intelligence Technology Ltd.	Director
	Suzhou Wuzhong District NSSA	Member
WANG Xu	Soochow University Dongwu Business School	Off-Campus Tutor for Masters in Accounting Program
	Renmin University of China Suzhou Campus	Off-Campus Career Development Tutor
WANG Zhangzhong	School of Materials Science and Engineering of Nanjing Institute of Technology	Professor and Dean
	Jiangsu Key Laboratory of Advanced Structural Materials and Application Technology	Director
	China Heat Treatment Association	Member
	Industrial Furnace Branch of Jiangsu Mechanical Engineering Society	Chairman
	New Metal Materials Branch of Jiangsu Metallurgical Industry Association	Vice President
SONG Liguo	Jones Day International Law Firm (Hong Kong)	Barrister
	Anhui University Law School	Visiting Associate Professor
	China International Economic and Trade Arbitration Commission	Arbitrator
	Cross-Straits Arbitration Center	Arbitrator
	Xiamen Arbitration Commission	Arbitrator
LIN Shu	Department of Accounting of Nanjing University Business School	Professor, Doctorate Tutor and Dean
	CTS International Logistics Corporation Limited	Independent Director

Punishments imposed during the last three (3) years by the securities regulator on current and off-office directors, supervisors and senior officers of the Company during the reporting period

¶ Applicable √ N/A

3. Remuneration of directors, supervisors and senior officers

Decision-making procedures, basis for determination and actual payment of the remuneration of directors, supervisors and senior officers

The Company shall determine the remuneration of our directors, supervisors and senior officers in accordance with the provisions of the *Articles of Association*. The remuneration of members of board of directors and board of supervisors and payment method thereof shall be determined by the board of shareholders; the remuneration of senior officers and payment method thereof shall be determined by the board of directors. The remuneration of the Company's directors, supervisors and senior officers shall be determined based on their respective job responsibilities, and the remuneration payable to any director, supervisor or senior officer who concurrently takes any key operation position shall be assessed and determined according to the completion of his or her annual performance appraisal indicators, and who concurrently takes any key management position shall be assessed and determined according to the completion of their annual job responsibilities and tasks. The Company shall grant remuneration to our directors, supervisors and senior officers in accordance with our remuneration system and the regulations regarding the assessment of the completion of our job responsibilities.

Remuneration of directors, supervisors and senior officers during the reporting period of the Company

Unit: RMB 0'000

Name	Title	Gender	Age	Tenure status	Total before-tax remuneration received from the Company	Has any remuneration been received from the Company's affiliates
YUAN Yonggang	Chairman	Male	43	Incumbent	287.12	No
YUAN Yongfeng	Director & General Manager	Male	45	Incumbent	287.12	No
ZHAO Xiutian	Vice Chairman	Male	59	Incumbent	410	No
SHAN Jianbin	Director & CEO	Male	46	Incumbent	380	No
MAO Xiaoyan	Director, Deputy General Manager & Board Secretary	Female	42	Incumbent	127.47	No
WANG Xu	Director, Deputy General Manager & CFO	Male	40	Incumbent	181.97	No
WANG Zhangzhong	Independent Director	Male	59	Incumbent	11.33	No
SONG Ligu	Independent Director	Male	58	Incumbent	11.33	No
LIN Shu	Independent Director	Male	44	Incumbent	11.33	No
MA Liqiang	Chairman of board of supervisors	Male	41	Incumbent	240	No
JI Yachun	Employee Supervisor	Male	44	Incumbent	145.65	No
HUANG Yongxin	Employee Supervisor	Male	36	Incumbent	160	No
Total	--	--	--	--	2,253.32	--

VI. Fulfillment by Directors of Responsibilities during the Reporting Period

1. Performance of Duties by Directors during the Reporting Period

Meeting	Convening date	Disclosure date	Meeting resolution
The eighth meeting of the fifth session	January 22, 2021	January 26, 2021	Announcement of Resolutions Passed at the Eighth Meeting of the Fifth Session of Board of Directors

			(No.: 2021-001)
The ninth meeting of the fifth session	February 9, 2021	February 10, 2021	Announcement of Resolutions Passed at the Ninth Meeting of the Fifth Session of Board of Directors (No.: 2021-005)
The tenth meeting of the fifth session	April 13, 2021	April 15, 2021	Announcement of Resolutions Passed at the Tenth Meeting of the Fifth Session of Board of Directors (No.: 2021-016)
The eleventh meeting of the fifth session	April 22, 2021	April 26, 2021	The Report Q1 2021 of the Company was passed upon deliberation
The twelfth meeting of the fifth session	June 11, 2021	June 15, 2021	Announcement of Resolutions Passed at the Twelfth Meeting of the Fifth Session of Board of Directors (No.: 2021-036)
The thirteenth meeting of the fifth session	July 8, 2021	July 9, 2021	Announcement of Resolutions Passed at the Thirteenth Meeting of the Fifth Session of Board of Directors (No.: 2021-044)
The fourteenth meeting of the fifth session	July 28, 2021	July 29, 2021	Announcement of Resolutions Passed at the Fourteenth Meeting of the Fifth Session of Board of Directors (No.: 2021-049)
The fifteenth meeting of the fifth session	August 10, 2021	August 12, 2021	Announcement of Resolutions Passed at the Fifteenth Meeting of the Fifth Session of Board of Directors (No.: 2021-056)
The sixteenth meeting of the fifth session	September 1, 2021	September 3, 2021	Announcement of Resolutions Passed at the Sixteenth Meeting of the Fifth Session of Board of Directors (No.: 2021-062)
The seventeenth meeting of the fifth session	October 25, 2021	October 26, 2021	The Report Q3 2021 of the Company was passed upon deliberation

2. Attendance by directors at board meetings and general meetings

Attendance by directors at board meetings and general meetings							
Name of director	Number of expected attendances at board meetings during the reporting period	Number of in-person attendances at board meetings	Number of attendances by telecommunication at board meetings	Number of attendances by proxy at board meetings	Number of absences from board meetings	Was there any failure to attend board meetings in person on two consecutive occasions?	Number of attendances at general meetings
YUAN Yonggang	10	1	9			No	2
YUAN Yongfeng	10	1	9			No	2
ZHAO Xiutian	10		10			No	2

SHAN Jianbin	10	1	9			No	2
MAO Xiaoyan	10	1	9			No	2
WANG Xu	10	1	9			No	2
WANG Zhangzhong	10		10			No	2
SONG Liguo	10		10			No	2
LIN Shu	10		10			No	2

Statement on failure to attend board meetings in person on two consecutive occasions

None

3. Objection raised by directors to matters relating to the Company

Has any director raised any objection to matters relating to the Company?

Yes No

No director has raised any objection to matters relating to the Company during the reporting period.

4. Other description of fulfillment by directors of job responsibilities

Has any suggestion made by any director regarding the Company been accepted?

Yes No

Statement on acceptance or refusal of any suggestion made by any director regarding the Company

During the reporting period, each independent director of the Company has diligently carried out his or her work in strict accordance with applicable laws and regulations and the provisions of the *Articles of Association*, and has paid attention to the operation of the Company, and all professional opinions rendered by such independent director have been accepted, and played an active role in perfecting the Company's supervisory mechanism and improving the scientificity of decision-making system

VII. Performance of Duties by Special Committees under the Board of Directors during the Reporting Period

Name of committee	Name of member(s)	Number of meeting(s)	Convening date	Content of meeting	Key opinions and suggestions rendered at the meeting	Fulfillment of responsibilities
Audit committee of board of directors	LIN Shu, WANG Zhangzhong and SHAN Jianbin	1	April 13, 2021	The Resolutions on Payment of 2020 Annual Audit Remuneration to and 2021 Renewal of Retention of Pan-China Certified Public Accountants (Special General Partnership), the Self-Assessment Report 2020 Regarding Internal Control and the Resolution on Changes to Accounting Policies were passed through deliberation	The audit committee has carried out our work in a diligent and responsible manner, and adopted the relevant resolutions upon consensus through thorough discussions in strict accordance with the <i>Company Law</i> , the <i>Securities Law</i> , the <i>Code of Corporate Governance of Listed Companies</i> and other pertinent laws and regulations, as well as the <i>Articles of Association</i> and the <i>Working Rules of Audit Committee of Board of Directors</i> .	The audit committee held audit communication meetings on January 21, March 30 and April 12, 2021 respectively, and listened to the pre-event, mid-event and post-event facts subject to annual audit by accountants who prepare this annual report.
Remuneration and assessment committee of board of directors	YUAN Yonggang, YUAN Yongfeng, WANG Zhangzhong, SONG Ligu and LIN Shu	1	April 13, 2021	The Resolution on Remuneration of the Company's Directors and Senior Officers in 2021 was passed through deliberation	The remuneration and assessment committee has carried out our work in a diligent and responsible manner, and adopted the relevant resolutions upon consensus through thorough discussions in strict accordance with the <i>Company Law</i> , the <i>Securities Law</i> , the <i>Code of Corporate Governance of Listed Companies</i> and other pertinent laws and regulations, as well as the <i>Articles of Association</i> and the <i>Implementation Rules of Remuneration and Assessment Committee of Board of Directors</i> .	

VIII. Work of Board of Supervisors

Has the board of supervisors discovered the Company's risk exposures in conducting monitoring activities during the reporting period?

Yes No

The board of supervisors has not raised any objection to the matters under our supervision during the reporting period.

IX. Information about the Company's Employees

1. Number, composition by profession and degree of education of employees

Number of incumbent employees in the parent company at the end of the reporting period	1,667
Number of incumbent employees in major subsidiary at the end of the reporting period	18,295
Total number of incumbent employees at the end of the reporting period	19,962
Total number of employees receiving remuneration during the current period	19,962
Number of retired employees to whom the parent and key subsidiaries are required to pay retirement benefits	0
Composition by profession	
Type of professionals	Number of professionals
Production personnel	14,041
Sales personnel	395
Technical personnel	3,699
Financial personnel	132
Administrative personnel	442
Management personnel	1,253
Total	19,962
Degree of education	
Classification of degree of education	Number of professionals
Doctoral degree	5
Master's degree	110
Bachelor's degree	2,058
Associate degree	3,570
Below associate degree	14,219
Total	19,962

2. Remuneration policy

The Company advocates value creation, and the remuneration mechanism is tilted towards efficiency creation. The Company implements a flexible remuneration policy, and has been improving the performance assessment and incentive scheme of our team. The Company provides our employees with competitive remuneration and benefits in the same industry based on their respective positions, responsibilities, capabilities and contributions, and makes remuneration adjustments in due time depending on the level of economic development and industry wage of the operational performance reference region.

3. Training programs

The Company attaches great importance to the development, cultivation and training of talents, and strives to create opportunities for self-challenges and continuous study and growth for each employee. The Company encourages our employees to keep studying, and improve their competency and professional capability, and improve personal self-growth and career development, so as to fully enhance the overall quality and capacity of the workforce. The Company has formulated a targeted training program to improve the work performance of our employees, boost both our growth and the growth of our employees, strengthen our centripetal force and cohesion, and create a good learning atmosphere, an excellent corporate culture and a learning-oriented organization. The Company practices the talent cultivation concept of “openness, inclusiveness and pragmatism”, and helps outstanding employees achieve the sustainable development of their career through talent search and cultivation.

X. Profit Distribution and Conversion of Capital Reserve into Share Capital

Profit distribution policy during the reporting period, in particular the formulation, implementation or adjustment of cash bonus policy

√ Applicable N/A

The Company implements a profit distribution policy in a continuous and steady manner, attaches great importance to reasonable investment return of investors by taking into account our sustainable growth, proactively implements the policies and requirements of the securities regulator governing cash dividends of listed companies, ensures our shareholders receive stable and consistent investment returns, and adequately protects the legitimate rights and interests of small and medium investors. In 2021, the board of directors of the Company formulated the Annual Profit Distribution Plan 2021 based on our operating conditions and profit distribution principles by ensuring compliance with applicable laws and regulations and our normal operation and long-term development.

Special explanation of cash dividend policy	
Whether it complies with the provisions of the Company's articles of association or the requirements of the resolution of the shareholders' meeting:	Yes
Whether the dividend standard and dividend ratio are clear:	Yes
Whether the relevant decision-making procedures and mechanisms are complete:	Yes
Whether independent directors performed their duties and played their due roles:	Yes
Whether minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests are fully protected:	Yes
If the cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and transparent:	Yes

The Company was profitable during the reporting period, and the parent company had positive profits distributable to shareholders but has not put forward a cash dividend distribution plan

☐ Applicable √ N/A

Profit distribution and conversion of capital reserve into share capital during the current reporting period

√ Applicable N/A

Bonus issue per 10 shares (share)	0
Cash dividend per 10 shares (RMB) (tax inclusive)	2.00
Total capital shares as the basis for the distribution proposal (share)	1,705,913,710
Amount of cash dividends (RMB) (tax inclusive)	341,182,742.00
Amount of cash dividends distributed by any other means (e.g. share repurchase) (RMB)	100,479,794.32
Total amount of cash dividends (including those distributed by any other means) (RMB)	441,662,536.32
Distributable profits (RMB)	352,818,601.06
Percentage of the total amount of cash dividends (including those distributed by any other means) in the total amount of distributable profits	100%
Current cash dividend	
If the Company is still in the growth phase and has major capital expenditure arrangements, in making any profit distribution, the percentage of cash dividends in current profit distribution shall be at least 20%.	
Detailed explanation on profit distribution plan or plan for conversion of capital reserve into share capital	
Under the annual distribution plan 2021 of the Company, based on 1,705,913,710 shares, a cash dividend of RMB 2 (inclusive of tax) for per 10 shares shall be distributed to all shareholders, and no bonus share shall be distributed, and no capital reserve shall be converted into share capital. This distribution plan conforms to the provisions of the <i>Articles of Association</i> , and will be submitted to the board of shareholders of the Company for deliberation. In connection with the share repurchase implemented by the Company, subject to applicable regulations, the shares in the dedicated account for share repurchase of the Company are not included in this equity distribution.	

XI. Implementation of the Company's Stock Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentives

√ Applicable N/A

1. Stock incentive

The Company has not implemented any stock incentive plan during the reporting period

Stock incentives granted to the Company's directors and senior officers

☐ Applicable √ N/A

Assessment mechanism of and incentives granted to senior officers

The Company has not implemented any stock incentive plan during the reporting period

2. Implementation of employee stock ownership plan

√ Applicable N/A

All effective employee stock ownership plans during the reporting period

Scope of employees	Number of employees	Total number of stocks held	Changes	Percentage in the total equity of the listed company	Funding sources of implementation plan
Certain directors, supervisors and senior officers of the Company, and certain mid and high-level management and core backbone above the director level who take full-time jobs at, receive remuneration from and enter into labor contracts with the Company and our controlling subsidiaries.	119	21.9141 million shares	None	1.28%	The source of funds for this employee stock ownership plan is the legal remuneration of the Company's employees and their self-raised funds and other legal funds permitted by applicable laws and regulations. The Company has not provided any financial assistance to our employees or provided security for their loans.

Shareholding of directors, supervisors and senior officers under the employee stock ownership plan during the reporting period

Name	Job title	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Percentage in the total equity of the listed company
SHAN Jianbin	Director & CEO	0	1,753,128	0.10%
WANG Xu	Director, Deputy General Manager & CFO	0	1,314,846	0.08%
MAO Xiaoyan	Director, Deputy General Manager & Board Secretary	0	525,938	0.03%
MA Liqiang	Chairman of board of supervisors	0	525,938	0.03%
JI Yachun	Supervisor	0	525,938	0.03%
HUANG Yongxin	Supervisor	0	525,938	0.03%

Change of asset management company during the reporting period

☐ Applicable √ N/A

Equity change resulting from any holder's disposal of shares during the reporting period

☐ Applicable √ N/A

Exercise of shareholders' rights during the reporting period

During the reporting period, all participants in the Company's employee stock ownership plan exercised their right in the capacity as shareholder to participate in 2020 cash dividend distribution, but have not exercised the voting rights of the Company's board of shareholders and other shareholder rights.

Other relevant facts and description of the employee stock ownership plan during the reporting period

Applicable N/A

Change of members of management committee of employee stock ownership plan

Applicable N/A

Impact of employee stock ownership plan on the financial affairs of the listed company during the reporting period and relevant accounting treatment

Applicable N/A

Termination of the employee stock ownership plan during the reporting period

Applicable N/A

Other notes

As of the end of the current reporting period, the Company's employee stock ownership plan 2021 was in the lock-up period.

3. Other employee incentives

Applicable N/A

XII. Improvement and Implementation of Internal Control System during the Reporting Period

1. Improvement and implementation of internal control system

The Company has established the legal person governance structure and rules of procedure for our board of shareholders, board of directors, board of supervisors and management in accordance with the *Company Law*, the *Securities Law* and other pertinent laws and administrative regulations, and has formed a scientific and effective mechanism for work division and balancing. The board of shareholders is the highest authority of the Company, and the board of directors implements the resolutions of the board of shareholders, is responsible to the board of shareholders and exercises the decision-making power of the Company by law. The strategy committee, audit committee, remuneration and assessment committee and nomination committee under the board of directors of the Company have diligently performed their respective responsibilities and fully played their professional roles in managing our business in accordance with their respective working rules.

The Company has established an independent internal audit department, primarily responsible for establishing and implementing our internal control system, inspecting and supervising the truthfulness, completeness and other aspects of financial information, rendering improvement suggestions, supervising and urging the relevant personnel to rectify problems discovered in the audit, cooperating with the audit committee of the board of directors to conduct internal control and self-assessment, and examining the effectiveness of our internal control procedures. The internal audit department is responsible and reports to the audit committee.

Based on the determination result of major deficiencies in the Company's internal control over financial reporting, on the benchmark date of the internal control evaluation report, there is no major deficiency in the Company's internal control over financial reporting, and the Company has maintained effective internal control over financial reporting in all material respects in accordance with our standard system for internal control and the requirements of applicable regulations; based on the determination result of major deficiencies in the Company's internal control over non-financial reporting, on the benchmark date of the internal control evaluation report, no major deficiency in internal control over non-financial reporting has been identified.

2. Particulars of major deficiencies in internal control identified during the reporting period

¶ Yes ✓ No

XIII. Management and Control of Subsidiaries during the Reporting Period of the Company

Company name	Consolidation plan	Consolidation progress	Problems encountered in the consolidation	Solutions adopted	Solution progress	Subsequent solution
N/A	N/A	N/A	N/A	N/A	N/A	N/A

XIV. Internal Control Self-Assessment Report or Internal Control Attestation Report

1. Internal control self-assessment report

Date of disclosure of the full text of internal control self-assessment report	April 20, 2022	
Index of the full text of internal control self-assessment report	http://www.cninfo.com.cn	
Percentage of the total assets of the entity included in the scope of assessment in the total assets in the consolidated financial statements of the Company	100.00%	
Percentage of the operating revenue of the entity included in the scope of assessment in the operating revenue in the consolidated financial statements of the Company	100.00%	
Deficiency determination standard		
Type	Financial reporting	Non-financial reporting
Qualitative standard	<p>Indications of major deficiency in financial reporting include: (1) malpractices committed by directors, supervisors or senior officers of the Company; (2) the Company's revision of financial reports that had been published; (3) any significant misstatement in current financial reports as discovered by certified public accountants but not identified through the internal control of the Company; (4) the audit committee and internal audit department exert ineffective supervision over the Company's financial reporting and internal control over financial reporting. Indications of significant deficiency in financial reporting: (1) failure to accurately select and apply accounting policies in accordance with generally accepted accounting standards; (2) failure to establish anti-malpractice procedures and controls; (3) failure to establish a corresponding control mechanism for</p>	<p>The occurrence of any of the following circumstances is determined to be a major deficiency, including: (1) violation of national laws or regulations or normative documents; (2) lack of scientificity of key decision-making procedures; (3) lack of system which might cause systematic failure; (4) failure to rectify any major or significant deficiency; and (5) any other circumstance that has a material adverse effect on the Company. Other circumstances are determined to be significant deficiencies or general deficiencies depending on the degree of impact.</p>

	non-regular or special transactions, or failure to implement and absence of corresponding compensatory controls; and (4) one or more deficiencies in the control over end-of-period financial reporting, and no reasonable assurance that the financial statements prepared achieve true and complete objectives. General deficiency means any other control deficiency other than the said major and significant deficiencies.	
Quantitative standard	The quantitative standard for the level of significance of any misstatement (including omission) contained in the consolidated financial statements of the listed company based on the data contained in the consolidated financial statement 2021. Major deficiency: Incorrect amount \geq operating revenue*0.5% Significant deficiency: Operating revenue *0.3% \leq incorrect amount \leq operating revenue*0.5% General deficiency: Incorrect amount \leq operating revenue*0.3%	Quantitative standard for the assessment of deficiencies in internal control over non-financial reporting as determined by the Company is as follows: Major deficiency: Amount of direct loss \geq total assets*0.5% Significant deficiency: Total assets*0.2% \leq amount of direct loss \leq total assets*0.5% General deficiency: Amount off direct loss \leq total assets*0.2%
Number of major deficiencies in internal control over financial reporting		0
Number of major deficiencies in internal control over non-financial reporting		0
Number of significant deficiencies in internal control over financial reporting		0
Number of significant deficiencies in internal control over non-financial reporting		0

2. Internal control attestation report

√ Applicable ¶ N/A

Deliberative opinions in the internal control attestation report
We believe that, DSBJ maintained effective internal control over financial reporting in all material respects on December 31, 2021 in accordance with the provisions of <i>the Shenzhen Stock Exchange Self-Regulatory Supervision Guidelines for Listed Companies (No.1)-Standardized Operations of Companies Listed on the Main Board (Shen Zheng Shang [2022] No.13)</i> .

Disclosure of internal control attestation report	Disclosed
Date of disclosure of the full text of internal control attestation report	April 20, 2022
Index of the full text of internal control attestation report	http://www.cninfo.com.cn
Type of opinions rendered in the internal control attestation report	Standard unqualified opinions
Was there any major deficiency in internal control over non-financial reporting?	No

Has the accounting firm issued any internal control audit report that contains non-standard opinions?

Yes No

Is the internal control audit report issued by the accounting firm consistent with the opinions in the self-assessment report issued by the board of directors

Yes No

Section V Environmental and Social Responsibility

I. Major Environmental Issues

Are the listed company and its subsidiaries included in the list of key pollutant discharge units published by the environmental protection authority?

√ Yes No

Name of company or subsidiary	Name of key pollutant and characteristic pollutant	Discharge method	Number of discharge outlets	Distribution of discharge outlets	Discharge density	Pollutant discharge standards implemented	Total quantity of discharge	Total quantity of authorized discharge	Excessive emission
Multek Industries, Multek Electronics and Multek Technology	COD	Continuous discharge	1	Interior of factory premises	15.25mg/l	160mg/L	34.055 t	242.36t	None
	Ammonia nitrogen	Continuous discharge	1	Interior of factory premises	1.204mg/l	30mg/L	2.78 t	45.44t	None
	Total nitrogen	Continuous discharge	1	Interior of factory premises	8.04.mg/l	40mg/L	17.15t	95.238t	None
	Total nickel	Discontinuous discharge	1	Interior of factory premises	0.017mg/l	0.5mg/L	0.0385t	0.055t	None
Multek Zhuhai	COD	Continuous discharge	1	Interior of factory premises	11.75mg/L	160mg/L	4.237 t	33.643t	None
	Ammonia nitrogen	Continuous discharge	1	Interior of factory premises	2.257mg/L	30mg/L	0.803t	6.308t	None
	Total nitrogen	Continuous discharge	1	Interior of factory premises	7.5mg/L	40mg/L	2.646t	28.6748t	None
	Total nickel	Discontinuous discharge	1	Interior of factory premises	0.0119mg/L	0.5mg/L	0.00415t	0.358t	None

Multek China	COD	Continuous discharge	1	Interior of factory premises	40mg/L	160mg/L	35.63t	216.372t	None
	Ammonia nitrogen	Continuous discharge	1	Interior of factory premises	8.02mg/L	30mg/L	7.207 t	40.56975t	None
	Total nitrogen	Continuous discharge	1	Interior of factory premises	16.09mg/L	40mg/L	14.452t	54.093t	None
	Total nickel	Discontinuous discharge	1	Interior of factory premises	0.01 mg/L	0.5mg/L	0.0096 t	1.352325t	None
	Total silver	Discontinuous discharge	1	Interior of factory premises	0.0064mg/L	0.1mg/L	0.00554t	0.270465t	None
YCMT	Particles	Continuous discharge	1	Southwest side of factory premises	1.5mg/m3	120mg/m3	0.01083t/a	/	None
	Nitric oxide	Continuous discharge	1	Southwest side of factory premises	8mg/m3	150mg/m3	0.16604 t/a	/	None
	Sulfur dioxide	Continuous discharge	1	Southwest side of factory premises	23mg/m3	50mg/m3	0.05792 t/a	/	None
Suzhou Chengjia Precision Manufacturing Co., Ltd.	Non-methane hydrocarbon	Continuous discharge	1	Northwest side of factory premises	2mg/m3	120mg/m3	0.023 t/a	/	None
Yancheng Dongshan	COD	Indirect discharge	1	Wastewater discharge outlet at the southwest side of factory premises	52mg/L	500mg/L	12.9372t	188.745t	None
	Ammonia nitrogen	Indirect discharge	1	Wastewater discharge outlet	11mg/L	35mg/L	2.5846t	11.91t	None

				at the southwest side of factory premises					
	Total nickel	Indirect discharge	1	Wastewater discharge outlet at the southwest side of factory premises	0.05mg/L	0.5mg/L	0.01t	0.0057t	None
	Hydrogen chloride	Organized	2	5#roof	1.24mg/m3	30mg/m3	0.1222t	0.412t	None
	Hydrogen cyanide	Organized	4	5#Roof, roof of 28# wastewater treatment plant	0.05mg/m3	0.5mg/m3	0.008t	0.059t	None
MFLEX Yancheng	COD	Continuous discharge	1	Interior of factory premises	96.32mg/l	500mg/L	49.1521t	717.828t	None
	Ammonia nitrogen	Continuous discharge	1	Interior of factory premises	2.18mg/l	35mg/L	1.0803t	65.402t	None
	Total phosphorus	Continuous discharge	1	Interior of factory premises	0.72mg/l	3.5mg/L	0.3546t	6.46t	None
	Total nitrogen	Continuous discharge	1	Interior of factory premises	6.29 mg/l	40mg/L	3.2096t	72.58t	None
MFLEX Suzhou (two factory premises)	COD	Continuous discharge	1	Interior of factory premises	142mg/l	500mg/L	78.239t	152.5t	None
	Ammonia nitrogen	Continuous discharge	1	Interior of factory premises	3.18mg/l	25mg/L	2.05t	3.413t	None
	Total copper	Continuous discharge	1	Interior of factory premises	0.117.mg/l	0.3mg/L	0.005t	0.319t	None
	Total nickel	Continuous	1	Interior of factory	ND	0.1mg/L	ND	0.010652t	None

		discharge		premises					
	COD	Continuous discharge	1	Interior of factory premises	126.7mg/l	500mg/L	0.974 t	92.893t	None
	Ammonia nitrogen	Continuous discharge	1	Interior of factory premises	3.603mg/l	30mg/L	0.156 t	7.963t	None

Construction and operation of pollution prevention facilities

The Company and its subsidiaries have a complete solution for waste gas and wastewater treatment, and are equipped with a full set of pollution control facilities to be operated and maintained on their own or on their behalf. The Company has arranged for dedicated personnel to supervise equipment operation and pollutant discharge, and to regularly maintain and repair pollution prevention and control facilities. Currently, such facilities are in good condition.

Environmental impact assessment of construction projects and other administrative licenses for environmental protection

The Company and its subsidiaries have submitted filings with respect to new, alteration and expansion projects in strict accordance with applicable laws and regulations, requested a pollutant discharge permit as required, and periodically monitored the completion of implementation report.

Environmental emergency response plan

The Company and its subsidiaries have formulated an environmental emergency response plan, obtained a filing receipt and conducted regular drills in accordance with the requirements of applicable laws and regulations.

Environmental monitoring plan

The Company and its subsidiaries have formulated an environmental monitoring plan by using automatic monitoring equipment, and entrusted a qualified third party to regularly test wastewater, waste gas, noise, underground water and soil.

Administrative penalties imposed due to environmental issues during the reporting period

N/A

Other environmental information that should be made public

None

Measures taken to reduce carbon emissions during the reporting period and the effect thereof

√ Applicable N/A

Please refer to the Social Responsibility Report 2021 of Suzhou Dongshan Precision Manufacturing Co., Ltd. disclosed on <http://www.cninfo.com.cn/> on the date of this report.

Other information relating to environmental protection

Please refer to the Social Responsibility Report 2021 of Suzhou Dongshan Precision Manufacturing Co., Ltd. disclosed on <http://www.cninfo.com.cn/> on the date of this report.

II. Social Responsibility

Please refer to the Social Responsibility Report 2021 of Suzhou Dongshan Precision Manufacturing Co., Ltd. disclosed on <http://www.cninfo.com.cn/> on the date of this report.

III. Strengthen and Expand Poverty Alleviation Achievements and Rural Revitalization

Please refer to the Social Responsibility Report 2021 of Suzhou Dongshan Precision Manufacturing Co., Ltd. disclosed on <http://www.cninfo.com.cn/> on the date of this report.

Section VI Significant Events

I. Performance of Commitments

1. Complete and incomplete commitments of the Company and its actual controller, shareholders, related parties, acquirers, and other related parties for the commitments by the end of the reporting period.

√ Applicable N/A

Commitments	Giver of commitments	Commitment type	Details of commitments	Date of commitments	Term of commitments	Performance
Commitments given at the time of initial public offering or refinancing	YUAN Yongfeng; YUAN Yonggang	Commitment to impose restrictions on sale of shares	Each of shareholders YUAN Yonggang and YUAN Yongfeng who serve as directors and senior officers of the Company undertake that the number of shares that may be transferred each year during his term of office shall not exceed 25% of the total number of shares held by him or her in the Company, and that no shares of the Company held by him shall be transferred within six (6) months of his termination of office. The number of shares of the Company sold by him or her through listing and trading on the stock exchange within twelve (12) months following the expiration of six (6) months of his or her departure shall not exceed 50% of the total number of shares held by him or her in the Company.	April 9, 2010	The commitment continues to have binding force	As of the end of the current reporting period, the party giving commitment has fulfilled such commitment
	YUAN Yongfeng; YUAN Yonggang; YUAN Fugen	Commitments on horizontal competition, related transactions and use of funds	Commitment on horizontal competition: Each of shareholders YUAN Yonggang, YUAN Yongfeng and YUAN Fugen undertakes that: I have not directly or indirectly conducted any business in competition with the business actually conducted by the joint-stock company.	April 9, 2010	The commitment continues to have binding force	As of the end of the current reporting period, the party giving commitment has fulfilled such commitment

	YUAN Fugen; YUAN Yongfeng; YUAN Yonggang	Commitments on horizontal competition, related transactions and use of funds	<p>Commitment to avoid horizontal competition: Each of shareholders YUAN Yonggang, YUAN Yongfeng and YUAN Fugen undertakes that: upon completion of the major asset restructuring, I will not directly or indirectly through any of his affiliates participate in or conduct any business activity that materially competes with or is likely to materially compete with the business conducted by DSBJ. In the event that any product to be manufactured or business to be conducted by any enterprise wholly-owned, held or participated by me competes or is likely to compete with the product or business of DSBJ, upon DSBJ's request, I undertake to assign all of my capital contributions to or shares in such enterprise, and undertake to grant DSBJ or any of its wholly-owned subsidiaries the right of first refusal with respect to such capital contributions or shares, and will make my best efforts to cause the price of the relevant transaction to be determined based on fair, reasonable and normal business transactions with an independent third party. If the interests of DSBJ or any other shareholder are damaged due to my violation or any of my affiliates' breach of the commitments, I will assume the liability for compensation by law.</p>	June 11, 2018	The commitment continues to have binding force	As of the end of the current reporting period, the party giving commitment has fulfilled such commitment
	YUAN Fugen; YUAN Yongfeng; YUAN Yonggang	Commitments on horizontal competition, related transactions and use of funds	<p>Commitment on regulating and reducing related party transactions: Each of shareholders YUAN Yonggang, YUAN Yongfeng and YUAN Fugen undertakes that: 1. I will and cause my affiliates to avoid or reduce related party transactions with DSBJ to the maximum extent. 2. For any related party transactions that cannot be avoided or is doomed to happen, I undertake to duly execute agreements based on the principles of justness, fairness and openness, perform legitimate procedures in accordance with applicable laws and regulations, normative documents and the Articles of Association of DSBJ, guarantee the fairness and compliance of related party transactions, ensure that related party</p>	June 11, 2018	The commitment continues to have binding force	b

			transactions will not damage the legitimate rights and interests of DSBJ and other shareholders, and make timely information disclosure in accordance with the requirements of applicable laws and regulations and normative documents. 3. I will exercise shareholder rights in accordance with the <i>Company Law</i> and other laws and regulations as well as the Articles of Association of DSBJ; when DSBJ's board of shareholders votes on any related party transactions conducted by me or any enterprise under my control, I will perform the obligation to abstain from voting in accordance with the relevant regulations.			
	YUAN Yongfeng; YUAN Yonggang; ZHAO Xiutian; SHAN Jianbin; WANG Xu; MAO Xiaoyan; MA Liqiang	Other commitments	Commitment to take measures to recover the current returns diluted as a result of non-public offering of stocks: Each of the directors and senior officers of the Company undertakes as follows: 1. I undertake not to transfer interests to any other entity or individual on a gratuitous or unfair basis, or to otherwise damage the interests of the Company. 2. I undertake to restrain my job-related consumption behavior. 3. I undertake not to use the Company's assets to engage in any investment or consumption activity unrelated to my job duties. 4. I undertake that the remuneration system formulated by the board of directors or remuneration committee is linked with the implementation of the Company's return recovery measures. 5. If the Company proposes to implement its stock incentive plan in the future, I undertake to link the vesting conditions of such stock incentive plan with the implementation of the return recovery measures by the Company. 6. I undertake to effectively fulfill the current return recovery measures formulated by the Company and my commitments regarding current return recovery measures. In the event that I am in violation of such commitments and thus cause losses to investors, I am willing to duly assume the liability for compensation to the Company or its	October 10, 2019	The commitment continues to have binding force	As of the end of the current reporting period, the party giving commitment has fulfilled such commitment

			investors and accept punishments imposed by the regulatory authority.			
	YUAN Fugen; YUAN Yongfeng; YUAN Yonggang	Other commitments	Commitment to take measures to recover the current return diluted as a result of non-public offering of stocks: the controlling shareholder and actual controller undertake as follows: as the controlling shareholder and actual controller of Suzhou Dongshan Precision Manufacturing Co., Ltd., I undertake not to act beyond my authority to intervene in operating management activities of the Company, nor to misappropriate interests of the Company. As the party responsible for the effective recovery of the current return diluted as a result of non-public offering, I am willing to assume legal liabilities for failure or refusal to fulfill the said commitments.	October 17, 2019	The commitment continues to have binding force	As of the end of the current reporting period, the party giving commitment has fulfilled such commitment
Other commitments to small and medium shareholders of the Company	YUAN Yongfeng; YUAN Yonggang	Commitments on horizontal competition, related transactions and use of funds	Commitment on payment term of the remaining transfer price of the large format display business assets and interest thereon (the "Target Indebtedness"): Each of YUAN Yonggang and YUAN Yongfeng undertakes as follows: (1) I will cause Shenzhen Dongshan to, subject to the provisions of the Supplemental Agreement: A. pay the principal amount of RMB 100 million and interest thereon prior to June 30, 2020, and the principal amount of RMB 132 million and interest thereon prior to December 31, 2020, and complete the payment of the total principal amount of RMB 232 million (accounting for 30% of the principal amount of the Target Indebtedness) and interest thereon in 2020; B. pay the principal amount of RMB 539,893,189.16 and interest thereon prior to December 31, 2021, and complete the payment of the total principal amount of RMB 771,893,189.16 and interest thereon in 2021; C. pay the interest on the principal amount of the outstanding Target Indebtedness at one-year LPR (4.20%) published by the People's Bank of China in September 2019 from the interest commencement date (September 18, 2019); (2) If Shenzhen	April 2, 2020	December 31, 2021	As of the end of the current reporting period, Shenzhen Dongshan has promptly fulfilled the relevant payment obligation in accordance with the provisions of the Supplemental Agreement. As of the end of the current reporting period, the commitment has been fulfilled.

