

Goertek Inc.

Annual Report 2023

Goertek

March 2024

Annual Report 2023

Section I Important Notes, Contents and Interpretations

The Board of Directors, the Supervisory Board, directors, supervisors and senior management of the Company guarantee that the information presented in this report shall be together be wholly liable for the truthfulness, accuracy and completeness of its contents and free from false statement, misrepresentations and material omissions, and will undertake individual and joint legal liabilities.

Jiang Bin, the person in charge of the Company, and Li Yongzhi, the person in charge of accounting and the accounting department (accounting supervisor) guarantee that the financial report in this annual report is authentic, accurate and complete. All directors have attended the board meeting to review the annual report.

The future plans and some forward-looking statements mentioned herein are planned matters which shall not constitute a substantial commitment of the Company to investors. Both investors and relevant persons should understand the differences among plan, forecast and commitment. Please pay attention to investment risks.

The Company faces the risks in market, operation and management. Investors are kindly reminded to pay attention to possible investment risks. For details, refer to "Section III Management Discussion and Analysis, XI Outlook for the Future Development of the Company" in this report.

The profit distribution proposal considered and approved by the Board of Directors is as follows: based on the total share capital registered on the record date of equity distribution minus the repurchased shares in the Company's specific securities repurchase account, the Company will distribute cash dividend of RMB 1.00 (tax inclusive) for per 10 shares to all the shareholders. There will be no bonus shares or conversion of capital surplus into share capital.

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Directory of Reference Files

- (1) Financial statements with signatures and seals of the legal representative, the person in charge of accounting and the person in charge of accounting department (accounting supervisor);
- (2) The originals of 2023 annual report signed by the legal representative of the Company;
- (3) The originals of the auditor's report with the seal of accounting firm and the signature and seal of the certified public accountants;
- (4) The originals of all company documents and announcements publicly disclosed in media designated by China Securities Regulatory Commission (CSRC) during the reporting period.

Interpretations

Terms	Refers to	Content of interpretation
Company, the Company, Goertek Inc.	Refers to	Goertek Inc.
Goertek Group	Refers to	Goertek Group Co., Ltd., Controlling shareholder of the Company
Goertek Microelectronics	Refers to	Goertek Microelectronics Inc. controlled subsidiary of the Company
Goertek Optical	Refers to	Goertek Optical Technology Co., Ltd, controlled subsidiary of the Company
ODM	Refers to	Original Design and Manufacturing
JDM	Refers to	Joint Design and Manufacturing
Micro speaker	Refers to	The micro electro-acoustic components that transform electrical signal into acoustic signal, generate driving force through the magnetic line cutting of voice coil in magnetic field, to drive the diaphragm vibration, which then pushes the air for sounding. Compared with the micro receiver, it's characterized by higher power, wide frequency response and high fidelity, which is generally used for playing the sound.
MEMS	Refers to	Based on micron/nano technology, Micro electro mechanical system (MEMS) is a technology developed for designing, processing, manufacturing, measuring and controlling micron/nano materials. MEMS can integrate mechanical components, optical system and electric control system of driving components into a whole unit of microsystem, featured with miniaturization, intelligence, multi-function, high integration and being suitable for mass production.
Speaker module	Refers to	The acoustic component composed of one or several micro speakers and other electronic devices, which are assembled together through an injection molded housing.
Smart wearable devices	Refers to	A portable device that can be worn or carried directly, or integrated into the user's clothes or accessories.
Virtual Reality/VR	Refers to	A computer simulation system that can generate a simulation environment, where users can experience virtual situations.
Mixed reality/MR	Refers to	A new visual environment that can integrate the real and virtual situations, where users, the real world, and virtual digital objects can coexist and interact in real time.
Augmented Reality/AR	Refers to	A technology that skillfully integrates virtual information with the real world. By making extensive use of multimedia, 3D modeling, real-time tracking and registration, intelligent interaction, sensing and other technical means, it applies the computer-generated text, images, 3D models, music, video and other virtual information to the real world after simulation. These two kinds of information complement each other to achieve "augmentation" of the real world.
Smart wireless earphones	Refers to	The new types of smart wireless earphones represented by TWS (True Wireless Stereo) earphones connect the left and right earphones with smart phones or other terminal devices through Bluetooth technology to form an independent stereo system, which realizes touch control, voice control, body information collection and other functions by adding various sensors.
Microsystem module	Refers to	Also known as SiP (System in Package) packaging module at the system level, it integrates multiple chips and passive components into the same package through advanced packaging technologies such as 3D packaging, to form a module with whole or main functions of an electronic system, so as to realize the optimal combination of performance, volume, weight and other indicators. It is a versatile next-generation microelectronics technology.
Sensor	Refers to	A detection device that is capable of feeling the measured information, and able to transform the information into electrical signals or other required forms of

		information for output based on certain rules, in order to meet the requirements of information transmission, processing, storage, display, recording and control.
Micro-nano optical components	Refers to	Optical components based on micro-structured materials. They offer significant advantages over traditional optical components in terms of making optical systems lighter, more integrated, and more capable of using intelligent sensing technology.
3D sensing	Refers to	The process of obtaining three-dimensional information about an object by using light, sound, electromagnetism, or other means to contact the surface of the object. The measured information is then converted into an electrical signal or other desired form of information output according to a certain rule.
GPS	Refers to	Goertek Production System. It is a comprehensive operation system that integrates automation, information communication, artificial intelligence, green and low-carbon technologies. It aims to promote manufacturing transformation and upgrading, optimize the management and cooperation mode of the whole chain, and improve the core competitiveness of the company and the happiness of employees.
<i>The Company Law</i>	Refers to	<i>Company Law of the People's Republic of China</i>
<i>The Securities Law</i>	Refers to	<i>Securities Law of the People's Republic of China</i>
<i>Articles of Association</i>	Refers to	<i>Articles of Association of Goertek Inc.</i>
CSRC	Refers to	China Securities Regulatory Commission
RMB, RMB 10,000, RMB 100,000,000	Refers to	yuan (RMB), ten thousand yuan (RMB), hundred million yuan (RMB)
Reporting period	Refers to	January 1, 2023 to December 31, 2023

Notes:

1. In this report, any difference between the sum of some amounts and the sum of detailed items is due to rounding.
2. This report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

Section II Company Information and Financial Highlights

I. Company Information

Stock abbreviation	Goertek Inc.	Stock code	002241
The stock exchange where stocks are listed	Shenzhen Stock Exchange		
Name of the Company in Chinese	歌尔股份有限公司		
Abbreviation of the Company in Chinese	歌尔股份		
Name of the Company in English (if any)	Goertek Inc.		
Abbreviation of the Company in English (if any)	Goertek		
Legal representative of the Company	Jiang Bin		
Registered address	268 Dongfang Road, High-tech Industrial Development District, Weifang		
Postal code of registered address	261031		
History of changes in registered address of the Company	No change		
Business address	268 Dongfang Road, High-tech Industrial Development District, Weifang		
Postal code of business address	261031		
Company website	http://www.goertek.com		
E-mail	ir@goertek.com		

II. Contacts and Contact Information

	Board Secretary	Securities Affairs Representative
Name	Xu Dapeng	Xu Yanqing
Contact address	268 Dongfang Road, High-tech Industrial Development District, Weifang	268 Dongfang Road, High-tech Industrial Development District, Weifang
Tel.	0536-3055688	0536-3055688
Fax	0536-3056777	0536-3056777
E-mail	ir@goertek.com	ir@goertek.com

III. Media for Information Disclosure and Place of the Report

Website of the stock exchange for release of the Annual Report	Shenzhen Stock Exchange (http://www.szse.cn)
Name and website of the media for release of the Annual Report	<i>Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, CNINFO</i> (http://www.cninfo.com.cn)
Place where the Annual Report is available for inspection	Office of Board of Directors of the Company

IV. Changes in Registration

Unified Social Credit Code	91370700729253432M
The changes in main business since the Company was listed (if any)	No change
Changes of controlling shareholders of the Company (if any)	No change

V. Other Relevant Information

Accounting firm engaged by the Company

Name of the accounting firm	Zhongxi CPAs (Special General Partnership)
Business address of the accounting firm	Room 1101, No. 11, Chongwenmenwai Street, Dongcheng District, Beijing
Names of accountants signing the report	Du Yeqin, Zhang Shuli

The sponsor institution engaged by the Company to perform continuous supervision during the reporting period

Applicable Not applicable

The financial advisor engaged by the Company to perform continuous supervision during the reporting period

Applicable Not applicable

VI. Key Accounting Data and Financial Indicators

Whether the Company performed a retrospective adjustment or restatement of previous accounting data

Yes No

	2023	2022	Year-on-year change	2021
Revenue (RMB)	98,573,902,273.14	104,894,324,162.26	-6.03%	78,221,418,618.02
Net profit attributable to shareholders of the Company (RMB)	1,088,076,730.88	1,749,181,131.83	-37.80%	4,274,702,999.38
Net profit attributable to shareholders of the Company excluding non-recurring gains and losses (RMB)	859,926,918.87	1,627,378,630.73	-47.16%	3,832,421,177.27
Net cash flow from operating activities (RMB)	8,151,888,243.38	8,317,113,364.68	-1.99%	8,598,475,527.88
Basic earnings per share (RMB)	0.32	0.52	-38.46%	1.29
Diluted earnings per share (RMB)	0.32	0.52	-38.46%	1.28
Weighted average return on net assets	3.59%	6.17%	-2.58%	17.61%
	End of 2023	End of 2022	Year-on-year change	End of 2021
Total assets (RMB)	73,744,409,441.15	77,176,355,467.91	-4.45%	61,079,051,133.27
Net assets attributable to shareholders of the Company (RMB)	30,810,590,551.00	29,491,882,199.49	4.47%	27,327,747,993.97

Indicate whether the lower of the net profit before and after non-recurring gains and losses was negative for the last three accounting years, or the latest auditor's report indicated that there was uncertainty about the Company's ability to continue as a going concern.

Yes No

Indicate whether the lower of the net profit before and after non-recurring gains and losses was negative.

Yes No

VII. Differences in accounting data between domestic and overseas accounting standards

1. Differences in net profits and net assets in the financial reports disclosed according to International Financial Reporting Standards and China Accounting Standards

Applicable Not applicable

During the reporting period, there is no difference in net profits and net assets in the financial reports disclosed pursuant to International Financial Reporting Standards and China Accounting Standards.

2. Differences in net profits and net assets in the financial reports disclosed according to overseas accounting standards and China Accounting Standards

Applicable Not applicable

During the reporting period, there is no difference in net profits and net assets in the financial reports disclosed pursuant to foreign accounting standards and China Accounting Standards.

VIII. Key Quarterly Financial Indicators

Unit: RMB

	The first quarter	The second quarter	The third quarter	The fourth quarter
Revenue	24,122,252,634.31	21,050,325,234.60	28,775,249,801.07	24,626,074,603.16
Net profit attributable to shareholders of the Company	106,175,127.83	315,621,829.78	470,337,212.13	195,942,561.14
Net profit attributable to shareholders of the Company excluding non-recurring gains and losses (RMB)	15,112,875.19	425,863,646.15	345,293,902.06	73,656,495.47
Net cash flow from operating activities	134,286,338.03	1,967,742,875.47	1,299,068,883.40	4,750,790,146.48

Whether there is significant difference between the above financial indicators and that of what disclosed in the quarterly reports and semi-annual reports

Yes No

IX. Non-recurring Gains and Losses

Applicable Not applicable

Unit: RMB

Item	2023	2022	2021	Explanation
Gains and losses on disposal of non-current assets (including the write-off portion of the provision for asset impairment)	-123,882,680.16	122,922,237.61	-122,148,708.58	Mainly loss on retirement of fixed assets
Government grants included in the current gains and losses (except for those that are closely related to the normal business operations of the Company, comply with national policy regulations, are enjoyed according to established standards, and have a continuous impact on the Company's gains and losses)	331,548,590.64	351,383,799.43	464,119,437.91	Mainly special funds for enterprise innovation and development and other government grants

Item	2023	2022	2021	Explanation
Gains and losses from changes in the fair value of financial assets and liabilities, and from the disposal of financial assets and liabilities, held by non-financial enterprises, except for effective hedging businesses related to the normal operating business of the Company.	-26,138,756.91	-367,080,970.87	185,179,920.90	
Other non-operating income and expenditures other than those mentioned above	28,631,472.04	15,710,102.76	13,554,671.71	
Other profit and loss items that meet the definition of non-recurring profit and loss	66,527,741.91	42,288,231.23	2,603,363.20	Mainly tax benefits and investment income from certificates of deposits and other products
Less: Impact of income tax	35,531,401.22	26,114,589.64	84,270,186.15	
Impact of minority interests (after tax)	13,005,154.29	17,306,309.42	16,756,676.88	
Total	228,149,812.01	121,802,501.10	442,281,822.11	--

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable Not applicable

Mainly tax benefits and investment income from certificates of deposits and other products

Description of defining the non-recurring profit and loss items, which are listed in Explanatory Announcement No. 1 on Information Disclosure for Companies with Public Offerings of Securities as recurring profit and loss

Applicable Not applicable

The Company did not classify any item of the non-recurring profit and loss items listed in the *Explanatory Announcement No. 1 on Information Disclosure for Companies with Public Offerings of Securities* as recurring profit and loss in the reporting period.

Section III Management Discussion and Analysis

I. The situation of the industry during the reporting period

During the reporting period, the Company's main business is categorized into the industry of the manufacturing of computer, communication, and other electronic devices, and is divided into three product segments: precision component, smart audio device and smart hardware. The Company mainly focuses in consumer electronics and automotive electronics industries, and provides a wide range of products including acoustics, optics, microelectronics and structural precision components, as well as smart hardware products such as virtual reality (VR)/mixed reality (MR)/augmented reality (AR) products, TWS smart earphones, smart wearable devices, gaming console and accessories, and smart home products. The Company serves the global leading clients in the technology and consumer electronics industry with vertically integrated product solutions of precision components and smart hardware, as well as R&D and manufacturing services.

In the mobile era, where smartphone was considered as a core hardware, a large number of well-known enterprises in technology and consumer electronics industry had emerged worldwide thru the integration of hardware devices, software content and innovative applications, and drove the whole industry to achieve significant growth and development through a long period of time. In recent years, the pace of innovation on smartphone hardware and software, as well as the growth of smartphone market size, were both slowed down. The consumer electronics industry gradually stepped into the post-mobile era, and new kinds of smart hardware products have become the primary growth driver of hardware market in the industry.

The integration of smart hardware and advanced technologies as AI, 5G, intelligent sensing and interaction, software algorithms and others has created a large amount of new application scenarios and market demands, and further promoted the development of smart hardware products. In recent years, we have seen remarkable development in AI in particular. The large language models (LLMs) had made significant strides in 2023 and brought unprecedented impact to many fields including science, technology, art, education, and entertainment. The development of AI is expected to create more software applications and use cases for smart hardware products, which will help the development of these products in long term.

According to IDC, due to many unfavorable factors such as the weak global economic recovery, intensified geopolitical conflicts, and inadequate demand from end-users, the global smartphone shipments fell to 1.17 billion units in 2023 (-3.2% YoY). The slowdown of the innovation in both smartphone hardware technology and software application scenarios also impacted the market demand of related precision components.

In 2023, the market performance of smart hardware products was varied. According to Canalys, global shipments of smart wearable products reached about 186 million units (+2% YoY). Global shipments of TWS earphones reached about 295 million units (+2.4% YoY). The market for smart wearable products and TWS earphones continued to grow steadily, despite weak consumer demand. Along with the development of technologies such as intelligent interaction and health monitoring, and the expansion of application scenarios, the market size of these products is expected to further grow in the future.

VR, MR, and AR products remained the most popular directions in the consumer electronics industry in 2023. According to IDC, global shipments of VR, MR, and AR products totaled approximately 6.7 million units (-23.5% YoY). The VR and MR industries saw a decline in shipments in the short term, due to insufficient consumer demand and inadequate software content. However, there were many exciting things happened in the industry. On one hand, with the advancement of technologies like image sensing and spatial computing, mainstream VR products commonly integrated hardware and software content to support MR applications. The boundaries between VR and MR are further blurred, and MR products have become the mainstream of the market. On the other hand, many leading consumer electronics companies released new MR products or announced plans to develop Metaverse related products in 2023, which shows that the whole industry considers it as an important product direction and continuously promotes the development. Meanwhile, the market for AR products continues to grow rapidly and the hardware technologies are maturing. The potential integration of AR and AI has attracted the attention and investment of industry-leading companies. The development of VR, MR, and AR products will also further promote the development of related technologies and components, such as micro displays, optical components, sensors, etc.

The government attaches great importance to the development of the Metaverse industry. In September 2023, the Ministry of Industry and Information Technology (MIIT) and four other ministries jointly issued the "Three-Year Action Plan for the Innovative Development of the Metaverse Industry (2023-2025)". The plan further clarifies the principles, goals, key tasks, and supporting measures for the development of Metaverse industry, which is expected to continuously promote the healthy development of the industry.

The Company will seize the new industrial opportunities in the post-mobile era, such as new smart hardware products, AI, and Metaverse. The Company will continuously consolidate the core competitiveness based on existing advantages, expand the business

of new smart hardware products and related precision components, and actively engage in new product directions to support the long-term and healthy development of the company's business.

From the perspective of the industry competition, the global technology and consumer electronics industries still show a centralized trend. Top enterprises with strong competitiveness and brand awareness demonstrate competitive advantages by possessing a large amount of technologies, talents, funds, brands and industrial ecosystem resources, keep investing in the field of smart hardware and AI, and continuously lead the product and technology innovation in the industry.

