Company Code: 603163 Company Abbreviation : Acter Group

Acter Technology Integration Group Co., Ltd.
Annual Report 2023

Important Notices

I. The Board of Directors, Supervisory Committee, Directors, Supervisors and Senior Management of the Company guarantee the truthfulness, accuracy and completeness of the contents of the annual report, and assume individual and joint legal liabilities for any false records, misleading statements or material omissions.

II. All Directors of the Company attended the Board meeting.

III. ShineWing Certified Public Accountants LLP has issued a standard unreserved audit report for the Company.

IV. Liang Jinli, the person in charge of the Company, Chen Zhihao, the person in charge of accounting work, and Xiao Jingxia, the person in charge of the accounting organization (accounting supervisor) hereby certify that the financial report set out in the annual report is true, accurate and complete. V. Proposals for profit distribution or capitalization of provident fund for the reporting period adopted by resolution of the Board of Directors

The Board of Directors of the Company proposes to distribute a cash dividend of RMB 8 (inclusive of tax) for every 10 shares to all shareholders on the basis of the total share capital of 100 million shares as at the end of 2023, totaling RMB 80,000,000.00 (inclusive of tax), with no stock dividend or capitalization, and the remaining undistributed profits will be carried forward to be distributed in future years.

VI. Risk Disclosure of Forward-Looking Statements

√ Applicable □ N/A

The forward-looking descriptions of future plans, development strategies and other forward-looking statements in this report do not constitute substantial commitments of the Company to investors, and investors are advised to pay attention to investment risks.

VII. Whether there is non-operational appropriation of funds by controlling shareholders and other related parties

No

VIII. Whether there is any violation of the required decision-making procedures for the provision of external guarantees

No

IX. Whether more than half of the directors are unable to guarantee the truthfulness, accuracy and completeness of the annual report disclosed by the Company

No

X. Significant Risk Warning

For details, please refer to the possible risks mentioned in “Section III: Management Discussion and Analysis VI、Discussion and Analysis of the Future Development of the Company (IV) Possible Risks”.

XI. Others

□ Applicable √ N/A

Table of Contents

Catalog of Documents Available for Inspection	The full text and abstract of this annual report signed by the current legal representative and sealed by the Company;
	Financial statements containing the signatures and seals of the person in charge of the company, the person in charge of accounting work, and the person in charge of the accounting organization (accounting supervisor).
	The original audit report containing the seal of the accounting firm and the signature and seal of the certified public accountant;
	The originals of all the Company's documents and announcements publicly disclosed in the newspapers designated by the CSRC during the reporting period.

Section I Definitions

I.Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below:

Definitions of commonly used terms		
Company, the Company, Acter Group, Suzhou Acter	refer to	Acter Technology Integration Group Co., Ltd.
Sheng Huei Limited	refers to	Sheng Huei (Suzhou) Engineering Co., Ltd., the predecessor of the Company
Sheng Huei International	refers to	Sheng Huei International Co., Ltd., a direct controlling shareholder of the Company
Acter (Taiwan)	refers to	Acter Co., Ltd., an indirect controlling shareholder of the Company
Suzhou Songhuei	refers to	Suzhou Songhuei Business Management Consulting Partnership (Limited Partnership), an employee shareholding platform of the Company
Suzhou Shengzhan	refers to	Suzhou Shengzhan Business Management Consulting Partnership (Limited Partnership), a platform for shareholding by employees of the Company
Acter (Shenzhen)	refers to	Shenghuei Engineering Technology (Shenzhen) Co., Ltd.
Shenzhen Dingmao	refers to	Shenzhen Dingmao Trading Co., Ltd.
Acter (Vietnam)	refers to	Sheng Huei Engineering Technology Company Limited
Acter (Hong Kong)	refers to	Acter International Limited
Acter (Singapore), Sheng Huei (Singapore)	refer to	Acter Technology Singapore Pte. Ltd.
Acter (Indonesia), Sheng Huei (Indonesia)	refer to	Pt. Acter Technology Indonesia
Acter (Malaysia), Sheng Huei (Malaysia)	refer to	Acter Technology Malaysia Sdn. Bhd.
Acter (Thailand), Sheng Huei (Thailand)	refer to	Acter Technology Company Limited
Space (Thailand)	refers to	Space Engineering Company Limited
New Point (Seychelles)	refers to	New Point Group Limited
Indonesia Joint Venture	refers to	Pt. Acter Integration Technology Indonesia
HER SUO (Taiwan)	refers to	HER SUO ENG., CO., LTD.
Enrich (Taiwan)	refers to	Enrich Tech Co., Ltd.
NOVA (Taiwan)	refers to	NOVA Technology Corp.
Winmega (Taiwan)	refers to	Winmega Technology Corp.
WASTE	refers to	WASTE Recovery Technology Inc.
Winmax (Shanghai)	refers to	Winmax Technology Corp.
Winmax (Suzhou)	refers to	Suzhou Winmax Technology Corp. It used to be called Suzhou Guanbo Controlling Technology Co., Ltd.
Novatech (Singapore)	refers to	Novatech Engineering & Construction Pte. Ltd.

Rayzher Industrial	refers to	Rayzher Industrial Co., Ltd.
SMIC	refers to	Smic Manufacturing (Shaoxing) Co., LTD
Foxconn Technology Group	refers to	Lankao Yufu Precision Technology Co., Ltd., Futaihua Industrial (Shenzhen) Co., Ltd., Shanghai Foxconn Co., Ltd., Yecheng Optoelectronics (Wuxi) Co., Ltd. ., Interface Optoelectronics (SZ) Co., Ltd. , Interface Technology (Chengdu) Co., Ltd.
Siliconware Technology	refers to	Siliconware Technology (Suzhou) Limited Quliang Electronics Co., Ltd
Sanan Integrated	refers to	Xiamen Sanan Integrated Circuit Co., Ltd.
Wistron InfoComm	refers to	Wistron Info Comm Co., Ltd.
ASE	refers to	ASE WeiHai Inc.
Nexchip	refers to	Nexchip Semiconductor Corporation
Wafer Works	refers to	Wafer Works (Shanghai) Co., Ltd.
Reporting Period	refers to	The period from January 1, 2023 to December 31, 2023
Articles of Association	refers to	Articles of Association of Acter Technology Integration Group Co., Ltd.
General Meeting	refers to	General Meeting of Shareholders of Acter Technology Integration Group Co., Ltd.
Board of Directors	refers to	The Board of Directors of Acter Technology Integration Group Co., Ltd.
Supervisory Committee	refers to	Supervisory Committee of Acter Technology Integration Group Co., Ltd.
CSRC	refers to	CSRC
Company Law	refers to	Company Law of the People's Republic of China
Securities Law	refers to	Securities Law of the People's Republic of China
RMB/Yuan, RMB Million/100, RMB Million*100	refer to	Renminbi/Chinese Yuan, RMB Ten Thousand Yuan, RMB One Hundred Million Yuan
Clean Room	refers to	an enclosed space for high-end manufacturing industry, also known as clean plant and clean room, to control airborne particles, harmful gases, microorganisms, temperature, relative humidity, spatial airflow distribution, airflow speed in all directions, as well as vibration, static electricity, electromagnetic interference and noise, etc., in order to satisfy the needs of the production process of products.
Cleanliness	refers to	the concentration of dust existedin the air within an air environment. Typically, it refers to the quantity of particles equal to or exceeding a specified particle size within a designated volume of air. Elevated dust levels are linked to reduced cleanliness, whereas low dust content signifies high cleanliness.
System Integration	refers to	the business of combining software, hardware and communication technology to solve information processing problems for users. The separated parts of the integration

		are originally independent systems, and the parts of the integrated whole can work organically and coordinately with each other to bring out the overall effect and achieve the purpose of overall optimization.
Hook-up	refers to	the connection from the main system piping to the process equipment. Scope includes electricity, water supply and drainage pipes, process piping, exhaust systems, etc.
IC Semiconductor	refers to	a semiconductor manufacturing process in which a number of transistors, resistors, capacitors, and other components are fabricated on a small monocrystalline silicon wafer and assembled into a complete electronic circuit using multi-layer wiring or tunnel wiring.
Package	refers to	the shell in which a semiconductor integrated circuit chip is mounted, which not only plays the role of placing, fixing, sealing, protecting the chip and enhancing the electrical and thermal properties, but also serves as a bridge between the internal and external circuits of the chip.
Electronics Industry	refers to	an industrial sector that manufactures electronic equipment, electronic components, electronic devices, and specialized raw materials. It mainly produces electronic computers, televisions, radios, and equipment for communication, radar, broadcasting, navigation, electronic control, and electronic instrumentation; resistors, capacitors, inductors, printed circuit boards, plug-in components, and devices such as tubes, transistors, and integrated circuits; as well as high-frequency magnetic materials, high-frequency insulating materials, and semiconductor materials, and other specialized raw materials.
BIM	refers to	Building Information Modeling in short, which is a new tool for architecture, engineering and civil engineering, and is a computer-aided design tool based on three-dimensional graphics, object orientation and architecture.
PCB	refers to	Printed Circuit Board in short, which is an important electronic component, the support body of electronic components, and the carrier for the electrical interconnection of electronic components.
EPCO	refers to	the general contracting entrusted by the owner, in accordance with the contract for the whole process of design, procurement, construction, operation and other integration of engineering construction projects.
GMP	refers to	Good Manufacturing Practice in short, a system for ensuring the continuous production of pharmaceutical products at a specified quality.

Section II Company Profile and Key Financial Indicators

I. Company Information

Full Legal Name in Chinese	圣晖系统集成集团股份有限公司
Short Legal Name in Chinese	圣晖集成
Full Legal Name in English	ACTER TECHNOLOGY INTEGRATION GROUP CO., LTD.
Short Legal Name in English	ACTER GROUP

Legal Representative	Liang Jinli

II. Contact Information

	Secretary of the Board of Directors	Securities Representative
Name	Chen Zhihao	Gao Jiejie
Address	No. 189, Shilin Road, Xushuguan Economic Development Zone, Suzhou Hi-Tech Zone, Jiangsu Province, China	No. 189, Shilin Road, Xushuguan Economic Development Zone, Suzhou Hi-Tech Zone, Jiangsu Province, China
Tel.	0512-85186368	0512-85186368
Fax	0512-87773169	0512-87773169
E-Mail	acter.china@acter.com.cn	603163@acter.com.cn

III. Basic Information

Registered Address	No. 189, Shilin Road, Xushuguan Economic Development Zone, Suzhou Hi-Tech Zone, Jiangsu Province, China
Historical Changes in Registered Address	N/A
Business Address	No. 189, Shilin Road, Xushuguan Economic Development Zone, Suzhou Hi-Tech Zone, Jiangsu Province, China
Zip Code of the Business Address	215151, Suzhou
Company's Website	www.acter.com.cn
E-mail	acter.china@acter.com.cn

IV. Place for Information Disclosure and Deposit

Name and website of the media for information disclosure in annual report	China Securities Journal: https://www.cs.com.cn/ Shanghai Securities News: https://www.cnstock.com/ STCN: http://www.stcn.com/ Securities Daily: http://www.zqrb.cn/
Website of the stock exchange for publishing annual reports	www.sse.com.cn
Deposit place of annual report	Office of the Board of Directors of Acter Group, No. 189, Shilin Road, Xuushuguan Economic Development Zone, Suzhou Hi-Tech Zone, Jiangsu Province, China

V. Profile of Company Stock

Profile of Company Stock				
Stock Type	Stock Exchange of Shares Listed	Stock Short Name	Stock Code	Stock Short Name Before Change
A-share	Shanghai Stock Exchange	Acter Group	603163	N/A

VI. Other Information

Accounting Firm engaged by the Company (domestic)	Name of Firm	ShineWing Certified Public Accountants LLP
	Business Address	8/F, Block A, Fuhua Mansion, No. 8 Chaoyangmen North Street, Dongcheng District, Beijing, China

	Name of the Signatory Accountants	Liu Yuehua, Hou Shoufeng
Sponsoring organization performing continuous supervision during the reporting period	Name of Sponsor	Soochow Securities Co., Ltd.
	Office Address	No. 5 Xingyang Street, Suzhou Industrial Park
	Name of Signatory Sponsor Representative	Xia Jianyang, Zhang Boxiong
	Period of Continuous Supervision	October 13, 2022 to December 31, 2024

VII. Key Accounting Data and Financial Indicators for the Previous Three Years

(I) Key Accounting Data

Unit: Yuan Currency: RMB

Key Accounting Data	2023	2022	Yoy change (%)	2021
Operating revenue	2,008,924,995.68	1,627,895,120.49	23.41	1,702,334,398.59
Net profit attributable to shareholders of listed companies	138,590,474.42	122,867,982.79	12.80	123,603,770.26
Net profit attributable to shareholders of the listed company after extraordinary gains and losses	136,061,341.30	113,463,515.78	19.92	123,839,170.02
Net cash flows from operating activities	133,522,931.23	161,089,465.80	-17.11	-64,818,199.36
	End of 2023	End of 2022	Yoy change (%)	End of 2021
Net assets attributable to shareholders of listed companies	1,082,257,514.27	1,009,348,273.61	7.22	423,289,612.23
Total assets	1,904,362,490.44	1,777,146,294.25	7.16	1,159,716,566.13

(II) Key Financial Indicators

Key Financial Indicators	2023	2022	Yoy change (%)	2021
Basic earnings per share (yuan/share)	1.39	1.51	-7.95	1.65
Diluted earnings per share (yuan/share)	1.39	1.51	-7.95	1.65
Basic earnings per share after extraordinary gains and losses (yuan/share)	1.36	1.40	-2.86	1.65
Weighted average return on net assets (%)	13.67	21.19	Decrease of 7.52%	33.59
Weighted average return on equity after extraordinary gains and losses Average return on net assets (%)	13.42	19.56	Decrease of 6.14%	33.65

Explanations on key accounting data and financial indicators of the Company for the previous three years as at the end of the reporting period
√ Applicable □ N/A

According to the "Proposal on the Profit Distribution Plan for the Year 2022" considered and approved at the Sixth Meeting of the Second Session of the Board of Directors and the Fifth Meeting of the Second

Session of the Supervisory Committee of the Company held on April 7, 2023 and the Annual General Meeting of the Company held on April 28, 2023, based on the total share capital of 80,000,000 shares prior to the implementation of the equity distribution, the Company transferred 2.5 shares for every 10 shares to all shareholders by way of capitalization of capital reserve, resulting in a total of 20,000,000 shares. After this capitalization, the total share capital of the Company became 100,000,000 shares. The equity distribution was completed during the reporting period. In order to ensure the comparability of accounting indicators, the basic earnings per share for 2022 and 2021 have been recalculated and presented based on the changed number of shares.

VIII. Differences in Accounting Data under Domestic and Overseas Accounting Standards

(I) Difference in net profit and net assets attributable to shareholders of the listed company between the financial reports disclosed in accordance with international accounting standards and those disclosed in accordance with China accounting standards

□ Applicable √ N/A

(II) Difference in net profit and net assets attributable to shareholders of the listed company between the financial reports disclosed in accordance with overseas accounting standards and those disclosed in accordance with China accounting standards

□ Applicable √ N/A

(III) Explanation of the differences between domestic and overseas accounting standards:

□ Applicable √ N/A

IX. Key Financial Data of 2023 by Quarter

Unit: Yuan Currency: RMB

	Q1 (January-March)	Q2 (April-June)	Q3 (July-September)	Q4 (October-December)
Operating Revenue	419,848,138.55	495,472,283.17	530,389,260.88	563,215,313.08
Net profit attributable to shareholders of listed companies	36,223,388.39	40,844,180.88	37,061,523.72	24,461,381.43
Net profit after extraordinary gains and losses attributable to shareholders of listed companies	34,320,192.92	41,129,128.30	36,239,469.39	24,372,550.69
Net cash flows from operating activities	-32,077,131.59	73,739,081.78	-99,323,932.35	191,184,913.39

Explanation of differences between quarterly data and data in disclosed periodic reports

□ Applicable √ N/A

X. Non-recurring Profit and Loss and Amount

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Non-recurring profit and loss items	Amount for 2023	Note (If applicable)	Amount for 2022	Amount for 2021
Profits or losses on disposal of non-current assets, including elimination of provision for asset impairment	52,564.23		237,578.33	352,738.82
Government grants recognized in profit or loss for the current period, except for those government grants that are closely related to	3,731,552.00		3,524,827.14	174,197.46

the Company's normal business operations, in line with national policies and in accordance with defined criteria, and have a continuing impact on the Company's profit or loss				
Profits or losses from changes in fair value of financial assets and liabilities held by non-financial enterprises and profits or losses from the disposal of financial assets and liabilities, except for effective hedging business related to the Company's normal business operations			117,673.57	-11,643.74
Occupancy fees charged to non-financial enterprises recognized in profit or loss for the period				
Profits or losses on entrusted investment or asset management				
Profits or losses on entrusted external loans				
Losses on assets due to force majeure, such as natural disaster				
Reversal of provision for impairment of receivables individually tested for impairment				-35,000.00
Gain arising from the difference between the cost of investment in subsidiaries, associates and joint ventures and the fair value of net identifiable assets of the investee at the time of investment acquisition				
Subsidiaries arising from a business combination under the same control Net gain or loss for the period from the beginning of the period to the date of the combination				
Gain or loss on exchange of non-monetary assets				
Profits or losses on debt restructuring				
One-time costs incurred by the enterprise due to discontinuation of relevant business activities, such as employee relocation expenses, etc.				
One-time impact on profit or loss due to adjustments in tax, accounting and other laws and regulations.				
One-time share-based payment expenses recognized due to cancellation or modification of the share incentive plan				
Gains or losses arising from changes in the fair value of employee remuneration payable after the feasible date for cash-settled share-based payments				
Gains or losses from changes in fair value of investment properties subsequently measured using the fair value model				
Profits or losses from transactions with an apparent unfair price				
Gains or losses arising from contingencies unrelated to the Company's normal business operations				
Custodian fee income from entrusted operations				

Non-operating revenue and expenses other than those mentioned above	-811,609.16		-840,019.94	-785,670.35
Other profits or losses that meet the definition of non-recurring profits or losses			9,569,293.94	
Less: Income tax effect	445,099.41		3,204,886.03	-69,978.05
Effect of minority interests (after tax)	-1,725.46			
Total	2,529,133.12		9,404,467.01	-235,399.76

If the company recognizes as non-recurring profit and loss items that are not listed in “Interpretative Announcement for Information Disclosure of Companies Issuing Public Securities No. 1 - Non-Recurring Profit and Loss” and the amount is material, and if the company defines non-recurring profit and loss items listed in “Interpretative Announcement for Information Disclosure of Companies Issuing Public Securities No. 1 - Non-Recurring Profit and Loss” as recurring profit and loss, the reasons shall be explained.
□ Applicable √ N/A

XI. Items Measured Using Fair Value

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item Name	Opening balance	Closing balance	Current period changes	Amount of impact on current profit
Structured deposits	122,119,888.89	0	122,000,000.00	-119,888.89
Total	122,119,888.89	0	122,000,000.00	-119,888.89

XII. Others

□ Applicable √ N/A

Section III Management Discussion and Analysis

I. Discussion and Analysis of Operating Conditions

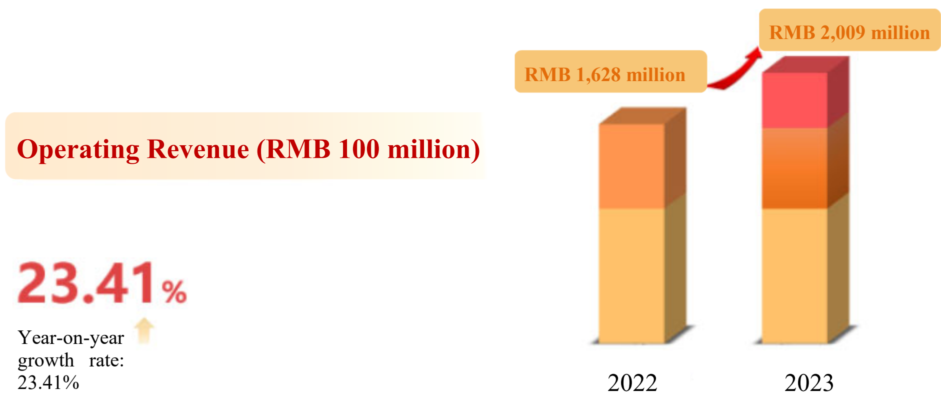
In 2023, the Company continues to implement the corporate culture policy of “doing it right the first time, doing it well every time”, consistently and wholeheartedly providing comprehensive services to every client, and is committed to becoming a creator of high-quality spaces. Looking back on the past year, “involution” has become the best summary cliche of the increasingly intense Chinese market competition, while the foreign market is facing pressure due to the increase in labor cases, leading to a shortage of versatile and professional talents. Facing the complex Chinese and international business environment, the Company continuously optimizes internal processes, actively takes risk response measures, focuses on the quarterly business goals conveyed by the lean meeting, and implements strategic measures with small steps and steady progress. It diligently organizes various tasks, actively adjusts client and product structures, and lays a good foundation for stability and improvement of competitiveness in terms of cost, quality, safety, progress, and environmental protection.

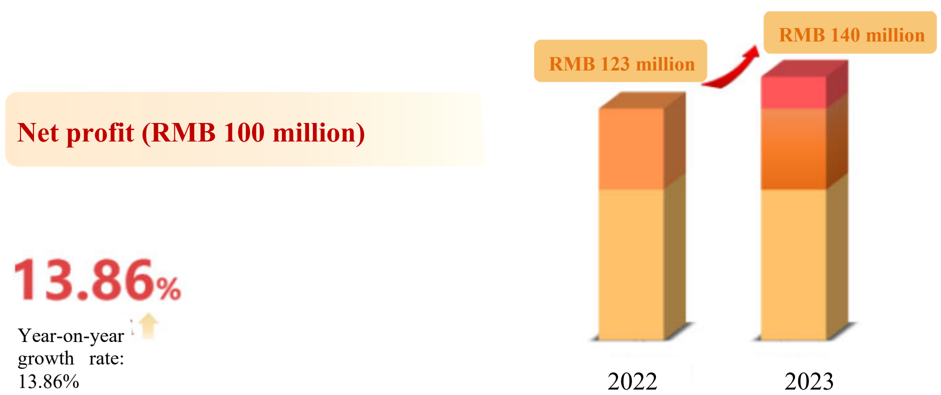
The year of 2023 marks a year in which the Company’s research and development technology achievements are demonstrated. During the reporting period, the Company was honored as a “high-tech enterprise”. As of the end of 2023, the Company held 61 patents, including 9 invention patents, 52 utility model patents, and 3 software copyrights.

关键绩效

As of the end of 2023, the Company has held a total of 61 authorized patents, including 9 invention patents, 52 utility model patents, and 3 software copyrights. Besides, the Company has also registered a total of 15 trademarks.

In 2023, the Company achieved steady growth in its business performance. The annual business goals were met as scheduled, with substantial increases in both revenue and net profit. During the reporting period, the Company achieved operating revenue of RMB 2,009 million, an increase of 23.41% year-on-year, and a net profit of RMB 140 million, an increase of 13.86% year-on-year. The Company's performance growth was mainly due to increased demand from downstream application clients in the clean room industry, the fruitful results of the Company's early layout in the Southeast Asia region, continuous development of new clients while maintaining stable relationships with existing high-quality clients, and strengthening service innovation capabilities and overall competitiveness through talent development, skills training, and industry-university-research cooperation. The Company's management team led all employees in standing up to external pressures, overcoming internal difficulties, and making strenuous efforts to successfully fulfill the main objective tasks.





II. Industry in which the Company operated during the reporting period

(I) Basic Overview of the Industry

The Company is primarily engaged in providing clean room system integration engineering solutions for the advanced manufacturing industry as a professional service provider. According to the classification standards of the "National Economic Industry Classification" and the "Industry Classification Guidelines for Listed Companies" issued by the CSRC, the Company's clean room engineering service belongs to the sub-category "E49 – Building Installation" within the "E – Construction" industry.

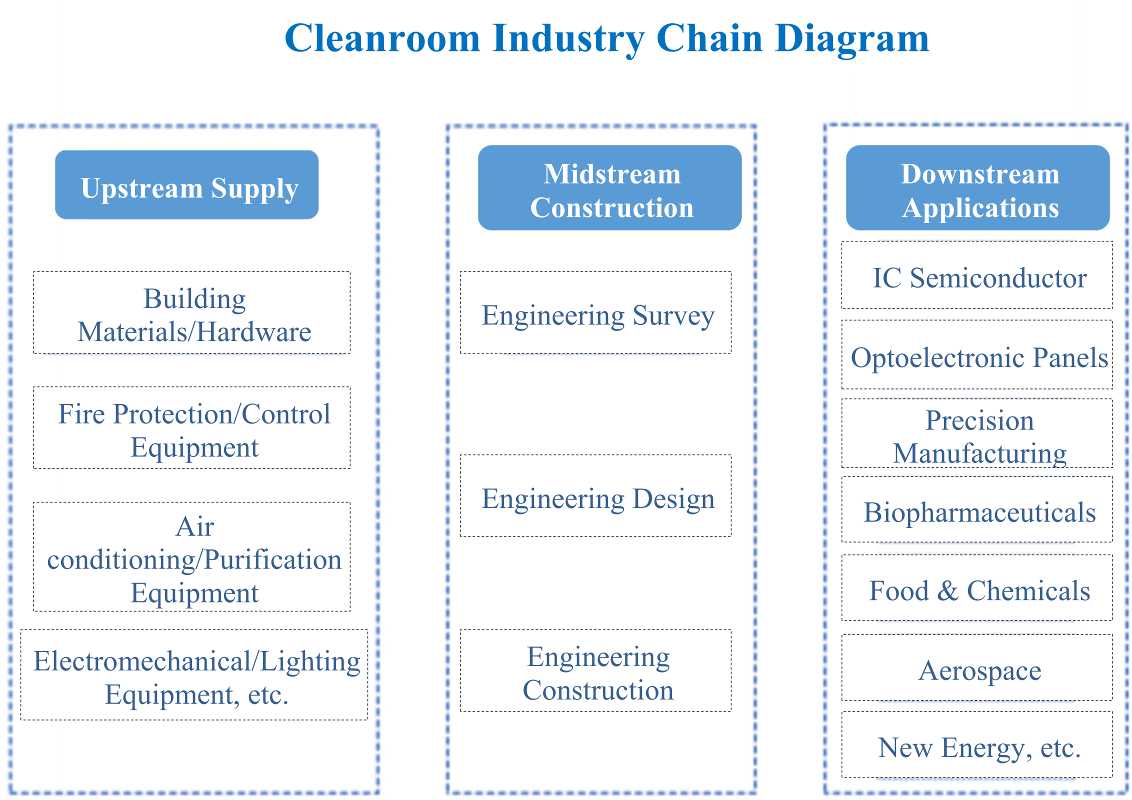
From the perspective of the industrial chain, the clean room industry can be divided into upstream supply, midstream construction, and downstream applications. Specifically:

- Upstream involves suppliers of building materials, system equipment, and electromechanical equipment, which directly impact the progress and completion of projects. Their prices directly affect the industry's costs and significantly influence the profits of industry enterprises.

- Midstream encompasses the Company's industry, mainly including engineering survey, engineering design, and engineering construction processes.

- Downstream refers to industries that require clean rooms in their production or operation processes, mainly in the fields of integrated circuits (IC), photovoltaics, and display panels. The IC semiconductor industry in the electronics sector is currently the primary downstream industry for clean room engineering, and its development significantly influences the future development of industry enterprises. It drives the demand for clean room engineering services, which are fulfilled by industry enterprises. With the continuous advancement of industrial technology, downstream industries constantly raise their requirements for clean rooms, thereby pushing industry enterprises to continually research and develop new technologies, and apply new construction techniques to adapt to the changing market demand.

The Company focuses on the integrated engineering of clean room systems in the advanced manufacturing industry, with the "Engineering, Procurement, Construction, and Operation (EPCO)". It can provide clean workshop construction planning, design suggestions, equipment configuration, clean room environmental system integration engineering, and maintenance services, belonging to the midstream construction industry of the clean room industry chain.



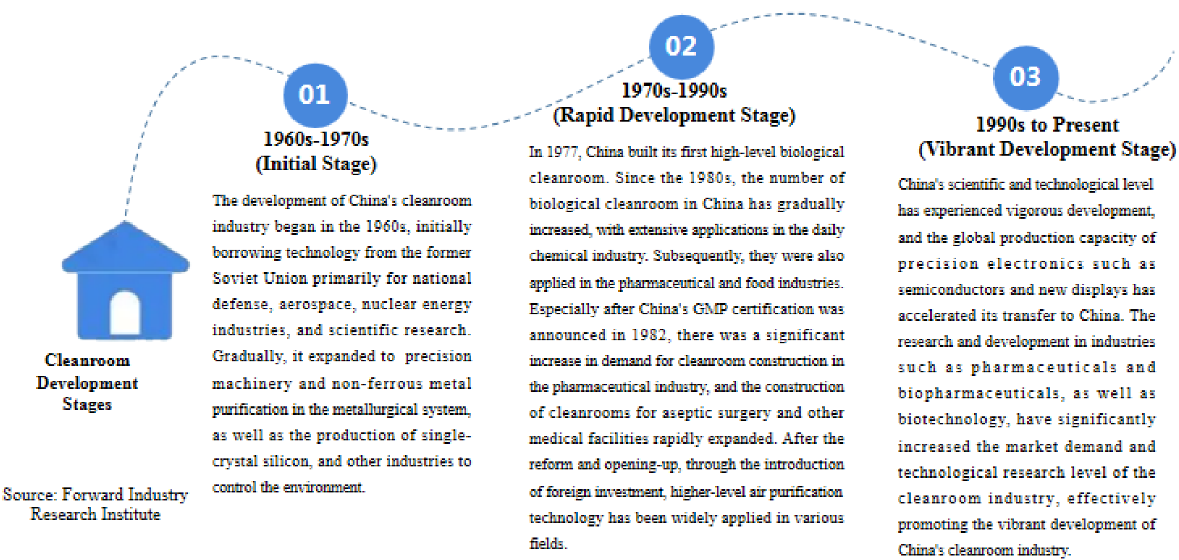
(II) Development Overview of Clean Room Industry

The development of the clean room industry in China began in the 1960s, drawing on the early technology of the former Soviet Union, mainly used in national defense, aerospace, atomic energy, and scientific research, and later gradually expanded to the control of environmental conditions in industries such as precision machinery, non-ferrous metal purification in metallurgical systems, and pulling monocrystalline silicon.

The clean room industry in China experienced vigorous development from the 1970s to the 1990s. In 1977, the first high-level biological clean room was established, and since the 1980s, the construction of biological clean rooms has gradually increased, extensively used in the daily chemical industry. Subsequently, clean rooms began to be applied in the pharmaceutical and food industries, especially after the announcement of China's GMP certification in 1982, leading to a significant increase in the demand for clean room construction in the pharmaceutical industry. The construction of clean rooms for medical facilities such as aseptic operating rooms also rapidly expanded. After the reform and opening up, the introduction of foreign-funded enterprises led to the widespread application of higher-level air cleaning technologies in various fields.

From the 1990s to the present, China's technological level has been developing vigorously. The global transfer of production capacity in precision electronics such as semiconductors and new displays has accelerated towards China, greatly increasing the market demand and technological research and development level of the clean room industry as a result of advances in the research and development of pharmaceuticals and biotechnology. This has effectively driven the rapid development of China's clean room industry. In order to achieve the strategic goal of "carbon neutrality," China will reduce carbon emissions through energy substitution, energy conservation, and efficiency improvement. According to data from the National Energy Administration, it is expected that during the "14th Five-Year Plan" period, China's average annual increase in newly installed photovoltaic capacity will be between 70-90GW. As an important part of the construction of solar cell production plants, the demand for the construction of clean rooms will continue to grow alongside the vigorous development of photovoltaic production lines.

Development History of Cleanroom in China



(III) Cyclical Characteristics of the Clean Room Industry

The downstream industries of the clean room engineering are influenced by the macroeconomic situation, industry policy regulation, and downstream industry investment conditions, and therefore show a certain cyclical characteristic. The main downstream industries of the clean room engineering industry are strategic emerging industries such as the electronics industry. In order to narrow the gap with developed countries and promote the development of intelligent manufacturing, information technology, and other industries in China, a number of policies have been formulated in China in recent years to promote the development of related industries. This has also led to a relatively stable and sustained development market trend in the clean room engineering industry.

The "Outline of the Fourteenth Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the People's Republic of China" clearly states the cultivation of advanced manufacturing clusters, promoting the innovative development of industries such as integrated circuits, aerospace, pharmaceuticals, and medical devices. It focuses on strategic emerging industries such as next-generation information technology, biotechnology, new energy, new materials, high-end equipment, new energy vehicles, green environmental protection, as well as aerospace, and marine equipment. Industrial policies not only promote the development of industries such as semiconductors and integrated circuits but also drive the development of the upstream industry, the clean room engineering industry. The continuous expansion of the scale of downstream industries, the ongoing process of localization substitution, the rise of new fields such as new energy and automotive electronics, and the gradual improvement in the quality of life of the population have provided good development opportunities for the clean room industry, with rapid construction of new production lines for downstream industry products.

(IV) Industry Position of the Company

Currently, the competition in the Chinese clean room market is intense, with a larger number of business groups, but a smaller number of enterprises are capable of undertaking high-level clean room system integration solutions. Enterprises with the strength to undertake clean room engineering projects are gradually gaining a stable market share in the high-end segment. Our focus lies on clean room engineering projects for high-tech plants in the electronic industry such as IC semiconductors and precision manufacturing. The investment in high-tech plants in the high-end electronic industry is substantial, with high requirements for clean room stability. To mitigate investment risks, lower costs, and ensure product yield, owners typically choose to collaborate with engineering service companies with rich experience, historical performance, and industry leadership. Only few companies in this fieldpossess the technical know-how to create high-level clean rooms for such specialized applications.

Our Company is currently the Chinese company with the capability and experience to construct clean rooms for the entire semiconductor industry chain, possessing strong brand influence in enhancing client product yield. With leading computational fluid dynamics analysis and air sampling and analysis technology, we can provide clients with pre-simulation analysis and post-sampling analysis, optimize clean room layout, improve production processes, reduce production costs, and enhance product yield, significantly improving the stability and reliability of clean room engineering projects.

For the past twenty years, our Company has been focused on the integration and engineering of advanced manufacturing clean room systems. We have undertaken clean room projects for leading companies in various industries, including Siliconware Technology, Sanan Integrated, ASE, Foxconn Technology Group, Wistron Info Comm, SMIC, Nexchip, and Wafer Works. In 2023, we were honored with multiple recognitions such as “Excellent Safety Vendor,” “Best Safety Management,” and “Best Supplier,” which reflects the consistent approval of our engineering quality by the clients. We hold a substantial market share in the high-end clean room engineering field, enjoying a strong reputation and market influence within the industry, and possess a high industry standing.

(V) Major Laws and Regulations of the Industry and the Impact of Industrial Policies

The current legal and regulatory framework related to the clean room system integration engineering services provided by our Company mainly includes industry qualification management, industry business standards, and industry quality management, as follows:

Number	Effective Date	Laws and Regulations	Issuing Form/Document Number
1	2017-07-16	Regulations on Environmental Protection Management of Construction Projects	State Council Order [2017] No. 682
2	2019-04-23	Regulations on Quality Management of Construction Projects	State Council Order [2019] No. 714
3	2004-02-01	Regulations on Safety Production Management of Construction Projects	State Council Order [2003] No. 393
4	2004-07-05	Regulations on Safety Production license Management of Construction Enterprises	Ministry of Construction Order [2004] No. 128
5	2007-10-18	Implementation Opinions on Qualification Management Regulations for Construction Industry Enterprises	Urban Construction [2007] No. 241
6	2008-09-01	Regulations on Management of Foreign Contracted Projects	State Council Order [2008] No. 527
7	2009-07-01	Design Code for Cleanrooms in the Electronic Industry (GB50472-2008)	Notice of the Ministry of Housing and Urban-Rural Development No. 200
8	2012-05-01	Technical Code for Cleanroom Construction in the Food Industry (GB50687-2011)	Notice of the Ministry of Housing and Urban-Rural Development No. 968
9	2013-09-01	Design Code for Cleanrooms (GB50073-2013)	Notice of the Ministry of Housing and Urban-Rural Development No. 1627
10	2015-01-01	Standards for Qualification of Construction Industry Enterprises	Urban Construction [2014] No. 159
11	2016-02-01	Specification for Construction and Quality Acceptance of Cleanrooms (GB51110-2015)	Notice of the Ministry of Housing and Urban-Rural Development No. 819
12	2017-12-28	People's Republic of China Tendering and Bidding Law (2017 Revision)	Adopted at the 31st Meeting of the Standing Committee of the 12th National People's Congress
13	2019-04-23	People's Republic of China Construction Law (2019 Revision)	Presidential Order [2019] No. 29
14	2021-04-29	People's Republic of China Fire Protection Law (2021 Revision)	Presidential Order [2021] No. 81
15	2019-12-01	Design Standard for Cleanrooms in the Pharmaceutical Industry (GB 50457-2019)	Notice of the Ministry of Housing and Urban-Rural Development No. 232 of 2019
16	2020-11-30	Reform Plan for Qualification Management System of Construction Engineering Enterprises	Urban Construction [2020] No. 94
17	2021-09-01	People's Republic of China Work Safety Law	Presidential Order [2021] No. 88

The industrial policy support for the main downstream industries served by the Company is conducive to the sustainable growth of the related industries, thus driving the overall market demand for clean room engineering. In recent years, China has continuously introduced relevant policies to promote the development of industries such as semiconductors, new displays, life sciences, and food and pharmaceuticals, thereby promoting the growth of the clean room industry demand. In addition, clean room engineering is part of the construction industry, and China has been continuously introducing policies to promote the greening and intelligent development of the construction industry, vigorously promoting the application of BIM technology and other information technologies used in clean room construction, and policies promoting the development of prefabricated buildings have also driven the development of clean rooms.

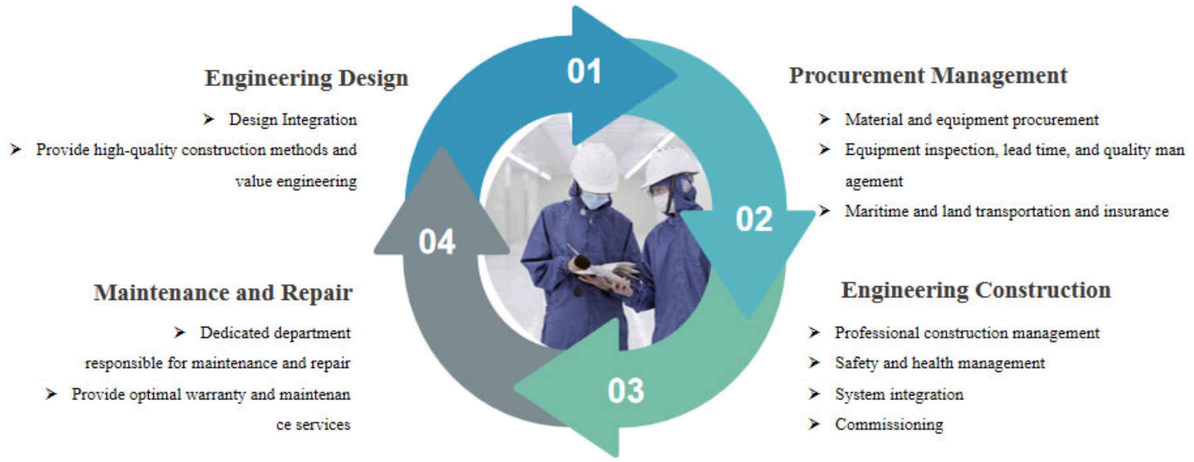
The main industrial policies of the downstream industries served by the Company are as follows:

Issuing Date	Policy	Specific Content
2023.8	Development Plan for the Shenzhen Park of the Hetao-Hong Kong Science and Technology Innovation Cooperation Zone	Focus on frontier and cross-disciplinary fields such as networks and communications, semiconductors and integrated circuits, smart terminals, smart sensors, intelligent robots, precision instruments and equipment, new materials, high-end medical devices, biomedicine, blockchain and quantum information, cells and genes.
2023.8	Action Plan for Steady Growth of the Electronic Information Manufacturing Industry in 2023-2024	The average annual growth rate of value added in the computer, communication, and other electronic equipment manufacturing industry is around 5% from 2023 to 2024, with the operating income of enterprises above designated size in the electronic information manufacturing industry exceeding 24 trillion yuan.
2023.7	Action Plan for Steady Growth of the Light Industry (2023-2024)	Support light industry enterprises in technological transformation and equipment renewal, promote green and low-carbon advanced technologies, cultivate a batch of green products, green factories, and green supply chain management enterprises to accelerate the formation of green competitive advantages in the light industry.
2023.2	Outline of Building a Quality-Powerful Country	Support light industry enterprises in technological transformation and equipment renewal, promote green and low-carbon advanced technologies, cultivate a batch of green products, green factories, and green supply chain management enterprises to accelerate the formation of green competitive advantages in the light industry.
2023.1	Notice on Expanding the Scope of Government Procurement to Support Green Building Materials and Promote the Improvement of Building Quality	Relevant cities should deeply implement Xi Jinping's thought on ecological civilization, actively promote the application of green buildings and green building materials through government procurement policies, vigorously develop new industrialized construction methods such as prefabrication and intelligentization, comprehensively build green buildings above the two-star level, and form a long-term mechanism to support the green and low-carbon transformation of the construction field. , leading the high-quality development of the building materials and construction industries, and focusing on creating livable, green, and low-carbon cities.
2022.12	Outline of the Strategy for Expanding Domestic Demand (2022-2035)	Promote technological innovation and application in artificial intelligence, advanced communications, integrated circuits, new displays, advanced computing, etc. Accelerate the industrialization development of biomedicine, bio-agriculture, bio-manufacturing, gene technology application services, etc. Develop and strengthen the new energy industry.
2022.1	14th Five-Year Plan for the Development of the Construction Industry	By 2025, assembled buildings will account for over 30% of new construction; the discharge of construction site waste will be controlled to below 300 tons per 10,000 square meters; market mechanisms for the treatment and reuse of construction waste will be initially formed, and a number of green construction demonstration projects will be constructed.
2021.12	14th Five-Year Plan for the Development of the Pharmaceutical Industry	The quality management of pharmaceuticals and medical devices throughout the entire lifecycle will be strengthened, with an increase in the number of generic drugs through consistency evaluation. Enterprises' development levels in greenization, digitalization, and intelligentization will significantly improve, and the safety technology and management levels will be effectively enhanced, with a significant increase in production safety risk control capabilities.
2021.12	14th Five-Year Plan for the Development of Intelligent Manufacturing	With process and equipment as the core and data as the foundation, relying on manufacturing units, workshops, factory supply chains, etc., build an intelligent manufacturing system that integrates the virtual and real, is driven by knowledge, dynamically optimized, safe, efficient, and green and low-carbon.
2021.6	Statistical Classification of the Digital Economy and its Core Industries (2021)	Include "digital construction industry" in the core industries of the digital economy—utilizing technologies such as BIM, cloud computing, big data, IoT, AI, and mobile internet to integrate digital technologies with traditional construction activities.
2021.3	Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives for 2035 of the People's Republic of China	Thoroughly implement smart manufacturing and green manufacturing projects, develop a service-oriented manufacturing new model, promote the high-end, intelligent, and green development of the manufacturing industry. Cultivate advanced manufacturing clusters, promote innovation and development in industries such as integrated circuits, aerospace, shipbuilding and ocean engineering equipment, robotics, advanced rail transportation equipment, advanced power equipment, engineering machinery, high-end CNC machine tools, medicine, and medical equipment. Focus on strategic emerging industries such as next-generation information technology, biotechnology, new energy, new materials, high-end equipment, new energy vehicles, green environmental protection, aerospace, and marine equipment, accelerate the application of key core technology innovations, enhance element guarantee capabilities, and foster the development of new momentum in the industry.
2020.8	Several Policies to Promote the High-Quality Development of the Integrated Circuit Industry and the Software Industry in the New Era	Further optimize the development environment for the integrated circuit industry and software industry, deepen international industrial cooperation, enhance industrial innovation capabilities and development quality, and formulate corresponding financial and tax policies, investment and financing policies, research and development policies, import and export policies, etc., to support industrial development.

III. Businesses in which the Company was engaged during the reporting period

(I) Overview of the Main Business of the Company

The Company's main business is to provide clean room engineering, electromechanical engineering, and other services for the construction of IC semiconductor, optoelectronics, high-tech electronic industries, as well as for the food, pharmaceutical, cloud computing centers, and related fields. This includes clean factory construction planning, design recommendations, equipment configuration, clean room environment system integration engineering, and maintenance services.



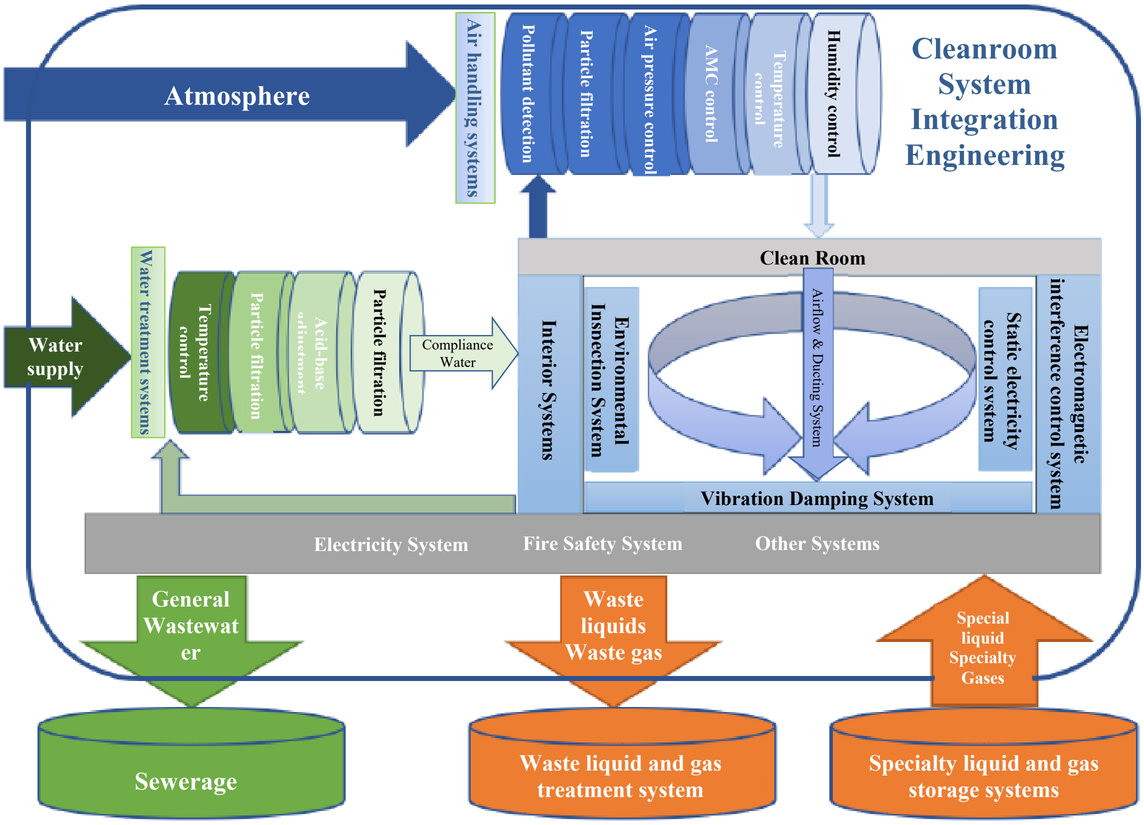
The Company has the qualifications of Grade I General Contractor of Electromechanical Engineering, Grade I Specialist Contractor of Building Electromechanical Installation Engineering, Grade II Specialist Contractor of Electronic and Intelligent Engineering, Grade II Specialist Contractor of Building Decoration and Decoration Engineering and Grade II Specialist Contractor of Fire Fighting Facilities Engineering, which provide a solid technical foundation and professional guarantee for the development of the business of the Company.

The Company's business scope includes system integration services; design and installation of electromechanical systems, HVAC systems, aseptic systems, and building equipment management systems; construction of air purification engineering, fire engineering, building construction engineering, interior and exterior decoration engineering, municipal public works, and pipeline engineering, as well as providing related technical consulting and after-sales services; research and development and manufacturing of industrial switch power converters and components; wholesale, import, and export of similar products produced by the company, as well as building materials, dust-free, aseptic purification equipment and related equipment, components; type III medical device operation; type II medical device sales; metal structure manufacturing; construction decoration, plumbing and other building metal products manufacturing. Licensed projects include construction engineering design and building intelligent system design.

(II) Main Products and Their Uses

The production process of IC semiconductor and other advanced manufacturing industries has high requirements on process precision, process media and process environment. As a professional clean room system integration engineering service provider, the Company's main business is centered around the core process of downstream clients, combined with the characteristics of the industry, to provide standards-compliant process environment solutions, the main products are clean technology plant or clean room in a broad sense.

The clean rooms involved in the company are mainly industrial clean rooms. The clean room system integration provided by the Company includes clean room-related air treatment system, airflow and airway system, water treatment system, interior system, vibration damping system, static electricity control system, electromagnetic interference control system, process system, environment inspection system, electric power system, fire safety system and other clean room-related systems. The clean room system integration project is shown as follows:



(III) Business Model

The Company is a one-stop professional service provider of clean room system integration engineering solutions for advanced manufacturing industries, with the ability to implement a complete industry chain from engineering design to procurement, construction, operation and maintenance and other system integration. During the project implementation stage, the Company purchases the required equipment and materials in accordance with the specific project conditions and subcontracts the construction of clean room system projects, and the Company organizes and coordinates the contracting units of each system, supervises and guides them, and coordinates the overall progress of the project. The Company makes profits by providing clients with overall solutions for clean room projects.

1. Sales Mode

The Company's clean room engineering clients are mainly large-scale enterprises in semiconductor, electronics and other industries. The Company's marketing staff obtains client resources through searching market information, continuous service of existing clients, and recommendation of new clients by existing clients, etc., and makes contact with clients. The Company mainly approaches clients through client bidding, invitation for bidding and commercial negotiation. The bidding mode of the Company is generally as follows: obtaining bidding information, purchasing bids, passing the qualification examination of the bidding party, bidding deposit, making bidding documents, on-site bidding, on-site opening of bids, obtaining the notification of successful bid and signing the contract, and so on.

2. Procurement Mode

The Company conducts procurement of construction materials in accordance with the contract signed with the owner or contractor, mainly including construction materials and equipment. The procurement plan of the Company is prepared based on the project cost budget and the requirements of the project execution schedule, and the corresponding procurement plan is prepared and executed on a project basis. The person in charge of the project prepares the procurement plan according to the project progress, project material input plan, processing time requirements of customized materials, etc., and the procurement period of each type of materials is clearly defined.

3. Engineering Contracting Mode

In accordance with the Construction Law of the People’s Republic of China, Civil Code of the People's Republic of China, Labor Law of the People’s Republic of China, Provisions on the Administration of the Qualifications of Construction Enterprises and other relevant laws and regulations, as well as the project construction contract signed with the owner, the Company will contract out the clean room construction projects according to the specific clean room projects during the implementation stage of the clean room project. If there are restrictive clauses or explicit provisions in the general contract, the Company shall obtain the consent of the owner before contracting before selecting the contracting manufacturer. The Company centrally coordinates, organizes, supervises, guides and uniformly manages the contracting units of each system during the construction process.

The Procurement Department of the Company is responsible for maintaining the list of suppliers and evaluating the contractors based on their qualifications, financial strength, engineering achievements and other relevant information. When there is a demand for contracting in a construction project, the person in charge of the project will initiate a requisition for contracting, and the Procurment Department will sign a contract after comparing the contractors’ experience, technology, price and other factors with the approval of the corresponding supervisor. Subsequently, the Company organizes engineers and technicians to give technical briefings to the contractors, and conducts training, supervision and management of the contractors in accordance with the terms of the contract, design documents and construction specifications to ensure the normal progress of the construction.

IV. Analysis of Core Competitiveness During the Reporting Period

√ Applicable □ N/A

The core competitiveness of the Company is reflected in its strong clean room system integration technology, high-end clean room project experience and engineering management capability. After years of technology research and development and project accumulation, the Company is able to plan the overall solution of clean room project by taking into account the industrial characteristics and demands of clients, the timeliness of construction and reliability of operation, etc., to achieve the precise control of the main indexes such as cleanliness, temperature and humidity, micro-vibration, AMC, etc., and to collaborate with the clients in upgrading the production process, optimizing the product manufacturing process and improving the yield rate of production, etc. The core competitiveness of the Company is shown in the following. The core competitiveness of the company is specifically manifested in the following aspects:

(I) Advantage in Technology and R&D

The Company mainly focuses on the clean room engineering projects of high-tech plants in the field of IC semiconductors, photoelectric panels and other electronic industries, which belongs to the high-end field of the clean room engineering industry and is characterized by high level of cleanliness, large scale of investment, wide construction area, complex system integration and high requirements for engineering quality. Since it takes a long time of research and development and accumulation of practical experience to acquire the construction technology required for such clean room projects, only a few enterprises in the industry have the technical level to construct high-grade clean rooms in such fields. The Company has undertaken many high-end clean room projects for high-tech plants in China and is a leading and well-known enterprise in the industry.

In 2023, the Company adds 18 patents, including 7 invention patents and 11 utility model patents. The Company has set up an engineering database for clean room engineering projects, which is a systematization of years of engineering experience, providing strong technical and data support for the company to contract and implement engineering projects. The Company has industry-leading computational fluid dynamics analysis application technology and air sampling and analysis technology, which can provide clients with pre-simulation analysis and post-sampling analysis, optimize the layout of the clean room, improve the production process, reduce the production cost and improve the yield rate of the finished products, and significantly improve the stability and reliability of the clean room project.

R&D Target Achievements in the Past Three Years

In 2021, 6 intellectual property rights were obtained, including 3 utility model patents and 3 software copyrights.

In 2022, 18 utility model patents were obtained.

In 2023, 18 patents were obtained, including 11 utility model patents and 7 invention patents.

(II) Engineering Performance and Brand Advantage

The downstream industries served by the Company, especially the high-end electronics industry, demand high stability for clean rooms. In order to reduce investment risk, lower costs, and ensure product yield, clients typically choose to cooperate with engineering service companies that have rich experience, a proven track record, and industry-leading capabilities. With over 20 years of continuous development, the Company has gained the ability to provide "Engineering, Procurement, Construction, and Operation (EPCO)", successfully implementing thousands of clean room-related projects and accumulating rich construction experience.

The Company has become a professional clean room engineering service provider with strong industry strength, high engineering service quality, and significant performance. "Acter" has also become a well-known brand in the Chinese clean room engineering industry, possessing strong competitive advantages.

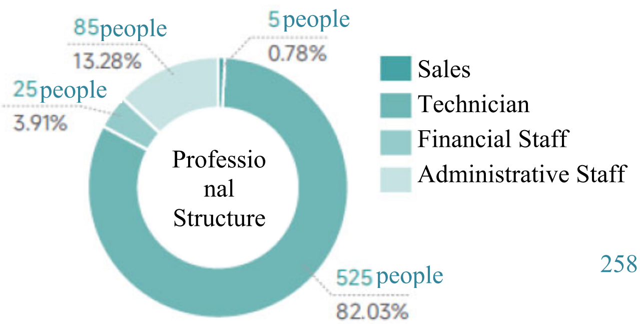
Acter Integration is committed to becoming a high-quality space shaper, impressing customers with professional technology and attentive service, and has won over 50 customer recognitions.

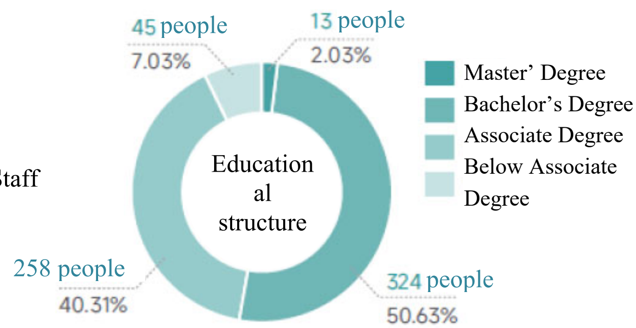
(III) Project Management and Talent Advantages

1. Excellent management team

Excellent management personnel can do targeted research, development and innovation for clients in different industries and have rich experience in the industry. Since its establishment, the Company has been engaged in clean room and other system integration engineering business, and the management personnel are professional and stable. Seventy percent of the middle management personnel are promoted from the grassroots level, with a low staff turnover rate, which enables the Company to provide clients with long-term and sustainable engineering services. The core management team has many years of experience in the industry, has long been serving the global famous enterprises in the industry, and has been developing and expanding along with the growth of the clients. They have a deep understanding and accurate knowledge of the technical application, construction organization mode, competition pattern and future development trend of the clean room engineering industry, and have a deep knowledge of the technical development of the downstream client industry.

The Company attaches great importance to business management and advocates the synergistic development of employees' personal performance and corporate strategy. The Company carries out construction and inspection of projects in strict accordance with the requirements of ISO9001 quality system management, and has established a complete set of effective quality management system from supplier selection and management, raw material quality acceptance, construction process quality control, project completion acceptance and project site management. Each project team of the Company organizes and compiles project files for each project in accordance with the Company's internal control requirements, covering the refined management and supervision of each step of the project process. The Company has passed GB/T50430, ISO9001 quality management system certification, ISO14001 environmental management system certification and ISO45001 occupational safety and health management system certification, and participated in the implementation of clean rooms and other system integration projects with good quality feedback, widely recognized by clients and unanimously praised.





2. Scientific and reasonable education and training

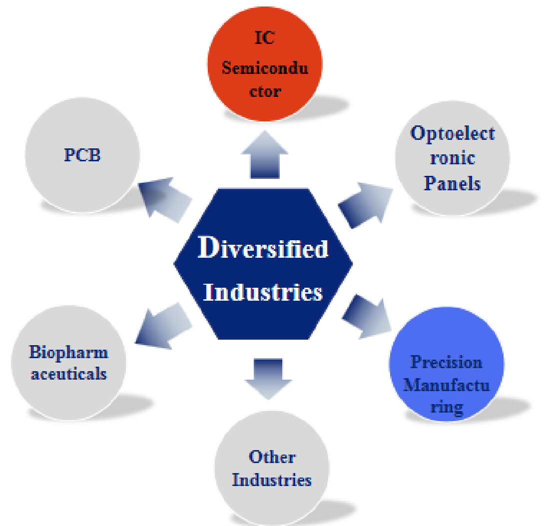
In recent years, the Company has vigorously implemented the "apprenticeship system", primarily assigning seasoned senior employees to provide one-on-one training for new employees with rich construction experience, aiming to pass on construction experience to new employees and help them smoothly navigate the initial stage, quickly become familiar with and handle related business. Regular "reserve manager training" is conducted every year, inviting a teaching team including lawyers, accountants, and technical experts to provide training on internal control, engineering management related laws and regulations, financial knowledge, etc., to enhance team management skills and improve business management skills. KPI, OKR, and skill competitions such as design and drawing skills are used to motivate employees to understand the Company's goals and achieve each goal in stages and tasks. The Company opens a Magic Academy, E-Learning system, and organizes various offline trainings. Each quarter, senior engineering personnel summarize and analyze closed cases, and monthly offline courses are conducted for different professional systems, enabling everyone to understand the advantages and disadvantages of other projects while strengthening their own professional abilities, thus better exerting personal initiative and boosting operational efficiency.

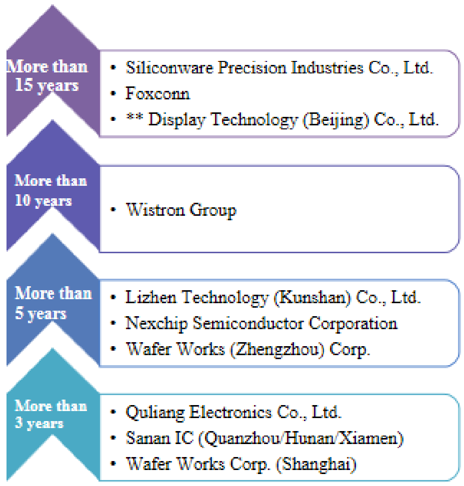
Key Performance

During the reporting period, 56 employee training sessions were conducted, totaling 10,935 hours of training, with an average training duration of 17 hours per person, achieving a training coverage rate of 100%.