			Dongshan fails to timely repay the indebtedness to Dongguan Dongshan according to the payment schedule set forth in the <i>Supplemental Agreement</i> , the person acting in concert and I will promptly and duly reduce the shares of DSBJ and will firstly use the proceeds from share reduction to fully repay the outstanding indebtedness to Dongguan Dongshan, so as to ensure the Target Indebtedness be repaid according to the payment schedule set forth in the <i>Supplemental Agreement</i> .			
Has the commitment been promptly performed?	Yes					
If the commitment fails to be fulfilled within a prescribed period of time, explain in details the reason for such failure and future action plan	N/A					

2. If there is a profit forecast for the assets or projects of the Company and the reporting period is still in the profit forecast period, the Company shall explain why the assets or projects meet the original profit forecast.

¶ Applicable √ N/A

II. Use of Funds of the Listed Company by Controlling Shareholder and Other Affiliates for Non-Operating Purposes

There was no use of the funds of the listed company by controlling shareholder and other affiliates for non-operating purposes during the reporting period of the Company.

III. Illegal External Security

There was no illegal external security during the reporting period of the Company.

IV. Board of Directors' Description of the Most Recent "Non-Standard Audit Report"

☐ Applicable √ N/A

V. Statement of Board of Directors, Board of Supervisors and Independent Directors (if any) on the "Non-Standard Audit Report" Issued by the Accounting Firm during the Reporting Period

☐ Applicable √ N/A

VI. Description of Changes in Accounting Policies and Accounting Estimates or Corrections of Significant Accounting Errors in Comparison to the Financial Reports of the Previous Year

√ Applicable N/A

The Ministry of Finance of the People's Republic of China (the "MOF") issued the Accounting Standards for Enterprises No.21 - Leases (Cai Kuai [2018] No.35) (the "New Lease Standards") in December 2018. Subject to the requirements of the MOF, the Company began to implement the New Lease Standards from January 1, 2021, and amended the accounting policies accordingly. According to the linkage regulations, the Company has not adjusted the information of the comparable period, but retrospectively adjusted the retained earnings at the beginning of the current reporting period based on the difference between the New Lease Standards implemented on the first day and the current standards. The said changes in accounting policies were deliberated and approved at the tenth meeting of the fifth board of directors and the eighth meeting of the fifth board of supervisors of the Company, as detailed in the information disclosure media designated by the Company.

VII. Description of Changes in the Scope of Consolidated Financial Statements in Comparison with the Financial Reports of the Previous Year

√ Applicable N/A

1. Expansion of consolidation scope

Company name	Method of stock acquisition	Stock acquisition time
Suzhou Dongchen Intelligent Equipment Manufacturing Co., Ltd.	Through investment	November 30, 2021
Shanghai Dongxin New Energy Technology Co., Ltd.	Through investment	August 27, 2021
Shanghai Donglan New Energy Technology Co., Ltd.	Through investment	November 1, 2021

Hainan Chengjia Technology Consulting Co., Ltd.	Through investment	May 14, 2021
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2. Reduction in consolidation scope

Company name	Stock disposal method	Stock disposal time
Chongqing Chengjia Precision Electronic Technology Co., Ltd.	Canceled	January 29, 2021
Dongguan Xindong Intelligent Technology Co., Ltd.	Loss of control	August 31, 2021
DSBJ FINLAND OY	Canceled	December 31, 2021
Suzhou Dongshan Precision Technology Co., Ltd.	Canceled	November 16, 2021

VIII. Appointment and Dismissal of Accounting Firm

Current accounting firm

Name of domestic accounting firm	Pan-China Certified Public Accountants (Special General Partnership)
Compensation to domestic accounting firm (RMB 0'000)	210
Continuous length of audit services of domestic accounting firm	11 years
Name of certified public accounts of domestic accounting firm	SUN Tao and HUANG Zhenshuang
Continuous length of audit services of certified public accountants at the domestic accounting firm	1 year; 1 year

Was there any replacement of the accounting firm during the current reporting period?

Yes No

Engagement of accounting firm, financial advisor or sponsor for internal control audit

Applicable N/A

1. During the reporting period, the Company engaged Pan-China Certified Public Accountants (Special General Partnership) as the internal control auditor responsible for the internal control audit work of the Company in 2021.

2. During the reporting period, the Company engaged TF Securities Co., Ltd. as the sponsor of non-public offering of A shares in 2020.

IX. Delisting After Disclosure of Annual Report

Applicable N/A

X. Matters Relating to Bankruptcy Reorganization

Applicable N/A

The Company was not involved in bankruptcy reorganization during the reporting period.

XI. Major Litigation and Arbitration Matters

Applicable N/A

The Company was not involved in any major lawsuit or arbitration proceeding during the current reporting period.

XII. Punishments and Rectifications

☐ Applicable √ N/A

The Company was not punished or made rectifications during the reporting period.

XIII. Credit Condition of the Company and its Controlling Shareholder and Actual Controller

☐ Applicable √ N/A

XIV. Material Related Party Transactions

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

☐ Applicable √ N/A

No related party transactions occurred in connection with day-to-day operations during the reporting period of the Company.

2. Related party transactions relating to acquisition or sale of assets or stocks

☐ Applicable √ N/A

No related party transactions relating to acquisition or sale of assets or stocks occurred during the reporting period of the Company.

3. Related party transactions relating to joint foreign investment

☐ Applicable √ N/A

No related party transactions relating to joint foreign investment occurred during the reporting period of the Company.

4. Related claims and debts

☐ Applicable √ N/A

There were no related claims and debts during the reporting period of the Company.

5. Transactions with financial company affiliated with the Company

☐ Applicable √ N/A

There was no deposit, loan, facility or other financing business between the Company and any financial company affiliated with it or any of its affiliates.

6. Transactions between the financial company held by the Company and any of its affiliates

☐ Applicable √ N/A

There was no deposit, loan, facility or other financing business between the financial company held by the Company and any of its affiliates.

7. Other material related party transactions

√ Applicable N/A

Transfer of assets relating to large format display business:

In order to implement the business strategy of the Company's primary business, the Company sold to YUAN Yonggang, YUAN Yongfeng or any third party designated by him, being Shenzhen Dongshan Precision Manufacturing Co., Ltd. ("Shenzhen Dongshan"), the assets relating to large format display business and other non-core businesses, so as to further optimize industry landscape, consolidate the Company's resources, and improve its operation efficiency. On July 12, 2018 and August 10, 2018, the Company and its controlling shareholder and actual controller YUAN Yonggang and YUAN Yongfeng entered into the Agreement of Intent on Transfer of Assets Relating to Large Format Display Business and the Equity Transfer Agreement (the "Asset Transfer Agreements"). In accordance with the Asset Transfer Agreements, the Company sold to Shenzhen Dongshan the group's asset relating to large format display business, and transferred 100% equity of Shenzhen Dongshan held by it to Dongyang Investment jointly controlled by YUAN Yonggang and YUAN Yongfeng, so as to effect the sale of the assets relating to the said non-core business. The sale was deliberated and approved by the board of directors and board of shareholders of the Company. The relevant directors and shareholders abstained from voting. As of December 31, 2019, Shenzhen Dongshan owed to Dongguan Dongshan the outstanding principal amount of RMB 771.8932million of the transfer price of the asset relating to large format display business and interest thereon (the "Target Indebtedness" or the "Target Claims").

On December 30, 2019 and January 20, 2020, the Company's wholly-owned subsidiary Dongguan Dongshan, Shenzhen Dongshan and the Company's controlling shareholder and actual controller YUAN Yonggang entered into the Asset Purchase Agreement and the Supplemental Agreement to Asset Purchase Agreement (collectively the "Original Agreements"). Dongguan Dongshan proposed to purchase from Shenzhen Dongshan 99.9944% capital contributed to Ningbo Meishan Bonded Port District Yimusheng Investment Partnership (Limited Partnership) ("Ningbo Yimusheng") at a consideration paid in the form of the Target Claims held by Dongguan Dongshan against Shenzhen Dongshan, in which case any shortfall shall be made good in cash. The sale was deliberated and approved by the board of directors and board of shareholders of the Company. The relevant directors and shareholders abstained from voting.

On March 23, 2020, since the general partner of Ningbo Yimusheng was accelerating the withdrawal of fund units based on the interests of all partners, the general partner of Ningbo Yimusheng did not agree to the Original Agreements, and the Original Agreement was terminated on the same day.

In order for Shenzhen Dongshan to timely repay the Target Indebtedness and guarantee the interests of the listed company, after comprehensive consideration of all such factors as actual condition of assets and liabilities of Shenzhen Dongshan and the Company's controlling shareholder, the overall market environment of financial leverage reduction and the Covid-19's impact on the capital market, the Company, Dongguan Dongshan, YUAN Yonggang, YUAN Yongfeng and Shenzhen Dongshan executed the *Supplemental Agreement to the Asset Transfer Agreement* (the "Supplemental Agreement") upon deliberation and approval at the fifty-seventh meeting of the fourth session of the board of directors of the Company and the third extraordinary shareholders' meeting in 2019, and the parties hereby agree to make the following arrangement with respect to the Target Indebtedness:

(1) Shenzhen Dongshan shall repay to Dongguan Dongshan the principal amount of RMB 100 million and interest thereon prior to June 30, 2020, and the principal amount of RMB 132 million and interest thereon prior to December 31, 2020, and shall complete the payment of the total principal amount of RMB 232 million (accounting for 30% of the principal amount of the Target Indebtedness) and interest thereon in 2020;

(2) Shenzhen Dongshan shall repay to Dongguan Dongshan the principal amount of RMB 539,893,189.16 and interest thereon prior

to December 31, 2021, and shall complete the payment of the total principal amount of RMB 771,893,189.16 and interest thereon in 2021;

(3) During the continuance and extension of the Target Indebtedness, the interest on the Target Indebtedness was the principal amount of the outstanding indebtedness*number of days from interest commencement date (being September 18, 2019) to satisfaction date*one-year LPR published by the People's Bank of China in September 2019 (4.20%/365).

(4) YUAN Yonggang and YUAN Yongfeng undertake that, if Shenzhen Dongshan fails to timely repay the indebtedness to Dongguan Dongshan according to the payment schedule set forth in the Supplemental Agreement, YUAN Yonggang, YUAN Yongfeng and persons acting in concert will promptly reduce their holding of DSBJ's shares by law, and will firstly use the proceeds from reduction to fully repay the outstanding indebtedness to Dongguan Dongshan, so as to ensure timely repayment of the Target Indebtedness according to the payment schedule set forth in the Supplemental Agreement.

As of the December 28, 2021, Dongguan Dongshan received a total principal amount of RMB 771.8932 million and interest thereon from Shenzhen Dongshan, and Shenzhen Dongshan promptly fulfilled all relevant obligations in accordance with the Supplemental Agreement. All matters relating to the related party transactions have been completed.

Related searches on the website for disclosure of interim announcement of material related party transactions

Name of interim announcement	Disclosure date of interim announcement	Name of disclosure website of interim announcement
Announcement on Asset Purchase and Related Party Transactions	December 31, 2019	http://www.cninfo.com.cn
	January 21, 2020	http://www.cninfo.com.cn
Progress Announcement on Asset Purchase and Related Party Transactions	March 24, 2020	http://www.cninfo.com.cn
Announcement on the Execution of Supplemental Agreement to Asset Transfer Agreement and Related Party Transactions	April 3, 2020	http://www.cninfo.com.cn
Progress Announcement on Asset Transfer and Related Party Transactions	June 20, 2020	http://www.cninfo.com.cn
	December 22, 2020	http://www.cninfo.com.cn
Announcement on Asset Transfer and Related Party Transactions	December 29, 2021	http://www.cninfo.com.cn

XV. Major Contracts and Contract Performance

1. Custody, Contracting and Lease

(1) Custody

There was no custody business during the reporting period of the Company.

(2) Contracting

There was no contracting business during the reporting period of the Company.

(3) Lease

√ Applicable N/A

Description of leases

(1) Upon deliberation and approval at the thirty-ninth meeting of the fourth session of the board of directors of the Company, the Company (as the lessee) conducted the financing lease transaction with COSCO Shipping Leasing Co., Ltd. involving the principal amount no more than RMB 300 million.

(2) Upon deliberation and approval at the forty-fifth meeting of the fourth session of the board of directors of the Company, the Company (as the lessee) conducted the financing lease transaction with JIC Leasing Co., Ltd. involving the principal amount no more than RMB 100 million.

Project that generated loss/profit of the Company no less than 10% of the total profit during the reporting period of the Company

¶ Applicable √ N/A

There was no leasing project that generated loss/profit of the Company no less than 10% of the total profit during the reporting period of the Company

2. Major Security

√ Applicable N/A

Unit: RMB 0'000

External security provided by the Company and its subsidiaries (excluding those provided to its subsidiaries)								
Name of guaranteed party	Disclosure date of announcement on guarantee limit	Guarantee limit	Actual guarantee amount	Type of guarantee	Counter security (if any)	Security period	Whether or not the security has been fulfilled	Whether or not the security was provided for affiliates
Suzhou Toprun Electric Equipment Co., Ltd.	April 15, 2021	3,000	2,900	Guarantee with joint and several liability	Other shareholders provide equal security in proportion to their capital contributions	18 months	No	No
Suzhou Legate Intelligent Equipment Co., Ltd.	April 15, 2021	3,000	0					
Shanghai Fushan Precision Manufacturing Co., Ltd.	April 15, 2021	3,000	0					
Aggregate amount of external security approved during the reporting period (A1)		9,000	Aggregate amount of external security actually provided during the reporting period (A2)					5,800
Aggregate amount of external security approved at the end of the reporting period (A3)		9,000	Total remaining amount of external security actually provided at the end of the reporting period (A4)					2,900
Security provided by the Company to its subsidiaries								
Name of guaranteed	Disclosure date of	Guarantee limit	Actual guarantee	Type of	Security period	Whether or not the	Whether or not the	

party	announcement on guarantee limit		amount	guarantee		security has been fulfilled	security was provided for affiliates
Dragon Electronix Holdings Inc. and its controlled subsidiaries	April 15, 2021	300,000	196,184.07	Guarantee with joint and several liability	18 months	No	No
Hong Kong Dongshan Holding Limited	April 15, 2021	260,000	60,569.15	Guarantee with joint and several liability	18 months	No	No
Yancheng Dongshan Precision Manufacturing Co., Ltd.	April 15, 2021	180,000	108,188.19	Guarantee with joint and several liability	18 months		No
Multek Group (Hong Kong) Limited and its controlled subsidiaries	April 15, 2021	150,000	92,011.7	Guarantee with joint and several liability	18 months		No
Yancheng Mutto Optronics Technology Co., Ltd.	April 15, 2021	100,000	54,387.33	Guarantee with joint and several liability	18 months		No
YCMT	April 15, 2021	100,000	56,906.93	Guarantee with joint and several liability	18 months		No
Hong Kong Dongshan Precision Union Opoelectronic Co., Limited	April 15, 2021	50,000	0				
Yancheng Dongshan Communication Technology Co., Ltd.	April 15, 2021	30,000	15,570.9	Guarantee with joint and several liability	18 months		No

Suzhou Rf Top Electronic Communication Co., Ltd.	April 15, 2021	20,000	2,642.24	Guarantee with joint and several liability	18 months	No
Dongguan Dongshan Precision Manufacturing Co., Ltd.	April 15, 2021	10,000	0			
Suzhou Chengjia Precision Manufacturing Co., Ltd.	April 15, 2021	8,000	3,079.17	Guarantee with joint and several liability	18 months	No
Suzhou Dongbo Precision Manufacturing Co., Ltd.	April 15, 2021	3,000	0			
Aggregate amount of external security for subsidiaries approved during the reporting period (B1)		1,211,000	Aggregate amount of external security actually provided for subsidiaries during the reporting period (B2)			1,139,929.48
Aggregate amount of external security for subsidiaries approved at the end of the reporting period (B3)		1,211,000	Total remaining amount of external security actually provided for subsidiaries at the end of the reporting period (B4)			589,539.68
Total amount of security provided by the Company (being the aggregate amount of the above three items)						
Aggregate amount of security approved during the reporting period (A1+B1)		1,220,000	Aggregate amount of security actually provided during the reporting period (A2+B2)			1,145,729.48
Aggregate amount of security approved at the end of the reporting period (A3+B3)		1,220,000	Total remaining amount of security actually provided at the end of the reporting period (A4+B4)			592,439.68

Percentage of aggregate amount of actual security (being A4+B4) in the Company's net assets	40.64%
In which:	
Remaining amount of security provided for shareholders, actual controller and their affiliates (D)	0
Remaining amount of debt guarantee directly or indirectly provided for the guaranteed party whose asset-liability ratio exceeds 70% (E)	589,797.44
Amount of total security amount in excess of 50% of net assets (F)	0
Aggregate amount of the above three items (D+E+F)	589,797.44
Description of occurrence or (as evidenced by proof) possible occurrence of joint and several liability for satisfaction with respect to the guarantee contract that has not expired during the reporting period (if any)	None
Description of provision of external security against prescribed procedures (if any)	None

3. Entrusted cash asset management

(1) Entrusted wealth management

√ Applicable N/A

Overview of entrusted wealth management during the reporting period

Unit: RMB 0'000

Type	Source of funds of entrusted wealth management	Amount of entrusted wealth management	Outstanding balance	Unrecovered amount	Unrecovered amount of impairment provision of wealth management
Bank wealth management products	Self-owned funds	612,370.04	41,709.87	0	0

Bank wealth management products	Raised funds	59,200	4,500	0	0
In Total		671,570.04	46,209.87	0	0

Particulars of high-risk entrusted wealth management with single significant amount, poor security or low liquidity

☐ Applicable √ N/A

The principal amount of entrusted wealth management product cannot be recovered or there are other circumstances that may result in impairment

☐ Applicable √ N/A

(2) Entrusted loan

☐ Applicable √ N/A

There was no entrusted loan during the reporting period of the Company.

4. Other major contracts

There was no other major contract during the reporting period of the Company.

XVI. Description of Other Major Matters

There was no other major matter during the reporting period of the Company.

XVII. Major Matters of the Company's Subsidiaries

☐ Applicable √ N/A

Section VII Changes in Share Capital and Shareholders

I. Changes in Share Capital

1. Changes in share capital

Unit: Share

	Before current change		Increase or reduction (+, -)					After current change	
	Quantity	Percentage	Issue of new shares	Bonus issue	Conversion of accumulation fund into share capital	Others	Sub-total	Quantity	Percentage
I. Restricted Shares	446,984,337	26.14%				-127,392,350	-127,392,350	319,591,987	18.69%
1. State-owned shares									
2. Shares held by state-owned legal persons	8,928,570	0.52%				-8,928,570	-8,928,570	0	0.00%
3. Shares held by other domestic entities	438,055,767	25.62%				-118,463,780	-118,463,780	319,591,987	18.69%
Including: shares held by domestic legal persons	94,366,280	5.52%				-94,366,280	-94,366,280	0	0.00%
Shares held by domestic natural persons	343,689,487	20.10%				-24,097,500	-24,097,500	319,591,987	18.69%
II. Non-restricted Shares	1,262,882,990	73.86%				127,392,350	127,392,350	1,390,275,340	81.31%
1. RMB-denominated common shares	1,262,882,990	73.86%				127,392,350	127,392,350	1,390,275,340	81.31%
III. Total Number of Shares	1,709,867,327	100.00%				0	0	1,709,867,327	100.00%

Reasons for changes in share capital

√ Applicable N/A

Upon approval by the Zheng Jian Xu Ke [2020] No.980 Document issued by the China Securities Regulatory Commission, and the approval by the Shenzhen Stock Exchange, the Company appointed its lead underwriter TF Securities Co., Ltd. to make a non-public offering of 103,294,850 common shares to 20 investors (including CITIC Securities Co., Ltd., Taiping Asset Management Co., Ltd. and Zhejiang Zheshang Securities Asset Management Co., Ltd.), with a lock-up period of six (6) months. On February 8, 2021, the sale restriction on the said non-public offering of shares was lifted.

Approval of changes in share capital

¶ Applicable √ N/A

Share transfer

¶ Applicable √ N/A

Impact of changes in share capital on such financial indicators as basic earnings per share, diluted earnings per share and net assets per share attributable to common shareholders of the Company in the most recent year and the most recent period

¶ Applicable √ N/A

Other information that the Company deems necessary or the securities regulatory requires disclosure

¶ Applicable √ N/A

2. Changes in restricted shares

√ Applicable N/A

Unit: Share

Name of shareholder	Number of restricted shares at the beginning of the period	Number of additional restricted shares during the current period	Number of restricted shares lifted during the current period	Number of restricted shares at the end of the period	Reason for sale restriction	Date of listing of sale restriction
CITIC Securities Co., Ltd. (3 accounts)	4,642,857	0	4,642,857	0	Non-public offering of stocks	February 8, 2021
Taiping Asset Management Co., Ltd. (Taiping Asset Management-China Merchants Bank-Taiping Asset Fixed Asset No.36 Asset	2,928,571	0	2,928,571	0	Non-public offering of stocks	February 8, 2021

Management Product)						
Zhejiang Zheshang Securities Asset Management Co., Ltd.	5,714,285	0	5,714,285	0	Non-public offering of stocks	February 8, 2021
Jinan Tianfu Hengtong Equity Investment Fund Partnership (Limited Partnership)	2,928,571	0	2,928,571	0	Non-public offering of stocks	February 8, 2021
Bosera Fund Management Co., Ltd. (4 accountants)	3,642,857	0	3,642,857	0	Non-public offering of stocks	February 8, 2021
Greater Bay Area Industrial and Financing Investment (Guangzhou) Co., Ltd.	5,357,142	0	5,357,142	0	Non-public offering of stocks	February 8, 2021
Foresight Fund Management Co., Ltd.	5,616,288	0	5,616,288	0	Non-public offering of stocks	February 8, 2021
Xinhua Asset Management Co., Ltd. (Xinhua Life Insurance Co., Ltd.-Bonus-Group Bonus-018L-FH001 Shen)	10,714,285	0	10,714,285	0	Non-public offering of stocks	February 8, 2021
Taikang Asset Management Co., Ltd. (Taikang Life Insurance Co., Ltd.-Traditional)	8,892,857	0	8,892,857	0	Non-public offering of stocks	February 8, 2021
Taikang Asset Management Co., Ltd. (Investment-Linked Multi-Strategy Selected Investment Account of Taikang Life Insurance Co., Ltd.)	2,928,571	0	2,928,571	0	Non-public offering of stocks	February 8, 2021
Taikang Asset Management Co., Ltd. (Investment-Linked Innovation-Driven Investment Account of Taikang Life Insurance Co., Ltd.)	2,928,571	0	2,928,571	0	Non-public offering of stocks	February 8, 2021
Taikang Asset Management Co., Ltd. (Enterprise Annuity Plan of China Construction Bank Corporation)	2,928,571	0	2,928,571	0	Non-public offering of stocks	February 8, 2021

Ping An Asset Management Co., Ltd. (Ping An Asset Management-ICBC-Xin Heng No.3 Asset Management Product)	7,857,142	0	7,857,142	0	Non-public offering of stocks	February 8, 2021
Ping An Asset Management Co., Ltd. (Ping An Life Insurance Company of China, Ltd.-Bonus-Personal Insurance Bonus)	7,142,857	0	7,142,857	0	Non-public offering of stocks	February 8, 2021
Ping An Asset Management Co., Ltd. (Ping An Life Insurance Company of China, Ltd.-Personal Investment-Linked Insurance)	7,142,857	0	7,142,857	0	Non-public offering of stocks	February 8, 2021
Generali China Asset Management Co., Ltd. (Generali Asset Management-China Merchants Bank-Generali Asset-Fixed Increase Selected No.1 Asset Management Product)	2,964,285	0	2,964,285	0	Non-public offering of stocks	February 8, 2021
Ping An Securities Co., Ltd.	2,928,571	0	2,928,571	0	Non-public offering of stocks	February 8, 2021
Caitong Fund Management Co., Ltd. (20 accounts)	7,107,142	0	7,107,142	0	Non-public offering of stocks	February 8, 2021
Guotai Junan Securities Co., Ltd.	5,357,142	0	5,357,142	0	Non-public offering of stocks	February 8, 2021
CITIC Construction Investment Securities Co., Ltd.	3,571,428	0	3,571,428	0	Non-public offering of stocks	February 8, 2021
YUAN Yongfeng	183,602,175	0	16,811,060	166,791,115	Release of executive quota	N/A
YUAN Yonggang	158,956,087	0	7,286,440	151,669,647	Release of executive quota	N/A
Total	445,853,112	0	127,392,350	318,460,762	--	--

II. Issue and Listing of Securities

1. Issue of securities (excluding preferred shares) during the reporting period

☐ Applicable ✓ N/A

2. Description of changes in the total number of shares and shareholding structure of the Company, and in the asset and liability structure of the Company

☐ Applicable ✓ N/A

3. Shares held by current internal employees

☐ Applicable ✓ N/A

III. Particulars of Shareholders and Actual Controller

1. Number of shareholders and their shareholdings

Unit: Share

Total number of common shareholders at the end of the reporting period	71,390	Total number of common shareholders at the end of the month preceding the disclosure date of the annual report	79,592	The total number of preferred shareholders (if any) whose voting rights have been restored at the end of the reporting period (see Note 8)	0	The total number of preferred shareholders (if any) whose voting rights have been restored at the end of the month preceding the disclosure date of the annual report (see Note 8)	0	
Shares held by shareholder holding no less than 5% of the total shares or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding proportion	Number of shares held at the end of the reporting period	Increase or reduction during the reporting period	Number of restricted shares held	Number of unrestricted shares held	Pledged, marked or frozen	
							Status of shares	Quantity

YUAN Yongfeng	Domestic natural person	13.01%	222,388,153	-	166,791,115	55,597,038	Pledged	129,340,000
YUAN Yonggang	Domestic natural person	11.83%	202,226,196	-	151,669,647	50,556,549	Pledged	87,620,000
							Frozen	9,295,000
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	4.43%	75,735,418	33,098,165	0	75,735,418		
YUAN Fugen	Domestic natural person	3.44%	58,796,052	-	0	58,796,052		
Industrial and Commercial Bank of China - Flexible Allocation of Guangfa Multi-factor Hybrid Securities Investment Fund	Others	2.21%	37,793,406		0	37,793,406		
Shaanxi International Trust Co., Ltd. - Shaanxi State Investment DSBJ Phase II Employee Stock Ownership and Collective Fund Trust Plan	Others	1.28%	21,914,118	21,914,118	0	21,914,118		
China Life Insurance Company Limited -Bonus-Personal Bonus-005L-FH002 Shen	Others	1.26%	21,575,866	10,101,221	0	21,575,866		
China Life Insurance Company Limited-Traditional-Ordinary Insurance Product-005L-CT001 Shen	Others	1.25%	21,382,371	18,582,371	0	21,382,371		
Zhangjiagang Industry Capital Investment Co., Ltd.	State-owned legal person	1.13%	19,285,281	-10,784,719	0	19,285,281		

Taikang Life Insurance co., Ltd.-Traditional-Ordinary Insurance Product-019L-CT001 Shen	Others	1.00%	17,046,805	1,863,357	0	17,046,805		
Strategic investor or general legal person becomes one of top 10 shareholders as a result of placement of new shares (if any) (see Note 3)	N/A							
Description of connected relationship or acting in concert relationship among the said shareholders	Among the said shareholders, YUAN Yonggang and YUAN Yongfeng are the sons of YUAN Fugen, YUAN Yongfeng is the elder brother of YUAN Yonggang, and these three people are the actual controllers of the Company. Shaanxi International Trust Co., Ltd. - Shaanxi State Investment DSBJ Phase II Employee Stock Ownership and Collective Fund Trust Plan is the account opened by the Company for employee stock ownership plan 2021. Among other shareholders, the Company is not aware whether it is connected with such shareholders or is the person acting in concert provided in the Administrative Measures for Disclosure of Information About Changes in the Shareholding in the Listed Company.							
Description of voting trust/fiduciary voting and waiver of voting right by the said shareholders	N/A							
Special statement on dedicated repurchase accounts of any of top 10 shareholders (if any)) (see Note 10)	N/A							
Shares held by top 10 unrestricted shareholders								
Name of Shareholder	Number of unrestricted shares held at the end of the reporting period	Type of share						
		Type of share	Quantity					
Hong Kong Securities Clearing Company Ltd.	75,735,418	RMB-denominated common shares	75,735,418					
YUAN Fugen	58,796,052	RMB-denominated common shares	58,796,052					
YUAN Yongfeng	55,597,038	RMB-denominated common shares	55,597,038					
YUAN Yonggang	50,556,549	RMB-denominated common shares	50,556,549					
Industrial and Commercial Bank of China - Flexible Allocation of Guangfa Multi-factor Hybrid Securities Investment Fund	37,793,406	RMB-denominated common shares	37,793,406					

Shaanxi International Trust Co., Ltd. - Shaanxi State Investment DSBJ Phase II Employee Stock Ownership and Collective Fund Trust Plan	21,914,118	RMB-denominated common shares	21,914,118
China Life Insurance Company Limited -Bonus-Personal Bonus-005L-FH002 Shen	21,575,866	RMB-denominated common shares	21,575,866
China Life Insurance Company Limited-Traditional-Ordinary Insurance Product-005L-CT001 Shen	21,382,371	RMB-denominated common shares	21,382,371
Zhangjiagang Industry Capital Investment Co., Ltd.	19,285,281	RMB-denominated common shares	19,285,281
Taikang Life Insurance co., Ltd.-Traditional-Ordinary Insurance Product-019L-CT001 Shen	17,046,805	RMB-denominated common shares	17,046,805
Description of the connected relationship or acting in concert relationship among top 10 unrestricted circulating shares, and between top 10 holders of unrestricted circulating shares and top 10 shareholders	Among the said shareholders, YUAN Yonggang and YUAN Yongfeng are the sons of YUAN Fugen, YUAN Yongfeng is the elder brother of YUAN Yonggang, and these three people are the actual controllers of the Company. Shaanxi International Trust Co., Ltd. - Shaanxi State Investment DSBJ Phase II Employee Stock Ownership and Collective Fund Trust Plan is the account opened by the Company for employee stock ownership plan 2021. Among other shareholders, the Company is not aware whether it is connected with such shareholders or is the person acting in concert provided in the Administrative Measures for Disclosure of Information About Changes in the Shareholding in the Listed Company.		
Description of top 10 common shareholders participating in the financing and securities trading business (if any) (see Note 4)	N/A		

No repurchase transaction has been agreed upon by and between the Company's top 10 common shareholders and top 10 holders of its unrestricted common shares.