From the perspective of industry supply chain, on one hand, China still has advantages in terms of political/economic environment, infrastructure, industrial completeness, talent resources, and other aspects. The overall competitiveness of electronic manufacturing enterprises in China is improving, and continuously fulfill the demands of the global supply chain. On the other hand, considering the complicated international political and economic environment, these enterprises need to prudently tackle the challenges of setting up a global supply chain layout.

II. The Company's main business during the reporting period

The Company serves the global leading clients in the technology and consumer electronics industry with vertically integrated product solutions of precision components and smart hardware, as well as R&D and manufacturing services.

The Company's main business divides into three product segments: precision component, smart audio device and smart hardware. The precision components business focuses on acoustics, optics, microelectronics, structural components, and other precision components. The products include micro speakers/receivers, speaker modules, haptic components (actuators), wireless charging components, antenna, MEMS sensors, microsystem modules, VR/MR optical components and modules, AR optical components, micro/nano optical components, 3D structured light modules, AR optical engine modules, AR HUD modules, precision structural components, etc. The above products are widely used in a variety of consumer electronics, including smartphones, tablets, smart wireless earphones, VR, MR, AR, smart wearables, smart homes, and automotive electronics. Smart audio device business focuses on providing products related to audio, voice interaction, AI, and other technologies, such as wireless earphones (TWS), wired/wireless earphones, smart speakers, etc. Smart hardware business focuses on providing products related to entertainment, health and home security. The main products include VR, MR, AR, smart wearable products, gaming consoles and accessories, smart home products, etc. The Company continued to explore automotive electronics business opportunities during the reporting period and made progress in the fields of car sensors, optical components and modules of AR HUD, etc.

The Company has innovative competitive advantages in the fields of acoustics, optics, MEMS microelectronics and precision manufacturing, and owns a great amount of intellectual property rights in the field of precision components. The Company has accumulated rich experience in products and projects by cooperating with industry-leading clients in the field of smart audio device and smart hardware through "ODM", "JDM" and other business modes. During the reporting period, the Company maintained strong, long-term cooperative relationships with leading clients in the global technology and consumer electronics industry. As a result, the Company has been highly recognized by global clients for its product solutions and services, and remains the industry-leading manufacturer in the fields of micro speakers, MEMS microphones, MEMS sensors, VR/MR products, TWS, smart wearable products, gaming console and accessories, etc.

In the fourth quarter of 2023, the Company acquired 100% of the equity of Uphoton Technology (Shaoxing) Co., Ltd. This acquisition will further strengthen the Company's position in the fields of micro/nano optical components, projection/display modules, and 3D sensing technology. It will also effectively improve the Company's comprehensive competitiveness in the field of precision optics and support the long-term development of the Company's optical business.

During the reporting period, the global economic was in a weak recovery, and many major countries raised the interest rates, which suppressed the demand of consumer electronics products worldwide. For some smart hardware products, the shipment in the reporting period was lower than expected, and brought negative impacts to the Company's revenue and profitability. The Company also has experienced a short-term sales structure change caused by the rapid revenue growth of some lower-margin projects, which impacted the Company's overall gross margin. Due to the combined effects of the above factors, the Company's revenue and net profit experienced a decline in the reporting period. However, the Company's core competitiveness and industry position remain strong. The management and all employees are committed to seize the opportunities of the recovery of the consumer electronics industry and the development of new smart hardware products, to strive to improve the Company's operating performance in the near future, as well as to pursuit a long-term, sustainable development of the Company.

During the reporting period, the Company won multiple honors, including being ranked the 4th in the 2023 Top 100 Electronic Components Enterprises of China, 15th in the 2023 Top 100 Competitive Enterprises in China's Electronics Information Industry, 55th

in the 2023 Top 500 Private Enterprises in China's Manufacturing Industry, 86th in the 2023 Top 500 Private Enterprises in China, and held the position of executive member company of China Information Technology Industry Federation.

III. Analysis of Core Competitiveness

1. Industry-leading precise and intelligent manufacturing capabilities

In technology and consumer electronics related fields, the Company has been widely recognized for precision manufacturing capabilities and obtains great reputation. Relying on the core capabilities and long-term experience in the field of precision manufacturing, the Company has continuously improved the processing accuracy, efficiency and quality of precision components and smart hardware products. The Company has in-house development capabilities of various core raw materials, and the Company adopted multiple advanced processes and technologies such as ultra-high-precision mold, high-precision metal/non-metal processing, ultrasonic technology and laser technology, to build industry-leading precision manufacturing capabilities in the production of precision optical components, MEMS sensors, microsystem modules and precision structural parts, thus ensuring the delivery of the products with high precision, high efficiency and high quality.

The Company, based on the capacities of advanced equipment development and flexible automation production, actively explores the intelligent manufacturing mode for upgrading and develops the Goertek Production System (GPS). In the fields of automation, machine vision and AI related to intelligent manufacturing, the Company has built a future-oriented core capability of intelligent manufacturing by continuing investing in independent R&D, introducing global advanced technologies, core equipment and best practice experience for system integration, thus improving the manufacturing in all aspects through the application of information, automation, artificial intelligence and other technologies. The Company promotes the transformation of its manufacturing to a more digitalized, connected, intelligent, and service-oriented model, and to build the core capabilities of future-oriented intelligent manufacturing.

2. Multi-technologies integration platform and strong team of R&D personnel

The Company has established a product R&D and manufacturing platform integrating materials, structures, electronic circuits, software algorithms, wireless communication, advanced technology, testing, automation and other technologies. Through cross-domain technology integration, the Company provides clients with advanced and systematic solutions for precision components and smart hardware products. The Company attaches great importance to the integration and cultivation of outstanding talents in the fields of acoustics, optics, microelectronics, wireless communication, precision manufacturing, automation, and other sectors around the world. The Company has set up a team of technical personnel with profound technical strength and rich experience in product projects, and has made a long-term cooperation with many well-known universities and scientific research institutions, such as Tsinghua University, Peking University, Shandong University, Southeast University, University of Science and Technology of China, Xiamen University, and Changchun University of Science and Technology, which forms an open and comprehensive technology R&D platform in support of continuous innovation and R&D of technologies and products.

During the reporting period, the Company applied for 3,003 patents, including 2,249 invention patents. A total of 2,185 patents has been granted, including 1,394 invention patents. As of December 31, 2023, the Company has totally applied for 32,209 patents, including 4,031 foreign patent applications and 17,896 invention patents applications; a total of 19,905 patents have been granted, including 6,809 invention patents.

3. Continuous strategic innovation and transformation, and stable high-value client resources

Facing the complex macroeconomic situation of domestic and overseas, the management of the Company actively carries out strategical innovation and transformation. While continuing to consolidate the core competitive advantages in conventional business, the Company firmly grasps the innovation opportunities of next-generation smart hardware products in the technology and consumer electronics industry. Relying on the high-value client resources and good client relationships worldwide, the Company, oriented by the market and technology, continues to explore new business growth opportunities in the fields of consumer electronics and automotive electronics. The Company optimizes the allocation of strategical resource, supports strategical product development, continues strengthening and further utilizing the client resource advantages by closely following the world-class clients, in an effort to transform the needs of high-value clients into an inexhaustible driving force for the Company's sustainable development.

4. Excellent core management team

Although the Company experiences a rapid and sound development, the core management team keeps a steady and efficient style as always. Facing the challenges and demands of smart hardware products in the post mobile era such as rapid development, high quality, high precision manufacturing, short delivery cycle and complex client certification process, the core management team promptly responds to the market and makes changes and innovations continuously, to keep and enhance the Company's capabilities of strategic management, operation, R&D, precision and intelligent manufacturing. The Company attaches importance to and promotes the internationalization, specialization and rejuvenation of its core management team, and actively brings in senior management talents

and professionals from many international leading enterprises. At the same time, the Company has strengthened the echelon of its talent team, more and more young talents grow up into the Company's core management team through training and practice. The Company builds a management team with both experience and vitality that continues to promote the Company's stable and fast development in the future.

IV. Analysis of Main Business

1. Overview

In 2023, the global economic recovery was weak and the international environment was unusually complex. China's economy also faced many challenges and difficulties including the insufficient consumer demand. Despite the severe and complex environment, China withstood external pressure and overcame internal difficulties, and successfully achieve the main economic and social development goals.

In the reporting period, facing the challenges of a sluggish consumer electronics industry, weak market demand and slower-than-expected development of the smart hardware products, the management and all employees had worked diligently and successfully completed the main business goals in business expansion, project delivery and operation improvement. The Company continued to uphold its product strategy of "Precision Components + Smart Hardware", and to serve leading clients in the global technology and consumer electronics industries. The Company continued to promote the business development of precision components such as acoustics, optics, microelectronics, and structural parts, as well as smart hardware businesses including VR, MR, AR, smart wireless earphones, smart wearable devices, and smart home products. Meanwhile, the Company had also made meaningful progress in the automotive electronics business. In the field of smart manufacturing, the Company was actively engaged in the development of the Goertek Production System (GPS), a future-oriented intelligent manufacturing model with Goertek characteristics, which will help the Company to further consolidate its core competitiveness as a manufacturing enterprise.

During the reporting period, the Company's management team took effective measures to overcome the negative impact of the business fluctuations of a particular product project in 2022, and took it as an opportunity to continuously improve its client-oriented awareness and client service capabilities. These efforts above have achieved positive results in 2023. In terms of internal management, the Company continued to optimize the organization structure, to improve the management of operation and to keep a highly effective internal decision-making process. At the same time, the Company actively explored the application of big data and AI technology in internal operation, continuously improved the level of digitalization and informatization, to establish a solid management and operation foundation for long-term development in the future.

During the reporting period, due to weak demand in the consumer electronics industry and a decline in the market for some smart hardware products such as VR, the Company's revenue decreased slightly compared to last year, and business profitability was also affected to a certain extent. Additionally, the Company experienced a short-term change in sales structure caused by rapid sales growth in some lower-margin projects, impacting the Company's overall gross margin. Despite these short-term performance challenges, the Company's core competitiveness and industry position remained strong. Management and all employees are committed to seizing the opportunities presented by the recovery of the consumer electronics industry and the development of new smart hardware products, striving to improve the Company's operating performance in the near future, and pursuing long-term, sustainable development.

During the reporting period, the Company achieved revenue of RMB 98,573.9023 million, a 6.03% YoY decline. The Company achieved a net profit attributable to shareholders of listed companies of RMB 1,088.0767 million, a 37.80% YoY decline. The operating cost of the Company was RMB 89,753.0642 million, a 3.73% YoY decline.

During the reporting period, the total amount of the Company's selling expenses, administrative expenses, R&D expenses, and financial expenses was RMB 7,798.7093 million, a 5.11% YoY decline.

During the reporting period, the Company invested RMB 4,572.8554 million in R&D, accounting for 4.64% of revenue and 14.50% of the latest audited net assets of the Company.

During the reporting period, the net cash flow from operating activities of the Company was RMB 8,151.8882 million, a 1.99% YoY decline.

2. Revenue and cost

(1) Composition of revenue

Unit: RMB

	2023		2022		Year-on-year change
	Amount	Proportion to revenue	Amount	Proportion to revenue	
Total of revenue	98,573,902,273.14	100%	104,894,324,162.26	100%	-6.03%
Classified by industry					
Electronic components	95,885,691,189.51	97.27%	102,966,939,788.80	98.16%	-6.88%
Other business income	2,688,211,083.63	2.73%	1,927,384,373.46	1.84%	39.47%
Classified by product					
Precision components	12,991,833,787.27	13.18%	14,003,616,502.68	13.35%	-7.23%
Smart audio device	24,185,269,052.84	24.54%	25,880,868,282.31	24.67%	-6.55%
Smart hardware	58,708,588,349.40	59.56%	63,082,455,003.81	60.14%	-6.93%
Other business income	2,688,211,083.63	2.73%	1,927,384,373.46	1.84%	39.47%
Classified by region					
Domestic	7,180,017,243.40	7.28%	9,182,257,334.82	8.75%	-21.81%
Overseas	91,393,885,029.74	92.72%	95,712,066,827.44	91.25%	-4.51%
Classified by sales mode					
Direct selling	98,164,328,961.68	99.58%	104,414,898,362.49	99.54%	-5.99%
Distribution	409,573,311.46	0.42%	479,425,799.77	0.46%	-14.57%

(2) Industries, products, regions and sales modes accounting for more than 10% of the Company's operating revenue or operating profit

Applicable Not applicable

Unit: RMB

	Operating revenue	Operating cost	Gross profit margin	YoY change (%) of operating revenue	YoY change (%) of operating cost	YoY change (%) of gross profit margin
Classified by industry						
Electronic components	95,885,691,189.51	87,326,051,000.75	8.93%	-6.88%	-4.57%	-2.20%
Classified by product						
Precision components	12,991,833,787.27	10,329,768,695.82	20.49%	-7.23%	-6.39%	-0.71%
Smart audio device	24,185,269,052.84	22,555,549,272.05	6.74%	-6.55%	-7.63%	1.09%
Smart hardware	58,708,588,349.40	54,440,733,032.88	7.27%	-6.93%	-2.88%	-3.87%
Classified by region						
Domestic	5,837,928,345.91	5,379,650,970.76	7.85%	-23.88%	-19.86%	-4.62%
Overseas	90,047,762,843.60	81,946,400,029.99	9.00%	-5.51%	-3.36%	-2.02%
Classified by sales mode						
Direct selling	95,480,495,737.95	86,972,923,164.72	8.91%	-6.84%	-4.53%	-2.20%
Distribution	405,195,451.56	353,127,836.03	12.85%	-15.06%	-13.56%	-1.51%

In case the statistical caliber of the Company's main business data was adjusted in the reporting period, the Company's main business data for the preceding period adjusted according to the caliber at the end of the period shall be indicated

Applicable Not applicable

(3) Whether the Company's goods sales income is greater than the services income Yes No

Classification of industry	Item	Unit	2023	2022	Year-on-year change
Electronic components industry	Sales volume	Ten thousand PCS	428,520.45	453,825.95	-5.58%
	Output volume	Ten thousand PCS	425,166.92	461,666.20	-7.91%
	Inventory volume	Ten thousand PCS	38,522.81	41,876.34	-8.01%

Reasons for YoY change over 30% in the above data

 Applicable Not applicable**(4) Fulfillment of significant sales and procurement contracts signed by the Company during the reporting period** Applicable Not applicable**(5) Composition of operating cost**

Classification of industry

Unit: RMB

Classification of industry	Item	2023		2022		Year-on-year change
		Amount	Proportion to operating cost	Amount	Proportion to operating cost	
Electronic components	Direct materials	76,130,381,986.14	87.18%	80,345,630,863.86	87.80%	-5.25%
	Direct labor expenses	4,052,203,462.29	4.64%	4,168,178,564.20	4.56%	-2.78%
	Manufacturing expenses	7,143,465,552.32	8.18%	6,995,389,252.63	7.64%	2.12%

(6) Whether there is any change in consolidation scope during the reporting period Yes No

During the reporting period, the Company established 3 subsidiaries. They are respectively Chongqing Goertek Auto Technology Co., Ltd., Goertek Smart Technology Vina Co., Ltd., and GMI Technology GmbH. The Company's subsidiary, Goertek Optical Technology Co., Ltd., acquired 100% equity of Uphoton Technology (Shaoxing) Co., Ltd. The latter and its subsidiaries are included in the consolidated statements.

The Company deregistered one of its subsidiaries, Kunshan Goertek Electronics Co., Ltd. during this period.

(7) Significant changes or adjustments in respect of business, products or services of the Company during the reporting period Applicable Not applicable**(8) Major clients and suppliers**

Major clients of the Company

Total sales amount from top five clients (RMB)	87,481,440,616.00
Proportion of total sales from top five clients to total annual sales	88.75%
Proportion of sales from related parties among top five clients to total annual sales	0.00%

Information of top five clients

No.	Name of client	Sales amount (RMB)	Proportion to total annual sales amount
1	Client 1	42,761,773,279.56	43.38%

2	Client 2	26,633,971,746.92	27.02%
3	Client 3	8,586,104,544.28	8.71%
4	Client 4	6,106,476,920.65	6.20%
5	Client 5	3,393,114,124.59	3.44%
Total	-	87,481,440,616.00	88.75%

Other information of major clients

Applicable Not applicable

The top five clients do not have associated relationship with the Company. The Company's directors, supervisors, senior management, core technicians, shareholders holding more than 5% of total shares, actual controllers and other related parties do not directly or indirectly own rights or interests in the major clients.

Major suppliers of the Company

Total purchase amount from top five suppliers (RMB)	35,197,986,931.06
Proportion of total purchase amount from top five suppliers to total annual purchase amount	46.16%
Proportion of purchase amount from related parties among top five suppliers to total annual purchase amount	0.00%

Information of top five suppliers

No.	Name of supplier	Purchase amount (RMB)	Proportion to total annual purchase amount
1	Supplier 1	24,067,772,914.22	31.56%
2	Supplier 2	4,930,897,186.89	6.47%
3	Supplier 3	2,784,472,064.44	3.65%
4	Supplier 4	1,912,643,290.61	2.51%
5	Supplier 5	1,502,201,474.90	1.97%
Total	-	35,197,986,931.06	46.16%

Other information of major suppliers

Applicable Not applicable

The top five suppliers do not have associated relationship with the Company. The Company's directors, supervisors, senior management, core technicians, shareholders holding more than 5% of total shares, actual controllers and other related parties do not directly or indirectly own rights or interests in the major suppliers.