(IV) Advantage of stable client relationship

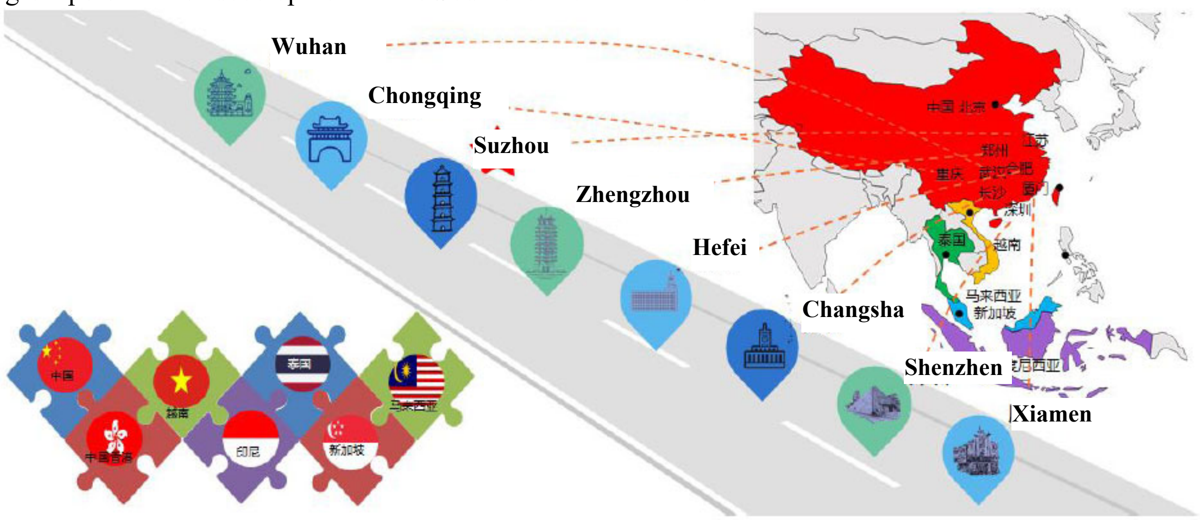
The investment amount in the high-tech factory buildings of the high-end electronic industry is substantial, with high requirements for the stability of clean rooms. In order to reduce investment risks, lower costs, and ensure product yield, owners typically choose to collaborate with experienced engineering service companies with leading industry expertise and a proven track record. If the initial quality of the engineering work is recognized, owners generally maintain a cooperative relationship with the service provider, increasing the likelihood of awarding subsequent clean room engineering projects to the same contractor. A significant proportion of the Company's main business revenue comes from repeat orders from existing clients. The Company's cooperative clients are mostly leading enterprises in segmented industries and well-known upstream and downstream companies in the industry chain, such as Siliconware Technology, Foxconn Technology Group, etc., with whom the Company has maintained a partnership for over 15 years. In addition, the Company has established a good, stable, and continuous partnership with Sanan Integrated, Wistron InfoComm, Nexchip, Wafer Works, SMIC, laying a solid foundation for business development. As client investment plans are implemented, there is a gradual increase in demand for clean rooms in the factory construction process. The Company's long-term efforts in establishing stable client relationships have provided strong support for the Company's further development.





(V) Industrial diversification, geographical layout advantages

The Company has a diversified layout in IC semiconductor, optoelectronic panel, PCB, precision manufacturing, biomedical and other industries. With stable and reliable quality of engineering services and rich product structure, the Company's engineering services have been recognized by many famous enterprises and have maintained long-term cooperative relationships. In China, the Company has two business centers in Suzhou and Shenzhen, as well as branches in Shenzhen and Xiamen, with the service scope radiating to the Yangtze River Delta and the Pearl River Delta, and through the establishment of marketing outlets in Hefei, Zhengzhou, Changsha, Wuhan, and Chongqing, the Company is able to directly face the clients, quickly docking, and closely serve the downstream clients of the local advanced manufacturing industry. Early deployment in Southeast Asia enables the Company to be more familiar with local regulations and requirements, and rely on its rich experience in plant construction to provide good localized services to overseas clients. With steady growth in overseas revenue in 2023, the Company has great potential for development in the Southeast Asian market.

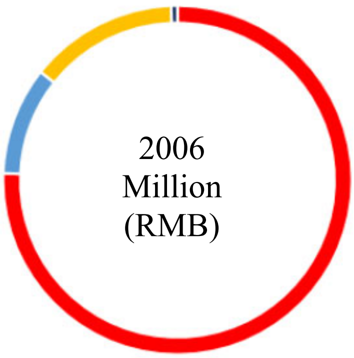


V. Major Operating Conditions During the Reporting Period

The Company is committed to consistently providing good service to every client, optimizing construction management processes, continuously improving skills and R&D capabilities, responding to client needs with localized service layout, and achieving the transformation from solution to mass production finished products. This has laid the foundation for the development of multiple industries and multiple clients, thereby realizing the "production," "sales," "people," "development," and "profit" five-step development road-map. The Company actively maintains and stabilizes business relationships with existing clients while also laying a good foundation for the development of new clients. In 2023, the Company's main business revenue was RMB 2,006 million, an increase of 23.38% year-on-year.

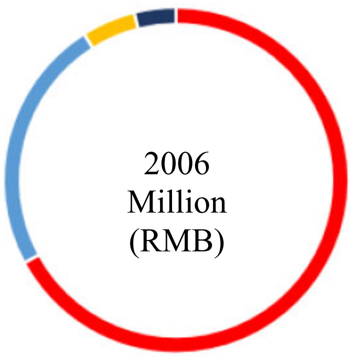
Based on the different types of engineering services provided, the Company’s main business revenue in 2023 is divided as follows: 85.65% from clean room system integration-related projects, with 75.62% from system integration and 10.03% from hook-up works; 13.77% from other electromechanical installation projects, and 0.58% from equipment sales.

Clean room system integration-related projects include clean room system integration engineering and hook-up works. ①Clean room system integration engineering refers to clean room system-related design and construction projects before the factory is put into use, including systems directly related to clean rooms (such as air handling systems, water treatment systems, airflow systems, air molecular pollution control systems, static control systems, etc.) and clean room support system engineering (such as piping systems, power systems, fire safety systems, etc.). ②Hook-up works refer to secondary clean room support (such as power systems, water treatment systems, and airflow systems) for new equipment and production lines after the clean room is put into operation, with minimal impact on the cleanliness, air molecular pollution, vibration, temperature, humidity, pressure, and static electricity of the original clean room area. The design and construction precision and fault tolerance of hook-up works are relatively low. Other electromechanical installation projects refer to non-clean room-related factory and office building electromechanical projects.



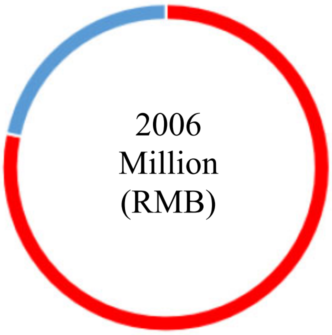
Name	Revenue (RMB)	Percentage
System Integration	1517 Million	75.62%
Secondary Distribution Engineering	201 Million	10.03%
Electromechanical Installation	276 Million	13.77%
Equipment Sales	12 Million	0.58%

Based on the segmentation by downstream client industries, in the main business of the Company in 2023, clients from the IC semiconductor industry accounted for 67.09%, followed by precision manufacturing at 23.96%.



Name	Revenue (RMB)	Percentage
IC Semiconductor Industry	1346 Million	67.09%
Precision Manufacturing Industry	481 Million	23.96%
Optoelectronics Industry	101 Million	5.06%
Others	78 Million	3.89%

According to the division of revenue regions, the main business income of the company in 2023 was RMB 1,570 million domestically, accounting for 78.27%, and RMB 436 million internationally, accounting for 21.73%, showing an upward trend compared to last year. This indicates an upward trend compared to the previous year, attributed mainly to the company's strategic presence in the Southeast Asian market. The Company initiated its operational bases in Vietnam in 2007, expanded to Malaysia in 2011, established a subsidiary in Indonesia in 2013, and initiated strategic deployment in Thailand in 2019. With the localization of employee recruitment and education and the establishment of a stable supply chain relationship, familiarity with local customs, taxation, and various policies and regulations, riding the wave of investment in Southeast Asia, the Company is optimistic about the future growth space of overseas performance.



Name	Revenue (RMB)	Percentage
Domestic	1570 Million	78.27%
Overseas	436 Million	21.73%

(I) Main Business Analysis

1. Analysis of changes in relevant accounts in the income statement and cash flow statement

Unit: Yuan Currency: RMB

Account	Number of current period	Number of same period last year	Change (%)
Operating revenue	2,008,924,995.68	1,627,895,120.49	23.41
Operating costs	1,738,841,241.47	1,376,528,425.17	26.32
Cost of sales	7,954,281.67	6,301,894.42	26.22
Administrative expenses	59,193,009.85	60,147,184.98	-1.59
Finance costs	-5,530,329.32	6,101,177.95	-190.64
R&D expenses	25,121,209.62	19,101,658.87	31.51
Net cash flows from operating activities	133,522,931.23	161,089,465.80	-17.11
Net cash flows from investing activities	106,839,659.13	-126,308,081.06	N/A
Net cash flows from financing activities	-75,002,375.36	365,160,792.84	-120.54
Taxes and surcharges	4,370,539.18	3,800,051.12	15.01
Other gains	3,731,552.00	3,524,827.14	5.86
Investment income	1,661,794.44	-99,328.94	N/A
Gain on change in fair value	-119,888.89	105,417.14	-213.73
Credit impairment loss	-3,860,633.85	-5,805,476.85	N/A
Impairment loss on assets	1,148,478.91	5,978,570.41	-80.79
Gain on disposal of assets	116,542.37	246,990.20	-52.81
Non-operating revenue	14,361.33	75,601.66	-81.00
Non-operating expenses	889,948.63	925,033.47	-3.79
Income tax expense	40,713,458.90	35,997,255.91	13.1
Minority interests	1,473,367.57	151,056.57	875.37
Translation differences on foreign currency statements	290,286.73	2,027,897.54	-85.69
Other comprehensive income attributable to minority shareholders, net of taxes	79,151.41	84,748.55	-6.60

Explanation for the changes in finance costs: Finance costs decreased by 190.64% compared with the previous period, which was attributable to the higher interest income from bank wealth management in the current period;

Explanation for the changes in R&D expenses: Research and development expenses increased by 31.51% compared with the previous period, which was attributable to the increase in research and development investment in the current period and the higher amount of research and development expenses;

Explanation for the changes in net cash flows from investing activities: The larger change in net cash flows from investing activities compared with the previous period was due to the higher amount of structured deposits recovered in the current period;

Explanation for the changes in net cash flows from financing activities: Net cash flows from financing activities decreased by 120.54% compared with the previous period, which was attributable to the higher amount of dividend payment in the current period and the receipt of large amount of fund-raising in the previous period;

Explanation for the changes in investment income: Investment income was higher than that of the previous period, which was mainly due to the higher income from the purchase of structured finance in the current period;

Explanation for the changes in gain on fair value changes: Gain on changes in fair value decreased by 213.73% compared to the previous period due to the change in fair value of structured deposits in the current period;

Explanation for the changes in credit impairment losses: Credit impairment losses decreased by a large margin compared with the previous period, mainly due to the decrease in bad debts provided for in the current period as a result of the decrease in accounts receivable;

Explanation for the changes in impairment losses on assets: The decrease of 80.79% in impairment losses on assets as compared with that of the previous period was attributable to the higher amount of reversal of single provision in the previous period;

Explanation for the changes in gain on disposal of assets: The decrease of 52.81% in gain on disposal of assets as compared with that of the previous period was attributable to the higher gain on disposal of vehicles in the previous period;

Explanation for the changes in non-operating revenue: Non-operating revenue decreased by 81.00% compared with that of the previous period, which was due to the higher amount of write-off of long-term unpaid amount in the previous period;

Explanation for the changes in minority interests: Minority interests increased by 875.37% compared with the previous period, which was due to the substantial increase in net profit attributable to minority interests in the current period;

Explanation for the changes in translation differences of foreign currency statements: The decrease of 85.69% in translation difference of foreign currency statement compared with the same period of last year was due to the smaller change of exchange rate fluctuation in the current period compared with the previous period.

Detailed description of significant changes in the company's business type, profit composition or profit sources during the period
□ Applicable √ N/A

2. Revenue and Cost Analysis
√ Applicable □ N/A

During the Reporting Period, the operating revenue of the Company amounted to RMB 2,008,924,995.68, representing an increase of 23.41% as compared with the same period of the previous year, which was mainly due to the fact that the Company expanded new clients and undertook projects of higher amount in the current period; at the same time, the rapid growth of the overseas business in the current period led to a further increase in profitability in the current period.

(1). Main business by industry, product, region and sales pattern

Unit: Yuan Currency: RMB

Main business by industry						
By Industry	Operating Revenue	Operating Cost	Gross Profit Rate (%)	Yoy change in operating revenue (%)	Yoy change in operating costs (%)	Yoy change in gross profit margin (%)
IC Semiconductor	1,345,947,194.70	1,203,919,098.11	10.55	54.35	66.52	Decrease of 6.54%
Precision Manufacturing	480,697,188.05	392,693.935.54	18.31	17.91	8.34	Increase of 7.22%
Optoelectronics	101,391,692.37	80,642,910.19	20.46	-64.07	-67.39	Increase of 8.10%
Others	78,023,584.38	61,470,990.91	21.21	21.95	47.70	Decrease of 13.74%
Total	2,006,059.659.50	1,738,726,934.75	13.33	23.38	26.32	Decrease of 2.01%
Main business by product						
By Product	Operating Revenue	Operating Cost	Gross Profit Rate (%)	Yoy change in operating revenue (%)	Yoy change in operating costs (%)	Yoy change in gross profit margin (%)
Clean room engineering	1,718,207,574.41	1,497,267,444.29	12.86	9.21	12.22	Decreased of 2.33%
Of which: System integration	1,516,916.425.65	1,324,585,896.16	12.68	9.84	13.10	Decrease of 2.52%
Hook-up works	201,291,148.76	172,681.548.13	14.21	4.73	5.87	Decrease of 0.92%
Other electrical and mechanical installation works	276,230,223.29	232,095.004.42	15.98	761.16	783.62	Decrease of 2.13%
Equipment sales	11,621,861.80	9,364,486.04	19.42	-43.33	-32.62	Decrease of 12.81%
Total	2,006,059.659.50	1,738,726,934.75	13.33	23.38	26.32	Decrease of 2.01%
Main business by region						
By Region	Operating Revenue	Operating Cost	Gross Profit Rate (%)	Yoy change in operating revenue (%)	Yoy change in operating costs (%)	Yoy change in gross profit margin (%)
China	1,570,222,066.57	1,387,939,755.27	11.61	16.89	23.06	Decrease of 4.43%
Of which: East China	801,380,310.95	686,106.791.33	14.38	-9.64	-9.23	Decrease of 0.39%
Central China	351,672,073.28	326,136.350.31	7.26	137.60	228.66	Decrease of 25.70%
South China	318,483,907.01	296,248.742.42	6.98	464.18	469.27	Decrease of 0.83%
Southwest	78,094,245.59	61,551,648.92	21.18	-65.98	-70.28	Increase 11.38%
Other Areas	20,591,529.74	17,896,222.29	13.09	-8.42	31.73	Decrease of 26.49%
Overseas	435,837,592.93	350,787,179.48	19.51	54.28	42.27	Increase of 6.79%
Of which: Vietnam	301,368,854.86	238,845.934.40	20.75	58.02	40.60	Increase of 9.83%
Indonesia	13,789,617.99	10,147,679.18	26.41	-67.17	-68.51	Increase of 3.13%

Thailand	111,326,700.08	92,907,698.80	16.54	123.64	108.97	Increase of 5.85%
Other Areas	9,352,420.00	8,885,867.10	4.99	N/A	N/A	N/A
Total	2,006,059.659.50	1,738,726,934.75	13.33	23.38	26.32	Decrease of 2.01%

Explanation of main business by industry, product, region and sales mode

The reasons for the substantial increase in revenue and cost of main business by industry, product and region were mainly due to the new orders signed during the period and the higher contract amount, which led to the substantial increase in revenue and cost; the gross profit margin in the country Decreased of 4.43% as compared with the same period of the previous year, which was mainly due to the development of new clients and the acceptance of projects at a lower price.

(2). Analysis of production and sales volume

□ Applicable √ N/A

(3). Fulfillment of major purchase contracts and major sales contracts

□ Applicable √ N/A

(4). Cost analysis table

Unit: Yuan

By Industry							
By Industry	Cost Composition Item	Amount for the current period	Percentage of total cost for the current period (%)	Amount for the same period of the previous year	Percentage of total costs for the same period of the previous year (%)	Percentage change from same period last year (%)	Explanation
Building Construction	Equipment and materials	975,046,287.01	56.08	812,667,645.72	59.04	19.98	
	Labor subcontracting	648,595,269.15	37.30	462,360,128.70	33.59	40.28	Note 1
	Labor cost	75,883,841.01	4.36	60,640,452.42	4.41	25.14	
	Other expenses	39,201,537.58	2.26	38,728,323.98	2.81	1.22	
Share-based payment				2,017,567.63	0.15	-100.00	
Total		1,738,726,934.75	100.00	1,376,414,118.45	100.00	26.32	

Other notes on cost analysis

Note 1: Represents a significant increase in labor subcontracting due to the large volume of work executed during the period.

(5). Changes in the scope of consolidation due to changes in the equity interests of major subsidiaries during the reporting period

□ Applicable √ N/A

(6). Significant changes or adjustments in the Company’s business, products or services during the reporting period

□ Applicable √ N/A

(7). Major sales clients and major suppliers

A. Major sales clients of the Company

√ Applicable □ N/A

The sales of the top five clients amounted to RMB 889.0282 million, accounting for 44.25% of the total annual sales; of which the sales of related parties among the sales of the top five clients amounted to RMB 0 million, accounting for 0% of the total annual sales.

No.	Top 5 Clients	Project Revenue (RMB Million/100)	Percentage of Revenue (%)
1	Client 1	30,620.79	15.24
2	Client 2	25,671.44	12.78
3	Client 3	13,087.55	6.51
4	Client 4	10,788.32	5.37
5	Client 5	8,734.72	4.35
Total		88,902.82	44.25

The proportion of sales to a single client exceeding 50% of the total amount, the existence of new clients among the top 5 clients, or heavy reliance on a small number of clients during the reporting period.

□ Applicable √ N/A

B. Major suppliers of the Company

√ Applicable □ N/A

The purchase amount of the top five suppliers is RMB 135.2609 million, accounting for 10.58% of the total annual purchase amount; among them, the purchase amount of related parties among the top five suppliers is RMB 0 million, accounting for 0% of the total annual purchase amount.

No.	Top 5 Suppliers	Procurement amount (RMB Million/100)	Proportion of annual procurement amount (%)
1	Supplier 1	3,500.16	2.74
2	Supplier 2	2,764.38	2.16
3	Supplier 3	2,591.22	2.03
4	Supplier 4	2,569.69	2.01
5	Supplier 5	2,100.64	1.64
Total		13,526.09	10.58

The proportion of purchases from a single supplier exceeding 50% of the total amount, the existence of new suppliers among the top 5 suppliers, or heavy reliance on a small number of suppliers during the reporting period.

□ Applicable √ N/A

Other Notes

None

3. Expenses

√ Applicable □ N/A

Item	2023		2022		Percentage of change in the current period over the same period of the previous year (%)
	Amount (RMB)	Percentage of operating revenue (%)	Amount (RMB)	Percentage of operating revenue (%)	

Selling expenses	7,954,281.67	0.40	6,301,894.42	0.39	26.22
Administrative expenses	59,193,009.85	2.95	60,147,184.98	3.69	-1.59
R&D expenses	25,121,209.62	1.25	19,101,658.87	1.17	31.51
Finance costs	-5,530,329.32	-0.28	6,101,177.95	0.37	-190.64
Total	86,738,171.82	4.32	91,651,916.22	5.63	-5.36

4. R&D investment

(1). Table of R&D investment

√ Applicable □ N/A

Unit: Yuan

Expensed R&D investment for the period	25,121,209.62
Capitalized R&D investment for the period	
Total R&D investment	25,121,209.62
Total R&D investment as a percentage of operating revenue (%)	1.25
Share of capitalized R&D investment (%)	

(2). Table of R&D personnel

√ Applicable □ N/A

Number of R&D personnel of the Company	51
Proportion of the number of R&D personnel to the total number of employees of the Company (%)	7.97
Educational Structure of R&D personnel	
Category of Educational Structure	Education Structure
Doctorate	0
Master's Degree	1
Bachelor's Degree	32
College Degree	18
High School and Below	0
Age Structure of R&D personnel	
Category of Age Structure	Age Structure
Below 30 years old (excluding 30 years old)	33
30-40 years old (including 30 years old, not including 40 years old)	13
40-50 years old (including 40 years old, not including 50 years old)	4
50-60 years old (including 50 years old, not including 60 years old)	1
60 and above	0

(3). Description of situation

□ Applicable √ N/A

(4). Reasons for significant changes in the composition of R&D personnel and impact on the Company's future development

□ Applicable √ N/A

5. Cash flow

√ Applicable □ N/A

Account	Amount of the current period (RMB)	Amount of the same period of the previous year (RMB)	Percentage change (%)
Net cash flows from operating activities	133,522,931.23	161,089,465.80	-17.11
Net cash flows from investing activities	106,839,659.13	-126,308,081.06	-184.59
Net cash flows from financing activities	-75,002,375.36	365,160,792.84	-120.54
Net increase in cash and cash equivalents	167,656,624.74	400,390,070.99	-58.13

(II) Explanation of significant changes in profit due to non-principal businesses

□ Applicable √ N/A

(III) Analysis of assets and liabilities

√ Applicable □ N/A

1. Assets and liabilities

Unit: Yuan

Item Name	Closing balance of the current period	Percentage of total assets at the end of the period (%)	Closing balance of the previous period	Percentage of total assets at the end of the previous period (%)	Percentage change in the amount at the end of the period over the end of the previous period (%)	Description
Currency funds	722,496,330.38	37.94	550,235,202.99	30.96	31.31	Note 1
Financial assets for trading			122,119,888.89	6.87	-100.00	Note 2
Bills receivable	43,157,918.28	2.27	20,790,441.73	1.17	107.59	Note 3
Accounts receivable	396,889,272.26	20.84	484,443,368.28	27.26	-18.07	
Receivables financing	3,572,953.18	0.19	729,937.36	0.04	389.49	Note 4
Prepayments	89,024,613.33	4.67	50,995,260.16	2.87	74.57	Note 5
Other receivables	13,378,598.48	0.70	13,057,575.31	0.73	2.46	
Inventory			66,824.45		-100.00	Note 6
Contract assets	424,897,205.60	22.31	389,293,108.13	21.91	9.15	
Other current assets	97,604,166.69	5.13	58,265,105.32	3.28	67.52	Note 7

Item Name	Closing balance of the current period	Percentage of total assets at the end of the period (%)	Closing balance of the previous period	Percentage of total assets at the end of the previous period (%)	Percentage change in the amount at the end of the period over the end of the previous period (%)	Description
Long-term equity investments	2,332,022.40	0.12	2,314,172.96	0.13	0.77	
Investment real estate	598,758.96	0.03	713,065.68	0.04	-16.03	
Fixed Assets	38,895,511.08	2.04	40,095,530.47	2.26	-2.99	
Construction in progress	13,103,863.94	0.69		0	N/A	Note 8
Intangible assets	7,244,475.94	0.38	7,426,847.54	0.42	-2.46	
Utilization right assets	3,840,232.40	0.20	4,672,377.60	0.26	-17.81	
Deferred tax assets	12,482,616.81	0.66	14,578,928.51	0.82	-14.38	
Other non-current assets	34,843,950.71	1.83	17,348,658.87	0.98	100.85	Note 9
Short-term loans			31,249,307.82	1.76	-100.00	Note 10
Accounts payable	629,857,317.33	33.07	589,919,678.26	33.19	6.77	
Salaries payable to employees	47,459,670.87	2.49	39,456,513.03	2.22	20.28	
Taxes payable	7,980,749.03	0.42	7,330,079.22	0.41	8.88	
Other payables	25,427,208.65	1.34	1,611,097.74	0.09	1,478.25	Note 11
Contract liabilities	73,351,891.04	3.85	74,584,070.11	4.20	-1.65	
Non-current liabilities due within one year	1,748,003.79	0.09	1,710,381.30	0.10	2.20	
Lease liabilities	2,150,631.55	0.11	3,151,902.66	0.18	-31.77	Note 12
Projected liabilities	11,292,847.91	0.59	9,238,016.80	0.52	22.24	
Long-term employee remuneration payable	632,325.46	0.03	610,379.24	0.03	3.60	
Deferred tax liabilities	14,496,782.15	0.76	4,892,632.32	0.28	196.30	Note 13
Equity	100,000,000.00	5.25	80,000,000.00	4.50	25.00	
Capital surplus	562,632,775.45	29.54	582,632,775.45	32.78	-3.43	
Other comprehensive income	3,318,147.61	0.17	3,027,860.88	0.17	9.59	

Item Name	Closing balance of the current period	Percentage of total assets at the end of the period (%)	Closing balance of the previous period	Percentage of total assets at the end of the previous period (%)	Percentage change in the amount at the end of the period over the end of the previous period (%)	Description
Earmarked reserves	44,578,849.52	2.34	45,372,652.93	2.55	-1.75	
Surplus reserves	39,501,301.38	2.07	28,443,197.81	1.60	38.88	Note 14
Undistributed profits	332,226,440.31	17.45	269,871,786.54	15.19	23.11	
Minority interests	7,707,548.39	0.40	4,043,962.14	0.23	90.59	Note 15

Other Notes

Note 1: The increase of 31.31% in money funds as compared with that of the previous period was due to the redemption of all structured deposits at the end of the period and the increase in the amount of bank deposits;

Note 2: The decrease of 100% in trading financial assets as compared with that of the previous period was due to the redemption of all structured deposits at the end of the period;

Note 3: Bills receivable increased by 107.59% compared with the previous period, which was due to the higher amount of commercial acceptance bills received at the end of the period;

Note 4: The increase of 389.49% in receivables financing compared with the previous period was due to the receipt of more bank acceptance bills with higher credit value during the period;

Note 5: Prepayment increased by 74.57% compared with the previous period, which was caused by the large amount of prepayment for materials and equipment in advance for the new projects undertaken in the current period;

Note 6: Inventory decreased by 100% compared with the previous period, which was caused by the fact that all the remaining inventory in the current period was fully utilized in the projects, and there was no balance at the end of the period;

Note 7: Other current assets increased by 67.52% compared with the previous period due to the increase of prepayment of taxes for more projects carried out in the field;

Note 8: Construction in progress had a big change compared with the previous period, which was caused by the newly purchased office space of Wuhan and Hefei branches and the company's workshop renovation project in the current period;

Note 9: Other non-current assets increased by 100.85% compared with the previous period, which was due to the substantial increase of the unexpired warranty over one year compared with the same period of the previous year;

Note 10: Short-term borrowings decreased by 100% compared with the previous period, which was due to the maturity of bank borrowings in the current period, which were all returned;

Note 11: Other payables increased by 1,478.25% compared with the previous period, which was mainly due to the higher amount of loan from Sheng Huei International during the current period;

Note 12: Lease liabilities decreased by 31.77% compared with the previous period, which was due to the expiration of part of the leasing contracts during the current period;

Note 13: Deferred tax liabilities increased by 196.30% compared with the previous period, which was mainly due to the increase of overseas net profit in the current period and the high amount of deferred tax arising from profit distribution;

Note 14: Surplus reserve increased by 38.88% compared with the previous period, which was due to the increase in net profit for the current period compared with the previous period and the increase in the amount of surplus reserve;

Note 15: Minority interests increased by 90.59% compared with the previous period, which was due to the significant increase in net assets attributable to minority interests for the current period.

2. Foreign assets

√ Applicable □ N/A

(1) Asset size

Of which: Overseas assets 345,879,823.73 (Unit: Yuan Currency: RMB), accounting for 18.16% of the total assets.

(2) Explanations for the high proportion of overseas assets

□ Applicable √ N/A

3. Restrictions on major assets as at the end of the reporting period

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Carrying amount at the end of the period	Reason for restriction
Currency funds	12,499,607.35	Mainly deposited as guarantee deposits for the Group's application for issuance of guarantee letters from banks

4. Other Notes

□ Applicable √ N/A

(IV) Analysis of industry operating information

√ Applicable □ N/A

For analysis of industry operating information, please refer to “Section III Management Discussion and Analysis”, “II. Industry in which the Company operated during the reporting period”.

Analysis of operating information of the construction industry

1. Projects completed and accepted during the reporting period

√ Applicable □ N/A

Unit: Million/100 Yuan Currency: RMB

Breakdown by industry	Housing construction	Infrastructure projects	Specialized engineering	Architectural decoration	Others	Total
Number of projects			491	19	39	549
Total amount			135,357.02	371.61	836.10	136,564.73

√ Applicable □ N/A

Unit: Million/100 Yuan Currency: RMB

Project area	Number of projects	Total amount (untaxed)
Domestic	430	120,087.41
Oversea	119	16,477.32
Of which:		
Vietnam	84	6,761.57
Indonesia	23	6,160.69
Thailand	11	3,528.96
Other	1	26.10

Total	549	136,564.73

Other Notes
□ Applicable √ N/A

2. Projects under construction during the reporting period
√ Applicable □ N/A

Unit: Million/100 Yuan Currency: RMB

Segmentation by industry	Housing construction	Infrastructure projects	Specialized engineering	Building decoration	Others	Total
Number of projects		1	395	3	22	421
Total amount (untaxed)		1,128.44	391,324.43	1,406.61	5,040.77	398,900.25

√ Applicable □ N/A

Unit: Million/100 Yuan Currency: RMB

Project Area	Number of projects	Total amount (untaxed)
Domestic	278	288,523.46
Oversea	143	110,376.79
Of which:		
Vietnam	90	67,657.56
Indonesia	33	15,268.21
Thailand	17	20,392.18
Other	3	7,058.84
Total	421	398,900.25

Other Notes
□ Applicable √ N/A

3. Status of major projects under construction
√ Applicable □ N/A

Unit: Million/100 Yuan Currency: RMB

Project Name	Business Mode	Project Amount (untaxed)	Duration	Percentage of completion	Recognized income for the period	Cumulative recognized income	Cumulative recoveries as at the end of the period (including tax)	Project progress in line with expectations	Progress of payments in line with expectations
Project 1	Construction Contract	33,164.86	580	78.32 %	22,085.28	25,973.81	25,227.80	Yes	Yes
Project II	Construction Contract	38,305.70	491	67.02 %	25,671.44	25,671.44	18,441.34	Yes	Yes

Other Notes
√ Applicable □ N/A

1. As it involves commercial secrets and sensitive information of the Company, the cost inputs for the current period and cumulative cost inputs are not disclosed;

2. As the transaction relating to Project 1 involves confidentiality-related provisions and for the consideration of commercial secrets and strategic development, the specific project status of the counter-party is not disclosed. For details of the relevant announcement, please refer to the announcement of the Company disclosed on the website of the Shanghai Stock Exchange on March 10, 2023 under the announcement number of 2023-005, and the difference in the contract amount is for the additional works to be incurred in the subsequent period;

3. As the transactions relating to Project 2 involve confidentiality-related clauses, and due to considerations of commercial secrets and strategic development, the specific project information of the counter-party will not be disclosed. For details of the relevant announcement, please refer to the Company's announcement on the website of the Shanghai Stock Exchange dated August 1, 2023 under the announcement number 2023-032, and the difference in the contract amount is for the additional works arising thereafter.

4. Accumulated new projects signed during the reporting period

√ Applicable □ N/A

The cumulative number of newly signed projects during the reporting period was 553 (by count), amounting to RMB 2,297.1984 million (including tax) and RMB 2,141.6111 million (before tax).

5. Orders in hand at the end of the reporting period

√ Applicable □ N/A

The total amount of orders in hand at the end of the reporting period was RMB 1319.4146 million (before tax). Among them, the amount of projects for which contracts have been signed but construction has not yet commenced is RMB 0 million, and the amount of uncompleted portion of projects under construction is RMB 1,319.4146 million (before tax).

Other Notes

□ Applicable √ N/A

6. Other Notes

□ Applicable √ N/A

(V) Analysis of investment status

Overall analysis of external equity investments

□ Applicable √ N/A

1. Significant equity investments

□ Applicable √ N/A

2. Significant non-equity investments

□ Applicable √ N/A

3. Financial assets at fair value through profit or loss

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Asset category	Beginning of the period	Gain or loss on fair value changes during the period	Accumulated fair value changes recognized in equity	Impairment provision for the period	Purchase during the period	Amount sold/redeemed during the period	Other changes	Amount at end of period
Structured deposits	122,119,888.89	-119,888.89			225,000,000.00	347,000,000.00		0.00
Total	122,119,888.89	-119,888.89			225,000,000.00	347,000,000.00		0.00

Investment in securities

□ Applicable √ N/A

Explanation of investment in securities

□ Applicable √ N/A

Investment in private equity funds

□ Applicable √ N/A

Investment in derivatives

□ Applicable √ N/A

4. Specific progress of major asset reorganization and integration during the reporting period
□ Applicable √ N/A

(VI) Sale of major assets and equity interests
□ Applicable √ N/A

(VII) Analysis of major holding and participating companies
√ Applicable □ N/A

Company name	Main business	Registered capital	Shareholding ratio (%)	Total Assets (yuan)	Net assets (yuan)	Net profit (yuan)
Acter Engineering Technology (Shenzhen) Co., Ltd.	Development of onshore clean room engineering business	RMB 35.2967 million	100.00	76,384,006.24	56,361,008.22	-8,183,626.99
Shenzhen Dingmao Trading Co., Ltd.	Purchase and sale of domestic equipment	RMB 5 million	100.00	86,704,391.44	54,883,916.53	8,961,679.24
Acter International Limited	Oversea investment platform	HK$25.327397 million	100.00	44,712,312.31	23,035,494.85	830,977.68
Acter Technology Singapore Pte., Ltd.	Overseas Investment Platform	S$3.37585 million	100.00	16,483,155.80	16,365,630.37	-172,029.20
Sheng Huei Engineering Technology Company Limited	Development of oversea clean room engineering business	US$3.5 million	100.00	194,043,856.06	91,624,738.40	41,682,402.73
PT. Acter Technology Indonesia		Rp 10,100 million	100.00	29,961,907.35	21,211,040.14	1,959,545.93
Acter Technology Malaysia Sdn. Bhd		RM 2.6 million	100.00	8,184,340.44	-714,256.11	-1,044,253.28
Acter Technology Co., Ltd		Baht 30 million	88.38	46,947,278.87	27,068,731.18	12,676,965.47
PT Acter Integration Technology Indonesia		Rp 50,050 million	67.00	5,546,972.90	5,338,188.97	-591,849.42

Net profit from individual subsidiaries had an impact of 10% or more on the Company's net profit
Revenue from main business and profit from main business:

Unit: Yuan Currency: RMB

Company name	Revenue from main business	Profit from main business
Sheng Huei Engineering Technology Company Limited	298,027,836.06	59,278,380.51

(VIII) Structured entities controlled by the Company
□ Applicable √ N/A

VI. Discussion and Analysis of the Future Development of the Company

(I) Industry pattern and trend

√ Applicable □ N/A

(1) Strong demand from downstream industries, providing broad market space for the clean room industry

In recent years, China has attached great importance to the semiconductor industry, and the "Outline for Promoting the Development of the National Integrated Circuit Industry", "Made in China 2025", "13th Five-Year Plan for the Development of National Strategic Emerging Industries", "Several Policies for Promoting the Development of the Integrated Circuit Industry and the Software Industry in a New Era with High Quality", and the "Fourteenth Five-Year" Plan and a number of favorable semiconductor localization policies have been introduced intensively, with the semiconductor market scale continues to expand, the relevant enterprises to build factories and expand production boom, driven by the rapid construction of clean room plant.

Semiconductor industry is one of the most widely used high-end clean room applications, along with cloud computing, Internet of Things, big data, 5G and other new-generation information technology applications, as well as data centers, drones and other industrial development drive, the global semiconductor industry market size is showing steady growth. According to the World Fab Forecast, from 2022 to 2024, the global semiconductor industry plans to start operating 82 new fabs, including 11 projects in 2023 and 42 projects in 2024, with wafer sizes ranging from 300mm to 100mm. Wafer processing plant belongs to the semiconductor industry chain in the middle, its booming development will inevitably drive the industry chain upstream IC design and downstream packaging and testing expansion demand continues to intensify. From the announcement of Chinese semiconductor wafer foundry factories such as SMIC and Nexchip, it can be seen that the Chinese semiconductor industry is still actively laying out the production expansion boom continues to promote IC semiconductor and other high-end electronics manufacturing industry is the main field of the clean room project.

According to the relevant data, the global cleanroom technology market size was US$ 3,900 million in 2022 and is expected to reach around US$ 6,960 million by 2032, with a projected compound annual growth rate of 5.97% during the 2023-2032 forecast period. Additionally, data from Zhiyan Consulting indicates that China's cleanroom market is expected to reach approximately RMB 237,500 million by 2029.

(2) Specialized clean room system integration engineering enterprises "value" advantage highlighted

Clean room engineering belongs to the basic engineering of advanced manufacturing industry, which is an essential part of high-end manufacturing industry such as electronics industry. The development of advanced manufacturing industry is largely affected by the quality and level of clean room, and the development of related industries will undoubtedly promote the growth of the scale of clean room engineering. With different application fields, the focus of clean technology is also different. With the expansion of market space and the evolution of specialization of technical needs, the clean room engineering industry shows a trend of further specialization.

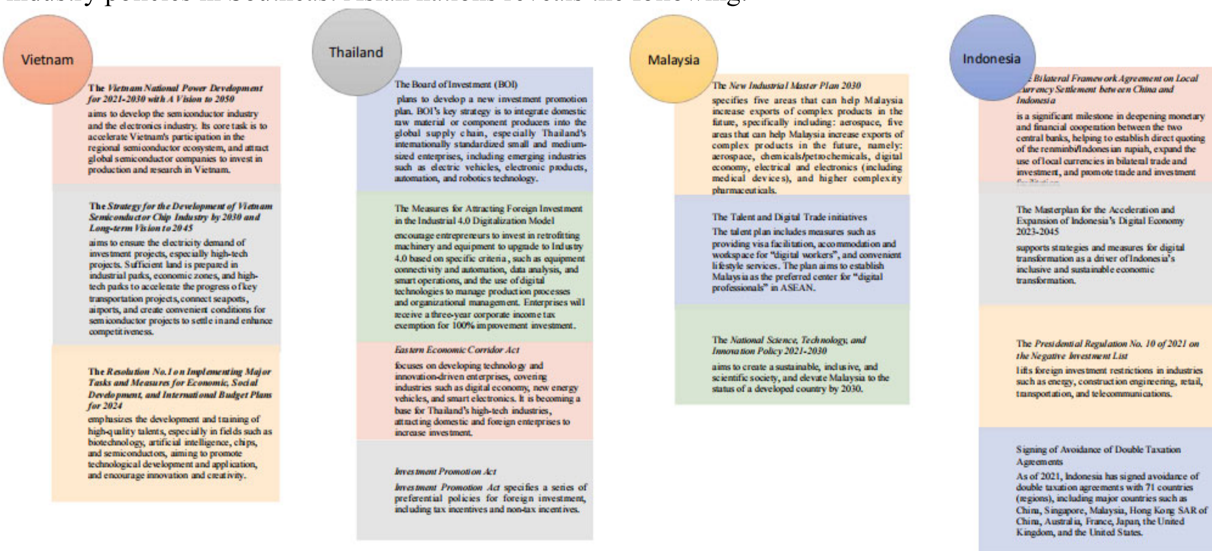
In the electronics industry, the production program of specific precision electronic manufacturing usually requires factories to maintain 24-hour uninterrupted production, and clients have high requirements for the stability and reliability of clean rooms, which put forward higher requirements for the technical level and comprehensive management level of clean room engineering companies. Since it takes a long time to acquire the construction technology required for such clean room projects, only a few companies in the industry have the technical level to construct high-grade clean rooms in these fields. In order to minimize investment risks, reduce costs, and ensure product yields, owners usually choose to cooperate with engineering service companies that have rich experience, proven track records, and are leaders in the industry. Small and medium-sized industrial clients are limited by the lack of professional factory construction team, so they are more inclined to choose professional system integration engineering enterprises with rich experience in factory construction to provide services for them.

The clean room industry is characterized by a large number of participants and intense competition in the low-end segment, with a fragmented market structure. In contrast, high-end clean rooms have stringent cleanliness requirements, and the investment scale of individual projects is generally larger. The cleanliness of the factory directly affects product yield, so project owners place greater emphasis on the historical project experience of the contractors. The bidding process is typically dominated by invitation-based tenders. As a provider of integrated clean room system solutions, the Company has undertaken numerous high-end clean room projects for high-tech manufacturing facilities in China, placing it at the forefront of the industry. It is one of the most competitive clean room engineering service providers in the Chinese market.

(3) Southeast Asia's "investment fever" drives the layout of clean room engineering enterprises to extend

Southeast Asia is gradually becoming a global semiconductor technology investor must contend. Diplomat Magazine said that many countries in Southeast Asia has established a wide range of chip assembly, packaging and testing industry clusters. Electronic circuits (semiconductors) have been identified as one of Vietnam's nine key national industries. The Vietnamese media quoted Linda Tan, Chairman of the Southeast Asian Semiconductor Industry Association, as saying that the Vietnamese semiconductor market is expected to grow by 6.12% in the period from 2022 to 2027; Southeast Asian countries represented by Singapore and Malaysia are already an important link in the global semiconductor industry chain. Compared with Singapore and Malaysia, which are at the forefront of the chip industry in Southeast Asia, Thailand, which is a regional automobile manufacturing center, focuses on building an automotive semiconductor industry chain.

Various countries have implemented a range of policies to support industrial development. A review of industry policies in Southeast Asian nations reveals the following:



The semiconductor companies' investments in establishing manufacturing facilities in Southeast Asia will objectively promote the further development of the local industry. However, Southeast Asia also faces challenges in terms of power supply, technical workforce, and upstream and downstream industrial chain support. Accompanying the shift of industrial clients, based on announcements from relevant industry peers, a number of Chinese clean room construction companies have gradually set their sights on the Southeast Asian region, and have begun to seize the overseas market through measures such as establishing subsidiaries and increasing investment amounts.

(II) Development strategy of the Company

√ Applicable □ N/A

The Company has conducted an analysis and forecast of the current macroeconomic situation and the long-term planning of infrastructure construction in the main business regions, and combined with its own actual situation, formulated the Company's business development strategy and plan for the next three years, making reasonable expectations, plans and arrangements for the Company's business development. Due to the possibility that the Chinese macroeconomic policies may be moderately adjusted in the future according to the Chinese and foreign economic situation, regional and industrial development and characteristics, the Company does not rule out the possibility of adjusting its business development goals based on the actual operating conditions and economic development situation. The Company adheres to the belief of being a "high-quality space creator" and will continue to uphold the business philosophy of "integrity, professionalism, internationalization, and innovation", implement the development strategy of "quality first, technology leadership, and perfect service", focusing on clean room engineering services as its main business, with serving the high-tech industry as the core, client demand orientation, technology and R&D as the support, and green energy conservation as the direction, to form independent innovation and R&D capabilities, achieve sustainable corporate development, and grow into a leading international provider of clean room system integration engineering services for the high-tech industry.

(III) Business plan

√ Applicable □ N/A

The Company is optimistic about future revenue and profit. Accompanied by the development trend of the industry, national policy drive, business development planning and corporate governance, the Company will continue to adhere to the development strategy of "multi-client, multi-industry, multi-task, multi-region", introduce ESG development concepts, assembly construction, and actively enhance its competitiveness. At present, the construction of the R&D center project has officially begun, and the construction progress will continue to be pushed forward in 2024. After the completion of the project, the Company will actively carry out various research and development work to help clients shorten the construction period, save operating costs, and improve the yield rate of products.

The driving force for future growth and acquisition of better market share is mainly reflected in the following aspects:

1. The booming development of downstream clean room industries such as domestic substitution, third-generation compound semiconductors, AI intelligence and 5G will provide a broad market space for the Company's future growth.

2. Through horizontal integration and vertical division of labor in the industrial chain, we will seize the core of the industry, gather more high-quality resources, and enhance the enterprise value.

3. Set up civil construction service team, obtain design qualification, introduce more quality teams and talents to join Acter, and expand business development channels in different industries.

4. Steady business growth in Vietnam, Thailand and Indonesia, and accelerate the continuous expansion of Malaysia market, and there is still room for growth of overseas revenue in 2024 compared with that in 2023.

5. Promote "green engineering" management; the Company adheres to the path of green development, introduces ESG development concepts, the concept of energy-saving machine rooms, fully integrates "green planning, green procurement, and green engineering methods", and applies green engineering technologies to help enterprises achieve carbon neutrality. We have introduced the concept of ESG development and the concept of energy-saving server room.

6. Continuously increase the development of the Chinese market: the Company has now built a total of eight molecular companies, including Shenzhen, Xiamen, Hefei, Zhengzhou, Wuhan, Chongqing, and consolidate and establish the regional centers in East China, South China and Southeast Asia, while collecting, organizing and establishing an information resource base, giving full play to the Company's brand, products, technology, talent and management advantages, extending marketing channels, expanding the scope of business regions, strengthening the allocation of resources, and promoting the sustainable development of the core business. We will give full play to our advantages in brand, products, technology, talents and management, extend marketing channels, expand the scope of business regions, strengthen resource allocation and promote the sustainable growth of core business.

7. Strengthening brand building: more and more clients take the initiative to invite tenders to the company, and the brand building of Acter as "quality space creator" has achieved results. Next, the company will further promote the Company's brand through high-quality engineering quality and service, show the Company's brand image to clients in all aspects, penetrate the brand concept, and strengthen the brand recognition. The Company will further realize the promotion of the Company's brand through high-quality projects and services, show the Company's brand image to clients in all directions, penetrate the brand concept, strengthen the brand cognition and enhance the brand value.

8. Increase R&D investment: the Company will be recognized as a high-tech enterprise in 2023, and it is expected to maintain more than 3% R&D investment in 2024. The Company will further improve the organizational structure of technology R&D, enrich the team of talent in technology R&D, improve the performance evaluation system for encouraging independent innovation, and put the R&D management methods and R&D incentive system into practice, so as to provide comprehensive R&D institutional guarantee for technological innovation. Integrate drawing and resources with BIM to produce value engineering and improve net profit; accelerate progress and improve project quality with "assembly installation".

9. Strengthen human resource development: human resource is the core driving force of the Company's development, and it is the Company's long-term planning and goal of human resource management to reasonably allocate, integrate and develop human resources, and establish a perfect human resource mechanism, so as to make the best use of them and bring their potentials into full play. Combined with the Company's future business development plan, we will enhance the Company's overall human resource level in the following aspects:

(1) Strengthen the continuing education of the employees, upgrade the qualification certificates of the employees, increase the qualification of the existing employees in construction, environment and other related practice, establish relevant incentive system to encourage colleagues, upgrade the number of employees with middle and senior titles, and encourage the on-the-job continuing learning of the serving colleagues.

(2) Strengthen the construction of talent echelon, adopting the methods of rotation, academic upgrading, external project management training, internal trainer, position agent, etc. to cultivate middle-level cadres; adopting the methods of master-apprentice system, passing on skills, on-the-job education, and the "Reserve Cadre Academy" to cultivate grass-roots cadres and core backbone staffs. By "selecting, nurturing, utilizing, and retaining talents", appropriate praise and affirmation, pertinent comments and suggestions, and positive expectations and concerns, we can form a succession of excellent cadres and a core reserve of manpower to meet the needs of future business development.

(IV) Possible risks

√ Applicable □ N/A

1. Macro policy risk

The Company is mainly engaged in clean room engineering services for IC semiconductors, optoelectronics and other high-tech industries. The market of the Company's downstream industries has a strong correlation with the macroeconomic development cycle, and the fluctuation of the economic growth rate and macro economy will directly affect the operation and development of the entire downstream industries, which will in turn have an impact on the operation of the clean room engineering services business. Therefore, the slowdown in economic growth and macroeconomic fluctuations will affect the Company's business development and bring certain risks to the Company's development and operation.

2. Industry competition risk

After years of development, China's clean room engineering industry has been growing and entering a steady development stage. With the entry of various types of social capital into the clean room industry, the number of enterprises in the industry is increasing year by year, and the market competition is relatively fierce. The Company's service targets are mainly concentrated in the segmented market of electronic industry, and it has strong competitive strength and certain leading advantages. Acter Group is one of the enterprises in the industry that possesses the first-class qualification of general contracting for electromechanical engineering and the first-class qualification of specialized contracting for architectural electromechanical installation, and ranks upstream in the industry in terms of business performance, business level, market brand and management level, and has a certain degree of popularity in the industry. With the increasing number of entrants in the industry, the Company will face competition from enterprises in the same industry. Therefore, if the company fails to maintain its advantages in technology, management, brand name and process, the Company's position in the industry will be affected to a certain extent.

3. Risk of gross profit rate fluctuation

During the reporting period, the gross profit rate of the Company's main business was 13.33%, with certain fluctuation compared with the same period of last year. The fluctuation of gross profit margin is mainly related to the intensity of competition, and factors such as cost control, technology level, project site management ability and client groups will also affect the change of gross profit margin to a certain extent. If the competition in the industry further intensifies in the future and the Company fails to take further measures to enhance its core competitiveness, the Company may face the risk of fluctuation in gross profit margin.

4. Risk of higher concentration of clients

During the reporting period, the sales of the top five clients of the company amounted to RMB 889.0282 million, accounting for 44.25% of the total annual sales, with a high concentration of clients. It is mainly due to the fact that the company has high reputation and good word of mouth, and mainly undertakes key projects and large-scale projects in the industry, and the amount of individual projects is large. clean room engineering industry is a project-based business, the Company needs to continue to develop new clients, undertake new business to ensure that the Company's operating results of sustained and stable growth, such as the Company's market development strategy does not meet the market changes or does not meet the needs of clients, the Company's existence can not be sustained, stable development of new clients and maintain the old clients to add new business may be, and thus face the risk of performance decline.

5. "Transnational" management risk

The Company has been dedicated to providing clean room engineering services for high-tech manufacturing projects since its inception. After years of development, the Company has accumulated substantial expertise in business network layout, client resources, and technology. Particularly in recent years, the continuous growth of overseas business has not only promoted the Company's development but also posed greater challenges to the Company's risk control and asset management capabilities. If the Company's management structure and capabilities cannot keep up with the needs of its sustained development, and its asset management ability fails to be correspondingly enhanced, it will constrain the Company's development pace and potentially adversely impact its operating performance.

(V) Others

□ Applicable √ N/A

VII. Information and reasons for the Company's failure to disclose information in accordance with the Guidelines due to non-application of the provisions of the Guidelines or for special reasons such as state secrets or commercial secrets.

□ Applicable √ N/A

Section IV Corporate Governance

I. Explanation on Corporate Governance

√ Applicable □ N/A

During the reporting period, the Company continuously improved its corporate governance structure, internal management and internal control system and standardized its operation in accordance with the requirements of the Company Law, the Securities Law, relevant laws and regulations of the Shanghai Stock Exchange and the actual situation of the Company. The shareholders' general meeting, the Board of Directors and the Supervisory Committee of the Company have clear division of powers and responsibilities and each of them performs its own duties, and the decision-making is independent, efficient and transparent. The Board of Directors of the Company has set up specialized committees such as the Remuneration and Assessment Committee, the Audit Committee, the Nomination Committee and the Strategy Committee to further improve the corporate governance structure of the Company. Details of the corporate governance of the Company are as follows:

(I) The Company and its controlling shareholders: The controlling shareholders of the Company exercise their rights and obligations in accordance with the law, and effectively fulfill their obligations of good faith to the Company and other shareholders. The Company and the controlling shareholder are completely independent in five aspects, namely, business, assets, personnel, organization and finance, and the Company has a complete business system and the ability to operate independently in the market.

(II) The shareholders' meeting is the Company's highest authority. The Company strictly follows the provisions and requirements of the Articles of Association, the Rules of Procedure for Shareholders' Meetings, and other regulations to standardize the convening, holding, and deliberation procedures of the shareholders' meeting. The Company engages lawyers to issue legal opinions on the legality of the shareholders' meeting, ensuring the equal status of all shareholders, especially minority shareholders, fully exercising the legitimate rights and interests of shareholders, and ensuring shareholders' right to know, participate, and vote on major corporate matters.

(III) The board of directors strictly exercises its powers in accordance with the Company Law, the Articles of Association, the Rules of Procedure for the Board of Directors, and other regulations. This includes organizing and implementing the resolutions of the shareholders' meeting, deciding on the Company's business plans and investment plans, formulating the Company's annual financial budget, final accounts, and profit distribution plans, drafting major acquisition plans, and appointing or dismissing the Company's general manager and other senior management personnel. All directors faithfully and diligently perform their duties, actively participate in the decision-making of the Company's major matters, and actively participate in relevant training. The specialized committees under the board of directors operate well, and the convening of meetings and resolutions comply with the relevant system requirements, allowing them to play their normal role.

(IV) The Supervisory Committee exercises its powers and functions in strict accordance with the Company Law, the Articles of Association and the Rules of Procedure for the Board of Directors, and performs its supervisory functions diligently and conscientiously, including the effective supervision of the fulfillment of duties by the Directors and senior management as well as the operation of the Company in accordance with the law.

(V) The company strictly follows the requirements of the Information Disclosure Management System and the Registration Management System for Insiders by implementing measures such as insider registration and external information reporting registration. This strengthens the management of insiders, standardizes the review process for external information reporting, clarifies the obligations and responsibilities of relevant personnel to maintain the confidentiality of undisclosed information, and enhances the Company's awareness of information disclosure. This effectively avoids the occurrence of violations in information disclosure. Meanwhile, the Company strengthens communication and interaction with investors, and pays attention to maintaining investor relations.

Whether there is any material difference between the corporate governance and the laws, administrative regulations and CSRC's regulations on the governance of listed companies; if there is such a material difference, the reasons shall be explained.
□ Applicable √ N/A

II. Specific measures taken by the controlling shareholders and actual controllers of the Company to ensure the independence of the Company in terms of assets, personnel, finances, organization and business, as well as the solutions, work progress and follow-up plans in case of the company's independence being affected.
□ Applicable √ N/A

Controlling shareholders, actual controllers and other parties controlled by them engaged in business that are same as or similar to the company, peer competition and impact of significant changes in peer competition on the company, solutions adopted, working progress and subsequent solution plans

□ Applicable √ N/A

III. General Meeting of Shareholders

Session of the meeting	Date of meeting	Index of searches on designated websites where resolutions are published	Date of publication of resolutions	Resolutions
2022 Annual General Meeting	April 28, 2023	www.sse.com.cn	April 29, 2023	1. Proposal on the Work Report of the Board of Directors for the Year 2022 2. Proposal on the Work Report of the Supervisory Board for the Year 2022 3. Proposal on the Full Text and Summary of the Annual Report for the Year 2022 4. Proposal on the Financial Settlement Report for the Year 2022 5. Proposal on the Financial Budget Report for the Year 2023 6. Proposal on the Estimated Guarantee Total for the Year 2023

				7. Proposal on the Application for Comprehensive Credit Limit from Financial Institutions for the Year 2023 8. Proposal on Changing the Implementation Location and Method of Some Raised Fund Investment Projects 9. Proposal on Adjusting the Construction Content of Some Raised Fund Investment Projects 10. Proposal to Revise the "Major Operating and Investment Decision Management System" 11. Proposal to Revise the "Articles of Association" 12. Proposal on the Profit Distribution Plan for the Year 2022
The First Extraordinary General Meeting of 2023	August 29, 2023	www.sse.com.cn	August 30, 2023	1. Proposal on the Reappointment of the Accounting Firm 2. Proposal on the Absorption and Merger of the Wholly-owned Subsidiary 3. Proposal on the Change of Registered Capital, Revision of the Articles of Association, and Handling of the Industrial and Commercial Registration Change

Preferred shareholders whose voting rights have been restored requested an extraordinary general meeting□ Applicable √ N/A

Explanation of general meetings
√ Applicable □ N/A

During the reporting period, the Company held 2 general meetings of shareholders, and the above meetings complied with the relevant laws and regulations and the Articles of Association in respect of the convening method, proceedings, voting method and contents of resolutions.