2. Controlling shareholders of the Company

Nature of controlling shareholder: natural person

Type of controlling shareholder: natural person

Name of controlling shareholder	Nationality	Whether or not the right to reside in any other country or region has been obtained
YUAN Yongfeng	PRC	No
YUAN Yonggang	PRC	No

YUAN Fugen	PRC	No
Primary occupations and positions	YUAN Yonggang is the Chairman of the Company, YUAN Yongfeng is the Director and General Manager of the Company, and YUAN Fugen is the Senior Consultant of the Company.	
Shareholding structure of other domestic and overseas listed companies controlled and participated by the Company during the reporting period	<p>(1) YUAN Yonggang held 23.94 % of shares of Anhui Landun Photoelectron Co., Ltd. (stock name: Landun Photoelectron; stock code: 300862), and Anhui Gaoxin Jintong Anyi Phase II Entrepreneurship Investment Fund (Limited Partnership) under the control of the couple YUAN Yonggang and WANG Wenjuan held 10.95% of shares of Landun Photoelectron. Thus, the couple YUAN Yonggang and WANG Wenjuan held 34.89% of Landun Photoelectron in aggregate, and was the actual controller of Landun Photoelectron;</p> <p>(2) The couple YUAN Yonggang and WANG Wenjuan held 95% of shares of Shenzhen Qianhai 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 funds were primarily sourced from the society), and Rongyao Capital was the Managing Partner of Hefei Rongxin Equity Investment Fund Partnership (Limited Partnership) (“Hefei Rongxin”). On November 21, 2019, Hefei Rongxin became the controlling shareholder of Anhui Andeli Department Store Co., Ltd. (stock name: Andeli; stock code: 603031), holding 12.84% of shares of Andeli, and the couple YUAN Yonggang and WANG Wenjuan was the actual controller of Andeli.</p>	

There has been no change of the controlling shareholder during the reporting period of the Company.

3. Actual controller of the Company and persons acting in concert

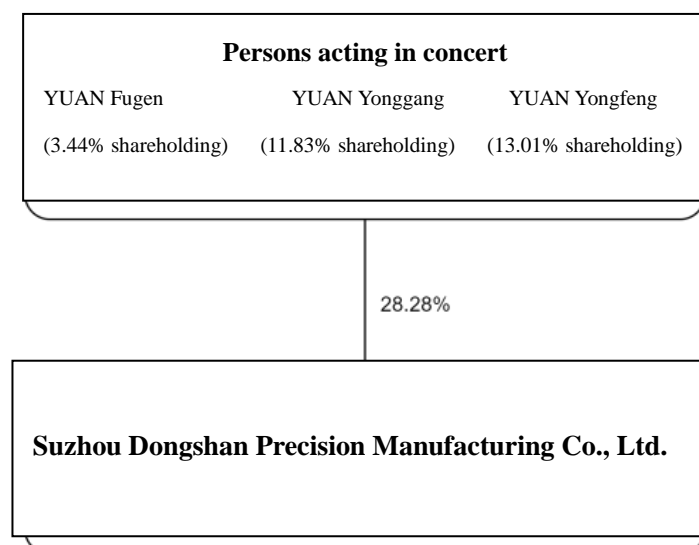
Nature of actual controller: domestic natural person

Type of actual controller: natural person

Name of actual controller	Relationship with actual controller	Nationality	Whether or not the right to reside in any other country or region has been obtained
YUAN Yongfeng	Himself	PRC	No
YUAN Yonggang	Himself	PRC	No
YUAN Fugen	Himself	PRC	No
Primary occupations and positions	YUAN Yonggang is the Chairman of the Company, YUAN Yongfeng is the Director and General Manager of the Company, and YUAN Fugen is the Senior Consultant of the Company.		
Domestic and overseas listed companies controlled by the Company in the last ten years	<p>(1) YUAN Yonggang held 23.94 % of shares of Anhui Landun Photoelectron Co., Ltd. (stock name: Landun Photoelectron; stock code: 300862), and Anhui Gaoxin Jintong Anyi Phase II Entrepreneurship Investment Fund (Limited Partnership) under the control of the couple YUAN Yonggang and WANG Wenjuan held 10.95% of shares of Landun Photoelectron. Thus, the couple YUAN Yonggang and WANG Wenjuan held 34.89% of Landun Photoelectron in aggregate, and was the actual controller of Landun Photoelectron;</p> <p>(2) The couple YUAN Yonggang and WANG Wenjuan held 95% of shares of Shenzhen Qianhai 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 funds were primarily sourced from the society), and Rongyao Capital was the Managing Partner of Hefei Rongxin Equity Investment Fund Partnership (Limited Partnership) ("Hefei Rongxin"). On November 21, 2019, Hefei Rongxin became the controlling shareholder of Anhui Andeli Department Store Co., Ltd. (stock name: Andeli; stock code: 603031), holding 12.84% of shares of Andeli, and the couple YUAN Yonggang and WANG Wenjuan was the actual controller of Andeli.</p>		

There was no change of the actual controller during the reporting period of the Company.

Block scheme of property rights and control between the Company and its actual controller



The Company is controlled by the actual controller by trust or other asset management method

☐ Applicable √ N/A

4. The aggregate number of pledged shares held by the Company's controlling shareholder or the largest shareholder and its person acting in concert accounts for 80% of the shares held by it in the Company

☐ Applicable √ N/A

5. Other institutional shareholders holding more than 10% of the shares of the Company

☐ Applicable √ N/A

6. Shareholding restriction and reduction by the controlling shareholder, actual controller, reorganizing party and other parties giving undertakings

☐ Applicable √ N/A

IV. Implementation of Share Repurchase during the Reporting Period

Progress on the implementation of share repurchase

√ Applicable N/A

Plan disclosure time	Number of shares to be repurchased	Percentage in the total share capital	Amount of proposed repurchase	Proposed repurchase period	Repurchase purpose	Number of shares repurchased
July 9, 2021	3.3967 million shares to 6.7935 million shares	0.20%-0.40%	RMB 100 million (inclusive) to RMB 200 million	From July 8, 2021 to July 8, 2022	Subsequent implementation of employee stock ownership plan or equity incentive	5,319,737

Progress on the reduction of repurchased shares by centralized bidding

√ Applicable N/A

As of August 31, 2021, the Company repurchased 5.3197 million shares of the Company by centralized bidding using the dedicated security repurchase account, accounting for 0.31% of the total share capital of the Company. The highest closing price was RMB 19.18 per share, and the lowest closing price was RMB 18.24 per share. The total closing value was RMB 100.4798 million (excluding transaction costs).

Section VIII Preferred Shares

□ Applicable √ N/A

The Company does not have preferred shares during the reporting period.

Section IX Bonds

¶ Applicable √ N/A

Section X Financial Report

I. Auditor's Report

Audit opinion	Standard unqualified opinions
Signing date of auditor's report	April 19, 2022
Auditor	Pan-China Certified Public Accountants LLP
Auditor's report document number	Tian Jian Shen [2022] No. 5-46
Name of certified public accountants	SUN Tao, HUANG Zhenshuang

Auditor's Report

Auditor's Report

Tian Jian Shen [2022] No. 5-46

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

I. Audit Opinion

We have audited the accompanying financial statements of Suzhou Dongshan Precision Manufacturing Co., Ltd. (hereinafter referred to as "Dongshan Precision"), which comprise the consolidated and parent company balance sheets as at December 31, 2021, the consolidated and parent company income statements, the consolidated and parent company cash flow statements, and the consolidated and parent company statements of changes in equity for the year then ended, as well as notes to financial statements.

In our opinion, the accompanying financial statements are prepared in all material respects in accordance with Accounting Standards for Business Enterprises and fairly present the consolidated and the parent company's financial position as of December 31, 2021, and the consolidated and the parent company's operating results and cash flows for the year then ended.

II. Basis for Audit Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the "Certified Public Accountant's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of Dongshan Precision in accordance with China Code of Ethics for Certified Public Accountants, and we have fulfilled other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, are 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 express a separate opinion on these matters.

(I) Revenue recognition

1. Key audit matters

Please refer to Note III (XXIV), V(II)1 and XIII(I) to the financial statements for details.

Dongshan Precision is mainly engaged in the sales of PCBs, LED display devices, Touch panels and LCMs, precision components and other products. In 2021, the operating revenue of Dongshan Precision amounted to RMB 31,793,147,900.

The products sold by Dongshan Precision can be recognized as the performance obligation at a certain time point. Revenue from domestic sales is recognized when: (1) the products have been delivered by the Company to the contracted delivery place and confirmed by the customers

for acceptance; (2) the payment has been received or the right of collecting payment has been obtained; and (3) it is probable that the associated economic benefits will flow to the Company. Revenue from overseas sales is recognized when: (1) the Company has declared the products for customs clearance in accordance with the contract with bills of clearance and waybills received; (2) the payment has been received or the right of collecting payment has been obtained; and (3) it is probable that the associated economic benefits will flow to the Company.

As the operating revenue is one of the key performance indicators, there might be inherent risks that the management of Dongshan Precision (the "Management") adopts inappropriate revenue recognition to achieve specific goals or expectations. Therefore, we have identified revenue recognition as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for revenue recognition are as follows:

(1) We obtained understandings of key internal controls related to revenue recognition, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of the operation;

(2) We checked sale contracts, obtained understandings of main contractual terms or conditions, and assessed whether the revenue recognition method was appropriate;

(3) For revenue from domestic sales, we checked supporting documents related to revenue recognition by sampling method, including sales contracts, sales invoices, shipping documents, and client acceptance receipts, etc.; for revenue from overseas sales, we obtained information from electron port and checked it with accounting records, and checked supporting documents related to revenue recognition by sampling method, including sales contracts, sales invoices, sales issue document, bills of clearance, waybills, etc.;

(4) We performed analysis procedure on operating revenue and gross margin by month, product, client, etc., so as to identify whether there are significant or abnormal fluctuations and find out the reason of fluctuations;

(5) We performed confirmation procedures on current sales amount by sampling method in combination with confirmation procedure of accounts receivable;

(6) We performed cut-off tests on the operating revenue recognized around the balance sheet date, and assessed whether the operating revenue was recognized in the appropriate period;

(7) We checked whether information related to operating revenue had been presented appropriately in the financial statements.

(II) Impairment of accounts receivable

1. Key audit matters

Please refer to Note III (X) and V(I)4 to the financial statements for details.

As of December 31, 2021, the book balance of accounts receivable of Dongshan Precision amounted to RMB 8,643,059,900, with provision for bad debts of RMB 976,980,200, and the carrying amount amounted to RMB 7,666,079,800.

Based on credit risk features of accounts receivable, the Management measures the provision for bad debts at the amount of lifetime expected credit losses, either on an individual basis or on a collective basis. For accounts receivable with expected credit losses measured on an individual basis, the Management estimates the expected cash flows to recognize the provision for bad debts accordingly based on a comprehensive consideration of reasonable and supportable information related to the past events, the current situation and the forecast of future economic conditions. For accounts receivable with expected credit losses measured on a collective basis, the Management classifies portfolios on the basis of aging, adjusts them based on historical credit risk loss experience and forward-looking estimations, and prepares the comparison table of aging and expected credit loss rate of accounts receivable, so as to calculate the provision for bad debts accordingly.

As the amount of accounts receivable is significant and the impairment involves significant judgment of the Management, we have identified impairment of accounts receivable as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for impairment of accounts receivable are as follows:

(1) We obtained understandings of key internal controls related to impairment of accounts receivable, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of their operation;

(2) We reviewed the accounts receivable with provision for bad debts made in previous periods for their subsequent write-off or reversal, and assessed the accuracy of historical estimations made by the Management;

(3) We reviewed the consideration of the Management on credit risk assessment and objective evidence, and assessed whether the credit risk features of accounts receivable had been appropriately identified by the Management;

(4) For accounts receivable with expected credit losses measured on an individual basis, we obtained and checked the Management's estimations on the expected future cash flows, assessed the reasonableness of key assumptions and the accuracy of data adopted in the estimations and checked them with acquired external evidence;

(5) For accounts receivable with expected credit losses measured on a collective basis, we assessed the reasonableness of portfolio classification on the basis of credit risk features; we assessed the reasonableness of the comparison table of aging and expected credit loss rate of accounts receivable prepared by the Management based on the historical credit loss experience of portfolios with similar credit risk features and forward-looking estimations; we tested the accuracy and completeness of data used by the Management (including aging of accounts receivable, historical loss rate, etc.) and whether the calculation of provision for bad debts was accurate;

(6) We checked the subsequent collection of accounts receivable and assessed the reasonableness of provision for bad debts made by the Management;

(7) We checked whether information related to impairment of accounts receivable had been presented appropriately in the financial statements.

(III) Impairment of goodwill

1. Key audit matters

Please refer to Note III(XIX) and V(I)18 to the financial statements for details.

As of December 31, 2021, the book balance of goodwill of Dongshan Precision amounted to RMB 2,239,041,200, with provision for bad debts of RMB 27,318,400, and the carrying amount amounted to RMB 2,211,722,800.

When there is objective evidence indicating that asset group or asset group portfolio related to goodwill may be impaired, or at the end of each period, the Management will perform impairment test on goodwill together with related asset group or asset group portfolio, and the recoverable amount of related asset group or asset group portfolio is determined based on the estimated present value of future cash flows. Key assumptions adopted in the impairment test include: revenue growth rate in detailed forecast period, growth rate in perpetual forecast period, gross margin, discount rate, etc.

As the amount of goodwill is significant and impairment test involves significant judgment of the Management, we have identified impairment of goodwill as a key audit matter.

2. Responsive audit procedures

Our main audit procedures for impairment of goodwill are as follows:

(1) We obtained understandings of key internal controls related to impairment of goodwill, assessed the design of these controls, determined whether they had been executed, and tested the effectiveness of their operation;

(2) We reviewed the present value of future cash flows estimated by the Management in previous years and the actual operating results, and assessed the accuracy of the Management's historical estimations;

(3) We obtained understandings of and assessed the competency, professional quality and objectivity of external appraisers engaged by the Management;

(4) We assessed the reasonableness and consistency of impairment test method adopted by the Management;

(5) We assessed the reasonableness of key assumptions used in impairment test and reviewed whether relevant assumptions were consistent with overall economy environment, industry condition, operating situation, historical experience, operation plan, approved budget, and other assumptions related to the financial statements used by the Management;

(6) We tested the accuracy, completeness and relativity of data used in the impairment test and reviewed the internal consistency of related information in the impairment test;

(7) We tested whether the calculation of estimated present value of future cash flows was accurate;

(8) We checked whether information related to impairment of goodwill had been presented appropriately in the financial statements.

IV. Other Information

The Management is responsible for 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 thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion 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, based on the work we have performed, we conclude that there is any material misstatement of other information, we are required to report that fact. 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 preparing and presenting fairly the financial statements in accordance with China Accounting Standards for Business Enterprises (“CASBEs”), as well as designing, implementing and maintaining internal control relevant to 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 Dongshan Precision’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate Dongshan Precision or to cease operations, or have no realistic alternative but to do so.

Those charged with governance of Dongshan Precision (hereinafter referred to as “those charged with governance”) are responsible for overseeing Dongshan Precision’s financial reporting process.

VI. Certified Public Accountant’s Responsibilities 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 China Standards on Auditing will always detect a material misstatement when it exists. Misstatement 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.

We exercise professional judgment and maintain professional skepticism throughout the audit performed in accordance with China Standards on Auditing. We also:

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose to express opinions on the effectiveness of internal control.

(III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(IV) Conclude on the appropriateness of the Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Dongshan Precision’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required 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 Dongshan Precision 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.

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

We communicate with those charged with governance regarding the planned audit scope, time schedule and significant audit findings, including any deficiencies in internal control of concern 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 for the current period and are therefore key 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

Chinese Certified Public Accountant: SUN Tao
(Engagement Partner)

Hangzhou, China

Chinese Certified Public Accountant: HUANG Zhenshuang
April 19, 2022

II. Financial Statements**Consolidated balance sheet as at December 31, 2021**

Unit: RMB

Items	Closing balance	Opening balance
Current assets		
Cash and bank balances	5,400,837,392.47	5,154,010,538.74
Held-for-trading financial assets	499,528,549.86	1,262,027,561.65
Notes receivable	14,624,540.85	70,758,949.85
Accounts receivable	7,666,079,765.82	7,090,498,632.70
Receivables financing	828,355,016.30	750,470,779.44
Payment in advance	186,095,112.93	195,402,953.35
Other receivables	37,505,521.59	567,026,166.56
Inventories	6,451,712,389.82	5,977,123,863.84
Other current assets	646,070,013.64	790,354,229.77
Total current assets	21,730,808,303.28	21,857,673,675.90
Non-current assets:		
Long-term receivables	69,950,000.88	105,950,000.00
Long-term equity investments	143,121,019.78	101,207,887.93
Other equity instrument investments	171,322,110.00	64,889,404.30
Investment property	1,554,262.58	
Fixed assets	10,736,270,678.33	11,225,101,992.17
Construction in progress	503,037,513.25	562,008,491.36
Right-of-use assets	920,952,667.75	
Intangible assets	297,383,991.47	355,484,167.00
Goodwill	2,211,722,774.04	2,220,590,908.21
Long-term deferred expenses	343,067,848.10	324,048,122.31
Deferred tax assets	535,920,683.59	558,419,834.12
Other non-current assets	286,296,934.20	127,694,230.24
Total non-current assets	16,220,600,483.97	15,645,395,037.64
Total assets	37,951,408,787.25	37,503,068,713.54
Current liabilities:		
Short-term borrowings	8,047,168,009.16	8,579,155,068.19
Held-for-trading financial liabilities		881,721.20
Notes payable	1,646,644,107.17	1,767,940,549.75
Accounts payable	6,729,890,126.00	7,443,237,912.72

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Contract liabilities	39,681,986.94	21,204,655.32
Employee benefits payable	503,138,722.06	381,434,530.09
Taxes and rates payable	151,692,543.85	160,212,704.05
Other payables	323,166,075.34	59,939,206.62
Non-current liabilities due within one year	1,490,545,864.93	964,563,666.84
Other current liabilities	2,440,030.34	865,474.44
Total current liabilities	18,934,367,465.79	19,379,435,489.22
Non-current liabilities:		
Long-term borrowings	2,030,525,761.80	2,764,720,894.68
Lease liabilities	1,147,810,164.72	
Long-term payables	78,927,000.98	1,200,752,321.09
Provisions	89,442,831.13	35,719,550.76
Deferred income	685,633,680.65	648,248,649.02
Deferred tax liabilities	314,359,343.00	299,223,880.52
Other non-current liabilities		
Total non-current liabilities	4,346,698,782.28	4,948,665,296.07
Total liabilities	23,281,066,248.07	24,328,100,785.29
Equity:		
Share capital	1,709,867,327.00	1,709,867,327.00
Capital reserve	8,099,524,872.90	8,136,879,413.39
Less: Treasury shares	100,479,794.32	
Other comprehensive income	-519,626,066.21	-451,615,637.76
Surplus reserve	111,698,315.15	75,205,377.40
Undistributed profit	5,275,515,670.63	3,598,580,392.76
Total equity attributable to the parent company	14,576,500,325.15	13,068,916,872.79
Non-controlling interest	93,842,214.03	106,051,055.46
Total equity	14,670,342,539.18	13,174,967,928.25
Total liabilities & equity	37,951,408,787.25	37,503,068,713.54

Legal representative: Yuan Yonggang

Office in charge of accounting: Wang Xu

Head of accounting department: Zhu Deguang

Parent company balance sheet as at December 31, 2021

Unit: RMB

Items	Closing balance	Opening balance
Current assets:		
Cash and bank balances	1,320,945,743.89	1,293,611,181.02
Held-for-trading financial assets	12,875,960.00	179,977,128.89
Notes receivable	31,632,433.51	52,820,740.92
Accounts receivable	2,751,126,772.11	2,065,260,003.35
Receivables financing	552,882,532.72	1,299,814,805.31
Payment in advance	115,749,043.07	65,943,156.29
Other receivables	3,408,234,419.21	5,195,393,439.65
Including: Interest receivable		
Dividends receivable	581,000,000.00	354,000,000.00
Inventories	697,310,419.09	706,079,830.35
Other current assets	44,816,583.10	51,762,882.90
Total current assets	8,935,573,906.70	10,910,663,168.68
Non-current assets:		
Long-term receivables	55,000,000.88	81,000,000.00
Long-term equity investments	7,096,642,244.53	6,260,723,998.11
Other equity instrument investments	171,322,110.00	21,322,110.00
Fixed assets	1,180,664,110.78	1,325,537,475.58
Construction in progress	119,752,899.75	79,816,940.03
Right-of-use assets	8,479,902.43	
Intangible assets	63,720,204.68	65,707,338.87
Long-term deferred expenses	97,651,794.61	29,220,093.04
Deferred tax assets	161,821,257.17	137,154,643.56
Other non-current assets	41,372,547.26	49,306,454.73
Total non-current assets	8,996,427,072.09	8,049,789,053.92
Total assets	17,932,000,978.79	18,960,452,222.60
Current liabilities:		
Short-term borrowings	3,523,782,504.56	3,191,844,609.44
Notes payable	1,500,663,176.84	2,519,127,432.91
Accounts payable	930,354,491.13	1,480,836,972.32
Contract liabilities	184,899,206.27	6,935,179.16
Employee benefits payable	27,858,029.13	39,680,685.65

Taxes and rates payable	3,879,187.43	1,953,916.69
Other payables	1,472,895,655.79	1,511,253,113.37
Non-current liabilities due within one year	152,150,642.66	251,062,315.15
Other current liabilities		704,759.12
Total current liabilities	7,796,482,893.81	9,003,398,983.81
Non-current liabilities:		
Long-term borrowings	334,960,336.11	240,466,300.00
Lease liabilities	6,774,436.43	
Long-term payables	78,927,000.98	95,690,893.64
Provisions	1,935,062.28	654,354.68
Deferred income	25,653,396.00	27,284,932.00
Deferred tax liabilities	2,178,114.46	1,329,870.22
Total non-current liabilities	450,428,346.26	365,426,350.54
Total liabilities	8,246,911,240.07	9,368,825,334.35
Equity:		
Share capital	1,709,867,327.00	1,709,867,327.00
Capital reserve	7,961,185,289.83	7,961,185,289.83
Less: Treasury shares	100,479,794.32	
Other comprehensive income	-350,000,000.00	-350,000,000.00
Surplus reserve	111,698,315.15	75,205,377.40
Undistributed profit	352,818,601.06	195,368,894.02
Total equity	9,685,089,738.72	9,591,626,888.25
Total liabilities & equity	17,932,000,978.79	18,960,452,222.60

Consolidated income statement for the year ended December 31, 2021

Unit: RMB

Items	Current period cumulative	Preceding period comparative
I. Total operating revenue	31,793,147,908.12	28,093,409,430.26
Including: Operating revenue	31,793,147,908.12	28,093,409,430.26
II. Total operating cost	29,789,694,099.52	26,323,802,819.86
Including: Operating cost	27,128,550,627.93	23,680,291,509.77
Taxes and surcharges	73,160,213.97	87,488,000.10
Selling expenses	341,087,646.41	329,180,346.50
Administrative expenses	781,664,730.36	686,479,003.08
R&D expenses	1,028,567,206.95	910,253,381.44
Financial expenses	436,663,673.90	630,110,578.97
Including: Interest expenses	371,339,473.57	562,315,180.30
Interest income	62,819,318.55	87,524,003.63
Add: Other income	269,467,593.24	202,345,395.03
Investment income (or less: losses)	41,578,291.23	18,878,418.25
Including: Investment income from associates and joint ventures	-7,515,648.15	6,412,017.44
Gains on changes in fair value (or less: losses)	8,645,469.99	13,233,451.39
Credit impairment loss	-7,992,105.91	-142,200,047.48
Assets impairment loss	-187,376,720.10	-84,916,564.37
Gains on asset disposal (or less: losses)	-14,060,145.96	21,382,265.54
III. Operating profit (or less: losses)	2,113,716,191.09	1,798,329,528.76
Add: Non-operating revenue	3,112,802.79	13,465,190.82
Less: Non-operating expenditures	6,006,471.39	25,469,372.36
IV. Profit before tax (or less: total loss)	2,110,822,522.49	1,786,325,347.22
Less: Income tax	249,922,824.36	249,138,163.22
V. Net profit (or less: net loss)	1,860,899,698.13	1,537,187,184.00
(I) Categorized by the continuity of operations		
1. Net profit from continuing operations (or less: net loss)	1,860,899,698.13	1,537,187,184.00
2. Net profit from discontinued operations (or less: net loss)		
(II) Categorized by the portion of equity ownership		
1. Net profit attributable to owners of parent company (or less: net loss)	1,862,481,138.84	1,530,132,196.09
2. Net profit attributable to non-controlling shareholders (or less: net loss)	-1,581,440.71	7,054,987.91

VI. Other comprehensive income after tax	-46,074,281.99	89,653,243.55
Items attributable to the owners of the parent company	-46,074,281.99	89,653,243.55
(I) Not to be reclassified subsequently to profit or loss		21,936,146.46
1. Changes in remeasurement on the net defined benefit plan		
2. Items under equity method that will not be reclassified to profit or loss		
3. Changes in fair value of other equity instrument investments		21,936,146.46
(II) To be reclassified subsequently to profit or loss	-46,074,281.99	67,717,097.09
1. Items under equity method that may be reclassified to profit or loss		
2. Changes in fair value of other debt investments		
3. Profit or loss from reclassification of financial assets into other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Cash flow hedging reserve	4,646,609.02	50,109,339.97
6. Translation reserve	-50,720,891.01	17,607,757.12
Items attributable to non-controlling shareholders		
VII. Total comprehensive income	1,814,825,416.14	1,626,840,427.55
Items attributable to the owners of the parent company	1,816,406,856.85	1,619,785,439.64
Items attributable to non-controlling shareholders	-1,581,440.71	7,054,987.91
VIII. Earnings per share (EPS):		
(I) Basic EPS (yuan per share)	1.09	0.93
(II) Diluted EPS (yuan per share)	1.09	0.93

Legal representative: Yuan Yonggang

Office in charge of accounting: Wang Xu

Head of accounting department: Ö Zhu Deguang

Parent company income statement for the year ended December 31, 2021

Unit: RMB

Items	Current period cumulative	Preceding period comparative
I. Operating revenue	4,244,074,740.42	4,176,303,767.88
Less: Operating cost	3,883,235,776.32	3,527,999,329.09
Taxes and surcharges	19,465,458.59	21,067,498.22
Selling expenses	38,690,956.59	67,368,855.84
Administrative expenses	324,739,564.30	277,058,369.13
R&D expenses	43,692,074.72	59,701,745.21
Financial expenses	190,892,392.23	328,740,785.58
Including: Interest expenses	232,182,345.26	237,028,665.44
Interest income	80,410,545.58	34,008,241.90
Add: Other income	15,687,436.18	13,049,853.51
Investment income (or less: losses)	562,696,915.32	363,631,155.33
Including: Investment income from associates and joint ventures	-7,099,445.94	6,412,017.44
Gains on changes in fair value (or less: losses)	7,766,360.00	8,309,600.00
Credit impairment loss	40,737,910.06	-90,728,600.17
Assets impairment loss	-29,305,690.70	
Gains on asset disposal (or less: losses)	236,751.46	-3,926,734.10
II. Operating profit (or less: losses)	341,178,199.99	184,702,459.38
Add: Non-operating revenue	1,322,195.03	12,000,000.00
Less: Non-operating expenditures	1,389,386.90	5,782,225.10
III. Profit before tax (or less: total loss)	341,111,008.12	190,920,234.28
Less: Income tax	-23,818,369.37	-15,855,385.56
IV. Net profit (or less: net loss)	364,929,377.49	206,775,619.84
(I) Net profit from continuing operations (or less: net loss)	364,929,377.49	206,775,619.84
(II) Net profit from discontinued operations (or less: net loss)		
V. Other comprehensive income after tax		
VI. Total comprehensive income	364,929,377.49	206,775,619.84

Consolidated cash flow statement for the year ended December 31, 2021

Unit: RMB

Items	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:		
Cash receipts from sale of goods or rendering of services	29,815,812,937.85	26,873,781,591.53
Receipts of tax refund	1,243,753,661.97	1,016,052,066.14
Other cash receipts related to operating activities	512,083,240.76	1,017,818,722.94
Subtotal of cash inflows from operating activities	31,571,649,840.58	28,907,652,380.61
Cash payments for goods purchased and services received	23,091,788,130.30	21,167,542,452.52
Cash paid to and on behalf of employees	4,026,453,550.20	3,577,192,069.71
Cash payments for taxes and rates	519,261,401.11	419,793,256.48
Other cash payments related to operating activities	724,602,274.76	810,955,707.25
Subtotal of cash outflows from operating activities	28,362,105,356.37	25,975,483,485.96
Net cash flows from operating activities	3,209,544,484.21	2,932,168,894.65
II. Cash flows from investing activities:Ö		
Cash receipts from withdrawal of investments	1,221,008,889.75	8,500,000.00
Cash receipts from investment income	21,034,758.46	19,360,758.39
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	14,867,642.54	132,109,214.21
Net cash receipts from the disposal of subsidiaries & other business units		29,581,735.55
Other cash receipts related to investing activities	614,294,406.73	340,408,535.48
Subtotal of cash inflows from investing activities	1,871,205,697.48	529,960,243.63
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	3,049,208,456.95	2,390,718,571.68
Cash payments for investments	849,056,781.87	1,237,188,776.62
Other cash payments related to investing activities	1,288.94	
Subtotal of cash outflows from investing activities	3,898,266,527.76	3,627,907,348.30
Net cash flows from investing activities	-2,027,060,830.28	-3,097,947,104.67
III. Cash flows from financing activities:		
Cash receipts from absorbing investments	17,800,000.00	2,935,855,800.00
Including: Cash received by subsidiaries from non-controlling shareholders as investments	17,800,000.00	67,100,000.00
Cash receipts from borrowings	9,629,498,697.60	13,141,749,676.63
Other cash receipts related to financing activities	3,921,528,258.50	5,310,681,482.11
Subtotal of cash inflows from financing activities	13,568,826,956.10	21,388,286,958.74

Cash payments for the repayment of borrowings	8,348,766,123.52	13,709,859,928.08
Cash payments for distribution of dividends or profits and for interest expenses	456,920,317.80	575,776,591.34
Other cash payments related to financing activities	4,856,990,811.10	5,999,002,986.97
Subtotal of cash outflows from financing activities	13,662,677,252.42	20,284,639,506.39
Net cash flows from financing activities	-93,850,296.32	1,103,647,452.35
IV. Effect of foreign exchange rate changes on cash & cash equivalents	-22,467,316.29	-11,595,027.58
V. Net increase in cash and cash equivalents	1,066,166,041.32	926,274,214.75
Add: Opening balance of cash and cash equivalents	2,873,135,085.47	1,946,860,870.72
VI. Closing balance of cash and cash equivalents	3,939,301,126.79	2,873,135,085.47

Parent company cash flow statement for the year ended December 31, 2021

Unit: RMB

Items	Current period cumulative	Preceding period comparative
I. Cash flows from operating activities:		
Cash receipts from sale of goods and rendering of services	3,363,805,354.17	4,100,442,519.83
Receipts of tax refund	134,161,286.35	112,809,807.52
Other cash receipts related to operating activities	3,081,500,098.60	1,225,133,552.27
Subtotal of cash inflows from operating activities	6,579,466,739.12	5,438,385,879.62
Cash payments for goods purchased and services received	4,090,981,643.21	4,419,569,654.69
Cash paid to and on behalf of employees	398,660,527.63	364,350,627.14
Cash payments for taxes and rates	33,744,370.30	61,601,122.75
Other cash payments related to operating activities	592,980,732.05	1,871,683,692.06
Subtotal of cash outflows from operating activities	5,116,367,273.19	6,717,205,096.64
Net cash flows from operating activities	1,463,099,465.93	-1,278,819,217.02
II. Cash flows from investing activities:		
Cash receipts from withdrawal of investments	252,000,000.00	142,000,000.00
Cash receipts from investment income	356,296,361.26	245,342,322.01
Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets	31,699,821.28	447,367,880.73
Other cash receipts related to investing activities	50,000,000.00	3,800,640.02
Subtotal of cash inflows from investing activities	689,996,182.54	838,510,842.76
Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets	233,002,384.33	465,792,578.28
Cash payments for investments	1,086,517,692.36	608,035,700.00
Subtotal of cash outflows from investing activities	1,319,520,076.69	1,073,828,278.28
Net cash flows from investing activities	-629,523,894.15	-235,317,435.52
III. Cash flows from financing activities:		
Cash receipts from absorbing investments		2,868,755,800.00
Cash receipts from borrowings	3,991,741,102.36	5,396,272,516.90
Other cash receipts related to financing activities		172,300,000.00
Subtotal of cash inflows from financing activities	3,991,741,102.36	8,437,328,316.90
Cash payments for the repayment of borrowings	3,495,543,277.60	6,227,823,977.88
Cash payments for distribution of dividends or profits and for interest expenses	396,644,933.48	298,599,474.73
Other cash payments related to financing activities	274,156,177.46	384,413,186.37
Subtotal of cash outflows from financing activities	4,166,344,388.54	6,910,836,638.98