3. Expenses

Unit: RMB

	2023	2022	Year-on-year change	Reason for significant change
Selling expenses	528,150,303.42	548,298,842.05	-3.67%	No significant change
General and administrative expenses	2,202,814,353.55	2,294,505,645.46	-4.00%	No significant change
Financial expenses	351,775,148.64	149,123,081.74	135.90%	Mainly because the Company obtained more long term loans to improve the loan structure led to an increase in interest expense.
Research and development expenses	4,715,969,451.42	5,226,525,154.99	-9.77%	No significant change

4. R&D Investment

Applicable Not applicable

Name of major R&D project	Purpose of project	Status of project	Objectives	Expected effects on the future development of the Company
R&D project of micro speaker module	Develop a new generation of micro speaker module products with high sensitivity, low distortion, large amplitude, waterproof and dustproof features.	In progress	Collaborate with major clients to iterate intelligent hardware products, complete R&D of a number of micro speaker module products, and achieve mass production and application on client products	It helps continuously consolidate the Company's competitive advantage and market share in the field of acoustic precision components.
R&D project of MEMS sensor and microsystem module	To develop MEMS sensors and microsystem module products applied to smart hardware and automotive electronics.	In progress	Complete the R&D, verification, application and mass production of MEMS sensors and microsystem modules featuring voice interaction, adapterization and noise reduction, signal transmission and status monitoring, used in the field of smart hardware and automotive electronics	It helps facilitate the Company's business expansion in the field of MEMS sensors and microsystem modules, and further enhance the Company's comprehensive strength in the field of MEMS.
R&D project of VR/MR/AR precision optical components and modules	Develop the precision optical components and module products by using emerging optical technologies such as "Pancake" folded-lightpath lenses and optical waveguide technology, and promote their application in VR/MR/AR products.	In progress	Complete the R&D and mass production of optical lens and module products for new generation of all-in-one VR/MR products, and improve the ability of comprehensive solution of optical devices and light engines for AR products.	It helps enhance the Company's competitive advantage and market share in the field of VR/MR/AR precision optical components and modules, promote the Company's ability to provide clients with customized VR/MR/AR optical solutions, and improve the Company's vertical integration ability and profitability in the field of VR/MR/AR.
R&D project of AR optical modules	To develop micro projection modules for AR, AR-HUD, and so on, and promote its application in consumer electronics, automotive electronics, etc.	In progress	Complete the design, technical verification and commercial application of related micro projection modules, and develop micro projection module solutions for consumer electronics and automotive electronics	It helps enhance the competitiveness of the Company in AR optical modules, and extend the Company's capabilities in optical modules to the field of automotive electronics
R&D project of all-in-one VR/MR Head Mounted Display	Develop lightweight all-in-one VR/MR HMD products featuring high-definition display, precise motion tracking, etc.	In progress	Cooperate with clients to complete R&D, validation, mass production of a number of new-generation all-in-	It helps consolidate the Company's competitive advantage and market share in the field of VR/MR.

Name of major R&D project	Purpose of project	Status of project	Objectives	Expected effects on the future development of the Company
			one VR/MR HMD products based on the latest chip platform	
R&D project of TWS smart earphones	Develop a new generation of TWS smart earphones	In progress	Cooperate with our client to complete R&D, validation, mass production of a number of new-generation of TWS smart earphones	It helps consolidate the Company's competitive advantage and market share in the field of TWS smart earphones.
R&D project of smart wearable devices for sport and health related applications	Develop a new generation of smart wearable devices with functions of independent communication, health monitoring features and etc.	In progress	Cooperate with our client to complete R&D, validation, mass production of a new generation of smart watches and smart bands	It helps consolidate the Company's competitive advantage and market share in smart wearable devices such as smart watches and smart bands
R&D project of smart wireless lightweight AR glasses	Develop wireless lightweight AR glasses and their main functional modules for future AR applications.	In progress	Complete the R&D and trial production of a number of AR glasses products, based on the latest chip platform, with the functions of data processing and wireless communication, using advanced precision optical technologies and micro-display technologies such as optical waveguide and silicon-based LED, so as to develop the solution capability for AR glasses and their main functional modules	It helps enhance the Company's R&D experience and technology accumulation in the field of AR and facilitate the business expansion of the Company in AR field.

Details of R&D personnel

	2023	2022	Year-on-year change
Number of R&D personnel	12,377	12,305	0.59%
Proportion of R&D personnel to total number of employees	15.21%	14.42%	0.79%
Education background of R&D personnel			
Bachelor	8,078	8,099	-0.26%
Master	2,417	2,550	-5.22%
PhD	63	54	16.67%
Age structure of R&D personnel			
Below the age of 30	5,059	5,346	-5.37%
Aged between 30 to 40	6,329	6,172	2.54%
Over the age of 40	989	787	25.67%

The Company's investment in R&D

	2023	2022	Year-on-year change
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Amount of R&D Investment (RMB)	4,572,855,380.03	5,198,312,190.48	-12.03%
Proportion of R&D investment to revenue	4.64%	4.96%	-0.32%
Capitalized amount of R&D investment (RMB)	542,789,272.24	597,278,121.61	-9.12%
Proportion of capitalized R&D investment to R&D investment	11.87%	11.49%	0.38%

Reasons and impacts of significant changes in R&D personnel composition of the Company

Applicable Not applicable

Reasons for significant changes in the proportion of total R&D investment to revenue compared to preceding year

Applicable Not applicable

Reasons for and explanation of its reasonableness of significant changes in capitalized R&D investment and rationale

Applicable Not applicable

5. Cash flow

Unit: RMB

Item	2023	2022	Year-on-year change
Sub-total of cash inflow from operating activities	80,166,508,468.96	92,960,786,011.89	-13.76%
Sub-total of cash outflow from operating activities	72,014,620,225.58	84,643,672,647.21	-14.92%
Net cash flow from operating activities	8,151,888,243.38	8,317,113,364.68	-1.99%
Sub-total of cash inflow from investing activities	5,194,943,904.22	1,141,805,421.45	354.98%
Sub-total of cash outflow from investing activities	12,778,336,083.57	10,218,818,104.61	25.05%
Net cash flow from investing activities	-7,583,392,179.35	-9,077,012,683.16	-16.45%
Sub-total of cash inflow from financing activities	29,078,690,255.10	31,722,066,906.40	-8.33%
Sub-total of cash outflow from financing activities	27,304,205,611.87	29,714,438,433.99	-8.11%
Net cash flow from financing activities	1,774,484,643.23	2,007,628,472.41	-11.61%
Net increase in cash and cash equivalents	2,352,733,172.97	1,662,092,566.77	41.55%

Main influencing factors of significant year-on-year changes in relevant data

Applicable Not applicable

The sub-total of cash inflow from investing activities increased by 354.98% year-on-year to RMB 5,194.9439 million. This was mainly due to the receipt of principal from the maturity of term deposits and the increase in cash received from foreign exchange derivative investments.

The reason for significant difference between the net cash flow from the Company's operating activities during the reporting period and net profit in current year.

Applicable Not applicable

The net cash flow generated from operating activities exceeded the net profit of the current year by 699.67%, mainly due to the impact of non-cash items such as depreciation of fixed assets and amortization of intangible assets. At the same time, the amount of accounts receivable recovered by the Company increased during the period.

V. Analysis of Non-Main Business

Applicable Not applicable

Unit: RMB

	Amount	Proportion in total profit	Explanation of the cause	Whether it is sustainable
Investment income	-73,393,865.89	-9.28%	Mainly due to the Company's investment losses in foreign exchange derivatives during the reporting period	No
Gains on changes in fair value	115,909,152.44	14.65%	Mainly due to changes in the fair value of the Company's equity investments during the reporting period	No
Asset impairment losses	-299,625,741.31	-37.87%	Mainly because the Company made some provision for inventory write-down during the reporting period	No
Non-operating income	34,817,135.08	4.40%	Mainly refers to the amount that the Company was unable to pay and the liquidated damages collected during the reporting period	No
Non-operating expenses	152,852,797.95	19.32%	Mainly due to the non-current asset destruction and scrapping losses of the Company during the reporting period	No
Other income	372,861,056.96	47.13%	Mainly due to the government grants included in the current profit and loss by the Company during the reporting period	No

VI. Analysis of Assets and Liabilities

1. Major changes in asset composition

Unit: RMB

	End of 2023		At the beginning of 2023		YoY change (%)	Note of significant change
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Cash at bank and on hand	14,737,312,329.71	19.98%	12,682,871,091.80	16.41%	3.57%	The Company's operating cash flow remained stable, while investment cash outflow decreased, leading to an increase in free cash flow.
Accounts receivable	12,424,618,676.81	16.85%	14,396,180,782.93	18.63%	-1.78%	The decline in the Company's revenue scale in the fourth

						quarter led to a decrease in the ending balance of accounts receivable.
Contract assets						
Inventories	10,794,894,394.42	14.64%	17,348,670,744.58	22.45%	-7.81%	The Company strengthened inventory management during the reporting period, resulting in a decrease in ending inventory.
Investment properties						
Long-term equity investments	760,220,882.07	1.03%	361,008,671.83	0.47%	0.56%	The Company increased long-term equity investment in the industrial chain during the reporting period.
Fixed assets	22,305,456,354.63	30.25%	21,459,756,268.25	27.77%	2.48%	During the reporting period, some of the Company's projects under construction reached the intended usable state and were transferred to fixed assets.
Construction in progress	2,071,280,343.55	2.81%	2,424,443,775.33	3.14%	-0.33%	
Right-of-use assets	615,431,849.91	0.83%	580,175,922.73	0.75%	0.08%	
Short-term borrowings	5,214,491,316.62	7.07%	7,120,846,026.67	9.22%	-2.15%	The Company optimized its loan structure and repaid some short-term borrowings during the reporting period.
Contract liabilities	3,472,638,215.20	4.71%	2,295,347,547.31	2.97%	1.74%	
Long-term borrowings	6,631,470,751.86	8.99%	2,206,000,000.00	2.85%	6.14%	The Company optimized its loan structure during the reporting period, resulting in an increase in long-term borrowings.
Lease liabilities	518,159,559.63	0.70%	470,704,507.75	0.61%	0.09%	
Accounts payable	17,582,263,359.17	23.84%	25,748,758,270.19	33.32%	-9.48%	Company's accounts payable for materials not yet due decreased.

Foreign assets account for a relatively high proportion

Applicable Not applicable

Asset details	Cause of formation	Assets scale (RMB)	Location	Operation mode	Measures to ensure asset safety	Earnings	Proportion of overseas assets in the net assets of the Company	Whether there is a significant impairment risk
Goertek Technology Vina Company Limited	Establishment	4,739,848,864.35	Vietnam	Production & sales	Effective internal control mechanism	Normal	15.38%	No
Other circumstances	The assets scale refers to the net assets of overseas subsidiaries. The proportion of overseas assets in the net assets of the Company refers to the proportion of the net assets of overseas subsidiaries in the net assets of the listed Company at the end of the reporting period.							

2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	Opening balance	Profit and loss from changes in fair value in the reporting period	Cumulative changes in fair value included in equity	Impairment accrued in current period	Purchase amount in the reporting period	Sales amount in the reporting period	Other changes	Closing balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	152,722,198.06	90,315,106.30			254,500,000.00	17,322,107.10	3,000,000.00	483,215,197.26
2. Derivative financial assets	185,939,899.60	-82,278,125.54					568,120.37	104,229,894.43
3. Other debt investments								
4. Investments in other equity instruments	699,249,262.24		-55,947,128.51				11,835,470.16	591,269,883.71
5. Other non-current financial assets	318,661,575.31	30,388,698.95			109,223,851.41	137,739,380.06	2,105,498.79	322,640,244.40
6. Financing receivables	22,375,874.12				21,722,444.40	35,039,088.41		9,059,230.11
Sub-total of financial assets	1,378,948,809.33	38,425,679.71	-55,947,128.51		385,446,295.81	190,100,575.57	17,509,089.32	1,510,414,449.91
Total of above amounts	1,378,948,809.33	38,425,679.71	-55,947,128.51		385,446,295.81	190,100,575.57	17,509,089.32	1,510,414,449.91
Financial liabilities	202,293,742.46	77,483,472.73			201,994,258.68	197,224,742.46		129,579,785.95

Other changes

None

Whether the measurement attributes of major assets of the Company have changed significantly during the reporting period

Yes No

3. Restrictions on asset rights as of the end of reporting period

Item	Book value at the end of the reporting period (RMB)	Reasons for restrictions
Cash at bank and on hand	1,456,289,098.94	Deposit for bills and borrowings
Notes receivable	100,866,907.03	Bill pledge, discount, etc.
Intangible assets	61,897,657.63	Used for mortgage purposes
Current portion of non-current assets	453,106,027.78	Bank-issued financing guarantees, bills, etc.
Other non-current assets	533,377,444.44	Bank-issued financing guarantees, bills, etc.
Total	2,605,537,135.82	

VII. Analysis of Investment**1. Overall situation**

Applicable Not applicable

Investment amount in 2023 (RMB)	Investment amount in 2022 (RMB)	YoY change (%)
8,889,964,898.25	9,210,478,674.05	-3.48%

2. Major equity investments acquired during the reporting period

Applicable Not applicable

3. Major non-equity investments in progress during the reporting period

Applicable Not applicable

4. Financial asset investment

(1) Securities investment

Applicable Not applicable

Unit: RMB

Security type	Security code	Security abbreviation	Initial investment cost	Accounting measurement model	Book value at the beginning	Profit and loss from changes in fair value in the reporting period	Cumulative changes in fair value included in equity	Purchase amount in the reporting period	Sales amount in the reporting period	Profit and loss in the reporting period	Book value at the end of the reporting period	Accounting items	Source of funds
Domestic and foreign stocks	KOPN	KOPN	84,852,571.05	Fair value measurements	32,722,198.06	27,956,409.20			17,322,107.10	-7,707,816.68	43,356,500.16	Financial assets held for trading	Self-raised funds
Total			84,852,571.05	-	32,722,198.06	27,956,409.20			17,322,107.10	-7,707,816.68	43,356,500.16	-	-
Date of announcement disclosure by the Board of Directors for approval of securities investment			February 11, 2017										
Date of announcement disclosure by shareholders meeting for approval of securities investment (if any)			March 2, 2017										

(2) Derivatives investment

Applicable Not applicable

1) Investments in derivatives for hedging during the reporting period

Applicable Not applicable

Unit: RMB 10,000

Type of derivatives investment	Amount of initial investment	Opening balance	Profit and loss from changes in fair value in the reporting period	Cumulative changes in fair value included in equity	Amount of purchase during the reporting period	Amount of sales during the reporting period	Closing balance	Proportion of investment amount in the Company's net asset at the end of the reporting period
Option	-	292,513.2	1,997.66		817,276.27	912,182.14	197,607.33	6.41%

Type of derivatives investment	Amount of initial investment	Opening balance	Profit and loss from changes in fair value in the reporting period	Cumulative changes in fair value included in equity	Amount of purchase during the reporting period	Amount of sales during the reporting period	Closing balance	Proportion of investment amount in the Company's net asset at the end of the reporting period
Forward	-	616,367.1	5,937.6		2,856,619.43	2,512,572.41	960,414.12	31.17%
Swap	-	317,806.82	-8,414.73		1,276,382.86	949,663.98	644,525.7	20.92%
Total	-	1,226,687.12	-479.47		4,950,278.56	4,374,418.53	1,802,547.15	58.50%
Description of whether the accounting policies and specific accounting principles for the Company's hedging business has changed significantly compared with that of previous reporting period	<p>The Company's derivatives transactions are calculated in accordance with Accounting Standards for Business Enterprises No. 22 — Recognition and Measurement of Financial Instruments. The initial measurement is based on the fair value of the derivatives on the date of the signing of the transaction contracts, and the subsequent measurement is based on its fair value. The derivative instrument with positive fair value is recognized as an asset, while the one with negative fair value is recognized as a liability. The gains and losses generated by changes in fair value are directly recognized in current profit and loss.</p> <p>The accounting policies and specific accounting principles for the Company's derivatives have no significant change compared with that of previous reporting period.</p>							
Statement of actual profit and loss in the reporting period	<p>The Group confirmed the gains and losses from derivatives transactions in 2023, recognizing a loss of RMB 4.7947 million from changes in fair value and an investment loss of RMB 134.7784 million, for a total loss of RMB 139.5731 million; the hedged project generated a gain of RMB 113.2053 million due to exchange rate fluctuations in 2023. In total, the Group's net loss from derivative transactions in 2023 was RMB 26.3678 million, after taking into account the changes in the value of the hedging instruments and the hedged items.</p>							
Statement of hedging effect	<p>To avoid exchange rate risks in daily operations, the Company hedged against its risks through financial derivatives. The changes in the value of the financial derivatives effectively hedged the risk of changes in the existing position, and the overall hedging result is within expectations.</p>							
Source of funds for derivatives investment	<p>Self-raised funds</p>							
Risk analysis and control measures for derivatives positions during the	<p>1. The financial derivatives transactions carried out by the Company are for the purpose of fixing costs, avoiding and preventing risks of foreign exchange rate and interest rate, and prohibiting any risk speculation. The trading quota of the Company's financial derivatives shall not exceed the authorized quota as reviewed and approved by the Board of Directors or the general meeting of shareholders. 2. The Company has formulated a strict management system for financial derivatives transactions, which clearly stipulates the operating principles, approval authority, responsible departments and persons, internal operating procedures, information isolation measures, internal risk</p>							

Type of derivatives investment	Amount of initial investment	Opening balance	Profit and loss from changes in fair value in the reporting period	Cumulative changes in fair value included in equity	Amount of purchase during the reporting period	Amount of sales during the reporting period	Closing balance	Proportion of investment amount in the Company's net asset at the end of the reporting period
reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	reporting system and risk handling procedures, and information disclosure of financial derivatives transactions, in order to control trading risks arising therefrom. 3. The Company shall carefully review the terms of contracts signed with qualified banks and other financial institutions, and strictly implement the risk management system to prevent legal risks. 4. The Company's business personnel will continue to track the changes in the open market price or fair value of financial derivatives, timely assess the changes in risk exposure of financial derivatives transactions, and regularly report to the management of the Company. If any abnormal situation, inform the Board of Directors of the risk and take emergency measures accordingly. 5. The internal audit department regularly conducts internal audit on the compliance of financial derivatives transactions.							
In case of changes in market price or fair value of invested derivatives during the reporting period, the analysis of fair value of the derivatives shall disclose the specific methods used and the setting of relevant assumptions and parameters	Changes in the fair value of foreign exchange derivatives are calculated based on the difference between the fair market price and the contract price in the month of the settlement date determined by the Company.							
Involvement in litigation (if applicable)	None							
Date of announcement disclosure by the Board of Directors for approval of the	April 18, 2023							

Type of derivatives investment	Amount of initial investment	Opening balance	Profit and loss from changes in fair value in the reporting period	Cumulative changes in fair value included in equity	Amount of purchase during the reporting period	Amount of sales during the reporting period	Closing balance	Proportion of investment amount in the Company's net asset at the end of the reporting period
investment in derivatives (if any)								
Date of announcement disclosure by shareholders meeting for approval of the investment in derivatives (if any)	May 11, 2023							
Special opinions of independent directors on the Company's derivatives investment and risk control	The Company carries out financial derivatives transactions mainly to avoid the risks caused by exchange rate and interest rate fluctuations, and to effectively control the cost uncertainty caused by exchange rate and interest rate risks. The Company has formulated the " <i>Securities Investment and Derivatives Transaction Management System of Goertek Inc.</i> ", which is conducive to strengthening the risk management and control of financial derivatives transactions, is in line with the overall interests of the Company, and does not harm the legitimate rights and interests of small and medium-sized shareholders. Therefore, the Company has been approved to carry out the business above.							