IV. Directors, Supervisors and Senior Management Personnel

(I) Changes in shareholdings and remuneration of incumbent and outgoing Directors, Supervisors and senior management during the reporting period

√ Applicable □ N/A

Unit: Share

Name	Position	Gender	Age	Appointment date	Expiration date of appointment	Shareholdings at the beginning of the year	Shareholdings at the end of the year	Increase/decrease in shares during the year	Reasons for increase or decrease	Total amount of pre-tax remuneration received from the Company during the reporting period (RMB Million/100)	Whether remuneration was received from related parties of the Company
Liang Jinli	Chairman	Male	62	July 1, 2019	July 1, 2025	0	0	0	Unchanged	48.57	Yes
Chen Zhihao	Vice Chairman, Secretary of the Board	Male	58	July 1, 2019	July 1, 2025	0	0	0	Unchanged	111.66	No
Zhu Qihua	Director, General Manager	Male	51	July 1, 2019	July 1, 2025	0	0	0	Unchanged	108.85	No
Su Yuzhou	Director	Male	48	July 1, 2019	July 1, 2025	0	0	0	Unchanged	49.02	No
Shi Kang	Independent Director	Male	59	July 31, 2020	July 1, 2025	0	0	0	Unchanged	8.00	No
Wu Weihua	Independent Director	Male	53	July 1, 2019	July 1, 2025	0	0	0	Unchanged	8.00	No
Gu Hailan	Independent Director	Female	52	July 1, 2019	July 1, 2025	0	0	0	Unchanged	8.00	No
Huang Yaping	Chairwoman of the Supervisory Board	Female	48	July 1, 2019	July 1, 2025	0	0	0	Unchanged	36.85	No
Liao Chongyou	Supervisor	Male	47	July 1, 2019	July 1, 2025	0	0	0	Unchanged	58.40	No
Wang Yu	Supervisor	Female	43	July 1, 2019	July 1, 2025	0	0	0	Unchanged	35.22	No
Xiao Jingxia	Chief Financial Officer	Female	55	July 1, 2019	July 1, 2025	0	0	0	Unchanged	37.61	No
Total	/	/	/	/	/	/	0	0	/	510.18	/

Name	Main Working Experience
Liang Jinli	Born in October 1962, with Chinese nationality of Taiwan, no permanent residence in foreign countries, master's degree of EMBA, senior engineer. He was the Engineering Manager of Gongshan Air Conditioning & Refrigeration Co., Ltd.; the Director and Chairman of the board of Sheng Huei Limited; Supervisor of Winmax (Shanghai); and Supervisor of Winmax (Suzhou). Currently, he is the CEO and Chairman of Acter (Taiwan); Chairman of HER SUO (Taiwan); Director of Acter (Shenzhen); Director of Acter (Hong Kong); Director of New Point (Seychelles); Director of Sheng Huei International; Chairman of NOVA (Taiwan); Director of Acter (Singapore); Director of Acter (Malaysia); Director of Shenzhen Dingmao; Director and CEO of Enrich (Taiwan); Chairman of Winmega (Taiwan); Director of Novatech (Singapore); Chairman of Winmax (Suzhou); Chairman of Winmax (Shanghai); Managing Partner of Suzhou Songhuei; Director of Sheng Huei (Vietnam); Director of WASTE; Chairman of the Board of Directors of Rayzher Industrial; Director of Acter (Thailand); Chairman of the Board of Directors of Hengji Construction Company Limited; Director of Indonesia Joint Venture; and Chairman of the Board of Directors of Acter Group from July 2019 to the present.
Chen Zhihao	Born in May 1966, with Chinese nationality of Taiwan, no permanent residence in foreign countries, bachelor's degree, senior engineer. He was the Deputy General Manager of Wuhan Ronghuei Industry and Trade Co., Ltd; the Deputy General Manager of Guangzhou Danli International Trade Co., Ltd; the Deputy General Manager of Zhongshan Acter Mechanical and Electrical Engineering Co., Ltd.; the Deputy General Manager and General Manager of Acter (Shenzhen); General Manager and Director of ShengHuei Limited; Director and Secretary of the Board of Directors of Acter Group. Currently, he is the Director of Acter (Hong Kong); the Chairman of Acter (Shenzhen); the Chairman of Shenzhen Dingmao; the Director of Lantia Innovation Co., Ltd.; the Director of Acter (Singapore); the Director of Sheng Huei (Vietnam); the Director of Space (Thailand); and the Director of Indonesia Joint Venture; and from July 2020 to now, he has been the Vice Chairman and the Secretary of the Board Of Directors of Acter Group.
Zhu Qihua	Born in April 1973, with Chinese nationality of Taiwan, no permanent residence in foreign countries, master degree in EMBA, mid-level engineer. He was the Assistant Manager of the Engineering Department of Kuang I Engineering Co., Ltd.; the Director of Acter (Taiwan), the Assistant Manager of the Engineering Department of Suzhou HongHuei Mechanical and Electrical Engineering Co., Ltd. and served as the Assistant Manager, Manager, Associate Manager, Deputy General Manager, General Manager and Director of Sheng Huei Limited. Currently, he is the Director and General Manager of Acter (Shenzhen); the Director and General Manager of Shenzhen Dingmao; the Supervisor of Sheng Huei (Vietnam); the Director of Acter (Hong Kong); the Director of Acter (Malaysia); the Director of Acter (Thailand); the Supervisor of Acter (Indonesia); the Supervisor of Indonesia Joint Venture; and from July 2019 to now, he has been the Director and General Manager of Acter Group.
Su Yuzhou	Born in May 1976, with Chinese nationality of Taiwan, no permanent residence in foreign countries, bachelor's degree, senior engineer. He was an engineer of Acter (Taiwan) and the Manager of the Engineering Department of Sheng Huei Limited. Currently, he is the Managing Partner of Suzhou Shengzhan; the Director of Space (Thailand); from July 2019 to now, he is the Manager of the Engineering Department and the Director of Acter Group.
Shi Kang	Born on August 15, 1965, with Chinese nationality, no permanent residency in foreign countries, bachelor's degree. He was the Secretary of the Youth League Committee and President of the Youth League School of the School of Computer and Information Engineering of Jiangsu University; President of the Youth League School of Jiangsu University Youth League Committee; the Lecturer of the Specialized Vehicle Teaching and Research Department of the School of Automotive Engineering in Jiangsu University; the Assistant General Manager of Jiangsu University Industrial Corporation; the Professional Lecturer of the Automobile Teaching Department of the School of Automobile Engineering in Jiangsu University; the Director of Office of the School of Business Administration in Jiangsu University; the Deputy Secretary of the Party Committee and Vice Dean of the College of Finance and Economics in Jiangsu University; the Vice President and Deputy Secretary of Jiangsu University Press and Magazines; the Deputy Director of the Labor Union of Jiangsu University; the President, General Manager and Executive Director of Jiangsu University Press Co., Ltd.; and the Director of Jiangsu University Asset

	Management Co., Ltd. Currently, he is a Grade 5 staff member of the Logistics Department (Logistics Group) of Jiangsu University; from July 2020 to present, he has been an Independent Director of Acter Group.
Wu Weihua	Born in November 1971, with Chinese nationality, no permanent residency in foreign countries, master's degree and licensed to practice law in China. He was a practicing lawyer of Suzhou Foreign Law Firm, a practicing lawyer of H&Z Group Law Firm, a practicing lawyer of Suzhou Renhai Fangzhou Law Firm, a Director of the Finance and Insurance Committee of Suzhou Lawyers Association, a member of Suzhou Hi-Tech District Government Lawyers' Advisory Group, and a Standing Director of the Bankruptcy Law Research Association of Jiangsu Law Society. Currently, he is a lecturer of Suzhou University of Science and Technology; a practicing lawyer of Jiangsu Lantern Law Firm; the Deputy Secretary-General of Small and Medium-sized Enterprises Committee of Jiangsu Federation of Industry and Commerce; the Vice President of Suzhou Bankruptcy Administrators' Association; a Director of Suzhou Lawyers' Association; and an Independent Director of Acter Group from July 2019 to the present.
Gu Hailan	Born in October 1972, with Chinese nationality, no permanent residency in foreign countries, master degree in MBA, certified public accountant in China. She was the Financial Manager of Kunshan Huaheng Welding Equipment Technology Co., Ltd; the Financial and Administrative Manager of Hangzhou Zhixing Automobile Co. Ltd. and Hangzhou Dongxingxing Auto Repair Co., Ltd.; the Chief Financial Officer of Kunshan Huaheng Welding Equipment Co., Ltd.; Chief Financial Officer, Deputy General Manager and Chief Financial Officer, Deputy General Manager and Secretary of the Board of Directors of Shanghai Qinsen Landscape Co., Ltd.; the Secretary to the Board of Directors and Chief Financial Officer of Origincell Technology Group Ltd. Currently, she is the Secretary of the Board Of Directors and Chief Financial Officer of Jiaxing Hechang Elevator Control Technology Co., Ltd.; from July 2019 to present, he is an Independent Director of Acter Group.
Huang Yaping	Born in February 1976, with Chinese nationality of Taiwan, permanent residency in the United States and has a graduate degree. She was the Accounts Receivable Specialist of McAllister, the Finance Specialist of Texas Instruments Incorporated, the Finance Manager of Acter (Shenzhen), and the Manager of Administration Department of Sheng Huei Limited. Currently, she is the Supervisor of Shenzhen Dingmao; the Supervisor of Acter (Shenzhen); and from July 2019 to now, she is the Chief Executive Officer and Chairman of the Supervisory Committee of Acter Group.
Liao Chongyou	Born in May 1977, with Chinese nationality of Taiwan, no permanent residency in foreign countries and college degree. He was an engineer of Ming Sheng Electromechanical Co., Ltd. and the Head of Engineering Department of SILPORT Technologies Inc. and the Manager of Engineering Department of Acter (Taiwan) and the Associate Manager of Engineering Department of Sheng Huei Limited. From July 2019 to now, he has been the Associate Manager and Supervisor of the Engineering Department of Acter Group.
Wang Yu	Born in June 1981, with Chinese nationality, no permanent residency in foreign countries, bachelor's degree. She used to work as a laborer in Haoweinai Precision Technology (Suzhou) Co., Ltd; a staff member in the Management Department of Suzhou Honghuei Mechanical and Electrical Engineering Co., Ltd. From July 2019 to now, she has been the Assistant Manager, Deputy Manager and Employee Representative Supervisor of the Management Integration Department of Acter Group.
Xiao Jingxia	Born in April 1969, with Chinese nationality, no permanent residency in foreign countries and bachelor's degree. She was the Team Leader of the Audit Department of the First Joint Accounting Firm; the Assistant Manager of the Underwriting Department of Fubon Securities Co., Ltd.; the Financial Manager of Taiwan Green Point Enterprises Co., Ltd.; the Financial Director of Megaforce Compan Limited; the Accountant of Shen Chuan Paper (Suzhou) Co., Ltd.; the Finance Manager of Sheng Huei Limited; and the Supervisor of Suzhou Yumanchang Food Technology Co., Ltd. From July 2019 to present, she is the Chief Financial Officer of Acter Group.

Other Information

□ Applicable √ N/A

(II) Occupation of Directors, Supervisors and Senior Management Currently in Office and Outgoing During the Reporting Period

1. Appointments in shareholders' organizations

√ Applicable □ N/A

Name of the incumbent	Name of shareholder unit	Position held in the shareholders' organization	Date of commencement of term of office	Date of termination
Liang Jinli	Acter (Taiwan)	Chief Executive Officer and Chairman of the Board	August 1993	
Liang Jinli	Sheng Huei International	Director	May 2008	
Liang Jinli	Suzhou Songhuei	Managing Partner	April 2018	
Su Yuzhou	Suzhou Shengzhan	Managing Partner	April 2018	
Statement of employment in shareholders' organizations	None			

2. Employment in other organizations

√ Applicable □ N/A

Name of incumbent	Name of other units	Positions held in other units	Date of commencement of term of office	Date of termination
Liang Jinli	New Point (Seychelles)	Director	March 2008	
	Enrich (Taiwan)	Director, Chief Executive Officer	June 2014	
	HER SUO (Taiwan)	Chairman of the Board	April 1998	
	NOVA (Taiwan)	Chairman of the Board	March 2009	
	Winmega (Taiwan)	Chairman of the Board	July 2014	
	Novatech (Singapore)	Director	June 2016	
	Winmax (Shanghai)	Chairman of the Board	May 2023	
	Winmax (Suzhou)	Chairman of the Board	May 2023	
	Rayzher Industrial	Chairman of the Board	June 2021	
	WASTE	Director	October 2019	
	Acter (Singapore)	Director	November 2009	

	Acter (Malaysia)	Director	December 2011	
	Acter (Shenzhen)	Director	June 2005	
	Shenzhen Dingmao	Director	October 2012	
	Acter (Thailand)	Director	September 2019	
	Acter (Hong Kong)	Director	November 2007	
	Sheng Huei (Vietnam)	Director	September 2018	
	Hengji Construction Corporation	Chairman of the Board	May 2023	
	Indonesia Joint Venture	Director	April 2023	
	Winmax (Suzhou)	Supervisor	May 2016	May 2023
	Winmax (Shanghai)	Supervisor	October 2016	May 2023
Chen Zhihao	Acter (Shenzhen)	Chairman of the Board	October 2009	
	Shenzhen Dingmao	Chairman of the Board	October 2012	
	Acter (Hong Kong)	Director	November 2007	
	Sheng Huei (Vietnam)	Director	July 2019	
	Acter (Singapore)	Director	October 2018	
	Space (Thailand)	Director	October 2019	
	Lantia Innovation Co., Ltd.	Director	September 2015	
	Indonesia Joint Venture	Director	April 2023	
Zhu Qihua	Acter (Shenzhen)	Director, General Manager	January 2018	
	Shenzhen Dingmao	Director, General Manager	January 2018	
	Acter (Hong Kong)	Director	July 2019	
	Sheng Huei (Vietnam)	Supervisor	December 2018	

	Acter (Malaysia)	Director	September 2019	
	Acter (Thailand)	Director	September 2019	
	Acter (Indonesia)	Supervisor	January 2023	
	Indonesia Joint Venture	Supervisor	April 2023	
Su Yuzhou	Space (Thailand)	Director	October 2019	
Huang Yaping	Acter (Shenzhen)	Supervisor	October 2018	
	Shenzhen Dingmao	Supervisor	October 2018	
Xiao Jingxia	Suzhou Yumanchang Food Technology Co., Ltd.	Supervisor	October 2021	April 2023
Gu Hailan	Jiaxing Hechang Elevator Control Technology Co., Ltd.	Secretary of the Board of Directors and Chief Financial Officer	November 2022	
Shi Kang	Jiangsu University Press Co., Ltd.	President, General Manager and Executive Director	May 2017	December 2023
	Jiangsu University Asset Management Co., Ltd.	Director	May 2017	December 2023
	Logistics Department of Jiangsu University (Logistics Group)	Grade 5 Staff	January 2024	
Wu Weihua	Suzhou University of Science and Technology	Lecturer	July 1993	
	Jiangsu Lantern Law Firm	Lawyer	December 2004	
	Small and Medium-sized Enterprises Committee of Jiangsu Federation of Industry and Commerce	Deputy Secretary General	October 2018	
	Suzhou Bankruptcy Administrators Association	Vice President	June 2019	
	Suzhou Lawyers Association	Director	February 2016	
Description of positions held in other organizations	None			

(III) Remuneration of directors, supervisors and senior management personnel

√ Applicable □ N/A

Decision-making procedures for remuneration of Directors, Supervisors and senior management personnel	With reference to the remuneration level of the Company's industry and the region, and taking into account the Company's actual operating conditions and job responsibilities, the Company shall draw up a plan and implement it after consideration and approval by the Board of Directors and the general meeting of shareholders. Among them, the remuneration of Directors and Supervisors shall be decided by the shareholder'' meeting, and the remuneration of senior management shall be decided by the Board of Directors.
Whether a director recuses himself/herself from the Board of Directors' discussion on his/her own remuneration?	Yes
Details of the recommendations made by the Remuneration and Evaluation Committee or the special meeting of independent directors in respect of the remuneration of directors, supervisors and senior management personnel	On April 7, 2023, the Remuneration and Evaluation Committee considered and approved the "Proposal on the Remuneration Plan for Senior Management for the Year 2023".
Basis for determining the remuneration of Directors, Supervisors and senior management personnel	Except for the allowance for independent directors of the Company, the remuneration of Directors, Supervisors and senior management who are in receipt of remuneration from the Company shall be determined on the basis of the Company's overall remuneration policy, salary standards, the specific executive positions held by the individuals in the Company, their work performance as well as the actual circumstances of the fulfillment of the Company's annual business plan.
Actual payment of remuneration to Directors, Supervisors and senior management personnel	The actual payment of the remuneration of Directors, Supervisors and senior management was made on time in accordance with the relevant provisions mentioned above, and the remuneration data were true and accurate.
Total actual remuneration received by all Directors, Supervisors and senior management as at the end of the Reporting Period	RMB 5.1018 million

(IV) Changes in Directors, Supervisors and senior management of the Company

□ Applicable √ N/A

(V) Explanation of penalties imposed by securities regulators in the previous three years

□ Applicable √ N/A

(VI) Others

□ Applicable √ N/A

V. Information on the Board of Directors' meetings held during the reporting period

Session of the meeting	Date of meeting	Resolution of the meeting
The Sixth Meeting of the Second Session of the Board of Directors	April 7, 2023	1. Proposal on the Work Report of the General Manager for the Year 2022 2. Proposal on the Work Report of the Board of Directors for the Year 2022 3. Proposal on the Performance Report of Independent Directors for the Year 2022 4. Proposal on the Report on the Performance of the Audit Committee of the Board of Directors for the Year 2022 5. Proposal on the Internal Control Evaluation Report for the Year 2022 6. Proposal on the Internal Control System Declaration for the Year 2022 7. Proposal on the Full Text and Summary of the Annual Report for the Year 2022 8. Proposal on the Financial Settlement Report for the Year 2022 9. Proposal on the Financial Budget Report for the Year 2023 10. Proposal on the Business Plan for the Year 2023 11. Proposal on the Remuneration Plan for Senior Management for the Year 2023 12. Proposal on the Confirmation of Routine Related Transactions for the Year 2022 and the Expected Routine Related Transactions for the Year 2023 13. Proposal on Signing a Rental Contract for Real Estate and Related Transactions with Suzhou Winmax Technology Corp. 14. Proposal on the Estimated Guarantee Total for the Year 2023 15. Proposal to Request the Board of Directors' Confirmation of the Detailed Guarantees between the Company and its Subsidiaries Holding Over 50% of Shares within the Scope of Consolidated Financial Statements 16. Proposal on the Application for Comprehensive Credit Limit from Financial Institutions for the Year 2023 17. Proposal on Applying for Comprehensive Credit Limit from China Construction Bank Suzhou High-Tech Industrial Development Zone Branch 18. Proposal on Providing Financial Support to the Holding Subsidiary Company 19. Proposal on Providing Loans to Employees for Home Purchases and Formulating the "Employee Home Purchase Loan Management Measures" 20. Proposal on Changes in Accounting Policies 21. Proposal on the Special Report on the Deposit and Actual Use of Funds Raised by the Company in 2022 22. Proposal on Using Some Idle Own Funds for Cash Management 23. Proposal on Changing the Implementation Location and Method of Some Raised Fund Investment Projects 24. Proposal on Adjusting the Construction Content of Some Raised Fund Investment Projects

		25. Proposal to Request the Board of Directors to Approve the Establishment of the Joint Venture Company for External Investment 26. Proposal to Revise the “Major Operating and Investment Decision Management System” 27. Proposal to Revise the “Articles of Association” 28. Proposal on the Profit Distribution Plan for the Year 2022 29. Proposal to Convene the 2022 Annual Shareholders’ Meeting.
Seventh Meeting of the Second Board of Directors	April 27, 2023	1. Proposal on the Q1 Report for 2023 2. Proposal on Confirming that Overdue Accounts Receivable Exceeding Normal Credit for 3 Months Are Not Included in Fund Lending
Eighth Meeting of the Second Board of Directors	August 11, 2023	1. Proposal on the Full Text and Summary of the Semi-Annual Report for the Year 2023 2. Proposal on the Special Semi-Annual Report on the Deposit and Actual Use of Funds Raised by the Company in 2023 3. Proposal on Providing Financial Support to the Holding Subsidiary Company 4. Proposal on Capital Increase to the Hong Kong Subsidiary 5. Proposal on Applying for Comprehensive Credit Line from the Bank 6. Proposal on Confirming that Overdue Accounts Receivable Exceeding Normal Credit for 3 Months Are Not Included in Fund Lending 7. Proposal on Seeking the Board’s Approval for Relevant Matters 8. Proposal on the Reappointment of the Accounting Firm 9. Proposal on the Absorption and Merger of the Wholly-Owned Subsidiary 10. Proposal on the Change of Registered Capital, Revision of the Articles of Association, and Handling of the Industrial and Commercial Registration Change 11. Proposal on Convening the First Extraordinary General Meeting of Shareholders in 2023
Ninth Meeting of the Second Board of Directors	October 27, 2023	1. Proposal on the Q3 Report for 2023 2. Proposal on the Expected Trading Volume of Financial Derivative Products 3. Proposal on Using Some Idle Raised Funds for Cash Management 4. Proposal on the Postponement of Some Raised Investment Projects 5. Proposal on Confirming that Overdue Accounts Receivable Exceeding Normal Credit for 3 Months Are Not Included in Fund Lending 6. Proposal on the Outbound Investment 7. Proposal to Request the Board of Directors’ Confirmation of the Detailed Guarantees between the Company and its Subsidiaries Holding Over 50% of Shares within the Scope of Consolidated Financial Statements

VI. Fulfillment of Duties by Directors

(I) Participation of Directors in the Board of Directors' Meetings and Shareholders' Meetings

Name of Director	Independent Director or not	Participation in the Board of Directors						Participation in shareholders' meetings
		Required attendances of Board meetings	Attendance in person	Attendance by telecommunication	Attendances by proxy	Absences	Whether there have been two consecutive failures to attend in person	Number of attendances at the shareholders' meeting
Liang Jinli	No	4	4	4	0	0	No	2
Chen Zhihao	No	4	4	0	0	0	No	2
Zhu Qihua	No	4	4	0	0	0	No	2
Su Yuzhou	No	4	4	4	0	0	No	2
Shi Kang	Yes	4	4	4	0	0	No	2
Wu Weihua	Yes	4	4	4	0	0	No	2
Gu Hailan	Yes	4	4	4	0	0	No	2

Explanation for two consecutive failures to attend in person
□ Applicable √ N/A

Number of board meetings held during the year	4
Of which: Number of on-site meetings	0
Number of meetings held via telecommunication	0
Number of meetings held on-site and via communication	4

(II) Objections raised by directors to matters relating to the Company

□ Applicable √ N/A

(III) Others

□ Applicable √ N/A

VII. Specialized committees under the Board of Directors

√ Applicable □ N/A

(I) Membership of specialized committees under the Board of Directors

Type of specialized committees	Name of member
Audit Committee	Liang Jinli, Wu Weihua, Gu Hailan
Nomination Committee	Liang Jinli, Shi Kang, Wu Weihua
Remuneration and Appraisal Committee	Liang Jinli, Shi Kang, Gu Hailan
Strategy Committee	Liang Jinli, Chen Zhihao, Zhu Qihua

(II) The Audit Committee held 4 meetings during the reporting period

Date of meeting	Contents of meetings	Important opinions and recommendations	Other performance of duties
April 7, 2023	1. Proposal on the Report on the Performance of the Audit Committee of the Board of Directors for the Year 2022 2. Proposal on the Internal Control Evaluation Report for the Year 2022 3. Proposal on the Internal Control System Declaration for the Year 2022 4. Proposal on the Full Text and Summary of the Annual Report for the Year 2022 5. Proposal on the Financial Settlement Report for the Year 2022 6. Proposal on the Financial Budget Report for the Year 2023 7. Proposal on the Confirmation of Routine Related Transactions for the Year 2022 and the Expected Routine Related Transactions for the Year 2023 8. Proposal on Signing a Rental Contract for Real Estate and Related Transactions with Suzhou Winmax Technology Corp. 9. Proposal on the Estimated Guarantee Total for the Year 2023 10. Proposal to Request the Board of Directors’ Confirmation of the Detailed Guarantees between the Company and its Subsidiaries Holding Over 50% of Shares within the Scope of Consolidated Financial Statements 11. Proposal on the Application for Comprehensive Credit Limit from Financial Institutions for the Year 2023	Considered and approved	None

	12. Proposal on Applying for Comprehensive Credit Limit from China Construction Bank Suzhou High-Tech Industrial Development Zone Branch 13. Proposal on Providing Financial Support to the Holding Subsidiary Company 14. Proposal on Providing Loans to Employees for Home Purchases and Formulating the "Employee Home Purchase Loan Management Measures" 15. Proposal on Changes in Accounting Policies 16. Proposal on the Special Report on the Deposit and Actual Use of Funds Raised by the Company in 2022 17. Proposal on Using Some Idle Own Funds for Cash Management 18. Proposal on Changing the Implementation Location and Method of Some Raised Fund Investment Projects 19. Proposal on Adjusting the Construction Content of Some Raised Fund Investment Projects 20. Proposal on the Profit Distribution Plan for the Year 2022		
April 27, 2023	1. Proposal on the Q1 Report for 2023 2. Proposal on Confirming that Overdue Accounts Receivable Exceeding Normal Credit for 3 Months Are Not Included in Fund Lending	Considered and approved	None
August 11, 2023	1. Proposal on the Full Text and Summary of the Semi-Annual Report for the Year 2023 2. Proposal on the Special Semi-Annual Report on the Deposit and Actual Use of Funds Raised by the Company in 2023 3. Proposal on Providing Financial Support to the Holding Subsidiary Company 4. Proposal on Capital Increase to the Hong Kong Subsidiary 5. Proposal on Applying for Comprehensive Credit Line from the Bank 6. Proposal on Confirming that Overdue Accounts Receivable Exceeding Normal Credit for 3 Months Are Not Included in Fund Lending 7. Proposal on Seeking the Board's Approval for Relevant Matters 8. Proposal on the Reappointment of the Accounting Firm	Considered and approved	None
October 27, 2023	1. Proposal on the Q3 Report for 2023 2. Proposal on the Expected Trading Volume of Financial Derivative Products 3. Proposal on Using Some Idle Raised Funds for Cash Management 4. Proposal on the Postponement of Some Raised Investment Projects 5. Proposal on Confirming that Overdue Accounts Receivable Exceeding Normal Credit for 3 Months Are Not Included in Fund Lending 6. Proposal on the Outbound Investment 7. Proposal to Request the Board of Directors' Confirmation of the Detailed Guarantees between the Company and its Subsidiaries Holding Over 50% of Shares within the Scope of Consolidated Financial Statements	Considered and approved	None

(III) The Nomination Committee held one meeting during the reporting period

Date of meeting	Contents of the meeting	Important opinions and recommendations	Other performance of duties
October 27, 2023	1. Proposal to Review the Qualifications of the Current Independent Directors of the Company	Considered and approved	None

(IV) The Remuneration and Evaluation Committee held one meeting during the reporting period

Date of meeting	Content of the meeting	Important opinions and recommendations	Other performance of duties
April 7, 2023	1. Proposal on the Remuneration Plan for Senior Management for the Year 2023	Considered and approved	None

(V) The Strategy Committee held three meetings during the reporting period

Date of meeting	Contents of meetings	Important opinions and recommendations	Other performance of duties
April 7, 2023	1. Proposal on the Business Plan for the Year 2023 2. Proposal to Request the Board of Directors to Approve the Establishment of the Joint Venture Company for External Investment	Considered and approved	None
August 11, 2023	1. Proposal on the Absorption and Merger of the Wholly-Owned Subsidiary	Considered and approved	None
October 27, 2023	1. Proposal on the Expected Trading Volume of Financial Derivative Products 2. Proposal on the Outbound Investment	Considered and approved	None

(VI) Details of disagreements

□ Applicable √ N/A

VIII. Explanation of risks found by the Supervisory Committee to exist in the Company

□ Applicable √ N/A

The Supervisory Committee has no objection to the supervisory matters during the reporting period.

IX. Employees of the parent company and major subsidiaries at the end of the reporting period

(I) Employees

Number of employees in service of the Parent Company	442
Number of employees on board of major subsidiaries	198
Total number of staff	640
Number of retired employees subject to expenses of the parent company and major subsidiaries	1
Specialty Composition	
Type of breakdown by function	Number of Professionals
Production staff	0
Sales staff	5
Technical staff	525
Finance staff	25
Administrative staff	72
Management staff	13
Total	640
Educational Level	
Breakdown by educational background	Number (persons)
Master's degree and above	13
Bachelor’s degree	324
College	258
College and below	45
Total	640

(II) Remuneration policy

√ Applicable □ N/A

The Company's remuneration system closely follows the principles of prioritizing efficiency, taking into account fairness and incentives. Internally, it reflects the value differences of different levels, grades and positions according to the differences in responsibilities, abilities and performance achievements; externally, it conducts annual market salary level surveys to ensure the market competitiveness of the Company's salaries.

(III) Training program

√ Applicable □ N/A

In order to achieve the Company's mission, vision, and development goals, Acter Group continues to invest resources in cultivating talents to maintain the core competitive advantage of "diversified layout and multi-tasking talents". Following the "education and training program" and the strategic direction of talent development of "developing employees' potentials and promoting self-learning", Acter Group invests sufficient resources in employees of different positions and grades to learn and develop in a systematic training program, such as new employee training, on-the-job training, and self-study, etc., to strengthen employees' professional skills, improve work efficiency and quality, and at the same time, satisfy employees' lifelong learning needs and support the Company's long-term growth.

The Company conducts a training needs survey in the Q4 of each year, plans corresponding development courses based on the functional needs of supervisors and employees, and offers online or physical courses to achieve the goals of cultural inheritance, strengthening the management qualities of all levels of management, and developing the strength of talents. In addition to setting up mandatory courses to assist employees in improving their work performance, employees can also participate in various training courses based on their personal needs and future development plans, so as to prepare for the next stage of career planning and development in advance.

(IV) Labor Outsourcing

√ Applicable □ N/A

Total number of labor hours outsourced	18,960 hours
Total remuneration paid for labor outsourcing	RMB 391,200.00

X. Proposed profit distribution or capitalization of capital reserves

(I) Formulation, implementation or adjustment of cash dividend policy

√ Applicable □ N/A

In accordance with the CSRC's "Notice on Further Implementation of Matters Relating to Cash Dividends for Listed Companies", "Supervisory Guideline for Listed Companies No. 3 - Cash Dividends for Listed Companies" and other relevant regulations, the Company has formulated the cash dividend policy, and the decision-making procedures and mechanisms relating to profit distribution matters are clearly stipulated in the Articles of Association of the Company. As considered and approved at the Twelfth Meeting of the Second Session of the Board of Directors of the Company, the Company proposes to distribute profits for the year 2023 on the basis of the total share capital registered on the date of registration of the shareholders for the implementation of the equity distribution. The Company proposes to distribute a cash dividend of RMB 8 (including tax) for every 10 shares to all shareholders. As at December 31, 2023, the total share capital of the Company was 100,000,000 shares, and the total cash dividend to be distributed is RMB 80,000,000 (including tax). The cash dividend distribution ratio of the Company for the year is 57.72%. The implementation of this profit distribution plan is in compliance with the provisions of the Articles of Association and the requirements of the resolution of the shareholders' meeting. This profit distribution proposal has yet to be submitted to the 2023 Annual General Meeting for consideration.

During the reporting period, the Company did not adjust or change its profit distribution policy.

(II) Special explanation on cash dividend policy

√ Applicable □ N/A

Compliance with the provisions of the Articles of Association of the Company or the requirements of the resolutions of the shareholders' general meeting	√ Yes □ No
Whether the criteria and proportion of dividend distribution are clear and unambiguous	√ Yes □ No
Whether the relevant decision-making procedures and mechanisms are complete	√ Yes □ No
Whether the independent directors have performed their duties and played their due role	√ Yes □ No
Whether the small and medium-sized shareholders have sufficient opportunities to express their opinions and demands, and whether their legitimate rights and interests are adequately protected	√ Yes □ No

(III) If the reporting period is profitable and the parent company has positive profit available for distribution to shareholders but has not put forward a proposal for a cash profit distribution plan, the Company shall disclose in detail the reasons therefor as well as the use of the undistributed profit and the plan for its utilization

□ Applicable √ N/A

(IV) Proposals for profit distribution and capitalization of capital reserve for the reporting period

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Number of bonus shares per 10 shares (shares)	0.00
Dividend per 10 shares (yuan) (including tax)	8.00
Dividend per 10 shares (shares)	0.00
Cash dividend amount (including tax)	80,000,000.00
Net profit attributable to ordinary shareholders of the listed company in the consolidated statement for the year of dividend distribution	138,590,474.42
Ratio to net profit attributable to ordinary shareholders of the listed company in the consolidated statement (%)	57.72
Amount of shares repurchased for cash included in cash dividends	0.00
Total amount of dividends (including tax)	80,000,000.00
Ratio of total dividend amount to net profit attributable to ordinary shareholders of the listed company in the consolidated statement (%)	57.72

XI. Status of the Company's share incentive scheme, employee shareholding plan or other employee incentives and their impacts

(I) Where the relevant incentive matters have been disclosed in the interim announcement and there is no progress or change in subsequent implementation

□ Applicable √ N/A

(II) Incentives not disclosed in the interim announcement or with subsequent progress

Equity incentives
□ Applicable √ N/A

Other Notes
□ Applicable √ N/A

Employee Stock Ownership Plan
□ Applicable √ N/A

Other incentives
□ Applicable √ N/A

(III) Share incentives granted to Directors and senior management during the reporting period

□ Applicable √ N/A

(IV) Evaluation mechanism for senior management personnel and establishment and implementation of incentive mechanism during the reporting period

□ Applicable √ N/A

XII. Construction and Implementation of Internal Control System During the Reporting Period

√ Applicable □ N/A

For the evaluation of the Company's internal control, please refer to the "Internal Control Evaluation Report for the Year 2023" disclosed by the Company on March 30, 2024 on the website of Shanghai Stock Exchange (www.sse.com.cn).

Explanation on the existence of significant deficiencies in internal control during the reporting period
□ Applicable √ N/A

XIII. Management Control over Subsidiaries During the Reporting Period

√ Applicable □ N/A

During the reporting period, the Company formulated the “Management System for Subsidiaries” in accordance with the Company Law, the Securities Law, the Self-disciplinary Supervision Guidelines for Listed Companies of Shanghai Stock Exchange No. 1 - Standardized Operation and other laws and regulations as well as relevant provisions of the Articles of Association of the Company, and in conjunction with the actual situation of the Company. The Company has strictly complied with the “Subsidiary Management System”, further strengthened the management of subsidiaries, established an effective control mechanism, and carried out risk control over the organization, resources, assets, investment and operation of the Company, so as to improve the overall operational efficiency and risk-resistant capability of the Company.

The subsidiaries operate in compliance with the law within the framework of the Company’s overall policies and objectives and report information on material matters to the Company in a timely, accurate, truthful and complete manner in strict accordance with the provisions of the Company’s “Information Disclosure Management System”, and there is no information on material matters that shall be disclosed but has not been disclosed.

XIV. Explanation of the Relevant Information of the Internal Control Audit Report

√ Applicable □ N/A

The Company has engaged ShineWing Certified Public Accountants LLP to conduct an independent audit of the internal control of the Company and issued a standard unqualified opinion. Details of the internal control audit report can be found in the “Internal Control Audit Report for the Year 2023” disclosed by the Company on March 30, 2024 on the website of Shanghai Stock Exchange (www.sse.com.cn).

Whether to disclose the internal control audit report: Yes

Type of opinion of the internal control audit report: Standard unqualified opinion

XV. Self-Inspection and Rectification of Issues in the Special Action on Governance of Listed Companies

In FY2023, the Company carried out the self-inspection activities of the special action for governance of listed companies, and there were no rectification matters after self-inspection of the Company.

XVI. Others

□ Applicable √ N/A

Section V Environmental and Social Responsibility

I. Environmental Information

Whether to establish mechanisms related to environmental protection	Yes
Investment in environmental protection during the reporting period (Unit: RMB Million/100)	18.61

(I) Explanation of the environmental protection status of the Company and its major subsidiaries which are key emission units announced by the environmental protection department

□ Applicable √ N/A

(II) Explanation on the environmental protection situation of companies other than key emission units

□ Applicable √ N/A

(III) Information related to the protection of ecology, prevention of pollution and fulfillment of environmental responsibility

□ Applicable √ N/A

(IV) Measures taken to reduce its carbon emissions during the reporting period and their effects

Whether to take measures to reduce carbon emissions	Yes
Reduction of carbon dioxide equivalent emissions (unit: tons)	N/A
Type of carbon reduction measures (e.g., use of clean energy for power generation, use of carbon reduction technologies in production processes, R&D and production of new products that contribute to carbon reduction, etc.)	The Company implements pollution prevention for environmental factors involved in the construction and service process, controls and treats them in accordance with the regulations of relevant departments, controls sewage and noise emissions, reduces construction dust and construction waste, saves energy and reduces consumption, rationally utilizes resources and energy, and prevents or reduces pollution to the environment; it also cooperates with suppliers and contractors to jointly prevent pollution and protect the ecological environment. We will take strong measures to prevent pollution throughout the construction process.

Specific description

√ Applicable □ N/A

The Company has introduced modern environmental management methods and formulated environmental management systems such as Quality, Environment and Safety Management Manual, Safety and Civilized Construction Management Procedures and Energy Saving and Consumption Reduction Control Procedures in strict accordance with the requirements of GB/T24001-2016/IS014001:2015. The environmental management involved in the construction of electromechanical installation works, fire-fighting works and architectural works within the scope of qualification is evaluated by an external certification organization, and the company has obtained ISO14001 certification.

II. Social Responsibility

(I) Whether to disclose social responsibility report, sustainable development report or ESG report separately

√ Applicable □ N/A

For details, please refer to the “2023 Environmental, Social and Governance (ESG) Report of Acter Technology Integration Group Co., Ltd.” disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on March 30, 2024 by the Company.

(II) Details of social responsibility work

√ Applicable □ N/A

External donations and public welfare items	Number/content	Description
Total input (RMB Million/100)	29.60	
Of which: Funds (RMB Million/100)	29.60	
Material Discount (RMB Million/100)	0.00	
Number of people benefited (persons)	Unknown	

Specific description

√ Applicable □ N/A

During the reporting period, the Company conscientiously fulfilled its social responsibilities, actively promoted the harmonious development of society, extensively participated in various social activities, and supported public welfare undertakings. The Company established and improved various rules and regulations internally, strengthened corporate culture construction, actively took various measures to protect the legitimate rights and interests of employees, and improved employee benefits. Externally, the Company has always adhered to sharing its development achievements with society, actively engaged in public welfare and charity undertakings, called on employees to join the volunteer team, and invested resources in multiple public welfare and charity areas such as earthquake relief, education assistance, and assistance to vulnerable groups, continuously fulfilling social responsibilities and shaping the image of a responsible enterprise.

Online public welfare delivers boundless love. The Acter Volunteer Group went to the Suzhou Social Welfare Home to bring stickers, coloring boards, puzzles, and other toys to the children in the welfare home, and accompanied them in making delicate handicrafts, allowing them to feel the warmth and care of society.

Caring for education, warming the heart. In order to encourage all students to achieve academic success, Acter Group held the second “Acter Scholarship” award ceremony at Wuhan University of Science and Technology, with a total of 20 students receiving scholarships. In order to effectively improve the current lack of modern teaching equipment in schools in Tibetan areas and enhance the overall teaching quality of schools, the Company donated computers to Xueyu Civilization Charity School to help the school cultivate more talents and contribute to the revitalization of rural education.

In the future, the Company will continue to actively fulfill its social responsibilities, express the original intention of the enterprise to convey warmth and give back to society with practical actions, take the initiative to assume the social responsibilities bestowed upon enterprises in the new era, and achieve high-quality and sustainable development of the enterprise through hard work.

III. Consolidating and Expanding the Results of Poverty Alleviation, Rural Revitalization and Other Specifics

□ Applicable √ N/A

Specific description:
□ Applicable √ N/A

Section VI Important Events

I. Fulfillment of commitments

(I) Commitments made by the Company's actual controllers, shareholders, connected parties, acquirers and other parties related to the Company's commitments during the reporting period or continuing into the reporting period

√ Applicable □ N/A

Background of commitments	Type of commitment	Commitment party	Commitment Content	Date of Commitment	Whether there is a deadline for fulfillment	Commitment period	Timely and strict compliance	If not fulfilled in time, specify the reasons for incomplete fulfillment.	If not fulfilled in time, next steps shall be indicated.
Commitments relating to the IPO	Restriction on Sale of Shares	Sheng Huei International, Acter (Taiwan)	Note 1	June 22, 2021	Yes	October 13, 2022 to October 12, 2025	Yes	N/A	N/A
Commitments relating to the IPO	Restriction on Sale of Shares	Suzhou Songhuei, Suzhou Shengzhan	Note 2	June 22, 2021	Yes	October 13, 2022 to October 12, 2023	Yes	N/A	N/A
Commitments relating to the IPO	Restriction on Sale of Shares	Liang Jinli, Chen Zhihao, Zhu Qihua, Su Yuzhou, Huang Yaping, Liao Chongyou, Wang Yu, Xiao Jingxia	Note 3	June 22, 2021	Yes	October 13, 2022 to October 12, 2023 Yes	Yes	N/A	N/A
Commitments relating to the IPO	Resolution of competition	Sheng Huei International, Acter (Taiwan)	Note 4	June 22, 2021	No	Long-term	Yes	N/A	N/A
Commitments relating to the IPO	Others	Acter Group, Sheng Huei International, Acter (Taiwan), directors and senior management of the Company	Note 5	June 22, 2021	No	Long-term	Yes	N/A	N/A
Commitments relating to the IPO	Others	Acter Group, Sheng Huei International, Acter (Taiwan), directors (excluding	Note 6	June 22, 2021	Yes	October 13, 2022 to October 12, 2025	Yes	N/A	N/A

		independent directors) and senior management							
Commitments relating to the IPO	Others	Acter Group, Sheng Huei International, Acter (Taiwan), directors, supervisors, senior management, Suzhou SongHuei, Suzhou ShengZhan	Note 7	June 22, 2021	No	Long-term	Yes	N/A	N/A

Note 1:

The direct controlling shareholder of the Company, Sheng Huei International, and the indirect controlling shareholder of the Company, Acter (Taiwan), undertook that:

(1) Within 36 months from the date of listing of the Company's shares, the Company will not transfer or entrust others to manage the shares issued before the public offering of the Company directly or indirectly held by the Company, nor will the Company repurchase such shares.

(2) Within 6 months after the listing of the Company, if the closing price of the Company's shares is lower than the issue price for 20 consecutive trading days, or if the closing price of the Company's shares is lower than the issue price at the end of the 6-month period after the listing (or if such day is not a trading day, then it shall be the first trading day thereafter), the lock-up period for the Company's shareholdings in the Company shall be automatically extended for 6 months. During the extended lock-up period, the Company shall not transfer or delegate the management of the shares directly or indirectly held by the Company that were issued prior to the public offering of the Company, nor shall the Company repurchase such shares.

(3) Within two years after the expiration of the aforesaid lock-up period, the Company shall reduce its shareholding in each year by not more than 25% of the total number of shares held by the Company directly and indirectly at a price not lower than the issue price. The said issue price refers to the issue price of the Company's IPO. In case of ex-rights and ex-dividends due to equity distribution, capitalization of provident fund, share allotment, etc., the ex-rights and ex-dividends shall be dealt with in accordance with the relevant provisions of the Shanghai Stock Exchange. The methods of share reduction include centralized bidding transactions, block trading, transfer by agreement and other methods in compliance with the regulations of the CSRC and the Shanghai Stock Exchange.

(4) When the Company reduces its shareholding in the Company, it will strictly comply with the provisions of the Securities Law of the People's Republic of China, Certain Provisions on Reduction of Shareholdings by Shareholders, Directors and Supervisors of Listed Companies, Implementing Rules for the Reduction of Shareholdings by Shareholders, Directors, Supervisors and Senior Management of Listed Companies of the Shanghai Stock Exchange, Rules for Listing of Stocks of the Shanghai Stock Exchange and other relevant laws, regulations and standardized documents. If the CSRC and the Shanghai Stock Exchange issue other regulations before the Company reduces its shareholding in the Company, the Company undertakes to strictly comply with the regulations in force at the time of the reduction of the Company's shareholding in the Company to implement the reduction.

(5) In the event that the Company violates the aforesaid undertakings, the proceeds from the transfer of the Company's shares in breach of the undertakings ("proceeds from the transfer in breach of the undertakings") shall belong to the Company. If the Company fails to hand over to the Company the proceeds from the aforesaid violation, the Company shall have the right to freeze the remaining shares of the Company held by the Company and may withhold the cash dividends payable to the Company and apply them against the proceeds from the violation due to the Company until the proceeds from the violation due to the Company have been remedied.

Note 2:

The shareholders of the Company, Suzhou Songhuei and Suzhou Shengzhan, undertook that:

(1) Within 12 months from the date of listing of the Company's shares, the Company will not transfer or delegate the management of the shares held directly or indirectly by the Company prior to the public offering of the Company's shares, nor will the Company repurchase such shares.

(2) If the Company reduces its holdings of the Company's shares within two years after the expiration of the lock-up period for the Company's shares, the price of such reduction shall not be less than the issue price of the Company's IPO. The aforesaid issue price refers to the issue price of the Company's IPO. In the event of ex-rights and ex-dividends due to equity distribution, capitalization of capital from provident fund, share allotment, etc., the ex-rights and ex-dividends shall be dealt with in accordance with the relevant provisions of the Shanghai Stock Exchange.

(3) In addition to the aforesaid lock-up period, during the period when the shareholders/partners of the Company serve as directors/senior management personnel of the Company, the shares of the Company to be transferred by the Company each year shall not exceed 25% of the total number of shares of the Company directly or indirectly held by the Company; and the shareholders of the Company shall not transfer the shares of the Company directly or indirectly held by the Company within half a year after they have ceased to serve as directors/senior management personnel of the Company.

(4) In reducing its shareholding in the Company, the Company will strictly comply with the provisions of the Securities Law of the People's Republic of China, Certain Provisions on Reduction of Shareholdings by Shareholders, Directors and Supervisors of Listed Companies, Implementing Rules for the Reduction of Shareholdings by Shareholders, Directors, Supervisors and Senior Management of Listed Companies of the Shanghai Stock Exchange, Rules for the Listing of Stocks on the Shanghai Stock Exchange and other relevant laws, regulations and standardized documents. If the CSRC and the Shanghai Stock Exchange have any other regulations before the Company reduces its shareholding in the Company, the Company undertakes to strictly comply with the regulations in force at the time of the reduction of the Company's shareholding in the Company to implement the reduction.

(5) In the event that the Company violates the aforesaid undertakings, the proceeds of the violation shall belong to the Company. If the Enterprise fails to hand over to the Company the proceeds of the aforesaid violation of transfer, the Company shall have the right to freeze the remaining shares of the Company held by the Enterprise and may withhold the cash dividends payable to the Enterprise and apply them against the proceeds of the violation of transfer due to the Company until it makes up for the proceeds of the violation of transfer due to the Enterprise.

Note 3:

Directors, Supervisors and senior management who indirectly hold shares of the Company, Liang Jinli, Chen Zhihao, Zhu Qihua, Su Yuzhou, Huang Yaping, Liao Chongyou, Wang Yu and Xiao Jingxia undertook that:

(1) Within 12 months from the date of listing of the Company's shares, I will not transfer or delegate the management of the shares held by me directly or indirectly that were issued before the Company's public offering, nor will the Company repurchase such shares.

(2) Within 6 months after the listing of the Company, if the closing price of the Company's shares is lower than the issue price for 20 consecutive trading days, or if the closing price of the Company's shares is lower than the issue price at the end of the 6-month period after the listing (or if that day is not a trading day, then it is the first trading day thereafter), the lock-up period of the Company's shares held by me shall be automatically extended for 6 months. During the extended lock-up period, I will not transfer or delegate the management of the shares held directly or indirectly by me that were issued prior to the public offering of the Company, nor will the Company repurchase such shares.

(3) If I reduce my holdings of the Company's shares within two years after the expiration of the lock-up period, the price of such reduction shall not be less than the issue price of the Company's IPO. The aforesaid issue price refers to the issue price of the Company's IPO. In case of ex-rights and ex-dividends due to equity distribution, capitalization of capital from provident fund, share allotment, etc., the ex-rights and ex-dividends shall be dealt with in accordance with the relevant provisions of the Shanghai Stock Exchange.

(4) In addition to the foregoing lock-up period, during the period in which I serve as a director, supervisor and senior management of the Company, and if I leave office before the expiration of my term of office, during the term of office determined at the time of my assumption of office and within 6 months after the expiration of the term of

office: (I) the transfer of the shares shall not exceed 25% of the total number of the shares of the Company held directly or indirectly by me each year; and (II) I shall not transfer the shares of the Company held directly or indirectly by me within 6 months of my leaving office.

(5) When I reduce my shareholding in the Company, I will strictly comply with the provisions of the Securities Law of the People's Republic of China, Certain Provisions on Reduction of Shareholdings by Shareholders, Directors and Supervisors of Listed Companies, Implementing Rules for the Reduction of Shareholdings by Shareholders, Directors, Supervisors and Senior Managers of Listed Companies on the Shanghai Stock Exchange, Rules for Listing of Stocks on the Shanghai Stock Exchange, and other relevant laws, regulations and standardized documents. If the CSRC and the Shanghai Stock Exchange have other regulations before I reduce my shareholding in the Company, I undertake to strictly comply with the regulations in force at the time I reduce my shareholding in the Company.

(6) I will not refuse to fulfill the above undertakings due to change of position or departure from office. If I violate the above undertaking, the proceeds of the violation of the transfer shall belong to the Company. If I fail to hand over to the Company the proceeds of the aforesaid illegal transfer, the Company shall have the right to freeze the remaining shares of the Company held by me and may withhold the cash dividends payable to me and apply them against the proceeds of the illegal transfer due to the Company until it makes up for the proceeds of the illegal transfer due to me.

Note 4:

(I) Sheng Huei International, the direct controlling shareholder of the Company, has issued the "Commitment Letter on the Avoidance of Competition in the Same Industry" in respect of the avoidance of competition in the same industry, with specific commitments as follows:

1. As at the date of this commitment letter, except for the investment company, the Company and the subsidiaries directly or indirectly controlled by the Company have not engaged in any business which is or may be in the same line of competition with the Company and its subsidiaries in any manner, directly or indirectly, within or outside the PRC.

2. The Company and the subsidiaries directly or indirectly controlled by the Company will not in the future engage in any form of business or activity that constitutes or has the potential to constitute competition in the same line of business with the business operated by the Company and its subsidiaries, and will not, directly or indirectly, take a controlling interest in, acquire or merge with any enterprise or other economic organization that competes or is likely to compete with the business operated by the Company and its subsidiaries.

3. If the Company and its subsidiaries directly or indirectly controlled by the Company have any business opportunities to participate in or acquire shares in any business which may compete or may compete with the business operated by the Company and its subsidiaries, the Company will immediately notify the Company and provide such business opportunities to the Company and its subsidiaries in an appropriate manner with priority, and the Company and its subsidiaries will have priority to acquire the assets or equity involved in the business under the same conditions. The Company will immediately notify the Company of such business opportunities in an appropriate manner, and the Company and its subsidiaries will have priority in acquiring the assets or equity interests involved in the relevant business under the same conditions, so as to avoid competing with the Company and its subsidiaries.

4. From the date of this Undertaking, if the Company further expands its main products and main business scope, the Company and other enterprises controlled by the Company at that time guarantee that they will not compete with the Company's expanded main products or main business; in case of competition with the Company's expanded main products or main business, the Company and other enterprises controlled by the Company at that time guarantee to withdraw from the competition with the Company in accordance with the following methods, including but not limited to

(1) Cessation of production of products that compete or may compete with the Company's expanded principal products;

(2) Cessation of the operation of businesses that compete or may compete with the Company's expanded main business;

(3) Incorporate into the Company, with the Company's consent, businesses that compete with the Company's expanded principal business;

(4) Transferring the business competing with the Company's expanded main business to an unrelated third party.

5. This commitment letter shall be effective from the date of issuance and shall remain effective during the period in which the Company is the controlling shareholder of Acter Group.

6. In case of any breach of the above undertakings, the Company is willing to bear the corresponding compensation liability arising from the breach of the above undertakings in accordance with the law.

(II) Acter (Taiwan), the indirect controlling shareholder of the Company, has issued the "Commitment Letter on the Avoidance of Competition in the Same Industry" in respect of avoidance of competition in the same industry, with specific commitments as follows:

1. As at the date of this commitment letter, except for the investment company, the Company and the subsidiaries directly or indirectly controlled by the Company have not engaged in any business in any manner, directly or indirectly, other than in the Taiwan region of the PRC, that is in the same business competition or potential same business competition with the Company and its subsidiaries.

2. The Company and the subsidiaries directly or indirectly controlled by the Company will not in the future engage in any form of business or activities that compete or potentially compete with the business operated by the Company and its subsidiaries in any manner, directly or indirectly, in other regions outside of the Taiwan region of China, and will not directly or indirectly, in other regions outside of the Taiwan region of China, take a controlling stake in, acquire, merge or amalgamate businesses that compete or potentially compete with the business operated by the Company and its subsidiaries. We will not directly or indirectly hold, acquire, merge with or acquire enterprises or other economic organizations that compete or may compete with the business operated by the Company and its subsidiaries in any region other than Taiwan, China.

3. If the Company and its subsidiaries directly or indirectly controlled by the Company have any business opportunities in other regions outside of the Taiwan region of China to participate in or acquire shares in any business that may compete or potentially compete with the business operated by the Company and its subsidiaries, the Company will immediately notify the Company and provide such business opportunities to the Company and its subsidiaries on a priority basis in an appropriate manner so that the Company and its subsidiaries can acquire the business involved on a priority basis under the same terms and conditions. The Company will immediately notify the Company to provide such business opportunities to the Company and its subsidiaries on a priority basis in an appropriate manner, and the Company and its subsidiaries will acquire the assets or equity involved in the relevant business on a priority basis under the same conditions, so as to avoid competing with the Company and its subsidiaries.

4. From the date of this commitment letter, if Acter Group further expands its main products and main business scope, the Company and other enterprises controlled by the Company at that time guarantee that they will not compete with the Company's expanded main products or main business; in case of competition with Acter Group's expanded main products or main business, the Company and other enterprises controlled by the Company at that time guarantee that they will withdraw from the competition in accordance with the following methods The Company and other enterprises controlled by the Company at that time undertake to withdraw from competition with the Company in the following manner, including but not limited to the following:

(1) Cease production of products that compete or may compete with the Company's expanded principal products;

(2) Cease to operate businesses that compete or may compete with the Company's expanded main business;

(3) Incorporate into the Company, with the Company's consent, businesses that compete with the Company's expanded principal business;

(4) Transferring the business competing with the Company's expanded main business to an unrelated third party.

5. This commitment letter shall be effective from the date of issuance and shall continue to be effective during the period in which the Company is an indirect controlling shareholder of the Company.

6. In the event of any breach of the above undertakings, the Company is willing to bear the corresponding liability for compensation arising from the breach of the above undertakings in accordance with the law.

Note 5:

(I) In order to ensure that the Company's measures to fill the immediate returns can be effectively fulfilled, the Company's direct controlling shareholder, Sheng Huei International, and its indirect controlling shareholder, Acter (Taiwan), have made the following undertakings:

1. Undertake not to intervene in the operation and management activities of the Company beyond their authority.

2. Undertake not to encroach on the interests of the Company.

3. Undertake not to harm the interests of the Company.

4. Undertake not to effectively fulfill any commitments made by the Company in relation to the measures to fill in the returns. If the Company violates such commitments and causes losses to the Company or the investors, the Company is willing to bear the compensation liability to the Company or the investors in accordance with the law.

The Company, as the responsible party for the above undertakings, will be liable for compensation in accordance with the law if it violates the above undertakings and causes losses to the Company or investors.

(II) In order to guarantee that the Company's measures to fill in the immediate returns can be practically fulfilled, the directors and senior management of the Company undertake that:

1. I undertake not to transfer benefits to other units or individuals without compensation or on unfair terms, nor to use other means to harm the interests of the Company;

2. I undertake to restrain my consumption behavior in office;

3, I undertake not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of their duties;

4. I undertake to fully support the remuneration system when it is formulated by the Board of Directors or the Remuneration and Evaluation Committee to link the remuneration system with the implementation of the Company's measures to fill in the returns, and to vote in favor of the relevant motions when they are being considered (if I have the right to vote);

5. If the Company subsequently launches the equity incentive policy, I undertake to fully support the Board of Directors' and shareholders' meetings' motions to be announced that the exercise conditions of the Company's equity incentives are linked to the implementation of the Company's measures to fill in the returns and I will be willing to vote in favor of (if I have the right to vote) such motions;

6. After the date of this undertaking and before the completion of the implementation of the IPO and listing of the Company, if the CSRC makes any other new regulatory provisions on the measures and undertakings for filling the returns, and if the above undertakings fail to satisfy such provisions of the CSRC, I undertake to issue supplementary undertakings in accordance with the latest provisions of the CSRC at that time;

7. I undertake to effectively fulfill the relevant measures formulated by the Company to fill in the returns and any commitments I have made in relation to the measures to fill in the returns, and I am willing to bear the responsibility of compensating the Company or investors in accordance with the law in the event of any violation of such commitments by me and any loss caused to the Company or investors.

8. As one of the parties responsible for the measures to fill in the returns, if I violate the above undertakings or refuse to fulfill the above undertakings, I agree to be punished or take relevant management measures in accordance with the relevant regulations and rules formulated or issued by the CSRC and the Shanghai Stock Exchange and other securities regulatory authorities.

(III) In order to protect the right to information of small and medium-sized investors and safeguard the interests of small and medium-sized investors, the Company has conducted a careful analysis of the impact of the IPO on the dilution of the immediate returns, and has put forward specific measures and undertakings to cover the diluted immediate returns:

1. Comprehensively enhance the management level of the Company and improve the efficiency of capital utilization

To improve the Company's operational efficiency, strengthen budget management, control the Company's expenses, improve the efficiency of capital utilization, comprehensively and effectively control the Company's operation and risk management, and enhance operational efficiency and profitability. In addition, the Company will improve the remuneration and incentive mechanism, introduce outstanding talents in the market and maximize the motivation of its employees to tap the creativity and potential power of the Company's employees. Through the above measures, the Company will comprehensively improve the operational efficiency, reduce costs and enhance the Company's operating results.

2. Strengthen the supervision of investment projects to ensure the reasonable and legal use of funds raised.

In order to standardize the use and management of the Company's issue proceeds and ensure that the issue proceeds are used in a standardized, safe and efficient manner, the Company has formulated the "Proceeds Management System" and other relevant systems. The Board of Directors has passed a resolution on the establishment of a special account for the use and management of the issue proceeds, and the issue proceeds will be deposited in the special account designated by the Board of Directors for the exclusive use of the special account. The Company will strictly manage the use of proceeds in accordance with relevant laws and regulations and the requirements of the "Proceeds Management System", and will actively cooperate with the regulatory banks and sponsoring organizations in the inspection and supervision of the use of proceeds, so as to ensure that the proceeds are reasonably used in a normal manner and to reasonably guard against the risk of the use of proceeds.

3. Accelerate the investment progress of the fund-raising projects and strive to realize the expected benefits of the projects as soon as possible.

The implementation of the fund-raising investment projects of the Offering is in line with the Company's development strategy, which can effectively enhance the Company's business capacity and profitability, and is conducive to the Company's sustainable and rapid development. Prior to the availability of the proceeds, the Issuer intends to actively raise funds through a variety of channels to accelerate the investment progress of the fund-raising projects, and strive to realize the expected benefits of the projects as early as possible, so as to enhance the shareholders' returns in the next few years and to reduce the risk of dilution of the current returns caused by the Issue.

4. Further improve the profit distribution system and strengthen the investor return mechanism.

The Company has amended the Draft Articles of Association in accordance with relevant laws and regulations and established a sound and effective shareholder return mechanism. Upon completion of the Offering, the Company will, in accordance with the provisions of laws and regulations and the Draft Articles of Association, actively promote the distribution of profits to shareholders where the conditions for profit distribution are met, so as to effectively maintain and increase the returns to shareholders.

Note 6:

In order to protect the interests of investors and further specify the measures to stabilize the share price of the Company when the share price of the Company is lower than the net asset per share within three years after the listing of the Company, and in accordance with the relevant requirements of the Opinions on Further Promoting the Reform of the New Issue System of New Shares issued by the CSRC, the Second Extraordinary Shareholders' General Meeting of the Company for the year 2021 considered and passed the Proposal of Stabilizing the Share Price of Acter Technology Integration Group Co., Ltd.".

(I) Effective period of the Plan

The Plan shall be valid for three years from the date of listing of the Company's shares.

(II) Conditions for activation and cessation of the share price stabilization plan

1. Conditions for activation

Within three years after the listing of the Company's shares, if the closing price of the Company's shares for 20 consecutive trading days is lower than the Company's audited net asset value per share as at the end of the most recent period (in the event that the closing price of the said shares is not comparable with the Company's audited net asset value per share as at the end of the most recent period due to ex-rights and ex-dividend matters, the said net asset value per share shall be adjusted accordingly) and if the provisions of relevant laws, regulations and standardized documents relating to the buyback and holding of additional shares are also met, the plan shall be triggered. normative documents, then the Company, controlling shareholders, directors (excluding independent directors) and senior management shall be triggered to fulfill the measures to stabilize the Company's share price.

2. Cessation Conditions

During the implementation period, if any of the following circumstances occurs, the implementation of the stock price stabilization measures and the fulfillment of the commitments shall be deemed to be completed and the announced stock price stabilization plan shall cease to be implemented:

① The closing price of the Company's shares for 5 consecutive trading days is higher than the Company's unaudited net assets per share for the latest period (if the closing price of the said shares is not comparable with the Company's audited net assets per share at the end of the latest period due to ex-rights and ex-dividend matters, the said net assets per share shall be adjusted accordingly);

② Continuing to repurchase or hold additional shares of the Company will result in the Company's shareholding distribution failing to meet the listing conditions;

③ Continuing to hold additional shares will result in the need to fulfill the obligation to make a tender offer and it has not planned to implement the tender offer.

3. Specific measures of the share price stabilization plan

(1) Buyback by the Company

① The Company shall convene the Board of Directors within 10 trading days from the date of triggering the activation conditions of the share price stabilization measures in accordance with the laws, regulations and the Articles of Association of the Company. The Board of Directors shall formulate a clear and specific buyback plan, the content of which shall include, but not be limited to, the types of shares to be repurchased by the Company, the number of ranges, the price ranges, the period of implementation, etc., and submit it to the General Meeting of Shareholders of the Company for deliberation and approval; the buyback plan will become effective upon consideration and approval by the General Meeting. The buyback plan shall become effective after it is considered and approved by the general meeting of the Company. However, if the share price of the Company before or during the implementation of the share buyback plan already fails to meet the conditions for initiating measures to stabilize the Company's share price, the program may not be continued.

② After the share buyback plan is approved by the shareholders' meeting, the Company will notify creditors in accordance with the law and submit relevant materials to the competent authorities, such as the securities regulatory authorities and stock exchanges, for approval or filing. The buyback price of the Company shall not be higher than the Company's audited net asset value per share as at the end of the most recent period (if the closing price of the said shares is not comparable to the Company's audited net asset value per share as at the end of the most recent period due to ex-rights and ex-dividend matters, the said net asset value per share shall be adjusted accordingly), and the method of buyback of shares shall be by way of centralized competitive bidding and trading, by way of an offer, or by other methods approved by the securities regulatory authorities.

③ If the share price of the Company triggers the above conditions for price stabilization measures several times in a fiscal year, the Company will continue to implement the above share price stabilization plan, but shall follow the following principles: (i) the amount of funds used for share buyback in a single buyback shall not be higher than 10% of the audited net profit attributable to the shareholders of the parent company of the previous fiscal year; (ii) the total amount of buyback funds used to stabilize the share price in a single fiscal year shall not exceed 30% of the audited net profit attributable to shareholders of the parent company in the preceding fiscal year. If the above criteria are exceeded, the relevant share price stabilization measures will not be continued in the current year. However, in the event that circumstances requiring the activation of share price stabilization measures continue to arise in the following year, the Company will continue to implement the share price stabilization plan in accordance with the above principles.

(2) Increase in shareholdings by controlling shareholders

① If the board of directors fails to formulate and announce a share buyback plan within 10 trading days after triggering the obligation, or if the share buyback plan is rejected by the shareholders' meeting, or if the company fails to fulfill or is unable to fulfill the obligation to repurchase shares within 30 days after announcing the specific implementation plan for the buyback, or if the company fails to stabilize the closing price of its stock above the audited net asset value per share for more than 5 consecutive trading days after reaching the upper limit of the buyback plan, it will trigger the obligation for the controlling shareholder to increase its shareholding.

② On the premise of not affecting the company's listing conditions, the company's controlling shareholders shall be triggered within 3 trading days from the date of the obligation to increase the proposed plan to increase the company's shareholding (including the number of shares to be increased, price range, time, etc.), and in accordance with the law to carry out the necessary approvals, and notify the company within 3 trading days of approval, the company shall be in accordance with the relevant provisions of the disclosure of the plan for the increase in the purchase of shares. The Company shall disclose the plan to increase its shareholding in accordance with the relevant regulations. Three trading days after the Company discloses the plan to increase its shareholding in accordance with the plan, the Company shall commence the implementation of the plan to increase its shareholding in accordance with the plan.