Net cash flows from financing activities	-174,603,286.18	1,526,491,677.92
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-1,751,977.28	-10,446,914.88
V. Net increase in cash and cash equivalents	657,220,308.32	1,908,110.50
Add: Opening balance of cash and cash equivalents	273,162,856.89	271,254,746.39
VI. Closing balance of cash and cash equivalents	930,383,165.21	273,162,856.89

Consolidated statement of changes in equity for the year ended December 31, 2021

Unit: RMB

Items	Current period cumulative								
	Equity attributable to parent company							Non-controlling interest	Total equity
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Undistributed profit	Subtotal		
I. Balance at the end of prior year	1,709,867,327.00	8,136,879,413.39		-451,615,637.76	75,205,377.40	3,598,580,392.76	13,068,916,872.79	106,051,055.46	13,174,967,928.25
II. Balance at the beginning of current year	1,709,867,327.00	8,136,879,413.39		-451,615,637.76	75,205,377.40	3,598,580,392.76	13,068,916,872.79	106,051,055.46	13,174,967,928.25
III. Current period increase (or less: decrease)		-37,354,540.49	100,479,794.32	-68,010,428.45	36,492,937.75	1,676,935,277.87	1,507,583,452.36	-12,208,841.43	1,495,374,610.93
(I) Total comprehensive income				-46,074,281.99		1,862,481,138.84	1,816,406,856.85	-1,581,440.71	1,814,825,416.14
(II) Capital contributed or withdrawn by owners		-37,354,540.49	100,479,794.32			-2,336.98	-137,836,671.79	-10,602,369.68	-148,439,041.47
1. Ordinary shares contributed by owners								17,800,000.00	17,800,000.00
2. Others		-37,354,540.49	100,479,794.32			-2,336.98	-137,836,671.79	-28,402,369.68	-166,239,041.47
(III) Profit distribution					36,492,937.75	-207,479,670.45	-170,986,732.70	-25,031.04	-171,011,763.74
1. Appropriation of surplus reserve					36,492,937.75	-36,492,937.75			
3. Appropriation of profit to owners						-170,986,732.70	-170,986,732.70	-25,031.04	-171,011,763.74

(IV) Internal carry-over within equity				-21,936,146.46		21,936,146.46			
1. Other comprehensive income carried over to retained earnings				-21,936,146.46		21,936,146.46			
IV. Balance at the end of current period	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

Items	Preceding period comparative							
	Equity attributable to parent company						Non-controlling interest	Total equity
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profit	Subtotal		
I. Balance at the end of prior year	1,606,572,477.00	5,356,838,750.59	-541,268,881.31	54,527,815.42	2,169,454,382.50	8,646,124,544.20	51,277,667.14	8,697,402,211.34
II. Balance at the beginning of current year	1,606,572,477.00	5,356,838,750.59	-541,268,881.31	54,527,815.42	2,169,454,382.50	8,646,124,544.20	51,277,667.14	8,697,402,211.34
III. Current period increase (or less: decrease)	103,294,850.00	2,780,040,662.80	89,653,243.55	20,677,561.98	1,429,126,010.26	4,422,792,328.59	54,773,388.32	4,477,565,716.91
(I) Total comprehensive income			89,653,243.55		1,530,132,196.09	1,619,785,439.64	7,054,987.91	1,626,840,427.55
(II) Capital contributed or withdrawn by owners	103,294,850.00	2,780,040,662.80				2,883,335,512.80	47,718,400.41	2,931,053,913.21
1. Ordinary shares contributed by owners	103,294,850.00	2,760,659,063.21				2,863,953,913.21	67,100,000.00	2,931,053,913.21
2. Others		19,381,599.59				19,381,599.59	-19,381,599.59	
(III) Profit distribution				20,677,561.98	-101,006,185.83	-80,328,623.85		-80,328,623.85
1. Appropriation of surplus reserve				20,677,561.98	-20,677,561.98			
2. Appropriation of profit to owners					-80,328,623.85	-80,328,623.85		-80,328,623.85
IV. Balance at the end of current period	1,709,867,327.00	8,136,879,413.39	-451,615,637.76	75,205,377.40	3,598,580,392.76	13,068,916,872.79	106,051,055.46	13,174,967,928.25

Parent company statement of changes in equity for the year ended December 31, 2021

Unit: RMB

Items	Current period cumulative						
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Undistributed profit	Total equity
I. Balance at the end of prior 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
II. Balance at the beginning of 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. Current period increase (or less: decrease)			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) Capital contributed or withdrawn by owners			100,479,794.32				-100,479,794.32
1. Ordinary shares contributed by owners			100,479,794.32				-100,479,794.32
(III) Profit distribution					36,492,937.75	-207,479,670.45	-170,986,732.70
1. Appropriation of surplus reserve					36,492,937.75	-36,492,937.75	
2. Appropriation of profit to owners						-170,986,732.70	-170,986,732.70
IV. Balance at the end of current period	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

Items	Preceding period comparative					
	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profit	Total equity
I. Balance at the end of prior year	1,606,572,477.00	5,200,526,226.62	-350,000,000.00	54,527,815.42	89,599,460.01	6,601,225,979.05
II. Balance at the beginning of current year	1,606,572,477.00	5,200,526,226.62	-350,000,000.00	54,527,815.42	89,599,460.01	6,601,225,979.05
III. Current period increase (or less: decrease)	103,294,850.00	2,760,659,063.21		20,677,561.98	105,769,434.01	2,990,400,909.20
(I) Total comprehensive income					206,775,619.84	206,775,619.84
(II) Capital contributed or withdrawn by owners	103,294,850.00	2,760,659,063.21				2,863,953,913.21
1. Ordinary shares contributed by owners	103,294,850.00	2,760,659,063.21				2,863,953,913.21
(III) Profit distribution				20,677,561.98	-101,006,185.83	-80,328,623.85
1. Appropriation of surplus reserve				20,677,561.98	-20,677,561.98	
2. Appropriation of profit to owners					-80,328,623.85	-80,328,623.85
IV. Balance at the end of current period	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. Company Profile

Suzhou Dongshan Precision Manufacturing Co., Ltd. (“Company” or “the Company”) is a joint stock company with limited liability converted from Suzhou Dong Shan Sheet Metal Co., Ltd. which was registered at the Administration for Industry and Commerce of Wuxian City on October 28, 1998 and converted into the Company on the benchmark date of September 30, 2007. The Company, headquartered in Suzhou City, Jiangsu Province, was registered at the Administration for Industry and Commerce of Suzhou City, Jiangsu Province on December 24, 2007, with a business license with unified social credit code of 91320500703719732P and a registered capital of RMB1,709,867,327.00 at present. The Company has held 1,709,867,327 shares (each with par value of RMB 1) in total, of which, 319,591,987 shares are restricted outstanding A shares, and 1,390,275,340 shares are unrestricted outstanding A shares. The Company’s shares were listed at the Shenzhen Stock Exchange on April 9, 2010.

The Company belongs to the manufacturing industry relating to computer, communication and other electronic equipment, and is mainly engaged in providing core devices for intelligent interconnection and interoperability. The Company’s key products include PCBs, LED display devices, Touch panels and LCMs and precision components.

The financial statements were approved and authorized for issue by the 20nd meeting of the 5th session of the Board of Directors dated April 19, 2022.

Sixty-four subsidiaries and sub-subsidiaries have been incorporated in the scope of the consolidated financial statements by the end of the Reporting Period, such as Multi-Fineline Electronix Inc.(“MFLEX”), Multek Group (Hong Kong) Limited(“Multek”) and Yancheng Dongshan Precision Manufacturing Co., Ltd. Please refer to Note VIII and IX to the financial statements for details.

IV. Preparation Basis of the Financial Statements

1. Preparation basis

The financial statements have been prepared on the basis of going concern.

2. Going concern

The Company has no events or conditions that may cast significant doubts upon the Company’s ability to continue as a going concern within the 12 months after the end of the reporting period.

V. Significant accounting policies and estimates

Important note:

The Company has set up accounting policies and estimates on transactions or events such as impairment of financial instruments, depreciation of fixed assets, depreciation of right-of-use assets, amortization of intangible assets, revenue recognition, etc., based on the Company’s actual production and operation features.

1. Statement of compliance

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, results of operations and cash flows of the Company.

2. Accounting period

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

3. Operating cycle

The Company has a relatively short operating cycle for its business, an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

4. Functional currency

The functional currency of the Company is RMB Yuan, while MFLEX takes US Dollar as its functional currency. Subsidiaries of MFLEX, Multek as well as other subsidiaries engaged in overseas operations take the currency of the primary economic environment in which they operate as their functional currency.

5. Accounting treatments of business combination under and not under common control

(1) Accounting treatment of business combination under common control

Assets and liabilities arising from business combination are measured at carrying amount of the combined party included in the consolidated financial statements of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) Accounting treatment of business combination not under common control

When combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities, and the measurement of the combination cost are reviewed, then the difference is recognized in profit or loss.

6. Compilation method of consolidated financial statements

(1) The parent company brings all its controlled subsidiaries into the consolidation scope. The consolidated financial statements are compiled by the parent company according to “CASBE 33 – Consolidated Financial Statements”, based on relevant information and the financial statements of the parent company and its subsidiaries.

(2) Accounting treatments on the subsidiary whose equity is sold after purchase or repurchased after sale within two consecutive accounting years

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

(1) Joint arrangements include joint operations and joint ventures.

(2) When the Company is a joint operator of a joint operation, it recognizes the following items in relation to its interest in a joint operation:

- 1) its assets, including its share of any assets held jointly;*
- 2) its liabilities, including its share of any liabilities incurred jointly;*
- 3) its revenue from the sale of its share of the output arising from the joint operation;*
- 4) its share of the revenue from the sale of the assets by the joint operation; and*
- 5) its expenses, including its share of any expenses incurred jointly.*

8. Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term, highly liquid investments that can be readily converted to known amounts of cash and that are subject to an insignificant risk of changes in value.

9. Conversion of Transactions and Financial Statements Denominated in Foreign Currencies.

(1) Translation of transactions denominated in foreign currency

Transactions denominated in foreign currency are translated into RMB yuan at the spot exchange rate/the approximate exchange rate similar to the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, monetary items denominated in foreign currency are translated at the spot exchange rate at the balance sheet date with difference, except for those arising from the principal and interest of exclusive borrowings eligible for capitalization, included in profit or loss; non-cash items carried at historical costs are translated at the spot exchange rate/the approximate exchange rate similar to the spot exchange rate at the transaction date, with the RMB amounts unchanged; non-cash items carried at fair value in foreign currency are translated at the spot exchange rate at the date when the fair value was determined, with difference included in profit or loss or other comprehensive income.

(2) Translation of financial statements measured in foreign currency

The assets and liabilities in the balance sheet are translated into RMB at the spot rate at the balance sheet date; the equity items, other than undistributed profit, are translated at the spot rate at the transaction date; the revenues and expenses in the income statement are translated into RMB at the spot exchange rate/the approximate exchange rate similar to the spot exchange rate at the transaction date. The difference arising from the aforementioned foreign currency translation is included in other comprehensive income.

10. Financial instruments

(1) Classification of financial assets and financial liabilities

Financial assets are classified into the following three categories when initially recognized: 1) financial assets at amortized cost; 2) financial assets at fair value through other comprehensive income; 3) financial assets at fair value through profit or loss.

Financial liabilities are classified into the following four categories when initially recognized: 1) financial liabilities at fair value through profit or loss; 2) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; 3) financial guarantee contracts not fall within the above categories 1) and 2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category 1); 4) financial liabilities at amortized cost.

(2) Recognition criteria, measurement method and derecognition condition of financial assets and financial liabilities

1) Recognition criteria and measurement method of financial assets and financial liabilities

When the Company becomes a party to a financial instrument, it is recognized as a financial asset or financial liability. The financial assets and financial liabilities initially recognized by the Company are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount. However, at initial recognition, for accounts receivable that do not contain a significant financing component or in circumstances where the Company does not consider the financing components in contracts within one year, the Company measures the transaction price in accordance with “CASBE 14 – Revenues”.

2) Subsequent measurement of financial assets

7 Financial assets measured at amortized cost

The Company measures its financial assets at the amortized costs using effective interest method. Gains or losses on financial assets that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial assets are derecognized, reclassified, amortized using effective interest method or recognized with impairment loss.

8 Debt instrument investments at fair value through other comprehensive income

The Company measures its debt instrument investments at fair value. Interests, impairment gains or losses, and gains and losses on foreign exchange that calculated using effective interest method shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into profit or loss when the financial assets are derecognized.

9 Equity instrument investments at fair value through other comprehensive income

The Company measures its equity instrument investments at fair value. Dividends obtained (other than those as part of investment cost recovery) shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into retained earnings when the financial assets are derecognized.

: Financial assets at fair value through profit or loss

For financial asset at fair value through profit and loss, subsequent measurement will be calculated at fair value. Gains or losses arising from changes in fair value (including interests and dividends) shall be included into profit or loss, except for financial assets that are part of hedging relationships.

3) Subsequent measurement of financial liabilities

7 Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are liabilities) and financial liabilities designated as at fair value through profit or loss. The Company measures such kind of liabilities at fair value. The amount of changes in the fair value of the financial liabilities that are attributable to changes in the Company's own credit risk shall be included into other comprehensive income, unless such treatment would create or enlarge accounting mismatches in profit or loss. Other gains or losses on those financial liabilities (including interests, changes in fair value that are attributable to reasons other than changes in the Company's own credit risk) shall be included into profit or loss, except for financial liabilities that are part of hedging relationships. Accumulated gains or losses that originally recognized as other comprehensive income should be transferred out into retained earnings when the financial liabilities are derecognized.

8 Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies

The Company measures its financial liabilities in accordance with "CASBE 23 – Transfer of Financial Assets".

9 Financial guarantee contracts not fall within the above categories 7 and 8, and commitments to provide a loan at a below-market interest rate, which do not fall within the above category

The Company measures its financial liabilities at the higher of:

- a. *the amount of loss allowances in accordance with impairment requirements of financial instruments;*
- b. *the amount initially recognized less the amount of accumulated amortization recognized in accordance with "CASBE 14 – Revenues".*

: Financial liabilities at amortized cost

The Company measures its financial liabilities at amortized cost using effective interest method. Gains or losses on financial liabilities that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial liabilities are derecognized and amortized using effective interest method.

4) Derecognition of financial assets and financial liabilities

Financial assets are derecognized when:

- a. *the contractual rights to the cash flows from the financial assets expire; or*
- b. *the financial assets have been transferred and the transfer qualifies for derecognition in accordance with "CASBE 23 – Transfer of Financial Assets".*

Only when the underlying present obligations of a financial liability are relieved totally or partly may the financial liability be derecognized accordingly.

(3) Recognition criteria and measurement method of financial assets transfer

Where the Company has transferred substantially all of the risks and rewards related to the ownership of the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability. If it retained substantially all of the risks and rewards related to the ownership of the financial asset, it continues recognizing the financial asset.

Where the Company does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset, it is dealt with according to the circumstances as follows respectively:

- a. *if the Company does not retain its control over the financial asset, it derecognizes the financial asset, and any right or liability arising from such transfer is recognized independently as an asset or a liability;*

b. if the Company retains its control over the financial asset, according to the extent of its continuing involvement in the transferred financial asset, it recognizes the related financial asset and recognizes the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items is included in profit or loss:

a the carrying amount of the transferred financial asset as of the date of derecognition;

b the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income).

If the transfer of financial assets partially satisfies the conditions to derecognition, the entire carrying amount of the transferred financial assets is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items is included into profit or loss:

a the carrying amount of the portion which is derecognized;

b the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income).

(4) Fair value determination method of financial assets and liabilities

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data and information are available. The inputs to valuation techniques used to measure fair value are arranged in the following hierarchy and used accordingly:

Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. They include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability, for example, interest rates and yield curves observable at commonly quoted intervals; market-corroborated inputs;

Level 3 inputs are unobservable inputs for the asset or liability. They include interest rate that is not observable and cannot be corroborated by observable market data at commonly quoted intervals, historical volatility, future cash flows to be paid to fulfill the disposal obligation assumed in business combination, financial forecast developed using the Company's own data, etc.

(5) Impairment of financial instruments

1) Measurement and accounting treatment

The Company, on the basis of expected credit loss, recognizes loss allowances of financial assets at amortized cost, debt instrument investments at fair value through other comprehensive income, contract assets, leases receivable, loan commitments other than financial liabilities at fair value through profit or loss, financial guarantee contracts not belong to financial liabilities at fair value through profit or loss or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Expected credit losses refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Among which, purchased or originated credit-impaired financial assets are discounted at the credit-adjusted effective interest rate.

At the balance sheet date, the Company shall only recognize the cumulative changes in the lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

For leases receivable, and accounts receivable and contract assets resulting from transactions regulated in “CASBE 14 – Revenues” which do not contain a significant financing component or in circumstances where the Company does not consider the financing components in contracts within one year, the Company chooses simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For financial assets other than the above, on each balance sheet date, the Company shall assess whether the credit risk on the financial instrument has increased significantly since initial recognition. The Company shall measure the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Considering reasonable and supportable forward-looking information, the Company compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition, so as to assess whether the credit risk on the financial instrument has increased significantly since initial recognition.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have relatively low credit risk at the balance sheet date.

The Company shall estimate expected credit risk and measure expected credit losses on an individual or a collective basis. When the Company adopts the collective basis, financial instruments are grouped with similar credit risk features.

The Company shall remeasure expected credit loss on each balance sheet date, and increased or reversed amounts of loss allowance arising therefrom shall be included into profit or loss as impairment losses or gains. For a financial asset measured at amortized cost, the loss allowance reduces the carrying amount of such financial asset presented in the balance sheet; for a debt investment measured at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of such financial asset.

2) Financial instruments with expected credit risk assessed and expected credit losses measured on a collective basis

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Other receivables - Portfolio grouped with aging	Aging	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate.
Other receivables - Portfolio grouped with related parties within the consolidation scope	Related parties within the consolidation scope	

3) Accounts receivable and contract assets with expected credit losses measured on a collective basis

a. Specific portfolios and method for measuring expected credit loss

Items	Basis for determination of portfolio	Method for measuring expected credit loss
Bank acceptance receivable	Type of notes	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate.
Trade acceptance receivable		
Accounts receivable - Portfolio grouped with aging	Aging	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of aging and lifetime expected credit loss rate of accounts receivable, so as to calculate expected credit loss.
Accounts receivable - Portfolio grouped with related parties within the consolidation scope	Related parties within the consolidation scope	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate.
Long-term receivables - Portfolio grouped with security deposits	Nature of receivables	Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate.

b Accounts receivable - comparison table of aging and lifetime expected credit loss rate of portfolio grouped with aging

Aging	Expected credit loss rate (%)
Within 6 months(inclusive,the same hereinafter)	0.5
7-12 months	5
1-2 years	20
2-3 years	60
Over 3 years	100

(6) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, the Company offsets a financial asset and a financial liability and presents the net amount in the balance sheet when, and only when, the Company: currently has a legally enforceable right to set off the recognized amounts, and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

For a transfer of a financial asset that does not qualify for derecognition, the Company does not offset the transferred asset and the associated liability.

11. Inventories

(1) Classification of inventories

Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the process of production, materials or supplies etc., to be consumed in the production process or in the rendering of services.

(2) Accounting method for dispatching inventories

Inventories dispatched from storage are accounted for with weighted average method at the end of each month.

(3) Basis for determining net realizable value

At the balance sheet date, inventories are measured at the lower of cost and net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of materials to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value is determined separately and is compared with their costs to set the provision for inventory write-down to be made or reversed.

(4) Inventory system

Perpetual inventory method is adopted.

(5) Amortization method of low-value consumables and packages

- 1) Low-value consumables are amortized with one-off method.
- 2) Packages are amortized with one-off method.

12. Contract Assets

The Company lists contract assets or contract liabilities in the balance sheet according to the relationship between its performance obligations and customer payments.

The Company shall present the contract assets and contract liabilities under the same contract in net amount after offsetting each other.

The Company lists the right to receive consideration from customers unconditionally (namely only depending on the passage of time) as accounts receivable, and the right to receive consideration after transferring goods to customers (the right depends on other factors other than the passage of time) as contract assets.

13. Contract costs

Assets related to contract costs including costs of obtaining a contract and costs to fulfil a contract.

The Company recognizes as an asset the incremental costs of obtaining a contract if those costs are expected to be recovered. The costs of obtaining a contract shall be included into profit or loss when incurred if the amortization period

of the asset is one year or less.

If the costs incurred in fulfilling a contract are not within the scope of standards related to inventories, fixed assets or intangible assets, etc., the Company shall recognize the costs to fulfil a contract as an asset if all the following criteria are satisfied:

- 1. The costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials, manufacturing overhead cost (or similar cost), cost that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;*
- 2. The costs enhance resources of the Company that will be used in satisfying performance obligations in the future; and*
- 3. The costs are expected to be recovered.*

An asset related to contract costs shall be amortized on a systematic basis that is consistent with related goods or services, with amortization included into profit or loss.

The Company shall make provision for impairment and recognize an impairment loss, to the extent that the carrying amount of an asset related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates, less the costs expected to be incurred. The Company shall recognize a reversal of an impairment loss previously recognized in profit or loss when the impairment conditions no longer exist or have improved. The carrying amount of the asset after the reversal shall not exceed the amount that would have been determined on the reversal date if no provision for impairment had been made previously.

14. Long-term equity investments

(1) Judgment of joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

(2) Determination of investment cost

1) For business combination under common control, if the consideration of the combining party is that it makes payment in cash, transfers non-cash assets, assumes its liabilities or issues equity securities, on the date of combination, it regards the share of the carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investments and the carrying amount of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, on the date of combination, investment cost is initially recognized at the share of the carrying amount of net assets of the combined party included in the consolidated financial statements of the ultimate controlling party. The difference between the

initial investment cost of long-term equity investments at the acquisition date, and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity, is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

2) For business combination not under common control, investment cost is initially recognized at the acquisition-date fair value of considerations paid. As for business combinations which involve enterprises not under common control and are carried out in stages, the accounting treatment of stand-alone financial report and consolidated financial report shall be different:

7 In the stand-alone financial report, the initial investment cost, which is accounted for using the newly adopted cost method, is the sum of carrying value of equity investment originally held and the addition of investment cost.

8 In the case of consolidated financial statements, the Company determines whether it is a “bundled transaction”. If it is a “bundled transaction”, stages as a whole are considered as one transaction in accounting treatment. If it is not a “bundled transaction”, the carrying amount of the acquirer’s previously held equity interest in the acquiree is remeasured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer’s previously held equity interest in the acquiree involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.

3) Long-term equity investments obtained through ways other than business combination: the initial cost of a long-term equity investment that obtained by making payment in cash is the purchase cost which is actually paid; that obtained on the basis of issuing equity securities is the fair value of the equity securities issued; that obtained through debt restructuring is determined according to “CASBE 12 – Debt Restructuring”; and that obtained through non-cash assets exchange is determined according to “CASBE 7 – Non-cash Assets Exchange”.

(3) Subsequent measurement and recognition method of profit or loss

For long-term equity investments with control relationship, it is accounted for with cost method; for long-term equity investments with joint control or significant influence relationship, it is accounted for with equity method.

(4) Disposal of a subsidiary in stages resulting in the Company’s loss of control

1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. If the disposal does not result in the Company’s loss of significant influence or joint control, the remained equity is accounted for with equity method; however, if the disposal results in the Company’s loss of control, joint control, or significant influence, the remained equity is accounted for according to “CASBE 22 – Financial Instruments: Recognition and Measurement”.

2) Consolidated financial statements

7 Disposal of a subsidiary in stages not qualified as “bundled transaction” resulting in the Company’s loss of control Before the Company’s loss of control, the difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary from acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium), if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings. When the Company loses control, the remained equity is remeasured at the loss-of-control-date fair value. The aggregated value of disposal consideration and the fair value of the remained equity, less the share of net assets in the

disposed subsidiary held before the disposal from the acquisition date or combination date to the disposal date, is recognized in investment income in the period when the Company loses control over such subsidiary, and meanwhile goodwill is offset correspondingly. Other comprehensive income related to equity investments in former subsidiary is reclassified as investment income upon the Company's loss of control.

8 Disposal of a subsidiary in stages qualified as "bundled transaction" resulting in the Company's loss of control

In case of "bundled transaction", stages as a whole are considered as one transaction resulting in loss of control in accounting treatment. However, before the Company loses control, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary, is recognized as other comprehensive income at the consolidated financial statements, and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

15. Investment property

(1) Investment properties include the right to use the leased land, the land held for appreciation and transfer and the leased buildings.

(2) The initial measurement of investment properties is based on its cost, and subsequent measurement is made using the cost model. The depreciation or amortization method is the same as that of fixed assets and intangible assets.

16. Fixed assets

(1) Recognition principles of fixed assets

Fixed assets are tangible assets held for use in the production of goods or rendering of services, for rental to others, or for administrative purposes, and expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

(2) Depreciation method

Categories	Depreciation method	Useful life (years)	Residual value proportion	Annual depreciation rate
Buildings	Straight-line method	20-30	5%	3.17%-4.75%
Machinery and equipment		5-10	5%	9.50%-19.00%
Motor vehicles		5	5%	19.00%
Office equipment and others		5	5%	19.00%

17. Construction in progress

(1) Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

(2) Construction in progress is transferred into fixed assets at its actual cost when it reaches the designed usable conditions. When the auditing of the construction in progress was not finished while reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual

cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

18. Borrowing costs

(1) Recognition principle of borrowing costs capitalization

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

(2) Borrowing costs capitalization period

1) The borrowing costs are not capitalized unless the following requirements are all met: *7 the asset disbursements have already incurred; 8 the borrowing costs have already incurred; and 9 the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.*

2) Suspension of capitalization: where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs is suspended; the borrowing costs incurred during such period are recognized as expenses, and are included in profit or loss, till the acquisition and construction or production of the asset restarts.

3) Ceasing of capitalization: when the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs is ceased.

(3) Capitalization rate and capitalized amount of borrowing costs

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests is determined in light of the actual interest expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings in the current period, less the interest income on the unused borrowings as a deposit in the bank or as a temporary investment.

For general borrowings used to acquire, construct or produce assets qualified for capitalization, the capitalized amount of interests on general borrowings shall be determined on the basis that the weighted average (of the excess of cumulative assets expenditures over the specific borrowings) times capitalization rate (of used general borrowings).

19. Intangible assets

(1) Intangible assets include land use right, patent right, application software, etc. The initial measurement of intangible assets is based on its cost.

(2) Intangible assets with definite useful lives are reasonably amortized over their useful lives based on the pattern of the economic benefits relating to the way they are expected to be realized. If it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method. Details are as follows

Items	Amortization period (years)
Land use right	50
Development expenditure	5

Application Software	3
Trademark and patent right	10

(3) Expenditures on the research phase of an internal project are recognized as profit or loss when they are incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the followings:

- 7 the technical feasibility of completing the intangible asset so that it will be available for use or sale;*
- 8 its intention to complete the intangible asset and use or sell it;*
- 9 how the intangible asset will generate probable future economic benefits, among other things, the Company 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;*
- : the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and*
- ; its ability to measure reliably the expenditure attributable to the intangible asset during its development.*

20. Long-term Assets Impairment

For long-term assets such as long-term equity investments, fixed assets, construction in progress, intangible assets with finite useful lives, etc., if at the balance sheet date there is indication of impairment, the recoverable amount is to be estimated. For goodwill recognized in business combination and intangible assets with indefinite useful lives, no matter whether there is indication of impairment, impairment test is performed annually. Impairment test on goodwill is performed on related asset group or asset group portfolio.

When the recoverable amount of such long-term assets is lower than their carrying amount, the difference is recognized as provision for assets impairment through profit or loss.

21. long-term deferred expenses

Long-term deferred expenses are expenses that have been recognized but with amortization period over one year (excluding one year). They are recorded with actual cost, and evenly amortized within the beneficiary period or stipulated period. If items of long-term deferred expenses fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

22. Contract liabilities

The Company lists contract assets or contract liabilities in the balance sheet according to the relationship between its performance obligations and customer payments.

The Company shall present the contract assets and contract liabilities under the same contract in net amount after offsetting each other.

The company lists the obligation to transfer goods to customers for the consideration received or receivables from customers as contract liabilities.

23. Employee benefits

(1) Short-term employee benefits

The Company recognizes, in the accounting period in which an employee provides service, short-term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

(2) Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans.

1) The Company recognizes the contribution payable to a defined contribution plan as a liability in the accounting period in which an employee provides service, with a corresponding charge to profit or loss or the cost of a relevant asset.

2) Accounting treatment by the Company for defined benefit plan usually involves the following steps:

7 In accordance with the projected unit credit method, using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, measure the obligations under the defined benefit plan, and determine the periods to which the obligations are attributed. Meanwhile, the Company discounts obligations under the defined benefit plan to determine the present value of the defined benefit plan obligations and the current service cost;

8 When a defined benefit plan has assets, the Company recognizes the deficit or surplus by deducting the fair value of defined benefit plan assets from the present value of the defined benefit plan obligation as a net defined benefit plan liability or net defined benefit plan asset. When a defined benefit plan has a surplus, the Company measures the net defined benefit plan asset at the lower of the surplus in the defined benefit plan and the asset ceiling;

9 At the end of the period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a. service cost; b. net interest on the net defined benefit plan liability (asset); and c. changes as a result of remeasurement of the net defined benefit liability (asset). Item a and item b are recognized in profit or loss or the cost of a relevant asset. Item c is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

(3) Termination benefits

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: 1) *when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; or 2) when the Company recognizes cost or expenses related to a restructuring that involves the payment of termination benefits*

(4) Other long-term employee benefits

When other long-term employee benefits provided to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan, while other benefits are accounted for in accordance with the requirements relating to defined benefit plan.

The Company recognizes the cost of employee benefits arising from other long-term employee benefits as the followings: 1) service cost; 2) net interest on the net liability or net assets of other long-term employee benefits; and 3) changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. As a

practical expedient, the net total of the aforesaid amounts is recognized in profit or loss or included in the cost of a relevant asset.

24. Provisions

(1) Provisions are recognized when fulfilling the present obligations arising from contingencies such as providing guarantee for other parties, litigation, products quality guarantee, onerous contract, etc., may cause the outflow of the economic benefit and such obligations can be reliably measured.

(2) The initial measurement of provisions is based on the best estimated expenditures required in fulfilling the present obligations, and its carrying amount is reviewed at the balance sheet date.

25. Share-based payment

(1) Types of share-based payment

Share-based payment consists of equity-settled share-based payment and cash-settled share-based payment.

(2) Accounting treatment for settlements, modifications and cancellations of share-based payment plans

1) Equity-settled share-based payment

For equity-settled share-based payment transaction with employees, if the equity instruments granted vest immediately, the fair value of those equity instruments is measured at grant date and recognized as transaction cost or expense, with a corresponding adjustment in capital reserve; if the equity instruments granted do not vest until the counterparty completes a specified period of service, at the balance sheet date within the vesting period, the fair value of those equity instruments measured at grant date based on the best estimate of the number of equity instruments expected to vest is recognized as transaction cost or expense, with a corresponding adjustment in capital reserve.

For equity-settled share-based payment transaction with parties other than employees, if the fair value of the services received can be measured reliably, the fair value is measured at the date the Company receives the service; if the fair value of the services received cannot be measured reliably, but that of equity instruments can be measured reliably, the fair value of the equity instruments granted measured at the date the Company receives the service is referred to, and recognized as transaction cost or expense, with a corresponding increase in equity.

2) Cash-settled share-based payment

For cash-settled share-based payment transactions with employees, if share appreciation rights vest immediately, the fair value of the liability incurred as the acquisition of services is measured at grant date and recognized as transaction cost or expense, with a corresponding increase in liabilities; if share appreciation rights do not vest until the employees have completed a specified period of service, the liability is measured, at each balance sheet date until settled, at the fair value of the share appreciation rights as of the balance sheet date based on the best estimate of the number of share appreciation right expected to vest, while the corresponding transaction cost or expense is recognized.

3) Modifications and cancellations of share-based payment plan

If the modification increases the fair value of the equity instruments granted, the Company includes the incremental fair value granted, in the measurement of the amount recognized for services received as consideration for the equity instruments granted; similarly, if the modification increases the number of equity instruments granted, the Company includes the fair value of the additional equity instruments granted, in the measurement of the amount recognized for

services received as consideration for the equity instruments granted; if the Company modifies the vesting conditions in a manner that is beneficial to the employee, the Company takes the modified vesting conditions into account.