2) Investments in derivatives for speculation during the reporting period

Applicable Not applicable

The Company did not make any investment in derivatives for speculation during the reporting period.

5. Use of raised funds

Applicable Not applicable

(1) Overall use of raised funds

Applicable Not applicable

Unit: RMB 10,000

Year of raising	Means of raising	Total amount of raised funds	Net amount of raised funds	Total amount of raised funds used during the reporting period	Accumulated amount of raised funds that have been used	Total amount of raised funds with changed purposes during the reporting period	Accumulated total amount of raised funds with changed purposes	Proportion of accumulated total amount of raised funds with changed purposes	Total amount of raised funds that have not been yet used	Purpose of the raised funds that have not been yet used	The amount of raised funds that have been idle for more than two years
2020	Public issuance of convertible corporate bonds	400,000	398,903	64,993.75	402,197.33	53,703.18	53,703.18	13.43%	37.05	As of the end of this reporting period, unused raised funds are deposited in the special account for raised funds.	0.00
Total	-	400,000	398,903	64,993.75	402,197.33	53,703.18	53,703.18	13.43%	37.05	-	0.00
Description of overall use of raised funds											
The Company actually invested RMB 649.9375 million of raised funds in current period. As of December 31, 2023, the Company had used a total of RMB 4,021.9733 million of raised funds. All raised funds have been invested. The total amount of unused raised funds is RMB 370,500 (including interest income), which is deposited in the Company's special account for raised funds.											

(2) Projects in which the raised funds were proposed to be invested

Applicable Not applicable

Unit: RMB 10,000

Committed investment projects and investment of over-raised funds	Whether the project has been changed (including partial changes)	Total committed investment of raised funds	Total investment after adjustment (1)	Amount invested during the reporting period	Accumulated investment amount at the end of the reporting period (2)	Investment progress at the end of the period (3)=(2)/(1)	The date on which the project reaches its intended usage state	Benefits realized during the reporting period	Whether it achieved the expected benefits	Whether there is any significant change in the feasibility of the project
Committed investment projects										
The project of binaural true wireless smart earphones	No	218,903	218,903	0.06	220,141.98	100.57%	August 31, 2022	3,292.91	No	No
AR/VR and related optical module project -	No	60,000	60,000	2.47	60,583.85	100.97%	August 31, 2022	15,507.79	No	No

Committed investment projects and investment of over-raised funds	Whether the project has been changed (including partial changes)	Total committed investment of raised funds	Total investment after adjustment (1)	Amount invested during the reporting period	Accumulated investment amount at the end of the reporting period (2)	Investment progress at the end of the period (3)=(2)/(1)	The date on which the project reaches its intended usage state	Benefits realized during the reporting period	Whether it achieved the expected benefits	Whether there is any significant change in the feasibility of the project
AR/VR project										
AR/VR and related optical module project - optical module project	No	40,000	40,000	6,739.3	40,497.33	101.24%	June 30, 2023	995.36	No	No
Qingdao R&D center project	Yes	80,000	27,270.99	4,548.74	27,270.99	100.00%	Not applicable	Not applicable	Not applicable	Yes
Permanent replenishment of working capital	Not applicable	0.00	52,729.01	53,703.18	53,703.18	-	Not applicable	Not applicable	Not applicable	Not applicable
Sub-total of committed investment projects	-	398,903	398,903	64,993.75	402,197.33	-	-	19,796.06	-	-
Direction of the investment with over raised funds										
Not applicable										
Total	-	398,903	398,903	64,993.75	402,197.33	-	-	19,796.06	-	-
Explain the reasons for failure to achieve the planned progress and estimated profit by item (including the reasons why "Not applicable" is selected under "Whether the estimated profit was achieved")	<p>① In 2023, due to market changes, client project fluctuations, and other reasons, the project of binaural true wireless smart earphones, AR/VR project, and AR/VR-related optical module project did not achieve the expected benefits this year.</p> <p>② Since the second half of 2022, the macro economy, the consumer electronics industry, and the Company's business operations all faced new challenges. The implementation background of the Qingdao R&D center project also changed significantly. After review and approval at the 11th meeting of the 6th Board of Directors on December 5, 2023, the 10th meeting of the 6th Supervisory Board, and the 2nd extraordinary general meeting of 2023 on December 21, 2023, the remaining raised funds originally planned for the Qingdao R&D center project would be used to permanently replenish the working capital for the Company's daily production and operation, as well as business development.</p>									
Description of significant change in the feasibility of the project	For details, please refer to VII. Analysis of Investment - 5. Use of raised funds - (3) Changes in the projects in which the raised funds were proposed to be invested.									
Amount, use of over-raised funds and progress of	Not applicable									

Committed investment projects and investment of over-raised funds	Whether the project has been changed (including partial changes)	Total committed investment of raised funds	Total investment after adjustment (1)	Amount invested during the reporting period	Accumulated investment amount at the end of the reporting period (2)	Investment progress at the end of the period (3)=(2)/(1)	The date on which the project reaches its intended usage state	Benefits realized during the reporting period	Whether it achieved the expected benefits	Whether there is any significant change in the feasibility of the project
use thereof										
Change in location of the project invested with raised funds	Applicable									
	Occurred in previous years On August 20, 2020, the Company held the 8th meeting of the 5th Board of Directors and the 6th meeting of the 5th Supervisory Board, which reviewed and approved <i>the Proposal on Changing the Implementation Subject and Implementation Location of Some Investment Projects with Raised Capital and Increasing the Capital of Wholly-owned Subsidiaries</i> , and agreed to change: the implementation subject of AR/VR and related optical module project from Goertek Inc. to the Company's subsidiaries Weifang Goertek Electronics Co., Ltd. and Goertek Optical; The implementation location was changed accordingly from Goertek Photoelectric Park in Weifang High-tech Zone to Weifang Goertek Plant, east of Gaoxin No. 2 Road, south of Yuqing East Street in Weifang comprehensive free trade zone and Goertek Optical Plant, phase III of Goertek Photoelectric Park in Weifang High-tech Zone; The Company increased the capital to Weifang Goertek Electronics Co., Ltd. with the raised funds of RMB 600 million and increased the capital to Goertek Optical with the raised funds of RMB 400 million, for the purpose of specific implementation of above-mentioned investment projects.									
Adjustment on how to invest the projects with raised funds	Not applicable									
Upfront investment of the project with raised funds and replacement thereof	Applicable									
	On July 9, 2020, the Company held the 7th meeting of the 5th Board of Directors and the 5th meeting of the 5th Supervisory Board, which reviewed and approved the <i>Proposal on Replacing the Self-Raised Funds Invested in the Projects in Advance with the Raised Funds</i> , and agreed to use the raised funds to replace the self-raised funds of RMB 315.7238 million invested in the investment projects in advance. The fund replacement above has been verified by Zhongxi CPAs (Special General Partnership), and an authentication report has been issued.									
Temporary replenishment of working capital with idle raised funds	Applicable									
	① On July 9, 2020, the Company held the 7th meeting of the 5th Board of Directors and the 5th meeting of the 5th Supervisory Board, which reviewed and approved the <i>Proposal on Temporary Replenishment of Working Capital with Idle Raised Funds</i> . It was agreed that the Company shall use the idle raised funds not exceeding RMB 2.5 billion to temporarily supplement working capital. The validity period shall not exceed 12 months from the date of approval by the Board of Directors. After expiration, it shall be returned to the special account for raised funds in a timely manner. The Company returned RMB 0.8 billion and RMB 1.7 billion of the raised funds to the special account for raised funds in advance on September 17, 2020 and November 4, 2020 respectively.									
	② On November 5, 2020, the Company held the 11th meeting of the 5th Board of Directors and the 9th meeting of the 5th Supervisory Board, which reviewed and approved the <i>Proposal on Temporary Replenishment of Working Capital with Partial Idle Raised Funds</i> . It was agreed that the Company temporarily supplements the working capital with idle raised funds of no more than RMB 2.5 billion. The validity period shall not exceed 12 months from the date of approval by the Board of Directors. After expiration, it shall be returned to the Company's special account for raised funds in a timely manner. The Company returned RMB 0.5 billion and RMB 2 billion of the raised funds to the special account for raised funds on October 29, 2021 and November 3, 2021 respectively.									
	③ On November 8, 2021, the Company held the 24th meeting of the 5th Board of Directors and the 19th meeting of the 5th Supervisory Board, which reviewed and approved the <i>Proposal on Temporary Replenishment of Working Capital with Partial Idle Raised Funds</i> . It was agreed that the Company temporarily supplements the working capital with idle raised funds of no more than RMB 1.2 billion. The validity period shall not exceed 12 months from the date of approval by the Board of Directors. After expiration, it shall be returned to the Company's special account for raised funds in a timely manner. The Company returned the above-mentioned RMB 300 million, RMB 100 million and RMB 100 million of the raised funds to the special account for raised funds on February 24, 2022, May 16, 2022, and August 29, 2022 respectively. The Company returned the remaining RMB 700 million of the raised funds to the special account for raised funds on November 4, 2022.									
	④ On November 21, 2022, the Company held the 1st meeting of the 6th Board of Directors and the 1st meeting of the 6th Supervisory Board, which reviewed and approved the <i>Proposal on Temporary Replenishment of Working Capital with Partial Idle Raised Funds</i> . It was agreed that the Company temporarily supplements the working capital with idle raised funds of RMB 450 million. The validity period of which shall not exceed 12 months from the date of approval by the Board of Directors. After expiration, it shall be returned									

Committed investment projects and investment of over-raised funds	Whether the project has been changed (including partial changes)	Total committed investment of raised funds	Total investment after adjustment (1)	Amount invested during the reporting period	Accumulated investment amount at the end of the reporting period (2)	Investment progress at the end of the period (3)=(2)/(1)	The date on which the project reaches its intended usage state	Benefits realized during the reporting period	Whether it achieved the expected benefits	Whether there is any significant change in the feasibility of the project
	to the special account for raised funds in a timely manner. The Company returned the above-mentioned RMB 450 million of the raised funds to the special account for raised funds on November 16, 2023.									
Permanent replenishment of working capital	The Company held the 11th meeting of the 6th Board of Directors and the 10th meeting of the 6th Supervisory Board on December 5, 2023, and held the 2nd extraordinary general meeting of 2023 on December 21, 2023, which reviewed and approved the <i>Proposal on Changing the Use of Part of the Raised Funds to Permanently Replenish Working Capital</i> . It was agreed that the remaining raised funds originally planned for the Qingdao R&D center project would be used to permanently replenish the working capital for the Company's daily production and operation, as well as business development. On December 22, 2023, the Company transferred the above-mentioned RMB 537.0318 million for permanent replenishment of working capital to the general account of Goertek Technology Co., Ltd.									
Amount and reasons for the balance of raised funds in the implementation of the project	Not applicable									
Purpose of the raised funds that have not been yet used	As of the end of this reporting period, unused raised funds were deposited in the special account for raised funds.									
Problems or other situations in the use and disclosure of raised funds	None									

(3) Changes in the projects in which the raised funds were proposed to be invested

Applicable Not applicable

Unit: RMB 10,000

New project after change	Original project before change	The total amount of raised funds planned to be invested in the new project (1)	Actual investment amount during this reporting period	Actual cumulative investment amount as of the end of the period (2)	Investment progress at the end of the period (3)=(2)/(1)	The date on which the project reaches its intended usage state	Benefits realized during the reporting period	Whether it achieved the expected benefits	Whether the feasibility of the new project has changed significantly
Permanent replenishment of working capital	Qingdao R&D center project	52,729.01	53,703.18	53,703.18	-	Not applicable	Not applicable	Not applicable	Not applicable
Total	-	52,729.01	53,703.18	53,703.18	-	-	-	-	-
Reasons for changes, decision-making procedures, and information disclosure (by project)	<p>Since the second half of 2022, the macro economy, the consumer electronics industry, and the Company's business operations all faced new challenges. The implementation background of the Qingdao R&D center project also changed significantly in the following aspects:</p> <p>① Significant changes in macro economy and consumer electronics industry</p> <p>Since the second half of 2022, the consumer electronics industry has been affected by multiple negative factors, including the global economic slowdown, high inflation in major European and American</p>								

	<p>countries, and continuous interest rate hikes by central banks such as the Federal Reserve. As a result, the market demand for consumer electronics has declined. Global shipments of VR/AR products declined significantly in 2023, according to data from IDC, Canalys, and Counterpoint. Shipments of smart wearables (smart watches and smart bands) and TWS smart earphones in the same period also fell below expectations to varying degrees. The development of major smart hardware products in the consumer electronics industry had undergone significantly changes since the initial implementation of the Qingdao R&D center project. It's necessary for the Company to prudently evaluate and adjust the scale and pace of the Company's resource investment according to the changes in the external environment, and make corresponding adjustments to the Company's related fundraising projects.</p> <p>② Changes in the Company's business operations</p> <p>Since the second half of 2022, the Company's operating performance has fluctuated. This is due to the overall insufficient market demand for traditional and emerging smart hardware products, the lower-than-expected terminal sales of the Company's clients, and the fluctuations in the specific product project. The Company's business operations and revenue growth have changed significantly since the Qingdao R&D center project was first implemented. This requires the Company to adjust the scale and pace of its overall resource investment, including the fundraising projects, to ensure that its resource investment is in line with its business development. In addition, the Company has invested in the design, research and development, and experimental capabilities of precision optical components required for VR/AR products, as well as advanced process technology capabilities such as nano-imprinting in Weifang, Shanghai, and other places in recent years. This investment can, to some extent, fulfill some of the functions originally planned for the Qingdao R&D center project. The Company is also working closely with the National Virtual Reality Innovation Center (Qingdao) to make better use of the existing resources of the Qingdao R&D center project.</p> <p>Decision-making procedures and information disclosure: On December 5, 2023, the Company conducted the 11th meeting of the 6th Board of Directors and the 10th meeting of the 6th Supervisory Board. Additionally, on December 21, 2023, the Company held its 2nd extraordinary 'general meeting of the year. These meetings reviewed and approved <i>the Proposal on Changing the Use of Part of the Raised Funds to Permanently Replenish Working Capital</i>. For more details, please refer to the announcement made by Goertek Inc. on December 6, 2023, disclosed on the Company's designated information disclosure media.</p>
Cases and reasons for not reaching the planned progress or expected benefits (by project)	Not applicable
Description of significant changes in the feasibility of the new project	Not applicable

VIII. Sales of major assets and equities

1. Sales of major assets

Applicable Not applicable

The Company did not sell any major assets during the reporting period.

2. Sales of major equity

Applicable Not applicable

IX. Analysis of major subsidiaries and associates

Applicable Not applicable

Major subsidiaries and associates with an impact of more than 10% on the Company's net profit

Unit: RMB

Name of company	Type of company	Main business	Registered capital	Total assets	Net asset	Operating revenue	Operating profit	Net profit
Goertek Technology Vina Company Limited	Subsidiary	Electronic component manufacturing	USD 120,000,000	11,839,433,292.53	4,739,848,864.35	19,494,416,161.59	703,073,226.87	681,158,372.06

Name of company	Type of company	Main business	Registered capital	Total assets	Net asset	Operating revenue	Operating profit	Net profit
Goertek (HongKong) Co., Limited	Subsidiary	Trade and investment	USD 1,000,000	15,022,058,814.99	1,899,140,181.16	83,041,950,587.21	417,978,150.29	352,370,090.30
Goertek Intelligence Technology Co., Ltd.	Subsidiary	Electronic component manufacturing	350,000,000.00	2,855,524,321.73	282,856,592.01	6,368,986,368.88	305,414,592.13	307,408,139.93
Yili Precision Manufacturing Co., Ltd.	Subsidiary	Electronic component manufacturing	330,000,000.00	2,699,530,121.75	1,117,680,164.40	2,587,950,145.32	285,114,297.70	255,938,632.59
Rongcheng Goertek Technology Co., Ltd.	Subsidiary	Electronic component manufacturing	2,100,000,000.00	7,276,682,209.51	2,352,497,685.46	42,072,590,896.18	226,437,113.34	183,074,829.58
Weifang Goertek Microelectronics Co., Ltd.	Subsidiary	Electronic component manufacturing	500,000,000.00	2,659,366,300.21	1,870,818,274.25	2,058,212,163.52	126,783,965.01	121,935,895.54
Weifang Goertek Electronics Co., Ltd.	Subsidiary	Electronic component manufacturing	1,636,601,925.00	9,391,149,470.21	2,117,620,316.01	25,918,055,522.17	308,913,686.53	221,382,708.53

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Name of company	Approach on acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and performance
Chongqing Goertek Auto Technology Co., Ltd.	Newly established	No significant impact
Goertek Smart Technology Vina Co.,Ltd.	Newly established	No significant impact
GMI Technology GmbH	Newly established	No significant impact
Uphoton Technology (Shaoxing) Co., Ltd.	Equity acquisition	Strengthening the Company's layout in the optical field and supporting the long-term future development of the Company's optical business
Kunshan Goertek Electronics Co., Ltd	Deregistered	No significant impact

Description of major subsidiaries and associates

None

X. Structural Entities Controlled by the Company

Applicable Not applicable

XI. Outlook for the Future Development of the Company

1. Industry trend and competition

The global technology and consumer electronics industry is continuing to shift from the mobile Internet era to the post-mobile era. The rapid development of AI technology in recent years has brought new influences and opportunities to the development process of this industry.