③ The method for the controlling shareholder of the Company to increase its shareholding shall be by way of centralized bidding and trading, offer or other methods approved by the securities regulatory authorities, and the price of the additional shareholding shall not exceed the audited net asset value per share as at the end of the most recent period (in the event that the closing price of the aforesaid shares is not comparable with the audited net asset value per share as at the end of the most recent period due to ex-rights and ex-dividend, etc., the aforesaid net asset value per share shall be adjusted accordingly). However, if the share price of the Company no longer meets the conditions for activating the measures to stabilize the Company's share price prior to or in the course of the implementation of the plan to increase the shareholding of the Company, the plan may not be continued.

If the Company's share price triggers the above conditions for the need to take share price stabilization measures several times within a fiscal year, the controlling shareholder will continue to implement the share price stabilization plan in accordance with the above, but shall follow the following principles: (i) the amount of funds used to increase shareholdings on a single occasion shall not be less than 20% of the amount of after-tax cash dividends received by the controlling shareholder from the Company on the most recent occasion; (ii) the amount of funds used to stabilize the share price to increase shareholdings in a single year shall not exceed 50% of the amount of after-tax cash dividends received by the controlling shareholder from the Company on the most recent occasion. If the above criteria are exceeded, the relevant share price stabilization measures will not be continued in the current year. However, in the event that circumstances requiring the activation of share price stabilization measures continue to arise in the following year, the Company will continue to implement the share price stabilization plan in accordance with the above principles. In the event that the share price stabilization measures are triggered in the following year, the amount of funds already used for share price stabilization in previous years will no longer be counted as part of the cumulative cash dividends.

(3) Increase in shareholdings by directors (excluding independent directors) and senior management personnel

① If the controlling shareholder of the Company fails to propose a plan to increase the shareholding of the Company within 10 trading days from the date of triggering the obligation to increase shareholding, or fails to commence the implementation of the plan to increase shareholding within 30 days from the date of the Company's announcement of the plan to increase shareholding, or if, after the controlling shareholder of the Company has reached the maximum limit of the plan to increase shareholding, the closing price of the Company's shares still fails to be stabilized at a level higher than the Company's audited net asset value per share as of the end of the most recent period for a period of more than 5 trading days, then the obligation of the Company's directors (excluding independent directors) and senior management will be triggered to increase their holdings of the Company's shares.

② Without affecting the listing conditions of the company, the company's directors (excluding independent directors), senior management shall be triggered within 3 trading days from the date of the obligation to increase the proposed plan to increase the company's shares (including the number of shares to be increased, the price range, time, etc.), and comply with the law to carry out the necessary approval procedures, and notify the company within 3 trading days of approval, the company shall disclose the plan to increase the acquisition of shares in accordance with the relevant provisions. The Company shall disclose the plan to increase its shareholding in accordance with the relevant regulations. After 3 trading days from the date of disclosure of the Company's plan to increase its shareholding in the Company, it will commence the implementation of the plan to increase its shareholding in the Company in accordance with the plan.

③ The directors (excluding independent directors) and senior management of the Company will purchase the Company's shares through competitive bidding transactions to stabilize the Company's share price at a price not higher than the Company's audited net asset value per share as at the end of the most recent period (in the event that the closing price of the aforesaid shares is not comparable to the audited net asset value per share as at the end of the most recent period due to ex-rights and ex-dividend, etc., the aforesaid net asset value per share shall be adjusted accordingly). However, if the share price of the Company does not meet the conditions for the activation of measures to stabilize the Company's share price within 3 trading days of the disclosure of the Company's purchase plan or in the course of the implementation of the plan, the Company may cease to implement the above plan to increase the Company's shareholding. If the share price of the Company triggers the above conditions for price stabilization measures several times within a fiscal year, the directors (excluding independent directors) and senior management of the Company will continue to implement the above share price stabilization plan, but shall comply with the following principles: (i) the amount of funds used for the purchase of shares on a single occasion shall not be less than 20% of the after-tax remuneration that he/she received from the Company during the previous fiscal year while he/she was serving as a director or a senior manager; (ii) the amount of funds used to stabilize the share price in a single year shall not exceed 50% of the after-tax remuneration received from the Company in the previous fiscal year during the period in which he or she held the position of director or senior executive. If the above criteria are exceeded, the relevant share price stabilization measures shall not be continued in the current year. However, in the event that circumstances requiring the activation of price stabilization measures continue to arise in the following year, the share price stabilization plan will continue to be implemented in accordance with the above principles.

If the Company appoints new directors (excluding independent directors) and senior management, the Company will require the newly appointed directors and senior management to fulfill the corresponding commitments made by the directors and senior management when the Company was listed.

4. Restrictive measures for failure to activate share price stabilization measures

If the Company, controlling shareholders, directors (excluding independent directors) and senior management fail to take the above specific measures to stabilize the share price when the conditions for the activation of the price stabilization measures are met, the Company undertakes to accept the following binding measures:

(1) The Company, controlling shareholders, directors (excluding independent directors) and senior management will publicly explain the specific reasons for failing to take the aforesaid stock price stabilization measures and apologize to the shareholders of the Company and public investors in the general meeting of the Company and in the disclosure media designated by the CSRC.

(2) The controlling shareholder of the Company undertakes that if the controlling shareholder fails to take the above specific measures to stabilize the share price when the conditions for the initiation of the share price stabilization measures are met, the Company shall have the right to withhold or deduct the cash dividends payable to the Unit in an amount equal to the amount used for the implementation of the Share Increase Plan.

(3) The directors (excluding independent directors) and senior management of the Company undertake that when the conditions for the activation of the share price stabilization measures are met, the Company shall have the right to withhold or reduce the remuneration and cash dividends payable to the Company if the Company fails to take the aforesaid specific measures to stabilize the share price.

5. Legal Procedures of the Proposal

In the event that the Company shall make adjustments to the proposal in the event that the proposal is inconsistent with the relevant provisions due to revisions of laws and regulations or changes in policies, such adjustments shall be approved by more than two-thirds of the total number of voting shares held by shareholders present at the general meeting of shareholders.

Note 7:

(I) Restrictive measures by the Company regarding non-fulfillment of public commitments:

The Company will strictly fulfill all matters of public commitments made by the Company in connection with the IPO and listing of shares and actively accept social supervision. Unless otherwise specifically constrained, if the Company fails to fully and effectively fulfill the undertakings made in the course of its IPO and listing, the Company undertakes to take the following measures to be constrained:

1. If the Company fails to fulfill its public commitments or if the fulfillment of the commitments is not conducive to the protection of the Company's rights and interests due to reasons other than force majeure, the Company shall propose to replace the original commitments with new commitments or propose to waive the fulfillment of the obligations under the commitments. The above changes shall be submitted to the shareholders' general meeting for consideration, and the Company will provide shareholders with the means of internet voting and will urge the shareholders involved in the commitment matters to abstain from voting. If new commitments are proposed to replace the original ones, the relevant commitments shall comply with the prevailing laws, regulations and the Articles of Association of the Company, and the Company undertakes to accept the following constraints until the fulfillment of the commitments or the implementation of the corresponding remedial measures is completed:

(1) Publicly explain the specific reasons and apologize to the shareholders and public investors in the general meeting of shareholders and the disclosure media designated by the CSRC;

(2) Reduction or suspension of the remuneration or allowances of directors, supervisors and senior management who are personally liable for the Company's failure to fulfill the undertakings (if such persons are on the Company's payroll);

(3) Not to approve the application for voluntary departure of directors, supervisors and senior management who have failed to fulfill their undertakings, but may make changes in their positions;

(4) In case of losses caused to investors, the Company will be liable to compensate investors in accordance with the law;

(5) In accordance with the laws, regulations and the requirements of the relevant regulatory bodies to assume the corresponding responsibilities.

2. If the company fails to fulfill its public commitments or fails to fulfill its public commitments on schedule due to force majeure, the Company shall propose new commitments (the relevant commitments shall comply with the laws, regulations, articles of association and fulfill the relevant approval procedures) and shall be subject to the following constraints until the commitments have been fulfilled or the corresponding remedial measures have been implemented:

(1) To publicly explain the specific reasons and apologize to shareholders and public investors in the shareholders' general meeting and in the disclosure media designated by the CSRC;

(2) To expeditiously study the handling plan to minimize the loss of investors' interests and submit it to the shareholders' general meeting for consideration, so as to protect the interests of the Company's investors as far as possible.

(II) Controlling Shareholders' Restrictive Measures on Failure to Fulfill Public Undertakings

Unless otherwise specifically constrained, if Sheng Huei International, the direct controlling shareholder of the Company, and Acter (Taiwan), the indirect controlling shareholder of the Company, fail to fully and effectively fulfill the undertakings they have made in the course of the IPO and listing of Acter Group, they undertake to take the following measures to be constrained:

1. In the event that the Company fails to fully and effectively fulfill its obligations or responsibilities under the aforementioned undertakings, the Company undertakes to actively cooperate with the relevant regulatory authorities in their investigations and accept the corresponding penalties;

2. To compensate public investors with its own funds for direct losses suffered as a result of relying on the relevant undertakings to implement the transactions, with the amount of compensation to be determined on the basis of the amount negotiated between the Company and the investor, or in the manner or in the amount determined by the relevant regulatory authorities or judicial organs;

(3) If income is obtained as a result of non-performance of the undertakings (i.e. such income cannot be obtained in the case of performance of the undertakings), the income obtained shall belong to the Company, which will pay the aforesaid income to the Company's designated account within 5 days of obtaining the income; and if losses are incurred by the Company or other investors as a result of the non-performance of the undertakings, the Company or other investors shall be held liable for compensation according to the law.

(III) Restrictive measures for directors, supervisors and senior management of the Company in respect of non-fulfillment of the undertakings:

The directors, supervisors and senior management of the Company undertake:

I have made relevant undertakings in the process of IPO and listing of shares of Acter Group, and if I fail to fulfill them, or if I am unable to fulfill them, or if I am unable to fulfill them on schedule (except for those due to relevant laws and regulations, policy changes, natural disasters, and other force majeure, and other objective reasons beyond my control), or if the fulfillment of the relevant undertakings will be detrimental to the safeguarding of the rights and interests of the Company and the investors, I will take the following measures:

1. Through the Company to disclose in a timely manner the specific reasons why I have failed to fulfill my commitments, unable to fulfill them or unable to fulfill them on schedule;

2. To submit to the Company and its investors an application for change of undertakings or exemption from fulfillment of undertakings and submit it to the shareholders' general meeting for consideration in order to protect the rights and interests of the Company and its investors. I will recuse myself from voting at the shareholders' meeting when the matter is considered (if I am a shareholder of the Company at that time);

3. Attribute to the Company the proceeds from my breach of my undertaking.

If any loss is caused to the Company or investors as a result of my undertaking not being fulfilled, not being able to be fulfilled, or not being able to be fulfilled on time, I will compensate the Company or investors in accordance with the law and the following procedures:

1. I agree that the Company shall reduce or cease to pay my salary, bonus, allowance, dividend (if any), etc., and use the reduced or ceased salary, bonus, allowance, dividend (if any), etc., to implement the unfulfilled commitments or to compensate for the losses caused to the Company and the investors as a result of the unfulfilled commitments;

2. If I reduce my shareholding before the compensation is completed, the funds obtained from the reduction will be supervised by the Board of Directors of the Company and used exclusively for the fulfillment of the commitments or compensation until I have fulfilled my commitments or compensated for the losses incurred by the Company and the investors (if I am a shareholder of the Company at that time).

In the event that I fail to fulfill my commitments, unable to fulfill them or unable to fulfill them on schedule due to objective reasons beyond my control, such as relevant laws and regulations, policy changes, natural disasters, etc., I will disclose through the Company in a timely manner the specific reasons why I fail to fulfill my commitments, unable to fulfill them or unable to fulfill them on schedule, and will actively take measures to change my commitments, supplement my commitments and other means to safeguard the rights and interests of the Company and the investors.

I will not refuse to fulfill the above commitments due to change of position, departure and other reasons.

(IV) Suzhou Songhuei and Suzhou Shengzhan on the binding measures for failure to fulfill the commitments

The shareholders of the Company, Suzhou Songhuei and Suzhou Shengzhan, undertake:

As shareholders of the Company, unless otherwise specified, if the Company fails to fully and effectively fulfill the undertakings made in the course of the Company's IPO and listing, the Company undertakes to take the following measures to bind itself:

1. If the Enterprise fails to fully and effectively fulfill the obligations or responsibilities in the foregoing undertakings, the Company undertakes to actively cooperate with the relevant regulatory authorities in their investigations and accept the corresponding penalties;

2. To compensate public investors with its own funds for direct losses suffered as a result of relying on the relevant undertakings to implement the transactions, with the amount of compensation to be determined on the basis of the amount negotiated between the Company and the investor, or in the manner or in the amount determined by the relevant supervisory authorities or judicial organs;

3. If the Company obtains income from the non-fulfillment of the commitments (i.e. such income cannot be obtained in the case of fulfillment of the commitments), the income obtained shall belong to the Company, and the Company will pay the aforesaid income to the designated account of the Company within 5 days from the date of obtaining the income; and if the non-fulfillment of the commitments causes losses to the Company or other investors, the Company will be liable to compensate for the losses to the Company or other investors according to the law.

(II) If there is a profit forecast for the Company's assets or projects and the reporting period is still in the profit forecast period, the Company shall make a statement on whether the assets or projects have met the original profit forecast and the reasons thereof.

□ Achieved □ Not achieved √ N/A

(III) Completion of performance commitments and their impact on the impairment test of goodwill

□ Applicable √ N/A

II. Non-operational appropriation of funds by controlling shareholders and other connected parties during the reporting period

□ Applicable √ N/A

III. Violation of guarantees

□ Applicable √ N/A

IV. Explanation of the Board of Directors of the Company on the "Non-standard Opinion Audit Report" of the Accounting Firm

□ Applicable √ N/A

V. Explanation of the Company's analysis of the reasons for and impact of changes in accounting policies, accounting estimates or correction of material accounting errors

(I) Explanation of the Company's analysis of the reasons for and impact of changes in accounting policies and accounting estimates

√ Applicable □ N/A

Unit: Yuan

Contents and reasons for changes in accounting policies	Name of statement items materially affected	Amount of impact
On November 30, 2022, the Ministry of Finance ("MOF") issued "Interpretation No. 16 of the Accounting Standards for Business Enterprises (ASBE)" (C.K. [2022] No. 31, hereinafter referred to as Interpretation No. 16), "Accounting Treatment of Deferred Taxes Related to Assets and Liabilities Arising from Individual Transactions to which the Initial Recognition Exemption Doesn't Apply" has been implemented since January 1, 2023, allowing enterprises to implement it in advance from the year of issuance.	Deferred tax assets	1,135,468.71
	Deferred tax liabilities	1,316,653.59
	Undistributed profits	-177,717.08
	Minority interests	-3,467.80

(II) Explanation of the Company's analysis of the reasons for and impact of the correction of significant accounting errors

□ Applicable √ N/A

(III) Communication with the former accounting firm

□ Applicable √ N/A

(IV) Approval procedures and Other Notes

□ Applicable √ N/A

VI. Appointment and Dismissal of Accounting Firms

Unit: Yuan Currency: RMB

	Current Appointment
Name of domestic accounting firm	ShineWing Certified Public Accountants LLP
Remuneration of domestic accounting firm	801,886.79
Years of audit experience of domestic accounting firm	2
Name of certified public accountants of the domestic accounting firm	Liu Yuehua, Hou Shoufeng
Cumulative years of audit service of the certified public accountants of the domestic accounting firms	2
Name of overseas accounting firm	N/A
Remuneration of the overseas accounting firm	N/A
Years of audit by overseas accounting firms	N/A

	Name	Remuneration
Internal control audit accounting firm	ShineWing Certified Public Accountants LLP	188,679.25
Financial consultant	N/A	N/A
Sponsor	N/A	N/A

Appointment and dismissal of accounting firm
√ Applicable □ N/A

At the Eighth Meeting of the Second Session of the Board of Directors held on August 11, 2023 and the First Extraordinary General Meeting of Shareholders of the Company held on August 29, 2023, the Company considered and passed the "Resolution on the Re-appointment of Accounting Firm", and agreed to re-appoint ShineWing Certified Public Accountants LLP as the auditing organization of the Company's annual financial report and internal control for the year of 2023.

Explanation on the reappointment of the accounting firm during the audit period
□ Applicable √ N/A

Explanation on the decrease of 20% or more (including 20%) in the audit fee as compared with that of the previous year
□ Applicable √ N/A

VII. Situations facing the risk of delisting

(I) Reasons for delisting risk warning

□ Applicable √ N/A

(II) Countermeasures to be taken by the Company

□ Applicable √ N/A

(III) Circumstances and reasons for termination of listing

□ Applicable √ N/A

VIII. Matters Relating to Bankruptcy and Reorganization

□ Applicable √ N/A

IX. Significant Litigation and Arbitration Matters

□ Major litigation and arbitration matters in the current year

√ No major litigation and arbitration matters in the current year

X. Punishment and rectification on the listed company, its directors, supervisors, senior management, controlling shareholders and actual controllers due to suspect of law violations.

□ Applicable √ N/A

XI. Explanation on the integrity status of the Company, its controlling shareholders and actual controllers during the reporting period

□ Applicable √ N/A

XII. Significant Related Transactions

(I) Related transactions related to daily operations

(1) Matters disclosed in the interim announcement and with no progress or change in subsequent implementation

□ Applicable √ N/A

2. Matters disclosed in the interim announcement but with progress or changes in subsequent implementation

√ Applicable □ N/A

On April 7, 2023, the Company held the Sixth Meeting of the Second Session of the Board of Directors and the Fifth Meeting of the Second Session of the Board of Supervisors to consider and approve the "Resolution on the Confirmation of Daily Related Transactions of the Company for the Year 2022 and the Estimation of Daily RelatedTransactions for the Year 2023" respectively. As at the end of the reporting period, the daily related transactions between the Company and the proposed connected persons are as follows, and have not exceeded the projected amounts:

Category of related transactions	Related party	Estimated amount for 2023 (RMB Million/100)	Actual amount in 2023 (RMB Million/100)
Rental of buildings to related parties	Suzhou Winmax Technology Corp.	350	330.09
Acceptance of rental housing from related parties	NOVA TECH ENGINEERING & CONSTRUCTION PTE.	10	3.86
Total		360.00	333.95

For details of the relevant matters, please refer to the "Proposal on the Confirmation of Routine Related Transactions for the Year 2022 and the Expected Routine Related Transactions for the Year 2023" (Announcement No. 2023-009) disclosed by the Company on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the designated media on April 8, 2023.

3. Matters not disclosed in the interim announcement

□ Applicable √ N/A

(II) Related transactions arising from the acquisition or disposal of assets or equity interests

1. Matters disclosed in the Interim Announcement with no progress or changes in subsequent implementation

□ Applicable √ N/A

2. Matters that have been disclosed in the interim announcement but with progress or changes in subsequent implementation

□ Applicable √ N/A

3. Matters not disclosed in the interim announcement

□ Applicable √ N/A

4. If performance agreement is involved, the performance realization of the reporting period shall be disclosed.

□ Applicable √ N/A

(III) Significant related transactions of joint foreign investment

1. Matters that have been disclosed in the interim announcement and there is no progress or change in subsequent implementation

□ Applicable √ N/A

2. Matters that have been disclosed in the interim announcement but with progress or change in subsequent implementation

□ Applicable √ N/A

3. Matters not disclosed in the interim announcement

□ Applicable √ N/A

(IV) Related debt transactions

1. Matters disclosed in the interim announcement with no progress or change in subsequent implementation

□ Applicable √ N/A

2. Matters that have been disclosed in the interim announcement but with progress or changes in subsequent implementation

□ Applicable √ N/A

3. Matters not disclosed in the interim announcement

□ Applicable √ N/A

(V) Financial business between the Company and finance companies with which it has a connected relationship, and between the Company's holding company and connected parties

□ Applicable √ N/A

(VI) Others

□ Applicable √ N/A

XIII. Significant Contracts and Their Fulfillment

(I) Trusteeship, contracting and leasing matters

1. Trusteeship

□ Applicable √ N/A

2. Contracting

□ Applicable √ N/A

3. Leasing

□ Applicable √ N/A

(II) Guarantees

√ Applicable □ N/A

Unit: Yuan Currency. RMB

<table>
<tr><td colspan="15">External guarantees of the Company (excluding guarantees to subsidiaries)</td></tr>
<tr><td>Guarantor</td><td>Relationship with the listed company</td><td>Guaranteed party</td><td>Amount of guarantee</td><td>Date of guarantee (date of agreement)</td><td>Guarantee starting date</td><td>Guarantee expiration date</td><td>Type of guarantee</td><td>Collateral (if any)</td><td>Whether the guarantee has been fulfilled</td><td>Whether the guarantee is overdue</td><td>Amount overdue</td><td>Counter-guarantee</td><td>Guarantee for related parties</td><td>Relationship</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td colspan="7">Total amount of guarantees incurred during the reporting period (excluding guarantees to subsidiaries)</td><td colspan="8">0</td></tr>
<tr><td colspan="7">Total guarantee balance at the end of the reporting period (A) (excluding guarantees to subsidiaries)</td><td colspan="8">0</td></tr>
<tr><td colspan="15">Guarantees by the Company and its subsidiaries to subsidiaries</td></tr>
<tr><td colspan="7">Total amount of guarantee incurred for subsidiaries during the reporting period</td><td colspan="8">296,188,978.35</td></tr>
<tr><td colspan="7">Total balance of guarantees to subsidiaries at the end of the reporting period (B)</td><td colspan="8">537,116,975.79</td></tr>
<tr><td colspan="15">Status of total corporate guarantees (including guarantees to subsidiaries)</td></tr>
<tr><td colspan="7">Total amount of guarantees (A+B)</td><td colspan="8">537,116,975.79</td></tr>
<tr><td colspan="7">Ratio of total guarantees to the company's net assets (%)</td><td colspan="8">49.63</td></tr>
<tr><td colspan="15">Of which:</td></tr>
<tr><td colspan="7">Amount of guarantees in favor of shareholders, actual controllers and their related parties (C)</td><td colspan="8">0</td></tr>
<tr><td colspan="7">Amount of debt guarantees provided directly or indirectly for guaranteed objects with asset-liability ratio exceeding 70% (D)</td><td colspan="8">0</td></tr>
<tr><td colspan="7">Amount of the portion of total guarantees exceeding 50% of net assets (E)</td><td colspan="8">0</td></tr>
<tr><td colspan="7">Total amount of the above three guarantees (C+D+E)</td><td colspan="8">0</td></tr>
<tr><td colspan="7">Explanation of possible joint and several liability for outstanding guarantees</td><td colspan="8">None</td></tr>
<tr><td colspan="7">Description of guarantees</td><td colspan="8">None</td></tr>
</table>

(III) Entrusted Cash Asset Management

1. Entrusted financial management

(1) Overall entrusted wealth management

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Type	Source of funds	Amount incurred	Outstanding balance	Overdue amount not recovered
Bank financial products	Collected Funds	92,000,000.00		
Bank financial products	Own Funds	100,000,000.00		

Others

□ Applicable √ N/A

(2) Individual entrusted financial management

□ Applicable √ N/A

Others

□ Applicable √ N/A

(3) Provision for impairment of entrusted finance

□ Applicable √ N/A

2. Entrusted loans

(1) Overall situation of entrusted loans

□ Applicable √ N/A

Others

□ Applicable √ N/A

(2) Individual entrusted loans

□ Applicable √ N/A

Others

□ Applicable √ N/A

(3) Provision for impairment of entrusted loans

□ Applicable √ N/A

3. Others

Others □ Applicable √ N/A

(IV) Other significant contracts

□ Applicable √ N/A

XIV. Explanation on the Progress of the Use of Proceeds

√ Applicable □ N/A

(I) Overall utilization of proceeds raised

√ Applicable □ N/A

Unit: Yuan

Source of fund-raising	Time of arrival of the fund-raising	Total amount of fund-raising	Of which: Amount of over-raised funds	Net proceeds after issue expenses	Total committed investment of proceeds	Adjusted total committed investment of proceeds (1)	Cumulative total amount of proceeds invested as of the end of the reporting period (2)	Cumulative progress of inputs as at the end of the reporting period (%) (3)=(2)/(1)	Amount invested during the year (4)	Percentage of current year's input amount (%) (5) = (4)/(1)	Total amount of proceeds from change of use
IPO	September 29, 2022	545,000,000.00		485,347,160.34	485,347,160.34	485,347,160.34	458,213,767.30	94.41%	311,140,820.87	64.11%	/

(II) Details of the fund-raising projects

√ Applicable □ N/A

Unit: Million/100 Yuan

Item name	Project nature	Involving investment change	Proceeds Source	Time of fundraising funds in place	Whether to use over-raised funds	Total committed investment of project fund-raising	Adjusted total investment of proceeds(1)	Amount invested this year	Accumulated total amount of issue proceeds invested as of the end of the reporting period (2))	Cumulative input progress as of the end of the reporting period (%)) (3) =(2)/(1)	Date project reaches intended useable condition	Closed or not	Whether the progress of inputs is in line with the planned schedule	Specific reasons why inputs did not progress as planned	Benefits realized during the year	Benefits realized or R&D results of the project	Has there been a significant change in the feasibility of the project, and if so, please provide details	Amount of savings
Supplemental Clean Room Project Supporting Working Capital Project	O&M	No	IPO	September 29, 2022	No	43,764.42	43,764.42	29.703.25	43,988.47	100.51 %	/	Yes	Yes	/	N/A	N/A	No	/
R&D Center Construction Project	R&D	No	IPO	September 29, 2022	No	2,539.50	2,539.50	117.37	230.64	9.08 %	January 2025	No	Yes	/	N/A	N/A	No	/
Marketing and Service Network Construction Project	O&M	No	IPO	September 29, 2022	No	2,230.80	2,230.80	1,293.47	1,602.26	71.82%	October 2024	No	Yes	/	N/A	N/A	No	/

(III) Changes in or termination of fund-raising investments during the reporting period

□ Applicable √ N/A

(IV) Other use of proceeds during the reporting period

1. Prior investment and replacement of issue proceeds investment projects

□ Applicable √ N/A

2. Temporarily supplementing liquidity with idle proceeds

□ Applicable √ N/A

3. Cash management of idle issue proceeds and investment in related products

√ Applicable □ N/A

Unit: Million/100 Yuan Currency: RMB

Considered by the Board of Directors	Effective Consideration Amount of Proceeds Used for Cash Management	Start Date	Ending date	Cash management balance at the end of the reporting period	Whether the maximum balance for the period exceeds the authorized amount
October 27, 2022	40,000.00	November 22, 2022	November 21, 2023	/	No
October 27, 2023	3,000.00	October 27, 2023	October 26, 2024	1,600.00	No

Other Notes

None

4. Permanent replenishment of working capital or repayment of bank loans with over-provisioned funds

□ Applicable √ N/A

5. Others

□ Applicable √ N/A

XV. Explanation of other significant matters that have a significant impact on investors' value judgment and investment decisions

□ Applicable √ N/A

Section VII Changes in Shares and Information about Shareholders

I. Changes in Share Capital

(I) Table of changes in shares

1. Table of changes in shares

Unit: Shares

	Before this change		Increase/decrease (+, -)					After this change	
	Number	Proportion (%)	Issue of new shares	Bonus shares	Conversion of shares from provident fund	Others	Subtotal	Number of shares	Proportion (%)
I. Restricted shares	60,000,000	75.00			15,000,000	-10,002,750	4,997,250	64,997,250	65.00
1. Shares held by the state									
2. Shares held by state-owned corporations									
3. Other domestic shares	8,002,200	10.00			2,000,550	-10,002,750	-8,002,200	0	
Of which: shares held by domestic non-state legal persons	8,002,200	10.00			2,000,550	-10,002,750	-8,002,200	0	
Shares held by domestic natural persons									
4. Overseas shares	51,997,800	65.00			12,999,450		12,999,450	64,997,250	65.00
Of which: shares held by overseas legal persons	51,997,800	65.00			12,999,450		12,999,450	64,997,250	65.00
Shares held by overseas natural persons									
II. Unlimited shares in	20,000,000	25.00			5,000,000	10,002,750	15,002,750	35,002,750	35.00

circulation									
1. RMB common shares	20,000,000	25.00			5,000,000	10,002,750	15,002,750	35,002,750	35.00
2. Domestic listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of shares	80,000,000	100.00			20,000,000		20,000,000	100,000,000	100.00

2. Description of changes in shares

√ Applicable □ N/A

The Company held the Sixth Meeting of the Second Session of the Board of Directors and the Fifth Meeting of the Second Session of the Supervisory Committee on April 7, 2023 and the Annual General Meeting of 2022 on April 28, 2023 respectively, and considered and passed the Proposal on the Profit Distribution Plan of the Company for the Year 2022. Based on the total share capital of 80,000,000 shares before the implementation of the profit distribution and capitalization plan, the Company will transfer 2.5 shares for every 10 shares to all shareholders, and after the transfer of 20,000,000 shares, the total share capital of the Company will be 100,000,000 shares. For details, please refer to "Announcement on Implementation of 2022 Annual Equity Distribution of Acter Technology Integration Group Co., Ltd." (Announcement No. 2023-028) published on the website of Shanghai Stock Exchange on June 9, 2023 at www.sse.com.cn.

3. Impact of changes in shares on financial indicators such as earnings per share and net assets per share for the last year and the last period (if any)

√ Applicable □ N/A

Major financial indicators	Current reporting period	The same period of the previous year
Basic earnings per share (yuan/share)	1.39	1.51
Net assets per share attributable to shareholders of listed companies (yuan/share)	10.82	12.42

According to the "Proposal on the Profit Distribution Plan for the Year 2022" considered and approved at the Sixth Meeting of the Second Session of the Board of Directors and the Fifth Meeting of the Second Session of the Supervisory Committee of the Company held on April 7, 2023 and the Annual General Meeting of the Company for the year 2022 held on April 28, 2023, the Company shall transfer 2.5 shares for every 10 shares to all shareholders by way of capitalization of capital reserve on the basis of the total share capital of 80,000,000 shares prior to the implementation of the equity distribution, with the total number of shares to be transferred by way of capitalization of capital reserve to be increased by a total of 20,000,000 shares. After this capitalization, the total share capital of the Company became 100,000,000 shares. The equity distribution was completed during the reporting period. In order to ensure the comparability of accounting indicators, the basic earnings per share for the year 2022 has been recalculated and presented on the basis of the changed number of shares.

4. Other disclosures deemed necessary by the Company or required by securities regulatory authorities

□ Applicable √ N/A

(II) Changes in restricted shares

√ Applicable □ N/A

Unit: Shares

Name of shareholder	Number of restricted shares at the beginning of the year	Number of shares released from restricted sale during the year	Increase in the number of restricted shares during the year	Number of restricted shares at the end of the year	Reason for restriction	Date of release of restricted shares
SHENG HUEI INTERNATIONAL CO. LTD.	51,997,800		12,999,450	64,997,250	IPO	October 13, 2025
Suzhou Songhuei Enterprise Management Consulting Partnership (Limited Partnership)	6,498,000	8,122,500	1,624,500		IPO	October 13, 2023
Suzhou Shengzhan Enterprise Management Consulting Partnership (Limited Partnership)	1,504,200	1,880,250	376,050		IPO	October 13, 2023
Total	60,000,000	10,002,750	15,000,000	64,997,250	/	/

II. Issuance and Listing of Securities

(I) Issuance of securities up to the reporting period

□ Applicable √ N/A

Explanation of securities issuance as of the reporting period (for bonds with different interest rates during the subsistence period, please explain separately)
□ Applicable √ N/A

(II) Changes in the total number of shares and shareholder structure of the Company and changes in the Company's asset and liability structure

√ Applicable □ N/A

According to the "Proposal on the Profit Distribution Plan for the Year 2022" considered and approved at the Sixth Meeting of the Second Session of the Board of Directors and the Fifth Meeting of the Second Session of the Supervisory Committee of the Company held on April 7, 2023 and the Annual General Meeting of the Company for the year 2022 held on April 28, 2023, the Company shall, on the basis of the total share capital of 80,000,000 shares prior to the implementation of the distribution of the Company's share capital, increase 2.5 shares for every 10 shares by way of capitalization of capital reserve to all shareholders, totaling 20,000,000 shares. After this capitalization, the total share capital of the company became 100,000,000 shares. Before the implementation of this equity distribution, Sheng Huei International held 51.9978 million shares with a shareholding ratio of 65.00%, Suzhou Songhuei held 6.498 million shares with a shareholding ratio of 8.12%, and Suzhou Shengzhan held 1.5042 million shares with a shareholding ratio of 1.88%; the shareholding ratio remained unchanged after the implementation of the equity distribution, with Sheng Huei International's shareholding changed to 64.99725 million shares, Suzhou SongHuei to 8.1225 million shares and Suzhou ShengZhan to 1.88025 million shares.

At the beginning of the reporting period, total assets amounted to RMB 1778.2818 million and total liabilities amounted to RMB 765.0707 million, with an asset-liability ratio of 43.02%; at the end of the reporting period, total assets amounted to RMB 1904.3625 million and total liabilities amounted to RMB 814.3974 million, with an asset-liability ratio of 42.76%.

(III) Existing internal employee shares

□ Applicable √ N/A

III. Shareholders and actual controllers

(I) Total number of shareholders

Total number of common shareholders as of the end of the reporting period (households)	10,170
Total number of common shareholders as of the end of the month prior to the date of the annual report (households)	9,715
Total number of preferred stockholders with voting rights restored as of the end of the reporting period (households)	N/A
Total number of preferred stockholders with voting rights restored at the end of the month preceding the annual report disclosure date (households)	N/A

(II) Shareholdings of top ten shareholders and top ten outstanding shareholders (or shareholders with unlimited rights to sell) as at the end of the reporting period

Unit: shares

Shareholdings of the top ten shareholders (excluding shares lent through transfer)							
Name of shareholders (full name)	Increase/decrease during the reporting period	Number of shares held at the end of the period	Proportion (%)	Number of shares held under limited selling conditions	Pledged, marked or frozen		Nature of shareholders
					Shareholding Status	Number	
SHENG HUEI INTERNATIONAL CO. LTD.	12,999,450	64,997,250	65.00	64,997,250	None	0	Overseas legal person
Suzhou Songhuei Enterprise Management Consulting Partnership (Limited Partnership)	1,624,500	8,122,500	8.12	0	None	0	Other
Suzhou Shengzhan Enterprise Management Consulting Partnership (Limited Partnership)	376,050	1,880,250	1.88	0	None	0	Other
Ping An Asset - ICBC - Ping An Asset Ruyi No. 15 Asset Management Product	581,125	581,125	0.58	0	None	0	Other
Huang Junfeng	460,600	460,600	0.46	0	None	0	Domestic natural person
Zhu Zexin	390,900	390,900	0.39	0	None	0	Domestic natural person
Industrial and Commercial Bank of China Limited - CITIC Prudential Multi-Strategy Flexible Allocation Mixed Securities Investment Fund (LOF)	325,800	325,800	0.33	0	None	0	Other

Tian An Life Insurance Company Limited - Ping An Asset Multi-Asset Portfolio	300,000	300,000	0.30	0	None	0	Other
Zhu Zejia	287,800	287,800	0.29	0	None	0	Domestic natural person
Kelsang Rinzin	112,525	257,525	0.26	0	None	0	Domestic natural person

Shareholdings of the top ten shareholders with unlimited sales conditions			
Name of shareholders	Number of shares held in circulation with unlimited selling conditions	Type and number of shares	
		Type	Number of shares
Suzhou Songhuei Enterprise Management Consulting Partnership (Limited Partnership)	8,122,500	Renminbi ordinary shares	8,122,500
Suzhou Shengzhan Enterprise Management Consulting Partnership (Limited Partnership)	1,880,250	Renminbi ordinary shares	1,880,250
Ping An Assets - ICBC - Ping An Assets Ruyi No. 15 Asset Management Product	581,125	Renminbi ordinary shares	581,125
Huang Junfeng	460,600	Renminbi ordinary shares	460,600
Zhu Zexin	390,900	Renminbi ordinary shares	390,900
Industrial and Commercial Bank of China Limited - CITIC-Prudential Multi-Strategy Flexible Allocation Mixed Securities Investment Fund (LOF)	325,800	Renminbi ordinary shares	325,800
Tian An Life Insurance Company Limited - Ping An Asset Multi-Asset Portfolio	300,000	Renminbi ordinary shares	300,000
Zhu Zejia	287,800	Renminbi ordinary shares	287,800
Kelsang Rinchen	257,525	Renminbi ordinary shares	257,525
Zhu Xuewen	240,950	Renminbi ordinary shares	240,950
Description of buyback special accounts among the top ten shareholders	None		
Explanation of the above shareholders' proxy voting rights, entrusted voting rights and waiver of voting rights	None		
Description of the above shareholders' affiliation or concerted action	None		
Description of preferred stockholders whose voting rights have been restored and the number of shares they hold	None		

Participation of the top ten shareholders in lending of shares in the transfer and financing business

□ Applicable √ N/A

Changes in the top ten shareholders compared with the previous period
√ Applicable □ N/A

Unit: shares

Changes in the top ten shareholders from the end of the previous period					
Name of shareholders (full name)	New/withdrawn during the reporting period	Number of shares lent on transfer and not yet returned at the end of the period		Number of shares held in shareholders' ordinary accounts and credit accounts and outstanding shares lent on transfer at the end of the period	
		Total Quantity	Proportion (%)	Total Quantity	Proportion (%)
Bank of China -E-Funds Positive Growth Securities Investment Fund	Withdrawal	N/A	N/A	0	0.00
Sun Qinghua	Withdrawal	N/A	N/A	0	0.00
Shao Jialin	Withdrawal	N/A	N/A	0	0.00
CITIC Securities Co., Ltd.	Withdrawal	N/A	N/A	200,351	0.20
Guotai Junan Securities Co., Ltd.	Withdrawal	N/A	N/A	77,161	0.08
Everbright Securities Co., Ltd.	Withdrawal	N/A	N/A	47,604	0.05
Ping An Asset - ICBC - Ping An Asset Ruyi No. 15 Asset Management Product	New	N/A	N/A	581,125	0.58
Huang Junfeng	New	N/A	N/A	460,600	0.46
Zhu Zexin	New	N/A	N/A	390,900	0.39
Industrial and Commercial Bank of China Limited - CITIC-Prudential Multi-Strategy Flexible Allocation Mixed Securities Investment Fund (LOF)	New	N/A	N/A	325,800	0.33
Tian An Life Insurance Company Limited - Ping An Asset Multi-Asset Portfolio	New	N/A	N/A	300,000	0.30
Zhu Zejia	New	N/A	N/A	287,800	0.29

Number of shares held by the top ten shareholders with limited selling conditions and the conditions of limited selling
√ Applicable □ N/A

Unit: shares

No.	Name of restricted shareholders	Number of shares subject to selling restrictions	Listing and trading of shares subject to selling restrictions		Restricted shares
			Time of availability for listing and trading	Number of new shares available for listing and trading	
1	SHENG HUEI INTERNATIONAL CO. LTD.	64,997,250	October 13, 2025	0	Lock-up of shares for 36 months from the date of listing
Description of the relationship or concerted action of the above shareholders		None			

(III) Strategic investors or general corporations becoming top 10 shareholders as a result of placing of new shares

□ Applicable √ N/A

IV. Controlling shareholders and actual controllers

(I) Controlling shareholders

1 Legal person

√ Applicable □ N/A

Name of the Company:	SHENG HUEI INTERNATIONAL CO. LTD.
Person in charge of the organization or legal representative	Liang Jinli
Date of Establishment	July 15, 2003
Main Businesses	Equity investment
Equity interests in other domestic and overseas listed companies held and participated in during the reporting period	None
Other information	None

2 Natural persons

□ Applicable √ N/A

3 Special explanations on the absence of controlling shareholders of the Company

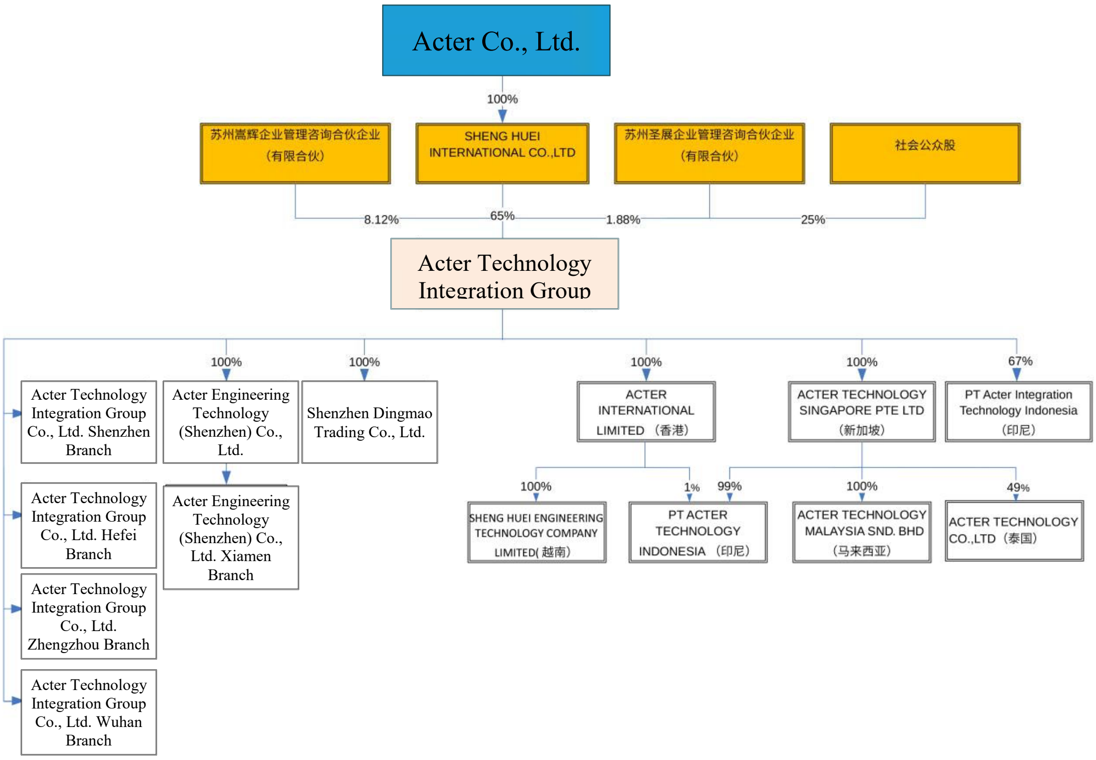
□ Applicable √ N/A

4 Explanation on the change of controlling shareholders during the reporting period

□ Applicable √ N/A

5 Block diagram of the ownership and control relationship between the Company and the controlling shareholders

√ Applicable □ N/A



(II) Situation of actual controllers

1 Legal person

□ Applicable √ N/A

2 Natural person

□ Applicable √ N/A

3 Special explanation on the absence of actual controllers of the Company

□ Applicable √ N/A

4 Explanation on the change of control of the Company during the reporting period

□ Applicable √ N/A

5 Block diagram of the ownership and control relationship between the Company and the actual controller

□ Applicable √ N/A

6 Control of the Company by the actual controller through trust or other asset management methods

□ Applicable √ N/A

(III) Other information of controlling shareholders and actual controllers

□ Applicable √ N/A

V. The proportion of shares pledged by controlling shareholders or the largest shareholder and persons acting in concert with them to the number of shares held by them reaches more than 80%.

□ Applicable √ N/A

VI. Other legal shareholders holding more than 10% of the company's shares

□ Applicable √ N/A

VII. Explanation on the restriction on the reduction of shareholding

□ Applicable √ N/A

VIII. Specific implementation of share buyback during the reporting period

□ Applicable √ N/A

Section VIII Preferred Stock

□ Applicable √ N/A

Section IX Relevant Information of Bonds

I. Enterprise bonds, corporate bonds and debt financing instruments for non-financial enterprises
□ Applicable √ N/A

II. Convertible corporate bonds
□ Applicable √ N/A

Section X Financial Reporting

I. Audit Report
√ Applicable □ N/A

Audit Report

XYZH/2024SUAA1B0017

Acter Technology Integration Group Co., Ltd.

All shareholders of Acter Technology Integration Group Co., Ltd.

I. Audit Opinion

We have audited the financial statements of Acter Technology Integration Group Co., Ltd., Ltd (hereinafter referred to as "Acter Group"), which comprise the consolidated and parent company balance sheets as of December 31, 2023, 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 stockholders' equity for the year ended December 31, 2023, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and parent company financial position of Acter Group as of December 31, 2023 and the consolidated and parent company results of operations and cash flows for the year ended December 31, 2023 in conformity with the Accounting Standards for Business Enterprises (ASBE).

II. Basis of Audit Opinion

We have performed our audit in accordance with the provisions of the Chinese Standards on Auditing for Certified Public Accountants. Our responsibilities under those standards are further described in the "Responsibilities of Certified Public Accountants for the Audit of Financial Statements" section of the audit report. In accordance with the Code of Ethics for Certified Public Accountants of the People's Republic of China, we are independent of Acter Group and have fulfilled our other responsibilities with respect to professional ethics. 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 matters that, in our professional judgment, are of most significance to the audit of the financial statements. These matters are dealt with in the context of the audit of the financial statements as a whole and the formation of an audit opinion, and we do not express an opinion on these matters separately.

1. Revenue recognition for construction contracts	
Please refer to the accounting policies described in "IV. Significant Accounting Policies and Accounting Estimates" 32 in the notes to the financial statements and "VI. Notes to the Financial Statements" 35 in the notes to the financial statements.	
Key Audit Matters	**Audit Response**
Acter Group is mainly engaged in the design and construction of MEP related to clean room projects, and the revenue from construction contracts in FY2023 amounted to RMB 1,994,437,797.70, accounting for 99.28% of the operating revenue in the consolidated income statement. Starting from January 1, 2020, Acter Group will implement “ASBE No. 14,"Revenue (Revised)”. Acter Group evaluated the terms of the contracts and business arrangements and concluded that construction contracts are performance obligations to be fulfilled within a certain period of time, and recognized revenue based on the progress of performance over the period of time in which the construction contracts are performed. The progress of performance is determined based on the proportion of actual contract costs incurred by Acter Group to the estimated total contract costs. Management of Acter Group is required to make reasonable judgments regarding the progress of completion or performance of construction contracts. During the course of execution of the contracts, Acter Group is required to continually evaluate and make adjustments to the contract amounts and estimated total contract costs, which involves the exercise of significant management judgments.	The audit procedures related to the evaluation of revenue recognition of construction contracts mainly include the following procedures: (1) Understanding and evaluating the design and operating effectiveness of key internal controls over financial reporting related to revenue recognition for construction contracts; (2) Selecting the construction contracts signed between Acter Group and its clients, examining the main terms of the contracts and evaluating whether the accounting policies of Acter Group for revenue recognition are in compliance with the requirements of the Accounting Standards for Business Enterprises (ASBE); (3) Selecting construction contracts and examining the basis for the estimated total cost of the contracts and the related cost budget information. If there is any adjustment to the estimated total cost of the contract, check whether the adjustment to the estimated total cost has been approved and inquire the management about the reasons and basis for the adjustment to evaluate whether the estimation made by the management is reasonable and based on sufficient information; (4) Selecting contract costs actually incurred during the reporting period and checking relevant supporting documents such as procurement contracts, purchase orders, material receipts, requisition ratios, invoices, etc. to evaluate the authenticity and accuracy of the actual construction costs; (5) Contract costs incurred around the balance sheet date are selected and reconciled to the relevant supporting documents, including purchase contracts, purchase orders, material receipts, requisition ratios, invoices, and other relevant supporting documents, in order to evaluate

1. Revenue recognition for construction contracts	
Please refer to the accounting policies described in "IV. Significant Accounting Policies and Accounting Estimates" 32 in the notes to the financial statements and "VI. Notes to the Financial Statements" 35 in the notes to the financial statements.	
Key Audit Matters	**Audit Response**
We identified revenue recognition for construction contracts as a key audit matter because revenue is one of the key performance indicators of Acter Group, there is an inherent risk that Acter Group may manipulate revenue to meet certain objectives or expectations, and revenue recognition for construction contracts involves significant management judgment.	whether the relevant contract costs are recorded in the appropriate accounting period; (6) Selecting construction contracts that have not been completed at the end of the reporting period, reviewing the accuracy of the calculation of the percentage of completion or progress of performance, and recalculating the cumulative revenue recognized and the revenue to be recognized in the current period, and reconciling them with the financial records; (7) Selecting clients and conducting correspondence regarding the amount of construction contracts and receivables signed between Acter Group and them during the reporting period; (8) Selecting construction contracts not yet completed as at the end of the reporting period, conducting on-site inspections of the project sites, observing the image of the on-site works, interrogating the project engineers or management personnel, and checking the progress information of the projects at the construction sites, so as to evaluate the reasonableness of the management's estimation on the progress of the project completion or the progress of the fulfillment of the contract; (9) Selecting construction contracts, checking the total costing sheet of the approved contract budget and the actual implementation of the budget during the reporting period, reviewing the difference between the total budgeted cost and the actual cost of completed contracts, and evaluating whether there is any indication of management bias; (10) Evaluating whether the revenue from construction contracts has been appropriately disclosed in the financial statements.

2. Evaluation of bad debt provision for accounts receivable	
Please refer to the accounting policies described in "IV. Significant Accounting Policies and Accounting Estimates" 13 in the notes to the financial statements and "VI. Notes to the Financial Statements" 4 in the notes to the financial statements.	
Key Audit Matters	**Audit Response**
As at December 31, 2023, the original value of accounts receivable in the consolidated balance sheet of Acter Group was RMB	The audit procedures related to the evaluation of the bad debt provision for accounts receivable included the following procedures:

2. Evaluation of bad debt provision for accounts receivable	
Please refer to the accounting policies described in "IV. Significant Accounting Policies and Accounting Estimates" 13 in the notes to the financial statements and "VI. Notes to the Financial Statements" 4 in the notes to the financial statements.	
Key Audit Matters	**Audit Response**
432,299,306.51, and the provision for bad debts was RMB 35,410,034.25. Based on the expected credit loss rate of accounts receivable, the management measured the bad debt provision for accounts receivable at an amount equivalent to the expected credit losses over the life of the accounts receivable. The expected credit loss rate takes into account the age of the accounts receivable, historical payments, current market conditions and forward-looking information, and this assessment involves significant management judgment and estimates.	(1) Understanding and evaluating the design and operating effectiveness of Acter Group's key internal controls over financial reporting related to credit risk control, collection and provisioning for bad debts; (2) Evaluating whether the accounting policy for bad debt provision of Acter Group for the reporting period complies with the requirements of enterprise accounting standards; (3) Evaluating the appropriateness of the aging of accounts receivable by selecting items from the accounts receivable aging table, reviewing relevant supporting documents, and taking into account the information on the credit periods granted by Acter Group to its clients; (4) Understanding the key parameters and assumptions used in Acter Group's expected credit loss model, including management's judgment on whether to group accounts receivable based on clients' credit risk characteristics and the historical loss data included in Acter Group's expected loss ratio; (5) Evaluating the appropriateness of Acter Group's estimate of expected credit losses by examining the information used by Acter Group to make the estimate, including examining the accuracy of the historical loss data, and evaluating whether management has adjusted the historical loss rate by taking into account the current market conditions and forward-looking information in determining the expected credit loss rate; (6) Recalculation of bad debt allowance as of December 31, 2023 based on the expected credit loss model of accounts receivable of Acter Group.

IV. Other Information

The management of Acter Group (hereinafter referred to as "management") is responsible for the other information. Other information includes the information covered in the 2023 annual report of Acter Group, but excludes the financial statements and our audit report.

Our audit opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion on the other information.

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

Based on the work we have performed, if we determine that other information is materially misstated, we shall report that fact. We have no matters to report in this regard.

V. Management’s and Governance’s Responsibility for the Financial Statements

The management is responsible for the preparation of financial statements that present fairly, in accordance with the provisions of the Ind AS, and for designing, implementing and maintaining internal control necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Acter Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and applying the going concern assumptions, unless management plans to liquidate Acter Group, discontinue operations or has no realistic alternative.

Governance is responsible for overseeing the financial reporting process of Acter Group.

VI. CPA's Responsibility for the Audit of Financial Statements

Our objective is 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 audit report containing an audit opinion. Reasonable assurance is a high level of assurance, but it does not guarantee that an audit performed in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements may result from fraud or error and are generally considered to be material if it is reasonable to expect that the misstatements, individually or in the aggregate, could affect the economic decisions of users of financial statements based on the financial statements.

We use professional judgment and maintain professional skepticism in performing the audit in accordance with auditing standards. We also perform the following tasks:

(1) Identifying and assessing the risks of material misstatement of the financial statements due to fraud or error, design and perform audit procedures to address those risks, and obtaining sufficient appropriate audit evidence as a basis for an audit opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error because fraud may involve collusion, forgery, willful omission, misrepresentation, or overriding internal controls.

(2) Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.

(3) Evaluating the appropriateness of accounting policies selected and the reasonableness of accounting estimates and related disclosures made by management.

(4) Expressing a conclusion on the appropriateness of management's use of the going concern assumption. At the same time, based on the audit evidence obtained, we conclude whether there is a material uncertainty regarding the matters or circumstances that may cast significant doubt on the ability of Acter Group to continue as a going concern. If we conclude that a material uncertainty exists, auditing standards require that we draw the attention of users of the financial statements to the relevant disclosures in our audit report; if the disclosures are not sufficient, we shall express an unqualified opinion. Our conclusions are based on information available at the date of the audit report. However, future events or circumstances may cause Acter Group to be unable to continue as a going concern.

(5) Evaluating the overall presentation, structure and content of the financial statements and to evaluate whether the financial statements present fairly the related transactions and events.

(6) Obtaining sufficient and appropriate audit evidence about the financial information of the entities or business activities of Acter Group to express an opinion on the financial statements. We are responsible for directing, supervising and performing the audit of the Group and accept full responsibility for the audit opinion.

We communicate with governance on matters such as the scope, timing and significant findings of the planned audit, including internal control deficiencies of concern identified in our audit.

We also provide governance with a statement of compliance with ethical requirements related to independence and communicate with governance all relationships and other matters that could reasonably be perceived to affect our independence, as well as related safeguards.

From the matters communicated with governance, we determined which matters were most significant to the audit of the current financial statements and therefore constituted key audit matters. We describe these matters in our audit report except where public disclosure of the matters is prohibited by law or regulation or, in rare circumstances, we determine that a matter shall not be communicated in the audit report if it is reasonably foreseeable that the adverse consequences of communicating the matter would outweigh the benefits to the public interest.

ShineWing Certified Public Accountants LLP

Certified Public Accountants, China:

(Project Partner)

Certified Public Accountant, China:

Beijing, China March 29, 2024

II. Financial Statements

Consolidated Balance Sheet

December 31, 2023

Prepared by: Acter Technology Integration Group Co., Ltd.

Unit: Yuan Currency: RMB

Item	Notes	December 31, 2023	December 31, 2022
Current assets			
Monetary funds		722,496,330.38	550,235,202.99
Provision for settlement fund			
Funds lent			
Financial assets held for trading			122,119,888.89
Derivative financial assets			
Bills receivable		43,157,918.28	20,790,441.73
Accounts receivable		396,889,272.26	484,443,368.28
Receivables financing		3,572,953.18	729,937.36
Prepayments		89,024,613.33	50,995,260.16
Premiums receivable			
Reinsurance receivables			
Reserve for reinsurance contracts receivable			
Other receivables		13,378,598.48	13,057,575.31
Of which: Interest receivable			
Dividends receivable			
Financial assets purchased for resale			
Inventories			66,824.45
Contract assets		424,897,205.60	389,293,108.13
Assets held for sale			
Non-current assets due within one year			
Other current assets		97,604,166.69	58,265,105.32
Total current assets		1,791,021,058.20	1,689,996,712.62
Non-current assets:			
Loans and advances granted			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		2,332,022.40	2,314,172.96
Investments in other equity instruments			
Other non-current financial assets			
Investment properties		598,758.96	713,065.68
Fixed assets		38,895,511.08	40,095,530.47
Construction in progress		13,103,863.94	
Producing biological assets			
Oil and gas assets			
Utilization right assets		3,840,232.40	4,672,377.60
Intangible assets		7,244,475.94	7,426,847.54
Development expenditure			
Goodwill			

Long-term prepaid expenses			
Deferred income tax assets		12,482,616.81	14,578,928.51
Other non-current assets		34,843,950.71	17,348,658.87
Total non-current assets		113,341,432.24	87,149,581.63
Total assets		1,904,362,490.44	1,777,146,294.25
Current liabilities:			
Short-term borrowings			31,249,307.82
Borrowing from the central bank			
Funds borrowed			
Financial liabilities held for trading			
Derivative financial liabilities			
Bills payable			
Accounts payable		629,857,317.33	589,919,678.26
Advance receipts			
Contract liabilities		73,351,891.04	74,584,070.11
Amounts for sale and buyback of financial assets			
Deposit-taking and interbank deposits			
Securities trading agency			
Underwriting of securities			
Employee remuneration payable		47,459,670.87	39,456,513.03
Taxes payable		7,980,749.03	7,330,079.22
Other payables		25,427,208.65	1,611,097.74
Of which: Interest payable			
Dividends payable			
Fees and commissions payable			
Sub-insurance payable			
Liabilities held for sale			
Non-current liabilities due within one year		1,748,003.79	1,710,381.30
Other current liabilities			
Total current liabilities		785,824,840.71	745,861,127.48
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings			
Bonds payable			
Of which: Preferred stock			
Perpetual bonds			
Lease liabilities		2,150,631.55	3,151,902.66
Long-term accounts payable			
Long-term employee remuneration payable		632,325.46	610,379.24
Projected liabilities		11,292,847.91	9,238,016.80
Deferred income			
Deferred tax liabilities		14,496,782.15	4,892,632.32
Other non-current liabilities			
Total non-current liabilities		28,572,587.07	17,892,931.02

Total liabilities		814,397,427.78	763,754,058.50
Owners' equity (or shareholders' equity)			
Paid-in capital (or share capital)		100,000,000.00	80,000,000.00
Other equity instruments			
Of which: Preference stock			
Perpetual bonds			
Capital surplus		562,632,775.45	582,632,775.45
Less: Treasury stock			
Other comprehensive income		3,318,147.61	3,027,860.88
Earmarked reserves		44,578,849.52	45,372,652.93
Surplus reserves		39,501,301.38	28,443,197.81
Provision for general risks			
Undistributed profits		332,226,440.31	269,871,786.54
Total owners' equity (or shareholders' equity) attributable to the parent company		1,082,257,514.27	1,009,348,273.61
Minority interests		7,707,548.39	4,043,962.14
Total owners' equity (or shareholders' equity)		1,089,965,062.66	1,013,392,235.75
Total liabilities and owners' equity (or shareholders' equity)		1,904,362,490.44	1,777,146,294.25

Person in charge of the Company: Liang Jinli

Person in charge of Accounting: Chen Zhihao

Person of Accounting Organization: Xiao Jingxia

Parent Company Balance Sheet

December 31, 2023 Prepared by: Acter Technology Integration Group Co., Ltd.