If the modification reduces the fair value of the equity instruments granted, the Company does not take into account that decrease in fair value, and continue to measure the amount recognized for services received as consideration for the equity instruments based on the grant date fair value of the equity instruments granted; if the modification reduces the number of equity instruments granted to an employee, that reduction is accounted for as a cancellation of that portion of the grant; if the Company modifies the vesting conditions in a manner that is not beneficial to the employee, the Company does not take the modified vesting conditions into account.

If the Company cancels or settles a grant of equity instruments during the vesting period (other than that cancelled when the vesting conditions are not satisfied), the Company accounts for the cancellation or settlement as an acceleration of vesting, and therefore recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

26. Revenue

(1) Revenue recognition principles

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria is met, otherwise, the performance obligation is satisfied at a point in time: *1) the customer simultaneously receives and consumes the economic benefits provided by the Company's performance as the Company performs; 2) the customer can control goods as they are created by the Company's performance; 3) goods created during the Company's performance have irreplaceable uses and the Company has an enforceable right to the payments for performance completed to date during the whole contract period.*

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress.

For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the customer obtains control of relevant goods or services. To determine whether the customer has obtained control of goods, the Company shall consider the following indications: *1) the Company has a present right to payment for the goods, i.e., the customer is presently obliged to pay for the goods; 2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; 3) the Company has transferred physical possession of the goods to the customer, i.e., the customer has physically possessed the goods; 4) the Company has transferred significant risks and rewards of ownership of the goods to the customer, i.e., the customer has obtained significant risks and rewards of ownership of the goods; 5) the customer has accepted the goods; 6) other evidence indicating the customer has obtained control over the goods.*

(2) Revenue measurement principle

1) Revenue is measured at the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for

transferring goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer.

2) If the consideration promised in a contract includes a variable amount, the Company shall confirm the best estimate of variable consideration at expected value or the most likely amount. However, the transaction price that includes the amount of variable consideration is only to the extent that it is high 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) In the circumstance that the contract contains a significant financing component, the Company shall determine the transaction price based on the price that a customer would have paid for if the customer had paid cash for obtaining control over those goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period. The effects of a significant financing component shall not be considered if the Company expects, at the contract inception, that the period between when the customer obtains control over goods or services and when the customer pays consideration will be one year or less.

4) For contracts containing two or more performance obligations, the Company shall determine the stand-alone selling price of the distinct good underlying each performance obligation at contract inception, and allocate the transaction price to each performance obligation on a relative stand-alone selling price basis.

(3) Revenue recognition method

The Company is mainly engaged in the sales of PCBs, LED display devices, Touch panels and LCMs, precision components and other products. The products sold by the Company can be recognized as the performance obligation at a certain time point.

Revenue from domestic sales is recognized when: *1) the products have been delivered by the Company to the contracted delivery place and confirmed by the customers for acceptance; 2) the payment has been received or the right of collecting payment has been obtained; and 3) it is probable that the associated economic benefits will flow to the Company.*

Revenue from oversea sales is recognized when: *1) the Company has declared the products for customs clearance in accordance with the contract with bills of clearance and waybills received; 2) the payment has been received or the right of collecting payment has been obtained; and 3) it is probable that the associated economic benefits will flow to the Company.*

27. Government grants

(1) Government grants shall be recognized if, and only if, the following conditions are all met: *1) the Company will comply with the conditions attaching to the grants; 2) the grants will be received.* Monetary government grants are measured at the amount received or receivable. Non-monetary government grants are measured at fair value, and can be measured at nominal amount in the circumstance that fair value cannot be assessed.

(2) Government grants related to assets

Government grants related to assets are government grants with which the Company purchases, constructs or otherwise acquires long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants, and government grants

related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset carrying amount of relevant assets, or they are recognized as deferred income. If recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. Those measured at notional amount are directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the period in which the disposal occurred.

(3) Government grants related to income

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred, they are thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses, they are recognized as deferred income and included in profit or loss or used to offset relevant cost during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or used to offset relevant cost.

(4) Government grants related to the ordinary course of business shall be included into other income or used to offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

(5) Policy interest subvention

1) In the circumstance that government appropriates interest subvention to lending bank, who provides loans for the Company with a policy subsidized interest rate, borrowings are carried at the amount received, with relevant borrowings cost computed based on the principal and the policy subsidized interest rate.

2) In the circumstance that government directly appropriates interest subvention to the Company, the subsidized interest shall offset relevant borrowing cost.

28. Deferred tax assets/Deferred tax liabilities

(1) Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference of the carrying amount and tax base of items not recognized as assets and liabilities, but with their tax base being able to be determined according to tax laws), and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

(2) A deferred tax asset is recognized to the extent of the amount of the taxable income, which is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable income will be available, against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

(3) At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

(4) The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: 1) business combination; and 2) the transactions or items directly recognized in equity.

29. Leases

(1) The Company as lessee

At the commencement date, the Company recognizes a lease that has a lease term of 12 months or less as a short-term lease, which shall not contain a purchase option; the Company recognizes a lease as a lease of a low-value asset if the underlying asset is of low value when it is new. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and leases of low-value assets, lease payments are recognized as cost or profit or loss with straight-line method over the lease term.

Apart from the above-mentioned short-term leases and leases of low-value assets with simplified approach, the Company recognizes right-of-use assets and lease liabilities at the commencement date.

7 Right-of-use assets

The right-of-use asset is measured at cost and the cost shall comprise: 1) the amount of the initial measurement of the lease liability; 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) an estimate of 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 asset using the straight-line method. If it is reasonable to be certain that the ownership of the 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.

8 Lease liability

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's incremental borrowing rate shall be used. Unrecognized financing expenses, calculated at the difference between the lease payment and its present value, are recognized as interest expenses over the lease term using the discount rate which has been used to determine the present value of lease payment and included in profit or loss. Variable lease payments not included in the measurement of lease liabilities are included in profit or loss in the periods in which they are incurred.

After the commencement date, if there is a change in the following items: (a) actual fixed payments; (b) amounts expected to be payable under residual value guarantees; (c) an index or a rate used to determine lease payments; (d) assessment result or exercise of purchase option, extension option or termination option., the Company remeasures the lease liability based on the present value of lease payments after changes, and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset is reduced to zero but there shall be a

further reduction in the lease liability, the remaining amount shall be recognized into profit or loss.

(2) The Company as lessor

At the commencement date, the Company classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise, it is classified as an operating lease.

7 Operating lease

Lease receipts are recognized as lease income with straight-line method/unit-of-production method over the lease term. Initial direct costs incurred shall be capitalized, amortized on the same basis as the recognition of lease income, and included into profit or loss by installments. Variable lease payments related to operating lease, which are not included in the lease payment, are charged as profit or loss in the periods in which they are incurred.

8 Finance lease

At the commencement date, the Company recognizes the finance lease payment receivable based on the net investment in the lease (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 assets held under the finance lease. The Company calculates and recognizes interest income using the interest rate implicit in the lease over the lease term. Variable lease payments not included in the measurement of the net investment in the lease are charged as profit or loss in the periods in which they are incurred.

30. Other significant accounting policies and estimates

(1) Recognition criteria and accounting treatment of discontinued operations

A component of the Company that has been disposed of, or is classified as held for sale and can be clearly distinguished is recognized as a discontinued operation when it fulfills any of the following conditions:

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

(2) Basis of 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: *7 the hedging relationship consists only of eligible hedging instruments and eligible hedged instruments; 8 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; 9 the hedging relationship meets the hedging effectiveness requirements.*

The Company recognizes that the hedging relationship meets effectiveness requirements if the all of the followings are simultaneously satisfied: a. there is an economic relationship between the hedged item and the hedging instruments; b. the effect of credit risk does not dominate the value changes that result from that economic relationship between the hedged item and the hedging instruments; and c. 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 and the number of hedging instruments that the

Company actually uses to hedge that quantity of hedged item, but does not reflect an imbalance between the weightings of the hedged item and the hedging instrument.

The Company shall assess 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 shall be rebalanced.

3) Hedge accounting

7 Fair value hedge

a. Gains or losses on the hedging instrument shall be 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).

b. The gains or losses on hedged item arising from risk exposure should be recognized in profit or loss, and meanwhile, the carrying amount of the hedged item which is not measured at fair value should be adjusted. 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 in “CASBE 22 – Financial Instruments: Recognition and Measurement”, the gains or losses arising from the risk exposure on the hedged item shall be recognized in profit or loss, with carrying amount unadjusted, for it 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 gains or losses arising from the risk exposure on the hedged item shall be recognized in profit or loss, with carrying amount unadjusted, for it 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 gains or losses 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 shall be amortized to profit or loss, based on a recalculated effective interest rate at the date that amortization begins. In the case of a financial asset (or a component thereof) that is a hedged item and that is measured at fair value through other comprehensive income in accordance with article XVIII in “CASBE 22 - Financial Instruments: Recognition and Measurement”, amortization applies in the same manner, but to the amount that represents the cumulative gains or losses previously recognized, which shall be subsequently recognized in profit or loss, instead of by adjusting the carrying amount.

8 Cash flow hedges

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

b. 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 shall transfer out the amount of cash flow hedge reserve previously recognized in other comprehensive income, and include it in the initial cost of the asset or the liability.

c. For other cash flow hedges, the amount of cash flow hedge reserve previously recognized in other comprehensive income shall be transferred out into profit or loss in the same period the hedged forecast sale affects profit or loss.

9 Hedges of a net investment in a foreign operation

The portion of the gains or losses on the hedging instrument that is determined to be an effective hedge, is recognized in other comprehensive income, and reclassified from other comprehensive income to profit or loss, on the disposal of the foreign operation; and 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 or rewarding its employees, if the purchased shares are to be kept as treasury shares, the treasury shares are recorded at the cash distributed to existing shareholders for repurchase. If the purchased shares are to be retired, the difference between the total book value of shares retired and the cash distributed to existing shareholders for repurchase, is to reduce capital reserve, or retained earnings when the capital reserve is not enough to reduce. If the Company repurchases vested equity instruments in equity-settled share-based payment transactions with employees, cost of treasury shares granted to employees and capital reserve (other capital reserve) accumulated within the vesting period are to be written off on the payment made to employees, with a corresponding adjustment in capital reserve (share premium).

31. Significant changes in accounting policies and estimates

(1) Significant changes in accounting policies

Changes in accounting policies and reasons	Approval Procedures
Since January 1, 2021 (the “first adoption date”), the Company has implemented the “CASBE 22 - Leases” revised by the Ministry of Finance in 2018 (hereinafter referred to as the “New Lease Standards”) (1) For contracts existing before the first adoption date, the Company chooses not to re-evaluate whether they are leases or include leases. (2) For lease contracts with the Company as the lessee, the Company adjusts the amount of retained earnings at the beginning of the reporting period and other relevant items in the financial statements, according to the cumulative impact of implementing the New Lease Standards on the first adoption date, while the information of comparable periods is not adjusted.	On April 13, 2021, the Company held the 10 th conference of the 5 th session of Board of Directors and the 8 th conference of the 5 th session of Board of Supervisors, deliberating and approving the <i>Proposal on Changes in Accounting Policies</i> , for which independent directors expressed consent opinion independently. In accordance with the relevant regulations of the <i>Rules Governing the Listing of Shares on the Shenzhen Stock Exchange</i> , the changes in accounting policies was not required to be submitted to the shareholders' meeting for approval.
In accordance with the <i>Questions and Answers on Implementation of Accounting Standards for Business Enterprise</i> issued by the Accounting Department of the Ministry of Finance on November 2, 2021, the Company reclassifies the transportation costs into operating cost from selling expenses, since transportation activities for performance of the sales contract occurring before the control of	On April 19, 2022, the Company held the 20 th conference of the 5 th session of Board of Directors and the 14 th conference of the 5 th session of Board of Supervisors, deliberating and approving the <i>Proposal on Changes in Accounting Policies</i> , for which independent directors expressed consent opinion independently. In accordance with the relevant regulations of the <i>Rules</i>

enterprise goods is transferred to the customer do not constitute a single performance obligation.	<i>Governing the Listing of Shares on the Shenzhen Stock Exchange</i> , the changes in accounting policies was not required to be submitted to the shareholders' meeting for approval.
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Unit: RMB

1) Main effects of the Company's adoption of the New Lease Standards on the financial statements as at January 1, 2021 are stated as follows:

Items	consolidated balance sheet as at December 31, 2021		
	December 31, 2020	Reclassified (Note)	January 1, 2021
Payment in advance	195,402,953.35	-945,182.29	194,457,771.06
Fixed assets	11,225,101,992.17	-810,137,697.80	10,414,964,294.37
Right-of-use assets		919,933,989.09	919,933,989.09
Intangible assets	355,484,167.00	-46,144,586.42	309,339,580.58
Non-current liabilities due within one year	964,563,666.84	20,648,075.55	985,211,742.39
Lease liabilities		1,116,750,563.53	1,116,750,563.53
Long-term payables	1,200,752,321.09	-1,074,692,116.50	126,060,204.59

2) Main effects of the Company's implementation of the *Questions and Answers on Implementation of Accounting Standards for Business Enterprise* on the financial statements in 2020 are stated as follows:

Items	Consolidated income statement for the year ended December 31, 2020		
	2020 [Before restatement]	Adjusted amount	2020 [After restatement]
Selling expenses	484,650,341.42	-155,469,994.92	329,180,346.50
Operating cost	23,524,821,514.85	155,469,994.92	23,680,291,509.77

(2) Significant changes in accounting estimates

Applicable N/A

(3) The impact of the implementation of the New Lease Standards on the relevant items in the consolidated balance sheet at the beginning of the period is shown below:

Reclassification of the consolidated balance sheet as at December 31, 2021

Unit: RMB

Items	December 31, 2020	January 1, 2021	Reclassified (Note)
Current assets:			
Payment in advance	195,402,953.35	194,457,771.06	-945,182.29
Total current assets	21,857,673,675.90	21,856,728,493.61	-945,182.29
Non-current assets:			
Fixed assets	11,225,101,992.17	10,414,964,294.37	-810,137,697.80

Right-of-use assets		919,933,989.09	919,933,989.09
Intangible assets	355,484,167.00	309,339,580.58	-46,144,586.42
Total non-current assets	15,645,395,037.64	15,709,046,742.51	63,651,704.87
Total assets	37,503,068,713.54	37,565,775,236.12	62,706,522.58
Current liabilities:			
Non-current liabilities due within one year	964,563,666.84	985,211,742.39	20,648,075.55
Total current liabilities	19,379,435,489.22	19,400,083,564.77	20,648,075.55
Non-current liabilities:			
Lease liabilities		1,116,750,563.53	1,116,750,563.53
Long-term payables	1,200,752,321.09	126,060,204.59	-1,074,692,116.50
Total non-current liabilities	4,948,665,296.07	4,990,723,743.10	42,058,447.03
Total liabilities	24,328,100,785.29	24,390,807,307.87	62,706,522.58
Equity:			
Total liabilities & equity	37,503,068,713.54	37,565,775,236.12	62,706,522.58

Remarks on adjustment

(1) For contracts existing before the first adoption date, the Company chooses not to re-evaluate whether they are leases or include leases.

(2) For lease contracts with the Company as the lessee, the Company adjusts the amount of retained earnings at the beginning of the reporting period and other relevant items in the financial statements, according to the cumulative impact of implementing the New Lease Standards on the first adoption date, while the information of comparable periods is not adjusted.

Details of the adjustment are stated as follows:

For financial lease before the first adoption date, the Company, at the first adoption date, measures the right-of-use asset and the lease liability at the original carrying amount of the asset leased in under finance lease and the finance lease payable respectively.

For operating lease before the first adoption date, the Company, at the first adoption date, measures the lease liability at the present value of the remaining lease payments that is discounted at the Company's incremental borrowing rate at the first adoption date, and the right-of-use asset at an amount equal to the lease liability adjusted by the amount of any prepaid rents.

At the first adoption date, the Company tests the impairment of right-of-use assets and takes accounting treatment accordingly in accordance with regulations of "Long-term assets impairment" of this section.

- 1) Main effects of the Company's adoption of the New Lease Standards on the financial statements as at January 1, 2021 are stated as above.
- 2) Practical expedients adopted for operating lease before the first adoption date are stated as follows:

For the lease contracts for which the lease term will end within 12 months from the first adoption date, the Company chooses to adopt practical expedients, not recognizing right-of-use assets and lease liabilities;

8 The Company applies a single discount rate to lease contracts with similar characteristics, such as lease contracts of plants, lands and others, when measuring lease liabilities;

9 The Company excludes initial direct costs from measuring the right-of-use assets

: The Company determines the lease term according to the actual exercise or other updates of extension options or termination options before the first adoption date;

; The Company adjusts the right-of-use assets by the amount of onerous contract provision recognized in the balance sheet before the first adoption date if the contract including leases is measured as an onerous contract before the first adoption date in accordance with “CASBE 13 – Contingencies”, as an alternative of testing the impairment of right-of-use assets;

< The Company accounts for lease modifications before the first adoption date according to the final arrangement of the lease modifications.

The practical expedients mentioned above bring no significant impact on the Company’s financial statements.

(3) For contracts for operating lease of low-value assets existing before the first adoption date, the Company chooses to adopt practical expedients, not recognizing right-of-use assets and lease liabilities, and accounts for the contracts subject to the New Lease Standards from the first adoption date.

(4) For lease contracts with the Company as the lessor, the Company accounts for the contracts subject to the New Lease Standards from the first adoption date.

(5) Sale and leaseback transactions existing before the first adoption date are accounted for as follows:

For sale and leaseback transactions existing before the first adoption date, the Company would not re-assess whether the transfer of an asset in the sale and leaseback transactions satisfies the requirements to be accounted for as a sale of the asset as provided in the “CASBE 14 – Revenues”.

For sale and leaseback transactions accounted for as a sale of assets and financial leases before the first adoption date, the Company, as the seller (lessee), accounts for the leaseback transactions in the same manner as other finance leases existing at the first adoption date, and continues to amortize the related deferred profit or loss over the lease term.

For sale and leaseback transactions accounted for as a sale of assets and operating leases before the first adoption date, as the seller (lessee), accounts for the leaseback transactions in the same manner as other operating leases existing at the first adoption date, and adjusts the right-of-use assets based on the related deferred profit or loss recorded in the balance sheet prior to the first adoption date.

(4) Notes on retrospectively adjusted comparative data in the prior periods since the first adoption of the New Lease Standard in 2021

Applicable N/A

32. Others

(1) Sale and leaseback

1) The Company as the lessee

In accordance with the “CASBE 14 – Revenues”, the Company would assess and determine whether the transfer of an asset in the sale and leaseback transaction is 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 amount 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 assets, and recognizes a financial liability equal to the amount of transfer income in accordance with the “CASBE 22 – Financial Instruments: Recognition and Measurement” at the same time.

2) The Company as the lessor

In accordance with the “CASBE 14 - Revenues”, the Company would assess and determine whether the transfer of an asset in the sale and leaseback transaction is 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 the “CASBE 21 – Leases”.

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

VI. Taxes

1. Main taxes and tax rates

Taxes	Tax bases	Tax rates
Value-added tax (VAT)	The output tax calculated based on the revenue from sales of goods or rendering of services in accordance with the tax law, net of the input tax that is allowed to be deducted in the current period	16% and 13%; for companies outside of China, VAT rates ranging from 7% to 25%
Consumption tax	The taxable sales value	8% in USA
Urban maintenance and construction tax	Turnover tax actually paid	5% and 7% in Mainland China
Enterprise income tax	Turnover tax actually paid	15%, 16.50%, 25%, 0, 21%, 0.75%-8.84%, 17%, 10%, 20%, 21.4%, 24%
Housing property tax	For housing property levied on the basis of price, housing property tax is levied at the rate of 1.2% of the balance after deducting 30% of the cost; for housing property levied on the basis of rent, housing property tax is levied at the rate of 12% of rent revenue.	1.2% and 12% in Mainland China
Education surcharge	Turnover tax actually paid	3% in Mainland China
Local education surcharge	Turnover tax actually paid	2% in Mainland China

Disclosure of taxpayers with different rates of enterprise income tax:

Taxpayers	Income tax rate
The Company, YCMT, Mutto Optronics Technology Co., Ltd., MFLEX Yancheng Co., Ltd., Yancheng Dongshan Precision Manufacturing Co., Ltd., Suzhou Jebson Intelligent Technology Co., Ltd., Dongguan Dongshan Precision Manufacturing Co., Ltd., Suzhou RF Top Electronic Communication Co., Ltd., Suzhou Chengjia Precision Manufacturing Co., Ltd., Yancheng Mutto Optronics Technology Co., Ltd., Suzhou Dongdai Electronic Technology Co., Ltd.	15.00%
HongKong Dongshan Precision Union Opoelectronic Co., Limited and other companies registered in Hong Kong	16.50%
Mutto Optronics Group Limited, MFLEX Delaware, Inc., Dii Group (BVI) Co. Limited	0
Multi-Fineline Electronix, Inc. and other companies registered in USA	USA federal enterprise income tax rate of 21%, state enterprise income tax rate ranging from 0.75% to 8.84%
Multi-Fineline Electronix Singapore Ptd. Ltd and other companies registered in Singapore	17% in Singapore
Multek Technologies Limited	15% (enjoying an 80% reduction on this rate)
Multek Technology Sweden AB	21.4% in Sweden

Multek Technology Malaysia SDN.BHD	24% in Malaysia
Taxpayers other than the above-mentioned	25.00%

2. Tax preferential policies

1. In accordance with the *Reply to Publication of the Fourth Batch of High and New Technology Enterprise Recordation of Jiangsu Province in 2019* (Guo Ke Huo Zi [2020]No.34) issued by the Office of Leading Group for Administration of Recognition of National High and New Technology Enterprises, the Company and the Company's subsidiaries, namely, Mutto Optronics Technology Co., Ltd., Yancheng Dongshan Precision Manufacturing Co., Ltd. and Suzhou Chengjia Precision Manufacturing Co., Ltd. passed the qualification review and were recognized as high and new technology enterprises with a valid period of 3 years, ranging from 2019 to 2021. Therefore, the above companies paid enterprise income tax at a tax rate of 15% for the current period.

2. In accordance with the *Reply to the Second Batch of High and New Technology Enterprise Recordation of Jiangsu Province in 2020* (Guo Ke Huo Zi [2021]No.40) issued by the Office of Leading Group for Administration of Recognition of National High and New Technology Enterprises, the Company's wholly-owned subsidiary YCMT passed the qualification review and was recognized as a high and new technology enterprise with a valid period of 3 years, ranging from 2020 to 2022. Therefore, such company paid enterprise income tax at a tax rate of 15% for the current period.

3. In accordance with the *Reply to the First Batch of High and New Technology Enterprise Recordation of Jiangsu Province in 2019* (Guo Ke Fa Huo [2019] No.253) issued by the Office of Leading Group for Administration of Recognition of National High and New Technology Enterprises, the Company's subsidiaries, Suzhou RF Top Electronic Communication Co., Ltd. and MFLEX Yancheng Co., Ltd., passed the qualification review and was recognized as high and new technology enterprises with a valid period of 3 years, ranging from 2019 to 2021. Therefore, the above companies paid enterprise income tax at a tax rate of 15% for the current period.

4. In accordance with the *Reply to the Third Batch of High and New Technology Enterprise Recordation of Guangdong Province in 2020* (Guo Ke Huo Zi [2021]No.23) issued by the Office of Leading Group for Administration of Recognition of National High and New Technology Enterprises, the Company's wholly-owned subsidiary Dongguan Dongshan Precision Manufacturing Co., Ltd. passed the qualification review and was recognized as a high and new technology enterprise with a valid period of 3 years, ranging from 2020 to 2022. Therefore, the above company paid enterprise income tax at a tax rate of 15% for the current period.

5. In accordance with the *Announcement for the Recordation of the Recognized Third Batch of High and New Technology Enterprise of Jiangsu Province in 2021*, the Company's wholly-owned subsidiary Yancheng Mutto Optronics Technology Co., Ltd. passed the qualification review and was recognized as a high and new technology enterprise with a valid period of 3 years, ranging from 2021 to 2023. Therefore, such company paid enterprise income tax at a tax rate of 15% for the current period.

6. In accordance with the *Reply to the Third Batch of High and New Technology Enterprise Recordation of Jiangsu Province in 2019* (Guo Ke Huo Zi [2020] No.31) issued by the Office of Leading Group for Administration of Recognition of National High and New Technology Enterprises, the Company's subsidiary Suzhou Jebson Intelligent Technology Co., Ltd., passed the qualification review and was recognized as a high and new technology enterprise with a valid period of 3 years, ranging from 2019 to 2021. Therefore, such company paid enterprise income tax at a tax rate

of 15% for the current period.

7. In accordance with the *Reply to the Second Batch of High and New Technology Enterprise Recordation of Jiangsu Province in 2020* (Guo Ke Huo Zi [2021] No.40) issued by the Office of Leading Group for Administration of Recognition of National High and New Technology Enterprises, the Company's subsidiary Suzhou Dongdai Electronic Technology Co., Ltd. passed the qualification review and was recognized as a high and new technology enterprise with a valid period of 3 years, ranging from 2020 to 2022. Therefore, such company paid enterprise income tax at a tax rate of 15% for the current period.

8. The *Enterprise Income Tax Act of Mauritius* is applicable to Multek Technologies Limited, which means this company is subject to the 15% enterprise income tax rate. In accordance with the *Enterprise Income Tax Act of Mauritius*, a company qualified as a global class 1 enterprise, namely, domiciled in Mauritius but operating business outside of Mauritius, can enjoy a tax benefit of reducing 80% taxes. Therefore, the effective rate of enterprise income tax levied on the company is only 3% after the reduction.

VII. Notes to Items in the Consolidated Financial Statements

1. Cash and bank balances

Unit: RMB

Items	Closing balance	Opening balance
Cash on hand	241,046.60	533,015.82
Cash in bank	3,939,060,080.19	2,872,602,069.65
Other cash and bank balances	1,461,536,265.68	2,280,875,453.27
Total	5,400,837,392.47	5,154,010,538.74
Including: Deposited overseas	1,025,270,288.66	1,196,208,767.68

Other remarks

Other cash and bank balances include deposits for acceptance bills amounting to RMB 126,592,248.04, financing margin for acceptance bills amounting to RMB 302,065,000.00, factoring funds temporarily received from customers amounting to RMB 255,139,275.92, deposits for letter of credit amounting to RMB 425,484,321.15, borrowings deposits amounting to RMB 24,758,348.07, deposits for letter of guarantee amounting to RMB 74,562,551.50; time deposits amounting to RMB 228,424,521.00 and foreign exchange deposits amounting to RMB 24,510,000.00, all of which are restricted to use.

2. Held-for-trading financial assets

Unit: RMB

Items	Closing balance	Opening balance
Financial assets at fair value through profit or loss	499,528,549.86	1,262,027,561.65
Including:		
Equity instrument investments	40,249,971.12	10,000,000.00
Bank wealth management product	459,278,578.74	1,252,027,561.65

Including:		
Total	499,528,549.86	1,262,027,561.65

3. Notes receivable

(1) Presentation of notes receivable by category

Unit: RMB

Items	Closing balance	Opening balance
Trade acceptance	14,624,540.85	70,758,949.85
Total	14,624,540.85	70,758,949.85

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)		Amount	% to total	Amount	Provision proportion (%)	
Including:										
Notes receivables with provision for bad debts made on a collective basis	14,698,031.00	100.00%	73,490.15	0.50%	14,624,540.85	71,189,513.63	100.00%	430,563.78	0.60%	70,758,949.85
Including:										
Trade acceptance	14,698,031.00	100.00%	73,490.15	0.50%	14,624,540.85	71,189,513.63	100.00%	430,563.78	0.60%	70,758,949.85
Total	14,698,031.00	100.00%	73,490.15	0.50%	14,624,540.85	71,189,513.63	100.00%	430,563.78	0.60%	70,758,949.85

Notes receivable with provision for bad debts made on a collective basis

Unit: RMB

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Trade acceptance portfolio	14,698,031.00	73,490.15	0.50%
Total	14,698,031.00	73,490.15	--

If a provision for bad debts is made for notes receivable in accordance with the general model of expected credit losses, please disclose relevant information on provisions for bad debts with reference to the disclosure method of other receivables:

Applicable N/A

(2) Provisions, recovery or reversal of bad debts for the current period

Provisions for bad debts made for the current period:

Unit: RMB

Categories	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Trade acceptance	430,563.78	-357,073.63				73,490.15
Total	430,563.78	-357,073.63				73,490.15

Significant recovery or reversal of bad debt provision for the current period:

 Applicable N/A**(3) Notes receivable of the Company endorsed or discounted at the end of the Reporting Period and undue at the balance sheet date**

Unit: RMB

Items	Closing balance derecognized
Trade acceptance	60,703,646.76
Total	60,703,646.76

4. Accounts receivable**(1) Disclosure of accounts receivable by category**

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportion (%)		Amount	% to total	Amount	Provision proportion (%)	
Accounts receivable with provision for bad debts made on an individual basis	648,099,738.87	7.50%	648,099,738.87	100.00%		645,653,783.62	8.01%	645,653,783.62	100.00%	
Including:										
Accounts receivable with provision for bad debts made on a collective basis	7,994,960,203.24	92.50%	328,880,437.42	4.11%	7,666,079,765.82	7,410,313,636.18	91.99%	319,815,003.48	4.32%	7,090,498,632.70

Total	8,643,059,942.11	100.00%	976,980,176.29	11.30%	7,666,079,765.82	8,055,967,419.80	100.00%	965,468,787.10	11.98%	7,090,498,632.70
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Accounts receivable with provision for bad debts made on an individual basis:

Unit: RMB

Debtors	Closing balance			
	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
The first	401,778,317.42	401,778,317.42	100.00%	Provision for impairment was made due to the low probability of recovery according to the recovery forecast.
The second	169,582,771.72	169,582,771.72	100.00%	Provision for impairment was made due to the low probability of recovery according to the recovery forecast.
The third	32,623,735.29	32,623,735.29	100.00%	Provision for impairment was made due to the low probability of recovery according to the recovery forecast.
The fourth	25,666,994.00	25,666,994.00	100.00%	Provision for impairment was made due to the low probability of recovery according to the recovery forecast.
The fifth	8,425,896.00	8,425,896.00	100.00%	Provision for impairment was made due to the low probability of recovery according to the recovery forecast.
Others	10,022,024.44	10,022,024.44	100.00%	Provision for impairment was made due to the low probability of recovery according to the recovery forecast.
Total	648,099,738.87	648,099,738.87	--	--

On a collective basis: accounts receivable with provision for bad debts made on a collective basis of aging

Unit: RMB

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
0-6 months	7,137,724,362.72	35,688,621.83	0.50%
7-12 months	445,130,436.54	22,256,521.83	5.00%
1- 2 years	146,652,073.82	29,330,414.76	20.00%
2-3 years	59,621,127.90	35,772,676.74	60.00%
Over 3 years	205,832,202.26	205,832,202.26	100.00%
Total	7,994,960,203.24	328,880,437.42	--

If a provision for bad debts is made for accounts receivable in accordance with the general model of expected credit losses, please disclose relevant information on provisions for bad debts with reference to the disclosure method of other receivables:

Applicable N/A

Aging analysis

Unit: RMB

Aging	Book balance
Within 1 year (including)	7,582,854,799.26
0-6 months	7,137,724,362.72
7-12 months	445,130,436.54
1-2 years	155,266,599.84
2-3 years	59,665,426.21
Over 3 years	845,273,116.80
3-4 years	479,970,396.68
4-5 years	307,578,707.96
Over 5 years	57,724,012.16
Total	8,643,059,942.11

(2) Provisions, recovery or reversal of bad debts for the current period

Provisions for bad debts made for the current period:

Unit: RMB

Categories	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Accounts receivable with provision for bad debts made on an individual basis	645,653,783.62	5,148,884.48		2,702,929.23		648,099,738.87
Accounts receivable with provision for bad debts made on a collective basis	319,815,003.48	14,486,095.28	1,084,624.80	5,670,923.93	-834,362.21	328,880,437.42
Total	965,468,787.10	19,634,979.76	1,084,624.80	8,373,853.16	-834,362.21	976,980,176.29

Significant recovery or reversal of bad debt provision for the current period:

Unit: RMB

Debtors	Amount collected or reversed	Ways of collection
Hunan Helilai Intelligent Display Technology Co., Ltd.	1,084,624.80	Cash in bank
Total	1,084,624.80	--

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

Unit: RMB

Items	Write-off amount
Accounts receivable	8,373,853.16

(4) Top five closing balances of accounts receivable categorized by debtor

Unit: RMB

Debtors	Closing balance of accounts receivable	Proportion to the total closing balance of accounts receivable (%)	Closing balance of provisions for bad debts
The first	2,863,883,030.69	33.14%	15,066,915.51
The second	560,808,415.65	6.49%	2,804,042.08
The third	401,778,317.42	4.65%	401,778,317.42
The fourth	288,493,200.35	3.34%	1,442,466.00
The fifth	209,774,907.77	2.43%	2,607,443.87
Total	4,324,737,871.88	50.05%	

(5) Assets and liabilities arising from transferred but still involved accounts receivable

As of December 31, 2021, accounts receivable with a carrying amount of RMB 49,750,000.00 have completed the factoring loan for trade acceptance with right of recourse.