In the era of mobile Internet, smartphones and their peripheral products are the main drivers of development in the technology and consumer electronics industries. However, in recent years, the innovation speed of software and hardware of smartphone products has slowed down, and the growth of market scale has stagnated. IDC predicts that global smartphone shipments will reach 1.2 billion units in 2024, with an approximate 2.8% YoY increase. With the slow growth of the smartphone market, the industry generally expects emerging smart hardware products, such as VR, MR, and AR devices, to become the main driving force for the development of the industry in the post-mobile era.

In 2023, the development speed and market size growth of some emerging smart hardware products were slower than expected. This was due to both external objective factors, such as the weak global economic recovery, interest rate hikes in major European and American countries, and insufficient market demand, and internal industry factors, such as the need for further breakthroughs in key technologies for some products, the need for further development of product application scenarios, and the need for further enrichment of software applications and content. The development of emerging smart hardware products is still being actively promoted. Well-known technology and consumer electronics manufacturers continue to invest heavily in this field and continue to launch new representative products. Driven by the industry as a whole, and with the recovery of the macro economy and the consumer electronics industry, emerging smart hardware products are expected to continue to develop healthily in the next few years.

IDC predicts global shipments of VR and MR devices to reach 24.7 million units by 2028, with a compound annual growth rate of about 29.2% from 2023 to 2028. With the development of software and hardware technologies such as image sensing and spatial computing, the boundaries between VR and MR are further blurred, and MR products have gradually become the mainstream of the market. In the next few years, more well-known manufacturers in the industry are expected to follow this product technology trend. The exploration of application scenarios and software content for MR products is expected to accelerate and usher in explosive growth.

IDC predicts global AR device shipments to reach 10.9 million units by 2028, with a compound annual growth rate of about 87.1% from 2024 to 2028. AR products have the product characteristics of "blending the virtual and real worlds", the ability to seamlessly link with the mobile Internet content ecosystem, and the potential for integration with AI technology, showing huge future application potential and market potential. Well-known manufacturers in the industry continue to promote the development of related new technologies such as semiconductor chips, microdisplays, and optical waveguides. As the relevant technical bottlenecks are overcome, mature AR products are expected to be gradually introduced to the market in the next few years and usher in rapid development.

Canalys predicts global smart wearable shipments to reach 204 million units in 2024, with an approximate 10% YoY increase. As consumers pay more attention to exercise and health in the post-mobile era, high-precision and high-reliability vital signs monitoring technology, especially ECG, blood pressure monitoring, and non-invasive blood glucose monitoring technology, is currently the focus of innovation for hundreds of millions of patients with hypertension, diabetes, and subhealthy individuals around the world. Relevant technological breakthroughs in the above fields are expected to bring new explosive growth to smart wearable products.

In recent years, the development of AI technology, represented by large language models, has been remarkable. It is also expected to bring new development opportunities for the consumer electronics industry and emerging smart hardware products. On the one hand, the combination of AI and emerging smart hardware products will create a wide range of new product application scenarios, making smart hardware products more intelligent and user-friendly. This will improve the consumer experience of smart hardware products and create new market demand. AI has significant efficiency advantages in content creation. It can help solve the problem of insufficient software and content for VR and MR smart hardware products. This will promote consumer demand, enhance adhesiveness of user, and better support the innovation and development of business models. AI technology also has broad application prospects in the software/hardware development and intelligent manufacturing of smart hardware products.

The development of emerging smart hardware products and the accompanying increase in demand for precision optical components and modules, precision acoustic components, MEMS sensors and microsystem modules, haptic components, precision structural parts, and other related products will present new growth opportunities for the Company's emerging smart hardware and precision components businesses. Embracing the opportunities presented by the post-mobile era, the Company will actively respond, build on its existing advantages, continue to consolidate core competitiveness, actively expand existing business, and actively lay out new product and business directions to achieve sustained and healthy development of the Company.

In terms of industry competitive pattern, the concentration trend in the global technology and consumer electronics industries is expected to continue. In the post-mobile era, massive investment in technological innovation and R&D is required for the development of smart hardware products, for which the "soft power" of the ecosystem, such as developer base, user base, software applications, entertainment content, community loyalty and data monetization, becomes more and more important. The leading companies with capital, talent, technology and ecosystem advantages are expected to strengthen their competitive advantages, so as to lead technology and product innovation in the industry.

In terms of the supply chain, the electronic manufacturers in China are strengthening their overall competitiveness. These manufacturers are expected to better meet the needs of electronic product manufacturing in the post-mobile era and gain new opportunities of development. However, it should also be noted that the changes in international political and economic landscapes, especially the relationship between major countries, may have a significant impact to pattern of the industrial supply chain. To which, manufacturers need to pay more attention and respond carefully and scientifically.

2. Strategy for future development

Looking into the future, the Company will actively respond to the innovation-driven development strategy, promote the upgrade of industrial structure, strengthen technological innovation, and accelerate the development of a modern industrial system. It will seize

the opportunities presented by the post-mobile era, actively track the development trends of advanced technologies such as 5G, AI, IoT, and cloud computing, and closely follow the evolution and application of AI technologies. It will continuously deepen its presence in the fields of emerging smart hardware and precision components, strengthen strategic partnerships with leading global clients, and fulfill its economic and social responsibilities, thus to achieve stable and healthy growth of enterprise value in return for shareholders.

(1) Actively grasp the new opportunities in the post-mobile era, and further promote the Company's strategy of "precision components + smart hardware". Continue to strengthen the competitiveness of precision components and smart hardware products, and actively develop the business related to next-generation smart hardware products. Utilize the synergy between the Company's component business and system device business, continue to strengthen the core capabilities in precision and intelligent manufacturing, create a Goertek Production System for the future intelligent manufacturing era, and provide clients with first-class vertically integrated product solutions and "one-stop" R&D and manufacturing services.

(2) Continue the key-account strategy, remain client-oriented, maintain good relationships with core clients, and utilize the Company's advantages in client resources. Focus on serving leading clients in the global technology and consumer electronics industry, and continue to consolidate long-term strategic cooperation with clients. Closely follow the strategic planning and development of world-class clients, and to create a global system of R&D, manufacturing and sales services accordingly. Continue to satisfy our clients with our business, technology, engineering, operation and delivery services, in order to achieve win-win cooperation and to grow with the world-class clients.

(3) Adhere to technological innovation and continue to invest in R&D. Constantly improve the Company's technical competitiveness in acoustics, optics, microelectronics, microdisplay, precision manufacturing, automation, IT technology, software algorithms, etc., to build the core technical competitiveness for future development. Firmly implement the talent strategy by recruiting outstanding personnel in management and technology fields around the world, build and effectively motivate a first-class talent team, thus to provide sufficient talents for future development of the Company.

(4) Constantly improve corporate governance and management, and promote the standardized and efficient internal operation. Continuously improve the internal structure, processes and internal management system. Strengthen the awareness of lean operation, improve the level of lean operation and seek benefits from it. Being market-oriented and client-oriented, continues to push forward internal reform and innovation, and to build core competitiveness upon continuous reform and innovation activities. Continuously enhance the digitalization and informatization of internal operations management, and actively explore the application of big data and artificial intelligence technologies in operations. Create an excellent corporate culture, undertake the core values of "client orientation, employee development, trustworthy, cooperation and mutual benefits", and earnestly fulfill economic and social responsibilities, to be a great company.

3. Business operation during the reporting period and business plan for next year

During the reporting period, the Company carried the "precision components + smart hardware" strategy, remained client-oriented, and focused on key accounts. By leveraging the synergy between the components business and system device business, the Company completed various important tasks such as business expansion, project delivery, and operation improvement. The Company's management team strengthened its crisis management awareness and actively carried out work to continuously promote client orientation and client service capabilities, achieving positive results. The Company continued to promote organizational changes and operational management improvements, maintain efficient internal decision-making operations, and improve internal operational management levels, laying a solid management and operational foundation for future long-term development. The Company continued to invest in R&D and technological innovation, completed more patent applications and gained more patent approvals, strengthened the capabilities of R&D and talent team, and further strengthened the core competitiveness of the Company. The Company's revenue and profitability declined to a certain extent during the reporting period due to a combination of factors, including sluggish overall demand in the consumer electronics industry, declining shipments of VR and other smart hardware products, and changes in the Company's business structure. Despite the short-term pressure on its performance, the Company's core competitiveness and industry position remained strong. These temporary setbacks will not undermine the Company's foundation for stable development nor alter the overall trend of its long-term, healthy growth.

Looking into the year of 2024, the Company still faces many challenges due to weak recovery of global economy and the complexities in the external environment. However, there are new business opportunities in the global technology and consumer electronics industry. The application areas of emerging smart hardware products are constantly expanding, the software and hardware ecosystem is continuously being improved, and the integrated development of emerging smart hardware and AI technologies bring new opportunities to the industry. The management and the staff of the Company will continue to implement our strategy and to achieve business objectives, so as to return the shareholders with good business performance and continuous growth of the value of the Company.

(1) Maintain strategic focus and grasp development opportunities

The Company will seize the business opportunities of smart hardware products in the post-mobile era by adhering to the "precision components + smart hardware" strategy and utilize the synergy between the components and system device business. The Company will further expand the business of smart hardware products by virtue of its core technological capabilities and advanced product solutions in the field of precision components. And through that business development, the Company will create more applications and demand for the precision components. By integrating the core capabilities in precision manufacturing and intelligent manufacturing, the Company will be able to provide first-class "one-stop" R&D and manufacturing services to global clients

(2) Adhere to the client orientation philosophy and key-accounts strategy, identify and serve strategic clients

Follow the strategy and business plan of core clients, the Company will carry out corresponding business, products and capacity plans, work with the client in their frameworks and schedules and provide industry-leading R&D and manufacturing services. The Company will continuously build excellent client service team to satisfy our clients in long term in all aspects of business, technology, engineering, operation, and delivery, to enhance client loyalty and satisfaction, and achieve mutual benefits cooperation with clients.

(3) Empower business expansion and create new opportunities

Based on the integration of the existing business advantages in precision components and smart hardware products, the Company will further explore new directions and opportunities. By grasping the opportunities in precision optical components and modules, sensors, microsystem modules, VR, MR, AR, smart wearables, and other products, the Company will secure the key projects to obtain core clients and follow up with new opportunities in automotive electronics, microdisplay, and other fields as well.

(4) Improve lean operation and complete successful delivery of key projects

The Company will constantly promote the idea of lean operation to improve the level of operation and to support the business objectives with high-quality and efficient operation. The Company will actively build the Goertek Production System, a new intelligent manufacturing model that meets future market needs. The Company will make thorough planning of its resources, ensure the delivery of key projects that closely related to the strategy and the business objectives, and to achieve the goals of the Company.

(5) Continue to invest in independent R&D and technological innovation, strengthen core competitiveness with talent strategy

The Company will continue to invest in R&D and technological innovations centered on future strategic directions, and strengthen the technical capabilities in the fields of acoustics, optics, microelectronics, microdisplay, precision and intelligent manufacturing. The Company will integrate the managerial and technical talents globally, keep bringing in high-level talents, carry out solid efforts in the selection, cultivation, motivation and retention of talents, and to support the Company's strategic implementation and business development with high-quality talent echelon.

(6) Effectively control risks and maintain healthy operation

The Company will continue to maintain a sound business strategy, strengthen risk awareness, pay close attention to changes in the external environment, perform effective control on risk indicators in production operation of the Company, take the initiative to identify and resolve potential risks, and ensure sustainable development of production and operation activities.

4. The demand and planning of fund

The Company maintains a healthy asset and liability structure, and obtained a good long-term cooperative relationship with banks and other major financial institutions. In 2024, the Company will continue to improve the management of cash, optimize payment terms, control capital expenditure and enhance the efficiency of fund. The Company will carefully evaluate various financing tools to optimize the asset-liability ratio and debt structure and carefully manage financial derivatives trading activities with strict standards, to actively avoid liquidity risks and foreign exchange risks. And with all the measures above, to thus provide stable and sufficient financial support to the development of the Company.

5. Future risks

(1) Macroeconomic risks

Global economy has yet to recover. Inflation remains high in major European and American countries. Unfavorable factors that affecting investment and consumption still exist, which may hinder the development of the global technology and consumer electronics industry in the short term. The world political and economic situation remains complex. Trade disputes between major countries and geopolitical events have brought uncertainties to the global economy, which may adversely affect the business of the Company. Some intelligent hardware products, such as smartphones, have slowed down or stagnated in growth rate, and some next-generation smart hardware products may develop slower than expected. This may impact the global market demand as well as the Company's business performance.

(2) Operational risks

① Risks of relatively concentrated clients

The competitive pattern of global technology and consumer electronics industry, along with the Company's business model and key account strategy, determined a relatively concentrated client structure. As a result, the business income from a few core clients accounts for a large proportion of the Company's overall income. Although the above clients are global industry leaders who have significant competitive advantages and market position, and have maintained long-term and stable cooperative relations with the Company, under some special circumstances, they may bring fluctuations and risks to the Company's business if their business activities fluctuate, or their relationship with the Company changes.

② Risks of exchange rate fluctuation

Exports constitute a significant portion of the Company's total income. At the same time, the Company also imports a considerable number of raw materials, equipment and other products from overseas. These import and export businesses are primarily settled in US dollars. Although the Company has adopted appropriate risk hedging tools, the significant fluctuation of foreign exchange rates may still bring certain exchange rate risks to the Company.

③ Risks of loss of core technical talents

The technology and consumer electronics industry is a talent intensive industry. Therefore, the demand for core technical talents is strong, and the competition for talents is very fierce. Core technical talents are the key resources for the Company to continuously improve its core competitiveness and realize long-term development. For this reason, the Company will continue to improve various incentive and restraint mechanisms in order to retain core technical talents. Under fierce competition, there may still be the loss of core technical talents, which may put the Company at a disadvantage in the competition and affect the business development.

(3) Risks of management

In recent years, the Company's various product lines have expanded rapidly, leading to a larger business scale and a wider range of products. This has placed higher demands on the Company's overall operational and management capabilities. The Company implements the strategic plan of developing core client business and exploring new opportunities, which requires the Company's management to maintain excellent abilities of judgment, execution and management. If the Company's management fails to match the business growth, or fails to be improved to meet the needs of the Company's development, it may affect the execution of strategic planning and the delivery of business objectives, thus bringing management risks to the Company.

XII. Reception, research, communication, interview and other activities during the reporting period

Applicable Not applicable

Reception time	Reception place	Type of communication	Type of attendees	List of attendees	Main content of discussion and information provided	Index of related information
April 21, 2023	The Company	Other	Other	Investors attending the Company's performance presentation meeting of 2022	The Company's overall operation and business development	The record of investor relations activities published on www.cnifo.com.cn on April 21, 2023
May 10, 2023	The Company	Field research	Other	Investors attending the Company's 2022 annual general meeting	The Company's overall operation and business development	The record of investor relations activities published on www.cnifo.com.cn on May 10, 2023

XIII. Implementation of the Action Plan for Improving Quality and Investor Returns

Has the Company disclosed the *Action Plan for Improving Quality and Investor Returns*?

Yes No

In line with the guidelines outlined in the conference of the Political Bureau of the Central Committee of the CPC and the State Council executive meeting to invigorate the market and boost investor confidence, and to safeguard the interests of all shareholders, the Company has formulated the *Action Plan for Improving Quality and Investor Returns*. The specific measures and progress of the Company's implementation are as follows:

1. Focus on the main business, create value for shareholders, and take actions to feedback the society

The Company's main businesses include precision components business, smart audio devices business, and smart hardware business. The Company serves the leading global clients in the technology and consumer electronics industry by providing them with vertically integrated products of precision components and smart hardware, as well as related design, R&D, and manufacturing services.

Driven by the mission of "A better life enriched by technology", the Company is committed to creating value for all shareholders and the society. After more than 20 years of development, the Company has built industry-leading precision manufacturing and intelligent manufacturing capabilities. In terms of internal management, the Company builds a strong management team that ensures efficient internal decision-making and maintains a high level of lean operations. In terms of external cooperation, the Company has long-term strategic cooperation with industry-leading clients and has stable relationships with them.