Unit: Yuan Currency: RMB

Item	Notes	December 31, 2023	December 31, 2022
Current assets			
Monetary funds		562,122,045.11	426,921,105.55
Financial assets held for trading			122,119,888.89
Derivative financial assets			
Bills receivable		41,826,722.94	3,741,507.00
Accounts receivable		315,117,444.36	389,406,545.69
Receivables financing		2,161,091.23	350,000.00
Prepayment		62,282,120.10	30,190,351.40
Other receivables		31,069,788.93	39,103,210.81
Of which: Interest receivable			
Dividends receivable			
Inventories			62,842.15
Contract assets		316,838,756.89	307,849,835.96
Assets held for sale			
Non-current assets due within one year			
Other current assets		45,758,769.25	21,837,642.67
Total current assets		1,377,176,738.81	1,341,582,930.12
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		88,485,289.33	84,542,333.88
Investments in other equity instruments			
Other non-current financial assets			
Investment properties		598,758.96	713,065.68
Fixed assets		36,738,851.20	38,986,702.82
Construction in progress		13,103,863.94	
Producing biological assets			
Oil and gas assets			
Utilization right assets		2,451,451.14	2,760,402.11
Intangible assets		7,206,780.52	7,379,278.80
Development expenditure			
Goodwill			
Long-term amortization			
Deferred tax assets		9,838,099.85	11,724,393.96
Other non-current assets		29,178,404.91	3,168,562.17
Total non-current assets		187,601,499.85	149,274,739.42
Total assets		1,564,778,238.66	1,490,857,669.54
Current liabilities:			
Short-term borrowings			
Transaction financial liabilities			
Derivative financial liabilities			
Notes payable			

Accounts payable		521,711,872.40	504,944,256.04
Receipts in advance			
Contract liabilities		46,861,981.30	38,253,734.48
Employee remuneration payable		36,511,580.37	32,483,986.99
Taxes payable		810,992.90	3,265,740.36
Other payables		1,806,759.40	1,278,644.31
Of which: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		968,648.33	902,393.93
Other current liabilities			
Total current liabilities		608,671,834.70	581,128,756.11
Non-current liabilities:			
Long-term loans			
Bonds payable			
Of which: Preferred stock			
Perpetual bonds			
Lease liabilities		1,797,832.84	2,118,253.78
Long-term accounts payable			
Long-term employee remuneration payable			
Projected liabilities		7,199,017.54	5,723,958.25
Deferred income			
Deferred tax liabilities		367,717.70	
Other non-current liabilities			
Total non-current liabilities		9,364,568.08	7,842,212.03
Total liabilities		618,036,402.78	588,970,968.14
Owners' equity (or shareholders' equity)			
Paid-in capital (or share capital)		100,000,000.00	80,000,000.00
Other equity instruments			
Of which: Preferred stock			
Perpetual bonds			
Capital surplus		564,223,330.95	584,223,330.95
Less: Treasury stock			
Other comprehensive income			
Earmarked reserves		36,814,726.26	37,608,529.67
Surplus reserves		39,501,301.38	28,443,197.81
Undistributed profits		206,202,477.29	171,611,642.97
Total owners' equity (or shareholders' equity)		946,741,835.88	901,886,701.40
Total liabilities and owners' equity (or shareholders' equity)		1,564,778,238.66	1,490,857,669.54

Person in charge of the Company: Liang Jinli
Person in charge of Accounting: Chen Zhihao
Person in charge of Accounting Organization: Xiao Jingxia

Consolidated Income Statement

January-December 2023

Unit: Yuan Currency: RMB

Item	Notes	FY2023	FY2022
I. Total operating revenue		2,008,924,995.68	1,627,895,120.49
Of which: operating revenue		2,008,924,995.68	1,627,895,120.49
Interest income			
Earned premiums			
Fee and commission income			
II. Total operating costs		1,829,949,952.47	1,471,980,392.51
Of which: Operating costs		1,738,841,241.47	1,376,528,425.17
Interest expenses			
Handling fee and commission expenses			
Surrender premiums			
Net claims expenses			
Net withdrawal of insurance liability reserve			
Policy dividend expense			
Reinsurance expenses			
Taxes and surcharges		4,370,539.18	3,800,051.12
Selling expenses		7,954,281.67	6,301,894.42
Administrative expenses		59,193,009.85	60,147,184.98
R&D expenses		25,121,209.62	19,101,658.87
Finance costs		-5,530,329.32	6,101,177.95
Of which: Interest expense		1,360,920.96	3,693,006.56
Interest income		6,309,355.80	1,787,232.96
Add: Other gains		3,731,552.00	3,524,827.14
Investment income (loss denoted by "-")		1,661,794.44	-99,328.94
Of which: Investment income from associates and joint ventures			
Gain on derecognition of financial assets measured at amortized cost			
Foreign exchange gains (loss denoted by "-")			
Gain on net open hedges (loss denoted by "-")			
Gain on change in fair value (loss denoted by "-")		-119,888.89	105,417.14
Credit impairment loss (loss denoted by "-")		-3,860,633.85	-5,805,476.85
Impairment loss on assets (loss denoted by "-")		1,148,478.91	5,978,570.41
Gain on disposal of assets (loss denoted by "-")		116,542.37	246,990.20
III. Operating profit (loss denoted by "-")		181,652,888.19	159,865,727.08
Add: Non-operating revenue		14,361.33	75,601.66
Less: Non-operating expenses		889,948.63	925,033.47

IV. Total profit (total loss denoted by " - ")		180,777,300.89	159,016,295.27
Less: Income tax expense		40,713,458.90	35,997,255.91
V. Net profit (net loss denoted by "-")		140,063,841.99	123,019,039.36
(I) Classification by continuity of operations			
1. Net profit from continuing operations (net loss denoted by "-")		140,063,841.99	123,019,039.36
2. Net profit from discontinued operations (net loss denoted by "-")			
(II) Classification by ownership attribution			
1. Net profit attributable to shareholders of the parent company (net loss denoted by "-")		138,590,474.42	122,867,982.79
2. Gains and losses of minority shareholders (net loss denoted by "-")		1,473,367.57	151,056.57
VI. Other comprehensive income, net of tax		369,438.14	2,112,646.09
(I) other comprehensive income attributable to owners of the parent company, net of taxes		290,286.73	2,027,897.54
1. Other comprehensive income that cannot be reclassified to profit or loss			
(1) Remeasurement of changes in defined benefit plans			
(2) Other comprehensive income that cannot be reclassified to profit or loss under the equity method			
(3) Changes in fair value of investments in other equity instruments			
(4) Changes in fair value of own credit risk			
2. Other comprehensive income to be reclassified to profit or loss		290,286.73	2,027,897.54
(1) Other comprehensive income available for reclassification to profit or loss under the equity method			
(2) Changes in fair value of other debt instruments			
(3) Reclassification of financial assets to other comprehensive income			
(4) Provision for credit impairment of other debt investments			
(5) Cash flow hedge reserve			
(6) Translation difference of foreign currency financial statements		290,286.73	2,027,897.54
(7) Others			
(II) Other comprehensive income attributable to minority shareholders, net of taxes		79,151.41	84,748.55
VII. Total comprehensive income		140,433,280.13	125,131,685.45
(I) Total comprehensive income attributable to owners of the parent company		138,880,761.15	124,895,880.33

(II) Total comprehensive income attributable to minority shareholders		1,552,518.98	235,805.12
VIII. Earnings per share:			
(I) Basic earnings per share (yuan/share)		1.39	1.51
(II) Diluted earnings per share (yuan/share)		1.39	1.51

In the event of a business combination under the same control during the current period, the net profit realized by the party to be merged before the merger was RMB 0. The net profit realized by the party to be merged in the previous period was RMB 0.

Person in chage of of the Company: Liang Jinli

Person in charge of Accounting: Chen Zhihao

Person in charge of Accounting Organization: Xiao Jingxia

Income Statement of the Parent Company

January-December 2023

Unit: Yuan Currency: RMB

Item	Notes	FY2023	FY2022
I. Operating Revenue		1,515,434,141.27	1,205,851,820.93
Less: Operating costs		1,338,966,817.43	1,039,711,074.27
Taxes and surcharges		4,057,620.88	3,006,779.95
Selling expenses		3,076,194.29	1,981,006.21
Administrative expenses		38,930,717.90	43,029,776.70
R&D expenses		25,121,209.62	19,101,658.87
Finance costs		-5,338,139.72	-1,787,439.33
Of which: Interest expense		153,118.72	1,494,488.49
Interest Income		5,636,874.72	1,844,141.45
Add: Other gains		3,731,552.00	2,766,188.78
Investment income (loss denoted by "-")		18,594,851.65	9,000,000.00
Of which: Investment income from associates and joint ventures			
Gain on derecognition of financial assets carried at amortized cost			
Gain on net exposure hedge (loss denoted by "-")			
Gain on changes in fair value (loss denoted by "-")		-119,888.89	119,888.89
Credit impairment loss (loss denoted by "-")		-3,623,180.11	-7,083,121.30
Impairment loss on assets (loss denoted by "-")		521,068.35	5,527,231.49
Gain on disposal of assets (loss denoted by "-")		115,572.93	224,175.66
II. Operating profit (loss denoted by "-")		129,839,696.80	111,363,327.78
Add: Non-operating revenue		0.01	1.75
Less: Non-operating expenses		612,922.35	820,188.78
III. Total profit (total loss denoted by "-")		129,226,774.46	110,543,140.75
Less: Income tax expense		18,645,738.73	22,934,895.19
IV. Net profit (net loss denoted by "-")		110,581,035.73	87,608,245.56
(I) Net profit from continuing operations (net loss denoted by "-")		110,581,035.73	87,608,245.56
(II) Net profit from discontinued operations (net loss denoted by "-")			
V. Other comprehensive income, net of tax			
(I) Other comprehensive income that cannot be reclassified to profit or loss			
1. Remeasurement of changes in defined benefit plans			

2. Other comprehensive income that cannot be reclassified to profit or loss under the equity method			
3. Changes in fair value of investments in other equity instruments			
4. Change in fair value of own credit risk			
(II) Other comprehensive income to be reclassified to profit or loss			
1. Other comprehensive income that can be reclassified to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Reclassification of financial assets to other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedge reserve			
6. Translation differences on foreign currency financial statements			
7. Others			
VI. Total comprehensive income		110,581,035.73	87,608,245.56
VII. Earnings per share:			
(I) Basic earnings per share (yuan/share)			
(II) Diluted earnings per share (yuan/share)			

Person in charge of the Company: Liang Jinli

Person in charge of Accounting: Chen Zhihao

Person in charge of Accounting organization: Xiao Jingxia

Consolidated Cash Flow Statement

January-December 2023

Unit: Yuan Currency: RMB

Item	Notes	FY2023	FY2022
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		2,167,140,386.68	1,676,483,526.48
Net increase in client deposits and interbank placings			
Net increase in borrowings from the central bank			
Net increase in borrowings from other financial institutions			
Cash received from premiums for primary insurance contracts			
Net cash received from reinsurance business			
Net increase in policyholders' deposits and investment funds			
Cash received from interest, fees and commissions			
Net increase in funds received			
Net increase in buyback transactions			
Net cash received from securities trading			
Tax rebates received		4,870,426.57	21,093,638.18
Cash received from other operating activities		18,560,464.10	34,436,667.12
Subtotal of cash inflow from operating activities		2,190,571,277.35	1,732,013,831.78
Cash paid for goods and services		1,805,795,893.11	1,343,472,760.93
Net increase in loans and advances to clients			
Net increase in deposits with central banks and interbanks			
Cash paid for original insurance contract claims			
Net increase in funds withdrawn			
Cash paid for interest, fees and commissions			
Cash paid for policy dividends			
Cash paid to and for employees		130,630,318.35	99,870,108.89
Taxes paid		76,654,922.21	77,937,514.35
Cash paid for other operating activities		43,967,212.45	49,643,981.81
Subtotal of cash outflow from operating activities		2,057,048,346.12	1,570,924,365.98
Net cash flows from operating activities		133,522,931.23	161,089,465.80
II. Cash flows from investing activities:			
Cash received from recovery of investments		371,000,000.00	202,252.61

Cash received from investment income		1,809,868.77	
Net cash received from the disposal of fixed assets, intangible assets and other long-term assets		28,000.00	273,005.91
Net cash received from the disposal of subsidiaries and other operating units			
Cash received from other investing activities			
Subtotal of cash inflow from investing activities		372,837,868.77	475,258.52
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets		16,998,209.64	4,783,339.58
Cash paid for investment		249,000,000.00	122,000,000.00
Net increase in pledged loans			
Net cash paid for acquisition of subsidiaries and other business units			
Cash paid for other investing activities			
Subtotal of cash outflow from investing activities		265,998,209.64	126,783,339.58
Net cash flows from investing activities		106,839,659.13	-126,308,081.06
III. Cash flows from financing activities:			
Cash received from investment absorption		2,114,535.07	504,551,886.80
Of which: Cash received by subsidiaries from minority investment			
Cash received from loans		6,388,838.45	233,739,019.50
Cash received from other financing activities		22,605,625.00	
Subtotal of cash inflow from financing activities		31,108,998.52	738,290,906.30
Cash paid for debt repayment		37,837,088.45	317,108,556.88
Cash paid for distribution of dividends, profits or repayment of interest		66,094,012.34	33,149,681.50
Of which: Dividends and profits paid to minority shareholders by subsidiaries			
Cash paid for other financing activities		2,180,273.09	22,871,875.08
Subtotal of cash outflow from financing activities		106,111,373.88	373,130,113.46
Net cash flows from financing activities		-75,002,375.36	365,160,792.84
IV. Impact of exchange rate changes on cash and cash equivalents		2,296,409.74	447,893.41
V. Net increase in cash and cash equivalents		167,656,624.74	400,390,070.99
Add: Cash and cash equivalents balance at beginning of period		542,340,098.29	141,950,027.30
VI. Cash and cash equivalents at end of period		709,996,723.03	542,340,098.29

Person in charge of the Company: Liang Jinli   Person in charge of Accounting: Chen Zhihao   Person in charge of Accounting Organization: Xiao Jingxia

Cash flow statement of the parent company

January-December 2023

Unit: Yuan Currency: RMB

Item	Notes	FY2023	FY2022
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		1,647,517,583.36	1,092,516,773.62
Tax refunds received		3,748,084.73	
Cash received from other operating activities		14,972,801.49	7,963,498.00
Subtotal of cash inflow from operating activities		1,666,238,469.58	1,100,480,271.62
Cash paid for goods and services		1,406,939,420.43	969,724,417.70
Cash paid to and for employees		96,230,925.37	71,802,528.56
Taxes paid		60,761,461.48	49,226,203.45
Cash paid for other operating activities		27,542,918.50	27,217,857.28
Subtotal of cash outflow from operating activities		1,591,474,725.78	1,117,971,006.99
Net cash flows from operating activities		74,763,743.80	-17,490,735.37
II. Cash flows from investing activities:			
Cash received from recovery of investments		347,000,000.00	
Cash received from investment income		19,008,542.74	9,000,000.00
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets		20,000.00	88,000.00
Net cash received from disposal of subsidiaries and other business units			
Cash received from other investing activities			
Subtotal of cash inflow from investing activities		366,028,542.74	9,088,000.00
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets		15,334,338.59	3,625,785.24
Cash paid for investment		225,000,000.00	122,000,000.00
Net cash paid for acquisition of subsidiaries and other operating units		4,242,955.45	
Cash paid for other investing activities			
Subtotal of cash outflow from investing activities		244,577,294.04	125,625,785.24
Net cash flows from investing activities		121,451,248.70	-116,537,785.24
III. Cash flows from financing activities:			

Cash flows from financing activities			504,551,886.80
Cash received from obtaining loans			89,551,555.00
Cash received from other financing activities		34,906,384.33	64,016,599.07
Subtotal of cash inflow from financing activities		34,906,384.33	658,120,040.87
Cash paid for debt repayment			89,551,555.00
Cash paid for distribution of dividends, profits or interest repayment		65,000,000.00	31,177,990.13
Cash paid for other financing activities		29,198,376.93	63,272,188.69
Subtotal of cash outflow from financing activities		94,198,376.93	184,001,733.82
Net cash flows from financing activities		-59,291,992.60	474,118,307.05
IV. Impact of exchange rate changes on cash and cash equivalents		7,753.07	125,339.27
V. Net increase in cash and cash equivalents		136,930,752.97	340,215,125.71
Add: Opening balance of cash and cash equivalents		425,166,975.58	84,951,849.87
VI. Cash and cash equivalents at end of period		562,097,728.55	425,166,975.58

Person in charge of the Company: Liang Jinli Person in charge of Accounting: Chen Zhihao Person in charge of Accounting Organization: Xiao Jingxia

Consolidated Statement of Changes in Owners' Equity

January-December 2023

Unit: Yuan Currency: RMB

Item	Year 2023														
	Owners' equity attributable to the parent company													Minority interests	Total equity
	Paid-in capital (or equity)	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Earmarked reserves	Surplus reserves	General risk allowance	Undistributed profits	Undistributed profit	Subtotal		
		Preferred stock	Perpetual debt	Other											
I. Closing balance of the previous year	80,000,000.00				582,632,775.45		3,027,860.88	45,372,652.93	28,443,197.81		269,871,786.54		1,009,348,273.61	4,043,962.14	1,013,392,235.75
Add: change in accounting policy											-177,717.08		-177,717.08	-3,467.80	-181,184.88
Correction of prior-period errors															
Others															
II. Opening balance for the year	80,000,000.00				582,632,775.45		3,027,860.88	45,372,652.93	28,443,197.81		269,694,069.46		1,009,170,556.53	4,040,494.34	1,013,211,050.87
III. Increases/decreases during the period	20,000,000.00				-20,000,000.00		290,286.73	-793,803.41	11,058,103.57		62,532,370.85		73,086,957.74	3,667,054.05	76,754,011.79
Amount (Decrease denoted by " - ")															
(I) Total comprehensive income							290,286.73				138,590,474.42		138,880,761.15	1,552,518.98	140,433,280.13
(II) Owners' inputs and capital reduction														2,114,535.07	2,114,535.07
1. Ordinary shares invested by owners														2,114,535.07	2,114,535.07
2. Contribution of capital by holders of other equity instruments															
3. Share-based payments recognized in owners' equity															
4. Others															
(III) Profit distribution	-	-	-	-	-	-	-	-	11,058,103.57	-	-76,058,103.57	-	-65,000,000.00	-	-65,000,000.00
1. Withdrawal of surplus reserves									11,058,103.57		-11,058,103.57				
2. Provision for general risks															

3. Distribution to owners (or shareholders)											-65,000,000.00		-65,000,000.00		-65,000,000.00
4. Others															
(IV) Internal transfer of ownership interest	20,000,000.00				-20,000,000.00										
1. Capitalization of capital surplus to capital (or share capital)	20,000,000.00				-20,000,000.00										
2. Transfer of surplus reserves to capital (or share capital)															
3. Surplus reserves to cover losses															
4. Amount of changes in defined benefit plan carried forward to retained earnings															
5. Other comprehensive income Transfer of other comprehensive income to retained earnings															
6. Others															
(V) Earmarked reserves								-793,803.41					-793,803.41		-793,803.41
1. Withdrawal during the period															
2. Used during the period								793,803.41					793,803.41		793,803.41
(VI) Others															
IV. Closing balance of the period	100,000,000.00	-	-	-	562,632,775.45	-	3,318,147.61	44,578,849.52	39,501,301.38	-	332,226,440.31	-	1,082,257,514.27	7,707,548.39	1,089,965,062.66

	Year 2022														
	Equity attributable to owners of the parent company													Minority interests	Total owners' equity
	Paid-in capital (or share capital)	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Earmarked reserves	Surplus reserves	General risk allowance	Undistributed profits	Undistributed profit	Subtotal		
		Preferred stock	Perpetual debt	Other											
I. Closing balance of the previous year	60,000,000.00				110,110,859.85		999,963.34	46,731,787.48	19,682,373.25		185,764,628.31		423,289,612.23	3,808,157.02	427,097,769.25
Add: change in accounting policy															
Correction of prior-period errors															
Others															
II. Opening balance for the year	60,000,000.00				110,110,859.85		999,963.34	46,731,787.48	19,682,373.25		185,764,628.31		423,289,612.23	3,808,157.02	427,097,769.25
III. Increases/decreases during the period (Decrease denoted by " - ")	20,000,000.00				472,521,915.60		2,027,897.54	-1,359,134.55	8,760,824.56		84,107,158.23		586,058,661.38	235,805.12	586,294,466.50
(I) Total comprehensive income							2,027,897.54				122,867,982.79		124,895,880.33	235,805.12	125,131,685.45
(II) Owners' inputs and capital reduction	20,000,000.00				472,521,915.60								492,521,915.60		492,521,915.60
1. Ordinary shares invested by owners	20,000,000.00				465,347,160.33								485,347,160.33		485,347,160.33
2. Contribution of capital by holders of other equity instruments															
3. Share-based payments recognized in owners' equity					7,174,755.27								7,174,755.27		7,174,755.27
4. Others															
(III) Profit distribution									8,760,824.56		-38,760,824.56		-30,000,000.00		-30,000,000.00
1. Withdrawal of surplus reserves									8,760,824.56		-8,760,824.56				
2. Provision for general risks															
3. Distribution to owners (or shareholders)											-30,000,000.00		-30,000,000.00		-30,000,000.00
4. Others															

(IV) Internal transfer of ownership interest															
1. Capitalization of capital surplus to capital (or share capital)															
2. Transfer of surplus reserves to capital (or share capital)															
3. Surplus reserves to cover losses															
4. Amount of changes in defined benefit plan carried forward to retained earnings															
5. Other comprehensive income Transfer of other comprehensive income to retained earnings															
6. Others															
(V) Earmarked reserves								-1,359,134.55					-1,359,134.55		-1,359,134.55
1. Withdrawal during the period															
2. Used during the period								1,359,134.55					1,359,134.55		1,359,134.55
(VI) Others															
IV. Closing balance of the period	80,000,000.00				582,632,775.45		3,027,860.88	45,372,652.93	28,443,197.81		269,871,786.54		1,009,348,273.61	4,043,962.14	1,013,392,235.75

Person in charge of the Company: Liang Jinli Person in charge of Accounting: Chen Zhihao Person in charge of Accounting Organization: Xiao Jingxia

Statement of changes in equity of the parent company

January-December 2023

Unit: Yuan Currency: RMB

Item	Year 2023										
	Paid-in capital (or share capital)	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Earmarked reserves	Surplus reserves	Undistributed earnings	Total owners' equity
		Preferred stock	Perpetual debt	Others							
I. Balance at the end of the previous year	80,000,000.00				584,223,330.95			37,608,529.67	28,443,197.81	171,611,642.97	901,886,701.40
Add: Change in accounting policy										67,902.16	67,902.16
Correction of prior period errors											
Others											
II. Opening balance for the year	80,000,000.00				584,223,330.95			37,608,529.67	28,443,197.81	171,679,545.13	901,954,603.56
III. Amount of increase or decrease during the period (Decrease denoted by " - ")	20,000,000.00				-20,000,000.00			-793,803.41	11,058,103.57	34,522,932.16	44,787,232.32
(I) Total comprehensive income										110,581,035.73	110,581,035.73
(II) Owners' contributions and capital reduction											
1. Ordinary shares invested by owners											
2. Capital contributions from holders of other equity instruments											
3. Share-based payments recognized in owners' equity											
IV. Others											
(III) Distribution of profits									11,058,103.57	-76,058,103.57	-65,000,000.00
1. Withdrawal of surplus reserves									11,058,103.57	-11,058,103.57	
2. Distribution to owners (or shareholders)										-65,000,000.00	-65,000,000.00
3. Other											-
(IV) Internal transfer of owners' equity	20,000,000.00				-20,000,000.00						
1. Transfer of capital surplus to capital (or share capital)	20,000,000.00				-20,000,000.00						
2. Transfer of surplus to capital (or share capital)											
3. Making up of losses from surplus surplus											
4. Carry-over of changes in defined benefit plans to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Earmarked reserves								-793,803.41			-793,803.41
1. Withdrawal during the period											-
2. Utilized during the period								793,803.41			793,803.41
(VI) Others											-
IV. Closing balance for the period	100,000,000.00				564,223,330.95			36,814,726.26	39,501,301.38	206,202,477.29	946,741,835.88

Item	Year 2022										
	Paid-in capital (or share capital)	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Earmarked reserves	Surplus reserves	Undistributed earnings	Total owners' equity
		Preferred stock	Perpetual debt	Other							
I. Balance at the end of the previous year	60,000,000.00				111,774,134.07			38,967,664.22	19,682,373.25	122,764,221.97	353,188,393.51
Add: Change in accounting policy											
Correction of prior period errors											
Others											
II. Opening balance for the year	60,000,000.00				111,774,134.07			38,967,664.22	19,682,373.25	122,764,221.97	353,188,393.51
III. Amount of increase or decrease during the period (Decrease denoted by " - ")	20,000,000.00				472,449,196.88			-1,359,134.55	8,760,824.56	48,847,421.00	548,698,307.89
(I) Total comprehensive income										87,608,245.56	87,608,245.56
(II) Owners' contributions and capital reduction	20,000,000.00				472,449,196.88						492,449,196.88
1. Common shares invested by owners	20,000,000.00				465,347,160.33						485,347,160.33
2. Capital contributions from other equity instrument holders											
3. Share-based payment Share-based payments recognized in owners' equity					7,102,036.55						7,102,036.55
4. Others											
(III) Distribution of profits									8,760,824.56	-38,760,824.56	-30,000,000.00
1. Withdrawal of surplus reserves									8,760,824.56	-8,760,824.56	
2. Distribution to owners (or shareholders)										-30,000,000.00	-30,000,000.00
3. Others											
(IV) Internal transfer of owners' equity											
1. Transfer of capital surplus to capital (or share capital)											
2. Transfer of surplus to capital (or share capital)											
3. Coverage of losses from surplus surplus											
4. Carry-over of changes in defined benefit plans to retained earnings											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Earmarked reserves								-1,359,134.55			-1,359,134.55
1. Withdrawal during the period											
2. Used during the period								1,359,134.55			1,359,134.55
(VI) Others											
IV. Closing balance for the period	80,000,000.00				584,223,330.95			37,608,529.67	28,443,197.81	171,611.642.97	901,886,701.40

Person in charge of the Company: Liang Jinli Person in charge of Accounting: Chen Zhihao Person in charge of Accounting Organization: Xiao Jingxia

III. Basic Information of the Company

1. Company profile

√ Applicable □ N/A

Acter Technology Integration Group Co., Ltd. (the “Company”), formerly known as Sheng Huei (Suzhou) Engineering Co., Ltd. (“Sheng Huei Limited”), was established on September 3, 2003 in Suzhou City, Jiangsu Province. At the time of its establishment, the Company's initial registered capital was US$0.45 million. After a series of capital increase, as at December 31, 2017, the registered capital of Sheng Huei Limited was US$7.98 million, and the sole shareholder of Sheng Huei Limited is SHENG HUEI INTERNATIONAL CO., Ltd.

In January 2018, Sheng Huei International increased the capital of Sheng Huei Limited, and the registered capital was increased from US$7.98 million to US$9.03 million. In May 2018, Acter Group entered into an equity transfer agreement with Suzhou Songhuei Enterprise Management Consulting Partnership (Limited Partnership) (“Suzhou Songhuei”) and Suzhou Shengzhan Enterprise Management Consulting Partnership (Limited Partnership) (“Suzhou Shengzhan”). Pursuant to the agreement, Acter Group agreed to transfer the corresponding registered capital of Sheng Huei Limited of US$0.977918 million and US$0.226403 million held by Sheng Huei Limited to Suzhou Songhuei and Suzhou Shengzhan at RMB 14,282,400.00 and RMB 3,306,600.00 respectively. After the completion of the above transactions, the registered capital of Sheng Huei Limited is US$9.03 million and the equity structure is as follows:

No.	Shareholder	Amount of investment (USD Million/100)	Shareholding ratio (%)
1	Sheng Huei International	782.5679	86.6630
2	Suzhou Songhuei	97.7918	10.8300
3	Suzhou Shengzhan	22.6403	2.5070
Total		**903.0000**	**100.0000**

In June 2019, all the investors of Sheng Huei Limited entered into a promoter agreement, agreeing to change the whole of Sheng Huei Limited into a joint stock limited company and renamed as “Acter Technology Integration Group Co., Ltd.”. All the investors converted the net assets of Sheng Huei Limited as of April 30, 2019 into 60,000,000 shares with par value of RMB 1 each. The shareholding structure after the overall change is as follows:

No.	Shareholder	Share capital (RMB)	Shareholding ratio (%)
1	Sheng Huei International	51,997,800.00	86.6630
2	Suzhou Songhuei	6,498,000.00	10.8300
3	Suzhou Shengzhan	1,504,200.00	2.5070
Total		**60,000,000.00**	**100.0000**

On August 23, 2022, the Company applied for the IPO of A shares of not more than 20,000,000.00 shares by CSRC (“Official Reply to the Approval of the IPO of Acter Technology Integration Group Co., Ltd.”) (CSRC License No. [2022] 1915), which was approved by the CSRC. As at December 31, 2022, the Company had received the monetary funds obtained through the public offering of A shares, of which the paid-in capital (share capital) amounted to RMB 20,000,000.00 (SAY RMB TWENTY MILLION YUAN ONLY).

The shareholding structure after the overall change is as follows:

No.	Shareholders	Share capital (RMB)	Shareholding ratio (%)
1	Sheng Huei International	51,997,800.00	64.9973
2	RMB ordinary shares (A shares) shareholders	20,000,000.00	25.0000
3	Suzhou Songhuei	6,498,000.00	8.1225
4	Suzhou Shengzhan	1,504,200.00	1.8803
Total		**80,000,000.00**	**100.0000**

Pursuant to the resolution of the 2022 annual general meeting held on April 28, 2023, the Company paid a cash dividend of RMB 0.8125 per share (inclusive of tax) to all shareholders on the basis of the total share capital of 80,000,000.00 shares as at June 14, 2023, and transferred 0.25 shares to all shareholders by way of capital reserve to increase the share capital by a total of 20,000,000.00 shares with par value of RMB 1 per share, increasing the share capital by RMB 20,000,000.00 in total.

As at December 31, 2023, the shareholding structure after the overall change is as follows:

No.	Shareholder	Share capital (RMB)	Shareholding ratio (%)
1	Sheng Huei International	64,997,250.00	64.9973
2	RMB ordinary shares (A shares) shareholders	25,000,000.00	25.0000
3	Suzhou Songhuei	8,122,500.00	8.1225
4	Suzhou Shengzhan	1,880,250.00	1.8803
Total		**100,000,000.00**	**100.0000**

The Company's parent company is Sheng Huei International and its ultimate holding company is Acter Co., Ltd. (Acter (Taiwan)) The Company's business term is from September 3, 2003 to an indefinite period.

Scope of Business: Engaged in system integration services; design and related equipment installation of mechanical and electrical systems, HVAC systems, aseptic systems, and building equipment management systems: construction of air purification engineering, fire engineering, building construction engineering, interior and exterior decoration engineering, municipal public works, pipeline engineering, and provision of related technical consultation and after-sales service; research and development and manufacturing of industrial switch power converters and components; wholesale, import, and export of similar products produced by the company and building materials, dust-free, aseptic purification equipment and related equipment, and assembly parts (for products involving quotas and license management, applications shall be handled according to relevant national regulations). Category III medical device business; Category II medical device sales; manufacturing of metal structures; manufacturing of building decoration, plumbing parts, and other metal products for construction (the project shall be carried out only after approval by relevant authorities in accordance with the law).

Licensed Projects: Construction engineering design; intelligent building system design (the specific business projects shall be subject to the approval results, and only after approval by relevant authorities in accordance with the law can the business activities be conducted).

The financial statements were approved by the Board of Directors of the Group on March 29, 2024 by resolution.

IV. Basis of Preparation of the Financial Statements

1. Basis of preparation

The financial statements of the Company are prepared in accordance with the "Accounting Standards for Business Enterprises" issued by the Ministry of Finance (hereinafter collectively referred to as the "ASBE") and its application guidance, interpretations, and other relevant regulations, as well as the disclosure requirements of the China Securities Regulatory Commission's (hereinafter collectively referred to as the "CSRC") "General Provisions of Financial Reports - No. 15 - Rules on the Information Disclosure of Companies Issuing Securities" (Revised in 2023), based on the actual transactions and events.

2. Going concern

√ Applicable □ N/A

The Group evaluated its ability to continue as a going concern for the twelve months ended December 31, 2023, and found no matters or circumstances that cast significant doubt on its ability to continue as a going concern. The financial statements are presented on a going concern basis.

V. Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimates

√ Applicable □ N/A

The preparation of financial statements requires the management of the Group to make estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The Group's management continually evaluates its judgment regarding critical assumptions and uncertainties involved in making estimates. The effects of changes in accounting estimates are recognized in the period in which the estimate is changed and in future periods.

The following accounting estimates and critical assumptions have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in future periods.

(1) Revenue recognition

Under the new revenue standard, the Group recognizes revenue from construction contracts over a period of time. The recognition of revenue and profit from construction depends on the Group's estimation of the outcome of the contract and the progress of performance. If the actual amount of total revenues and total costs incurred is higher or lower than management's estimates, it will affect the amount of revenue and profit recognized by the Group in future periods;

(2) Impairment of receivables and contract assets

Effective January 1, 2019, the Group uses the expected credit loss model to assess the impairment of financial instruments. The application of the expected credit loss model requires significant judgments and estimates that take into account all reasonable and supportable information, including forward-looking information. In making such judgments and estimates, the Group extrapolates the expected changes in the credit risk of debtors based on historical repayment data and factors such as economic policies, macroeconomic indicators and industry risks. Therefore, the amount of provision for impairment of receivables and contract assets may change in accordance with the changes in the above estimates, and the adjustments to the provision for impairment of receivables and contract assets will affect the profit or loss in the period in which the estimates are changed.

(3) Accounting estimates for provision for impairment of fixed assets and investment properties

The Group performs impairment tests on fixed assets such as buildings, machinery and equipment, and investment properties at the balance sheet date if there is any indication of impairment. The recoverable amount of property, plant and equipment and investment properties is the higher of the present value of estimated future cash flows and the fair value of the assets less costs of disposal, which requires the use of accounting estimates.

If management revises the gross margins used in the calculation of future cash flows for asset groups and portfolios of asset groups and the revised gross margins are lower than the currently used gross margins, the Group is required to increase the provision for impairment for property, plant and equipment and investment properties.

If the pre-tax discount rate used for discounting cash flows is revised by the management and the revised pre-tax discount rate is higher than the current rate, the Group is required to make additional provision for impairment of fixed assets and investment properties.

If the actual gross profit margin or pre-tax discount rate is higher or lower than the management's estimate, the Group cannot reverse the provision for impairment of fixed assets and investment properties.

(4) Useful lives of fixed assets and investment properties

The Group reviews the estimated useful lives of fixed assets and investment properties at least annually at the end of each year. The estimated useful lives are determined by the management based on historical experience of similar assets, reference to estimates generally used in the industry and expected technological updates. Depreciation and amortization expenses for future periods are adjusted accordingly when there is a significant change in the previous estimates.

(5) Income tax expense

The Group recognizes current and deferred taxes in profit or loss, except for those arising from business combinations and transactions or events directly attributable to owners' equity (including other comprehensive income).

Current income tax is the expected income tax payable calculated on the basis of the taxable income for the year at the rates specified in the tax law, plus adjustments to prior years' income tax payable. At the balance sheet date, if the Group has a legal right to settle on a net basis and intends to settle on a net basis, or to acquire assets and settle liabilities simultaneously, current income tax assets and current income tax liabilities are shown net of tax. Deferred tax assets and deferred tax liabilities are recognized for deductible temporary differences and taxable temporary differences, respectively. A temporary difference is the difference between the carrying amount of an asset or liability and its tax basis, including deductible losses and tax credits that can be carried forward to future years. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized. Deferred tax is not recognized for temporary differences arising from transactions that are not part of a business combination and that at the time of the transaction affect neither the accounting profit nor taxable income (or deductible losses). At the balance sheet date, the Group measures the carrying amount of deferred tax assets and liabilities based on the expected manner of recovering or settling those assets and liabilities, in accordance with enacted tax laws, at the tax rates that are expected to apply to the period when the assets are recovered or the liabilities are settled. The carrying amount of deferred tax assets is reviewed at the balance sheet date. The carrying amount of deferred tax assets is written down to the extent that it is more likely than not that sufficient taxable income will not be available to allow the benefit of the deferred tax assets to be realized in future periods. When it is more likely than not that sufficient taxable income will be available to offset the deferred tax assets, the amount written down is reversed.

On the balance sheet date, deferred tax assets and liabilities are netted out when the following conditions are met:

A taxable entity has a legal right to settle current income tax assets and current income tax liabilities on a net basis;

Deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities, provided that in each future period in which significant deferred tax assets and liabilities reverse, the taxable entity intends to settle the current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

1. Statement of Compliance with ASBE

The financial statements prepared by the Company comply with the requirements of the ASBE and give a true and complete account of the Company's financial position, results of operations, changes in shareholders' equity, cash flows and other relevant information.

2. Accounting period

The Company's fiscal year begins on January 1 and ends on December 31 of the Gregorian calendar.

3. Business cycle

√ Applicable □ N/A

The Group uses 12 months as the business cycle and the criteria for classifying the liquidity of assets and liabilities.

4. Currency of accounts

The Group and its Chinese subsidiaries use Renminbi ("RMB") as the local currency of account; Acter International Limited ("Acter (Hong Kong)") uses United States dollars ("USD") as the local currency of account; Acter Technology Singapore Pte. Ltd ("Acter (Singapore)") is denominated in Singapore dollars; PT Acter Technology Indonesia ("Acter (Indonesia)") and PT Acter Integration Technology Indonesia ("Indonesia Joint Venture") are denominated in Indonesian Rupiah; Acter Technology Malaysia Sdn. Bhd ("Acter (Malaysia)") is denominated in Malaysian Ringgit and Sheng Huei Engineering Technology Company Limited ("Sheng Huei (Vietnam)") is denominated in Vietnamese Dong; Acter Technology Company Limited ("Acter (Thailand)") uses Thai Baht as its local currency. The Group and its subsidiaries have selected the local currency of accounts based on the currency of valuation and settlement of major business receipts and expenditures. Some subsidiaries of the Group have adopted currencies other than the Group's local currency as their local currency, and the foreign currency financial statements of these subsidiaries have been translated in accordance with this Section V.10 in the preparation of these financial statements.

5. Method of determining materiality criteria and basis of selection

√ Applicable □ N/A

Item	Materiality Criteria
Significant accounts payable with an age of more than one year	Individual amount exceeding RMB 3 million
Important prepaid accounts with an age of more than one year	Individual amount exceeding RMB 1 million

6. Accounting treatment of business combinations under the same control and non-same control

√ Applicable □ N/A

(1) Business combination under the same control

Assets and liabilities acquired by the Group as a consolidated party in a business combination under the same control are measured at the carrying amount of the party being consolidated in the consolidated statements of the party ultimately in control at the date of consolidation. The difference between the carrying amount of net assets acquired and the carrying amount of the consideration paid for the merger is adjusted to capital surplus; if the capital surplus is not sufficient to cover the difference, it is adjusted to retained earnings.

(2) Business combination not under common control

A business combination under non-identical control occurs when the parties involved in the combination are not under the ultimate control of the same party or parties before and after the combination. Identifiable assets, liabilities and contingent liabilities of the acquiree acquired in a business combination not under common control are measured at fair value at the acquisition date. The cost of consolidation is the sum of the fair values of cash or non-cash assets paid, liabilities issued or assumed, and equity securities issued by the Group at the date of acquisition for the purpose of obtaining control over the acquiree, as well as all directly related expenses incurred in the business combination (for business combinations effected in stages through multiple transactions, the cost of consolidation is the sum of the costs of each individual transaction). If the cost of combination is greater than the fair value of the acquiree's identifiable net assets, goodwill is recognized. If the cost of combination is less than the fair value of the acquiree's identifiable net assets, the fair value of the identifiable assets, liabilities and contingent liabilities acquired in the combination as well as the fair value of the non-cash assets or equity securities issued as consideration for the combination are first reviewed. If, after the review, the cost of consolidation is still less than the fair value of the net identifiable assets of the acquiree, the difference is recognized as non-operating revenue in the current period of consolidation.

7. Criteria for judging control and method of preparing consolidated financial statements

√ Applicable □ N/A

The scope of consolidation of the Group's consolidated financial statements is determined on the basis of control, which includes the Company and all subsidiaries controlled by the Company (including enterprises, divisible parts of invested entities and structured entities controlled by enterprises, etc.). The Group determines control on the basis of the Group's power over an investee, the Group's ability to earn variable returns from participating in the investee's activities, and the Group's ability to exercise its power over the investee to affect the amount of the investee's returns.

In the preparation of consolidated financial statements, if the subsidiaries adopt accounting policies or accounting periods that are different from those of the Company, the subsidiaries' financial statements shall be adjusted as necessary in accordance with the Company's accounting policies or accounting periods.

The effects on the consolidated financial statements of internal transactions between the Company and its subsidiaries and between subsidiaries are eliminated on consolidation. The share of ownership interest of subsidiaries that is not attributable to the parent company and the share of net profit or loss, other comprehensive income and total comprehensive income that is attributable to minority interests are presented in the consolidated financial statements under the headings of "Minority interests, minority interests in profit or loss, other comprehensive income attributable to minorities and total comprehensive income attributable to minorities", respectively.

The results of operations and cash flows of subsidiaries acquired in a business combination under the same control are included in the consolidated financial statements from the beginning of the period in which the combination occurs. In preparing the comparative consolidated financial statements, adjustments are made to the relevant items in the prior year's financial statements, and the consolidated entity is deemed to have been in existence since the point in time when the ultimate controlling party began to exercise control.

For subsidiaries acquired in a business combination not under common control, the results of operations and cash flows are included in the consolidated financial statements from the date the Group obtains control. In preparing the consolidated financial statements, the financial statements of subsidiaries are adjusted on the basis of the fair value of each identifiable asset, liability and contingent liability determined at the date of purchase.

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

√ Applicable □ N/A

The Group's joint venture arrangements include joint operations and joint ventures. Joint operation refers to a joint arrangement in which the parties to the arrangement are entitled to the assets and bear the liabilities related to the arrangement. A joint venture is a joint arrangement in which the joint venturers have rights only to the net assets of the arrangement.

For joint ventures, the Group recognizes assets held and liabilities assumed individually or in proportion to the assets held and liabilities assumed by the Group as a joint venturer, and recognizes revenues and expenses individually or in proportion to the relevant agreements. When a joint venture enters into a transaction for the purchase or sale of an asset that does not constitute part of the business, only the portion of the gain or loss arising from the transaction that is attributable to the other participants in the joint venture is recognized.

9. Criteria for determining cash and cash equivalents

Cash equivalents are investments held by an enterprise that have a short maturity (generally maturing within three months from the date of purchase), are highly liquid, are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value.

10. Foreign currency operations and translation of foreign currency statements

√ Applicable □N/A

(1) Foreign currency transactions

The Group's foreign currency transactions are translated into RMB at the spot exchange rate on the date of the transaction. At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rate at the balance sheet date, and the resulting translation differences are recognized directly in profit or loss for the current period, except for exchange differences arising from special loans in foreign currencies for the purpose of purchasing, constructing or producing assets eligible for capitalization, which are dealt with in accordance with the principle of capitalization. Non-monetary items carried at fair value that are denominated in foreign currencies are translated using spot exchange rates at the date when the fair value is determined, and the difference between the translated amount in the local currency of the account and the original amount in the local currency of the account is treated as a change in fair value (including exchange rate changes) and recognized in profit or loss for the period. Capital received from investors in foreign currencies is translated using the spot exchange rate on the date when the transaction occurs, and the difference in the translated amount between the invested capital in foreign currencies and the corresponding local currency of the monetary items does not result in a difference between the foreign-currency capital and the corresponding local currency of the monetary items.

(2) Translation of foreign currency financial statements

Assets and liabilities in the foreign currency balance sheet are translated at the spot exchange rate at the balance sheet date; owners' equity items, except for "undistributed profits", are translated at the spot exchange rate at the time of occurrence of the business; and income and expenses in the income statement are translated at the spot exchange rate at the date of occurrence of the transaction. Translation differences arising from the above translations are recognized in other comprehensive income. Cash flows in foreign currencies are translated using the spot exchange rate on the date of cash flows. The effect of exchange rate changes on cash is shown separately in the statement of cash flows.

11. Financial Instruments

√ Applicable □ N/A

The Group recognizes a financial asset or a financial liability when it becomes a party to a financial instrument contract.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating interest income or interest expense over the accounting period.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the book balance of the financial asset or the amortized cost of the financial liability. In determining the effective interest rate, the expected cash flows are estimated by taking into account all contractual terms of the financial assets or liabilities (e.g. early repayment, rollover, call option or other similar options, etc.), but not the expected credit losses.

The amortized cost of a financial asset or a financial liability is the initial recognized amount of the financial asset or the financial liability, less the principal repaid, plus or minus the cumulative amortization using the effective interest rate method to amortize the difference between the initial recognized amount and the maturity amount, and less the cumulative loss allowance (only applicable to financial assets).

(1). Classification, recognition and measurement of financial assets

The Group classifies financial assets into the following three categories based on the business model of the financial assets under management and the contractual cash flow characteristics of the financial assets:

1) Financial assets measured at amortized cost

2) Financial assets at fair value through other comprehensive income.

3) Financial assets at fair value through profit or loss.

Financial assets are measured at fair value on initial recognition, except for accounts receivable or bills receivable arising from the sale of goods or provision of services, etc., which do not contain significant financing components or do not take into account the financing components that are not more than one year old, which are measured initially at the transaction price.

For financial assets at fair value through profit or loss, transaction costs are recognized directly in profit or loss, while transaction costs related to other types of financial assets are recognized in their initial recognition amounts.

Subsequent measurement of financial assets depends on their classification. All affected financial assets are reclassified when, and only when, the Group changes its business model for managing financial assets.

1) Financial assets classified as at amortized cost

The Group classifies a financial asset as amortized cost if the contractual terms of the financial asset stipulate that the only cash flows to be generated at a specific date will be payments of principal and interest based on the amount of principal outstanding, and the business model for managing the financial asset is to collect the contractual cash flows. The Group recognizes interest income on these financial assets using the effective interest method, partially measured at amortized cost, bills receivable, accounts receivable, other receivables, investments in debt securities and long-term receivables.

The Group uses the effective interest rate method to recognize interest income on these financial assets, which are subsequently measured at amortized cost. Gains or losses arising from impairment or derecognition or modification of such financial assets are recognized in profit or loss for the current period. The Group determines interest income by multiplying the book balance of the financial assets by the effective interest rate, except in the following cases.

a. For financial assets acquired or originated that are impaired, the Group determines interest income on the basis of the amortized cost of the financial assets and the effective interest rate adjusted for creditworthiness from the initial recognition of the financial assets.

b. For financial assets acquired or originated without credit impairment that become impaired in a subsequent period, the Group determines interest income in the subsequent period based on the amortized cost of the financial assets and the effective interest rate. If, in a subsequent period, the credit risk of a financial instrument has improved and the financial instrument is no longer impaired, the Group calculates interest income by multiplying the effective interest rate by the carrying amount of the financial asset.

2) Financial assets at fair value through other comprehensive income

If the contractual terms of a financial asset stipulate that the cash flows to be generated at a specific date will consist solely of payments of principal and interest based on the outstanding principal amount, and the business model for managing the financial asset is based on the objective of collecting the contractual cash flows as well as the objective of selling the financial asset, the Group classifies the financial asset as a financial asset at fair value through other comprehensive income.

The Group recognizes interest income on such financial assets using the effective interest method. Changes in fair value are recognized in other comprehensive income, except for interest income, impairment losses and exchange differences, which are recognized in profit or loss. When the financial assets are derecognized, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income and recognized in profit or loss.

Notes and accounts receivable at fair value through other comprehensive income are presented as receivables financing, and other financial assets are presented as other debt investments, of which. Other debt investments maturing within one year from the balance sheet date are presented as non-current assets with maturity of less than one year, and other debt investments with original maturity of less than one year are presented as other current assets.

3) Financial assets designated as at fair value through other comprehensive income

On initial recognition, the Group may irrevocably designate investments in non-trading equity instruments as financial assets at fair value through other comprehensive income on an individual financial asset basis.

Changes in the fair value of such financial assets are recognized in other comprehensive income and no provision for impairment is required. Upon derecognition of the financial assets, the cumulative gain or loss previously recognized in other comprehensive income is transferred from other comprehensive income to retained earnings.

The Group recognizes dividend income and recognizes it in profit or loss when the Group's right to receive dividends has been established, it is probable that the economic benefits associated with the dividends will flow to the Group and the amount of dividends can be measured reliably during the period in which the Group holds the investment in the equity instrument. The Group reports such financial assets under investments in other equity instruments.

Investments in equity instruments are classified as financial assets at fair value through profit or loss if they meet one of the following conditions: the financial asset is acquired principally for the purpose of selling in the near future; it is part of a centrally managed portfolio of identifiable financial assets at initial recognition, and there is objective evidence that a pattern of short-term profit-taking actually exists in the near future; and It is a derivative (except for derivatives that meet the definition of a financial guarantee contract and are designated as effective hedging instruments).

4) Financial assets classified at fair value through profit or loss

Financial assets that do not meet the criteria for classification as financial assets at amortized cost or at fair value through other comprehensive income and are not designated as at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss.

The Group uses fair value for subsequent measurement of these financial assets, and recognizes gains or losses arising from changes in fair value, as well as dividend and interest income related to these financial assets in profit or loss for the current period.

The Group reports these financial assets under the items of trading financial assets and other non-current financial assets according to their liquidity.

5) Financial assets designated as at fair value through profit or loss

At initial recognition, the Group may irrevocably designate financial assets as financial assets at fair value through profit or loss on an individual basis in order to eliminate or significantly reduce accounting mismatches.

If a hybrid contract contains one or more embedded derivatives and the host contract is not one of the above financial assets, the Group may designate the entire contract as a financial instrument at fair value through profit or loss. However, except for the following situations: a. The embedded derivatives will not

a. The embedded derivatives will not materially alter the cash flows of the hybrid contract.

b. When determining for the first time whether a similar hybrid contract needs to be unbundled, little analysis is required to clarify that the embedded derivatives it contains shall not be unbundled. For example, if the embedded loan has an early repayment right that allows the holder to repay the loan early at an amount close to amortized cost, the early repayment right does not need to be spun off.

The Group uses fair value for subsequent measurement of these financial assets, and recognizes gains or losses arising from changes in fair value, as well as dividend and interest income related to these financial assets in profit or loss.

The Group reports such financial assets under the items of trading financial assets and other non-current financial assets according to their liquidity.

(2). Classification, recognition and measurement of financial liabilities

The Group classifies a financial instrument or its component parts as a financial liability or an equity instrument upon initial recognition based on the contractual terms of the financial instrument issued and the economic substance reflected therein rather than in legal form only, taking into account the definitions of financial liabilities and equity instruments. Financial liabilities are classified on initial recognition as financial liabilities at fair value through profit or loss, other financial liabilities and derivatives designated as effective hedging instruments.

Financial liabilities are measured at fair value on initial recognition. For financial liabilities at fair value through profit or loss, transaction costs are recognized directly in profit or loss; for other types of financial liabilities, transaction costs are recognized in the initial recognition amount.

The subsequent measurement of financial liabilities depends on their classification.

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated at fair value through profit or loss on initial recognition.

Financial liabilities are classified as trading liabilities if they meet one of the following conditions: they are assumed principally for the purpose of selling or repurchasing in the near future; they are part of a centrally managed portfolio of identifiable financial instruments and there is objective evidence that the enterprise has recently adopted a short-term profit-taking model; they are derivatives, except for those designated as effective hedging instruments and those subject to financial guarantee contracts. Financial liabilities held for trading (including derivatives that are financial liabilities) are subsequently measured at fair value, with all changes in fair value recognized in profit or loss, except for those related to hedge accounting.

At initial recognition, in order to provide more relevant accounting information, the Group irrevocably designates financial liabilities as financial liabilities at fair value through profit or loss if they meet one of the following conditions:

a. Eliminating or significantly reducing accounting mismatches.

b. Managing and evaluating the performance of a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities on a fair value basis in accordance with an enterprise risk management or investment strategy as set out in a formal written document, and reporting to key management personnel within the enterprise on this basis.

The Group subsequently measures such financial liabilities at fair value, with changes in fair value recognized in profit or loss, except for changes in fair value arising from changes in the Group's own credit risk, which are recognized in other comprehensive income. The Group recognizes all fair value changes (including the effect of changes in the Group's own credit risk) in profit or loss, unless the recognition of fair value changes in other comprehensive income caused by changes in the Group's own credit risk would result in an accounting mismatch in profit or loss or would magnify the accounting mismatch in profit or loss.

(2) Other financial liabilities

Except for the following items, the Company classifies its financial liabilities as financial liabilities measured at amortized cost, which are subsequently measured at amortized cost using the effective interest method, with gains or losses arising from derecognition or amortization recognized in profit or loss for the current period.

a. Financial liabilities at fair value through profit or loss.

b. Financial liabilities resulting from transfers of financial assets that do not meet the conditions for derecognition or from continuing involvement in the transferred financial assets.

c. Financial guarantee contracts that do not fall into the first two categories of this article, and loan commitments to lend at below-market interest rates that do not fall into category 1) of this article.

A financial guarantee contract is a contract that requires the issuer to pay a specified amount of money to the holder of the contract who suffers a loss when a specified debtor fails to make payments when due in accordance with the terms of the original or modified debt instrument. Financial guarantee contracts that are not financial liabilities designated as at fair value through profit or loss are measured at the higher of the amount of the allowance for losses and the amount initially recognized net of accumulated amortization over the guarantee period after initial recognition.

(3). Derecognition of financial assets and financial liabilities

1) A financial asset is derecognized, i.e., removed from the accounts and balance sheet, when one of the following conditions is met

a. The contractual right to receive cash flows from the financial asset is terminated.

b. The financial asset is transferred and the transfer meets the requirements for derecognition of financial assets.

2) Conditions for derecognition of financial liabilities

A financial liability (or a portion of a financial liability) is derecognized when the present obligation of the financial liability (or the portion of the financial liability) has been discharged. If the Group enters into an agreement with the lender to replace the original financial liability by assuming a new financial liability, and the contractual terms of the new financial liability are substantially different from those of the original financial liability, or the contractual terms of the original financial liability (or a portion thereof) are substantially modified, the original financial liability is derecognized and a new financial liability is recognized at the same time. The difference between the carrying amount and the consideration paid (including non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

When the Group repurchases a portion of a financial liability, the Group allocates the carrying amount of the financial liability as a whole according to the proportion that the fair value of the continuing portion and the derecognized portion of the financial liability bears to the fair value of the financial liability as a whole at the date of buyback. The difference between the carrying amount allocated to the derecognized portion and the consideration paid (including non-cash assets transferred or liabilities assumed) shall be recognized in profit or loss.

(4). Basis of recognition and measurement of transfer of financial assets

The Group assesses the extent to which it retains the risks and rewards of ownership of a financial asset when a transfer of a financial asset occurs and handles the transfer in each of the following situations:

1) If substantially all the risks and rewards of ownership of a financial asset are transferred, the financial asset is derecognized and the rights and obligations arising from or retained in the transfer are separately recognized as assets or liabilities.

2) If substantially all the risks and rewards of ownership of the financial asset are retained, the financial asset continues to be recognized.

3) If neither the transfer nor substantially all the risks and rewards of ownership of the financial asset are retained (i.e., in cases other than those in 1) and 2)), the financial asset is recognized and treated as follows, depending on whether or not control over the financial asset is retained:

a. If control over the financial asset is not retained, the financial asset is derecognized and the rights and obligations arising from or retained in the transfer are recognized separately as assets or liabilities.

b. If control over the financial asset is retained, the financial asset continues to be recognized to the extent of its continuing involvement in the transferred financial asset, and the related liability is recognized accordingly. The extent to which the Group continues to be involved in the transferred financial asset is the extent to which it bears the risk or rewards of changes in the value of the transferred financial asset.

In determining whether a transfer of financial assets meets the above conditions for derecognition of financial assets, the principle of substance over form is applied.

The Company distinguishes between transfers of financial assets as a whole and partial transfers of financial assets:

1) If the transfer of financial assets as a whole meets the conditions for derecognition, the difference between the following two amounts is recognized in profit or loss:

a. The carrying amount of the transferred financial asset at the date of derecognition.

b. The sum of the consideration received for the transfer of the financial asset and the amount of the derecognized portion of the cumulative change in the fair value of the transferred financial asset that is recognized in other comprehensive income (the transferred financial asset is a financial asset at fair value through other comprehensive income).

2) If part of a financial asset is transferred and the transferred part meets the conditions for derecognition, the carrying amount of the financial asset as a whole before the transfer is apportioned between the derecognized part and the derecognized part (in which case, the retained service asset shall be regarded as a part of the derecognized financial asset) in accordance with their respective relative fair values at the date of transfer, and the difference between the following amounts is recognized in the profit or loss for the current period:

a. The carrying amount of the derecognized portion at the date of derecognition.

b. The sum of the consideration received for the derecognized portion and the amount corresponding to the derecognized portion of the cumulative changes in fair value previously recognized in other comprehensive income (involving transfers of financial assets at fair value through other comprehensive income).

and

If the transfer of a financial asset does not meet the conditions for derecognition, the financial asset continues to be recognized and the consideration received is recognized as a financial liability.

(5). Methods of determining the fair value of financial assets and liabilities

The fair value of a financial asset or a financial liability for which there is an active market is determined using quoted prices in an active market, unless there is a period of restriction on the sale of the financial asset. The fair value of a financial asset that is subject to a sales restriction on the asset itself is determined based on quoted prices in an active market, less the amount of compensation that a market participant would require to assume the risk of not being able to sell the financial asset in the open market within a specified period of time. Quoted prices in active markets include quoted prices for the relevant assets or liabilities that are readily and regularly available from exchanges, dealers, brokers, industry groups, pricing agencies or regulatory bodies, etc., and that are representative of actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial assets or liabilities that are initially acquired or derived from financial assets or liabilities assumed is determined on the basis of quoted market prices.

The fair value of financial assets or financial liabilities for which no active market exists is determined using valuation techniques. In valuing financial assets or financial liabilities, the Group uses valuation techniques that are appropriate in the circumstances and supported by sufficient available data and other information, and selects inputs that are consistent with the characteristics of the assets or liabilities that would be considered by a market participant in a transaction for the relevant assets or liabilities, giving priority to the use of relevant observable inputs where possible. Unobservable inputs are used where relevant observable inputs are not available or practicable to obtain.

(6). Impairment of financial instruments

The Group applies impairment accounting for financial assets carried at amortized cost, financial assets classified as at fair value through other comprehensive income, lease receivables, contract assets, loan commitments that are not financial liabilities at fair value through profit or loss, financial liabilities that are not financial liabilities at fair value through profit or loss, and financial guarantee contracts that do not meet the conditions for derecognition due to the transfer of financial assets or financial liabilities arising from continued involvement in the transferred financial assets, based on expected credit losses and recognizes a loss provision.

Expected credit losses are the weighted average of credit losses on financial instruments that are weighted by the risk of default. Credit loss is the difference between all contractual cash flows receivable and all cash flows expected to be received by the Group under the contract, discounted at the original effective interest rate, i.e. the present value of all cash shortfalls. Financial assets purchased or originated by the Group that are credit-impaired are discounted at the financial asset's credit-adjusted effective interest rate.

For receivables, contract assets and lease receivables arising from transactions governed by the Income Standards, the Group applies a simplified measurement approach and measures the allowance for losses as an amount equal to the expected credit losses over the life of the asset.

For purchased or originated financial assets that are impaired, only the cumulative change in expected credit losses over the life of the asset since initial recognition is recognized as a loss allowance at the balance sheet date. At each balance sheet date, the amount of the change in expected credit losses for the entire duration of the asset is recognized as an impairment loss or gain in profit or loss. Even if the expected credit losses determined at that balance sheet date are less than the amount of expected credit losses reflected in the estimated cash flows at the time of initial recognition, the favorable change in expected credit losses is recognized as an impairment gain.

For financial assets other than the above simplified measurement method and purchased or originated financial assets that have been impaired, the Group assesses at each balance sheet date whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition, and measures the allowance for losses, recognizes expected credit losses and the changes in expected credit losses in accordance with the following scenarios:

1) If the credit risk of the financial instrument has not increased significantly since initial recognition and is in the first stage, the allowance for losses is measured at an amount equal to the expected credit losses of the financial instrument in the next 12 months, and interest income is calculated on the basis of the book balance and the effective interest rate.

2) If the credit risk of the financial instrument has increased significantly since initial recognition but credit impairment has not yet occurred, in the second stage, the Group measures the allowance for losses at an amount equal to the expected credit losses for the entire duration of the financial instrument and calculates interest income based on the carrying amount and the effective interest rate.

3) If the financial instrument has been impaired since initial recognition, in the third stage, the Group measures the allowance for credit losses at an amount equal to the expected credit losses over the life of the financial instrument and calculates interest income at amortized cost and effective interest rate.

Any increase or reversal of the allowance for credit losses on financial instruments is recognized as an impairment loss or gain in profit or loss. The allowance for credit losses is offset against the carrying amount of the financial asset, except for financial assets classified as at fair value through other comprehensive income. For financial assets classified as at fair value through other comprehensive income, the Group recognizes the allowance for credit losses in other comprehensive income, which does not reduce the carrying amount of the financial assets in the balance sheet.

If the Group has measured the allowance for losses in a previous accounting period at an amount equal to the expected credit losses over the entire life of the financial instrument, but at the current balance sheet date the financial instrument no longer represents a significant increase in credit risk since initial recognition, the Group measures the allowance for losses for the financial instrument at an amount equal to the expected credit losses over the next 12 months at the current balance sheet date. The reversal of the resulting loss provision is recognized as an impairment loss.

1) Significant increase in credit risk

The Group uses available reasonable and reliable forward-looking information to determine whether there has been a significant increase in the credit risk of a financial instrument since initial recognition by comparing the risk of default at the balance sheet date with the risk of default at the date of initial recognition. For financial guarantee contracts, the Group applies the provisions for impairment of financial instruments by considering the date on which the Group became a party to the irrevocable commitment as the initial recognition date.

The Group considers the following factors when assessing whether there has been a significant increase in credit risk:

a. Whether there has been a significant change in the debtor's operating results, actual or expected.

b. Whether there has been a significant adverse change in the regulatory, economic or technological environment in which the debtor operates.

c. Whether there has been a significant change in the value of the collateral pledged as security for the debt, or in the quality of guarantees or credit enhancements provided by third parties, which is expected to reduce the debtor's financial incentive to repay the debtor within the contractual timeframe or affect the probability of default; and

d. Whether there has been a significant change in the debtor's expected performance and repayment behavior

e. Changes in the Group's approach to credit management of financial instruments.