(6) Accounts receivable derecognized due to financial assets transfer

Unit: RMB

Items	Amount derecognized	Gains or losses related to derecognition	Ways of financial assets transfer
Customer 1	1,241,499,010.00	-736,764.87	Non-recourse factoring
Customer 2	56,363,120.81	-617,079.86	Non-recourse factoring
Sub-total	1,297,862,130.81	-1,353,844.73	

5. Receivables financing

Unit: RMB

Items	Closing balance	Opening balance
Bank acceptance	828,355,016.30	750,470,779.44
Total	828,355,016.30	750,470,779.44

Increase or decrease of receivables financing for the current period and changes in its fair value

Applicable N/A

If a provision for impairment is made for receivables financing in accordance with the general model of expected credit losses, please

disclose relevant information on the provisions for impairment with reference to the disclosure method of other receivables:

Applicable N/A

Other remarks:

Acceptors of bank acceptances are commercial banks. As it is unlikely for commercial banks with high credit levels to be unable to pay the matured acceptance bills, the Company derecognizes the bank acceptances that have been endorsed or discounted. However, if these bank acceptances are not paid on maturity, the Company will still be jointly and severally liable to the holder in accordance with the provisions of the *Law of the People's Republic of China on Negotiable Instruments*.

6. Payment in advance

(1) Presentation of payment in advance by aging analysis

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	% to total	Amount	% to total
Within 1 year	160,251,493.67	86.11%	156,750,934.72	80.61%
1-2 years	15,439,994.92	8.30%	17,768,659.21	9.14%
2-3 years	3,182,325.68	1.71%	16,953,924.89	8.72%
Over 3 years	7,221,298.66	3.88%	2,984,252.24	1.53%
Total	186,095,112.93	--	194,457,771.06	--

Reasons for unsettlement on payment in advance with aging over one year and significant amount:

Debtors	Closing balance (Unit: RMB)	Reasons for unsettlement
Toyo Kuni Electronics Company Limited	6,934,900.34	Not implemented
Sub-total	6,934,900.34	

(2) Top five closing balances of payment in advance that are categorized by debtors

Unit: RMB

Debtors	Book balance	Proportion to the total balance of Payment in advance (%)
The first	25,200,759.98	12.77
The second	21,956,000.00	11.12
The third	9,196,768.09	4.66
The fourth	8,271,000.00	4.19
The fifth	7,910,323.79	4.01
Sub-total	72,534,851.86	36.75

7. Other receivables

Unit: RMB

Items	Closing balance	Opening balance
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Other receivables	37,505,521.59	567,026,166.56
Total	37,505,521.59	567,026,166.56

(1) Other receivables**1) Other receivables categorized by nature**

Unit: RMB

Nature of other receivables	Closing balance	Opening balance
Transfer amount from Shenzhen Dongshan Asset		538,577,180.10
Loans and petty cash	6,048,087.60	7,622,496.74
Security deposits	31,879,767.11	29,290,206.06
Performance compensation	7,000,000.00	9,000,000.00
Temporary advance payments receivable and others	17,631,714.10	18,961,548.78
Total	62,559,568.81	603,451,431.68

2) Provisions for bad debts

Unit: RMB

Provision for bad debts	Phase I	Phase II	Phase III	Total
	12- month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Balance as at January 1, 2021	1,911,706.86	23,963,046.46	10,550,511.80	36,425,265.12
Balance as at January 1, 2021 in the current period	—	—	—	—
-- Transferred to phase II	-587,632.69	587,632.69		
-- Transferred to phase III		-1,125,956.91	1,125,956.91	
Provision	-203,108.50	202,011.62	11,166,765.12	11,165,668.24
Reversal		22,451,468.46		22,451,468.46
Written off			80,729.96	80,729.96
Other changes			4,687.72	4,687.72
Balance as at December 31, 2021	1,120,965.67	1,175,265.40	22,757,816.15	25,054,047.22

Remarks on significant changes in book balance of other receivables with changes in provision for bad debts

 Applicable N/A

Aging analysis

Unit: RMB

Aging	Book balance
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Within 1 year (including)	22,422,934.21
1-2 years	15,430,049.81
2-3 years	14,669,258.11
Over 3 years	10,037,326.68
3-4 years	3,578,781.56
4-5 years	1,308,542.12
Over 5 years	5,150,003.00
Total	62,559,568.81

3) Top five closing balances of other receivables categorized by debtor

Unit: RMB

Debtors	Nature of other receivables	Closing balance	Aging	Proportion to total closing balance of other receivables (%)	Closing balance of provisions for bad debts
The first	Guarantee deposits	7,165,521.72	2-3 years	11.45%	3,582,760.86
The second	Receivables and payables	3,620.00	Within 1 year	0.01%	3,620.00
	Receivables and payables	3,677,395.91	1- 2 years	5.87%	3,677,395.91
	Receivables and payables	3,409,689.00	2-3 years	5.45%	3,409,689.00
The third	Performance compensation	6,163,521.33	1- 2 years	9.85%	616,352.13
The fourth	Guarantee deposits	4,146,250.00	Over 3 years	6.63%	4,146,250.00
The fifth	Temporary advance payment receivable	2,303,972.42	Within 1 year	3.68%	115,198.62
Total	--	26,869,970.38	--	42.94%	15,551,266.52

8. Inventories

Did the Company need to comply with the disclosure requirements on the real estate industry?

No

(1) Categories of inventories

Unit: RMB

Items	Closing balance	Opening balance
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	Book balance	Provision for inventory write-down or for impairment of contract performance costs	Carrying amount	Book balance	Provision for inventory write-down or for impairment of contract performance costs	Carrying amount
Raw materials	1,389,061,379.96	21,517,744.17	1,367,543,635.79	1,068,198,270.11	24,397,185.00	1,043,801,085.11
Work in process	1,043,705,029.33	13,539,434.50	1,030,165,594.83	874,579,038.34	12,716,948.03	861,862,090.31
Goods on hand	4,234,690,470.68	188,416,933.04	4,046,273,537.64	4,177,408,358.80	118,669,588.44	4,058,738,770.36
Revolving materials	7,768,136.44	38,514.88	7,729,621.56	12,760,432.94	38,514.88	12,721,918.06
Total	6,675,225,016.41	223,512,626.59	6,451,712,389.82	6,132,946,100.19	155,822,236.35	5,977,123,863.84

(2) Provision for inventory write-down and for impairment of contract performance costs

Unit: RMB

Items	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Provision	Others	Reversal or write-off	Others	
Raw materials	24,397,185.00	5,764,461.85		8,643,902.68		21,517,744.17
Work in process	12,716,948.03	993,034.81		170,548.34		13,539,434.50
Goods on hand	118,669,588.44	159,496,910.81	235,179.88	89,984,746.09		188,416,933.04
Revolving materials	38,514.88					38,514.88
Total	155,822,236.35	166,254,407.47	235,179.88	98,799,197.11		223,512,626.59

Remarks

Items	Determination basis of net realizable value	Reasons for write-off of provision for inventory write-down in the current period
Raw materials	Estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges	Inventories with provision for inventory write-down made in preceding period were used in current period
Work in process	Estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges	Inventories with provision for inventory write-down made in preceding period were used in current period
Goods on hand	Estimated selling price of relevant finished goods less estimated selling expenses, and relevant taxes and surcharges	Inventories with provision for inventory write-down made in preceding period were sold in current period

9. Other current assets

Unit: RMB

Items	Closing balance	Opening balance
Cost of returning goods	12,777,920.71	15,580,541.71
Input VAT to be deducted	309,081,986.00	430,728,862.55
Prepaid enterprise income tax	34,663,477.77	48,150,853.42
Deferred expenses and others	289,546,629.16	295,893,972.09
Total	646,070,013.64	790,354,229.77

10. Long-term receivables**(1) Details of long-term receivables**

Unit: RMB

Items	Closing balance			Opening balance			Discount rate range
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount	
Deposits for finance lease	69,950,000.88		69,950,000.88	105,950,000.00		105,950,000.00	
Receivables 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	80,653,906.64	10,703,905.76	69,950,000.88	116,653,905.76	10,703,905.76	105,950,000.00	--

Remarks on significant changes in book balance of long-term receivables with changes in provision for bad debts:

□ Applicable √ N/A

11. Long-term equity investments

Unit: RMB

Investees	Opening balance (carrying amount)	Increase or decrease for the current period			Closing balance (carrying amount)	Closing balance of provisions for bad debts
		Investments increased	Investment profit or loss under equity method	Others		
Suzhou Toprun Electric Equipment Co., Ltd.	25,893,111.25		-1,880,121.23		24,012,990.02	51,487,204.05
Shenzhen Nanfang Blog Technology Development Co., Ltd.						17,507,056.47

Shanghai Fu Shan Precision Manufacturing Co., Ltd.						
Suzhou LEGATE Intelligent Equipment Co., Ltd.	25,510,113.59		-2,422,342.61		23,087,770.98	
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	3,642,892.51		73,257.78		3,716,150.29	
Jiangsu Nangao Intelligent Equipment Innovation Center Co., Ltd.	3,952,690.31		67,866.28		4,020,556.59	
Jiaozuo Songyang Optoelectric Technology Co., Ltd.	33,669,655.66		-2,921,596.04		30,748,059.62	
ISOTEK MICROWAVE LIMITED	8,539,424.61				8,539,424.61	
Suzhou Yongxin Jingshang Venture Capital Partnership (Limited Partnership)		15,000,000.00	-16,510.12		14,983,489.88	
BVF (BVI) Holding L.P.		34,428,780.00	-416,202.21		34,012,577.79	
Sub-total	101,207,887.93	49,428,780.00	-7,515,648.15		143,121,019.78	68,994,260.52
Total	101,207,887.93	49,428,780.00	-7,515,648.15		143,121,019.78	68,994,260.52

12. Other equity instrument investments

Unit: RMB

Items	Closing balance	Opening balance
Jiangsu Bohua Equity Investment Partnership (Limited Partnership)	150,000,000.00	
Hai Dixin Semiconductor (Nantong) Co., Ltd.	21,322,110.00	21,322,110.00
X2 Power Technologies Limited		43,567,294.30
Total	171,322,110.00	64,889,404.30

Other remarks:

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

Hai Dixin Semiconductor (Nantong) Co., Ltd. (“Hai Dixin Semiconductor”) was established on April 6, 2012 with a registered capital of RMB 36,152,329.00, in which the Company holds 10.2345% equity shares. Considering the fact that the Company holds shares of Hai Dixin Semiconductor is conducive to improving business competitiveness due to close business connection between the Company and Hai Dixin Semiconductor and the investment in Hai Dixin Semiconductor is not held for trading, the Company designated the investment in Hai Dixin Semiconductor as a financial asset measured at fair value through other comprehensive income as at January 1, 2019.

2) X2 Power Technologies Limited

X2 Power Technologies Limited was established in 2014 with the registered place in Cayman, mainly engaged in research and development of new materials for consumer electronics products. The Company holds 7.5% of its equity shares. Considering the fact

that the Company holds shares of X2 Power Technologies Limited is conducive to improving business competitiveness due to close business connection between the Company and X2 Power Technologies Limited and the investment in X2 Power Technologies Limited is not held for trading, the Company designated the investment in X2 Power Technologies Limited as a financial asset measured at fair value through other comprehensive income as at January 1, 2019.

3) Jiangsu Bohua Equity Investment Partnership (Limited Partnership)

Jiangsu Bohua Equity Investment Partnership (Limited Partnership) was established on September 27, 2021 with a registered capital of RMB 3.3 billion, mainly engaged in equity investment; and venture capital investment (limited to investment in unlisted enterprises). The investment in Jiangsu Bohua Equity Investment Partnership (Limited Partnership) is not only conducive to obtaining better investment income for the Company, but also can help the Company grasp the opportunity to make prior layout in high quality track and underlying assets at an early stage by leveraging the investment platform, and in addition, this investment is not held for trading. Therefore, the Company designated the investment in Jiangsu Bohua Equity Investment Partnership (Limited Partnership) as a financial asset measured at fair value through other comprehensive income.

13. Investment property

(1) Investment property measured at cost

√ Applicable □ N/A

Unit: RMB

Items	Buildings and structures	Total
I. Cost		
1. Opening balance		
2. Increase in the current period	5,309,132.17	5,309,132.17
(1) Acquisition		
(2) Transferred in from inventories/fixed assets/construction in progress	5,309,132.17	5,309,132.17
(3) Increase due to business combination		
3. Decrease in the current period		
(1) Disposal		
(2) Other transfer-out		
4. Closing balance	5,309,132.17	5,309,132.17
II. Accumulated depreciation and amortization		
1. Opening balance		
2. Increase in the current period	3,754,869.59	3,754,869.59
(1) Accrual or amortization	257,728.95	257,728.95
(2) Transferred in from fixed assets	3,497,140.64	3,497,140.64
3. Decrease in the current period		

(1) Disposal		
(2) Other transfer-out		
4. Closing balance	3,754,869.59	3,754,869.59
III. Provision for impairment		
IV. Carrying amount		
1. Closing balance	1,554,262.58	1,554,262.58
2. Opening balance		

14. Fixed assets

Unit: RMB

Items	Closing balance	Opening balance
Fixed assets	10,736,270,678.33	10,414,964,294.37
Total	10,736,270,678.33	10,414,964,294.37

(1) Details of fixed assets

Unit: RMB

Items	Buildings and structures	Machines and equipment	Transport facilities	Office equipment and others	Total
I. Cost:					
1. Opening balance	3,282,068,536.53	14,447,313,627.93	80,276,391.87	597,182,483.09	18,406,841,039.42
2. Increase in the current period	128,104,326.47	1,736,316,926.10	6,013,557.38	64,408,457.42	1,934,843,267.37
(1) Acquisition	15,305,538.77	757,214,530.99	1,609,998.52	50,756,386.75	824,886,455.03
(2) Transferred from construction in progress	112,798,787.70	979,102,395.11	4,403,558.86	13,652,070.67	1,109,956,812.34
3. Decrease in the current period	5,601,709.53	243,028,044.26	1,937,164.99	8,169,045.49	258,735,964.27
(1) Disposal or scrapping	267,052.23	243,028,044.26	1,921,648.25	8,027,332.00	253,244,076.74
(2) Transferred to investment property	5,309,132.17				5,309,132.17
(3) Translation reserve	25,525.13		15,516.74	141,713.49	182,755.36
4. Closing balance	3,404,571,153.47	15,940,602,509.77	84,352,784.26	653,421,895.02	20,082,948,342.52
II. Accumulated depreciation					
1. Opening balance	1,036,523,225.97	6,554,605,810.36	56,297,612.77	336,444,425.46	7,983,871,074.56

2. Increase in the current period	167,887,882.46	1,339,741,384.19	4,506,829.46	68,655,566.66	1,580,791,662.77
(1) Accrual	167,887,882.46	1,339,741,384.19	4,506,829.46	68,655,566.66	1,580,791,662.77
3. Decrease in the current period	3,766,284.16	213,319,066.62	1,419,659.61	7,258,249.92	225,763,260.31
(1) Disposal or scrapping	256,321.09	213,319,066.62	1,410,323.72	7,136,362.07	222,122,073.50
(2) Transferred to investment property	3,497,140.64				3,497,140.64
(3) Translation reserve	12,822.43		9,335.89	121,887.85	144,046.17
4. Closing balance	1,200,644,824.27	7,681,028,127.93	59,384,782.62	397,841,742.20	9,338,899,477.02
III. Provision for impairment					
1. Opening balance		7,273,567.79		732,102.70	8,005,670.49
2. Increase in the current period		983,457.38			983,457.38
(1) Accrual		983,457.38			983,457.38
3. Decrease in the current period		1,037,123.75		173,816.95	1,210,940.70
(1) Disposal or scrapping		1,037,123.75		173,816.95	1,210,940.70
4. Closing balance		7,219,901.42		558,285.75	7,778,187.17
IV. Carrying amount					
1. Closing 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. Opening balance	2,245,545,310.56	7,885,434,249.78	23,978,779.10	260,005,954.93	10,414,964,294.37

(2) Fixed assets with certificate of titles being unsettled

Unit: RMB

Items	Carrying amount	Reason for unsettlement
Multek plant	6,196,068.75	In progress
Total	6,196,068.75	

15. Construction in progress

Unit: RMB

Items	Closing balance	Opening balance
Construction in progress	503,037,513.25	562,008,491.36
Total	503,037,513.25	562,008,491.36

(1) Details of construction in progress

Unit: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Phase I Yancheng manufacturing base				338,379,254.70		338,379,254.70
Wireless module production and construction project of Yancheng Dongshan Communication Technology Co., Ltd.	6,086,553.24		6,086,553.24	15,903,554.40		15,903,554.40
Multek 5G high-speed high-frequency and high-density PCB technology upgrading project	6,499,800.00		6,499,800.00	36,065,932.47		36,065,932.47
Multek PCB production line technology upgrading project	108,766,335.70		108,766,335.70	53,567,745.80		53,567,745.80
400,000 m ² fine line FPC production and assembly capacity expansion project	15,468,498.40		15,468,498.40	8,992,177.76		8,992,177.76
LED packaging technology development and industrialization	125,169,108.26		125,169,108.26			
Installation equipment and others under construction	241,047,217.65		241,047,217.65	109,099,826.23		109,099,826.23
Total	503,037,513.25		503,037,513.25	562,008,491.36		562,008,491.36

(2) Changes in significant projects

Unit: RMB

Projects	Budgets	Opening balance	Increase in the current period	Transferred to fixed assets	Other decrease in the current period	Closing balance	Accumulated input to budget (%)	Completion percentage (%)	Fund source
Phase I Yancheng manufacturing base	6,000,000,000.00	338,379,254.70		330,551,780.56	7,827,474.14		110.60%	100.00%	Self-raised funds
Wireless module production and construction project of	701,000,000.00	15,903,554.40	9,179,378.44	11,916,538.20	7,079,841.40	6,086,553.24	11.48%	11.48%	Raised funds

Yancheng Dongshan Communication Technology Co., Ltd.										
Multek 5G high-speed high-frequency and high-density PCB technology upgrading project	660,000,000.00	36,065,932.47	9,778,545.22	38,746,966.49	597,711.20	6,499,800.00	38.90%	38.90%	Raised funds	
Multek PCB production line technology upgrading project	728,000,000.00	53,567,745.80	123,021,456.51	66,767,208.55	1,055,658.06	108,766,335.70	70.21%	70.21%	Raised funds	
400,000 m ² fine line FPC production and assembly capacity expansion project	803,000,000.00	8,992,177.76	89,744,708.82	83,268,388.18		15,468,498.40	84.87%	84.87%	Raised funds	
LED packaging technology development and industrialization	680,000,000.00		519,046,971.78	393,877,863.52		125,169,108.26	76.33%	76.33%	Self-raised funds	
Total	9,572,000,000.00	452,908,665.13	750,771,060.77	925,128,745.50	16,560,684.80	261,990,295.60	--	--	--	

16. Right-of-use assets

Unit: RMB

Items	Buildings and structures	Machines and equipment	Land	Total
I. Cost:				
1. Opening balance	922,722,587.26	24,598,690.24	49,571,215.74	996,892,493.24
2. Increase in the current period	15,601,408.64	71,722,130.92		87,323,539.56
Leased in	15,601,408.64	71,722,130.92		87,323,539.56
3. Decrease in the current period				
4. Closing balance	938,323,995.90	96,320,821.16	49,571,215.74	1,084,216,032.80

II. Accumulated depreciation				
1. Opening balance	69,403,465.43	4,128,409.39	3,426,629.33	76,958,504.15
2. Increase in the current period	58,030,514.27	26,769,686.31	1,504,660.32	86,304,860.90
(1) Accrual	58,030,514.27	26,769,686.31	1,504,660.32	86,304,860.90
3. Decrease in the current period				
4. Closing balance	127,433,979.70	30,898,095.70	4,931,289.65	163,263,365.05
III. Provision for impairment				
IV. Carrying amount				
1. Closing balance	810,890,016.20	65,422,725.46	44,639,926.09	920,952,667.75
2. Opening balance	853,319,121.83	20,470,280.85	46,144,586.41	919,933,989.09

17. Intangible assets

(1) Details of intangible assets

Unit: RMB

Items	Land use right	Software	Trademark and patent rights	Development expenditures	Total
I. Cost					
1. Opening balance	222,570,625.36	163,084,713.43	140,567,942.35	6,733,029.45	532,956,310.59
2. Increase in the current period	13,536,317.43	23,284,372.78			36,820,690.21
(1) Acquisition	13,536,317.43	23,284,372.78			36,820,690.21
3. Decrease in the current period		1,293,782.82			1,293,782.82
(1) Disposal		61,724.55			61,724.55
(2) Translation reserve		1,232,058.27			1,232,058.27
4. Closing balance	236,106,942.79	185,075,303.39	140,567,942.35	6,733,029.45	568,483,217.98
II. Accumulated amortization					
1. Opening balance	55,924,016.26	103,865,568.81	57,094,115.49	6,733,029.45	223,616,730.01
2. Increase in the current period	5,227,750.84	29,490,167.22	14,057,163.08		48,775,081.14
(1) Accrual	5,227,750.84	29,490,167.22	14,057,163.08		48,775,081.14
3. Decrease in the current period		1,292,584.64			1,292,584.64
(1) Disposal		60,646.58			60,646.58

(2) Translation reserve		1,231,938.06			1,231,938.06
4. Closing balance	61,151,767.10	132,063,151.39	71,151,278.57	6,733,029.45	271,099,226.51
III. Provision for impairment					
IV. Carrying amount					
1. Closing balance	174,955,175.69	53,012,152.00	69,416,663.78		297,383,991.47
2. Opening balance	166,646,609.10	59,219,144.62	83,473,826.86		309,339,580.58

The proportion of intangible assets generated from the Company's internal research and development accounts for 0.00% of the balance of intangible assets at the end of the period.

18. Goodwill

(1) Cost of goodwill

Unit: RMB

Investees or events resulting in goodwill	Opening balance	Closing balance
MFLEX	1,770,752,915.84	1,770,752,915.84
Multek	179,329,062.90	179,329,062.90
Mutto Optronics Technology Co., Ltd.	153,957,647.78	153,957,647.78
Suzhou RF Top Electronic Communication Co., Ltd.	135,001,580.53	135,001,580.53
Total	2,239,041,207.05	2,239,041,207.05

(2) Provision for impairment of goodwill

Unit: RMB

Investees or events resulting in goodwill	Opening balance	Increase		Closing balance
		Provision		
Mutto Optronics Technology Co., Ltd.	18,450,298.84			18,450,298.84
Suzhou RF Top Electronic Communication Co., Ltd.		8,868,134.17		8,868,134.17
Total	18,450,298.84	8,868,134.17		27,318,433.01

Related information of asset group or asset group portfolios which include goodwill

(1) MFLEX

Unit: RMB

Composition of asset group or asset group portfolios	Assets and liabilities
Carrying amount of asset group or asset group portfolios	8,247,888,700.81
Carrying amount of goodwill allocated to the asset group or asset group portfolios and the allocation method	1,770,752,915.84

Carrying amount of asset group or asset group portfolios that include goodwill	10,018,641,616.65
Whether asset group or asset group portfolios are consistent with those at acquisition date or those with goodwill impairment tested in previous years	Yes

(2) Multek

Unit: RMB

Composition of asset group or asset group portfolios	Assets and liabilities
Carrying amount of asset group or asset group portfolios	2,385,678,155.26
Carrying amount of goodwill allocated to the asset group or asset group portfolios and the allocation method	179,329,062.87
Carrying amount of asset group or asset group portfolios that include goodwill	2,565,007,218.13
Whether asset group or asset group portfolios are consistent with those at acquisition date or those with goodwill impairment tested in previous years	Yes

(3) Mutto Optronics Technology Co., Ltd.

Unit: RMB

Composition of asset group or asset group portfolios	Assets and liabilities
Carrying amount of asset group or asset group portfolios	603,218,441.75
Carrying amount of goodwill allocated to the asset group or asset group portfolios and the allocation method	135,507,348.94
Carrying amount of asset group or asset group portfolios that include goodwill	738,725,790.69
Whether asset group or asset group portfolios are consistent with those at acquisition date or those with goodwill impairment tested in previous years	Yes

(4) Suzhou RF Top Electronic Communication Co., Ltd.

Unit: RMB

Composition of asset group or asset group portfolios	Assets and liabilities
Carrying amount of asset group or asset group portfolios	229,809,362.34
Goodwill attributable to the Company	135,001,580.53
Goodwill attributable to minority shareholders	57,857,820.23
Carrying amount of goodwill allocated to the asset group or asset group portfolios and the allocation method	192,859,400.76
Carrying amount of asset group or asset group portfolios that include goodwill	422,668,763.10
Whether asset group or asset group portfolios are consistent with those at acquisition date or those with goodwill impairment tested in previous years	Yes

Remarks on the goodwill impairment testing process, key parameters (such as the growth rate over the estimated period when the present value of future cash flows is expected, the growth rate over the stabilization period, profitability, discount rate, estimated period, etc.) and the method for recognizing goodwill impairment losses:

(1) Goodwill impairment testing process of MFLEX

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 9.93%, and the cash flows subsequent to the estimated period is inferred by a growth rate of 0.00%.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses.

Such key data are determined by the Company based on its experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and

special risks of certain asset group.

Pursuant to the *Evaluation Report* (Kun Yuan Ping Bao [2022] No.2-7) issued by Kunyuan Assets Appraisal Co., Ltd., which is engaged by the Company, the recoverable amount of asset group or asset group portfolios that include goodwill totaled RMB 15,460,000,000.00, with an amount of RMB 5,441,358,383.35 higher than the carrying amount, which suggests that the Company's goodwill is not impaired.

(2) Goodwill impairment testing process of Multek

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 11.98%, and the cash flows subsequent to the estimated period is inferred by a growth rate of 0.00%.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses.

Such key data are determined by the Company based on its experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

Pursuant to the *Evaluation Report* (Kun Yuan Ping Bao [2022] No.2-6) issued by Kunyuan Assets Appraisal Co., Ltd., which is engaged by the Company, the recoverable amount of asset group or asset group portfolios that include goodwill totaled RMB 3,450,000,000.00, with an amount of RMB 884,992,781.87 higher than the carrying amount, which suggests that the Company's goodwill is not impaired.

(3) Goodwill impairment testing process of Mutto Optronics Technology Co., Ltd.

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 11.48%, and the cash flows subsequent to the estimated period is inferred by a growth rate of 0.00%.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant expenses.

Such key data are determined by the Company based on its experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

Pursuant to the *Evaluation Report* (Kun Yuan Ping Bao [2022] No.2-8) issued by Kunyuan Assets Appraisal Co., Ltd., which is engaged by the Company, the recoverable amount of asset group or asset group portfolios that include goodwill totaled RMB 761,000,000.00, with an amount of RMB 22,274,209.31 higher than the carrying amount, which suggests that the Company's goodwill is not impaired.

(4) Goodwill impairment testing process of Suzhou RF Top Electronic Communication Co., Ltd.

The recoverable amount of goodwill is computed based on the present value of estimated future cash flows, which is based on the 5-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 13.40%, and the cash flows subsequent to the estimated period is inferred by a growth rate of 0.00%.

Other key data used in the impairment test include: the estimated selling price, sales amount, cost of product, and other relevant

expenses. Such key data are determined by the Company based on its experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

Pursuant to the *Evaluation Report* (Zhong Sheng Ping Bao Zi [2022] No.0015 issued by Zhongsheng Appraisal and Consulting Co., Ltd., which is engaged by the Company, the recoverable amount of asset group or asset group portfolios that include goodwill totaled RMB 410,000,000.00, and the carrying amount totaled RMB 422,668,763.10. For the current period, an amount of RMB 12,668,763.10 is recognized as goodwill impairment loss, of which an amount of RMB 8,868,134.17 is attributable to the Company.

19. Long-term deferred expenses

Unit: RMB

Items	Opening balance	Increase	Amortization	Other decreases	Closing balance
Fixed asset decoration fees and others	324,048,122.31	166,390,747.92	147,371,022.13		343,067,848.10
Total	324,048,122.31	166,390,747.92	147,371,022.13		343,067,848.10

20. Deferred tax assets/deferred tax liabilities

(1) Details of deferred tax assets before offset

Unit: RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment losses of assets	956,860,891.98	180,116,639.73	903,919,163.21	137,912,736.07
Deductible losses	1,160,149,214.53	184,025,381.05	1,210,681,790.98	222,254,426.15
Fixed assets	18,518,436.84	3,989,568.63	50,988,502.52	12,747,125.63
Accrued expenses	215,578,295.20	37,447,545.61	383,739,338.69	76,083,096.12
Provisions	89,442,831.13	17,799,642.22	17,132,627.84	4,217,721.50
Deferred income	681,387,013.96	112,541,906.35	573,283,629.52	105,204,728.65
Total	3,121,936,683.64	535,920,683.59	3,139,745,052.76	558,419,834.12

(2) Details of deferred tax liabilities before offset

Unit: RMB

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Book-tax difference of depreciation of fixed assets	1,292,505,799.91	285,711,977.06	1,109,639,572.77	277,409,893.20
Accrued interest income, etc.	136,407,400.98	28,647,365.94	90,802,270.04	21,813,987.32

Total	1,428,913,200.89	314,359,343.00	1,200,441,842.81	299,223,880.52
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(3) Deferred tax assets or liabilities after offset

Unit: RMB

Items	Closing balance of deferred tax assets or liabilities after offset	Opening balance of deferred tax assets or liabilities after offset
Deferred tax assets	535,920,683.59	558,419,834.12
Deferred tax liabilities	314,359,343.00	299,223,880.52

(4) Details of unrecognized deferred tax assets

Unit: RMB

Items	Closing balance	Opening balance
Deductible losses	260,832,646.62	284,863,458.27
Bad debt provisions for accounts receivable	143,374,158.66	150,808,177.86
Bad debt provisions for other receivables	25,054,047.22	36,135,299.60
Provision for inventory write-down	100,331,242.39	75,289,882.17
Provision for payment in advance	11,270,721.08	
Investment losses	74,092,106.93	66,576,458.78
Changes in other equity instrument investments	400,000,000.00	400,000,000.00
Provision for impairment of long-term equity investment	68,994,260.52	68,994,260.52
Provision for impairment of goodwill	27,318,433.01	18,450,298.84
Total	1,111,267,616.43	1,101,117,836.04

(5) Maturity years of deductible losses of unrecognized deferred tax assets

Unit: RMB

Maturity years	Closing balance	Opening balance
Year 2021		63,407,823.66
Year 2022	66,252,182.98	66,252,182.98
Year 2023	13,996,117.83	13,996,117.83
Year 2024	40,403,329.83	40,403,329.83
Year 2025	100,804,003.97	100,804,003.97
Year 2026	39,377,012.01	
Total	260,832,646.62	284,863,458.27

21. Other non-current assets

Unit: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Deferred income-unrealized sale-leaseback profit or loss	41,372,547.26		41,372,547.26	39,365,561.68		39,365,561.68
Prepayments for project equipment	244,924,386.94		244,924,386.94	88,328,668.56		88,328,668.56
Total	286,296,934.20		286,296,934.20	127,694,230.24		127,694,230.24

22. Short-term borrowings**(1) Category of short-term borrowings**

Unit: RMB

Items	Closing balance	Opening balance
Pledged borrowings	803,328,447.58	263,605,960.00
Credit borrowings	5,423,644,628.31	4,536,179,758.34
Discounted payments on acceptance bills and letters of credit	1,820,194,933.27	3,581,805,423.85
Financing borrowings of export trade acceptances		197,563,926.00
Total	8,047,168,009.16	8,579,155,068.19

23. Held-for-trading financial liabilities

Unit: RMB

Items	Closing balance	Opening balance
Held-for-trading financial liabilities		881,721.20
Including:		
Derivative financial liabilities		881,721.20
Total		881,721.20

24. Notes payable

Unit: RMB

Category	Closing balance	Opening balance
Trade acceptance	495,211,358.88	541,472,482.11

Bank acceptance	1,151,432,748.29	1,226,468,067.64
Total	1,646,644,107.17	1,767,940,549.75

At the end of the reporting period, balances due but unpaid totaled RMB0.00.