Looking into the future, the Company will focus on its main business, actively respond to the innovation-driven development strategy, actively track the development trends of advanced technologies such as 5G, AI, IoT, and cloud computing. It will continuously deepen its presence in the fields of emerging smart hardware and precision components, strengthen strategic partnerships with leading global clients, and fulfill its corporate economic and social responsibilities. Through the Company's stable and healthy growth, it will maximize enterprise value and shareholder returns. The Company will always strive to create value for its shareholders while feeding back the society.

2. Continue to strengthen technological innovation capabilities and build industry-leading core competitiveness

Technological innovation is the driving force behind business growth. It is at the forefront of the Company's agenda. The Company attaches great importance to the integration and cultivation of outstanding talents in the fields of acoustics, optics, microelectronics, wireless communication, precision manufacturing, automation, and other sectors around the world. The Company has set up a team of technical talents with profound technical strength and rich experience in product projects and has made long-term cooperation with many well-known universities and scientific research institutions, forming an open and comprehensive technology R&D platform in support of continuous innovation and R&D of technologies and products. As of December 31, 2023, the Company has totally applied for 32,209 patents, including 4,031 foreign patent applications and 17,896 invention patents applications; a total of 19,905 patents have been granted, including 6,809 invention patents.

Looking ahead, the Company will continue to invest in R&D and technological innovations centered on future strategic directions, and strengthen its technical capabilities in the fields of acoustics, optics, microelectronics, microdisplay, precision manufacturing, and intelligent manufacturing. The Company will integrate the managerial and technical talents globally, keep bringing in high-level talents, carry out solid efforts in the selection, cultivation, motivation and retention of talents, and to support the Company's strategic implementation and business development with high-quality talent echelon.

3. Continue to improve corporate governance, business management, and lean operation levels

The Company will continue to standardize the governance mechanisms of "General meeting, Board of Directors, Supervisory Board, and senior management" to improve the level of corporate governance, continuously improve the internal control system, and solidify the foundation of internal governance. The Company will clearly define its rights and obligations, as well as those of its shareholders to prevent the abuse of shareholder rights or the exploitation of the management's dominant position, which could harm the interests of minority investors. The Company will encourage the active participation of minority investors in general meetings, facilitate the involvement of various types of investors in decision-making on major matters, and enhance investors' influence and satisfaction. The Company will continue to strengthen its internal control system and enhance risk management to improve decision-making capabilities. This will create a virtuous cycle for the Company's development and provide strong protection for the legitimate rights and interests of the shareholders.

In the face of a complex and ever-changing market landscape and industry trends, the Company's management team will further enhance its operational management capabilities, uphold its client orientation approach, and strengthen business expansion to continuously cultivate new growth drivers. The Company will continuously enhance its lean operations capabilities to drive efficiency and support the achievement of its business objectives. The Company will continue to maintain a sound business strategy, strengthen risk awareness, and take the initiative to identify and resolve potential risks to ensure the sustainable development of its production and operational activities.

4. Actively repurchase shares to enhance investor confidence

Based on the unwavering confidence in the Company's future development and the recognition of its long-term value, the Company has initiated a share repurchase plan to further enhance its long-term incentive mechanism. This move aims to effectively align the interests of shareholders, the Company, and its core team, thereby fostering sustainable growth and reinforcing investor confidence.

On October 26, 2023, the Company's Board of Directors held the 10th meeting of the 6th Board of Directors. During the meeting, the *Proposal on the Repurchase of Company Shares through Continuous Trading Approach* was reviewed and approved. The Company is authorized to use its own funds to repurchase a portion of its outstanding A-shares through continuous trading approach. These

repurchased shares will be utilized for future employee stock ownership plans or stock option incentive plans. The total amount of funds allocated for the repurchase shall not be less than RMB 500 million (inclusive) and not exceed RMB 700 million (inclusive). The repurchase price per share shall not exceed RMB 25.49 (inclusive). The repurchase period shall extend for 12 months from the date of the Board of Directors' approval of the repurchase plan.

The Company initiated the above-mentioned stock repurchase on November 16, 2023, through continuous trading approach via the special securities repurchase account. As of December 31, 2023, the Company had repurchased a total of 9,632,700 shares through continuous trading approach with the specific securities repurchase account, representing 0.28% of the Company's total outstanding shares. The repurchase cost was RMB 177,637,427.00 (excluding transaction fees). As of the reporting date of this report, the Company has repurchased 34,205,700 shares through continuous trading approach via the specific securities repurchase account, accounting for 1.00% of the total share capital of the Company. The repurchase cost is RMB 596,685,920.70 (excluding transaction costs).

5. Increase cash dividends and enhance investor returns

Shareholder returns are a top priority for the Company. The Company has strictly implemented the *Shareholder Return Plan for the Next Three Years (2022-2024)*, and clarifies the standard, ratio, and the decision-making procedures of the distribution policy, which ensures the continuity and stability of the profit distribution policy, in order to fully protect the legitimate rights and interests of minority investors. From 2021 to 2023, the Company's cumulative cash dividends reached RMB 1.509 billion, accounting for 51.01% of the average annual net profit from 2020 to 2022. In addition, to demonstrate its confidence in long-term growth, the Company has conducted multiple share repurchases. Between 2021 and 2023, the total repurchase amount reached RMB 2.178 billion.

In 2024, the Company's proposed profit distribution plan for the year 2023 is as follows: based on the total share capital registered on the record date of equity distribution minus the repurchased shares in the Company's specific securities repurchase account, the Company will distribute cash dividend of RMB 1.00 (tax inclusive) for per 10 shares to all the shareholders, as well as 0 bonus shares (tax inclusive), and there is no conversion of capital surplus into share capital. Although the Company experienced a certain degree of decline in revenue and net profit during the reporting period, it continued its consistent cash dividend payout to enhance shareholder returns.

In the future, the Company will continue to prioritize investors, striving to enhance shareholder returns and fulfill its obligations as a publicly listed entity. It remains dedicated to the strategy of 'improving quality and investor returns,' focusing on main business, fostering sustainable growth, and elevating corporate governance standards. These efforts aim to bolster investor confidence and contribute positively to market stability and sentiment.

Section IV Corporate Governance

I. Corporate Governance in Practice

During the reporting period, the Company continuously improved the corporate governance structure, the internal management and control system, and continued to carry out corporate governance activities in strict accordance with the requirements of relevant laws, regulations and normative documents such as *the Company Law*, *the Securities Law*, *Code of Corporate Governance for Listed Companies*, *Rules Governing the Listing of Shares on Shenzhen Stock Exchange* as well as with relevant documents of China Securities Regulatory Commission and the relevant instructions of Shandong Securities Regulatory Bureau, so as to further standardize the Company's operation and improve the level of corporate governance.

During the reporting period, the Company has comprehensively reviewed its relevant corporate governance policies per the latest requirements of *the Opinions of the General Office of the State Council on Reforming the Independent Director System of Listed Companies*, *the Measures for the Administration of Independent Directors of Listed Companies*, *No 3 Guideline for Supervision of Listed Companies - Cash Dividend Distribution of Listed Companies*, and *the Guidelines for Articles of Association of Listed Companies*. In combination with the Company's actual situation and business development needs, the Company had revised more than 10 rules and regulations, including the Articles of Association and the Working System for Independent Directors.

By the end of the reporting period, the actual practice of corporate governance met the relevant requirements of the above laws, administrative regulations, departmental rules and normative documents on the governance of listed companies, and no documents concerning administrative supervision measures taken by the regulatory authorities was received.

As of the end of the reporting period, the Company's corporate governance practices complied with the relevant regulatory requirements issued by the China Securities Regulatory Commission (CSRC). The details are as follows:

1. Shareholders and general meetings: The Company convened and held general meetings in strict accordance with the *Rules for the General Meetings of Listed Companies* and *the Company's Rules of Procedure of General Meetings*, so as to ensure that all shareholders, especially minority shareholders, enjoy equal status and fully exercise their rights. In addition, lawyers were engaged to witness the legitimacy of the convening, holding and voting procedures of each general meeting of shareholders.
2. The Company and controlling shareholders: The Company, with independent business and operation autonomy, is independent of the controlling shareholders in business, personnel, assets, organizations and finance. The Board of Directors, Supervisory Board and internal institutions of the Company operate independently. The Company's controlling shareholder strictly regulates its own behavior, and there was no direct or indirect interference with the Company's operations and decision-making beyond the general meeting of shareholders.
3. Directors and the Board of Directors: The Company elects directors in strict accordance with the election and appointment procedures stipulated in the *Articles of Association*. There are three independent directors in the Board, the number of directors and the composition of the Board of Directors meet the requirements of laws and regulations and the *Articles of Association*. All directors of the Company carried out their work per *the Rules of Procedure of the Board of Directors* and *Working System for Independent Directors*". They attended the Board of Directors and general meetings, participated in relevant knowledge training, and were familiar with relevant laws and regulations.
4. Supervisors and the Supervisory Board: The election of supervisors and the composition of the Supervisory Board were in strict accordance with relevant provisions of *the Company Law* and *Articles of Association*. The Company's supervisors strictly followed the *Rules of Procedure of the Supervisory Board*. They diligently carried out their responsibilities, effectively overseeing and providing independent opinions on the Company's major affairs, related party transactions, financial status, and the performance of directors and managers.
5. Performance evaluation and incentive-restraint mechanism: The Company has gradually improved its fair and transparent performance evaluation standards and incentive and restraint mechanism for directors, supervisors and senior management. The appointment of Company's senior management is open and transparent, and in line with the provisions of laws and regulations.
6. Stakeholders: The Company fully respects and safeguards the legitimate rights and interests of stakeholders, actively engages in communication and collaboration with them to achieve a balanced alignment of societal, shareholder, corporate, and employee interests. This collective effort drives the Company's sustained and robust development.
7. Information disclosure and investor relations: The Company duly performed the disclosure obligations in accordance with the provisions of *Rules Governing the Listing of Shares on Shenzhen Stock Exchange*, *Articles of Association* and *Investor Relations Management Rules*, and discloses information as per the law, so as to ensure that the information disclosure is true, accurate, complete, timely, fair, concise, clear, free from false statement, misrepresentations and material omissions. All shareholders were given equal

access to the information. The Company has formulated and continuously renewed the *Insider Information Management Rules*, further improved insider information management, strengthened the confidentiality of insider information, maintained the fair principle of information disclosure, and protected the legitimate rights and interests of investors. The Company has designated the Board Secretary as the person in charge of the Company's investor relations management, responsible for managing the Company's information disclosure and investor relations, as well as investor reception and consultations. The Company has designated *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Daily*, and *CNINFO* (<http://www.cninfo.com.cn>) as the Company's information disclosure media. In 2023, the Company disclosed over 160 announcements to reveal its financial statements, operating information and other significant matters to shareholders and the public in a timely manner. Meanwhile, the Company has launched a special column for investor relations on its official website and answers investors' questions through interactive platforms such as Hudongyi of the Shenzhen Stock Exchange (<http://irm.cninfo.com.cn>) and the Company's investors' hotline assisting the investors in understanding the Company, successfully establishing a fair and effective communication bridge between the Company, its investors, and the public.

Whether there is any significant difference between actual situation of corporate governance and laws, administrative regulations and the provisions on governance of listed companies issued by CSRC

Yes No

There is no significant difference between the actual situation of corporate governance and the laws, administrative regulations and the provisions on governance of listed companies issued by CSRC

II. Particulars about the independence of the Company from controlling shareholder and actual controller in terms of the assets, personnel, finance, organization and business

The Company has the capability of self-operation in its marketing, production, procurement, etc., and does not depend on major shareholders or affiliated enterprises. The ownership of the assets is clear and belongs to the Company. There is no mixed operation with major shareholders. The Company is completely separated from the controlling shareholders in terms of business, personnel, assets, organization, and finance. The Company has an independent and complete business, as well as the capability of self-operation.

1. Business independence: The Company had its own production, procurement and sales system, and was completely independent of controlling shareholder in terms of business.

2. Personnel separation: There is a department responsible for the Company's labor, personnel and salary management. Rules and regulations have been established for assessment of employees' performance. Personnel of the Company were independent from the controlling shareholder. The Senior Management of the Company did not hold any positions other than director and supervisor in the related shareholders and other entities with same or similar business.

3. Institutional independence: The Board of Directors, Supervisory Board, Senior Management and other internal organization of the Company operated independently, and each functional department is completely independent from controlling shareholder in terms of authority, personnel, production operation premises, etc, and there is no subordinate relationship between the controlling shareholder and its functional departments.

4. Asset independence: The ownership of the assets between the Company and the controlling shareholder was clear. The Company has its independent and complete production system, auxiliary production system and supporting facilities, as well as land use rights, housing property rights, intellectual property rights, and other assets.

5. Financial independence: The Company has its own separate financial department and an independent accounting system and financial management system from the controlling shareholder. The Company makes financial decisions on its own according to the requirements of relevant accounting systems of listed companies. The Company implements vertical management of the financial affairs of its subsidiaries. The Company opened accounts in the bank independently, made tax declarations, and performed tax obligations independent of shareholders according to law.

III. Horizontal Competition

Applicable Not applicable

IV. Annual General Meeting and Extraordinary General Meeting held during the Reporting Period

1. General meeting of shareholders during the reporting period

Session	Type of meeting	Percentage of investor participation	Convening date	Disclosure date	Meeting resolution
General meeting of shareholders of 2022	Annual general meeting of shareholders	28.09%	May 10, 2023	May 11, 2023	For details, refer to the Announcement of Resolutions of the 2022 Annual General Meeting published by <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and <i>CNINFO</i> (http://www.cninfo.com.cn)
The first extraordinary general meeting of shareholders in 2023	Extraordinary general meeting of shareholders	28.60%	August 8, 2023	August 9, 2023	For details, refer to the Announcement of the Resolution of the 1st Extraordinary General Meeting in 2023 published by <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and <i>CNINFO</i> (http://www.cninfo.com.cn)

Note: The percentage of investor participation refers to the percentage of the number of shares held by the participating investors to the total share capital of the Company.

2. Extraordinary general meeting of shareholders requested by the Preference shareholders with voting rights restored

Applicable Not applicable

V. Directors, Supervisors and Senior Management

1. Basic Information

Name	Gender	Age	Position	Appointment status	Term start date	Term end date	Number of shares held at the beginning of the period (shares)	Number of shares increased during the period (shares)	Number of shares decreased during the period (shares)	Other increase/decrease (shares)	Number of shares held at the end of the period (shares)	Reason for change in shares
Jiang Bin	Male	58	Chairman	Incumbent	July 27, 2007	November 14, 2025	287,397,406				287,397,406	
Li Youbo	Male	47	Director	Incumbent	November 15, 2022	November 14, 2025						
			President	Incumbent	April 7, 2023	November 14, 2025						
			Vice President	Appointments and Removals	June 2, 2021	April 7, 2023						
Duan Huilu	Male	48	Director	Incumbent	February 4, 2016	November 14, 2025	3,474,500				3,474,500	
			Vice President	Incumbent	March 25, 2011	November 14, 2025						
Liu Yaocheng	Male	51	Director	Incumbent	May 10, 2023	November 14, 2025						
Wang Kun	Female	48	Independent Director	Incumbent	November 8, 2019	November 14, 2025						
Huang Yidong	Female	59	Independent Director	Incumbent	November 15, 2022	November 14, 2025						

Name	Gender	Age	Position	Appointment status	Term start date	Term end date	Number of shares held at the beginning of the period (shares)	Number of shares increased during the period (shares)	Number of shares decreased during the period (shares)	Other increase/decrease (shares)	Number of shares held at the end of the period (shares)	Reason for change in shares
Jiang Fuxiu	Male	55	Independent Director	Incumbent	November 15, 2022	November 14, 2025						
Feng Pengbo	Male	56	Chairman of Supervisory Board	Incumbent	November 15, 2022	November 14, 2025						
Xu Xiaofeng	Female	47	Employee representative Supervisor	Incumbent	September 17, 2013	November 14, 2025						
Wei Wenbin	Male	46	Employee representative Supervisor	Incumbent	April 27, 2021	November 14, 2025						
Gao Xiaoguang	Male	48	Vice President	Incumbent	April 12, 2012	November 14, 2025						
Liu Chunfa	Male	48	Vice President	Incumbent	October 10, 2013	November 14, 2025	864,000				864,000	
Jiang Hongzhai	Male	54	Vice President	Incumbent	October 10, 2013	November 14, 2025						
Yu Dachao	Male	46	Vice President	Incumbent	October 24, 2016	November 14, 2025						
Rao Yi	Male	41	Vice President	Incumbent	April 7, 2023	November 14, 2025						
Li Yongzhi	Male	46	Chief Financial Officer	Incumbent	January 27, 2021	November 14, 2025						
Xu Dapeng	Male	40	Board Secretary	Incumbent	April 23, 2023	November 14, 2025						
Jiang Long	Male	50	Director and Vice Chairman	Resigned	July 27, 2007	April 6, 2023	250,345,197				250,345,197	
			President	Resigned	October 30, 2014	April 6, 2023						
Kazuyoshi Yoshinaga	Male	57	Vice President	Resigned	October 24, 2016	March 7, 2023						
Jia Jun'an	Male	53	Vice President, Board Secretary	Resigned	October 10, 2013	April 22, 2023	800,000				800,000	
Total	-	-	-	-	-	-	542,881,103				542,881,103	-

Whether there is any resignation of directors, supervisors and senior management during the reporting period

Yes No

During the reporting period, Director, Vice Chairman and President Jiang Long, Vice President Kazuyoshi Yoshinaga and Vice President and Board Secretary Jia Jun'an were dismissed for personal reasons.