At the balance sheet date, if the Group determines that a financial instrument has only low credit risk, the Group assumes that there has been no significant increase in the credit risk of the financial instrument since initial recognition. A financial instrument is considered to have low credit risk if the risk of default is low, the borrower's ability to meet its contractual cash flow obligations in the short term is high, and the borrower's ability to meet its contractual cash flow obligations may not necessarily be reduced by unfavorable changes in the economic situation and business environment in the long term.

2) Financial assets that have suffered credit impairment

A financial asset is impaired when one or more events that have an adverse effect on the expected future cash flows of the financial asset occur. Evidence that a financial asset is impaired includes observable information such as

a. Significant financial difficulty of the issuer or debtor; or

b. A breach of contract by the debtor, such as a default or delinquency in interest or principal payments; or

c. The creditor has made concessions to the debtor that the debtor would not have made otherwise because of economic or contractual considerations related to the debtor's financial difficulties.

d. The debtor is likely to enter into bankruptcy or other financial reorganization.

e. The disappearance of an active market for the financial asset as a result of financial difficulties of the issuer or the debtor; or

f. A financial asset is purchased or acquired at a significant discount that reflects the fact that a credit loss has been incurred.

The occurrence of a credit impairment of a financial asset may be the result of a combination of events and not necessarily the result of separately identifiable events.

3) Determination of expected credit losses

The Group assesses expected credit losses on financial instruments on an individual and portfolio basis. In assessing expected credit losses, the Group takes into account reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

The Group categorizes financial instruments into different portfolios based on common credit risk characteristics. The common credit risk characteristics adopted by the Group include: ageing portfolio, construction bidding deposit, receivables within the scope of consolidation, etc. The individual evaluation criteria and portfolio credit risk characteristics of related financial instruments are described in the accounting policies of related financial instruments. The individual evaluation criteria and portfolio credit risk characteristics of the related financial instruments are described in the accounting policies of the related financial instruments.

The Group determines the expected credit losses of related financial instruments in accordance with the following methods.

a. For financial assets, credit losses represent the present value of the difference between the contractual cash flows to be received by the Group and the cash flows expected to be received.

b. For lease receivables, the credit loss is the present value of the difference between the contractual cash flows to be received by the Group and the cash flows expected to be received.

c. For financial guarantee contracts, the credit loss is the present value of the difference between the amount the Group expects to pay to the holder of the contract in respect of credit losses incurred by the holder of the contract, less the amount the Group expects to collect from the holder of the contract, the debtor or any other party.

d. For financial assets that are impaired at the balance sheet date but not purchased or originated, the credit loss is the difference between the book balance of the financial asset and the present value of the estimated future cash flows discounted at the original effective interest rate.

The Group's method of measuring expected credit losses on financial instruments reflects factors such as: an unbiased, probability-weighted average amount determined by evaluating a range of possible outcomes; the time value of money; and reasonable and substantiated information about past events, current conditions, and projections of future economic conditions that is available at the balance sheet date without undue additional cost or effort.

4) Write-down of financial assets

When the Group no longer has a reasonable expectation that the contractual cash flows of a financial asset will be recovered in whole or in part, the book value of the financial asset is written down directly. Such write-downs constitute derecognition of the related financial assets.

(7). Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, if the following conditions are met, they are presented in the balance sheet as net amounts after offsetting.

1) The Group has a legal right to offset the recognized amounts and the legal right is currently enforceable; and

2) The Group intends to settle the net amount, or to realize the financial asset and settle the financial liability at the same time.

12. Bills receivable

√ Applicable □ N/A

Method of determining expected credit losses and accounting treatment of bills receivable

√ Applicable □ N/A

For bills receivable, regardless of whether they contain significant financing elements or not, the Group always measures the loss provision at an amount equal to the expected credit losses over the entire duration, and the resulting increase or reversal of the loss provision is recognized as an impairment loss or gain in profit or loss for the current period.

For details of the Group's method of determining expected credit losses on bills receivable and its accounting treatment, please refer to Section V.11. (6) Impairment of financial instruments.

Categories of bad debt provision according to credit risk characteristics and the basis of determination

√ Applicable □ N/A

When sufficient evidence of expected credit losses cannot be assessed at a reasonable cost at the level of individual instruments, the Group classifies bills receivable into certain portfolios based on credit risk characteristics with reference to historical credit loss experience, current conditions and judgment of future economic conditions, and calculates expected credit losses on a portfolio basis. The basis for determining the portfolio is as follows:

Portfolio name	Basis for determining portfolios	Method of calculation
Commercial acceptances (portfolio 1)	The risk characteristics of commercial acceptances are substantially the same as those of accounts receivable for similar contracts.	Expected credit losses are accrued by reference to accounts receivable.
Bank acceptance portfolio (portfolio 2)	The acceptors have high credit ratings, no historical defaults, very low risk of credit loss, and strong ability to fulfill their obligations to pay contractual cash flows in the short term.	Expected credit losses are measured based on historical credit loss experience, current conditions and expectations of future economic conditions.

Ageing method for recognizing a portfolio of credit risk characteristics based on the age of the accounts.

√ Applicable □ N/A

For commercial paper receivables, the expected credit loss accrual method is based on the bad debt policy for accounts receivable, and the aging point of commercial paper receivables is retroactively adjusted to the aging point of the corresponding accounts receivable.

Judgmental criteria for individual provisioning according to individual provisioning for bad debts

√ Applicable □ N/A

If there is objective evidence that an item is impaired, the Group makes a provision for bad debts and recognizes expected credit losses for that item.

13. Accounts receivable

√ Applicable □ N/A

Method of determining expected credit losses and accounting treatment of accounts receivable

√ Applicable □ N/A

For details of the Group's method of determining expected credit losses on accounts receivable and accounting treatment, please refer to this Section V.11. (6) Impairment of financial instruments.

Categories of portfolio and basis of determination of bad debt provision according to credit risk profile portfolio

√ Applicable □ N/A

The Group provides for expected credit losses on an individual basis for accounts receivable with significantly different credit risks from those of the portfolio. The Group determines credit losses separately for receivables for which sufficient evidence of expected credit losses can be assessed at a reasonable cost at the level of individual instruments.

When sufficient evidence of expected credit losses cannot be assessed at a reasonable cost for an individual instrument, the Group divides accounts receivable into portfolios based on credit risk characteristics by reference to historical credit loss experience, current conditions and judgment of future economic conditions, and calculates expected credit losses on the basis of the portfolios. The basis for determining the portfolios is as follows:

Risk portfolio	Segmentation of portfolio by credit risk characteristics based on ageing of receivables
Portfolio of related transactions within the scope of consolidation	The relationship between the receivable and the counterparty is used to characterize the credit risk.
Provisioning method for bad debt provisioning by portfolio	
Risk portfolio (portfolio 1)	Provision for bad debts by ageing analysis method
Portfolio of related transactions within the scope of consolidation (portfolio 2)	Unless there is evidence of impairment, no provision for bad debts is generally made.

Calculation of ageing method for recognizing credit risk characteristics based on the age of the portfolio

√ Applicable □ N/A

The Group combines accounts receivable classified as risky portfolios with similar credit risk characteristics (aging) and estimates the percentage of bad debt provision for such accounts receivable based on all reasonable and supportable information, including forward-looking information.

The following is a table comparing the aging of the accounts receivable - credit risk characteristics portfolio with the expected credit loss rate over the entire life of the portfolio:

Ageing	Expected credit loss rate of accounts receivable (%)
1-6 months (including 6 months)	3.00
7-12 months (including 12 months)	5.00
1-2 years (including 2 years)	10.00
2 to 3 years (including 3 years)	20.00
3 to 4 years (including 4 years)	50.00
4 to 5 years (including 5 years)	80.00
More than 5 years	100.00

Determination of bad debt provisioning according to individual items Individual item provisioning judgment criteria

√ Applicable □ N/A

If there is objective evidence that a receivable is impaired, the Group makes a separate provision for bad debts and recognizes expected credit losses on that receivable.

14. Receivables financing

√ Applicable □ N/A

Method of determining expected credit losses and accounting treatment of receivables financing

√ Applicable □ N/A

For notes and accounts receivable with contractual cash flow characteristics that are consistent with the underlying lending arrangements and for which the Company's business model for managing such financial assets is to collect the contractual cash flows with the objective of both collection and sale, the Group classifies them as accounts receivable financing, which are measured at fair value with changes recognized in other comprehensive income. Interest income, impairment losses and exchange differences recognized using the effective interest rate method on receivables financing are recognized in profit or loss, while the remaining changes in fair value are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is removed from other comprehensive income and recognized in profit or loss.

Categories of portfolios and basis of determination of bad debt provisioning according to credit risk characteristic portfolios

√ Applicable □ N/A

For details of the Group's method of determining expected credit losses on receivables financing and accounting treatment, please refer to this Section V.11. (6) Impairment of financial instruments.

Aging calculation method for recognizing a portfolio of credit risk characteristics based on aging

√ Applicable □ N/A

For receivable financing classified as a portfolio, the Group calculates the expected credit losses by referring to the historical credit loss experience, taking into account the current situation and the forecast of the future economic situation, through the default risk exposure and the expected credit loss rate for the entire duration.

Judgmental criteria for individual provisioning of bad debt according to individual items

□ Applicable √ N/A

15. Other receivables

√ Applicable □ N/A

Method of determining expected credit losses and accounting treatment of other receivables

√ Applicable □ N/A

The Group measures the provision for losses on other receivables in accordance with the following circumstances:

① For financial assets with no significant increase in credit risk since initial recognition, the Group measures the allowance for losses based on the amount of expected credit losses in the next 12 months;

② For financial assets whose credit risk has significantly increased since initial recognition, the Group measures the allowance for losses at an amount equal to the expected credit losses over the entire life of the financial instrument;

③ For purchased or originated financial assets that are impaired, the Group measures the allowance for loss at an amount equal to the expected credit loss over the entire life of the financial instrument.

Categories of bad debt provision according to the portfolio of credit risk characteristics and the basis of determination

√ Applicable □ N/A

For other receivables, the Group is unable to obtain sufficient evidence of significant increase in credit risk at a reasonable cost at the level of individual instruments, and it is feasible to assess whether there is a significant increase in credit risk on a portfolio basis. Therefore, the Group groups other receivables according to the type of financial instruments, credit risk ratings, initial recognition dates, and remaining contractual maturities as the common risk characteristics and considers them on a portfolio basis. The Group assesses whether there is a significant increase in credit risk.

To measure expected credit losses on a portfolio basis, the Group groups the expected credit loss accrual percentage according to the corresponding ageing credit risk characteristics.

Basis of portfolio determination	
Risk portfolio	The ageing of other receivables is used as the credit risk characteristic to classify the portfolio.
Portfolio of related transactions within the scope of consolidation	The credit risk characteristics of other receivables are based on the relationship between the receivables and the counterparties.
Portfolio of risk-free receivables such as social security receivables	The credit risk characteristics of other receivables are based on the nature of the receivables.
Provisioning method for bad debt by portfolio	
Risk portfolio	Provision for bad debts is based on the aging analysis method.
Portfolio of risk-free receivables such as social security receivables	Unless there is evidence of impairment, no provision for bad debts is generally made.
Portfolio of related transactions within the scope of consolidation	Unless there is evidence of impairment, no provision for bad debts is generally made.

Aging method for recognizing credit risk characteristics based on the age of the portfolio

√ Applicable □ N/A

The Group combines other receivables classified as risky portfolios with similar credit risk characteristics (ageing) and estimates the percentage of bad debt provision for such other receivables based on all reasonable and supportable information, including forward-looking information.

A table comparing the aging of the other receivables - credit risk characteristics portfolio with the expected credit loss rate over the entire duration is shown below:

Ageing	Expected credit loss rate of other receivables (%)
Within 1 year (including 1 year)	5.00
1 to 2 years (including 2 years)	10.00
2 to 3 years (including 3 years)	30.00
3 to 4 years (including 4 years)	50.00
4 to 5 years (including 5 years)	80.00
More than 5 years	100.00

Judgmental criteria for individual provisioning according to individual provisioning for bad debts

√ Applicable □ N/A

Other receivables arising from non-operating low-risk businesses are individually impaired according to the nature of the business.

For other receivables secured by mortgage, the original value less the recoverable value of the collateral is recognized as the risk exposure for credit losses.

16. Inventories

√ Applicable □ N/A

Categories of inventories, issue valuation method, inventory system, amortization method of low-value consumables and packages

√ Applicable □ N/A

The actual cost of inventories issued is measured using the individual valuation method.

Recognition criteria and accrual method for provision for decline in value of inventories

√ Applicable □ N/A

Net realizable value is the estimated selling price of inventories in the ordinary course of business, less estimated costs to be incurred to completion, estimated selling expenses and related taxes. The net realizable value of inventories held for the purpose of executing sales or service contracts is calculated on the basis of the contract price.

Categories and basis for determining the provision for decline in value of inventories based on portfolios, and basis for determining the net realizable value of different categories of inventories

√ Applicable □ N/A

The net realizable value of inventories is determined on the basis of reliable evidence obtained, taking into account the purpose of holding the inventories, the impact of events after the balance sheet date, and other factors.

① The net realizable value of inventories held for sale, such as finished goods, merchandise and materials for sale, is determined as the estimated selling price of the inventories in the ordinary course of production and operation, less estimated selling expenses and related taxes. The net realizable value of inventories held for the purpose of executing sales contracts or labor contracts is measured at the contract price; if the quantity of inventories held exceeds the quantity ordered under the sales contract, the net realizable value of the excess quantity is measured at the normal selling price. The net realizable value of materials for sale is measured at market price.

② The net realizable value of inventories of materials requiring processing is determined in the normal course of production and operation by the estimated selling price of finished goods produced, less estimated costs to be incurred until completion, estimated selling expenses, and related taxes. If the net realizable value of finished goods produced from the materials is higher than the cost, the materials are measured at cost; if the decrease in the price of the materials indicates that the net realizable value of the finished goods is lower than the cost, the materials are measured at the net realizable value, and a provision for decline in value of inventories is made for the difference.

③ Provision for decline in value of inventories is generally made on the basis of individual inventory items; for large quantities of inventories with low unit prices, provision is made on the basis of categories of inventories.

④ If the factors affecting the write-down of inventories have disappeared as of the balance sheet date, the amount of the write-down is restored and reversed to the extent of the provision for decline in value of inventories, and the amount of the reversal is recognized in profit or loss.

Calculation method and basis for determining the net realizable value of each age group of inventories for which the net realizable value of inventories is recognized based on the age of the inventories

□ Applicable √ N/A

17. Contract assets

√ Applicable □ N/A

Methods and criteria for recognizing contract assets

√ Applicable □ N/A

A contract asset is a right to receive consideration for merchandise that the Group has transferred to a client and which depends on factors other than the passage of time. If the Group sells two clearly distinguishable commodities to a client and has the right to receive payment because one of the commodities has been delivered, but the receipt of such payment is also dependent on the delivery of the other commodity, the Group recognizes the right to receive payment as a contract asset.

Method of determining expected credit losses on contract assets and accounting treatment

√ Applicable □ N/A

The methods of determining expected credit losses on contract assets and the accounting treatment are described in detail in this Section V.11. (6) Impairment of financial instruments.

Categories of portfolios and basis of determination of bad debt provision according to portfolios of credit risk characteristics

√ Applicable □ N/A

The Group classifies contract assets into portfolios based on credit risk characteristics by reference to historical credit loss experience, current conditions and judgment of future economic conditions, and calculates expected credit losses on the basis of the portfolios. The basis for determining the portfolios is as follows:

Portfolio name	Portfolio name basis for determining portfolios	Provision method
Outstanding guarantee deposits (portfolio 1)	The risk characteristics of outstanding warranties are substantially the same as those of accounts receivable for similar contracts.	Provision for expected credit losses is made by reference to accounts receivable.
Completed unsettled assets arising from construction contracts (portfolio 2)	Completed unsettled assets resulting from construction contracts do not result in true accounts receivable; therefore, the expected credit loss rate for completed unsettled assets is generally no higher than the expected credit loss rate for accounts receivable within one year, and 0.5% is used as the expected credit loss rate for the contracted assets	Expected credit losses are measured by reference to historical credit loss experience, taking into account current conditions and expectations of future economic conditions.

Aging calculation method for recognizing credit risk characteristics based on the age of the accounts.

√ Applicable □ N/A

For details, please refer to Section V.13. Accounts receivable

Determination of bad debt provisioning according to individual items Individual provisioning judgment criteria

□ Applicable √ N/A

18. Non-current assets held for sale or disposal groups

□ Applicable √ N/A

Recognition criteria and accounting treatment for non-current assets or disposal groups classified as held for sale

□ Applicable √ N/A

Recognition criteria and presentation of discontinued operations

√ Applicable □ N/A

Discontinued operation means a separately distinguishable component of the Group that has been disposed of or classified as held for sale if one of the following conditions is met: (1) the component represents a separate principal business or a separate principal operating region; (2) the component is part of an associated plan to dispose of a separate principal business or a separate principal operating region; and (3) the component is a subsidiary acquired exclusively for resale.

In the income statement, the Group has added the items "Net profit from continuing operations" and "Net profit from discontinued operations" to the item "Net profit", reflecting the profit or loss from continuing operations and the profit or loss from discontinued operations, respectively, on a net after-tax basis. Gains and losses related to discontinued operations shall be reported as discontinued operations, and the discontinued operations gains and losses shall be reported for the entire reporting period, not only for the reporting period after it is recognized as discontinued operations.

19. Long-term equity investments

√ Applicable □ N/A

The Group's long-term equity investments are mainly investments in subsidiaries, investments in associates and investments in joint ventures.

The Group judges joint control on the basis that all participants or a portfolio of participants collectively control the arrangement and that the policies governing the activities of the arrangement must be agreed upon by those participants who collectively control the arrangement.

The Group is generally considered to have significant influence over an investee when it owns, directly or indirectly through subsidiaries, more than 20% but less than 50% of the investee's voting rights. If the Group owns less than 20% of the voting power of an investee, it is necessary to consider the facts and circumstances such as having representatives on the board of directors or similar authority of the investee, or participating in the process of formulating the financial and operating policies of the investee, or engaging in significant transactions with the investee, or dispatching management personnel to the investee, or providing key technological information to the investee, etc., and determine that the Group has significant influence on the investee.

The investee is a subsidiary of the Group if the investor exercises control over the investee. Long-term equity investments acquired through a business combination under the same control are initially recognized at cost based on the share of the carrying amount of the net assets of the party being consolidated in the consolidated statements of the party ultimately in control at the date of consolidation. If the carrying amount of the net assets of the party being consolidated is negative at the date of consolidation, the cost of long-term equity investment is determined as zero.

Long-term equity investments acquired through a business combination not under common control are recognized at the cost of the combination.

Except for the long-term equity investments acquired through business combination mentioned above, the cost of long-term equity investments acquired by cash payment is based on the actual purchase price paid; the cost of long-term equity investments acquired by issuance of equity securities is based on the fair value of the equity securities issued; and the cost of long-term equity investments invested by investors is based on the value agreed in the investment contract or agreement.

The Group's investments in subsidiaries are accounted for using the cost method, and investments in joint ventures and associates are accounted for using the equity method.

The carrying amount of long-term equity investments accounted for under the cost method is increased by the fair value of additional investment and related transaction costs incurred when additional investment is made. Cash dividends or profits declared by the investee are recognized as investment income at the amount to which they are attributable.

The carrying amount of long-term equity investments accounted for under the equity method shall be increased or decreased accordingly to the changes in the ownership interest of the investee. In recognizing the share of net profit or loss of an investee, the fair value of the identifiable assets of the investee at the time of investment acquisition is used as the basis for recognizing the net profit of the investee in accordance with the Group's accounting policies and accounting periods, after offsetting the portion of gains or losses on internal transactions with associates and joint ventures that are attributable to the investor based on the Group's proportionate interest in the investor's net assets and liabilities.

On disposal of long-term equity investments, the difference between the carrying amount and the actual acquisition price is recognized as investment income. For long-term equity investments accounted for under the equity method, other comprehensive income accounted for under the equity method shall be accounted for on the same basis as the direct disposal of the related assets or liabilities by the investee upon termination of the equity method, and any changes in the equity of the investee due to changes in the equity of the investee other than net profit or loss, other comprehensive income and profit distribution shall be fully transferred to current investment income upon termination of the equity method. The entire amount shall be transferred to investment income when the equity method of accounting is discontinued.

If an investee loses joint control or significant influence over the investee due to the disposal of a portion of the equity investment, the remaining equity interest after disposal shall be accounted for in accordance with the relevant provisions of the Guidelines on the Recognition and Measurement of Financial Instruments, and the difference between the fair value of the remaining equity interest and its carrying amount at the date of the loss of joint control or significant influence shall be recognized as profit or loss for the current period. Other comprehensive income recognized as a result of the adoption of the equity method shall be accounted for on the same basis as the direct disposal of the related assets or liabilities by the investee and carried forward on a pro rata basis upon the termination of the adoption of the equity method, and all other changes in equity recognized as a result of changes in the investee's ownership interest other than net profit or loss, other comprehensive income, and distribution of profits shall be transferred to investment income on a pro rata basis for the current period.

If the investee loses control of a portion of the long-term equity investment due to disposal, and the remaining equity interest after disposal is capable of exercising joint control or significant influence over the investee, it shall be accounted for under the equity method instead, and the difference between the carrying amount of the equity interest disposed of and the disposal consideration shall be recognized in investment income, and the remaining equity interest shall be adjusted as if it were equity-method accounted for from the time of acquisition; if the remaining equity interest after disposal is not capable of exercising joint control or significant influence over the investee, it shall be accounted for under the equity method instead. If the remaining equity interest after disposal cannot exercise joint control or significant influence over the investee, the accounting shall be conducted in accordance with the relevant provisions of the Guidelines on Recognition and Measurement of Financial Instruments, and the difference between the carrying amount of the equity interest disposed of and the consideration for disposal shall be recognized as investment income, while the difference between the fair value of the remaining equity interest at the date of the loss of control and its carrying amount shall be recognized as profit or loss for the current period.

20. Investment properties

(1). If the cost measurement model is used:

Depreciation or amortization method

The Group classifies real estate held to earn rentals or for capital appreciation, or both, as investment property. The Group uses the cost model to measure investment properties. The Group depreciates the cost of investment properties, net of estimated net salvage value and accumulated impairment allowances, over their useful lives using the average annualized method. For details of the impairment test method and the method of making provision for impairment, please refer to Section V.11. (6) Impairment of financial instruments. The useful lives, residual values and annual depreciation rates for each type of investment properties were as follows.

No.	**Category**	**Depreciable life (years)**	**Estimated salvage value (%)**	**Annual depreciation rate (%)**
1	House buildings	20	5-10	4.5-4.75
2	Land use rights	36.75		2.72

21 Fixed assets

(1). Recognition conditions

√ Applicable □ N/A

The Group's fixed assets are tangible assets with the following characteristics, i.e., held for use in the production of goods, provision of services, leasing or business management, and with a useful life of more than one year.

Fixed assets are recognized when it is probable that the economic benefits associated with them will flow to the Group and their costs can be measured reliably. The Group's fixed assets include buildings, transportation equipment, office and electronic equipment.

(2). Depreciation method

√ Applicable □ N/A

Category	Depreciation method	Depreciable life (years)	Residual value rate	Annual depreciation rate
Buildings	Average life method	10-20	5%-10%	4.50%-9.50%
Transportation equipment	Average life method	4	5%	23.75%

Office and electronic equipment	Average age method	3	5%	31.67%

The Group depreciates all fixed assets, except for fully depreciated fixed assets that are still in use and land that is separately accounted for.

22. Construction in progress

√ Applicable □ N/A

(1) Construction in progress is categorized and accounted for by standing items.

(2) Criteria and point in time for carrying forward construction in progress to fixed assets

Construction in progress is recognized as a fixed asset on the basis of all expenditures incurred before the asset is constructed and brought to its intended state of use. This includes construction costs, the original cost of machinery and equipment, other necessary expenses incurred to bring the construction in progress to its intended state of use, as well as borrowing costs incurred before the asset reaches its intended state of use for borrowing specifically for the project, and borrowing costs incurred for general borrowing used for the project. The Group transfers construction in progress to property, plant and equipment when the project has been installed or constructed to its intended state of use. Fixed assets that have reached the intended state of use but for which final accounts have not yet been finalized are transferred to fixed assets from the date they reach the intended state of use at their estimated value based on the project budget, construction cost or actual cost of the project, and depreciation is provided for in accordance with the Group's policy on depreciation of fixed assets, and after final accounts have been finalized the original provisional value is adjusted according to the actual cost, but the amount of depreciation provided for is not adjusted. The original provisional value will be adjusted according to the actual cost after the completion of the final accounts, without adjusting the depreciation originally provided.

23. Borrowing costs

√ Applicable □ N/A

(1) Recognition principles and capitalization period for capitalization of borrowing costs

Borrowing costs incurred by the Group for the acquisition, construction or production of assets directly attributable to the assets eligible for capitalization shall be capitalized to the cost of the relevant assets when the following conditions are simultaneously met:

① Expenditures on assets have been incurred;

② Borrowing costs have been incurred;

③ The construction or production activities necessary to bring the asset to its intended state of use have begun.

Other borrowing interests, discounts or premiums and exchange differences are recognized in profit or loss in the period in which they are incurred.

The capitalization of borrowing costs is suspended when there is an abnormal interruption in the construction or production of assets eligible for capitalization for more than three consecutive months.

The capitalization of borrowing costs ceases when the assets eligible for capitalization have reached their intended use or saleable condition; any subsequent borrowing costs are recognized as expenses in the period in which they are incurred.

(2) Calculation of the capitalization rate and amount of capitalized borrowing costs

If a special loan is borrowed for the purpose of purchasing, constructing or producing an asset eligible for capitalization, the capitalized amount of interest expense on the special loan shall be determined by the actual interest expense incurred on the special loan during the period less the interest income from depositing the unused borrowed funds in a bank or the investment income from making a temporary investment.

If general borrowings are used for the acquisition, construction or production of assets eligible for capitalization, the amount of interest to be capitalized on general borrowings shall be calculated by multiplying the weighted average amount of cumulative asset expenditures in excess of the portion of special-purpose borrowings by the capitalization rate of the general borrowings used to calculate the amount of interest to be capitalized on general borrowings. The capitalization rate is based on the weighted average interest rate of general borrowings.

24. Biological assets

□ Applicable √ N/A

25. Oil and gas assets

□ Applicable √ N/A

26. Intangible assets

(1). Useful life, basis for determining useful life, estimation, amortization method or review procedure

√ Applicable □ N/A

Intangible assets, including land use rights and software, are measured at cost and amortized equally over their estimated useful lives.

(1) Land use rights

Land use rights are amortized equally over their useful lives of 50 years. If it is difficult to allocate the purchase price of land and buildings between land use rights and buildings, all of them are recognized as fixed assets.

(2) Computer software

Acquired computer software is capitalized on the basis of the costs incurred to acquire and put into use the specific software. The related costs are amortized on a straight-line basis over the estimated useful lives of 2 to 10 years. Costs related to the maintenance of computer software programs are recognized as expenses as they are incurred.

(3) Periodic review of useful lives and amortization methods

The estimated useful lives and amortization methods of intangible assets with finite useful lives are reviewed and appropriately adjusted at the end of each year. The Group considers intangible assets for which the duration of future economic benefits is not foreseeable as intangible assets with indefinite useful lives and does not amortize such intangible assets. As at the end of the reporting period, the Group had no intangible assets with indefinite useful lives. Expenditures on the Group's internal research and development projects are recognized in profit or loss as incurred.

(4) Impairment of intangible assets

When the recoverable amount of an intangible asset is less than its carrying amount, the carrying amount is written down to the recoverable amount.

(2). Scope of attribution of R&D expenditures and related accounting treatment

□ Applicable √ N/A

27. Impairment of long-lived assets

√ Applicable □ N/A

The Group examines items such as long-term equity investments, property and equipment, construction in progress, right-of-use assets and intangible assets with finite useful lives at each balance sheet date, and performs impairment tests when there are indications of impairment. Goodwill and intangible assets with indefinite useful lives are tested for impairment at the end of each year, regardless of whether there is any indication of impairment.

The recoverable amount is determined as the higher of the asset's fair value less costs of disposal and the present value of the asset's estimated future cash flows. The Group estimates the recoverable amount of an asset on an individual basis; if it is difficult to estimate the recoverable amount of an individual asset, the recoverable amount of an asset group is determined on the basis of the asset group to which the asset belongs. An asset group is identified on the basis of whether the major cash inflows from the asset group are independent of those from other assets or groups of assets.

When the recoverable amount of an asset or an asset group is less than its carrying amount, the Group writes down its carrying amount to its recoverable amount, and the amount of the write-down is recognized in profit or loss and a corresponding provision for asset impairment is made.

For the purpose of impairment testing of goodwill, the carrying amount of goodwill arising from a business combination is allocated to the relevant asset group on a reasonable basis from the date of purchase; if it is difficult to be allocated to the relevant asset group, the carrying amount is allocated to a portfolio of the relevant asset groups. The relevant asset group or portfolio of asset groups is one that can benefit from the synergies of the business combination and is not larger than the Group's reportable segments.

When testing for impairment of the relevant asset group or portfolio of asset groups containing goodwill, if there is any indication of impairment for the asset group or portfolio of asset groups related to goodwill, the asset group or portfolio of asset groups that does not contain goodwill is first tested for impairment, the recoverable amount is calculated, and the corresponding impairment loss is recognized. If the recoverable amount is lower than the carrying amount, the amount of the impairment loss shall first be offset against the carrying amount of the goodwill allocated to the asset group or portfolio of assets, and then against the carrying amount of the other assets proportionally according to the proportion of the carrying amount of the other assets excluded from the asset group or portfolio of assets.

If the carrying amount of an asset exceeds its recoverable amount after an impairment test, the difference is recognized as an impairment loss, which is not reversed in subsequent periods.

28. Long-term amortized expenses

√ Applicable □ N/A

Long-term amortized expenses are expenses incurred by the Group but shall be borne by the Group in the current and future periods with an amortization period of more than one year.Long-term amortization expenses These expenses are amortized equally over the period of benefit. If a long-term amortized expense item does not benefit a future accounting period, the amortized value of the item that has not been amortized is transferred to profit or loss for the current period.

29. Contract liabilities

√ Applicable □ N/A

Contract liabilities reflect the Group's obligations to transfer goods to clients for consideration received or receivable from clients. If the client has paid the contractual consideration or the Group has obtained the unconditional right to receive the contractual consideration before the Group transfers the goods to the client, contract liabilities are recognized for the amount received or receivable at the earlier of the actual payment made by the client and the amount due.

30. Employee remuneration

(1). Accounting treatment of short-term remuneration

√ Applicable □ N/A

The Group's employee remuneration includes short-term remuneration, post-employment benefits and termination benefits.

Short-term remuneration mainly includes employees' salaries, welfare fees and housing fund. Short-term remuneration actually incurred during the accounting period in which the employees render services is recognized as a liability and charged to current profit or loss or the cost of the relevant assets according to the beneficiary.

(2). Accounting treatment of post-employment benefits

√ Applicable □ N/A

Post-employment benefits mainly include basic pension insurance premiums, unemployment insurance, etc., which are categorized as defined contribution plans in accordance with the risks and obligations assumed by the Company. Contributions to a defined contribution plan are recognized as a liability at the balance sheet date on the basis of contributions made to a separate entity in exchange for services rendered by employees during the accounting period, and are recognized in profit or loss or at the cost of the related assets, depending on the beneficiary.

(3). Accounting treatment of termination benefits

□ Applicable √ N/A

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

□ Applicable √ N/A

31. Projected liabilities

√ Applicable □ N/A

The Group recognizes a projected liability when the obligation relating to the contingency is a present obligation incurred by the Group, it is probable that the performance of the obligation will result in an outflow of economic benefits to the Group, and the amount can be measured reliably. A projected liability is initially measured at the best estimate of the expenditure required to settle the present obligation. Where the effect of the time value of money is material, the projected liability is determined on the basis of the discounted amount of the expected future cash flows. In determining the best estimate, the Group considers a portfolio of factors such as the risks and uncertainties associated with the contingency and the time value of money. Where there is a continuous range of required expenditures and the likelihood of each outcome within that range is equal, the best estimate is determined at the midpoint of the range; in other cases, the best estimate is treated as follows:

- Where the contingency relates to a single item, it is determined on the basis of the most probable amount to be incurred.

- Where a contingency relates to more than one item, it is determined on the basis of various possible outcomes and related probabilities.

The Group reviews the carrying amount of the estimated liability at the balance sheet date and adjusts the carrying amount to the current best estimate.

32. Share-based payment

√ Applicable □ N/A

(1) Types of share-based payment and accounting treatment

Share-based payment is a transaction in which a company grants an equity instrument or assumes a liability determined on the basis of an equity instrument in order to obtain services from employees. Share-based payment is categorized into equity-settled share-based payment and cash-settled share-based payment.

1) Equity-settled share-based payment

Stock option plans are equity-settled share-based payments in exchange for services rendered by employees and are measured at the fair value of the equity instruments granted to employees at the grant date. Options may be exercised only upon completion of services or fulfillment of specified performance conditions during the waiting period. During the waiting period, based on the best estimate of the number of equity instruments that can be exercised, the services acquired during the period are recognized in the related costs or expenses at the fair value of the equity instruments on the grant date, and the capital surplus is increased accordingly.

2) Cash-settled share-based payment

The stock appreciation rights plan is a cash-settled share-based payment, which is measured at the fair value of the liability assumed by the Company based on the number of shares of the Company. The cash-settled share-based payment is subject to the completion of services or the fulfillment of performance conditions during the waiting period. At each balance sheet date during the waiting period, based on the best estimate of the feasibility of the rights, the services acquired during the period are recognized as a cost or expense at the amount of the fair value of the liabilities assumed by the Company, and the liabilities are increased accordingly. The fair value of the liability is remeasured at each balance sheet date until the liability is settled and at the date of settlement, with the change recognized in profit or loss.

(2) Method of determining the fair value of equity instruments

The fair value of shares granted to employees is measured at the market price of the Company's shares, adjusted to take into account the terms and conditions under which the shares were granted (excluding the conditions for exercising the rights other than market conditions).

For stock options granted to employees, the fair value of the options granted is estimated using an option pricing model.

(3) Basis for recognizing the best estimate of feasible equity instruments

At each balance sheet date during the waiting period, the number of equity instruments expected to become exercisable is revised by making a best estimate based on the latest available subsequent information, such as changes in the number of employees with exercisable rights.

(4) Handling of modification and termination of the share-based payment plan

If the modification of a share-based payment plan increases the fair value of the equity instruments granted, the increase in services received shall be recognized accordingly to the increase in the fair value of the equity instruments.

If a modification of a share-based payment plan increases the number of equity instruments granted, the increase in the fair value of the equity instruments shall be recognized as an increase in services received accordingly.

If the conditions for exercising rights are modified in a way that is favorable to the employee, such as shortening the waiting period or changing or eliminating performance conditions (instead of market conditions), the company takes the modified conditions into account when dealing with the conditions for exercising rights.

If the terms and conditions are modified in a manner that reduces the total fair value of the share-based payment or is otherwise unfavorable to the employee, the services received continue to be accounted for as if the change had never occurred, unless some or all of the equity instruments granted are canceled.

If the granted equity instruments are canceled during the waiting period, the canceled equity instruments are treated as accelerated exercise, and the remaining amount to be recognized during the waiting period is immediately recognized in profit or loss, and capital surplus is recognized. If the employees or other parties can choose to meet the non-optional conditions but fail to do so within the waiting period, the cancellation is treated as a cancellation of the granted equity instruments.

33. Preferred stock, perpetual bonds and other financial instruments

□ Applicable √ N/A

34. Revenues

(1). Disclosure of accounting policies adopted for revenue recognition and measurement by type of business

√ Applicable □ N/A

The Ministry of Finance ("MOF") issued ASBE No. 14 - Revenue (Revised) ("New Revenue Standard") in 2017. The New Revenue Standard replaces "ASBE No. 14 - Revenue" and "ASBE No. 15 - Construction Contracts" ("Previous Revenue Standard") issued in 2006. From January 1, 2020, the Group has implemented the new revenue standards. Revenue is the total inflow of economic benefits arising from the Group's ordinary activities that results in an increase in shareholders' equity and does not relate to the contribution of capital by shareholders.

The Group recognizes revenue when it has fulfilled its performance obligations under a contract, i.e. when the client obtains control of the related goods or services.

If a contract contains two or more performance obligations, the Group allocates the transaction price to each individual performance obligation on the basis of the relative proportion of the individual selling price of the goods or services promised under each individual performance obligation at the inception date of the contract, and measures revenue on the basis of the transaction price allocated to each individual performance obligation. For contracts with quality assurance clauses, the Group analyzes the nature of the warranty provided and treats the warranty as a separate performance obligation if the warranty provides a separate service from guaranteeing to the client that the goods sold meet the established standards. Otherwise, the Group accounts for them in accordance with the provisions of "ASBE No. 13 - Contingencies".

The transaction price is the amount of consideration that the Group expects to be entitled to receive for the transfer of goods or services to the client, excluding amounts received on behalf of third parties. The Group recognizes a transaction price that does not exceed the amount by which it is more likely than not that a material reversal of the cumulative revenue recognized will not occur when the related uncertainty is removed. Amounts expected to be returned to clients are recognized as a liability for returns and are not included in the transaction price.

The Group has a performance obligation at a point in time when one of the following conditions is met; otherwise, the Group has a performance obligation at a point in time:

- The client acquires and consumes the economic benefits arising from the Group's performance at the same time as the Group's performance;

- The client is able to control the goods under construction in the course of the Group's performance;

- The goods produced in the course of the Group's performance have a non-substitutable use and the Group is entitled to receive payment for the cumulative portion of performance completed to date throughout the term of the contract.

The Group recognizes revenue on the basis of the progress of performance over a period of time for performance obligations that are to be fulfilled within that period. When the progress of performance is not reasonably determinable, the Group recognizes revenue on the basis of the amount of costs incurred until the progress of performance is reasonably determinable, provided that the costs incurred by the Group are expected to be reimbursed.

For performance obligations fulfilled at a certain point in time, the Group recognizes revenue at the point in time when the client obtains control of the related goods or services. In determining whether a client has obtained control of goods or services, the Group considers the following indications:

- The Group has a present right to receive payment for the good or service;

- The Group has physically transferred the good to the client;

- The Group has transferred legal title or the principal risks and rewards of ownership of the good to the client;

- The client has accepted the goods or services, etc.

The Group accounts for changes in the scope or price of a contract that have been approved by the parties to the contract separately under the following circumstances:

- If a contract change adds clearly distinguishable goods and contract prices, and the new contract price reflects the separate selling price of the new goods, the changed part of the contract is accounted for as a separate contract;

- If a contract change does not fall into the above category, and if the goods transferred or services provided are clearly distinguishable from those not transferred or provided at the date of the contract change, the original contract is deemed to be terminated, and the unperformed portion of the original contract and the changed portion of the contract are combined and accounted for as part of a new contract;

- If a contract change does not fall under the above circumstances, i.e., if there is no clear distinction between goods transferred or services provided and goods not transferred or services not provided at the date of the contract change, the changed portion of the contract is accounted for as an integral part of the original contract, and the resulting impact on the recognized revenue is adjusted to current revenue at the date of the contract change.

The right to receive consideration for goods or services that the Group has transferred to a client (and which is dependent on factors other than the passage of time) is recognized as a contract asset, which is impaired on the basis of expected credit losses. The Group's unconditional right to receive consideration from clients, which is dependent only on the passage of time, is presented as receivables. The Group's obligations to transfer goods or services to clients for which the Group has received or shall receive consideration from the clients are presented as contractual liabilities.

1) Revenue from sales of goods

Revenue is recognized when the Group transfers control of goods to the client upon delivery to the purchaser and obtains a signed receipt, or when the goods are shipped on board a vessel.

2) Revenue from construction

The client controls the merchandise during the construction of the project. Under this type of contract, the relevant goods are constructed in accordance with the client's specifications, and if the client terminates the contract, the Group is entitled to receive an amount that compensates it for the costs incurred and a reasonable profit for the portion of the performance that has been performed to date. Accordingly, the Group recognizes revenues and costs associated with the construction of the works over time. The Group determines the progress of performance based on the proportion of the cumulative actual contract costs incurred to the estimated total contract costs and recognizes revenue in accordance with the progress of performance. If revenue is recognized but not yet billed, the Group recognizes it as a contract asset.

(2). The adoption of different operating models for the same type of business involves different revenue recognition and measurement methods

□ Applicable √ N/A

35. Contract costs

□ Applicable √ N/A

36. Government subsidies

√ Applicable □ N/A

(1) Recognition of government grants

Government grants are recognized only when the following conditions are simultaneously met:

1) The Group is able to fulfill the conditions attached to the government grants;

2) The Group is able to receive government grants.

(2) Measurement of government grants

If government grants are monetary assets, they are measured at the amount received or receivable. If the government grants are non-monetary assets, they are measured at fair value; if the fair value cannot be reliably obtained, they are measured at a nominal amount of RMB 1.

(3) Accounting treatment of government grants

1) Asset-related government grants

Government grants obtained by the Company for the purpose of purchasing, constructing or otherwise forming long-term assets are classified as asset-related government grants. Asset-related government grants are recognized as deferred income and recognized in profit or loss in a reasonable and systematic manner over the useful lives of the related assets. Government grants that are measured at nominal amounts are recognized directly in profit or loss. If an asset is sold, transferred, retired or destroyed before the end of its useful life, the unallocated balance of the deferred income is transferred to profit or loss in the period in which the asset is disposed of.

2) Government grants related to income

Government grants other than those related to assets are classified as revenue-related government grants. Government grants related to income are accounted for as follows:

Government grants used to compensate the Group for costs or losses incurred in future periods are recognized as deferred income and recognized in profit or loss in the period in which the costs or losses are recognized;

For the purpose of compensating the Group for the related costs or losses already incurred, they are recognized directly in profit or loss for the current period.

Government grants that contain both asset-related and revenue-related components are accounted for separately; if it is difficult to distinguish between the two, they are categorized as revenue-related government grants as a whole.

Government grants related to the Group's daily activities are recognized in other income in accordance with the substance of the economic operations. Government grants that are not related to the Group's daily activities are recognized as non-operating revenue and expenses.

3) Policy-based preferential loan subsidies

If the finance disburses the subsidized interest rate funds to a lending bank, and the lending bank provides loans to the Group at a preferential interest rate, the actual amount of the loan received shall be regarded as the recorded value of the loan, and the related borrowing costs shall be calculated on the basis of the principal amount of the loan and the preferential interest rate of the policy.

When the subsidized interest rate funds are directly allocated to the Group by the financial authorities, the Group will offset the corresponding subsidized interest rate against the relevant borrowing costs.

4) Return of government grants

When recognized government grants are to be returned, the carrying amount of the assets shall be adjusted if the carrying amount of the assets is reduced upon initial recognition; if there is a balance of deferred income, the balance of deferred income shall be reduced, and the excess shall be recognized in profit or loss for the current period; otherwise, the balance of deferred income shall be recognized in profit or loss for the current period directly.

37. Deferred tax assets/deferred tax liabilities

√ Applicable ☐ N/A

Deferred tax assets and deferred tax liabilities are recognized for differences between the tax bases of assets and liabilities and their carrying amounts (temporary differences). At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods when the assets are realized or the liabilities are settled.

(1) Basis for recognizing deferred tax assets

Deferred tax assets arising from deductible temporary differences are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized, and deductible losses and tax credits can be carried forward to future years. However, deferred tax assets arising from the initial recognition of assets or liabilities are not recognized if: 1) the transaction is not a business combination; and 2) the transaction affects neither the accounting profit nor taxable income or deductible losses at the time of the transaction.

Deferred tax assets are recognized for deductible temporary differences associated with investments in associates if the following conditions are met: it is probable that the temporary differences will reverse in the foreseeable future and it is probable that taxable income will be available against which the deductible temporary differences can be utilized in the future.

(2) Basis for recognizing deferred tax liabilities

The Company recognizes deferred tax liabilities for taxable temporary differences between current and prior periods. However, it does not include:

1) Temporary differences arising from the initial recognition of goodwill;

2) Temporary differences arising from transactions or events that are not part of a business combination and that, at the time of their occurrence, affect neither accounting profit nor taxable income (or deductible losses);

3) For taxable temporary differences related to investments in subsidiaries and associates, the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not be reversed in the foreseeable future.

(3) Deferred tax assets and deferred tax liabilities are stated at the net amount after offsetting when the following conditions are simultaneously met

1) The enterprise has the legal right to settle current income tax assets and current income tax liabilities on a net basis;

2) Deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity or on different taxable entities, but in each future period in which deferred tax assets and deferred tax liabilities of significance are reversed, the taxable entities involved intend to settle the current income tax assets and current income tax liabilities on a net basis or to realize the assets at the same time, The taxable entity intends to settle current income tax assets and current income tax liabilities on a net basis or acquire assets and settle liabilities simultaneously.

38. Leases

√ Applicable □ N/A

At the inception date of a contract, the Group assesses whether the contract is a lease or contains a lease. A contract is a lease or contains a lease if one of the parties to the contract transfers the right to control the use of one or more identified assets for a period of time in exchange for consideration.

(1) Separation of Lease Contracts

When a contract contains several individual leases, the Group splits the contract and accounts for each individual lease separately. When a contract contains both leases and non-leases, the Group splits the leases and non-leases, and the leases are accounted for in accordance with the leasing standards, while the non-leases are accounted for in accordance with other applicable accounting standards.

(2) Consolidation of lease contracts

Two or more contracts containing leases entered into by the Group with the same counterparty or its affiliates at the same or similar times shall be consolidated into one contract for accounting purposes when one of the following conditions is met.

a. The two or more contracts are entered into for an overall business purpose and constitute a package transaction, the overall business purpose of which cannot be understood unless considered as a whole.

b. The amount of consideration for one of the two or more contracts is dependent on the pricing or performance of the other contracts.

c. The right to use the asset granted by the two or more contracts together constitute a single lease.

Basis of judgment and accounting treatment for simplified treatment of short-term leases and leases of low-value assets as a lessee

√ Applicable □ N/A

Short-term leases are leases that do not include an option to purchase and have a lease term of less than 12 months. Low-value asset leases are leases with a lower value when the individual leased asset is a brand new asset.

The Group does not recognize right-of-use assets and lease liabilities for the following short-term leases and low-value asset leases, and the related lease payments are charged to the cost of the related assets or to current profit or loss on a straight-line basis over the lease term. The Group recognizes right-of-use assets and lease liabilities for leases other than short-term leases and leases of low-value assets.

Lease classification criteria and accounting treatment as lessor

√ Applicable □ N/A

The Company classifies leases as finance leases and operating leases at the inception date of the lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of the leased asset, which may or may not ultimately be transferred. Operating leases refer to leases other than finance leases.

During the reporting period, the Company's leases were all operating leases, and lease payments under operating leases were recognized as rental income using the straight-line method or other systematic and reasonable methods in each period of the lease term: initial direct costs incurred in connection with the operating leases were capitalized and apportioned over the lease term on the same basis as the rental income, and were charged to current profit or loss; and variable lease payments relating to operating leases that were not included in the lease payments were charged to current profit or loss when they were actually incurred. Variable lease payments relating to operating leases that are not recognized as lease receipts are recognized in profit or loss when they are actually incurred.

39. Other significant accounting policies and accounting estimates

□ Applicable √ N/A

40. Changes in significant accounting policies and accounting estimates

(1). Changes in significant accounting policies

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Contents of and reasons for the changes in accounting policies	Name of statement items materially affected	Amount of impact
On November 30, 2022, the Ministry of Finance issued ASBE Interpretation No. 16 (C.K.[2022] 31, hereinafter referred to as "Interpretation No. 16"), "Accounting for Deferred Taxes on Assets and Liabilities Arising from Individual Transactions for Which the Initial Recognition Exemption Does Not Apply", which will take effect on January 1, 2023, and enterprises are allowed to implement this interpretation in advance of the year of issue;	Deferred tax assets	1,135,468.71
	Deferred tax liabilities	1,316,653.59
	Undistributed profits	-177,717.08
	Minority interests	-3,467.80

Other Notes

None

(2). Changes in significant accounting estimates

□ Applicable √ N/A

(3). Adjustments to the financial statements as of the beginning of the year of first-time implementation of new accounting standards or interpretations of accounting standards for the first-time implementation of new accounting standards or interpretations of accounting standards from 2023 onwards

√ Applicable □ N/A

Explanation of reasons for adjusting the financial statements as of the beginning of the year of initial implementation

From January 1, 2023, the Company will implement the provisions of "ASBE Interpretation No. 16" issued by the Ministry of Finance, "Accounting for Deferred Taxes on Assets and Liabilities Arising from Individual Transactions for Which the Initial Recognition Exemption Does Not Apply". For lease liabilities and right-of-use assets recognized at the beginning of the earliest period for the presentation of financial statements in which this Interpretation is applied for the first time, as well as projected liabilities related to abandonment obligations and the corresponding related assets, which give rise to taxable temporary differences and deductible temporary differences, the enterprise shall adjust the cumulative effect to opening retained earnings and other relevant financial statement items in the earliest period for which the financial statements are presented in accordance with this Interpretation and "ASBE 18 - Income Taxes".

Consolidated Balance Sheet

Unit: Yuan Currency: RMB

Item	December 31, 2022	January 1, 2023	Adjustments
Current assets			
Monetary funds	550,235,202.99	550,235,202.99	
Settlement Provision			
Counterparty funds			
Financial assets held for trading	122,119,888.89	122,119,888.89	
Derivative financial assets			
Bills receivable	20,790,441.73	20,790,441.73	
Accounts receivable	484,443,368.28	484,443,368.28	
Receivables financing	729,937.36	729,937.36	
Prepayments	50,995,260.16	50,995,260.16	
Premiums receivable			
Reinsurance receivables			
Reserve for reinsurance contracts receivable			
Other receivables	13,057,575.31	13,057,575.31	
Of which: Interest receivable			
Dividends receivable			
Financial assets purchased for resale			
Inventories	66,824.45	66,824.45	
Contract assets	389,293,108.13	389,293,108.13	
Assets held for sale			
Non-current assets due within one year			
Other current assets	58,265,105.32	58,265,105.32	
Total current assets	1,689,996,712.62	1,689,996,712.62	
Non-current assets:			

Loans and advances issued			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	2,314,172.96	2,314,172.96	
Investments in other equity instruments			
Other non-current financial assets			
Investment properties	713,065.68	713,065.68	
Fixed assets	40,095,530.47	40,095,530.47	
Construction in progress			
Producing biological assets			
Oil and gas assets			
Utilization rights assets	4,672,377.60	4,672,377.60	
Intangible assets	7,426,847.54	7,426,847.54	
Development expenditure			
Goodwill			
Long-term amortization			
Deferred tax assets	14,578,928.51	15,714,397.22	1,135,468.71
Other non-current assets	17,348,658.87	17,348,658.87	
Total non-current assets	87,149,581.63	88,285,050.34	1,135,468.71
Total assets	1,777,146,294.25	1,778,281,762.96	1,135,468.71
Current liabilities:			
Short-term borrowings	31,249,307.82	31,249,307.82	
Borrowings from the Central Bank			
Demand for funds			
Financial liabilities for trading			
Derivative financial liabilities			
Notes payable			
Accounts payable	589,919,678.26	589,919,678.26	
Advance receipts			
Contract liabilities	74,584,070.11	74,584,070.11	
Sale and buyback of financial assets			
Deposit-taking and interbank deposits			
Securities trading agency			
Underwriting of securities			
Employee remuneration payable	39,456,513.03	39,456,513.03	
Taxes payable	7,330,079.22	7,330,079.22	
Other payables	1,611,097.74	1,611,097.74	
Of which: Interest payable			
Dividends payable			
Fees and commissions payable			
Sub-insurance payable			
Liabilities held for sale			
Non-current liabilities due within one year	1,710,381.30	1,710,381.30	
Other current liabilities			

Total current liabilities	745,861,127.48	745,861,127.48	
Non-current liabilities:			
Reserves for insurance contracts			
Long-term borrowings			
Bonds payable			
Of which: Preferred stock			
perpetual bonds			
Lease liabilities	3,151,902.66	3,151,902.66	
Long-term accounts payable			
Long-term employee remuneration payable	610,379.24	610,379.24	
Projected liabilities	9,238,016.80	9,238,016.80	
Deferred income			
Deferred tax liabilities	4,892,632.32	6,209,285.91	1,316,653.59
Other non-current liabilities			
Total non-current liabilities	17,892,931.02	19,209,584.61	1,316,653.59
Total liabilities	763,754,058.50	765,070,712.09	1,316,653.59
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)	80,000,000.00	80,000,000.00	
Other equity instruments			
Of which: Preferred stock			
Perpetual bonds			
Capital surplus	582,632,775.45	582,632,775.45	
Less: Treasury stock			
Other comprehensive income	3,027,860.88	3,027,860.88	
Earmarked reserves	45,372,652.93	45,372,652.93	
Surplus reserves	28,443,197.81	28,443,197.81	
Provision for general risks			
Undistributed profits	269,871,786.54	269,694,069.46	-177,717.08
Total owners' equity (or shareholders' equity) attributable to the parent company	1,009,348,273.61	1,009,170,556.53	-177,717.08
Minority interests	4,043,962.14	4,040,494.34	-3,467.80
Total owners' equity (or shareholders' equity)	1,013,392,235.75	1,013,211,050.87	-181,184.88
Total liabilities and owners' equity (or shareholders' equity)	1,777,146,294.25	1,778,281,762.96	1,135,468.71

Parent Company Balance Sheet

Unit: Yuan Currency: RMB

Item	December 31, 2022	January 1, 2023	Adjustments
Current assets:			
Monetary funds	426,921,105.55	426,921,105.55	
Financial assets for trading	122,119,888.89	122,119,888.89	
Derivative financial assets			
Bills receivable	3,741,507.00	3,741,507.00	
Accounts receivable	389,406,545.69	389,406,545.69	
Receivables financing	350,000.00	350,000.00	
Prepayment	30,190,351.40	30,190,351.40	
Other receivables	39,103,210.81	39,103,210.81	
Of which: Interest receivable			
Dividends receivable			
Inventories	62,842.15	62,842.15	
Contract assets	307,849,835.96	307,849,835.96	
Assets held for sale			
Non-current assets due within one year			
Other current assets	21,837,642.67	21,837,642.67	
Total current assets	1,341,582,930.12	1,341,582,930.12	
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	84,542,333.88	84,542,333.88	
Investments in other equity instruments			
Other non-current financial assets			
Investment properties	713,065.68	713,065.68	
Fixed assets	38,986,702.82	38,986,702.82	
Construction in progress			
Producing biological assets			
Oil and gas assets			
Utilization right assets	2,760,402.11	2,760,402.11	
Intangible assets	7,379,278.80	7,379,278.80	
Development expenditure			
Goodwill			
Long-term amortization			
Deferred tax assets	11,724,393.96	12,482,396.65	758,002.69
Other non-current assets	3,168,562.17	3,168,562.17	
Total non-current assets	149,274,739.42	150,032,742.11	758,002.69
Total assets	1,490,857,669.54	1,491,615,672.23	758,002.69
Current liabilities:			
Short-term borrowings			
Transaction financial liabilities			

Derivative financial liabilities			
Notes payable			
Accounts payable	504,944,256.04	504,944,256.04	
Receipts in advance			
Contract liabilities	38,253,734.48	38,253,734.48	
Employee remuneration payable	32,483,986.99	32,483,986.99	
Taxes payable	3,265,740.36	3,265,740.36	
Other accounts payable	1,278,644.31	1,278,644.31	
Of which: Interest payable			
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year	902,393.93	902,393.93	
Other current liabilities			
Total current liabilities	581,128,756.11	581,128,756.11	
Non-current liabilities:			
Long-term loans			
Bonds payable			
Of which: Preferred stock			
Perpetual bonds			
Lease liabilities	2,118,253.78	2,118,253.78	
Long-term accounts payable			
Long-term employee remuneration payable			
Projected liabilities	5,723,958.25	5,723,958.25	
Deferred income			
Deferred tax liabilities		690,100.53	690,100.53
Other non-current liabilities			
Total non-current liabilities	7,842,212.03	8,532,312.56	690,100.53
Total liabilities	588,970,968.14	589,661,068.67	690,100.53
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)	80,000,000.00	80,000,000.00	
Other equity instruments			
Of which: Preferred stock			
Perpetual bonds			
Capital surplus	584,223,330.95	584,223,330.95	
Less: Treasury stock			
Other comprehensive income			
Earmarked reserves	37,608,529.67	37,608,529.67	
Surplus reserves	28,443,197.81	28,443,197.81	
Undistributed profits	171,611,642.97	171,679,545.13	67,902.16
Total owner's equity (or shareholders' equity)	901,886,701.40	901,954,603.56	67,902.16
Total liabilities and owners' equity (or shareholders' equity)	1,490,857,669.54	1,491,615,672.23	758,002.69

41. Others

√ Applicable □ N/A

(1) Earmarked reserves

The Group's production safety fees, which are extracted in accordance with national regulations, are recognized as the cost of the relevant products or current profit or loss, and at the same time are included in the earmarked reserve. When the Group utilizes the earmarked reserve, the expenses belonging to expenses are directly deducted from the earmarked reserve. If a fixed asset is formed, it is recognized as a fixed asset when the relevant asset reaches its intended useable state, and the cost of forming the fixed asset is deducted from the earmarked reserve, and accumulated depreciation of the same amount is recognized. No depreciation will be provided for the fixed assets in future periods.

(2) Segment reporting

The Group determines its operating segments based on its internal organizational structure, management requirements and internal reporting system. Two or more operating segments may be consolidated into one if they have similar economic characteristics and at the same time are identical or similar in terms of the nature of the individual products, the nature of the production process, the types of clients for the products, the manner of selling the products, and the impact of laws and administrative regulations on the products produced. The Group determines its reportable segments on the basis of operating segments, taking into account the principle of materiality.

In preparing segment reports, the Group measures revenue from inter-segment transactions on the basis of actual transaction prices. The accounting policies used in the preparation of segment reports are consistent with those used in the preparation of the Group's financial statements.

VI. Taxation

1. Major types and rates of tax

Major types of taxes and tax rates

√ Applicable □ N/A

Type of tax	Tax basis	Tax rate (%)
Value-added tax (VAT)	Based on the provision of technical services, sale of goods, etc.	3.00-13.00
Urban maintenance and construction tax	Levied on the taxable turnover amount	5.00, 7.00
Education surcharge	Levied on the taxable turnover amount	3.00, 2.00
Enterprise income tax	Levied on the taxable income amount	Varies by taxing entity
Property tax	Property tax is calculated based on the residual value of the property after deducting 30% of the original value of the property.	1.20, 12.00

Disclosure of taxable entities with different corporate income tax rates

√ Applicable □ N/A

Name of taxable entity	Income tax rate (%)
The Company	15
Acter Engineering Technology (Shenzhen) Co., Ltd.	25
Shenzhen Dingmao Trading Co., Ltd.	25
Acter International Limited	16.5
Acter Technology Singapore Pte., Ltd.	17
PT. Acter Technology Indonesia	22
PT Acter Integration Technology Indonesia	22
Acter Technology Malaysia Sdn. Bhd.	24
Sheng Huei Engineering Technology Company Limited	20
Acter Technology Co., Ltd.	20

2. Tax incentives

√ Applicable □ N/A

On November 6, 2023, the Company obtained the Certificate of High and New Technology Enterprise (Certificate No. GR202332006213, valid for three years from 2023 to 2025) jointly issued by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance and Jiangsu Provincial Taxation Bureau of the State Administration of Taxation. During the reporting period, the Company enjoyed a preferential enterprise income tax rate of 15% for high-tech enterprises.

3. Others

□ Applicable √ N/A

VII. Notes to the Consolidated Financial Statements

1. Currency funds

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Cash on hand	1,054,977.35	2,510,187.35
Bank deposits	708,941,745.68	539,829,910.94
Other currency funds	12,499,607.35	7,895,104.70
Deposits with finance companies		
Total	722,496,330.38	550,235,202.99
Of which: Total amount deposited abroad	75,264,850.68	79,294,798.84

Other Notes

Cash on hand contains RMB 1,044,790.00 in digital form.