25. Accounts payable

(1) Accounts payable

Unit: RMB

Items	Closing balance	Opening balance
Payables for materials	6,379,442,178.87	6,251,650,591.54
Payables for project equipment	238,100,061.70	1,051,629,072.88
Others	112,347,885.43	139,958,248.30
Total	6,729,890,126.00	7,443,237,912.72

26. Contract liabilities

Unit: RMB

Items	Closing balance	Opening balance
Goods payments	39,681,986.94	21,204,655.32
Total	39,681,986.94	21,204,655.32

27. Employee benefits payable

(1) Employee benefits payable

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance
I. Short-term employee benefits	373,384,122.38	3,928,073,203.08	3,807,269,007.26	494,188,318.20
II. Post-employment benefits-defined contribution plan	8,050,407.71	215,116,416.24	214,216,420.09	8,950,403.86
III. Termination benefits		6,475,698.34	6,475,698.34	
Total	381,434,530.09	4,149,665,317.66	4,027,961,125.69	503,138,722.06

(2) Details of short-term employee benefits

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance
1. Wage, bonus, allowance and subsidy	369,650,802.72	3,462,795,244.94	3,349,143,601.70	483,302,445.96

2. Employee welfare fund		256,368,603.05	249,334,638.10	7,033,964.95
3. Social insurance premium	2,938,722.85	99,565,514.71	99,408,387.74	3,095,849.82
Occupational injuries premium	379,233.09	13,199,457.47	13,273,353.52	305,337.04
Medicare and maternity premium	2,559,489.76	86,366,057.24	86,135,034.22	2,790,512.78
4. Housing provident fund	767,689.28	99,745,056.47	99,799,031.28	713,714.47
5. Trade union fund and employee education fund	26,907.53	9,598,783.91	9,583,348.44	42,343.00
Total	373,384,122.38	3,928,073,203.08	3,807,269,007.26	494,188,318.20

(3) Details of defined contribution plan

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance
1. Basic endowment insurance premium	7,623,423.95	207,388,041.17	206,496,101.60	8,515,363.52
2. Unemployment insurance premium	426,983.76	7,728,375.07	7,720,318.49	435,040.34
Total	8,050,407.71	215,116,416.24	214,216,420.09	8,950,403.86

28. Taxes and rates payable

Unit: RMB

Items	Closing balance	Opening balance
Value-added tax (VAT)	13,157,710.23	12,591,579.73
Enterprise income tax	118,468,480.14	131,306,099.72
Personal income tax	6,497,075.81	4,989,500.32
Urban maintenance and construction tax	5,756,770.23	3,924,093.42
Housing property tax	2,086,047.98	2,914,231.15
Stamp duty	1,218,619.49	888,997.63
Education surcharge	2,533,372.30	2,578,621.84
Land use tax	251,467.78	261,295.92
Local education surcharge	1,688,914.92	718,643.14
Water conservancy construction fund	3,191.10	15,707.90
Environmental taxes	30,893.87	23,933.28
Total	151,692,543.85	160,212,704.05

29. Other payables

Unit: RMB

Items	Closing balance	Opening balance
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Other payables	323,166,075.34	59,939,206.62
Total	323,166,075.34	59,939,206.62

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

Unit: RMB

Items	Closing balance	Opening balance
Factoring funds temporarily received from customers	255,139,275.93	
Temporary advance receipts payable	53,170,787.42	29,912,249.35
Payables for transfer of equity shares		24,761,591.39
Others	14,856,011.99	5,265,365.88
Total	323,166,075.34	59,939,206.62

30. Non-current liabilities due within one year

Unit: RMB

Items	Closing balance	Opening balance
Long-term borrowings due within one year	1,386,857,142.00	601,243,593.78
Long-term payables due within one year	34,658,340.90	363,320,073.06
Lease liabilities due within 1 year	69,030,382.03	20,648,075.55
Total	1,490,545,864.93	985,211,742.39

31. Other current liabilities

Unit: RMB

Items	Closing balance	Opening balance
Output tax to be transferred	2,440,030.34	865,474.44
Total	2,440,030.34	865,474.44

32. Long-term borrowings**(1) Category of long-term borrowings**

Unit: RMB

Items	Closing balance	Opening balance
Pledged borrowings	96,273,070.00	
Guaranteed borrowings	200,000,000.00	1,272,146,490.00

Credit borrowings	1,274,252,691.80	1,192,574,404.68
Guaranteed and pledged borrowings	200,000,000.00	
Pledged, mortgaged and guaranteed borrowings	260,000,000.00	300,000,000.00
Total	2,030,525,761.80	2,764,720,894.68

33. Lease liabilities

Unit: RMB

Items	Closing balance	Opening balance
Lease payments not paid yet	1,477,069,971.87	1,487,741,006.63
Financing expenses unrecognized	-329,259,807.15	-370,990,443.10
Total	1,147,810,164.72	1,116,750,563.53

34. Long-term payables

Unit: RMB

Items	Closing balance	Opening balance
Long-term payables	78,927,000.98	126,060,204.59
Total	78,927,000.98	126,060,204.59

(1) Details in long-term payables categorized by nature

Unit: RMB

Items	Closing balance	Opening balance
Finance lease payables	78,927,000.98	126,060,204.59

35. Provisions

Unit: RMB

Items	Closing balance	Opening balance
Products quality guarantee	67,188,779.26	13,895,925.00
Goods refund payable	22,254,051.87	21,823,625.76
Total	89,442,831.13	35,719,550.76

36. Deferred income

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance	Reasons for balance
Government grants	648,248,649.02	142,954,343.00	105,569,311.37	685,633,680.65	Related to assets

Total	648,248,649.02	142,954,343.00	105,569,311.37	685,633,680.65	--
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37. Share capital

Unit: RMB

	Opening balance	Increase or decrease (+,-)					Closing balance
		Issue of new shares	Bonus shares	Reserve transferred to shares	Others	Sub-total	
Total shares	1,709,867,327.00						1,709,867,327.00

38. Capital reserve

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance
Capital premium (share capital premium)	7,957,871,910.95			7,957,871,910.95
Other capital reserve	179,007,502.44		37,354,540.49	141,652,961.95
Total	8,136,879,413.39		37,354,540.49	8,099,524,872.90

Other remarks, including changes and reasons therefor:

The Company purchased a minority interest of RF Top Electronic, resulting capital surplus decreased by RMB 37,354,540.49 since there is a difference between the purchase price and the net assets held by the Company based on the shareholding proportion.

39. Treasury shares

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance
Treasury shares		100,479,794.32		100,479,794.32
Total		100,479,794.32		100,479,794.32

Other remarks, including changes and reasons therefor:

As of August 31, 2021, the Company accumulatively repurchased a total of 5.3197 million shares of the Company through a special securities account for repurchase by means of centralized competitive bidding with a transaction amount totaled RMB 100.4798 (excluding transaction costs), accounting for 0.31% of the total share capital of the Company. In the above repurchase transactions, the highest transaction price paid by the Company was RMB 19.18 per share while the lowest transaction price was RMB 18.24 per share.

40. Other comprehensive income (OCI)

Unit: RMB

Items	Opening balance	Current period cumulative						Closing balance
		Current period cumulative before income	Less: OCI previously recognized but	Less: OCI previously recognized but	Less: Income tax	Attributable to the parent company after	Attributable to non-controllin	

		tax	transferred to profit or loss in current period	transferred to retained earnings in current period		tax	g shareholders	
I. Items not to be reclassified subsequently to profit or loss	-328,063,853.54			21,936,146.46		-21,936,146.46		-350,000,000.00
Changes in fair value of other equity instrument investments	-328,063,853.54			21,936,146.46		-21,936,146.46		-350,000,000.00
II. Items to be reclassified subsequently to profit or loss	-123,551,784.22	18,958,707.99	63,740,316.63		1,292,673.35	-46,074,281.99		-169,626,066.21
Cash flow hedging reserves	50,109,339.97	69,679,599.00	63,740,316.63		1,292,673.35	4,646,609.02		54,755,948.99
Translation reserves	-173,661,124.19	-50,720,891.01				-50,720,891.01		-224,382,015.20
Total	-451,615,637.76	18,958,707.99	63,740,316.63	21,936,146.46	1,292,673.35	-68,010,428.45		-519,626,066.21

41. Surplus reserve

Unit: RMB

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	75,205,377.40	36,492,937.75		111,698,315.15
Total	75,205,377.40	36,492,937.75		111,698,315.15

Descriptions of surplus reserve, including changes for the current period and reasons therefor:

Surplus reserve increased by RMB 36,492,937.75 this year, arising from appropriation of statutory surplus reserve in accordance with 10% of net profits of the parent company.

42. Undistributed profit

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Balance before adjustment at the end of preceding period	3,598,580,392.76	2,169,454,382.50
Opening balance after adjustment	3,598,580,392.76	2,169,454,382.50
Add: Net profit attributable to owners of the parent company	1,862,481,138.84	1,530,132,196.09
Less: Appropriation of statutory surplus reserve	36,492,937.75	20,677,561.98
Dividends payable on ordinary shares	170,986,732.70	80,328,623.85
Add: others	21,933,809.48	
Closing balance	5,275,515,670.63	3,598,580,392.76

43. Operating revenue and operating costs

Unit: RMB

Items	Current period cumulative	Preceding period comparative
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	Revenue	Cost	Revenue	Cost
Main operations	31,682,727,248.03	27,080,576,091.48	28,017,895,740.11	23,648,679,360.68
Other operations	110,420,660.09	47,974,536.45	75,513,690.15	31,612,149.09
Total	31,793,147,908.12	27,128,550,627.93	28,093,409,430.26	23,680,291,509.77

Whether the lower of the net profit after non-recurring gains or losses is negative

Yes No

Other remarks

Revenue recognized in the current period and included in the opening balance of the book value of contract liabilities amounted to RMB 6,648,456.90.

44. Taxes and surcharges

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Urban maintenance and construction tax	24,263,505.47	32,460,565.44
Education surcharge	11,969,192.59	17,176,219.26
Housing property tax	16,123,105.43	15,533,333.82
Land use tax	1,365,774.21	1,259,185.72
Vehicle and vessel use tax	24,502.86	12,480.02
Stamp duty	11,367,477.23	9,503,081.81
Local education surcharge	7,913,333.55	11,450,772.16
Environmental taxes	133,322.63	92,361.87
Total	73,160,213.97	87,488,000.10

45. Selling expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Employee benefits	190,368,189.92	187,002,497.39
Selling service fees	39,874,711.20	28,320,239.10
Export expenses	35,107,304.52	34,040,606.18
Travel expenses	30,192,865.53	29,294,177.28
Business entertainment expenses	13,589,530.56	17,916,382.22
Others	31,955,044.68	32,606,444.33
Total	341,087,646.41	329,180,346.50

Other remarks:

The Company presents transportation costs incurred to fulfill customers' sales contracts in the line item of operating cost in accordance with the *Q&A for the Implementation of CASBEs* issued by the Accounting Department of the Ministry of Finance on

November 2, 2021.

46. Administrative expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Employee benefits	416,884,816.93	379,738,766.26
Depreciation and amortization	112,065,654.97	93,375,850.37
Consulting service fees	72,107,147.93	62,071,843.91
Office allowances	49,392,919.93	41,196,948.62
Business entertainment expenses	39,212,589.24	37,962,065.24
Travel expenses	12,835,540.39	17,948,042.56
Lease payments	8,372,878.92	6,696,424.00
Repair expenses	17,205,668.65	3,204,690.07
Taxes	436,304.97	840,453.62
Others	53,151,208.43	43,443,918.43
Total	781,664,730.36	686,479,003.08

47. R&D expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Materials used	553,757,553.07	521,199,000.98
Labor costs	345,837,438.45	293,856,853.11
Depreciation expenses	56,671,015.71	48,314,696.60
Others	72,301,199.72	46,882,830.75
Total	1,028,567,206.95	910,253,381.44

48. Financial expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Interest expenses	285,474,106.93	460,228,886.85
Lease interest and financing charges	85,865,366.64	102,086,293.45
Less: interest income	62,819,318.55	87,524,003.63
Add: foreign exchange losses	70,483,663.21	103,103,675.59
Bank commissions and others	57,659,855.67	52,215,726.71

Total	436,663,673.90	630,110,578.97
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49. Other income

Unit: RMB

Source of other income	Current period cumulative	Preceding period comparative
Government grants related to assets	105,569,311.37	62,619,560.46
Government grants related to income	163,175,414.88	139,310,997.96
Refund of handling fees for withholding individual income tax	722,866.99	414,836.61

50. Investment income

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Investment income from long-term equity investments under equity method	-7,515,648.15	6,412,017.44
Investment income from disposal of long-term equity investments	28,827,931.90	7,620,144.16
Investment income from held-for-trading financial assets	108,467.86	
Investment income from disposal of held-for-trading financial assets	9,012,671.97	-327,019.04
Discounted loss on receivables financing	-768,750.98	-5,545,219.23
Income from bank wealth management product	11,913,618.63	10,718,494.92
Total	41,578,291.23	18,878,418.25

51. Gains on changes in fair value

Unit: RMB

Source of gains on changes in fair value	Current period cumulative	Preceding period comparative
Held-for-trading financial assets	8,645,469.99	18,302,922.59
Held-for-trading financial liabilities		-5,069,471.20
Total	8,645,469.99	13,233,451.39

52. Credit impairment losses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Bad debt losses	-7,992,105.91	-142,200,047.48
Total	-7,992,105.91	-142,200,047.48

53. Assets impairment loss

Unit: RMB

Items	Current period cumulative	Preceding period comparative
I. Bad debt losses	-11,270,721.08	
II. Losses from inventory write-down and impairment loss of contract performance costs	-166,254,407.47	-84,916,564.37
V. Impairment loss of fixed assets	-983,457.38	
XI. Impairment loss of goodwill	-8,868,134.17	
Total	-187,376,720.10	-84,916,564.37

54. Gains on asset disposal

Unit: RMB

Source of gains on asset disposal	Current period cumulative	Preceding period comparative
Gains on disposal of fixed assets	-14,060,145.96	20,840,573.82
Gains on disposal of intangible assets		541,691.72

55. Non-operating revenue

Unit: RMB

Items	Current period cumulative	Preceding period comparative	Amount included in the non-recurring gains or losses for the current period
Performance compensation		12,000,000.00	
Income from fines and confiscations	407,738.14	528,429.78	407,738.14
Payment unable to be made	2,380,233.49	152,263.58	2,380,233.49
Others	324,831.16	784,497.46	324,831.16
Total	3,112,802.79	13,465,190.82	3,112,802.79

56. Non-operating expenditures

Unit: RMB

Items	Current period cumulative	Preceding period comparative	Amount included in the non-recurring gains or losses for the current period
Donation expenditures	3,503,180.00	11,626,835.65	3,503,180.00
Losses on damage or scrapping of non-current assets	984,352.01	10,453,563.18	984,352.01
Penalties, late payment fees, and liquidated damages	972,242.63	3,045,323.20	972,242.63

Others	546,696.75	343,650.33	546,696.75
Total	6,006,471.39	25,469,372.36	6,006,471.39

57. Income tax expenses

(1) Table of income tax expenses

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Current period income tax expenses	213,580,884.70	311,953,419.80
Deferred income tax expenses	36,341,939.66	-62,815,256.58
Total	249,922,824.36	249,138,163.22

(2) Reconciliation of accounting profit to income tax expenses

Unit: RMB

Items	Current period cumulative
Profit before tax	2,110,822,522.49
Income tax expense calculated based on statutory/applicable tax rate	316,623,378.37
Effect of different tax rate applicable to subsidiaries	-11,239,785.34
Effect of non-deductible costs, expenses and losses	4,571,962.96
Effect of deducible temporary differences or deductible losses not recognized as deferred tax assets in the current period	12,065,419.74
Effect of additional deduction of R&D expenses	-72,098,151.37
Income tax expenses	249,922,824.36

58. Other comprehensive income

Please refer to the note of other comprehensive income (OCI) for details.

59. Items of the consolidated cash flow statement

(1) Other cash receipts related to operating activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Deposits for acceptance bills	129,542,128.04	460,794,004.93
Government grants	318,989,224.87	468,187,787.14
Interest income	62,819,318.55	87,524,003.63

Temporary advance receipts payable and others	732,569.30	1,312,927.24
Total	512,083,240.76	1,017,818,722.94

(2) Other cash payments related to operating activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Deposits for acceptance bills	151,102,248.04	129,542,128.04
Cash payments of selling expenses	150,719,456.49	297,647,844.03
Cash payments of administrative expenses	252,714,258.46	213,364,386.45
Cash payments of R&D expenses	72,301,199.72	95,197,527.35
Band commissions	57,659,855.67	52,215,726.71
Temporary advance payments receivable and others	40,105,256.38	22,988,094.67
Total	724,602,274.76	810,955,707.25

(3) Other cash receipts related to investing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Time deposits	50,000,000.00	108,408,535.48
Recovery of asset transfer payments	564,294,406.73	232,000,000.00
Total	614,294,406.73	340,408,535.48

(4) Other cash payments related to investing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Loss control over subsidiaries	1,288.94	
Total	1,288.94	

(5) Other cash receipts related to financing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Cash receipts of sale-leaseback financing lease		167,000,000.00
Various guarantee deposits	2,101,333,325.23	1,561,876,058.26
Discounted payments on acceptance bills and letters of credit	1,820,194,933.27	3,581,805,423.85
Total	3,921,528,258.50	5,310,681,482.11

(6) Other cash payments related to financing activities

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Auditing and consulting fees paid for issue of securities		4,801,886.79
Various guarantee deposits	826,870,220.72	2,101,333,325.23
Lease payments	282,078,462.04	546,136,122.12
Payments for bill financing	3,581,805,423.85	3,346,731,652.83
Repurchase of shares	100,479,794.32	
Acquisition of non-controlling interest of RF Top Electronic	65,756,910.17	
Total	4,856,990,811.10	5,999,002,986.97

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

Unit: RMB

Supplementary information	Current period cumulative	Preceding period comparative
I. Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	1,860,899,698.13	1,537,187,184.00
Add: Provision for assets impairment loss	195,368,826.01	227,116,611.85
Depreciation of fixed assets, oil and gas assets, productive biological assets	1,581,049,391.72	1,464,361,023.91
Depreciation of right-of-use assets	86,304,860.90	
Amortization of intangible assets	48,775,081.14	44,872,349.70
Amortization of long-term prepayments	147,371,022.13	140,820,154.70
Losses on disposal of fixed assets, intangible assets and other long-term assets (or less: gains)	14,060,145.96	-21,382,265.54
Fixed assets scrapping loss (or less: gains)	984,352.01	10,453,563.18
Losses on changes in fair value (or less: gains)	-8,645,469.99	-13,233,451.39
Financial expenses (or less: gains)	351,562,005.91	569,248,680.30
Investment losses (or less: gains)	-41,578,291.23	-18,878,418.25
Decrease of deferred tax assets (or less: increase)	22,499,150.53	-214,192,107.74
Increase of deferred tax liabilities (or less: decrease)	13,842,789.13	151,376,851.16
Decrease of inventories (or less: increase)	-739,877,310.44	-1,505,664,143.68
Decrease of operating receivables (or less: increase)	-780,445,681.69	-1,538,112,737.17
Increase of operating payables (or less: decrease)	457,373,913.99	2,110,195,599.62

Others		-12,000,000.00
Net cash flows from operating activities	3,209,544,484.21	2,932,168,894.65
2. Significant investing and financing activities not related to cash receipts and payments:	--	--
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	3,939,301,126.79	2,873,135,085.47
Less: opening balance of cash	2,873,135,085.47	1,946,860,870.72
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase of cash and cash equivalents	1,066,166,041.32	926,274,214.75

(2) Net cash receipts from disposal of subsidiaries in current period

Unit: RMB

	Amount
Including:	--
Less: cash and cash equivalents held by subsidiaries at the date of losing control	1,288.94
Including:	--
Chongqing Chengjia Precision Electronic Technology Co., Ltd.	153.36
Dongguan Xindong Intelligent Technology Co., Ltd.	1,135.58
Including:	--
Net cash receipts from disposal of subsidiaries	-1,288.94

(3) Composition of cash and cash equivalents

Unit: RMB

Items	Closing balance	Opening balance
I. Cash	3,939,301,126.79	2,873,135,085.47
Including: cash on hand	241,046.60	533,015.82
Cash in bank on demand for payment	3,939,060,080.19	2,872,602,069.65
III. Closing balance of cash and cash equivalents	3,939,301,126.79	2,873,135,085.47

61. Assets with title or use right restrictions

Unit: RMB

Items	Closing carrying amount	Reason for restriction
Cash and bank balances	1,461,536,265.68	Bill deposits, etc.

Fixed assets	490,778,211.02	Mortgaged for borrowings or subject to sale-leaseback contract
Intangible assets	4,207,098.63	Mortgaged for borrowings
Receivables financing	337,954,600.06	Pledged for notes receivable
Accounts receivable	49,750,000.00	Factoring of accounts receivable
Right-of-use assets	920,952,667.75	Finance lease
Total	3,265,178,843.14	--

62. Monetary items in foreign currencies

(1) Monetary items in foreign currencies

Unit: RMB

Items	Closing balance in foreign currencies	Exchange rate	Closing balance of RMB equivalent
Cash and bank balances	--	--	2,488,349,146.44
Including: USD	387,317,338.71	6.37570	2,469,419,156.43
EUR	1,490,666.23	7.21970	10,762,162.98
HKD	965,806.65	0.81760	789,643.52
SGD	1,516,516.89	4.71790	7,154,775.04
NTD	740,822.00	0.23020	170,537.22
JPY	793.00	0.05542	43.94
SEK	74,930.25	0.70502	52,827.31
Accounts receivable	--	--	5,643,879,544.37
Including: USD	883,824,378.16	6.37570	5,634,999,087.83
EUR	1,230,031.24	7.21970	8,880,456.54
Long-term borrowings	--	--	357,385,842.79
Including: USD	56,054,369.37	6.37570	357,385,842.79
Other receivables			38,924,944.21
Including: USD	6,104,481.11	6.37570	38,920,340.21
NTD	20,000.00	0.23020	4,604.00
Short-term borrowings			2,022,294,192.26
Including: USD	317,187,789.93	6.37570	2,022,294,192.26
Accounts payable			2,428,693,982.42

Including: USD	379,913,796.40	6.37570	2,422,216,391.71
EUR	896,951.73	7.21970	6,475,722.41
SEK	2,650.00	0.70502	1,868.30
Employee benefits payable			42,079,655.64
Including: USD	6,600,005.59	6.37570	42,079,655.64
Taxes and rates payable			71,136,583.87
Including: USD	11,157,454.69	6.37570	71,136,583.87
Other payables			286,397,676.81
Including: USD	44,920,193.36	6.37570	286,397,676.81
Non-current liabilities due within one year			239,905,784.80
Including: USD	37,628,148.25	6.37570	239,905,784.80

(2) Descriptions of overseas operating entities, including disclosure of the main overseas business locations, functional currency and the basis for selection of important overseas operating entities, and the reasons for changes in functional currency (if any).

Applicable N/A

63. Government grants

(1) Basic information of government grants

Unit: RMB

Category	Amount	Items presented	Amount recognized in current profit or loss
Yancheng Production Equipment Subsidy	381,880,587.80	Other income	49,780,281.81
2019 Special Funds for the High-Quality Development of Industrial Economy All over the Industry Park	85,700,482.60	Other income	24,441,307.92
Multek Technology Transformation Subsidy	92,686,284.78	Other income	10,450,326.53
Special Incentive Funds of Science and Technology Industrial Park	64,890,000.00	Other income	9,270,000.00
2020 Subsidy for the Construction of the Emergency Material Security System from Central Financial Administration	21,973,333.33	Other income	2,560,000.00

Subsidy for Technical Transformation of Mutto Optronics	5,289,866.67	Other income	749,200.00
Suzhou Machinery and Equipment Subsidy	10,150,591.00	Other income	2,621,409.05
2020 High-Quality Development Funds -2019 Demonstration Intelligent Workshop	1,182,222.20	Other income	1,182,222.24
Yancheng Flexible Circuit Board and Supporting Assembly Project	1,458,332.94	Other income	500,000.04
Municipal Financial Subsidy for the Promotion of New Energy Vehicles	390,062.67	Other income	1,011,536.00
2019 Special Funds for High-Quality Development of Industrial Economy	1,200,000.00	Other income	150,000.00
Showroom Decoration Subsidy	822,500.00	Other income	105,000.00
2018 Subsidy Received for Encouraging Intelligent Equipment Input	248,888.89	Other income	35,555.55
2020 Incentives of High-Quality Development of Industrial Economy – Replacing Workforce with Machine	9,330,188.70	Other income	2,169,811.30
RF Top Electronic Industrial Technology Reform Subsidy	5,766,116.87	Other income	94,883.13
2020 Special Support Funds for Promoting High Quality Development of Industrial Economy and Accelerating the Industry Upgrading of Robotics and Intelligent Manufacturing in Wuzhong District	2,090,000.00	Other income	110,000.00
2020 Incentives of High-Quality Development of Industrial Economy –Intelligent System Utilization	574,222.20	Other income	337,777.80
2020 Special Funds for Provincial Industrial Transformation and Upgrading	42,309,000.00	Other income	42,309,000.00
Special Incentives to MFLEX Yancheng to Expand and Strengthen the Intelligent Terminal Industry Chain	29,608,400.00	Other income	29,608,400.00
Social Insurance Subsidy (2020)	17,327,239.00	Other income	17,327,239.00
2020 Incentives for High-Quality Development of Industrial Economy and Listing	9,645,000.00	Other income	9,645,000.00
2021 Central Foreign Trade and Economic Development Special Funds	6,309,500.00	Other income	6,309,500.00
Outstanding Contribution Award in Development Zone Commendation Conference, Incentives for Expanding and Strengthening the Intelligent Manufacturing, Incentives for Intelligent Manufacturing Demonstration Application, Incentives for Energy-Saving Green System Construction; and Subsidy for Purchase of IT Tools	5,200,000.00	Other income	5,200,000.00
Interest Subsidy for Import Business	4,441,712.00	Other income	4,441,712.00

Spring Festival Subsidy for Staying in Yancheng City	4,078,000.00	Other income	4,078,000.00
Special Support Funds for Promoting High Quality Development of Industrial Economy and Accelerating the Industry Upgrading of Robotics and Intelligent Manufacturing in Wuzhong District	3,070,000.00	Other income	3,070,000.00
2020 Provincial Business Development Funds	2,769,300.00	Other income	2,769,300.00
Employment Stabilization Subsidy	2,498,436.60	Other income	2,498,436.60
Special Funds for Industrial Transformation and Upgrading (Technical Transformation)	2,457,400.00	Other income	2,457,400.00
District-Level Funds for New Registered Capital Awards for the Real Economy	2,400,000.00	Other income	2,400,000.00
2020 Seagull Plan Subsidy	2,362,125.00	Other income	2,362,125.00
Excellent Foreign Trade Enterprises, Energy-Saving and Emission Reduction Outstanding Enterprises, Excellent Foreign Enterprises, Top 100 Enterprises	2,250,000.00	Other income	2,250,000.00
Spring Festival Subsidy for Staying in Wuzhong District	2,213,717.06	Other income	2,213,717.06
Subsidy for Work-Based Training	1,683,807.02	Other income	1,683,807.02
Science and Innovation Support for Accelerating the Construction of World-Class High-tech Industrial Park	1,198,700.00	Other income	1,198,700.00
2020 Incentives for Science and Technology Innovation All over the Industry Park	1,018,900.00	Other income	1,018,900.00
Achievement of High-Quality Development Through Capital Market	1,000,000.00	Other income	1,000,000.00
Supporting Incentives of Core Technology Product Subsidy by Suzhou City	1,000,000.00	Other income	1,000,000.00
2020 District-Level Reward for R&D Investment in Science and Technology Innovation	905,500.00	Other income	905,500.00
“Staying In Wuzhong District to Improve Skills” Project-Based Training Subsidy of Wuzhong District, Suzhou City	862,600.00	Other income	862,600.00
Special Funds for Utilizing Vocational Skills to Improve Actions - Improve the Quality and Efficiency of Vocational Skills Training	849,500.00	Other income	849,500.00
2020 Provincial Industrial Enterprise Technical Transformation Comprehensive Award	808,700.00	Other income	808,700.00
2021 Provincial Special Development Funds - Functional Institutions	800,000.00	Other income	800,000.00
Anti-Epidemic Subsidy	771,484.00	Other income	771,484.00

2021 Seagull Plan Subsidy	700,000.00	Other income	700,000.00
City-Level Funds for New Registered Capital Awards for the Real Economy	600,000.00	Other income	600,000.00
Suzhou Science and Innovation Bureau Subsidies - Supporting Funds for 2020 Post-Grant Incentives of Core Technology Products	545,450.00	Other income	545,450.00
2020 Support Funds to Innovation and Entrepreneurship Leading Talents	510,000.00	Other income	510,000.00
Other government grants	10,980,944.20	Other income	10,980,944.20
2020 Interest Subsidy for Science and Technology Loan	196,100.00	Financial expenses	196,100.00
Interest Subsidy for Loan of Stabilizing Growth	24,500.00	Financial expenses	24,500.00

(2) Government grants returned in the current period

Applicable N/A

VIII. Changes in the Consolidation Scope

1. Changes in the consolidation scope caused by other reasons

Descriptions of changes in the consolidation scope caused by other reasons (such as establishment of a new subsidiary and liquidation of a subsidiary, etc.) and their relevant information:

(1) Entities brought into the consolidation scope

Unit: RMB

Entities	Equity acquisition method	Equity acquisition time point	Capital contribution	Capital contribution proportion (%)
Suzhou Dongchen Intelligent Equipment Manufacturing Co., Ltd. (Note 1)	Establishment through investment	November 30, 2021	2,000,000.00	100.00%
Shanghai Dongxin New Energy Technology Co., Ltd. (Note 2)	Establishment through investment	August 27, 2021	300,000,000.00	100.00%
Shanghai Donglan New Energy Technology Co., Ltd. (Note 3)	Establishment through investment	November 1, 2021	90,000,000.00	100.00%
Hainan Chengjia Technology Consulting Co., Ltd.	Establishment through investment	May 14, 2021	1,000,000.00	100.00%

[Note 1] The company subscribed capital contribution amounting to RMB 10,000,000.00, and paid up RMB 2,000,000.00.

[Note 2] The company subscribed capital contribution amounting to RMB 300,000,000.00, none of which was paid up.

[Note 3] The company subscribed capital contribution amounting to RMB 90,000,000.00, none of which was paid up.