Changes in directors, supervisors and senior management

Applicable Not applicable

Name	Position	Type	Date	Reason
Kazuyoshi Yoshinaga	Vice President	Dismissal	March 7, 2023	Personal reason
Jiang Long	Director and Vice Chairman	Resigned	April 6, 2023	Personal reason
	President	Dismissal	April 6, 2023	Personal reason
Li Youbo	President	Appointments and Removals	April 7, 2023	There was a change in position from Vice President to President

Name	Position	Type	Date	Reason
				during the reporting period.
Rao Yi	Vice President	Appointment	April 7, 2023	Appointed as the Vice President of the Company
Jia Jun'an	Board Secretary, Vice President	Dismissal	April 22, 2023	Work arrangement
Xu Dapeng	Board Secretary	Appointment	April 23, 2023	Appointed as the Board Secretary of the Company
Liu Yaocheng	Director	Elected	May 10, 2023	Elected as a non-independent director of the 6th Board of Directors of the Company

2. Biographical Information

Professional backgrounds, main working experience and current duties of the Directors, Supervisors and the Senior Management

(1) Members of the Board of Directors of the Company

Jiang Bin, male, Chinese citizen with no foreign residency rights, was born in September 1966. He holds a master's degree in business administration from Tsinghua University and a bachelor's degree in electronic engineering from Beihang University. Mr. Jiang currently serves as the Chairman of the Board of the Company, which he founded in 2001. With over 30 years of experience in the electro-acoustic industry, he also holds positions as a deputy to the 14th National People's Congress, a standing member of the 13th Executive Committee of the All-China Federation of Industry and Commerce, and the Executive Director of the China Virtual Reality Industry Association. Mr. Jiang has been honored with titles such as National Model Worker, Model Worker in Shandong Province, National Leading Entrepreneur in the Electronic Information Industry, Industry Leading Entrepreneur in Shandong Province, and Outstanding Figure in Shandong Province. Additionally, he has received the Highest Award in Science and Technology in Shandong Province.

Li Youbo, male, Chinese citizen with no foreign residency rights, was born in December 1977. He holds a bachelor's degree in automation from Dalian University of Technology. Mr. Li currently serves as a Director and President of the Company. He joined the Company in 2003 and has held various positions including engineer, technical manager, head of the business division, and Vice President. He has nearly 20 years of experience in the R&D and manufacturing of electro-acoustic components and complete machines.

Duan Huilu, male, Chinese citizen with no foreign residency rights, was born in February 1976. He holds a bachelor's degree in accounting from Shandong University of Finance and Economics. Mr. Duan currently serves as a director and Vice President of the Company. He joined the Company in 2001 and has held various positions including accountant, financial manager, manager of the finance department, and Chief Financial Officer. He has more than 20 years of experience in enterprise finance.

Liu Yaocheng, male, Chinese citizen with permanent residency in the United States, was born in October 1973. He holds a Ph.D. in materials science and engineering, a master's degree in electronic engineering from Stanford University, and master's and bachelor's degrees in materials science and engineering from Tsinghua University. Mr. Liu currently serves as the director of the Company. He joined the Company in 2019 and has held various positions, including head of the Company's Strategy and Investment Department and head of the Company's Central Research Institute. Mr. Liu has worked at IBM semiconductor R&D center, McKinsey & Company, and Silex Microsystems AB, gaining extensive experience in technology R&D, strategic planning, investment, and M&A.

Wang Kun, female, Chinese citizen with no foreign residency rights, was born in April 1976. She holds a Ph.D. in accounting from the Hong Kong University of Science and Technology and a bachelor's degree in accounting from Nankai University. Currently, she serves as an associate professor in the Department of Accounting at Tsinghua University's School of Economics and Management. Additionally, she holds the positions of deputy director and senior research fellow at the Research Center for Corporate Governance at Tsinghua University. She also serves as an independent director for the Company, China International Futures Co., Ltd., and LUSTER LightTech Co., Ltd. Previously, she worked as a lecturer and director of doctoral programs in the Department of Accounting at Tsinghua University's School of Economics and Management. She also held positions as an independent director for Beijing Thunisoft Co., Ltd. and Integrated Electronic Systems Lab Co., Ltd. She has won the Excellence in Teaching Award of the School of Economics and Management of Tsinghua University for several times and has rich experience in finance and auditing.

Huang Yidong, female, Chinese citizen with permanent residency in Japan, was born in March 1965, with a Ph.D. in electronic engineering from Tsinghua University. She is currently a professor in the Department of Electronic Engineering at Tsinghua University, deputy director of the academic committee at Tsinghua University, foreign academician of the National Academy of Engineering, and fellow of the OSA. She is also the executive director of the Chinese Optical Society, vice chairman of the China Education Society of Electronics, vice president of the Branch of China Association of Higher Education, deputy editor-in-chief of ACS Photonics, and independent director of the Company and Advanced Fiber Resources (Zhuhai), Ltd. She formerly served as a distinguished researcher at the NEC Institute of Optical-Wireless Devices, the deputy dean and head of the Department of Electronic Engineering of Tsinghua University, and the dean of the Tianjin Institute of Electronic Information of Tsinghua University.

Jiang Fuxiu, male, Chinese citizen with no foreign residency rights, who was born in June 1969, served as a postdoctoral fellow in accounting at Guanghua School of Management, Peking University, and has a Ph.D. in economics from Nanjing University. He is currently a professor and doctoral supervisor in the Department of Finance, Business School of Renmin University of China and a director of the Environmental, Social and Governance (ESG) Research Center of the National Academy of Development and Strategy of Renmin University of China. He also serves as an independent director of the Company. He used to serve as an independent director of Beijing Chunju Technology Co., Ltd., Northcom Group Co., Ltd., Yantai Longyuan Power Technology Co., Ltd., Utour Group Co., Ltd., Datang International Power Generation Co., Ltd., etc.

(2) Members of the Board of Supervisors of the Company

Feng Pengbo, male, Chinese citizen with no foreign residency rights, was born in July 1968. He holds a bachelor's degree in mechanical manufacturing technology and equipment from the Xi'an University of Technology and the professional title of Senior Engineer, and has won the honor of model worker in Shandong Province. He is currently the chairman of the Board of Supervisors of the Company. Mr. Feng joined the Company in 2003 and successively served as an engineer, chief engineer, section supervisor, section chief, and vice president of the Company. Mr. Feng is an expert in automation and has rich experience in automation equipment R&D and manufacturing.

Xu Xiaofeng, female, Chinese citizen with no foreign residency rights, who was born in October 1977, holds a bachelor's degree in electrical technology from Zhengzhou Institute of Aeronautical Industry Management and a bachelor's degree in business administration from China University of Petroleum. She is currently a supervisor of the Company. Ms. Xu joined the company in 2001, and successively served as the assistant manager of the quality control department, the enterprise development department, and the operation department, and the head of the Company's employee service center. She has rich experience in enterprise management.

Wei Wenbin, male, Chinese citizen with no foreign residency rights, was born in July 1978. He holds a bachelor's degree in material shaping and control engineering from Jilin University. He is currently a supervisor and the general manager of the Human Resources Department of the Company. Mr. Wei joined the Company in 2004, and successively served as the head of the company's production and operation management department, human resources management department, lean manufacturing management department, employee management, etc.

(3) Senior management of the Company

Li Youbo (Please refer to the above.)

Liu Chunfa, male, Chinese citizen with no foreign residency rights, was born in October 1976. He graduated from Lanzhou Railway College, majoring in mechatronics. He is currently a Vice President of the Company. Mr. Liu joined the Company in 1999. He successively served as engineer and assistant manager of the R&D department, technical manager of the technical engineering department, senior product manager, head of the manufacturing department, senior manager of the R&D department, head of the business department, etc. Mr. Liu has over 20 years of experience in the field of electroacoustic components, especially in micro speakers and receivers.

Jiang Hongzhai, male, Chinese citizen with no foreign residency rights, was born in December 1970. He graduated from Shandong College of Information Technology with a major in computer application. Currently, he serves as a Vice President of the Company. Previously, Mr. Jiang held positions as the factory director of Yuefeng Electronic Technology (Dongguan) Co., Ltd., and as an engineer at Weifang Radio Eighth Factory. Mr. Jiang joined the Company in 2006 and successively served as deputy general manager of the

equipment department, head of the employee management department and the leader of subsidiaries' business, etc. Mr. Jiang has more than 20 years of experience in the field of precision machining, and has rich experience in administration and infrastructure, etc.

Yu Dachao, male, Chinese citizen with no foreign residency rights, was born in May 1978. He holds a bachelor's degree in computer science and engineering from Tianjin University of Technology. He is currently a Vice President of the Company. Mr. Yu joined the Company in 2005 and successively served as the manager of R&D department, product manager, deputy general manager of the R&D department, head of the business department, and head of the supply chain management department. He has extensive experience in smart electronics development and supply chain management.

Gao Xiaoguang, male, Chinese citizen with no foreign residency rights, was born in March 1976. He holds a master's degree in business administration from Southern Cross University, Australia. He is currently a Vice President of the Company. Mr. Gao joined the Company in 2001 and has since held positions including manager, deputy general manager of the marketing department, deputy general manager of the electroacoustic business department, and head of the marketing system. He has rich experience in market expansion, key account management, human resource management, etc.

Duan Huilu (Please refer to the above.)

Rao Yi, male, Chinese citizen, was born in June 1983. He has a bachelor's degree in electronic science and technology from Tsinghua University and economics from Peking University, and a master's degree in electronic science and technology from Tsinghua University. He has a Ph.D. in optoelectronics from the University of California, Berkeley. He is currently the Vice President of the Company and the head of the optics business. Mr. Rao joined the Company in 2019. He previously worked for Bandiwith10 Corporation and Rokid US in the United States. He has received several honorary titles, including the Science and Technology Youth Award of Shandong Province and the Special Prize of Tianjin Science and Technology Invention. He has rich experience in the field of virtual reality/augmented reality optics.

Li Yongzhi, male, Chinese citizen with no foreign residency rights, was born in November 1978. He holds a master's degree in business management and a bachelor's degree in management from Hefei University of Technology. He is currently the Chief Financial Officer and head of the accounting department of the Company. Mr. Li joined the Company in 2005 and successively served as accountant and financial manager of the financial department. Mr. Li is a senior accountant and a certified management accountant (CMA) with nearly 20 years of experience in corporate finance.

Xu Dapeng, male, Chinese citizen with no foreign residency rights, was born in November 1984. He holds a master's degree in management from Renmin University of China and a bachelor's degree in economics from Hunan University. He currently serves as the Board Secretary of the Company and holds the Board Secretary Qualification Certificate. Mr. Xu joined the Company in 2015 and has successively worked in the Company's marketing system and securities department. He successively held the positions of marketing director, securities affairs representative, etc. He has rich experience in the fields of marketing, securities finance, investor relations management, etc.

Positions held in shareholders' entities

Applicable Not applicable

Name	Entity	Position	Term start date	Term end date	Receive remuneration or allowance from shareholders' entity (Yes/No)
Jiang Bin	Goertek Group Co., Ltd.	Chairman	November 15, 2021	November 14, 2024	No
Jiang Long	Goertek Group Co., Ltd.	Director	November 15, 2021	November 14, 2024	No
Duan Huilu	Goertek Group Co., Ltd.	Director	November 15, 2021	November 14, 2024	No
Description of incumbency in shareholders' entities	None				

Positions held in other entities

 Applicable Not applicable

Name	Entity	Position	Term start date	Term end date	Receive remuneration or allowance from shareholders' entity (Yes/No)
Jiang Bin	Weifang Goertek Electronics Co., Ltd.	Chairman	November 23, 2019	November 22, 2025	No
Jiang Bin	Goertek Optical Technology Co., Ltd	Chairman	April 20, 2022	April 19, 2025	No
Jiang Bin	Beijing Goertek Investment Management Co., Ltd.	Executive Director	January 22, 2019	January 21, 2025	No
Jiang Bin	Weifang Goertek Education Investment Co., Ltd.	Executive Director	March 22, 2019	March 21, 2025	No
Jiang Long	Rongcheng Goertek Technology Co., Ltd.	Chairman	July 15, 2020	July 14, 2026	No
Jiang Long	Goertek Electronics, Inc.	Director	May 1, 2020	April 30, 2026	No
Jiang Long	Weifang Goertek Electronics Co., Ltd.	Director / CEO	November 26, 2019	November 25, 2025	No
Jiang Long	Goertek Optical Technology Co., Ltd	Director / CEO	April 21, 2022	April 20, 2025	No
Jiang Long	Goertek Technology Co., Ltd.	Executive Director / CEO	December 10, 2021	December 9, 2026	No
Jiang Long	Goertek Intelligence Technology Co., Ltd.	Executive Director / CEO	August 18, 2020	August 17, 2026	No
Jiang Long	Goertek Microelectronics Inc.	Chairman	October 20, 2020	April 23, 2023	No
Jiang Long	Qingdao Goertek Intelligent Sensor Co., Ltd.	Executive Director	October 22, 2021	April 24, 2023	No
Jiang Long	Weifang Goertek Microelectronics Co., Ltd.	Executive Director	December 9, 2019	April 27, 2023	No
Jiang Long	Shanghai Goertek Microelectronics Co., Ltd.	Executive Director	October 14, 2020	April 23, 2023	No
Jiang Long	Beijing Goertek Microelectronics Co., Ltd.	Executive Director	August 7, 2020	May 11, 2023	No
Jiang Long	Wuxi Goertek Microelectronics Co., Ltd.	Executive Director	August 7, 2020	April 27, 2023	No
Jiang Long	Shenzhen Goertek Microelectronics Co., Ltd.	Executive Director	July 23, 2020	May 16, 2023	No
Jiang Long	Rongcheng Goertek Microelectronics Co., Ltd.	Executive Director	November 1, 2021	April 26, 2023	No
Jiang Long	Qingdao Goertek Microelectronics Research Institute Co., Ltd.	Executive Director	November 30, 2020	April 24, 2023	No
Jiang Long	Enkris Semiconductor Inc.	Director	November 18, 2021	August 7, 2023	No
Jiang Long	Qingdao Virtual Reality Institute Co., Ltd.	Chairman	April 12, 2022	April 11, 2025	No

Name	Entity	Position	Term start date	Term end date	Receive remuneration or allowance from shareholders' entity (Yes/No)
Jiang Long	Goertek Optical Technology (Shanghai) Co., Ltd	Director	February 16, 2022	February 15, 2025	No
Jiang Long	Qingdao Goertek Horizons Technology Co., Ltd	Director / CEO	May 19, 2022	May 18, 2025	No
Jiang Long	Goertek Optical Technology (Qingdao) Co., Ltd	Director	June 29, 2022	June 28, 2025	No
Duan Huilu	Goertek Technology Vina Company Limited	Director	January 31, 2019	September 25, 2023	No
Duan Huilu	Goertek Technology Co., Ltd.	Supervisor	August 14, 2021	August 13, 2024	No
Duan Huilu	Goertek Investment Co., Ltd.	Executive Director / CEO	December 7, 2015	December 6, 2025	No
Duan Huilu	Weifang Goertek Electronics Co., Ltd.	Director	November 23, 2021	November 22, 2024	No
Duan Huilu	Weifang Goertek Trading Co., Ltd.	Executive Director / CEO	August 26, 2020	August 25, 2026	No
Duan Huilu	Qingdao Goertek Acoustics Technology Co., Ltd.	Executive Director / CEO	November 15, 2023	November 24, 2026	No
Duan Huilu	Beijing Goertek Investment Management Co., Ltd.	Supervisor	January 22, 2019	January 21, 2025	No
Duan Huilu	Goertek (HongKong) Co., Limited	Director	April 24, 2019	April 23, 2025	No
Duan Huilu	Goertek Technology (Hong Kong) Co., Limited	Director	November 3, 2023	November 2, 2026	No
Duan Huilu	Qingdao Goertek Commercial Factoring Co., Ltd.	Executive Director	January 11, 2021	January 10, 2024	No
Li Youbo	Shanghai Goertek Technology Co., Ltd.	CEO	July 23, 2020	November 13, 2023	No
Li Youbo	Weifang Goertek Electronics Co., Ltd.	Supervisor	May 9, 2022	November 16, 2023	No
Li Youbo	Weifang Goertek Electronics Co., Ltd.	Executive Director / CEO	November 16, 2023	November 15, 2026	No
Liu Yaocheng	Goertek Optical Technology Co., Ltd	Director	June 27, 2022	June 26, 2025	No
Liu Yaocheng	Shenzhen Elementplus Material Technology Co., Ltd.	Director	September 5, 2023	September 4, 2026	No
Liu Yaocheng	GravityXR Electronics and Technology Co., Ltd.	Director	April 17, 2023	April 16, 2026	No
Liu Yaocheng	Shenzhen Camsense	Director	October 20, 2022	November 30, 2023	No