Of which: Total amount deposited abroad

Item	Balance at the end of the year	Balance at the beginning of the year
Total amount deposited abroad	75,264,850.68	79,294,798.84
Total	75,264,850.68	79,294,798.84

Of which: Currency funds whose use is restricted

Item	Balance at the end of the year	Balance at the beginning of the year
Guarantee deposits	12,499,607.35	7,895,104.70
Total	12,499,607.35	7,895,104.70

2. Trading financial assets

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance	Reasons and justifications for designation
Financial assets at fair value through profit or loss		122,119,888.89	/
Of which:			
Structured deposits		122,119,888.89	/
Financial assets at fair value through profit or loss			
Of which:			

Total		122,119,888.89	/

Other Notes:
□ Applicable √ N/A

3. Derivative financial assets
□ Applicable √ N/A

4. Bills receivable
(1). Classification of bills receivable
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	7,877,956.66	20,790,441.73
Commercial acceptance	36,371,094.45	
Less: Provision for bad debts	1,091,132.83	
Total	43,157,918.28	20,790,441.73

(2). Bills receivable pledged by the Company at the end of the period
□ Applicable √ N/A

(3). Bills receivable endorsed or discounted by the Company at the end of the period and not yet due at the balance sheet date
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance bills	35,385,000.00	
Commercial acceptances		
Total	35,385,000.00	

(4). Disclosure by bad debt accrual method
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision (%)		Amount	Proportion (%)	Amount	Provision (%)	
Provision for bad debts by individual item										
Of which:										
Provision for bad	44,249,051.11	100.00	1,091,132.83	2.47	43,157,918.28	20,790,441.73	100.00			20,790,441.73

debts by portfolio										
Of which:										
1. Portfolio 1	36,371,094.45	82.20	1,091,132.83	3.00	35,279,961.62					
2. Portfolio 2	7,877,956.66	17.80			7,877,956.66	20,790,441.73	100.00			20,790,441.73
Total	44,249,051.11	100.00	1,091,132.83	2.47	43,157,918.28	20,790,441.73	100.00			20,790,441.73

Individual provision for bad-debt reserves:
□ Applicable √ N/A

Provision for bad debts by portfolio:

√ Applicable □ N/A
Items provided for by portfolio: Commercial acceptances

Unit: Yuan Currency: RMB

Name	Closing balance		
	Bills receivable	Provision for bad debts	Provision ratio (%)
Within 1 year	36,371,094.45	1,091,132.83	3.00
Total	36,371,094.45	1,091,132.83	3.00

Explanation of provision for bad debts by portfolio
□ Applicable √ N/A

Provision for bad debts is made on a portfolio basis:
√ Applicable □ N/A

Items provided for by portfolio: Bank acceptance bills

Unit: Yuan Currency: RMB

Name	Closing balance		
	Bills receivable	Provision for bad debts	Provision ratio (%)
Within 1 year	7,877,956.66		
Total	7,877,956.66		

Explanation of provision for bad debts by portfolio
□ Applicable √ N/A

Provision for bad debts based on the general model of expected credit losses
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit losses for the next 12 months	Expected credit losses for the entire duration (no credit impairment)	Expected credit losses for the entire duration (credit impairment incurred)	
Balance at January 1, 2023				
Balance at January 1, 2023 in the current period				

--Reversed to Phase II				
--Reversed to Phase III				
--Reversed to Phase II				
--Reversed to Phase I				
Provision during the period	1,091,132.83			1,091,132.83
Reversal during the period				
Write-offs during the period				
Cancellations during the period				
Other changes				
Balance at December 31, 2023	1,091,132.83			1,091,132.83

The basis for the classification of each stage and the percentage of provision for bad debts are shown in this section V.12. Bills receivable

Explanation of significant changes in the book balance of bills receivable for which changes in the allowance for losses occurred during the period:
□ Applicable √ N/A

(5). Provision for bad debts
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Category	Opening balance	Change during the period				Closing balance
		Provision	Recovery or reversal	Write-offs or cancellations	Other changes	
Commercial acceptances		1,091,132.83				1,091,132.83
Total		1,091,132.83				1,091,132.83

Of which the amount of bad debt provision recovered or reversed during the period is significant:
□ Applicable √ N/A

Other Notes:

None

(6). Actual write-off of bills receivable during the period
□ Applicable √ N/A

Write-off bills receivable of which significant:
□ Applicable √ N/A

Description of bills receivable written off:
□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

5. Accounts receivable

(1). Disclosure by ageing

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Ageing	Closing book balance	Opening book balance
Within 1 year		
Of which: Within 1 year		
1-6 months (including 6 months)	338,478,217.57	451,698,928.45
6 months to 1 year (including 1 year)	34,754,229.34	19,393,631.72
Subtotal within 1 year	373,232,446.91	471,092,560.17
1 to 2 years	13,065,254.41	12,552,067.19
2 to 3 years	21,927,201.89	21,111,026.57
3 to 4 years	14,496,556.70	11,730,732.71
4 to 5 years	8,927,092.98	
More than 5 years	650,753.62	650,753.62
Total	432,299,306.51	517,137,140.26

(2). Disclosure by bad debt accrual method

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision (%)		Amount	Proportion (%)	Amount	Provision (%)	
Provision for bad debts by individual item	10,994,167.99	2.54	10,994,167.99	100.00	0	11,576,692.27	2.24	11,576,692.27	100.00	
Of which:										
Provision for bad debts by portfolio	421,305,138.52	97.46	24,415,866.26	5.80	396,889,272.26	505,560,447.99	97.76	21,117,079.71	4.18	484,443,368.28
Of which:										
Total	432,299,306.51	100.00	35,410,034.25	/	396,889,272.26	517,137,140.26	100.00	32,693,771.98	/	484,443,368.28

Individual provision for bad-debt reserves:

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Name	Closing balance			
	Carrying amount	Provision for bad debts	Provision (%)	Reason for provision
Qinghua Group Xinjiang Coal Chemical Industry Co., Ltd.	6,570,214.37	6,570,214.37	100.00	Debtor's financial difficulties

Suzhou Mingqiao Municipal Engineering Co., Ltd.	2,158,200.00	2,158,200.00	100.00	Debtor bankruptcy
Fujian Fuchen Technology Co., Ltd.	1,615,000.00	1,615,000.00	100.00	Debtor's financial difficulties
Suzhou Hyperion Geocrystal Co., Ltd.	650,753.62	650,753.62	100.00	Debtor's bankruptcy, payment is expected to be difficult to recover
Total	10,994,167.99	10,994,167.99	100.00	/

Explanation of bad debt provision by individual item:
□ Applicable √ N/A

Provision for bad debts by portfolio:
√ Applicable □ N/A

Items provided for by portfolio: Ageing portfolio

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Provision ratio (%)
1-6 months (including 6 months)	338,478,217.57	10,154,346.63	3.00
6 months to 1 year (including 1 year)	34,754,229.34	1,737,711.47	5.00
1-2 years (including 2 years)	13,065,254.41	1,306,525.44	10.00
2-3 years (including 3 years)	21,927,201.89	4,385,440.38	20.00
3-4 years (including 4 years)	12,107,819.70	6,053,909.85	50.00
4-5 years (including 5 years)	972,415.61	777,932.49	80.00
Total	421,305,138.52	24,415,866.26	

Explanation of provision for bad debts by portfolio:
□ Applicable √ N/A

Provision for bad debts based on the general model of expected credit losses
□ Applicable √ N/A

The basis for the classification of each stage and the percentage of provision for bad debts are shown in this section V. 13. Accounts receivable

Explanation of significant changes in the book balance of accounts receivable for which changes in the allowance for losses occurred during the period:
□ Applicable √ N/A

(3). Provision for bad debts

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Category	Opening balance	Change during the period				Closing balance
		Provision	Recovered or reversed	Write-offs or cancellations	Other changes	

Provision for bad debts	32,693,771.98	2,711,649.69			4,612.58	35,410,034.25
Total	32,693,771.98	2,711,649.69			4,612.58	35,410,034.25

Of which the amount of bad debt provision recovered or reversed during the period is significant:
□ Applicable √ N/A

Other Notes:
None

(4). Accounts receivable actually written off during the period
□ Applicable √ N/A

Significant accounts receivable written off among them
□ Applicable √ N/A

Description of accounts receivable written off:
□ Applicable √ N/A

(5). Accounts receivable and contract assets with top five closing balances summarized by party owed to the Company
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Unit Name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of combined accounts receivable and contract assets closing balance (%)	Closing balance of provision for bad debts
Client 1	35,204,113.72	55,230,371.74	90,434,485.46	10.51	1,332,275.27
Client 2	64,025,641.40	7,614,263.45	71,639,904.85	8.33	3,520,635.64
Client 3	60,617,976.68	10,161,956.75	70,779,933.43	8.23	1,987,558.51
Client 4		69,801,621.75	69,801,621.75	8.11	355,720.96
Client 5	3,732,285.60	62,663,590.03	66,395,875.63	7.72	752,682.98
Total	163,580,017.40	205,471,803.72	369,051,821.12	42.90	7,948,873.36

Other Notes

None

Other Notes:
□ Applicable √ N/A

6. Contract assets

(1). Status of contract assets

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Carrying amount	Book balance	Provision for bad debts	Carrying amount
Unexpired warranty deposits	17,784,023.33	997,257.82	16,786,765.51	33,157,769.56	2,953,903.77	30,203,865.79
Completed unliquidated assets arising from construction contracts	410,161,246.32	2,050,806.23	408,110,440.09	360,893,710.88	1,804,468.54	359,089,242.34
Total	427,945,269.65	3,048,064.05	424,897,205.60	394,051,480.44	4,758,372.31	389,293,108.13

(2). Amounts and reasons for significant changes in carrying amount during the reporting period

□ Applicable √ N/A

(3). Disclosure by bad debt accrual method

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision (%)		Amount	Proportion (%)	Amount	Provision (%)	
Provision for bad debts by individual item										
Of which:										
Provision for bad debts by portfolio	427,945,269.65	100.00	3,048,064.05	0.71	424,897,205.60	394,051,480.44	100.00	4,758,372.31	1.21	389,293,108.13
Of which:										
Outstanding warranty deposits	17,784,023.33	4.16	997,257.82	5.61	16,786,765.51	33,157,769.56	8.41	2,953,903.77	8.91	30,203,865.79

Completed unliquidated assets resulting from construction contracts	410,161,246.32	95.84	2,050,806.23	0.50	408,110,440.09	360,893,710.88	91.59	1,804,468.54	0.50	359,089,242.34
Total	427,945,269.65	100.00	3,048,064.05	/	424,897,205.60	394,051,480.44	100.00	4,758,372.31	/	389,293,108.13

Individual provision for bad-debt reserves:
□ Applicable √ N/A

Explanation of individual provision for bad-debt reserves:
□ Applicable √ N/A

Provision for bad debts by portfolio:
√ Applicable □ N/A

Items provided for by portfolio: Provision by portfolio

Unit: Yuan Currency: RMB

Name	Closing balance		
	Contract assets	Provision for bad debts	Provision ratio (%)
Unexpired warranty deposits	17,784,023.33	997,257.82	5.61
Completed and unliquidated assets arising from construction contracts	410,161,246.32	2,050,806.23	0.50
Total	427,945,269.65	3,048,064.05	

Explanation of provision for bad debts by portfolio
□ Applicable √ N/A

Provision for bad debts based on the general model of expected credit losses
□ Applicable √ N/A

The basis for the classification of each stage and the percentage of provision for bad debts are shown in this Section V.17. Contract assets

Explanation of significant changes in the book balance of contract assets for which changes in the provision for losses occurred during the period:
□ Applicable √ N/A

(4). Provision for bad debts on contract assets during the period

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Provision for the current period	Recovered or reversed during the period	Write-off/cancellation during the period	Reason
Provision for bad debts	-1,710,308.26			
Total	-1,710,308.26			/

Of which the amount of bad debt provision recovered or reversed during the period is significant:
□ Applicable √ N/A

Other Notes:
None

(5). Contract assets actually written off during the period
□ Applicable √ N/A

Significant contract assets written off
□ Applicable √ N/A

Description of contract assets written off:
□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

7. Receivables financing
(1). Classification of receivables financing
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptance bills	3,572,953.18	729,937.36
Total	3,572,953.18	729,937.36

(2). Receivable financing pledged by the Company at the end of the period
□ Applicable √ N/A

(3). Receivable financing endorsed or discounted by the Company at the end of the period and not yet due at the balance sheet date
□ Applicable √ N/A

(4). Disclosure by bad debt accrual method
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision (%)		Amount	Proportion (%)	Amount	Provision (%)	
Provision for bad debts by individual item										
of which:										
Provision for bad debts by group										

Of which:										
Portfolio 2	3,572,953.18				3,572,953.18	729,937.36				729,937.36
Total	3,572,953.18	/		/	3,572,953.18	729,937.36	/		/	729,937.36

Individual provision for bad-debt reserves:
□ Applicable √ N/A

Explanation of provision for bad debts by individual item:
□ Applicable √ N/A

Provision for bad debts by portfolio:
□ Applicable √ N/A

Provision for bad debts based on general model of expected credit losses.
□ Applicable √ N/A

Basis of classification of each stage and percentage of bad debt provisioning
None

Description of significant changes in the book balance of receivables financing for which changes in the allowance for losses occurred during the period:
□ Applicable √ N/A

(5). Provision for bad debts
□ Applicable √ N/A

Of which the amount of bad debt provision recovered or reversed during the period is significant:
□ Applicable √ N/A

Other Notes:
None

(6). Receivables financing actually written off during the period
□ Applicable √ N/A

Write-off of receivables financing of which significant amount
□ Applicable √ N/A

Description of write-offs:
□ Applicable √ N/A

(7). Increase/decrease and change in fair value of receivables financing during the period:
□ Applicable √ N/A

(8). Other Notes:
□ Applicable √ N/A

8. Prepayments

(1). Prepayments by ageing

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Ageing	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	88,690,301.43	99.62	50,995,260.16	100.00
1 to 2 years	334,311.90	0.38		
2 to 3 years				
More than 3 years				
Total	89,024,613.33	100.00	50,995,260.16	100.00

Explanation of the reasons for the delayed settlement of prepayments aged over 1 year and with significant amount:
None

(2). Prepayments with the top five closing balances grouped by prepayment recipients
√ Applicable □ N/A

Name of organization	Closing balance	Percentage of total closing balance of prepayments (%)
Supplier 1	23,403,311.09	26.29
Supplier 2	8,460,761.10	9.50
Supplier 3	3,400,000.00	3.82
Supplier 4	2,486,153.59	2.79
Supplier 5	2,226,000.00	2.50
Total	39,976,225.78	44.90

Other notes
None

Other notes
□ Applicable √ N/A

9. Other receivables

Item presentation
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	13,378,598.48	13,057,575.31
Total	13,378,598.48	13,057,575.31

Other Notes:
□ Applicable √ N/A

Interest receivable

(1). Classification of interest receivable
□ Applicable √ N/A

(2). Significant overdue interest
□ Applicable √ N/A

(3). Disclosure by bad debt provision method

□ Applicable √ N/A

Individual provision for bad-debt reserves:

□ Applicable √ N/A

Explanation of individual provision for bad-debt reserves:

□ Applicable √ N/A

Provision for bad debts by portfolio:

□ Applicable √ N/A

(4). Provision for bad debts based on general model of expected credit losses.

□ Applicable √ N/A

The basis of classification of each stage and the percentage of provision for bad debts are shown in this Section V. 15. Other receivables

Explanation of significant changes in the book balance of interest receivables for which changes in the allowance for losses occurred during the period:

□ Applicable √ N/A

(5). Provision for bad debts

□ Applicable √ N/A

Of which the amount of bad debt provision recovered or reversed during the period is significant:

□ Applicable √ N/A

Other Notes:

None

(6). Actual write-off of interest receivable during the period

□ Applicable √ N/A

Write-off of significant interest receivables

□ Applicable √ N/A

Description of write-offs:

□ Applicable √ N/A

Other Notes:

□ Applicable √ N/A

Dividends receivable

(1). Dividends receivable

□ Applicable √ N/A

(2). Significant dividends receivable with an age of more than 1 year

□ Applicable √ N/A

(3). Disclosure by bad debt accrual method

□ Applicable √ N/A

Individual provision for bad-debt reserves:
□ Applicable √ N/A

Explanation of individual provision for bad-debt reserves:
□ Applicable √ N/A

Provision for bad debts by portfolio:
□ Applicable √ N/A

(4). Provision for bad debts based on general model of expected credit losses.

□ Applicable √ N/A

The basis of classification of each stage and the percentage of provision for bad debts are shown in this Section V. 15. Other receivables

Explanation of significant changes in the book balance of dividend receivables for which changes in the allowance for losses occurred during the period:
□ Applicable √ N/A

(5). Provision for bad debts

□ Applicable √ N/A

Of which the amount of bad debt provision recovered or reversed during the period is significant:
□ Applicable √ N/A

Other Notes:

None

(6). Dividends receivable actually written off during the period

□ Applicable √ N/A

Write-off of dividends receivable of which the significant ones are
□ Applicable √ N/A

Description of write-offs:
□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

Other receivables

(1). Disclosure by ageing

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Ageing	Closing book balance	Opening book balance
Within 1 year		
Of which: Within 1 year		
Within 1 year	5,788,181.03	7,908,967.45
Subtotal within 1 year	5,788,181.03	7,908,967.45
1 to 2 years	3,137,206.61	5,269,487.75
2 to 3 years	4,906,449.40	305,682.15

3 to 4 years	275,070.44	178,337.96
4 to 5 years	63,105.92	132,205.22
More than 5 years	157,762.22	154,776.00
Total	14,327,775.62	13,949,456.53

(2). Breakdown by nature of payment

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Nature of payment	Closing book balance	Opening book balance
Guarantee and deposit	11,538,986.51	11,855,149.63
Reserve	1,489,165.57	1,303,034.72
Others	1,299,623.54	791,272.18
Subtotal	14,327,775.62	13,949,456.53
Provision for bad debts	949,177.14	891,881.22
Total	13,378,598.48	13,057,575.31

(3). Provision for bad debts

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Bad Debt Provision	Phase I	Phase II	Phase III	Total
	Expected credit losses for the next 12 months	Expected credit losses for the entire duration (no credit impairment)	Expected credit losses for the entire duration (credit impairment incurred)	
Balance as of January 1, 2023	891,881.22			891,881.22
Balance as of January 1, 2023				
-- Ransferred to Phase II				
--Reversed to Phase III				
--Reversed to Phase II				
--Reversed to Phase I				
Provision during the period	57,851.33			57,851.33
Reversal during the period				
Write-offs during the period				
Cancellations during the period				
Other changes	-555.41			-555.41
Balance as of December 31, 2023	949,177.14			949,177.14

The basis of classification of each stage and the percentage of provision for bad debts are shown in this Section V. Other receivables

Explanation of significant changes in the book balance of other receivables for which changes in provision for losses occurred during the period:

□ Applicable √ N/A

The amount of provision for bad debts for the current period and the basis adopted for assessing whether there is a significant increase in the credit risk of financial instruments:
□ Applicable √ N/A

(4). Provision for bad debts
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Category	Opening balance	Change during the period				Closing balance
		Provision	Recovery or reversal	Write-offs or cancellations	Other changes	
Provision for bad debts	891,881.22	57,851.33			-555.41	949,177.14
Total	891,881.22	57,851.33			-555.41	949,177.14

Of which the amount of provision for bad debts reversed or recovered during the period is significant:
□ Applicable √ N/A

Other Notes
None

(5). Other receivables actually written off during the period
□ Applicable √ N/A

Significant other receivables written off during the period:
□ Applicable √ N/A

Description of other receivables written off:
□ Applicable √ N/A

(6). Other receivables with the top five closing balances grouped by party owed
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Unit Name	Closing balance	Percentage of total closing balance of other receivables (%)	Nature of amount	Ageing	Provision for bad debts Closing balance
Unit I	5,585,535.63	38.98	Guarantee deposits	Less than 1 year, 1-2 years, 2-3 years	279,276.78
Unit II	1,493,000.00	10.42	Guarantee deposits	Less than 1 year, 1-2 years, 2-3 years, 3-4 years	74,650.00
Unit III	800,000.00	5.58	Guarantee deposits	Within 1 year	40,000.00
Unit IV	432,600.00	3.03	Guarantee deposits	Within 1 year	21,630.00
Unit V	400,000.00	2.79	Guarantee deposits	1-2 years	20,000.00
Unit VI	400,000.00	2.79	Guarantee deposits	Within 1 year	20,000.00
Total	9,111,135.63	63.59	/	/	455,556.78

Presented in other receivables due to centralized management of funds

□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

10. Inventories

(1). Classification of inventories

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for decline in value of inventories/impairment of contractual performance costs	Carrying amount	Book balance	Provision for decline in value of inventories/impairment of contractual performance costs	Carrying amount
Construction materials				66,824.45		66,824.45
Products in process						
Inventory goods						
Turnover materials						
Expendable biological assets						
Contract performance costs						
Total				66,824.45		66,824.45

(2). Provision for decline in value of inventories and provision for impairment of contract performance costs

□ Applicable √ N/A

Reasons for reversal or write-off of provision for decline in value of inventories during the period
□ Applicable √ N/A

Provision for decline in value of inventories by portfolio
□ Applicable √ N/A

Provisioning criteria for provision for inventory valuation by portfolio
□ Applicable √ N/A

(3). Amount of borrowing costs capitalized in the closing balance of inventories, and the criteria and basis for calculating such capitalized costs

□ Applicable √ N/A

(4). Explanation of the amount of amortization of contract performance costs for the current period

□ Applicable √ N/A

Other Notes
□ Applicable √ N/A

11. Assets held for sale
□ Applicable √ N/A

12. Non-current assets due within one year
□ Applicable √ N/A

Debt investments due within one year
□ Applicable √ N/A

Other debt investments maturing within one year
□ Applicable √ N/A

Other non-current assets due within one year
None

13. Other current assets
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Prepaid VAT and inputs to be deducted	77,101,647.54	49,268,224.68
Other taxes paid in advance	16,755,843.81	5,942,658.92
Amortized expenses	2,522,667.65	2,458,318.52
Others	1,224,007.69	595,903.20
Total	97,604,166.69	58,265,105.32

Other notes
None

14. Debt Investments
(1). Debt investments
□ Applicable √ N/A

Changes in provision for impairment of debt investments during the period
□ Applicable √ N/A

(2). Significant debt investments at the end of the period
□ Applicable √ N/A

(3). Provision for impairment
□ Applicable √ N/A

The basis for classification of each stage and the percentage of provision for impairment:
None

Explanation of significant changes in the book balance of debt investments for which changes in provision for losses occurred during the period:
□ Applicable √ N/A

Amount of provision for impairment for the current period and the basis adopted for assessing whether there is a significant increase in credit risk of financial instruments: □ Applicable √ Applicable
□ Applicable √ N/A

(4). Actual write-off of debt investments during the period

□ Applicable √ N/A

Write-off of significant debt investments
□ Applicable √ N/A

Description of write-off of debt investments:
□ Applicable √ N/A

Other Notes: □ Applicable √ N/A
□ Applicable √ N/A

15. Other debt investments

(1). Other debt investments

□ Applicable √ N/A

Changes in provision for impairment of other debt investments during the period
□ Applicable √ N/A

(2). Significant other debt investments at the end of the period

□ Applicable √ N/A

(3). Provision for impairment

□ Applicable √ N/A

The basis for classification of each stage and the percentage of provision for impairment:
None

Explanation of significant changes in the book balance of other debt investments for which changes in provision for losses occurred during the period:
□ Applicable √ N/A

Amount of provision for impairment for the current period and the basis adopted for assessing whether there is a significant increase in credit risk of financial instruments: □ Applicable √ Applicable
□ Applicable √ N/A

(4). Other debt investments actually written off during the period

□ Applicable √ N/A

Write-off of significant other debt investments during the period
□ Applicable √ N/A

Write-off description of other debt investments:
□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

16. Long-term receivables

(1). Long-term receivables

□ Applicable √ N/A

(2). Disclosure by bad debt accrual method

□ Applicable √ N/A

Individual provision for bad-debt reserves:
□ Applicable √ N/A

Explanation of individual provision for bad-debt reserves:
□ Applicable √ N/A

Provision for bad debts by portfolio:
□ Applicable √ N/A

(3). Provision for bad debts based on general model of expected credit losses.

□ Applicable √ N/A

Basis of classification of each stage and percentage of provision for bad debts
None

Explanation of significant changes in the book balance of long-term receivables for which changes in the allowance for losses occurred during the period:
□ Applicable √ N/A

Amount of provision for bad debts for the current period and the basis adopted for assessing whether there is a significant increase in the credit risk of financial instruments: □ Applicable √ Applicable
□ Applicable √ N/A

(4). Provision for bad debts

□ Applicable √ N/A

Of which the amount of bad debt provision recovery or reversal for the current period is significant:
□ Applicable √ N/A

Other Notes:
None

(5). Long-term receivables actually written off during the period

□ Applicable √ N/A

Write-off of significant long-term receivables
□ Applicable √ N/A

Description of long-term receivables written off:
□ Applicable √ N/A

Other Notes
□ Applicable √ N/A

17. Long-term equity investments

(1). Long-term equity investments

√ Applicable □ N/A

Unit: Yuan Currency: RMB

		Increase/decrease during the period		

Invested units	Opening balance	Additions to investments	Decrease in investments	Gains and losses on investments recognized under the equity method	Other comprehensive income adjustments	Change in equity	Declaration of cash dividends or profits	Provision for impairment	Others	Closing balance	Closing balance of provision for impairment
I. Joint ventures											
Subtotal											
II. Associated enterprises											
Space Engineering Co., Ltd.	1,400,678.86			-17,876.38	25,391.77					1,408,194.25	
Daejin Road (Thailand) Co., Ltd.	455,202.28			-6,576.44	16,576.61					465,202.45	
DJR (Thailand) Co., Ltd.	458,291.82			-9,930.41	10,264.29					458,625.70	
Subtotal	2,314,172.96			-34,383.24	52,232.67					2,332,022.40	
Total	2,314,172.96			-34,383.24	52,232.67					2,332,022.40	

(2). Impairment testing of long-term equity investments

□ Applicable √ N/A

18. Investments in other equity instruments

(1). Investments in other equity instruments

□ Applicable √ N/A

(2). Description of derecognition during the period

□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

19. Other non-current financial assets

□ Applicable √ N/A

Other Notes:

□ Applicable √ N/A

20. Investment properties

Measurement model of investment properties

(1). Investment properties measured at cost

Unit: Yuan Currency: RMB

Item	House and buildings	Land use rights	Construction in progress	Total
I. Original carrying amount				
1. Opening balance	2,100,240.00	727,500.00		2,827,740.00
2. Increase during the period				
(1) Purchases				
(2) Transfer from inventories/fixed assets/construction in progress				
(3) Increase from business combination				
3. Decrease during the period				
(1) Disposals				
(2) Other transfers out				
4. Closing balance	2,100,240.00	727,500.00		2,827,740.00
II. Accumulated depreciation and accumulated amortization				
1. Opening balance	1,748,449.80	366,224.52		2,114,674.32
2. Increase during the period	94,510.80	19,795.92		114,306.72
(1) Provision or amortization	94,510.80	19,795.92		114,306.72
3. Decrease during the period				
(1) Disposals				
(2) Other transfers out				
4. Closing balance	1,842,960.60	386,020.44		2,228,981.04
III. Provision for impairment				
1. Opening balance				
2. Increase during the period				
(1) Provision				
3. Decrease during the period				
(1) Disposals				
(2) Other transfers out				
4. Closing balance				
IV. Carrying amount				
1. Closing book balance	257,279.40	341,479.56		598,758.96
2. Opening book balance	351,790.20	361,275.48		713,065.68

(2). Status of investment properties for which title certificates have not been completed

□ Applicable √ N/A

(3). Impairment testing of investment properties using the cost measurement model

□ Applicable √ N/A

Other Notes
□ Applicable √ N/A

21. Fixed assets

Item presentation

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	38,895,511.08	40,095,530.47
Fixed assets liquidation		
Total	38,895,511.08	40,095,530.47

Other Notes:
□ Applicable √ N/A

Fixed assets

(1). Status of fixed assets

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Houses and buildings	Machinery and equipment	Transportation tools	Office and electronic equipment	Total
I. Original carrying amount:					
1. Opening balance	50,876,894.86		3,933,377.70	3,239,548.25	58,049,820.81
2. Increase during the period	-481.64		1,731,906.74	946,719.99	2,678,145.09
(1) Acquisitions			1,728,175.61	931,372.74	2,659,548.35
(2) Transfer from construction in progress					
(3) Increase from business combination					
(4) Effect of changes in exchange rates	-481.64		3,731.13	15,347.25	18,596.74
3. Decrease during the period			470,995.17	131,157.31	602,152.48
(1) Disposal or retirement			470,995.17	131,157.31	602,152.48
4. Closing balance	50,876,413.22		5,194,289.27	4,055,110.93	60,125,813.42
II. Accumulated depreciation					
1. Opening balance	13,010,625.62		2,905,711.60	2,037,953.12	17,954,290.34
2. Increase during the period	3,110,908.98		355,573.33	382,887.58	3,849,369.89
(1) Provision	3,111,237.37		347,698.94	371,622.41	3,830,558.72
(2) Exchange rate changes	-328.39		7,874.39	11,265.17	18,811.17
3. Decrease during the period			447,445.45	125,912.44	573,357.89

(1) Disposal or retirement			447,445.45	125,912.44	573,357.89
4. Closing balance	16,121,534.60		2,813,839.48	2,294,928.26	21,230,302.34
III. Provision for impairment					
1. Opening balance					
2. Increase during the period					
(1) Provision					
3. Decrease during the period					
(1) Disposal or retirement					
4. Closing balance					
IV.Carrying amount					
1. Closing carrying amount	34,754,878.62		2,380,449.79	1,760,182.67	38,895,511.08
2. Opening carrying amount	37,866,269.24		1,027,666.10	1,201,595.13	40,095,530.47

(2). Temporarily idle fixed assets

□ Applicable √ N/A

(3). Fixed assets leased out under operating leases

□ Applicable √ N/A

(4). Fixed assets for which title certificates have not been issued

□ Applicable √ N/A

(5). Impairment test of fixed assets

□ Applicable √ N/A

Other Notes:

□ Applicable √ N/A

Liquidation of fixed assets

□ Applicable √ N/A

22. Construction in progress

Project presentation

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Project	Closing balance	Opening balance
Building renovation	13,103,863.94	
Project materials		
Total	13,103,863.94	

Other Notes:

□ Applicable √ N/A

Construction in progress

(1). Status of construction in progress

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment allowance	Carrying amount	Book balance	Impairment allowance	Carrying amount
Building renovation	13,103,863.94		13,103,863.94			
Total	13,103,863.94		13,103,863.94			

(2). Changes in significant construction-in-progress items during the period

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item name	Budgeted amount	Opening balance	Increase during the period	Amount transferred to fixed assets during the period	Other decreases during the period	Closing balance	Cumulative investment in construction as a percentage of budget (%)	Progress of construction	Accumulated interest capitalization	Of which Amount of interest capitalized for the period	Current interest capitalization rate (%)	Source of funds
Building renovation			13,103,863.94			13,103,863.94						
Total			13,103,863.94			13,103,863.94	/	/			/	/

(3). Provision for impairment of construction in progress for the current period

□ Applicable √ N/A

(4). Impairment test of construction in progress

□ Applicable √ N/A

Other Notes

□ Applicable √ N/A

Construction materials

(1). Construction materials

□ Applicable √ N/A

23. Productive biological assets

(1). Productive biological assets measured at cost

□ Applicable √ N/A

(2). Impairment testing of producing biological assets measured at cost

□ Applicable √ N/A

(3). Adoption of the fair value measurement model for productive biological assets

□ Applicable √ N/A

Other Notes
□ Applicable √ N/A

24. Oil and gas assets

(1) Oil and gas assets

□ Applicable √ N/A

(2) Impairment testing of oil and gas assets

□ Applicable √ N/A

Other Notes:
None

25. Right-of-use assets

(1) Right-of-use assets

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Lease of buildings	Means of transportation	Total
I. Original carrying amount			
1. Opening balance	3,060,288.15	3,832,970.27	6,893,258.42
2. Increase during the period	689,649.57	766,626.42	1,456,275.99
(1) Leased-in	908,625.63	766,626.42	1,675,252.05
(2) Effect of exchange rate changes	-218,976.06		-218,976.06
3. Decrease during the period	1,048,619.28	332,268.40	1,380,887.68
(1) Disposals	1,048,619.28	332,268.40	1,380,887.68
4. Closing balance	2,701,318.44	4,267,328.29	6,968,646.73
II. Accumulated depreciation			
1. Opening balance	1,148,312.66	1,072,568.16	2,220,880.82
2. Increase during the period	1,117,792.92	1,050,032.47	2,167,825.39
(1)Provision expenses	1,109,254.39	1,050,032.47	2,159,286.86
(2) Effect of exchange rate changes	8,538.53		8,538.53
3. Decrease during the period	953,568.24	306,723.64	1,260,291.88
(1) Disposal	953,568.24	306,723.64	1,260,291.88
4. Closing balance	1,312,537.34	1,815,876.99	3,128,414.33
III. Provision for impairment			
1. Opening balance			
2. Increase during the period			
(1)Provision			
3. Decrease during the period			
(1)Disposal			
4. Closing balance			
IV.Carrying amount			
1. Closing carrying amount	1,388,781.10	2,451,451.30	3,840,232.40
2. Opening carrying amount	1,911,975.49	2,760,402.11	4,672,377.60

26. Intangible assets

(1). Intangible assets

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Land use right	Patents	Non-patented technology	Computer Software	Total
I. Original carrying amount					
1. Opening balance	8,240,016.48			3,295,603.49	11,535,619.97
2. Increase during the period				232,329.31	232,329.31
(1) Acquisition				232,901.11	232,901.11
(2) Internal R&D					
(3) Increase in business combination					
(4) Effect of exchange rate changes				-571.80	-571.80
3. Decrease during the period				420,501.75	420,501.75
(1) Disposal				420,501.75	420,501.75
4. Closing balance	8,240,016.48			3,107,431.05	11,347,447.53
II. Accumulated amortization					
1. Opening balance	1,977,603.83			2,131,168.60	4,108,772.43
2. Increase during the period	164,800.32			201,973.94	366,774.26
(1) Provision	164,800.32			202,337.39	367,137.71
(2) Effect of exchange rate changes				-363.45	-363.45
3. Decrease during the period Amount				372,575.10	372,575.10
(1) Disposal				372,575.10	372,575.10
4. Closing balance	2,142,404.15			1,960,567.44	4,102,971.59
III. Provision for impairment					
1. Opening balance					
2. Increase during the period					
(1) Provision					
3. Decrease during the period					
(1) Disposal					
4. Closing balance					
IV.Carrying amount					
1. Closing carrying amount	6,097,612.33			1,146,863.61	7,244,475.94

2. Opening carrying amount	6,262,412.65			1,164,434.89	7,426,847.54

The proportion of intangible assets formed through in-house R&D to the balance of intangible assets at the end of the period was 0

(2). Land use rights for which title certificates have not been issued

□ Applicable √ N/A

(3). Impairment testing of intangible assets

□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

27. Goodwill

(1). Original carrying amount of goodwill

□ Applicable √ N/A

(2). Provision for impairment of goodwill

□ Applicable √ N/A

(3). Information about the asset group or portfolio of asset groups in which goodwill is located

□ Applicable √ N/A

Changes in the asset group or portfolio of asset groups
□ Applicable √ N/A

Other Notes
□ Applicable √ N/A

(4). Specific method of determining recoverable amount

Recoverable amount is determined as the net fair value less disposal costs.
□ Applicable √ N/A

The recoverable amount is determined by the present value of estimated future cash flows.
□ Applicable √ N/A

Reasons for the differences between the aforementioned information and the information used in the impairment test in previous years or external information that is obviously inconsistent
□ Applicable √ N/A

Reasons for differences between the information used in the Company's impairment tests in previous years and the actual situation in the current year that are clearly inconsistent with each other
□ Applicable √ N/A

(5). Performance commitments and corresponding goodwill impairment

Performance commitments existed at the time of the formation of goodwill and the reporting period or the previous period of the reporting period was within the performance commitment period.
□ Applicable √ N/A

Other Notes
□ Applicable √ N/A

28. Long-term amortized expenses

□ Applicable √ N/A

29. Deferred tax assets/deferred tax liabilities

(1). Deferred tax assets not offset

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Impairment of inventories and contract assets	3,000,261.88	496,879.59	4,758,372.31	1,175,996.87
Provision for bad debts	34,632,148.22	5,400,864.80	34,172,067.71	8,495,456.50
Temporary estimates payable	22,714,306.71	3,609,868.30	8,417,815.53	2,005,783.48
Projected liabilities	9,958,724.77	1,684,113.93	9,238,016.80	2,257,312.81
Other	7,837,194.08	1,290,890.19	2,688,636.11	1,779,847.56
Total	78,142,635.66	12,482,616.81	59,274,908.46	15,714,397.22

(2). Deferred tax liabilities without offset

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Withholding tax on available-for-distribution dividends from foreign subsidiaries (10%)	105,783,050.10	10,578,305.01	48,926,323.23	4,892,632.32
Impact of right-of-use assets	3,622,303.82	601,888.20	5,266,614.36	1,316,653.59
Others	16,582,944.76	3,316,588.94		
Total	125,988,298.68	14,496,782.15	54,192,937.59	6,209,285.91

(3). Deferred tax assets or liabilities presented at net amount after offsetting

□ Applicable √ N/A

(4). Details of unrecognized deferred tax assets

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Deductible loss	7,336,823.06	5,528,691.16
Provision for bad debts	3,964,844.58	3,126.73
Others	1,471,221.79	
Total	12,772,889.43	5,531,817.89

(5). The deductible losses for which no deferred tax assets have been recognized will expire in the following years

□ Applicable √ N/A

Other Notes:
√ Applicable □ N/A
Details of unrecognized deferred tax liabilities

Unit: Yuan Currency: RMB

Item	Balance at the end of the year	Balance at the beginning of the year
Effect of right-of-use assets	44,373.87	
Total	44,373.87	

30. Other non-current assets
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Warranty receivables	35,990,599.29	1,146,648.58	34,843,950.71	17,938,200.11	589,541.24	17,348,658.87
Total	35,990,599.29	1,146,648.58	34,843,950.71	17,938,200.11	589,541.24	17,348,658.87

Other Notes: None

31. Assets with restricted ownership or right to use
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	End of period				Beginning of the period			
	Book balance	Carrying amount	Type of restriction	Restricted	Book balance	Carrying amount	Type of restriction	Restricted
Currency funds	12,499,607.35	12,499,607.35	Other	Margin Restricted	7,895,104.70	7,895,104.70	Others	Margin Restricted
Bills receivable								
Inventories								
Fixed assets								
Intangible assets								
Total	12,499,607.35	12,499,607.35	/	/	7,895,104.70	7,895,104.70	/	/

Other Notes: None

32. Short-term loans

(1). Classification of short-term loans

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Pledged loans		
Mortgage loans		
Guarantee		
Credit loans		31,249,307.82
Total		31,249,307.82

Note on classification of short-term borrowings:

As at December 31, 2022, the credit borrowings were from the Group's subsidiary, Acter (Thailand), which obtained a loan of RMB 6,042,660.00 from Mega Bank, with a term of December 14, 2022 to June 12, 2023, and an interest rate of 3.34%; from the Group's subsidiary, Acter (Hong Kong), which obtained a loan of RMB 11,143,360.00 from Standard Chartered Bank, with a term of December 5, 2022 to March 31, 2023, with a borrowing rate of 5.71%; a loan of RMB 13,929,200.00 obtained from Taishin Bank by Acter (Hong Kong), a subsidiary of the Group, with a borrowing period from November 25, 2022 to February 24, 2023, with a borrowing rate of 5.93%; and interest payable on the borrowings of RMB 134,087.82.

(2). Overdue short-term loans

□ Applicable √ N/A

Significant overdue short-term loans are summarized as follows:

□ Applicable √ N/A

Other Notes

□ Applicable √ N/A

33. Financial liabilities held for trading

□ Applicable √ N/A

Other Notes:

□ Applicable √ N/A

34. Derivative financial liabilities

□ Applicable √ N/A

35. Notes payable

(1). Presentation of notes payable

□ Applicable √ N/A

36. Accounts payable

(1). Presentation of accounts payable

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Project payment	363,178,797.70	358,206,456.14
Retention money	266,678,519.63	231,347,025.54
Other		366,196.58
Total	629,857,317.33	589,919,678.26

(2). Significant accounts payable aged over 1 year or overdue

□ Applicable √ N/A

Other notes
□ Applicable √ N/A

37. Receipts in advance
(1). Presentation of accounts receivable in advance
□ Applicable √ N/A

(2). Significant receipts in advance with an age of more than 1 year
□ Applicable √ N/A

(3). Amounts and reasons for significant changes in carrying amount during the reporting period
□ Applicable √ N/A

Other Notes
□ Applicable √ N/A

38. Contract liabilities
(1). Contract liabilities
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Settled uncompleted works	73,351,891.04	74,584,070.11
Total	73,351,891.04	74,584,070.11

(2). Significant contract liabilities aged over 1 year
□ Applicable √ N/A

(3). Amounts and reasons for significant changes in carrying amount during the reporting period
□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

39. Remuneration payable to employees
(1). Presentation of remuneration payable to employees
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Exchange rate change	Closing balance
I. Short-term remuneration	39,456,513.03	130,512,568.47	122,546,196.01	36,785.38	47,459,670.87
II. Post-employment benefits - defined contribution plan		7,784,980. 74	7,784,980. 74		
III. Severance benefits					
IV. Other benefits due within one year					
Total	39,456,513.03	138,297,549.21	130,331,176.75	36,785.38	47,459,670.87

(2). Presentation of short-term remuneration

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Exchange rate change	Closing balance
I. Salaries, bonuses, allowances and subsidies	39,274,134.14	118,821,168.83	110,868,746.33	36,785.38	47,263,342.02
II. Employee benefit expenses		3,945,749.79	3,945,749.79		
Social insurance premiums		3,291,802.84	3,291,802.84		
Of which: Medical insurance premiums		2,822,875.14	2,822,875.14		
Workers' remuneration insurance premiums		186,691.33	186,691.33		
Maternity insurance premiums		282,236.37	282,236.37		
IV. Housing provident fund		3,274,142.08	3,274,142.08		
V. Labor Union Funds and Employee Education Funds	182,378.89	1,179,704.93	1,165,754.97		196,328.85
VI. Short-term compensated absences					
VII. Short-term profit-sharing plan					
Total	39,456,513.03	130,512,568.47	122,546,196.01	36,785.38	47,459,670.87

(3). Presentation of defined contribution plan

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
1. Basic pension insurance		7,439,902.65	7,439,902.65	
2. Unemployment insurance premiums		345,078.09	345,078.09	
3. Contributions to enterprise annuities				
Total		7,784,980.74	7,784,980.74	

Other Notes:

□ Applicable √ N/A

40. Taxes payable

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Value-added tax	270,840.93	1,119,487.19
Consumption tax		

Business tax		
Enterprise income tax	6,389,822.94	4,562,991.40
Individual income tax	655,878.76	460,166.81
Urban maintenance and construction tax		
Land use tax and property tax	267,327.15	88,658.49
Stamp duty	228,144.04	415,197.13
Other	168,735.21	683,578.20
Total	7,980,749.03	7,330,079.22

Other Notes:
None

41. Other payables

(1). Item presentation

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest payable		
Dividend payable		
Other payables	25,427,208.65	1,611,097.74
Total	25,427,208.65	1,611,097.74

Other Notes:
□ Applicable √ N/A

(2). Interest payable

Presented by category
□ Applicable √ N/A

Significant overdue interest payable:
□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

(3). Dividends payable

Classification
□ Applicable √ N/A

(4). Other payables

Other payables by nature
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Current account	22,861,444.25	
Intermediary service fee	1,958,733.39	1,225,440.51
Provisions and deposits	48,370.56	94,815.84
Others	558,660.45	290,841.39
Total	25,427,208.65	1,611,097.74

Significant other payables aged over 1 year or overdue
□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

42. Liabilities held for sale
□ Applicable √ N/A

43. Non-current liabilities due within 1 year
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term loans due within 1 year		
Bonds payable due within 1 year		
Long-term payables due within 1 year		
Lease liabilities due within 1 year	1,748,003.79	1,710,381.30
Total	1,748,003.79	1,710,381.30

Other Notes:
None

44. Other current liabilities
Other current liabilities
□ Applicable √ N/A

Increase or decrease in short-term bonds payable:
□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

45. Long-term loans
(1). Classification of long-term loans
□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

46. Bonds payable
(1). Bonds payable
□ Applicable √ N/A

(2). Details of bonds payable: (excluding other financial instruments such as preferred stock and perpetual bonds classified as financial liabilities)
□ Applicable √ N/A

(3). Description of convertible corporate bonds
□ Applicable √ N/A

Accounting treatment and judgmental basis for conversion
□ Applicable √ N/A

(4). Description of other financial instruments classified as financial liabilities

Basic information on other financial instruments such as preferred stock and perpetual bonds issued at the end of the period
□ Applicable √ N/A

Statement of changes in preferred stock, perpetual bonds and other financial instruments issued and outstanding at the end of the period
□ Applicable √ N/A

Explanation of the basis for classifying other financial instruments as financial liabilities:
□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

47. Lease liabilities

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Lease liabilities	2,150,631.55	3,151,902.66
Total	2,150,631.55	3,151,902.66

Other Notes: None

48. Long-term accounts payable

Item presentation

□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

Long-term accounts payable

(1). Presentation of long-term payables by nature of payment

□ Applicable √ N/A

Specialized payables

(1). Specialized payables by nature of payment

□ Applicable √ N/A

49. Long-term employee remuneration payable

√ Applicable □ N/A

(1). Table of long-term employee remuneration payable

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
I. Post-employment benefits - net liability for defined benefit plans	632,325.46	610,379.24

II. Termination benefits		
III. Other long-term benefits		
Total	632,325.46	610,379.24

(2). Changes in defined benefit plans

Present value of defined benefit plan obligations:
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
I. Opening balance	610,379.24	612,161.00
II. Defined benefit costs recognized in profit or loss for the period		
1. Current service cost		
2. Past service costs		
3. Settlement gain (loss expressed as "-")		
4. Net interest		
Defined benefit cost charged to other comprehensive income		
1. Actuarial gain (loss expressed as "-")		
IV. Other changes	21,946.22	-1,781.76
1.Consideration paid upon settlement		
2.Benefits paid		
3.Translation differences on foreign currency statements	21,946.22	-1,781.76
V. Closing balance	632,325.46	610,379.24

Plan assets:
□ Applicable √ N/A

Net liabilities (net assets) of defined benefit plans
□ Applicable √ N/A

Description of the content of the defined benefit plan and the risks associated with it, the impact on the company's future cash flows, timing and uncertainty:
□ Applicable √ N/A

Description of significant actuarial assumptions and sensitivity analysis results for defined benefit plans
□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

50. Projected liabilities
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Closing balance	Reason
Guarantees provided to external parties			
Pending litigation			

Product quality guarantee	9,067,741.80	11,090,966.30	Provision for quality costs related to the possibility of quality problems during the warranty period of the project
Restructuring obligations			
Loss-making contracts pending execution	170,275.00	201,881.61	
Returns payable			
Other			
Total	9,238,016.80	11,292,847.91	/

Other notes, including notes on significant assumptions, estimates related to significant projected liabilities: None

51. Deferred income

Deferred income
□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

52. Other non-current liabilities

□ Applicable √ N/A

53. Share capital

√ Applicable □ N/A

Unit: Yuan Currency: RMB

	Opening balance	Increase/decrease of the current change (+, -)					Closing balance
		Issue of new shares	Sent Shares	Conversion	Others	Subtotal	
Total number of shares	80,000,000.00			20,000,000.00		20,000,000.00	100,000,000.00

Other Notes:

Pursuant to the resolution of the 2022 annual general meeting held on April 28, 2023, the Company paid a cash dividend of RMB 0.8125 per share (inclusive of tax) to all shareholders on the basis of the total share capital of 80,000,000.00 shares as at June 14, 2023, and transferred 0.25 shares to all shareholders by way of capital reserve to increase the share capital by a total of 20,000,000.00 shares with par value of RMB 1 per share, increasing the share capital by RMB 20,000,000.00 in total.

54. Other equity instruments

(1). Basic information on other financial instruments such as preferred stock and perpetual bonds issued and outstanding at the end of the period

□ Applicable √ N/A

(2). Statement of changes in preferred stock, perpetual bonds and other financial instruments issued and outstanding at the end of the period

□ Applicable √ N/A

Changes in other equity instruments during the period, explanation of the reasons for such changes, and the basis for related accounting treatment:

□ Applicable √ N/A

Other Notes:

□ Applicable √ N/A

55. Capital surplus

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Capital premium (equity premium)	550,250,969.12		20,000,000.00	530,250,969.12
Other capital surplus	32,381,806.33			32,381,806.33
Total	582,632,775.45		20,000,000.00	562,632,775.45

Other notes, including the increase or decrease of changes during the period and the reasons for the changes:

None

56. Treasury stock

□ Applicable √ N/A

57. Other comprehensive income

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Amount in the current period						Closing balance
		Current income tax incurred before	Less: Transfer to profit or loss for the period from prior period to other comprehensive income	Less: Prior period charge to other comprehensive income Current period transfer to retained earnings	Less: Income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	
I.Other comprehensive income not reclassifiable to profit or loss	-151,009.79							-151,009.79
Of which: Remeasurement of changes in defined benefit plans	-151,009.79							-151,009.79

Other comprehensive income not transferable to profit or loss under the equity method								
Changes in fair value of investments in other equity instruments								
Changes in fair value of the enterprise's own credit risk								
II.Other comprehensive income to be reclassified to profit or loss	3,178,870.67	290,286.73				290,286.73		3,469,157.40
Of which: Other comprehensive income available for transfer to profit or loss under the equity method								
Changes in fair value of other debt investments								
Amounts reclassified from financial assets to other comprehensive income								
Provision for credit impairment of other debt investments								
Cash flow hedge reserve								
Difference in translation of foreign currency financial statements	3,178,870.67	290,286.73				290,286.73		3,469,157.40
Other comprehensive income	3,027,860.88	290,286.73				290,286.73		3,318,147.61

Other notes, including adjustments to the effective portion of cash flow hedge gains and losses transferred to the initial recognized amount of the hedged item:

None

58. Earmarked reserves

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Safety production fee	45,372,652.93		793,803.41	44,578,849.52
Total	45,372,652.93		793,803.41	44,578,849.52

Other notes, including changes during the period and the reasons for such changes:

None

59. Surplus reserves

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period	Decrease during the period	Closing balance
Legal surplus reserves	28,443,197.81	11,058,103.57		39,501,301.38
Discretionary surplus reserves				
Reserve Fund				
Enterprise Development Fund				
Others				
Total	28,443,197.81	11,058,103.57		39,501,301.38

Explanation of surplus reserves, including the increase or decrease during the period and the reasons for the change:

None

60. Undistributed profits

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Current period	Previous period
Undistributed profit at the end of the previous period before adjustment	269,871,786.54	185,764,628.31
Total undistributed profits at the beginning of the period before adjustment (increase +, decrease -)	-177,717.08	
Undistributed profit at the beginning of the period after adjustment	269,694,069.46	185,764,628.31
Add: Net profit attributable to owners of the parent company for the period	138,590,474.42	122,867,982.79
Less: Withdrawal of legal surplus reserves	11,058,103.57	8,760,824.56
Withdrawal of discretionary surplus reserves		
Provision for general risk		
Dividends payable on ordinary shares	65,000,000.00	30,000,000.00
Dividends on ordinary shares transferred to capital		
Undistributed profit at the end of the period	332,226,440.31	269,871,786.54

Adjustment of the breakdown of undistributed profit at the beginning of the period:

1. Due to the retrospective adjustment of the ASBE and its related new regulations, the impact on the undistributed profit at the beginning of the period was RMB 0.
2. Due to the change of accounting policy, it affected the undistributed profit at the beginning of the period by RMB 177,717.08.
3. Due to the correction of significant accounting errors, the impact on the undistributed profit at the beginning of the period was RMB 0.
4. Due to the change of the scope of consolidation caused by the same control, the impact on the undistributed profit at the beginning of the period is RMB 0.
5. Other adjustments affecting the undistributed profit at the beginning of the period by RMB 0.

61. Operating revenues and operating costs

(1). Operating revenue and operating costs

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period		Amount in the prior period	
	Revenue	Cost	Revenue	Cost
Main businesses	2,006,059,659.50	1,738,726,934.75	1,625,862,604.38	1,376,414,118.45
Other businesses	2,865,336.18	114,306.72	2,032,516.11	114,306.72
Total	2,008,924,995.68	1,738,841,241.47	1,627,895,120.49	1,376,528,425.17

(2). Breakdown information of operating revenues and operating costs

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Contract classification	The Group		Total	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Commodity Type				
Clean room engineering	1,718,207,574.41	1,497,267,444.29	1,718,207,574.41	1,497,267,444.29
Other mechanical and electrical installation works	276,230,223.29	232,095,004.42	276,230,223.29	232,095,004.42
Equipment sales	11,621,861.80	9,364,486.04	11,621,861.80	9,364,486.04
Other business	2,865,336.18	114,306.72	2,865,336.18	114,306.72
By region of operation				
Domestic	1,573,087,402.75	1,388,054,061.99	1,573,087,402.75	1,388,054,061.99
Overseas	435,837,592.93	350,787,179.48	435,837,592.93	350,787,179.48
Type of market or client				
IC Semiconductor Industry	1,345,947,194.70	1,203,919,098.11	1,345,947,194.70	1,203,919,098.11
Precision manufacturing industry	480,697,188.05	392,693,935.54	480,697,188.05	392,693,935.54
Photoelectricity industry	101,391,692.37	80,642,910.19	101,391,692.37	80,642,910.19
Other industries	78,023,584.38	61,470,990.91	78,023,584.38	61,470,990.91
Other business	2,865,336.18	114,306.72	2,865,336.18	114,306.72
Contract type				
Sale of goods	11,621,861.80	9,370,142.00	11,621,861.80	9,370,142.00
Construction contracts	1,994,437,797.70	1,729,356,792.75	1,994,437,797.70	1,729,356,792.75
Other business	2,865,336.18	114,306.72	2,865,336.18	114,306.72
Classification by timing of merchandise transfers				
Revenue recognized at a certain point in time	11,621,861.80	9,370,142.00	11,621,861.80	9,370,142.00

Revenue recognized at a certain point in time	1,997,303,133.88	1,729,471,099.47	1,997,303,133.88	1,729,471,099.47
By contract term				
By sales channel				
Total	2,008,924,995.68	1,738,841,241.47	2,008,924,995.68	1,738,841,241.47

Other notes
□ Applicable √ N/A

(3). Explanation of performance obligations
□ Applicable √ N/A

(4). Description of apportionment to remaining performance obligations
□ Applicable √ N/A

(5). Significant contract changes or significant transaction price adjustments
□ Applicable √ N/A

Other Notes:
None

62. Taxes and surcharges
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
Consumption tax		
Business tax		
City maintenance and construction tax	1,644,807.62	1,296,253.31
Education surcharge	1,199,761.07	933,379.33
Property tax	659,319.31	581,245.38
Land use tax	26,056.03	25,967.04
Stamp duty	816,261.14	915,988.41
Other	24,334.01	47,217.65
Total	4,370,539.18	3,800,051.12

Other Notes:
None

63. Selling expenses
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
Employee remuneration	6,176,464.47	5,431,574.82
Business entertainment expenses	784,591.27	303,643.60

Depreciation and amortization	77,044.96	87,886.96
Other	916,180.97	478,789.04
Total	7,954,281.67	6,301,894.42

Other Notes: None

64. Administrative expenses

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
Labor cost	36,457,080.17	32,473,068.89
Depreciation and amortization	5,913,688.95	5,759,046.88
Professional service fees	4,964,367.06	5,273,900.72
Travel expenses	2,753,337.27	2,147,532.00
Socialization expenses	1,567,248.12	2,326,758.86
Rental expenses	903,690.44	645,800.74
Office expenses	362,790.44	332,943.04
Share-based payment		4,697,878.72
Others	6,270,807.40	6,490,255.13
Total	59,193,009.85	60,147,184.98

Other Notes:
None

65. Research and development expenses

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
Labor cost	14,071,064.42	10,198,979.02
Material costs	6,423,694.04	7,788,398.97
Rental expenses	290,827.94	225,077.63
Depreciation and amortization	153,397.80	119,197.95
Other	4,182,225.42	770,005.30
Total	25,121,209.62	19,101,658.87

Other Notes:
None

66. Finance costs

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
Interest expenses	1,154,128.08	3,508,752.46
Interest expense on lease liabilities	206,792.88	184,254.10
Less: Interest income	6,309,355.80	1,787,232.96
Add: Exchange loss (Less: gain)	-1,151,419.83	3,878,779.32
Handling fee	569,525.35	316,625.03
Total	-5,530,329.32	6,101,177.95

Other Notes:
None

67. Other gains

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Classification by nature	Amount in the current period	Amount in the prior period
Government grants related to income	3,731,552.00	3,524,827.14
Total	3,731,552.00	3,524,827.14

Other Notes:
None

68. Investment income

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
Income from long-term equity investments accounted for by the equity method	-334,383.24	-87,072.51
Investment income from disposal of long-term equity investments		
Investment income during the holding period of financial assets for trading		
Dividend income from other equity instruments during the holding period		
Interest income earned on debt investments during the holding period		
Interest income earned on other debt investments during the holding period		
Investment income from disposal of financial assets held for trading		
Investment income from disposal of other equity instruments		
Investment income from disposal of debt investments		
Investment income from disposal of other debt investments		
Gain on debt restructuring		
Gain on financial management	1,996,177.68	-12,256.43

Total	1,661,794.44	-99,328.94

Other Notes:
None

69. Net open hedge gains
□ Applicable √ N/A

70. Gain on fair value changes
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Sources of gains from changes in fair value	Amount in the current period	Amount in the prior period
Financial assets held for trading		
Of which: Gains from changes in fair value of derivative financial instruments		
Financial liabilities for trading		
Investment properties at fair value		
Financial assets at fair value through profit or loss	-119,888.89	119,888.89
Investment banking		-14,471.75
Total	-119,888.89	105,417.14

Other Notes: None

71. Credit impairment loss
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
Bad debt loss on bills receivable	1,091,132.83	
Bad debt loss on accounts receivable	2,711,649.69	5,971,203.20
Bad debt loss on other receivables	57,851.33	-165,726.35
Impairment loss on debt investments		
Impairment loss on other debt investments		
Bad debt loss on long-term receivables		
Impairment losses related to financial guarantees		
Total	3,860,633.85	5,805,476.85

Other Notes:
None

72. Impairment loss on assets
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
I. Impairment losses on contract assets	-1,705,623.60	-4,974,523.57
II.Impairment loss on inventories and contract performance cost		
III.Impairment loss on long-term equity investments		
IV.Impairment loss on investment properties		
V.Impairment loss on fixed assets		
VI.Impairment loss on construction materials		
VII.Impairment loss on construction in progress		
VIII.Impairment loss on productive biological assets		
IX.Impairment loss on oil and gas assets		
X.Impairment loss on intangible assets		
XI.Impairment loss on goodwill		
XII.Others		
Impairment losses on other non-current assets	557,144.69	-1,004,046.84
Total	-1,148,478.91	-5,978,570.41

Other Notes:
None

73. Gain on disposal of assets

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
Gain on disposal of assets	116,542.37	246,990.20
Total	116,542.37	246,990.20

Other Notes:
None

74. Non-operating revenue

Non-operating revenue

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period	Amounts included in non-recurring gains and losses for the period
Total gain on disposal of non-current assets			
Of which: Gain on disposal of fixed assets			

Gain on disposal of intangible assets			
Gain on exchange of non-monetary assets			
Acceptance of donations			
Government grants			
Other	14,361.33	75,601.66	14,361.33
Total	14,361.33	75,601.66	14,361.33

Other Notes:

□ Applicable √ N/A

75. Non-operating Expenses

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period	Amounts included in non-recurring gains and losses for the period
Total loss on disposal of non-current assets	63,978.14	9,411.87	63,978.14
Of which: Loss on disposal of fixed assets	63,978.14	9,411.87	63,978.14
Loss on disposal of intangible assets			
Loss on exchange of non-monetary assets			
Foreign donations	194,000.00	242,000.00	194,000.00
Fines	447,813.63	11,845.89	447,813.63
Late Payment	67,596.92	12,705.55	67,596.92
Worker's remuneration		458,500.00	
Others	116,559.94	190,570.16	116,559.94
Total	889,948.63	925,033.47	889,948.63

Other Notes:

None

76. Income tax expense

(1). Schedule of income tax expense

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
Current income tax expense	28,873,073.81	36,304,685.61
Deferred tax expense	11,840,385.09	-307,429.70

Total	40,713,458.90	35,997,255.91

(2). Process of adjusting accounting profit and income tax expense

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period
Total profit	180,777,300.89
Income tax expense at statutory/applicable rates	27,116,595.13
Effect of different tax rates applied by subsidiaries	3,994,328.62
Effect of adjustments to prior periods' income tax	
Effect of non-taxable income	
Effect of non-deductible costs, expenses and losses	3,533,749.83
Effect of deductible losses on utilization of unrecognized deferred tax assets in prior period	
Effect of deductible temporary differences or deductible losses for which no deferred tax assets were recognized in the current period	3,651,581.09
Effect of tax rate differences on recognition of deferred tax assets and liabilities	4,716,918.45
Effect of additional deduction for research and development expenses	-3,357,544.72
Withholding tax on available-for-distribution dividends of the Group's overseas subsidiaries	1,057,830.50
Income tax expense	40,713,458.90

Other Notes:

□ Applicable √ N/A

77. Other comprehensive income

□ Applicable √ N/A

78. Cash flow statement items

(1). Cash related to operating activities

Other cash received relating to operating activities

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
Interest income on deposits	6,309,355.80	1,787,232.96
Recovery of currency funds with restricted use	5,087,379.03	22,236,928.63
Government subsidies	3,731,552.00	3,524,827.14
Rental income	3,058,218.60	2,156,882.40
Guarantee and deposit	83,586.99	4,664,854.82
Others	290,371.68	65,941.17

Total	18,560,464.10	34,436,667.12

Description of other cash received related to operating activities:

None

Other cash paid relating to operating activities

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
Transportation expenses, travel expenses, rental expenses, utilities, labor expenses, etc. paid	15,159,502.69	17,098,345.14
Transfers to currency funds with restricted use	9,691,881.68	16,902,922.17
Material consumption	7,262,832.36	7,928,025.62
Intermediary expenses	5,801,003.15	5,875,804.33
Late payment, fine, remuneration	515,410.55	483,051.44
Others	5,536,582.02	1,355,833.11
Total	43,967,212.45	49,643,981.81

Description of other cash paid related to operating activities:

None

(2). Cash related to investing activities

Significant cash received related to investing activities
□ Applicable √ N/A

Significant cash paid in connection with investing activities
□ Applicable √ N/A

Other cash received related to investing activities
□ Applicable √ N/A

Other cash paid in relation to investment activities
□ Applicable √ N/A

(3). Cash related to financing activities

Other cash received relating to financing activities

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
Loan from Sheng Huei International	22,605,625.00	
Total	22,605,625.00	

Description of other cash received related to financing activities:

None

Other cash paid relating to financing activities

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
Payment of lease rent for right-of-use assets	2,180,273.09	2,874,865.02
Payment of listing fees		19,997,010.06
Total	2,180,273.09	22,871,875.08

Description of other cash paid related to financing activities:

None

Changes in liabilities arising from financing activities

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Opening balance	Increase during the period		Decrease during the period		Closing balance
		Cash movements	Non-cash movements	Cash movements	Non-cash movements	
Minority interests	4,040,494.34	2,114,535.07	1,552,518.98			7,707,548.39
Short-term loans	31,249,307.82	6,388,838.45	198,942.18	37,837,088.45		
Lease liabilities						
Other payables - loans from related parties outside the consolidation		22,605,625.00	255,819.25			22,861,444.25
Interest payable			1,094,012.34	1,094,012.34		
Other payables - Dividend distribution			65,000,000.00	65,000,000.00		
Lease liabilities	4,862,283.96		1,216,624.47	2,180,273.09		3,898,635.34
Total	40,152,086.12	31,108,998.52	69,317,917.22	106,111,373.88		34,467,627.98

(4). Notes to the presentation of cash flows on a net basis

□ Applicable √ N/A

(5). Significant activities and financial effects that do not involve current cash receipts and disbursements but affect the enterprise's financial position or may affect the enterprise's cash flows in the future

□ Applicable √ N/A

79. Supplementary information on cash flow statement

(1). Supplementary information on cash flow statement

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Supplementary information	Amount in the current period	Amoun in the prior period
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	140,063,841.99	123,019,039.36
Add: Provision for impairment of assets	-1,148,478.91	-5,978,570.41
Credit impairment loss	3,860,633.85	5,805,476.85
Accumulated depreciation of investment properties	114,306.72	114,306.72
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of biological assets	3,830,558.72	3,330,083.92
Amortization of right-of-use assets	2,159,286.86	2,330,203.36
Amortization of intangible assets	367,137.71	393,598.63
Amortization of long-term amortized expenses		
Loss on disposal of property, plant and equipment, intangible assets and other long-lived assets (Gain is recognized by "-" sign)	-116,542.37	-246,990.20
Loss on retirement of fixed assets (Gain is recognized by "-" sign)	63,978.14	9,411.87
Loss on change in fair value (Gain is recognized by "-" sign)	119,888.89	-105,417.14
Finance costs (Gain is recognized by "-" sign)	209,501.12	7,346,819.64
Loss on investment (Gain is recognized by "-" sign)	-1,661,794.44	99,328.94
Decrease in deferred tax assets (Increase is recognized by " - " sign)	3,231,780.41	-1,196,736.66
Increase in deferred tax liabilities (Decrease is recognized by " - " sign)	8,287,496.24	936,591.25
Decrease in inventories (Increase is recognized by " - " sign)	66,824.45	5,099,555.63
Decrease in operating receivables (Increase is recognized by " - " sign)	-75,532,714.83	-95,644,227.73
Increase in operating payables (Decrease is recognized by " - " sign)	50,401,030.09	109,961,371.05
Increase in production safety expenses	-793,803.41	-1,359,134.55
Share-based payment		7,174,755.27
Other		
Net cash flows from operating activities	133,522,931.23	161,089,465.80
2. Significant investing and financing activities not involving cash receipts and payments:		
Conversion of debt to capital		
Convertible corporate bonds due within one year		
Finance lease to fixed assets		
3. Net change in cash and cash equivalents:		

Closing balance of cash	709,996,723.03	542,340,098.29
Less: Opening balance of cash	542,340,098.29	141,950,027.30
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	167,656,624.74	400,390,070.99

(2). Net cash paid for acquisition of subsidiaries during the period
□ Applicable √ N/A

(3). Net cash received from disposal of subsidiaries during the period
□ Applicable √ N/A

(4). Composition of cash and cash equivalents
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
I. Cash	709,996,723.03	542,340,098.29
Of which: Cash on hand	1,054,977.35	2,510,187.35
Bank deposits readily available for payment	708,941,745.68	539,829,910.94
Other currency funds available for payment		
Amounts on deposit with central banks available for payment		
Due from banks		
Call loan to banks		
II. Cash equivalents		
Of which: Investments in bonds due within three months		
III.Cash and cash equivalents at the end of the period	709,996,723.03	542,340,098.29
Of which: Restricted cash and cash equivalents used by the parent company or subsidiaries within the group	12,499,607.35	7,895,104.70

(5). Cash and cash equivalents with restricted scope of use but still presented as cash and cash equivalents
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount for the period	Reason
Currency funds	12,499,607.35	The Group's other monetary funds represent security deposits, which are mainly deposited for the purpose of the Group's application to banks for the issuance of letters of guarantee.