(2) Entities excluded from the consolidation scope

Unit: RMB

Entities	Equity disposal method	Equity disposal time point	Disposal-date net assets	Net profit from the period beginning to the
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				disposal date
Chongqing Chengjia Precision Electronic Technology Co., Ltd.	Deregistration	January 29, 2021	24,342.84	-958.00
Dongguan Xindong Intelligent Technology Co., Ltd.	Losing control	August 31, 2021	-28,852,274.89	-6,347.59
DSBJ FINLAND OY	Deregistration	December 31, 2021		-294,299.73
Suzhou Dongshan Precision Technology Co., Ltd.	Deregistration	November 16, 2021		

IX. Interests in Other Entities

1. Interests in subsidiaries

(1) Composition of enterprise group

Subsidiaries	Main operating place	Place of registration	Business nature	Holding proportion (%)		Acquisition method
				Direct	Indirect	
YCMT	Suzhou	Suzhou	Manufacturing	100.00%		Business combination under common control
Suzhou Yuanshi Electronic Technology Co., Ltd.	Suzhou	Suzhou	Manufacturing	100.00%		Business combination under common control
HongKong Dongshan Precision Union Opoelectronic Co., Limited	Hong Kong, China	Hong Kong, China	Business and investment	100.00%		Establishment
Suzhou Dongkui Lighting Co.,Ltd.	Suzhou	Suzhou	Manufacturing	100.00%		Establishment
Suzhou Chengjia Precision Manufacturing Co.,Ltd.	Suzhou	Suzhou	Manufacturing	100.00%		Establishment
Dongguan Dongshan Precision Manufacturing Co., Ltd.	Dongguan	Dongguan	Manufacturing	95.00%	5.00%	Establishment
Chongqing Chengjia Precision Electronic Technology Co., Ltd.	Chongqing	Chongqing	Manufacturing	90.00%	10.00%	Establishment
Suzhou Dongjiyuan Metal Technology Co., Ltd.	Suzhou	Suzhou	Manufacturing	100.00%		Establishment
Yancheng Dongshan Precision Manufacturing Co., Ltd.	Yancheng	Yancheng	Manufacturing	95.00%	5.00%	Establishment
Suzhou RF Top Electronic Communication Co., Ltd.	Suzhou	Suzhou	Manufacturing	68.91%		Business combination not under common control

Suzhou Jebson Intelligent Technology Co., Ltd.	Suzhou	Suzhou	Manufacturing	51.00%		Establishment
Suzhou Dongdai Electronic Technology Co., Ltd.	Suzhou	Suzhou	Manufacturing	51.00%		Establishment
Suzhou Dongyan Electronic Technology Co., Ltd.	Suzhou	Suzhou	Manufacturing	51.00%		Establishment
Yancheng Dongshan Enterprise Management Co., Ltd.	Yancheng	Yancheng	Property management	95.00%	5.00%	Establishment
Hong Kong Dongshan Holding Limited	Hong Kong, China	Hong Kong, China	Business and investment	100.00%		Establishment
Yancheng Dongshan Communication Technology Co., Ltd.	Yancheng	Yancheng	Manufacturing	100.00%		Establishment
Shanghai Chengjia Consulting Management Co., Ltd.	Shanghai	Shanghai	Business and investment	100.00%		Establishment
Suzhou Aiguan Material Technology Co., Ltd.	Suzhou	Suzhou	Manufacturing		100.00%	Business combination not under common control
Dongguan Xindong Intelligent Technology Co., Ltd.	Dongguan	Dongguan	Manufacturing		51.00%	Establishment
Mutto Optronics Group Limited	British Virgin Islands	British Virgin Islands	Business and investment		100.00%	Business combination not under common control
DSBJ Solutions INC	USA	USA	Business and investment		100.00%	Establishment
DSBJ holdings Inc.	USA	USA	Business and investment		100.00%	Establishment
DSBJ International Inc.	USA	USA	Business and investment		100.00%	Establishment
DSBJ FINLAND OY	Finland	Finland	Business and investment		100.00%	Establishment
Dragon Electronix Holdings INC.	USA	USA	Business and investment		100.00%	Establishment
Dongshan International Holdings Inc	Cayman Islands	Cayman Islands	Business and investment	100.00%		Establishment
Mutto Optronics Technology Co., Ltd.	Suzhou	Suzhou	Manufacturing		100.00%	Business combination not under common

						control
Suzhou Dongshan Precision Technology Co., Ltd.	Suzhou	Suzhou	Manufacturing		100.00%	Establishment
Yancheng Mutto Optronics Technology Co., Ltd.	Yancheng	Yancheng	Manufacturing		100.00%	Establishment
Multi-Fineline Electronix, Inc.	USA	USA	Business and investment		100.00%	Business combination not under common control
MFLEX Delaware, Inc.	Delaware, USA	Delaware, USA	Business and investment		100.00%	Business combination not under common control
MFLEX B.V.	Netherlands	Netherlands	Business and investment		100.00%	Business combination not under common control
Multi-Fineline Electronix Singapore Pte.Ltd.	Singapore	Singapore	Business and investment		100.00%	Business combination not under common control
MFLEX Suzhou Co., Ltd.	Suzhou	Suzhou	Manufacturing		100.00%	Business combination not under common control
Dowell Smart Suzhou Co., Ltd.	Suzhou	Suzhou	Manufacturing		100.00%	Establishment
MFLEX Chengdu Co., Ltd.	Chengdu	Chengdu	Manufacturing		100.00%	Business combination not under common control
MFLEX Yancheng Co., Ltd.	Yancheng	Yancheng	Manufacturing		100.00%	Establishment
DSBJ PTE.LTD.	Singapore	Singapore	Business and investment		100.00%	Establishment
Multek Technology Sweden AB	Sweden	Sweden	Business and investment		100.00%	Establishment
Multek Technology Malaysia SDN.BHD	Malaysia	Malaysia	Business and investment		100.00%	Establishment
DSBJ Germany PTE.LTD.	German	German	Business and investment		100.00%	Establishment
Multek Group(Hong Kong) Limited	Hong Kong,	Hong Kong,	Business and		100.00%	Establishment

	China	China	investment			
The Dii Group (BVI) Co. Limited	British Virgin Islands	British Virgin Islands	Business and investment		100.00%	Business combination not under common control
Multek Hong Kong Limited	Hong Kong, China	Hong Kong, China	Business and investment		100.00%	Business combination not under common control
Multek Technologies Limited	Mauritius	Mauritius	Business and investment		100.00%	Business combination not under common control
The Dii Group Asia Limited	Hong Kong, China	Hong Kong, China	Business and investment		100.00%	Business combination not under common control
Astron Group Limited	Hong Kong, China	Hong Kong, China	Business and investment		100.00%	Business combination not under common control
Multek Technology (Zhuhai) Co., Ltd.	Zhuhai	Zhuhai	Manufacturing		100.00%	Business combination not under common control
Vastbright PCB (HOLDING) Limited	Hong Kong, China	Hong Kong, China	Business and investment		100.00%	Business combination not under common control
Multek Electronics Limited	Zhuhai	Zhuhai	Manufacturing		100.00%	Business combination not under common control
Multek Industries Limited	Zhuhai	Zhuhai	Manufacturing		100.00%	Business combination not under common control
Multek Zhuhai Limited	Zhuhai	Zhuhai	Manufacturing		100.00%	Business combination not under common control

Multek China Ltd.	Zhuhai	Zhuhai	Manufacturing		100.00%	Business combination not under common control
Multek Technology, Inc.	USA	USA	Business and investment		100.00%	Establishment
Suzhou Dongbo Precision Manufacturing Co., Ltd.	Suzhou	Suzhou	Manufacturing	51.00%		Establishment
MFLEX Shanghai Co., Ltd.	Shanghai	Shanghai	Wholesale	100.00%		Establishment
Shenzhen Qindao Dongchuang Investment Partnership (Limited Partnership)	Shenzhen	Shenzhen	Business and investment	76.92%		Establishment
Suzhou Dongke Real Estate Co., Ltd.	Suzhou	Suzhou	Real estate	100.00%		Establishment
Yancheng Dongchuang Precision Manufacturing Co., Ltd.	Yancheng	Yancheng	Manufacturing	100.00%		Establishment
DSBJ NORWAY AS	Norway	Norway	Business and investment		100.00%	Establishment
Suzhou Dongchen Intelligent Equipment Manufacturing Co., Ltd.	Suzhou	Suzhou	Manufacturing		100.00%	Establishment
Shanghai Dongxin New Energy Technology Co., Ltd.	Shanghai	Shanghai	Manufacturing	95.00%	5.00%	Establishment
Shanghai Donglan New Energy Technology Co., Ltd.	Shanghai	Shanghai	Manufacturing		100.00%	Establishment
Hainan Chengjia Technology Consulting Co., Ltd.	Haikou	Haikou	Technical consultation	100.00%		Establishment

2. Interests in joint ventures or associates

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

Unit: RMB

	Closing balance/Current period cumulative	Opening balance/Preceding period comparative
Joint ventures:	--	--
Proportionate shares in the following items	--	--
Associates:	--	--
Total carrying amount of investments	143,121,019.78	101,207,887.93
Proportionate shares in the following items	--	--
--Net profit	-7,515,648.15	6,412,017.44

--Total comprehensive income	-7,515,648.15	6,412,017.44
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X. Risks Related to Financial Instruments

In risk management, the Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company's financial performance, so as to maximize the profits of shareholders and other equity investors. Based on such risk management objectives, the Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits on a timely and reliable basis.

The Company has exposure to the following risks from its use of financial instruments, which mainly include: credit risk, liquidity risk, and market risk. The Management has deliberated and approved policies concerning such risks, with details as below.

(I) Credit risk

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

1. Credit risk management practice

(1) Evaluation method of credit risk

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When 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. Based on the single financial instrument or the combination of financial instruments with similar characteristics of credit risk, the Company compares the risk of default of financial instruments at the balance sheet date with that on the initial recognition date in order to figure out the changes of default risk in the expected lifetime of financial instruments.

The Company considers the credit risk on 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;

2) Qualitative standard mainly relates to significant adverse changes in the debtor's operation or financial position, present or expected changes in technology, market, economy or legal environment that will have significant adverse impact on the debtor's repayment ability;

(2) Definition of default and credit-impaired assets

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

1) significant financial difficulty of the debtor;

2) a breach of binding clause of contract;

3) it is very likely that the debtor will enter bankruptcy or other financial reorganization;

4) the creditor of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor would not otherwise consider.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss rate of default, and exposure to default risk. The Company develops 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. Please refer to Note V (I) 3, 4, 7 and 10 to the financial statements for details on the reconciliation table of opening balance and closing balance of provision for losses of financial instrument.

4. Exposure to credit risk and concentration of credit risk

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 cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

(2) Receivables

The Company performs credit assessment on customers using credit settlement on a continuous basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks in bad debts.

As the Company only conducts business with credible and well-reputed third parties, collateral is not required from customers. The Company manages credit risk aggregated by customers. As of December 31, 2021, the Company has certain concentration of credit risk, and 50.05% (December 31, 2020: 54.10%) of the total accounts receivable was due from the five largest customers of the Company. The Company held no collateral or other credit enhancement on balance of receivables.

The maximum amount of exposure to credit risk of the Company is the carrying amount of each financial asset at the balance sheet.

(II) Liquidity risk

Liquidity risk is the risk that the Company may encounter deficiency of funds in meeting obligations associated with cash or other financial assets settlement, which is possibly attributable to failure in selling financial assets at fair value on a timely basis, or failure in collecting liabilities from counterparties of contracts, or early redemption of debts, or failure in achieving estimated cash flows.

In order to control such risk, the Company comprehensively utilized financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

Financial liabilities classified based on remaining time period till maturity

Unit: RMB

Items	Closing balance				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings (including non-current borrowings 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
Notes payable	1,646,644,107.17	1,646,644,107.17	1,646,644,107.17		
Accounts payable	6,729,890,126.00	6,729,890,126.00	6,729,890,126.00		
Other payables	323,166,075.34	323,166,075.34	323,166,075.34		

Long-term payables (including non-current borrowings due within one year)	113,585,341.88	117,815,283.97	38,648,899.77	79,166,384.20	
Lease liabilities (including non-current borrowings 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
Sub-total	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

(Continued)

Items	December 31, 2020				
	Carrying amount	Contract amount not yet discounted	Within 1 year	1-3 years	Over 3 years
Bank borrowings	11,945,119,556.65	12,083,578,945.87	9,158,948,388.90	2,734,050,436.13	190,580,120.84
Notes payable	1,767,940,549.75	1,767,940,549.75	1,767,940,549.75		
Accounts payable	7,443,237,912.72	7,443,237,912.72	7,443,237,912.72		
Other payables	59,939,206.62	59,939,206.62	59,939,206.62		
Long-term payables	1,200,752,321.09	1,601,888,588.90		160,374,354.31	1,441,514,234.59
Non-current liabilities due within one year	363,320,073.06	363,320,073.06	363,320,073.06		
Sub-total	22,780,309,619.89	23,319,905,276.92	18,793,386,131.05	2,894,424,790.44	1,632,094,355.43

(III) Market risk

Market risk is the risk that a company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk.

1. Interest risk

Interest risk is the risk that a company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest. The Company's fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating-rate financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring. The Company's interest risk in cash flows relates mainly to bank borrowings with floating interest rate.

As of December 31, 2021, balance of borrowings with interest accrued at floating interest rate totaled RMB 11,449,693,630.87(December 31, 2020: RMB 11,930,608,873.34). If interest rates had been 50 basis points higher/lower and all other variables were held constant, financial effect on the Company would be a/an decrease/increase of RMB 48,661,197.93 (December 31, 2020: a/an decrease/increase of RMB 50,705,087.71) in equity, a/an decrease/increase of RMB 48,661,197.93(2020: a/an decrease/increase of RMB 50,705,087.71) in net profit.

2. Foreign currency risk

Foreign currency risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company's foreign currency risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurred to foreign currency assets and liabilities, the Company may trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

Please refer to Note VII to financial statements for details in foreign currency financial assets and liabilities at the end of the period.

XI. Fair Value Disclosure

1. Fair value of assets and liabilities measured at fair value at the end of the period

Unit: RMB

Items	Fair value at the end of the period			
	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		459,278,578.74	40,249,971.12	499,528,549.86
(2) Equity instrument investments			40,249,971.12	40,249,971.12
(3) Derivative financial assets		459,278,578.74		459,278,578.74
(II) Other debt investments			828,355,016.30	828,355,016.30
(III) Other equity instrument investments			171,322,110.00	171,322,110.00
Total assets at recurring fair value measurement		459,278,578.74	1,039,927,097.42	1,499,205,676.16
II. Non-recurring fair value measurement	--	--	--	--

2. Qualitative and quantitative information of valuation technique(s) and key input(s) for level 2 fair value at recurring and non-recurring fair value measurement

The fair value of bank wealth management products at the end of the period is mainly recognized based on their principals and expected proceeds.

For forward exchange settlement transactions that have been entrusted but not delivered, the fair value is recognized based on the forward exchange rate recognized by the trading banks at the end of the period.

3. Qualitative and quantitative information of valuation technique(s) and key input(s) for level 3 fair value at recurring and non-recurring fair measurement

The fair value of other equity instrument investments is recognized as the initial investment amount.

The fair value of notes receivable held is recognized as the par value of these notes.

XII. Related Party Relationships and Transactions

1. Parent 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 Company's shareholding and voting rights, respectively, with collective shareholding and voting rights of the Company totaled 28.28%.

2. Subsidiaries

Please refer to Note IX. Interests in Other Entities for details on the Company's subsidiaries.

3. Joint ventures and associates of the Company

Please refer to Note IX. Interests in Other Entities for details on the Company's significant joint ventures and associates. Details of other joint ventures or associates carrying out related party transactions with the Company in current period or in preceding period but with balance in current period are as follows:

Joint ventures or associates	Relationships with the Company
Suzhou Toprun Electric Equipment Co., Ltd.	Associates
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Associates

4. Other related parties of the Company

Other related parties of the Company	Relationships with the Company
Hai Dixin Semiconductor (Nantong) Co., Ltd.	Invested company
Shenzhen Dongshan Precision Manufacturing Co., Ltd.	Company controlled by the same actual controller

5. Related party transactions

(1) Purchase and sale of goods, rendering and receiving of services

Purchase of goods and receiving of services

Unit: RMB

Related parties	Content of transaction	Current period cumulative	Approved amount	Exceed the approved amount or not	Preceding period comparative
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Purchase of goods	49,297.45		No	142,724.25

Sale of goods and rendering of services

Unit: RMB

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
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Suzhou Toprun Electric Equipment Co., Ltd.	Goods payments	1,580,509.87	8,107.96
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	Goods payments	109,532.95	

Remarks on purchase and sale of goods, rendering and receiving of services

(2) Related party guarantees

The Company as a guarantor

Unit: RMB

Guaranteed parties	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
Suzhou Toprun Electric Equipment Co., Ltd.	4,000,000.00	November 12, 2021	November 12, 2022	No
	5,000,000.00	November 19, 2021	November 19, 2022	No
	5,400,000.00	September 13, 2021	September 9, 2022	No
	6,600,000.00	September 18, 2021	September 16, 2022	No
	8,000,000.00	November 8, 2021	November 7, 2022	No

The Company as a guaranteed party

Unit: RMB

Guarantors	Amount guaranteed	Commencement date	Maturity date	Whether the guarantee is mature
YUAN Yonggang and YUAN Yongfeng	500,000,000.00	March 22, 2018	August 28, 2024	No
	500,000,000.00	January 31, 2018	July 26, 2023	No
	1,118,935,350.00	July 25, 2018	July 25, 2023	No
	75,100,000.00	August 14, 2019	July 14, 2022	No
	100,000,000.00	September 30, 2019	August 31, 2022	No

(3) Key management's emoluments

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Key management's emoluments	22,533,200.00	19,643,500.00

(4) Other related party transactions

Unit: RMB

Related parties	Content of transaction	Current period cumulative	Preceding period comparative
Shenzhen Dongshan Precision	Asset transfer payments and	564,294,406.73	25,555,038.76

Manufacturing Co., Ltd.	interest income		
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6. Balance due to or from related parties

(1) Balance due from related parties

Unit: RMB

Items	Related parties	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
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.	63,031.33	315.16	29,369.88	146.85
Accounts receivable	Suzhou Toprun Electric Equipment Co., Ltd.	1,485,976.17	7,429.88		
Other receivables	Shenzhen Dongshan Precision Manufacturing Co., Ltd.			538,577,180.10	22,451,468.46
Other receivables	Hai Dixin Semiconductor (Nantong) Co., Ltd.	1,790,748.55	1,438,405.10	1,790,748.55	613,499.52
Other receivables	Suzhou Dongcan Optoelectronics Technology Co., Ltd.	20,000.00	1,000.00		

(2) Balance due to related parties

Unit: RMB

Items	Related parties	Closing balance	Opening balance
Accounts payable	Suzhou Dongcan Optoelectronics Technology Co., Ltd.	3,499.61	

XIII. Commitments and contingencies

1. Significant commitments

Significant commitments as of the balance sheet date:

As of the balance sheet date, the Company has no significant commitments to be disclosed.

2. Contingencies

(1) Significant contingencies as of the balance sheet date

As of the balance sheet date, the Company has no significant contingencies to be disclosed.

(2) Remarks on contingencies though the Company has no significant contingencies to be disclosed

The Company has no significant contingencies to be disclosed.

XIV. Events after the Balance Sheet Date

1. Profit distribution

Unit: RMB

Profit or dividend proposed to be distributed	341,182,742.00
Profit or dividend approved to be distributed	341,182,742.00

XV. Other Significant Events

1. Segment information

(1) Identification basis for reportable segments and accounting policies

The Company is mainly engaged in the sales of PCBs, LED display devices, touch panels, LCMs, precision components and other products. These businesses are identified by the Company as an entire business for management and operating results assessment. Therefore, it is unnecessary for the Company to disclose the segment information.

(2) Financial information of reportable segments

Unit: RMB

Items	PCBs	LED display devices	Touch panels and LCMs	Precision components	Inter-segment offset	Total
Main operating revenue	20,495,329,957.29	2,603,932,687.66	5,156,396,939.04	3,427,067,664.04		31,682,727,248.03
Main operating costs	17,319,465,575.78	2,127,082,704.10	4,735,719,298.33	2,898,308,513.27		27,080,576,091.48

2. Others

Unit: RMB

(1) The Company as a lessee

1) Please refer to Note VII to financial statements for details on right-of-use assets.

2) Please refer to Note V to financial statements for details on the Company's accounting policies on short-term leases

and leases for which the underlying asset is of low value. The amounts of short-term leases and low-value asset leases included into profit or loss are as follows:

Items	Current period cumulative
Expense relating to short-term leases	12,662,311.00
Total	12,662,311.00

3) Current period profit or loss and cash flows related to leases

Items	Current period cumulative
Interest expenses from lease liabilities	69,800,646.24
Total cash outflows related to leases	294,740,773.04

4) Please refer to Note X to the financial statements for details on maturity analysis of lease payments and related liquidity risk management.

(2) The Company as a lessor

Operating lease

1) Lease income

Items	Current period cumulative
Lease income	4,253,653.65

2) Assets leased out under operating leases

Items	Closing balance
Fixed assets	25,725.92
Investment property	1,554,262.58
Sub-total	1,579,988.50

3) Undiscounted lease payments to be received arising from non-cancellable leases based on the lease contract signed with lessee

Remaining years	Closing balance
Within 1 year	4,497,481.58
1- 2 years	935,664.81
Total	5,433,146.39

XVI. Notes to Items in the Parent Company Financial Statements

1. Accounts receivable

(1) Disclosure of accounts receivable by category

Unit: RMB

Categories	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	% to total	Amount	Provision proportio		Amount	% to total	Amount	Provision proportio	

				n (%)					n (%)	
Accounts receivable with provision made on an individual basis	13,584,081.38	0.47%	13,584,081.38	100.00%		8,425,896.00	0.38%	8,425,896.00	100.00%	
Including:										
Accounts receivable with provision for bad debts made on a collective basis	2,846,995,763.39	99.53%	95,868,991.28	3.37%	2,751,126,772.11	2,208,387,452.19	99.62%	143,127,448.84	6.48%	2,065,260,003.35
Total	2,860,579,844.77	100.00%	109,453,072.66	3.83%	2,751,126,772.11	2,216,813,348.19	100.00%	151,553,344.84	6.84%	2,065,260,003.35

Accounts receivable with provision made on an individual basis:

Unit: RMB

Items	Closing balance			
	Book balance	Provision for bad debts	Provision proportion (%)	Reasons
Jiangyin Hanwei Aluminum Co., Ltd.	8,425,896.00	8,425,896.00	100.00%	Provision for impairment was made due to the low probability of recovery according to the recovery forecast.
Dongguan Xindong Intelligent Technology Co., Ltd.	3,787,969.53	3,787,969.53	100.00%	Provision for impairment was made due to the low probability of recovery according to the recovery forecast.
Shenzhen Hongyexin Technology Co., Ltd.	496,188.63	496,188.63	100.00%	Provision for impairment was made due to the low probability of recovery according to the recovery forecast.
Others	874,027.22	874,027.22	100.00%	Provision for impairment was made due to the low probability of recovery according to the recovery forecast.
Total	13,584,081.38	13,584,081.38	--	--

Accounts receivable with provision for bad debts made on a collective basis

Unit: RMB

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
Aging portfolio	1,282,044,623.65	95,868,991.28	7.48%
Related-party portfolio within the consolidation scope	1,564,951,139.74		
Total	2,846,995,763.39	95,868,991.28	--

Accounts receivable with provision for bad debts made on a collective basis

Unit: RMB

Items	Closing balance		
	Book balance	Provision for bad debts	Provision proportion (%)
0-6 months	767,680,412.60	3,838,402.06	0.50%
7-12 months	370,032,778.62	18,501,638.93	5.00%
1- 2 years	65,836,154.67	13,167,230.93	20.00%
2-3 years	45,333,896.01	27,200,337.61	60.00%
Over 3 years	33,161,381.75	33,161,381.75	100.00%
Total	1,282,044,623.65	95,868,991.28	--

If a provision for bad debts is made for accounts receivable in accordance with the general model of expected credit losses, please disclose relevant information on provisions for bad debts with reference to the disclosure method of other receivables:

Applicable N/A

Aging analysis

Unit: RMB

Aging	Book balance
Within 1 year (including)	1,829,469,180.93
0-6 months	1,407,041,133.51
7-12 months	422,428,047.42
1-2 years	194,204,679.25
2-3 years	153,090,639.54
Over 3 years	683,815,345.05
3-4 years	413,872,895.38
4-5 years	252,857,124.01
Over 5 years	17,085,325.66
Total	2,860,579,844.77

(2) Provisions, recovery or reversal of bad debts for the current period

Provisions for bad debts made for the current period:

Unit: RMB

Categories	Opening balance	Changes for the current period				Closing balance
		Provision	Recovery or reversal	Write-off	Others	
Accounts receivable with provision for bad debts made on an individual basis	8,425,896.00	5,158,185.38				13,584,081.38
Accounts receivable with provision for bad debts made on	143,127,448.84	-45,575,250.49		1,683,207.07		95,868,991.28

a collective basis					
Total	151,553,344.84	-40,417,065.11		1,683,207.07	109,453,072.66

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

Unit: RMB

Items	Write-off amount
Accounts receivable	1,683,207.07

(4) Top five closing balances of accounts receivable categorized by debtor

Unit: RMB

Debtors	Closing balance of accounts receivable	Proportion to the total closing balance of accounts receivable (%)	Closing balance of provisions for bad debts
HongKong Dongshan Precision Union Opoelectronic Co., Limited	447,332,447.60	15.64%	
Dongguan Dongshan Precision Manufacturing Co., Ltd.	398,604,428.29	13.93%	
Mutto Optronics Technology Co., Ltd.	256,877,621.92	8.98%	
Yancheng Dongshan Precision Manufacturing Co., Ltd.	188,200,392.00	6.58%	
The fifth	165,106,915.13	5.77%	825,534.58
Total	1,456,121,804.94	50.90%	--

(5) Assets and liabilities arising from transferred but still involved accounts receivable

As of December 31, 2021, accounts receivable with a carrying amount of RMB 98,910,000.00 have completed the factoring loan for trade acceptance with right of recourse.

2. Other receivables

Unit: RMB

Items	Closing balance	Opening balance
Dividends receivable	581,000,000.00	354,000,000.00
Other receivables	2,827,234,419.21	4,841,393,439.65
Total	3,408,234,419.21	5,195,393,439.65

(1) Dividends receivable**1) Category of dividends receivable**

Unit: RMB

Item (or investee)	Closing balance	Opening balance
Hong Kong Dongshan Holdings Limited	315,000,000.00	190,000,000.00
Yancheng Dongshan Precision Manufacturing Co., Ltd.	266,000,000.00	114,000,000.00
YCMT		30,000,000.00
Suzhou Chengjia Precision Manufacturing Co., Ltd.		20,000,000.00
Total	581,000,000.00	354,000,000.00

2) Provisions for bad debts

□ Applicable √ N/A

(2) Other receivables**1) Category of other receivables by nature**

Unit: RMB

Nature of other receivables	Closing balance	Opening balance
Financial transactions	2,811,870,279.40	4,828,790,456.04
Security deposits	2,852,298.50	1,099,951.62
Performance compensation	7,000,000.00	9,000,000.00
Loans and petty cash	7,083,613.68	4,485,483.25
Total	2,828,806,191.58	4,843,375,890.91

2) Provisions for bad debts

Unit: RMB

Provision for bad debts	Phase I	Phase II	Phase III	Total
	12- month expected credit losses	Lifetime expected credit losses (credit not impaired)	Lifetime expected credit losses (credit impaired)	
Balance as at January 1, 2021	626,256.08	201,282.68	1,154,912.50	1,982,451.26
Balance as at January 1, 2021 in the current period	—	—	—	—

-- Transferred to phase II	-409,322.32	409,322.32		
-- Transferred to phase III		-26,855.00	26,855.00	
Provision	196,858.98	234,894.63	-761,702.54	-329,948.93
Written off			80,729.96	80,729.96
Balance as at December 31, 2021	413,792.74	818,644.63	339,335.00	1,571,772.37

Remarks on significant changes in book balance of other receivables with changes in provision for bad debts

Applicable N/A

Aging analysis

Unit: RMB

Aging	Book balance
Within 1 year (including)	1,153,307,663.16
1-2 years	1,675,024,918.42
2-3 years	268,550.00
Over 3 years	205,060.00
3-4 years	205,060.00
Total	2,828,806,191.58

3) Other receivables actually written off for the current period

Unit: RMB

Items	Write-off amount
Other receivables	80,729.96

4) Top five closing balances of other receivables categorized by debtor

Unit: RMB

Debtors	Nature of other receivables	Closing balance	Aging	Proportion to total closing balance of other receivables (%)	Closing balance of provisions for bad debts
Yancheng Dongshan Precision Manufacturing Co., Ltd.	Receivables and payables	739,796,338.62	Within 1 year	26.15%	
Yancheng Dongshan Precision Manufacturing Co., Ltd.	Receivables and payables	761,233,742.43	1- 2 years	26.91%	
HongKong Dongshan Precision Union Opoelectronic Co., Limited	Receivables and payables	33,654,124.65	Within 1 year	1.19%	
HongKong Dongshan Precision Union Opoelectronic Co., Limited	Receivables and payables	550,459,234.25	1- 2 years	19.46%	
Suzhou Dongkui Lighting Co., Ltd.	Receivables	2,320,250.00	Within 1 year	0.08%	

	and payables				
Suzhou Dongkui Lighting Co., Ltd.	Receivables and payables	321,852,326.13	1- 2 years	11.38%	
Multek Industries Limited	Receivables and payables	111,969,361.73	Within 1 year	3.96%	
Hong Kong Dongshan Holding Limited	Receivables and payables	190,000,000.00	Within 1 year	6.72%	
Total	--	2,711,285,377.81	--	95.85%	

3. Long-term equity investments

Unit: RMB

Items	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	7,148,611,337.41	133,690,000.00	7,014,921,337.41	6,320,593,645.05	133,690,000.00	6,186,903,645.05
Investments in associates and joint ventures	99,227,963.59	17,507,056.47	81,720,907.12	91,327,409.53	17,507,056.47	73,820,353.06
Total	7,247,839,301.00	151,197,056.47	7,096,642,244.53	6,411,921,054.58	151,197,056.47	6,260,723,998.11

(1) Investments in subsidiaries

Unit: RMB

Investees	Opening balance (carrying amount)	Increase or decrease for the current period		Closing balance (carrying amount)	Closing balance of provisions for bad debts
		Investments increased	Investments decreased		
YCMT	451,439,101.11			451,439,101.11	
Suzhou Yuanshi Electronic Technology Co., Ltd.	5,000,000.00			5,000,000.00	
HongKong Dongshan Precision Union Opoelectronic Co., Limited	3,144,565,150.00	600,000,000.00		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			80,000,000.00	
Dongguan Dongshan Precision Manufacturing Co., Ltd.	342,000,000.00			342,000,000.00	

Chongqing Chengjia Precision Electronic Technology Co., Ltd.	13,500,000.00		13,500,000.00		
Suzhou Dongjiyuan Metal Technology Co., Ltd.	52,600,000.00			52,600,000.00	
Yancheng Dongshan Precision Manufacturing Co., Ltd.	1,092,500,000.00			1,092,500,000.00	
Suzhou RF Top Electronic Communication Co., Ltd.	171,500,000.00	65,756,910.17		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.	251,605,513.94	28,372,686.19		279,978,200.13	
Suzhou Dongbo Precision Manufacturing Co., Ltd.	5,100,000.00			5,100,000.00	
MFLEX Shanghai Co., Ltd.	100,000.00	1,900,000.00		2,000,000.00	
Shenzhen Qindao Dongchuang Investment Partnership (Limited Partnership)	50,000,000.00	50,000,000.00		100,000,000.00	
Suzhou Dongke Real Estate Co., Ltd.	58,901,000.00	91,488,096.00		150,389,096.00	
Yancheng Dongshan Enterprise Management Co., Ltd.		3,000,000.00		3,000,000.00	
Hainan Chengjia Technology Consulting Co., Ltd.		1,000,000.00		1,000,000.00	
Total	6,186,903,645.05	841,517,692.36	13,500,000.00	7,014,921,337.41	133,690,000.00

(2) Investments in associates and joint ventures

Unit: RMB

Investees	Opening balance (carrying amount)	Increase or decrease for the current period								Closing balance (carrying amount)	Closing balance of provisions for bad debts
		Investments increased	Investments decreased	Investment profit or loss under equity method	Adjustment in other comprehensive income	Other equity changes	Cash dividends or profits declared	Provisions for impairment	Others		
I. Joint ventures											
II. Associates											
Suzhou Toprun Electric Equipment Co., Ltd.	18,199,860.18			-1,880,121.23						16,319,738.95	
Shenzhen Nanfang Blog Technology Development Co., Ltd.											17,507,056.47
Shanghai Fu Shan Precision Manufacturing Co., Ltd.											
Suzhou LEGATE Intelligent Equipment Co., Ltd.	14,355,254.40			-2,422,342.61						11,932,911.79	
Suzhou Dongcan Optoelectronics Technology Co., Ltd.	3,642,892.51			73,257.78						3,716,150.29	
Jiangsu Nangao Intelligent Equipment Innovation Center Co., Ltd.	3,952,690.31			67,866.28						4,020,556.59	
Jiaozuo Songyang Optoelectric Technology Co., Ltd.	33,669,655.66			-2,921,596.04						30,748,059.62	
Suzhou Yongxin Jingshang Venture Capital Partnership (Limited Partnership)		15,000,000.00		-16,510.12						14,983,489.88	
Sub-total	73,820,353.06	15,000,000.00		-7,099,445.94						81,720,907.12	17,507,056.47
Total	73,820,353.06	15,000,000.00		-7,099,445.94						81,720,907.12	17,507,056.47

4. Operating revenue and operating costs

Unit: RMB

Items	Current period cumulative		Preceding period comparative	
	Revenue	Cost	Revenue	Cost
Main operations	3,936,953,911.43	3,714,657,158.64	4,007,913,773.08	3,454,308,954.78
Other operations	307,120,828.99	168,578,617.68	168,389,994.80	73,690,374.31
Total	4,244,074,740.42	3,883,235,776.32	4,176,303,767.88	3,527,999,329.09

Other remarks:

Revenue recognized in the current period and included in the opening balance of the book value of contract liabilities amounted to RMB 6,935,179.16.

5. Investment income

Unit: RMB

Items	Current period cumulative	Preceding period comparative
Income from long-term equity investments under cost method	581,083,436.82	354,000,000.00
Investment income from long-term equity investments under equity method	-7,099,445.94	6,412,017.44
Investment income from disposal of long-term equity investments	-13,500,000.00	342,322.01
Bank wealth management product	2,212,924.44	2,876,815.88
Total	562,696,915.32	363,631,155.33

XVII. Supplementary Information**1. Schedule of non-recurring gains or losses**

√ Applicable □ N/A

Unit: RMB

Items	Amount
Profit or loss on disposal of non-current assets	13,783,433.93
Government grants included in profit or loss (excluding those closely related to operating activities of the Company, satisfying government policies and regulations, and continuously enjoyed with certain quantity/quota based on certain standards)	268,965,326.25
Fund possession charge from non-financial entities and included in profit or loss	19,777,467.66
Profit or loss on assets consigned to the third party for investment or management	11,913,618.63
Profit or loss on changes in fair value of held-for-trading financial assets and liabilities, and investment income from disposal of held-for-trading financial assets and liabilities, and available-for-sale financial assets, excluding	17,766,609.82

those arising from hedging business related to operating activities	
Reversed provision for impairment of receivables and contract assets based on impairment testing on an individual basis	22,451,468.46
Other non-operating revenue or expenditures	-1,909,316.59
Other profit or loss satisfying the definition of non-recurring gains or losses	722,866.99
Less: Enterprise income tax affected	65,906,713.13
Non-controlling interest affected	1,734,292.36
Total	285,830,469.66

Details of other profit or loss satisfying the definition of non-recurring gains or losses

Applicable N/A

There is no other item of gains or losses within the meaning of non-recurring gains or losses.

Classification of any item of non-recurring gains or losses defined by the *Explanatory Announcement No. 1 on Information Disclosure for Companies Publicly Offering Securities – Non-recurring Gains or Losses* as recurrent profit or loss:

Applicable N/A

2. RONA and EPS

Profit of the reporting period	Weighted average RONA (%)	EPS (RMB/share)	
		Basic EPS	Diluted EPS
Net profit attributable to shareholders of ordinary shares	13.46%	1.09	1.09
Net profit attributable to shareholders of ordinary shares after deducting non-recurring gains or losses	11.40%	0.92	0.92

Suzhou Dongshan Precision Manufacturing Co., Ltd.

Legal representative: YUAN Yonggang

April 19, 2022