Total	12,499,607.35	/

(6). Monetary funds not classified as cash and cash equivalents

□ Applicable √ N/A

Other Notes:

□ Applicable √ N/A

80. Notes to the Statement of Changes in Owners' Equity

Items such as the name of the "Other" item and the amount of adjustments made to the closing balance of the previous year are explained:

□ Applicable √ N/A

81. Monetary items in foreign currency

(1). Monetary items in foreign currencies

√ Applicable □ N/A

Unit: Yuan

Item	Closing balance in foreign currency	Exchange rate	Closing balance in RMB
Currency Funds	-	-	
Of which: Vietnamese Dong	133,212,465,684.93	0.000292	38,898,039.98
US Dollar	3,748,545.73	7.082700	26,549,824.82
Indonesian Rupiah	8,743,199,002.17	0.000461	4,030,614.74
Thai Baht	76,517,131.11	0.207361	15,866,668.82
Singapore Dollar	203,132.53	5.377200	1,092,284.24
Malaysian Ringgit	2,481,240.08	1.541545	3,824,943.24
Accounts Receivable	-	-	
Of which: Vietnamese Dong	65,794,772,773.97	0.000292	19,212,073.65
Thai Baht	15,281,627.16	0.207361	3,168,813.49
Indonesian Rupiah	22,101,919,045.55	0.000461	10,188,984.68
US Dollar	86,277.44	7.082700	611,077.22
RM	4,624,048.87	1.541545	7,128,179.42
Other Receivables	-	-	
Of which: Vietnamese Dong	1,575,591,873.25	0.000292	460,072.83
Thai Baht	1,569,680.05	0.207361	325,490.42
Indonesian Rupiah	395,075,731.69	0.000461	182,129.91
Malaysian Ringgit	43,250.01	1.541545	66,671.83
Accounts Payable	-	-	
Of which: US Dollar	2,620,213.69	7.082700	18,558,187.52

Vietnamese Dong	109,890,106,665.00	0.000292	32,087,911.15
Thai Baht	43,079,267.95	0.207361	8,932,960.08
Indonesian Rupiah	6,562,729,319.00	0.000461	3,025,418.22
Malaysian Ringgit	125,035.53	1.541545	192,747.90
Other payables	-	-	
Of which: Vietnamese Dong	1,662,008,804.00	0.000292	485,306.57
US Dollar	2,520,904.35	7.082700	17,854,809.24
Singapore Dollar	13,065.05	5.377200	70,253.39
Malaysian Ringgit	3,270,210.72	1.541545	5,041,176.98
Thai Baht	170,399.98	0.207361	35,334.31
Indonesian Rupiah	3,979,000.00	0.000461	1,834.32

Other Notes:
None

(2). Description of overseas operating entities, including, for significant overseas operating entities, disclosure of the principal place of business outside the country, the local currency of account and the basis of selection, and disclosure of the reasons for changes in the local currency of account

√ Applicable □ N/A

As at December 31, 2023, the Group's overseas operating entities:

The Group and its domestic subsidiaries maintain their accounts in Chinese Yuan (RMB); Acter International Limited is accounted for in United States dollars; Acter Technology Singapore Pte., Ltd is denominated in Singapore dollars; PT. Acter Technology Indonesia and PT Acter Integration Technology Indonesia (the "Indonesian Joint Venture") are denominated in Indonesian Rupiah; Acter Technology Malaysia Sdn. Bhd is denominated in Malaysian Ringgit; Sheng Huei Engineering Technology Company Limited is denominated in Vietnamese Dong; and Acter Technology Co., Ltd. maintains its accounts in Thai Baht. The Group and its subsidiaries selected the local currency of accounts on the basis of the currencies in which the major business receipts and expenditures are denominated and settled. Some subsidiaries of the Group have adopted currencies other than the Company's local currency as the local currency, and the foreign currency financial statements of these subsidiaries have been translated in accordance with "Section V. 9. Translation of Foreign Currency Operations and Foreign Currency Statements" of this section in the preparation of these financial statements.

Name of overseas operating entities	Principal place of business	Currency of accounts	Basis of selection of local currency
PT.Acter Technology Indonesia	Indonesia	Indonesian Rupiah	Businesses are mainly denominated and settled in this currency.
PT Acter Integration Technology Indonesia	Indonesia	Indonesian Rupiah	Businesses are mainly denominated and settled in this currency.

Sheng Huei Engineering Technology Company Limited	Vietnam	Vietnamese dong	Businesses are mainly denominated and settled in this currency.
Acter Technology Co.,Ltd	Thailand	Thai Baht	Businesses are mainly denominated and settled in this currency.
Acter International Limited	Hong Kong	US Dollar	Businesses are mainly denominated and settled in this currency.
Acter Technology Malaysia Sdn.Bhd.	Malaysia	Malaysian Ringgit	Businesses are mainly denominated and settled in this currency.

82. Leasing

(1) As lessee

√ Applicable □ N/A

Variable lease payments not included in the measurement of lease liabilities
□ Applicable √ N/A

Lease expenses for short-term leases or low-value assets with simplified treatment

√ Applicable □ N/A
Unit: Yuan Currency: RMB

Item	Amount
Short-term lease	6,490,670.16

Sale and leaseback transactions and basis of judgment
□ Applicable √ N/A

Total cash outflows related to leasing 8,670,943.25 (Unit: Yuan Currency: RMB)

(2) As lessor

Operating leases as lessor

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Lease income	Of which: Income related to variable lease payments not included in lease receipts
Leasing of buildings	2,865,336.18	
Total	2,865,336.18	

Finance lease as lessor

□ Applicable √ N/A

Reconciliation of undiscounted lease receipts to net investment in leases
□ Applicable √ N/A

Undiscounted lease receipts for the next five years
□ Applicable √ N/A

(3) Recognition of gain or loss on sales under finance leases as a manufacturer or distributor
□ Applicable √ N/A

Other Notes
None

83. Others
□ Applicable √ N/A

VIII. Research and development expenditures
(1). Presented by nature of expenses
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in current period	Amount in prior period
Labor cost	14,071,064.42	10,198,979.02
Rental expenses	290,827.94	225,077.63
Depreciation and amortization	153,397.80	119,197.95
Other	10,605,919.46	8,558,404.27
Total	25,121,209.62	19,101,658.87
Of which: Expensed R&D expenditures	25,121,209.62	19,101,658.87
Capitalized R&D expenditures		

Other Notes:
None

(2). Development expenditures on R&D projects eligible for capitalization
□ Applicable √ N/A

Significant capitalized R&D projects
□ Applicable √ N/A

Provision for impairment of development expenditure
□ Applicable √ N/A

Other Notes
None

(3). Significant outsourced research and development projects
□ Applicable √ N/A

IX. Changes in the scope of consolidation
1. Business combination not under the same control
□ Applicable √ N/A

2. Business combination under the same control
□ Applicable √ N/A

3. Reverse buyback
□ Applicable √ N/A

4. Disposal of subsidiaries

Whether there is any transaction or matter of losing control of subsidiaries during the period

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Name of subsidiary	Point of loss of control	Disposal price at the point of loss of control	Disposal ratio at point of loss of control (%)	Disposal method at the point of loss of control	Basis for judging the point of loss of control	Difference between the disposal price and the share of net assets of the subsidiary at the level of the consolidated financial statements corresponding to the disposal of the investment	Proportion of remaining equity at date of loss of control (%)	Carrying amount of the remaining equity interest at the date of loss of control at the level of the consolidated financial statements	Fair value of the remaining equity interest at the date of loss of control at the level of the consolidated financial statements	Gains or losses arising from the remeasurement of the remaining equity at fair value	Method of determining the fair value of the remaining equity interest at the level of the consolidated financial statements at the date of loss of control and key assumptions	Amount of other comprehensive income related to equity investments in atomic companies transferred to investment profit or loss or retained earnings
Jiang Su Dian Ze Construction Engineering Co.,Ltd.	November 14, 2023	0	100	Cancellation	Notification of cancellation by the Administrative Approval Authority	0	0	0	0	-300,000	N/A	0

Other Notes:

□ Applicable √ N/A

Disposal of investments in subsidiaries through multiple transactions and loss of control during the period?

□ Applicable √ N/A

Other Notes:

□ Applicable √ N/A

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

Description of changes in the scope of consolidation due to other reasons (e.g. establishment of new subsidiaries, liquidation of subsidiaries, etc.) and the related circumstances:

√ Applicable □ N/A

In 2023, the Company and PT Candra Bangun Persada jointly established PT Acter Integration Technology Indonesia ("Indonesia Joint Venture"), in which the Company holds 67.00% of the shares, which is included in the scope of consolidation from the date of establishment. The Company holds 67.00% of the shares of PT Acter Integration Technology Indonesia.

6. Others

□ Applicable √ N/A

X. Interests in other entities

1. Interests in subsidiaries

(1). Composition of the enterprise group

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Name of Subsidiary	Principal place of business	Registered capital	Place of registration	Nature of business	Shareholding ratio (%)		Acquisition method
					Direct	Indirect	
Acter Engineering Technology (Shenzhen) Co., Ltd.	Shenzhen	35,296,744.20	Shenzhen	Mechanical and Electrical Engineering	100.00		Business combination under the same control
Shenzhen Dingmao Trading Co., Ltd.	Shenzhen	5,000,000.00	Shenzhen	Trade	100.00		Establishment
Acter International Limited	Hong Kong, China	22,600,257.00	Hong Kong, China	Investment	100.00		Business combination under the same control
Acter Technology Singapore Pte.,Ltd.	Singapore	17,263,062.56	Singapore	Investment	100.00		Business combination under the same control
PT. Acter Technology Indonesia	Indonesia	5,277,279.17	Indonesia	Mechanical and Electrical Engineering		100.00	Business combination under the same control
Acter Technology Malaysia Sdn. Bhd.	Malaysia	4,767,037.26	Malaysia	Mechanical and Electrical Engineering		100.00	Business combination under the same control
Sheng Huei Engineering Technology Company Limited	Vietnam	24,074,949.49	Vietnam	Mechanical and Electrical Engineering		100.00	Business combination under the same control
Acter Technology Co., Ltd.	Thailand	6,519,000.00	Thailand	Mechanical and Electrical Engineering		88.38	Business combination not under the same control
PT ACTER INTEGRATION TECHNOLOGY INDONESIA	Indonesia	6,022,059.87	Indonesia	Mechanical and Electrical Engineering	67.00		Establishment

A statement that the percentage of shareholding in a subsidiary is different from the percentage of voting rights:
None

Basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:
None

For significant structured subjects included in the scope of consolidation, the basis of control:
None

Basis for determining whether the company is an agent or principal:
None

Other Notes:

None

(2). Significant non-wholly owned subsidiaries
□ Applicable √ N/A

(3). Key financial information of significant non-wholly owned subsidiaries
□ Applicable √ N/A

(4). Significant restrictions on the use of enterprise group assets and settlement of enterprise group liabilities
□ Applicable √ N/A

(5). Financial or other support provided to structured subjects included in the scope of the consolidated financial statements
□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

2. Transactions in which the share of ownership interest in a subsidiary changes and the subsidiary is still controlled
□ Applicable √ N/A

3. Interests in joint ventures or associates
□ Applicable √ N/A

4. Significant joint operations
□ Applicable √ N/A

5. Interests in structured entities not included in the scope of the consolidated financial statements
Description of structured entities not included in the scope of the consolidated financial statements:
□ Applicable √ N/A

6. Others
□ Applicable √ N/A

XI. Government grants

1. Government grants recognized at the end of the reporting period based on receivable amounts
□ Applicable √ N/A

Reasons for not receiving the estimated amount of government grants at the expected point in time
□ Applicable √ N/A

2. Liability items related to government grants
□ Applicable √ N/A

3. Government grants recognized as current profit or loss
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Type	Amount in the current period	Amount in the prior period
Revenue-related	3,731,552.00	3,524,827.14
Total	3,731,552.00	3,524,827.14

Other Notes:

Category	**Amount in the current year**	**Presentation items**	**Amount recognized in profit or loss**	**Revenue-related/asset-related**
Listing incentives	3,500,000.00	Other gains	3,500,000.00	Revenue-related
Subsidies for stabilizing jobs	127,432.24	Other gains	127,432.24	Revenue-related
Incentive for enterprise research and development expenses	44,790.00	Other gains	44,790.00	Revenue-related
Refund of withholding tax/personal tax refund	37,829.76	Other gains	37,829.76	Revenue-related
Subsidy for Job Expansion	21,500.00	Other gains	21,500.00	Revenue-related
Total	**3,731,552.00**		**3,731,552.00**	

XII. Risks Related to Financial Instruments

1. Risks of financial instruments

√ Applicable □ N/A

The Group's major financial instruments include bills receivable, short-term loans, receivables and payables, etc. For details of each financial instrument, please refer to the relevant item in Note 6. The risks associated with these financial instruments and the risk management policies adopted by the Group to minimize these risks are described below. The Group's management manages and monitors these exposures to ensure that the above risks are controlled within limits.

1. Risk management objectives and policies

The Group engages in risk management with the objective of striking an appropriate balance between risk and return, minimizing the negative impact of risks on the Group's operating results and maximizing the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Group's risk management is to identify and analyze the various risks faced by the Group, to establish an appropriate risk tolerance threshold and to manage the risks, and to monitor the various risks in a timely and reliable manner in order to control the risks within a limited scope.

(1) Market risk

1) Exchange rate risk

The Group's exposure to exchange rate risk is mainly related to U.S. Dollars, Vietnamese Dong, Thai Baht, and Indonesian Rupiah. Except for several subsidiaries of the Group that make purchases and sales in U.S. Dollars, the Group's other major business activities are denominated in RMB. As at December 31, 2023, the Group's assets and liabilities were denominated in RMB, except for the U.S. dollars, Vietnamese dong, Thai Baht and Indonesian Rupiah in respect of the assets and liabilities described in the table below. The exchange rate risk arising from these assets and liabilities in U.S. Dollars, Vietnamese dong, Thai Baht and Indonesian Rupiah balances may have an impact on the Group's results of operations.

Items	**Closing balance**
Currency Funds - U.S. Dollars	3,748,545.73
Currency Funds - Indonesian Rupiah	8,743,199,002.17
Currency Funds - Thai Baht	76,517,131.11
Currency Funds - Singapore Dollar	203,132.53
Currency Funds - Malaysian Ringgit	2,481,240.08
Accounts Receivable - Vietnamese Dong	65,794,772,773.97
Accounts Receivable - Thai Baht	15,281,627.16
Accounts Receivable - Indonesian Rupiah	22,101,919,045.55
Accounts Receivable - U.S. Dollars	86,277.44
Accounts Receivable - Malaysian Ringgit	4,624,048.87
Other Payables - Vietnamese Dong	1,662,008,804.00
Other Payables - U.S. Dollars	2,520,904.35
Other Payables - Singapore Dollars	13,065.05
Other Payables - Malaysian Ringgit	3,270,210.72
Other Payables - Thai Baht	170,399.98
Other Payables - Indonesian Rupiah	3,979,000.00
Accounts Payable - U.S. Dollars	2,620,213.69
Accounts Payable - Vietnamese Dong	109,890,106,665.00
Accounts Payable - Thai Baht	43,079,267.95
Accounts Payable - Indonesian Rupiah	6,562,729,319.00
Accounts Payable - Malaysian Ringgit	125,035.53
Other Receivables - Vietnamese Dong	1,575,591,873.25
Other Receivables - Thai Baht	1,569,680.05
Other Receivables - Indonesian Rupiah	395,075,731.69
Other Receivables - Malaysian Ringgit	43,250.01

2) Interest Rate Risk

The Group's interest rate risk arises from interest-bearing debts such as bank borrowings and bonds payable. Financial liabilities with fixed interest rates expose the Group to fair value interest rate risk. The Group determines the relative proportion of fixed interest rates based on the prevailing market conditions. The Group's risk of changes in fair value of financial instruments due to changes in interest rates is mainly related to fixed-rate bank borrowings. For fixed rate borrowings, the Group's objective is to maintain its floating interest rate. The Group is not highly sensitive to interest rate fluctuations and has no significant interest rate risk.

(2) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to fulfill its obligations, resulting in a financial loss to the other party. The Group's credit risk mainly arises from currency funds, receivables and contract assets. The management continuously monitors these credit risk exposures.

The Group's monetary funds other than cash are mainly deposited with creditworthy financial institutions, which management believes do not have significant credit risk and are not expected to incur losses to the Group as a result of default by the counterparties.

The Group's maximum exposure to credit risk is the carrying amount of each financial asset in the balance sheet. The Group has not provided any other guarantees that may expose the Group to credit risk.

The Group's credit risk from accounts receivable and contract assets is primarily driven by the characteristics of each individual client, rather than the industry or country or region in which the client is located. Consequently, significant concentrations of credit risk arise mainly from the existence of significant accounts receivable and contract assets of the Group in respect of individual clients. As at December 31, 2023, the accounts receivable and contract assets of the Group's top five clients accounted for 42.90% (2022: 46.80%) of the Group's total accounts receivable and contract assets.

In respect of accounts receivable, the Group has formulated a credit policy based on the actual situation and conducts credit assessment on clients to determine the credit amount and credit period. The credit assessment is mainly based on the client's financial position, external ratings and bank credit history (where possible). The receivables are generally due within 30 to 120 days from the date of billing. Under normal circumstances, the Group does not require clients to provide collateral.

(3) Liquidity risk

Liquidity risk is the risk of shortage of funds when the Group fulfills its obligations to settle by delivery of cash or other financial assets. The Company and its subsidiaries are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to meet anticipated cash requirements (subject to the approval of the Group's Board of Directors if borrowings are in excess of certain pre-determined authorization limits). It is the Group's policy to regularly monitor short-term and long-term liquidity requirements and compliance with borrowing agreements to ensure that adequate cash reserves are maintained and that commitments are obtained from major financial institutions to provide sufficient standby funds to meet short-term and longer-term liquidity requirements.

In order to control this risk, the Group regularly monitors the short-term and long-term liquidity requirements and compliance with the provisions of the borrowing agreements to ensure that sufficient cash reserves are maintained, and has obtained commitments from major financial institutions to provide sufficient standby funds to meet short-term and longer-term liquidity requirements.

As at December 31, 2023, the remaining contractual maturity of the Group's financial liabilities as at the balance sheet date based on the undiscounted contractual cash flows, including interest at contractual interest rates (or at the prevailing interest rate as at the reporting date in the case of floating interest rates), and the earliest date on which payments will be required are as follows:

2. Sensitivity analysis

The Group employs sensitivity analysis techniques to analyze the impact that reasonable and probable changes in risk variables may have on current profit or loss or shareholders' equity. Since changes in any of the risk variables rarely occur in isolation and the correlation that exists between the variables will play a significant role in the amount of the eventual impact of a change in one of the risk variables, the following has been performed assuming that the changes in each of the variables are independent. The impact on total profit and shareholders' equity of the appreciation/depreciation of RMB as a result of the changes in RMB against the US Dollar and the Vietnamese dong as at December 31, 2023 is presented in RMB at the spot exchange rate at the balance sheet date. Since the impact on total profit and shareholders' equity of financial instruments in other currencies in the event of exchange rate changes is not material, the related sensitivity analysis is omitted here. The Company believes that its exposure to exchange rate risk is generally manageable.

Items	**Exchange rate changes**	**FY2023**	
		Impact on net profit	**Impact on shareholders' equity**
Depreciation of RMB against USD	Appreciation of 5% against RMB	-462,604.74	-462,604.74
Appreciation of RMB against USD	Depreciation of 5% against RMB	462,604.74	462,604.74
Depreciation of RMB against Vietnamese Dong	Appreciation of 5% against RMB	-1,299,848.44	-1,299,848.44
Appreciation of RMB against Vietnamese Dong	Depreciation of 5% against RMB	1,299,848.44	1,299,848.44

The above sensitivity analysis is based on the re-measurement of financial instruments held by the Group that are exposed to exchange rate risk at the balance sheet date, assuming that the exchange rate at the balance sheet date has changed during the reporting period, using the changed exchange rate.

3. Capital management

The main objectives of the Group's capital management are to ensure the Group's ability to continue as a going concern and to maintain healthy capital ratios to support business development and maximize shareholder value.

The Group manages its capital structure and adjusts it in accordance with changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust profit distribution to shareholders, return capital to shareholders or issue new shares. The Group is not subject to external mandatory capital requirements. For the period January-December 2023, there have been no changes in capital management objectives, policies or procedures.

The Group monitors its capital through the asset-liability ratio, which is calculated as total liabilities divided by total assets. The asset-liability ratios at December 31, 2023 were as follows:

Item	Balance at end of year	Balance at beginning of year
Total liabilities	814,397,427.78	765,070,712.09
Total assets	1,904,362,490.44	1,778,281,762.96
Asset-liability ratio	42.76%	43.02%

2. Hedging

(1) Hedging business for risk management

□ Applicable √ N/A

Other Notes

□ Applicable √ N/A

(2) The Company conducts eligible hedging operations and applies hedge accounting.

□ Applicable √ N/A

Other notes

□ Applicable √ N/A

(3) The Company conducts hedge operations for risk management and expects to achieve the risk management objectives, but does not apply hedge accounting.

□ Applicable √ N/A

Other Notes

□ Applicable √ N/A

3. Transfer of financial assets

(1) Classification of transfer methods

□ Applicable √ N/A

(2) Financial assets derecognized due to transfer

□ Applicable √ N/A

(3) Transferred financial assets that continue to be involved in the financial asset

□ Applicable √ N/A

Other Notes

□ Applicable √ N/A

XIII. Fair value disclosure

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

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Fair value at the end of the period			
	Level 1 fair value measurement	Level 2 fair value measurements	Level 3 fair value measurements	Total
I. Ongoing fair value measurements				
(I) Financial assets held for trading				
1. Financial assets at fair value through profit or loss				
(1) Investments in debt instruments				
(2) Investments in equity instruments				
(3) Derivative financial assets				
2. Financial assets designated at fair value through profit or loss				
(1) Investments in debt instruments				
(2) Investments in equity instruments				
(II) Other debt investments				
(III) Investments in other equity instruments				
(IV) Investment properties				
1. Land use rights for lease				
2. Buildings for lease				
3. Land use rights held for transfer after appreciation in value				
(V) Biological assets				
1. Expendable biological assets				
2. Productive biological assets				
(VI) Receivables financing		3,572,953.18		3,572,953.18
Total assets measured at fair value on an ongoing basis		3,572,953.18		3,572,953.18
(VI) Financial liabilities held for trading				
1. Financial liabilities at fair value through profit or loss				
Of which: Trading bonds issued				
Derivative financial liabilities				
Others				

2. Financial liabilities designated at fair value through profit or loss				
Total liabilities at fair value on an ongoing basis				
II. Discontinued fair value measurements				
(I) Assets held for sale				
Total assets not continuously measured at fair value				
Total liabilities not continuously measured at fair value				

2. Basis for determining the market value of continuing and discontinued Level 1 fair value measurements

□ Applicable √ N/A

3. Qualitative and quantitative information on the valuation techniques and significant parameters used for the fair value measurement items in the continuous and discontinued Level 2 fair value hierarchy

√ Applicable □ N/A

The Group has entered into derivative financial instrument contracts with banks for foreign exchange forward, foreign exchange option, foreign exchange swap and foreign exchange option contracts, which are measured using valuation techniques similar to those used for forward pricing as well as the present value approach. The models cover a number of market observable inputs, including the maturity period of the option, the credit quality of the counterparty, spot and forward exchange rates and interest rate curves.

4. Continuing and discontinuing Level 3 fair value measurement items, qualitative and quantitative information on valuation techniques used and significant parameters

√ Applicable □ N/A

For structured deposits, the Group uses valuation techniques to determine their fair value. The valuation model used is mainly a discounted cash flow model. The inputs to the valuation technique are mainly the contractual expected rate of return.

5. Ongoing Level 3 fair value measurements, reconciliation information between opening and Closing book balance and sensitivity analysis of unobservable parameters

□ Applicable √ N/A

6. Continuing fair value measurements, if there was a transition between levels during the period, the reasons for the transition and the policy for determining the point of transition.

□ Applicable √ N/A

7. Changes in valuation techniques during the period and the reasons for such changes

□ Applicable √ N/A

8. Fair value of financial assets and liabilities not measured at fair value

□ Applicable √ N/A

9. Others

□ Applicable √ N/A

XIV. Related parties and related transactions

1. Parent company of the enterprise

√ Applicable □ N/A

Unit: Million/100 Yuan Currency: RMB

Name of parent company	Place of registration	Nature of business	Registered capital	Parent company's shareholding proportion in the enterprise (%)	Proportion of voting rights of the parent company in the enterprise (%)
Sheng Huei International Co., Ltd.	Samoa	Investment holding company	3.95 million dollars	64.9973	64.9973

Description of the enterprise's parent company

None

The ultimate controlling party of the enterprise is Acter (Taiwan)

Other Notes:

None

2. Information on subsidiaries of the Enterprise

For details of the subsidiaries of the Company, please refer to the notes

√ Applicable □ N/A

For details of the Group's subsidiaries, please refer to "IX.1. Interests in subsidiaries" in this section.

3. Joint ventures and associates of the Enterprise

Details of significant joint ventures or associates of the Company are set out in the notes.

□ Applicable √ N/A

Other joint ventures or associates with which the Company has entered into related-party transactions during the current period or with which the Company has entered into related-party transactions in prior periods, resulting in balances, are as follows

□ Applicable √ N/A

Other Notes

□ Applicable √ N/A

4. Other related parties

√ Applicable □ N/A

Name of other related parties	Relationship between other related parties and the enterprise
NOVA Technology Corp.	Enterprises controlled by the same ultimate controlling shareholder
Winmax Technology Corp.	Enterprises controlled by the same ultimate controlling shareholder
Suzhou Winmax Technology Corp.	Enterprises controlled by the same ultimate controlling shareholder
NOVATECH ENGINEERING & CONSTRUCTION PTE. LTD.	Enterprises controlled by the same ultimate controlling shareholder

Other Notes

None

5. Related transactions

(1). Purchase and sale of goods, provision and acceptance of labor related transactions

Purchase of goods/acceptance of services
□ Applicable √ N/A

Sale of goods/provision of services
□ Applicable √ N/A

Purchase and sale of goods, provision and acceptance of services
□ Applicable √ N/A

(2). Affiliated fiduciary management/contracting and entrusted management/contracting out

The Company's fiduciary management/contracting status table:
□ Applicable √ N/A

Explanation of Affiliated Fiduciary Management/Contracting Situation
□ Applicable √ N/A

The Company's entrusted management/contracting
□ Applicable √ N/A

Management/contracting by affiliation
□ Applicable √ N/A

(3). Affiliated leasing

The Company acts as a lessor:
√ Applicable □ N/A

Unit: Yuan Currency: RMB

Name of Lessee	Type of leased asset	Lease income recognized in the current period	Lease income recognized in the previous period
Winmax (Suzhou)	Housing lease	2,590,579.03	1,812,710.39

The Company acted as the lessee:
√ Applicable ☐ N/A

Unit: Yuan Currency: RMB

Name of lessor	Type of leased assets	Rental costs for short-term leases and leases of low-value assets with simplified treatment (if applicable)		Variable lease payments not included in the measurement of the lease liability (if applicable)		Rental payments		Interest expense on lease liabilities assumed		Increase in right-of-use assets	
		Current period	Prior period	Current period	Prior period	Current period	Current period	Current period	Current period	Current period	Prior period
Novatech (Singapore)	Rental	24,466.69	21,215.64								

Explanation of related leases
□ Applicable √ N/A

(4). Related guarantees

The Company as a guarantor
□ Applicable √ N/A

The Company as a guaranteed party
□ Applicable √ N/A

Explanation of related guarantees
□ Applicable √ N/A

(5). Borrowing of funds from related parties

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Related party	Borrowing amount	Starting date	Maturity date	Description
Borrowing				
Sheng Huei International	17,820,267.27	2023-11-23	2024-11-22	
Sheng Huei International	5,041,176.98	2023-10-24	2024-10-23	
Lending				

(6). Transfer of assets and debt restructuring by related parties

□ Applicable √ N/A

(7). Remuneration of key management personnel

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
Remuneration of key management personnel	5,101,745.67	11,915,721.03
Of which: Share-based payment		5,543,272.46

(8). Other related transactions

□ Applicable √ N/A

6. Unsettled receivables and payables from related parties

(1). Items receivable

□ Applicable √ N/A

(2). Items payable

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item Name	Related parties	Closing book balance	Opening book balance
Other payables	Singapore	42,684.21	38,095.79

Other payables	Sheng Huei International	22,861,444.25	
Total		22,904,128.46	38,095.79

(3). Other items

□ Applicable √ N/A

7. Related party commitments

□ Applicable √ N/A

8. Others

√ Applicable □ N/A

(1) Payments on behalf of related parties

Unit: Yuan Currency: RMB

Related party	Content of related transactions	Amount in the current year	Amount in the prior year
Winmax (Suzhou)	Payment of utilities by Suzhou Acter on behalf of Winmax (Suzhou)	710,302.15	569,343.60
Total		710,302.15	569,343.60

(2) Acceptance of payment on behalf of related parties

Unit: Yuan Currency: RMB

Related party	Content of related transactions	Amount in the current year	Amount in the prior year
Novatech (Singapore)	Payment of utility bills on behalf of Sheng Huei (Singapore) by Novatech (Singapore)	14,169.08	12,286.34
Total		14,169.08	12,286.34

XV. Share-based payment

1. Equity instruments

□ Applicable √ N/A

Stock options or other equity instruments issued and outstanding at the end of the period

□ Applicable √ N/A

2. Equity-settled share-based payments

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Method of determining the fair value of equity instruments at the date of grant	Determined on the basis of the appraised value or on the basis of the fair value calculated by taking into account the Company's own circumstances and the price-earnings ratio of the same industry
Important parameters of the fair value of equity instruments at the date of grant	
Basis for determining the number of available equity instruments	At each balance sheet date during the waiting period, the Company makes its best estimate of the

	number of vested equity instruments based on the latest available subsequent information, such as changes in the number of vested employees.
Reasons for significant differences between the current period's estimate and the previous period's estimate	
Cumulative amount of equity-settled share-based payments recognized in capital surplus	32,368,025.42

Other Notes
None

3. Cash-settled share-based payments

□ Applicable √ N/A

4. Share-based payment expenses for the period

□ Applicable √ N/A

5. Modification and termination of share-based payment

□ Applicable √ N/A

6. Other

□ Applicable √ N/A

XVI. Commitments and contingencies

1. Important commitments

□ Applicable √ N/A

2. Contingencies

(1). Important contingencies existing at the balance sheet date

√ Applicable □ N/A

Name of guaranteed entity	Guarantee Matters	Currency	Amount	Guarantee starting date	Guarantee expiration date
Shenzhen Dingmao	Contractual joint and several guarantee	RMB	1,570,700.00	2020-8-3	2023-1-31
Shenzhen Dingmao	Contractual joint and several guarantee	RMB	3,394,222.00	2021-1-27	2023-3-14
Sheng Huei (Vietnam)	Contractual joint and several guarantee	RMB	27,245,338.06	2020-6-19	2023-6-17
Shenzhen Dingmao	Contractual joint and several guarantee	RMB	565,000.00	2020-8-3	2023-7-9
Suzhou Acter	Contractual joint and several guarantee	RMB	19,900,000.00	2020-7-2	2023-10-22
Suzhou Acter	Contractual joint and several guarantee	RMB	11,300,000.00	2020-7-2	2023-10-22
Suzhou Acter	Contractual Joint and Several Guarantee	RMB	4,690,000.00	2021-4-12	2023-10-22
Shenzhen Dingmao	Contractual joint and several guarantee	RMB	610,200.00	2021-8-1	2023-12-7

Sheng Huei (Vietnam)	Contractual joint and several guarantee	RMB	125,897,195.25	2020-9-23	2024-7-10
Acter (Shenzhen)	Bank financing	RMB	40,000,000.00	2022-9-5	2024-3-31
Shenzhen Dingmao	Bank financing	RMB	45,000,000.00	2022-9-5	2024-3-31
Sheng Huei (Vietnam)	Contractual joint and several guarantee	RMB	21,076,153.89	2022-3-1	2025-6-30
Sheng Huei (Vietnam)	Contractual joint and several guarantee	RMB	17,168,854.83	2022-3-10	2025-6-30

Name of guaranteed entity	Guarantee matters	Currency	Amount	Guarantee starting date	Guarantee expiration date
Sheng Huei (Vietnam)	Contractual Joint and Several Guarantee	RMB	4,473,565.17	2021-5-7	2025-9-1
Shenzhen Dingmao	Bank financing	RMB	20,000,000.00	2023-1-16	2025-11-30
Sheng Huei (Vietnam)	Contractual joint and several guarantee	RMB	14,285,182.90	2023-1-10	2025-7-31
Sheng Huei (Vietnam)	Contractual joint and several guarantee	RMB	99,925,200.63	2023-7-7	2026-3-31
Sheng Huei (Vietnam)	Contractual joint and several guarantee	RMB	721,558.28	2023-11-13	2026-3-31
Sheng Huei (Vietnam)	Contractual joint and several guarantee	RMB	1,532,643.25	2023-11-27	2026-3-31
Sheng Huei (Vietnam)	Contractual joint and several guarantee	RMB	71,446,415.71	2020-12-7	2026-3-31
Sheng Huei (Vietnam)	Contractual joint and several guarantee	RMB	5,430,176.59	2021-5-7	2026-3-31
Sheng Huei (Vietnam)	Contractual joint and several guarantee	RMB	159,724,393.29	2023-10-12	2026-7-7
Sheng Huei (Vietnam)	Bank financing	RMB	14,292,800.00	2022-10-27	2023-10-26
Sheng Huei (Malaysia)	Bank financing	RMB	14,292,800.00	2022-10-27	2023-10-26
Acter (Indonesia)	Bank financing	RMB	7,146,400.00	2022-10-27	2023-10-26

(2). The Company has no material contingencies that need to be disclosed, which shall also be stated:

□ Applicable √ N/A

3. Others

□ Applicable √ N/A

XVII. Events after the balance sheet date

1. Important non-adjusting events

□ Applicable √ N/A

2. Profit distribution

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Profit or dividend to be distributed	80,000,000.00
Profits or dividends declared after consideration and approval	80,000,000.00

Pursuant to the resolution of the Twelfth Meeting of the Second Session of the Board of Directors held on March 29, 2024, the Group's plan for profit distribution for the year 2023 is as follows:

Based on the total share capital of 100 million shares as at the record date for dividend distribution, the Company will distribute a cash dividend of RMB 8.00 (including tax) for every 10 shares, totaling RMB 80 million (including tax);

The profit distribution plan has yet to be approved by the shareholders' meeting.

3. Sales return

□ Applicable √ N/A

4. Description of other post-balance sheet events

□ Applicable √ N/A

XVIII. Other Important Matters

1. Correction of prior period accounting errors

(1). Retrospective restatement

□ Applicable √ N/A

(2). Future application method

□ Applicable √ N/A

2. Significant debt restructuring

□ Applicable √ N/A

3. Asset replacement

(1). Non-monetary asset exchange

□ Applicable √ N/A

(2). Other asset replacement

□ Applicable √ N/A

4. Annuity plan

□ Applicable √ N/A

5. Discontinued operations

□ Applicable √ N/A

6. Segment Information

(1). Basis for determining reportable segments and accounting policies

√ Applicable □ N/A

The Group operates as a whole and has a unified internal organizational structure, management evaluation system and internal reporting system. The management conducts resource allocation and performance evaluation by regularly reviewing financial information at the corporate level. The Group did not have any separately managed operating segment during the reporting period, and therefore the Group has only one operating segment.

(1) Geographical information

Information on the Group's revenue from external transactions by region is set out in the table below. Revenue from external transactions is classified according to the location of the clients who constructed the projects or purchased the products.

Location of clients	FY 2023	FY2022
Chinese mainland	1,573,087,402.75	1,345,403,207.90
Southeast Asia	435,837,592.93	282,491,912.59

Location of clients	FY2023	FY2022
Other countries and regions		
Total	**2,008,924,995.68**	**1,627,895,120.49**

The Group's non-current assets (excluding deferred tax assets) are mainly located in Mainland China, based on the physical location of the assets (for fixed assets) and the location of the related operations (for intangible assets).

(2). Financial information of reportable segments

□ Applicable √ N/A

(3). If the Company does not have any reportable segments, or cannot disclose the total assets and total liabilities of each reportable segment, the reasons shall be explained

□ Applicable √ N/A

(4). Other Notes

□ Applicable √ N/A

7. Other important transactions and matters affecting investors' decisions

□ Applicable √ N/A

8. Others

□ Applicable √ N/A

XIX. Notes to the Parent Company's Financial Statements

1. Accounts receivable

(1). Disclosure by ageing

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Ageing of accounts	Closing book balance	Opening book balance
Within 1 year		
Of which: Within 1 year		

1-6 months (including 6 months)	275,587,971.19	366,977,828.81
6 months to 1 year (including 1 year)	22,218,436.60	9,056,844.04
Subtotal within 1 year	297,806,407.79	376,034,672.85
1 to 2 years	12,215,831.57	10,672,297.62
2 to 3 years	11,833,238.76	20,586,667.94
3 to 4 years	14,226,750.24	8,125,154.26
4 to 5 years	7,542,629.98	
More than 5 years	650,753.62	650,753.62
Total	344,275,611.96	416,069,546.29

(2). Disclosure by bad debt accrual method

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Provision (%)		Amount	Proportion (%)	Amount	Provision (%)	
Provision for bad debts by individual item	9,379,167.99	2.72	9,379,167.99	100.00		9,961,692.27	2.39	9,961,692.27	100.00	
Of which:										
Provision for bad debts by portfolio	334,896,443.97	97.28	19,778,999.61	5.91	315,117,444.36	406,107,854.02	97.61	16,701,308.33	4.11	389,406,545.69
Of which:										
Total	344,275,611.96	/	29,158,167.60	/	315,117,444.36	416,069,546.29	/	26,663,000.60	/	389,406,545.69

Individual provision for bad-debt reserves:

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Name	Closing balance

	Book balance	Provision for bad debts	Provision ratio (%)	Reason for provision
Qinghua Group Xinjiang Coal Chemical Industry Co., Ltd.	6,570,214.37	6,570,214.37	100.00	Debtor's financial difficulties
Suzhou Mingqiao Municipal Engineering Co., Ltd.	2,158,200.00	2,158,200.00	100.00	Debtor's bankruptcy
Suzhou Hyperion Geocrystal Co., Ltd.	650,753.62	650,753.62	100.00	Debtor's bankruptcy, the amount is expected to be difficult to recover
Total	9,379,167.99	9,379,167.99	100.00	/Total

Explanation of bad debt provision by individual item:
□ Applicable √ N/A

Provision for bad debts by portfolio:
√ Applicable □ N/A

Items provided for by portfolio: Ageing portfolio

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Provision ratio (%)
1-6 months (including 6 months)	275,587,971.19	8,267,639.26	3.00
6 months to 1 year (including 1 year)	22,218,436.60	1,110,921.83	5.00
Subtotal within 1 year	297,806,407.79	9,378,561.09	
1 to 2 years	12,215,831.57	1,221,583.16	10.00
2 to 3 years	11,833,238.76	2,366,647.75	20.00
3 to 4 years	12,068,550.24	6,034,275.12	50.00
4 to 5 years	972,415.61	777,932.49	80.00
More than 5 years			
Total	334,896,443.97	19,778,999.61	

Explanation of provision for bad debts by portfolio:
□ Applicable √ N/A

Provision for bad debts based on the general model of expected credit losses
□ Applicable √ N/A

Basis of classification of each stage and percentage of provision for bad debts
None

Description of significant changes in the book balance of accounts receivable for which changes in the allowance for losses occurred during the period:

□ Applicable √ N/A

(3). Provision for bad debts

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Category	Opening balance	Change during the period				Closing balance
		Provision	Recovery or reversal	Write-offs or cancellations	Other changes	
Provision for bad debts	26,663,000.60	2,495,167.00				29,158,167.60
Total	26,663,000.60	2,495,167.00				29,158,167.60

Of which the amount of provision for bad debts recovered or reversed during the period is significant:

□ Applicable √ N/A

Other Notes

None

(4). Accounts receivable actually written off during the period

□ Applicable √ N/A

Significant accounts receivable written off during the period

□ Applicable √ N/A

Description of accounts receivable written off:

□ Applicable √ N/A

(5). Accounts receivable and contract assets with top five closing balances summarized by party owed to the Company

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Unit Name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Percentage of total accounts receivable and contract assets closing balance (%)	Closing balance of provision for bad debts
Client I	35,204,113.72	55,230,371.74	90,434,485.46	13.90	1,332,275.27
Client II	60,617,976.68	10,161,956.75	70,779,933.43	10.88	1,854,828.60
Client III		69,801,621.75	69,801,621.75	10.73	355,720.96
Client IV	49,308,641.40	7,107,249.70	56,415,891.10	8.67	1,521,133.18
Client V	11,691,023.33	31,917,411.40	43,608,434.73	6.71	587,112.75
Total	156,821,755.13	174,218,611.34	331,040,366.47	50.89	5,651,070.76

Other Notes
None

Other Notes:
□ Applicable √ N/A

2. Other receivables

Item presentation

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	31,069,788.93	39,103,210.81
Total	31,069,788.93	39,103,210.81

Other Notes:
□ Applicable √ N/A

Interest receivable

(1). Classification of interest receivable

□ Applicable √ N/A

(2). Significant overdue interest

□ Applicable √ N/A

(3). Disclosure by bad debt accrual method

□ Applicable √ N/A

Individual provision for bad-debt reserves:
□ Applicable √ N/A

Explanation of individual provision for bad-debt reserves:
□ Applicable √ N/A

Provision for bad debts by portfolio:
□ Applicable √ N/A

(4). Provision for bad debts based on general model of expected credit losses.

□ Applicable √ N/A

Basis of classification of each stage and percentage of bad debt provisioning

None

Explanation of significant changes in the book balance of interest receivables for which changes in the allowance for losses occurred during the period:
□ Applicable √ N/A

(5). Provision for bad debts

□ Applicable √ N/A

Of which the amount of bad debt provision recovered or reversed during the period is significant:
□ Applicable √ N/A

Other Notes:
None

(6). Interest receivable actually written off during the period

□ Applicable √ N/A

Significant write-off of interest receivable
□ Applicable √ N/A

Description of write-offs:
□ Applicable √ N/A

Other Notes:
□ Applicable √ N/A

Dividends receivable

(1). Dividends receivable

□ Applicable √ N/A

(2). Significant dividends receivable with an age of more than 1 year

□ Applicable √ N/A

(3). Disclosure by bad debt accrual method

□ Applicable √ N/A

Individual provision for bad-debt reserves:
□ Applicable √ N/A

Explanation of individual provision for bad-debt reserves:
□ Applicable √ N/A

Provision for bad debts by portfolio:
□ Applicable √ N/A

(4). Provision for bad debts based on general model of expected credit losses.

□ Applicable √ N/A

Basis of classification of each stage and percentage of provision for bad debts

None

Explanation of significant changes in the book balance of dividends receivable for which changes in the allowance for losses occurred during the period:

□ Applicable √ N/A

(5). Provision for bad debts

□ Applicable √ N/A

Of which the amount of bad debt provision recovered or reversed during the period is significant:

□ Applicable √ N/A

Other Notes:

None

(6). Dividends receivable actually written off during the period

□ Applicable √ N/A

Of which significant dividend receivable write-offs

□ Applicable √ N/A

Description of write-offs:

□ Applicable √ N/A

Other Notes:

□ Applicable √ N/A

Other receivables

(1). Disclosure by ageing

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Ageing	Closing book balance	Opening book balance
Within 1 year		
Of which: Within 1 year		
Within 1 year (including 1 year)	23,934,949.61	34,273,904.03
Subtotal within 1 year	23,934,949.61	34,273,904.03
1 to 2 years	2,909,712.70	5,154,409.31
2 to 3 years	4,814,209.43	131,200.00
3 to 4 years	126,600.00	127,400.00
4 to 5 years	10,900.00	91,000.00

More than 5 years	59,000.00	74,000.00
Total	31,855,371.74	39,851,913.34

(2). Breakdown by nature of payment

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Nature of payment	Closing book balance	Opening book balance
Current account	18,635,795.92	27,055,330.18
Guarantee and deposit	11,137,720.63	11,312,752.73
Reserve	1,034,400.00	792,900.00
Other	1,047,455.19	690,930.43
Subtotal	31,855,371.74	39,851,913.34
Provision for bad debts	785,582.81	748,702.53
Total	31,069,788.93	39,103,210.81

(3). Provision for bad debts

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Provision for bad debts	Phase I	Phase II	Phase III	Total
	Expected credit losses for the next 12 months	Expected credit losses for the entire duration (no credit impairment)	Expected credit losses for the entire duration (no credit impairment)	
Balance at January 1, 2023	748,702.53			748,702.53
Balance at January 1, 2023 in the current period				
--Reversed to Phase II				
--Reversed to Phase III				
--Reversed to Phase II				
--Reversed to Phase I				
Provision during the period	36,880.28			36,880.28
Reversal during the period				
Write-offs during the period				
Cancellations during the period				
Other changes				
Balance at December 31, 2023	785,582.81			785,582.81

Basis of classification of phases and percentage of provision for bad debts

None

Explanation of significant changes in the book balance of other receivables for which changes in the allowance for losses occurred during the period:
□ Applicable √ N/A

The amount of provision for bad debts for the current period and the basis adopted for assessing whether there is a significant increase in the credit risk of financial instruments:
□ Applicable √ N/A

(4). Provision for bad debts

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Category	Opening balance	Change during the period				Closing balance
		Provision	Recovered or reversed	Write-offs or cancellations	Other changes	
Provision for bad debts	748,702.53	36,880.28				785,582.81
Total	748,702.53	36,880.28				785,582.81

Of which the amount of provision for bad debts reversed or recovered during the period is significant:
□ Applicable √ N/A

Other Notes

None

(5). Other receivables actually written off during the period

□ Applicable √ N/A

Significant other receivables written off during the period:
□ Applicable √ N/A

Description of other receivables written off:
□ Applicable √ N/A

(6). Other receivables with the top five closing balances grouped by party owed

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Unit Name	Closing balance	Percentage of total closing balance of other receivables (%)	Nature of receivables	Ageing	Closing balance of provision for bad debts
Unit I	14,670,301.47	46.06	Borrowing and lending	Within 1 year	
Unit II	5,585,535.63	17.53	Guarantee deposits	Less than 1 year, 1-2 years, 2-3 years	279,276.78

Unit III	3,077,313.14	9.66	Salaries of expatriates	Within 1 year	
Unit IV	1,493,000.00	4.69	Guarantee deposits	Less than 1 year, 1-2 years, 2-3 years, 3-4 years	74,650.00
Unit V	800,000.00	2.51	Guarantee deposits	Within 1 year	40,000.00
Total	25,626,150.24	80.45	/Total	/	393,926.78

(7). Presented in other receivables due to centralized management of funds

□ Applicable √ N/A

Other Notes:

□ Applicable √ N/A

3. Long-term equity investments

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	88,485,289.33		88,485,289.33	84,542,333.88		84,542,333.88
Investments in associates and joint ventures						
Total	88,485,289.33		88,485,289.33	84,542,333.88		84,542,333.88

(1). Investments in subsidiaries

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Invested Unit	Opening balance	Increase during the period	Decrease during the period	Closing balance	Provision for impairment for the period	Closing balance of provision for impairment
Acter (Shenzhen)	37,527,798.95			37,527,798.95		
Shenzhen Dingmao	5,000,000.00			5,000,000.00		
Acter (Hong Kong)	28,651,120.44			28,651,120.44		
Acter (Singapore)	13,363,414.49			13,363,414.49		
Indonesia Joint Venture		3,942,955.45		3,942,955.45		
Total	84,542,333.88	3,942,955.45		88,485,289.33		

(2). Investments in associates and joint ventures

□ Applicable √ N/A

(3). Impairment testing of long-term equity investments

□ Applicable √ N/A

Other Notes:
None

4. Operating revenues and operating costs

(1). Operating revenues and operating costs

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current Period		Amount in the prior period	
	Revenue	Cost	Revenue	Cost
Main businesses	1,511,362,826.53	1,337,646,532.15	1,200,221,360.57	1,036,325,910.16
Other business	4,071,314.74	1,320,285.28	5,630,460.36	3,385,164.11
Total	1,515,434,141.27	1,338,966,817.43	1,205,851,820.93	1,039,711,074.27

(2). Breakdown information of operating revenues and operating costs

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Contracts Classification	Parent Company		Total	
	Operating Revenue	Operating Costs	Operating Revenue	Operating Costs
Commodity Type				
Clean room engineering	1,464,301,397.12	1,299,051,834.63	1,464,301,397.12	1,299,051,834.63
Other electromechanical installation works	47,050,267.61	38,587,119.64	47,050,267.61	38,587,119.64
Sales of equipment	11,161.80	7,577.88	11,161.80	7,577.88
Other businesses	4,071,314.74	1,320,285.28	4,071,314.74	1,320,285.28
By region of operation				

Domestic	1,515,434,141.27	1,338,966,817.43	1,515,434,141.27	1,338,966,817.43
Market or client Type				
IC Semiconductor Industry	1,277,995,305.19	1,145,012,859.98	1,277,995,305.19	1,145,012,859.98
Precision manufacturing industry	95,839,244.09	83,068,202.99	95,839,244.09	83,068,202.99
Optoelectronics industry	100,628,804.88	80,152,029.38	100,628,804.88	80,152,029.38
Other industries	36,899,472.37	29,413,439.80	36,899,472.37	29,413,439.80
Other businesses	4,071,314.74	1,320,285.28	4,071,314.74	1,320,285.28
Contract type				
Sales of goods	11,161.80	7,577.88	11,161.80	7,577.88
Provision of construction labor	1,511,351,664.73	1,337,638,954.27	1,511,351,664.73	1,337,638,954.27
Other businesses	4,071,314.74	1,320,285.28	4,071,314.74	1,320,285.28
Classification by contract period				
Revenue recognized at a point in time	11,161.80	7,577.88	11,161.80	7,577.88
Revenue recognized at a certain point in time	1,515,422,979.47	1,338,959,239.55	1,515,422,979.47	1,338,959,239.55
Total	1,515,434,141.27	1,338,966,817.43	1,515,434,141.27	1,338,966,817.43

Other notes
□ Applicable √ N/A

(3). Explanation of performance obligations
□ Applicable √ N/A

(4). Description of apportionment to remaining performance obligations
□ Applicable √ N/A

(5). Significant contract changes or significant transaction price adjustments
□ Applicable √ N/A

Other Notes:

None

5. Investment income

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount in the current period	Amount in the prior period
Income from long-term equity investments accounted for under the cost method		
Income from long-term equity investments accounted for under the equity method		
Investment income from disposal of long-term equity investments	-300,000.00	
Investment income from financial assets held for trading		
Dividend income from other equity instruments during the holding period		
Interest income from debt investments during the holding period		
Interest income from other debt investments during the holding period		
Investment income from disposal of trading financial assets	1,894,851.65	
Investment income from disposal of other equity instruments		
Investment income from disposal of debt investments		
Investment income from disposal of other debt investments		
Gain on debt restructuring		
Dividend payment	17,000,000.00	9,000,000.00
Total	18,594,851.65	9,000,000.00

Other Notes: None

6. Others

□ Applicable √ N/A

XX. Supplementary information

1. Details of non-recurring gains and losses for the period

√ Applicable □ N/A

Unit: Yuan Currency: RMB

Item	Amount	Description

Gains and losses on disposal of non-current assets, including write-off of provision for asset impairment	52,564.23	
Government grants recognized as current profit or loss, except those closely related to the Company's normal business operations, in compliance with national policies and in accordance with established criteria, and with a continuing impact on the Company's profit or loss.	3,731,552.00	
Gains and losses from changes in fair value of financial assets and liabilities held by non-financial enterprises and gains and losses from the disposal of financial assets and liabilities, except for effective hedging business related to the Company's normal business operations.		
Funds occupation fees charged to non-financial enterprises recognized in profit or loss		
Gains and losses on entrusted investment or asset management		
Gains and losses on entrusted external loans		
Losses on assets due to force majeure factors, such as natural disasters		
Reversal of provision for impairment of receivables individually tested for impairment		
Gain arising from the excess of the cost of investments in subsidiaries, associates and joint ventures over the fair value of the investee's identifiable net assets at the time of investment acquisition		
Net profit or loss of subsidiaries from the beginning of the period to the date of consolidation arising from a business combination under the same control		
Gain or loss on exchange of non-monetary assets		
Gains and losses on debt restructuring		
One-time costs incurred by the enterprise due to the discontinuation of the relevant business activities, such as employee relocation expenses.		
One-time impact on profit or loss due to adjustments in tax, accounting and other laws and regulations.		
Share-based payment expenses recognized as a result of cancellation or modification of the share incentive plan.		
Gains or losses arising from changes in the fair value of employee remuneration payable after the feasible date for cash-settled share-based payments		
Gains or losses from changes in the fair value of investment properties subsequently measured using the fair value model		
Gains or losses from transactions at prices that are not at arm's length		
Gains and losses arising from contingencies unrelated to the Company's normal business operations		
Custodian fee income from entrusted operations		
Non-operating revenue and expenses other than those mentioned above	-811,609.16	
Other profit and loss items that meet the definition of non-recurring profit and loss		

Less: Income tax effect	445,099.41	
Effect of minority interests (after tax)	-1,725.46	
Total	2,529,133.12	

For non-recurring profit and loss items that the company identifies as items not listed in "Interpretative Announcement for Information Disclosure of Companies Issuing Public Securities No. 1 - Non-recurring Profit and Loss" and the amount is significant, as well as items that are defined as recurring profit and loss items that are listed in "Interpretative Announcement for Information Disclosure of Companies Issuing Public Securities No. 1 - Non-recurring Profit and Loss", the reasons shall be explained.
□ Applicable √ N/A

Other Notes
□ Applicable √ N/A

2. Return on net assets and earnings per share
√ Applicable □ N/A

Profit for the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	13.67	1.39	1.39
Net profit attributable to ordinary shareholders of the Company after extraordinary gains and losses	13.42	1.36	1.36

3. Differences in accounting data under Chinese and foreign accounting standards
□ Applicable √ N/A
4. Others
□ Applicable √ N/A

Chairman: Liang Jinli

Date of approval for filing by the Board of Directors: March 29, 2024

Revised information
□ Applicable √ N/A