Name	Entity	Position	Term start date	Term end date	Receive remuneration or allowance from shareholders' entity (Yes/No)
	Technology Co., Ltd.				
Liu Yaocheng	Uphoton Technology (Shaoxing) Co., Ltd.	Director	June 13, 2022	June 12, 2025	No
Liu Yaocheng	SeeYA Technology Corporation	Director	March 17, 2023	March 16, 2026	No
Wang Kun	China International Futures Co., Ltd.	Independent Director	September 1, 2017		No
Wang Kun	Huadian Heavy Industries Co., Ltd.	Independent Director	February 1, 2020	September 7, 2023	No
Wang Kun	GalaxyCore Inc.	Independent Director	April 15, 2020	December 1, 2023	No
Wang Kun	LUSTER LightTech Co., Ltd.	Independent Director	September 28, 2020		No
Huang Yidong	Seetrum Companion (Shanghai) Enterprise Management Center (Limited Partnership)	Managing Partner	November 12, 2020	July 27, 2023	No
Huang Yidong	Advanced Fiber Resources (Zhuhai), Ltd.	Independent Director	March 31, 2021	March 30, 2024	No
Huang Yidong	Beijing Seetrum Technology Co., Ltd.	Supervisor	May 20, 2021	July 14, 2023	No
Huang Yidong	Tianjin Hi-Chip Technology Group Corporation	Director	April 29, 2022	July 7, 2023	No
Jiang Fuxiu	Beijing Chunju Technology Co., Ltd.	Independent Director	April 12, 2022	June 6, 2023	No
Liu Chunfa	Goertek Vina Co., Ltd	Director	January 1, 2019	December 31, 2024	No
Liu Chunfa	Goertek Technology Vina Company Limited	Director	January 31, 2019	September 25, 2023	No
Liu Chunfa	Shanghai Goertek Technology Co., Ltd.	Supervisor	April 25, 2020	April 24, 2026	No
Liu Chunfa	Yili Precision Manufacturing Co., Ltd .	Executive Director	November 9, 2023	November 8, 2026	No
Jiang Hongzhai	Yili Precision Manufacturing Co., Ltd .	Executive Director	July 5, 2019	November 9, 2023	No
Jiang Hongzhai	Weifang Goertek Communication Technology Co., Ltd.	Executive Director	June 26, 2021	June 25, 2024	No
Jiang Hongzhai	Dongguan JoyForce Precision Manufacturing Co., Ltd.	Executive Director	December 11, 2019	January 31, 2024	No
Jiang Hongzhai	Kunshan Goertek Electronics Co., Ltd	Executive Director	November 9, 2020	November 20, 2023	No
Jiang Hongzhai	Nanning Goertek Electronics Co., Ltd	Chairman	November 12, 2021	November 11, 2024	No

Name	Entity	Position	Term start date	Term end date	Receive remuneration or allowance from shareholders' entity (Yes/No)
Jiang Hongzhai	Nanning Goertek Trading Co., Ltd.	Chairman	November 29, 2021	November 28, 2024	No
Jiang Hongzhai	Goertek Technology Vina Company Limited	Director / CEO	September 25, 2023	September 24, 2026	No
Jiang Hongzhai	Goertek Vina Co., Ltd	Director / CEO	September 22, 2023	September 21, 2026	No
Jiang Hongzhai	Goertek Precision Industry Vietnam Company Limited	Director / CEO	October 2, 2023	October 1, 2026	No
Jiang Hongzhai	Goertek Smart Technology Vina Co.,Ltd.	Director / CEO	March 15, 2023	March 14, 2026	No
Yu Dachao	Beijing Goertek Technology Co., Ltd.	Executive Director / CEO	November 30, 2019	November 13, 2023	No
Yu Dachao	Xi'an Goertek Electronic Technology Co., Ltd.	Executive Director	May 7, 2019	November 6, 2023	No
Yu Dachao	Qingdao Goertek Acoustics Technology Co., Ltd.	Executive Director / CEO	December 10, 2021	November 15, 2023	No
Yu Dachao	Yishui TECO Electronic Technology Co., Ltd.	Chairman / CEO	December 10, 2019	November 24, 2023	No
Yu Dachao	Goertek Technology Vina Company Limited	Director	January 31, 2021	September 25, 2023	No
Gao Xiaoguang	Shenzhen Goertek Technology Co., Ltd.	Executive Director	October 29, 2021	October 28, 2024	No
Gao Xiaoguang	Shenzhen Goertek Technology Co., Ltd.	CEO	October 29, 2021	October 25, 2023	No
Gao Xiaoguang	Shanghai Goertek Technology Co., Ltd.	Executive Director	April 25, 2020	April 24, 2026	No
Gao Xiaoguang	Goertek Electronics, Inc.	Manager	December 19, 2018	December 18, 2024	No
Gao Xiaoguang	Beijing Goertek Technology Co., Ltd.	Executive Director	November 13, 2023	November 12, 2026	No
Gao Xiaoguang	Goertek Technology Korea Co., Ltd.	Director	March 31, 2023	March 30, 2026	No
Rao Yi	Goertek Optical Technology Co., Ltd	Director	April 21, 2022	April 20, 2025	No
Rao Yi	Goertek Optical Technology (Shanghai) Co., Ltd	CEO	February 16, 2022	February 15, 2025	No
Rao Yi	Goertek Optical Technology (Qingdao) Co., Ltd	CEO	June 29, 2022	June 28, 2025	No
Rao Yi	Zhongrong Zhige Technology (Tianjin) Co., Ltd.	Executive Director	April 1, 2022	March 31, 2025	No
Rao Yi	Uphoton Technology	Director	June 13, 2022	June 12, 2025	No

Name	Entity	Position	Term start date	Term end date	Receive remuneration or allowance from shareholders' entity (Yes/No)
	(Shaoxing) Co., Ltd.				
Jia Jun'an	Goertek Investment Co., Ltd.	Supervisor	December 7, 2021	November 7, 2023	No
Jia Jun'an	Weifang Goertek Electronics Co., Ltd.	Supervisor	November 26, 2019	June 12, 2023	No
Jia Jun'an	Zhongchuang Zhige Technology (Tianjin) Co., Ltd.	Executive Director	March 31, 2022	March 30, 2025	No
Li Yongzhi	Goertek Intelligence Technology Co., Ltd.	Supervisor	August 18, 2020	August 17, 2026	No
Li Yongzhi	Kunshan Goertek Electronics Co., Ltd.	Supervisor	November 9, 2020	November 20, 2023	No
Li Yongzhi	Qingdao Goertek Commercial Factoring Co., Ltd.	Supervisor	January 11, 2021	January 10, 2027	No
Li Yongzhi	Nanning Goertek Electronics Co., Ltd.	Supervisor	November 12, 2021	November 11, 2024	No
Li Yongzhi	Nanning Goertek Trading Co., Ltd.	Supervisor	November 29, 2021	November 28, 2024	No
Li Yongzhi	Xi'an Goertek Electronic Technology Co., Ltd.	Supervisor	May 7, 2019	May 6, 2025	No
Li Yongzhi	Yishui TECO Electronic Technology Co., Ltd.	Supervisor	December 10, 2019	December 9, 2025	No
Li Yongzhi	Rongcheng Goertek Technology Co., Ltd.	Supervisor	July 15, 2020	July 14, 2026	No
Li Yongzhi	Goertek Microelectronics Inc.	Director	December 23, 2020	December 22, 2026	No
Li Yongzhi	Weifang Goertek Electronics Co., Ltd.	Supervisor	June 12, 2023	June 11, 2026	No
Li Yongzhi	Weifang Goertek Electronics Co., Ltd.	Supervisor	November 16, 2023	November 15, 2026	No
Li Yongzhi	Goertek Investment Co., Ltd.	Supervisor	November 7, 2023	November 6, 2026	No
Feng Pengbo	Bei Ge (Weifang) Intelligent technology Co., Ltd.	Chairman	August 31, 2021		No
Wei Wenbin	Weifang Goertek Communication Technology Co., Ltd.	CEO	June 26, 2021	June 25, 2024	No
Description of incumbency in other entities	None				

Penalties imposed by securities regulatory authorities on current and outgoing directors, supervisors and senior management of the company in the past three years

Applicable Not applicable

3. Remuneration of Directors, Supervisors and Senior Management

The decision-making procedure, basis and actual payment of the remuneration of directors, supervisors and senior management

The remuneration for the directors and senior management of the Company shall be proposed to the Board of Directors by the Remuneration and Assessment Committee; The remuneration for the senior management shall be deliberated and determined by the Board of Directors; The remuneration for directors shall be deliberated by the Board of Directors before being submitted to the general meeting of shareholders for determination;

The remuneration for supervisors shall be deliberated by the Supervisory Board before being submitted to the general meeting of shareholders for determination.

Proposal on the remuneration for directors, supervisors, and senior management approved by the above-mentioned approval authority of the Company is as follows:

Proposal on the remuneration of directors:

Non-independent directors who hold concurrent senior management or other positions in the Company will be compensated according to the remuneration proposal for senior management determined by the Board of Directors or the employment contract signed with the Company. They will not be additionally compensated as directors. The remuneration standard of the Chairman of the Board is RMB 1.8 million per year before tax and paid on a monthly basis.

The allowance for independent directors of the Company is RMB 180,000 per person per year before tax and paid on a monthly basis.

Proposal on the remuneration of senior management of the Company:

The remuneration for the Company's senior management is based on the remuneration standard for their respective positions or the provisions of their employment contracts.

The remuneration for senior management consists of basic remuneration and performance-based remuneration. Among them, the basic remuneration shall be determined by the Company by reference to the market or industry remuneration standards in combination with their positions, responsibilities, abilities, and other factors, and will be paid on a monthly basis; The performance-based remuneration shall be determined based on factors such as the performance assessment period score and the position weight of each senior management member, in accordance with the Company's relevant performance assessment management regulations. The remuneration will then be submitted to the Company's Remuneration and Assessment Committee for approval.

Proposal on the remuneration of supervisors:

Supervisors who hold actual positions in the Company will receive remuneration based on their actual positions in the Company, in accordance with the Company's relevant basic remuneration standards and performance-based assessment standards, without additional supervisor's allowance; Supervisors who do not actually work in the Company will not be paid.

Additional explanation of the above proposal:

Normal working expenses incurred by the directors, supervisors, and senior management of the Company in the course of the Company's business shall be borne by the Company. When directors, supervisors, and senior management of the Company leave their positions due to a change in the term of office, re-election, resignation during their term, or for any other reason, their remuneration will be calculated and paid based on their actual term of service.

Remuneration of directors, supervisors and senior management during reporting period

Unit: RMB 10,000

Name	Gender	Age	Position	Appointment status	The total amount of pre-tax remuneration received from the Company	Whether to get paid by the related party of the Company
Jiang Bin	Male	58	Chairman	Incumbent	180.00	No
Li Youbo	Male	47	Director, President	Incumbent	102.84	No
Duan Huilu	Male	48	Director, Vice President	Incumbent	89.32	No
Liu Yaocheng	Male	51	Director	Incumbent	77.07	No
Wang Kun	Female	48	Independent Director	Incumbent	18.00	No
Huang Yidong	Female	59	Independent Director	Incumbent	18.00	No
Jiang Fuxiu	Male	55	Independent Director	Incumbent	18.00	No

Name	Gender	Age	Position	Appointment status	The total amount of pre-tax remuneration received from the Company	Whether to get paid by the related party of the Company
Feng Pengbo	Male	56	Chairman of Supervisory Board	Incumbent	45.24	No
Xu Xiaofeng	Female	47	Employee Representative Supervisor	Incumbent	69.23	No
Wei Wenbin	Male	46	Employee Representative Supervisor	Incumbent	73.32	No
Gao Xiaoguang	Male	48	Vice President	Incumbent	88.44	No
Liu Chunfa	Male	48	Vice President	Incumbent	88.54	No
Jiang Hongzhai	Male	54	Vice President	Incumbent	85.49	No
Yu Dachao	Male	46	Vice President	Incumbent	85.07	No
Rao Yi	Male	41	Vice President	Incumbent	95.81	No
Li Yongzhi	Male	46	Chief Financial Officer	Incumbent	66.10	No
Xu Dapeng	Male	40	Board Secretary	Incumbent	55.95	No
Jiang Long	Male	50	Vice Chairman, CEO	Resigned	25.64	No
Jia Jun'an	Male	53	Vice President, Board Secretary	Resigned	25.58	No
Kazuyoshi Yoshinaga	Male	57	Vice President	Resigned	23.15	No
Total	-	-	-	-	1,330.79	-

Other circumstances

Applicable Not applicable

VI. Performance of Directors' Duties during the Reporting Period

1. Board of Directors

Session	Convening date	Disclosure date	Meeting resolution
The 3rd Meeting of the 6th Board of Directors	April 7, 2023	April 8, 2023	For details, refer to the Announcement on the Resolution of the 3rd Meeting of the 6th Board of Directors and other announcements published in <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and <i>CNINFO</i> (http://www.cninfo.com.cn)
The 4th Meeting of the 6th Board of Directors	April 17, 2023	April 18, 2023	For details, refer to the Announcement on the Resolution of the 4th Meeting of the 6th Board of Directors and other announcements published in <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and <i>CNINFO</i> (http://www.cninfo.com.cn)
The 5th Meeting of the 6th Board of Directors	April 23, 2023	April 24, 2023	For details, refer to the Announcement on the Resolution of the 5th Meeting of the 6th Board of Directors and other announcements published in <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and <i>CNINFO</i> (http://www.cninfo.com.cn)
The 6th Meeting of the	June 27, 2023	June 28, 2023	For details, refer to the Announcement on the Resolution

Session	Convening date	Disclosure date	Meeting resolution
6th Board of Directors			of the 6th Meeting of the 6th Board of Directors and other announcements published in <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and <i>CNINFO</i> (http://www.cninfo.com.cn)
The 7th Meeting of the 6th Board of Directors	July 19, 2023	July 20, 2023	For details, refer to the Announcement on the Resolution of the 7th Meeting of the 6th Board of Directors and other announcements published in <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and <i>CNINFO</i> (http://www.cninfo.com.cn)
The 8th Meeting of the 6th Board of Directors	August 28, 2023	August 29, 2023	For details, refer to the Announcement on the Resolution of the 8th Meeting of the 6th Board of Directors and other announcements published in <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and <i>CNINFO</i> (http://www.cninfo.com.cn)
The 9th Meeting of the 6th Board of Directors	October 12, 2023	October 13, 2023	For details, refer to the Announcement on the Resolution of the 9th Meeting of the 6th Board of Directors and other announcements published in <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and <i>CNINFO</i> (http://www.cninfo.com.cn)
The 10th Meeting of the 6th Board of Directors	October 26, 2023	October 27, 2023	For details, refer to the Announcement on the Resolution of the 10th Meeting of the 6th Board of Directors and other announcements published in <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and <i>CNINFO</i> (http://www.cninfo.com.cn)
The 11th Meeting of the 6th Board of Directors	December 5, 2023	December 6, 2023	For details, refer to the Announcement on the Resolution of the 11th Meeting of the 6th Board of Directors and other announcements published in <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and <i>CNINFO</i> (http://www.cninfo.com.cn)
The 12th Meeting of the 6th Board of Directors	December 28, 2023	December 29, 2023	For details, refer to the Announcement on the Resolution of the 12th Meeting of the 6th Board of Directors and other announcements published in <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and <i>CNINFO</i> (http://www.cninfo.com.cn)

2. Directors' attendance at the meetings of Board of Directors and general meetings of shareholders

Directors' attendance at the meetings of Board of Directors and general meetings of shareholders							
Name	Number of Attendance required during the reporting period (times)	Attendance in person (times)	Attendance by Tele-communication (times)	Entrusted presence (times)	Absence (times)	Whether there is absence in person for two consecutive times	Attendance of the general meeting of shareholders (times)
Jiang Bin	10	8	2	0	0	No	3
Jiang Long	0	0	0	0	0	No	0
Li Youbo	10	5	5	0	0	No	3
Duan Huilu	10	9	1	0	0	No	3
Liu Yaocheng	8	5	2	0	1	No	2
Wang Kun	10	0	10	0	0	No	3
Huang	10	0	10	0	0	No	3

Yidong							
Jiang Fuxiu	10	0	10	0	0	No	3

Statement on absence from two consecutive meetings of the Board

None

3. Objections raised by directors to relevant matters of the Company

Whether directors raise any objection to relevant matters of the Company

Yes No

No objection was raised to relevant matters of the Company during the reporting period.

4. Other details on the performance of duties by directors

Whether proposals made by directors were adopted by the Company

Yes No

Statement on the adoption or non-adoption of proposals made by the directors

During the reporting period, the directors of the Company carried out work in strict accordance with *the Company Law, the Securities Law, Code of Corporate Governance for Listed Companies, Rules Governing the Listing of Shares on Shenzhen Stock Exchange, Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange - Normative Operation of Listed Companies on the Main Board, Articles of Association and Rules of Procedure of the Board of Directors*. They fulfilled their duty of due diligence by forming a consensus after full discussion on major governance and business matters of the Company, and resolutely supervising and driving the implementation of the board resolution, so as to ensure the decision-making process being scientific, timely and efficient, play a positive role in the sustained, healthy and stable development of the Company, and effectively safeguard the legitimate rights and interests of the Company and all shareholders.

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

Committee name	Members	Number of meetings held	Convening date	Meeting content	Important opinions and suggestions proposed	Performance of other duties	Specific objections (if any)
Audit committee	Wang Kun, Jiang Bin, Jiang Fuxiu	6	January 16, 2023	We reviewed and approved proposals such as <i>Special Auditor's Report on the Deposit and Use of Funds Raised in Q4 2022 and Inspection Report on Matters including Related Transactions and Guarantees in the 2nd half of 2022, etc.</i>	Approved	Not applicable	Not applicable
Audit committee	Wang Kun, Jiang Bin, Jiang Fuxiu	6	April 7, 2023	We reviewed and approved proposals such as <i>Proposal on Deliberation of Financial Accounts of 2022, and Proposal on the Deliberation of Self-assessment Report on Internal Control of 2022, etc.</i>	Approved	Not applicable	Not applicable
Audit committee	Wang Kun, Jiang Bin, Jiang Fuxiu	6	August 17, 2023	We reviewed and approved proposals such as <i>Proposal on the Deliberation of Financial Reports of the First Half of 2023, and Special Auditor's</i>	Approved	Not applicable	Not applicable

Committee name	Members	Number of meetings held	Convening date	Meeting content	Important opinions and suggestions proposed	Performance of other duties	Specific objections (if any)
				<i>Report on the Deposit and Use of Funds Raised in the First Half of 2023, etc.</i>			
Audit committee	Wang Kun, Jiang Bin, Jiang Fuxiu	6	October 9, 2023	We reviewed and approved such as <i>Proposal for Acquiring Shares of Subsidiaries Held by Related Parties, etc.</i>	Approved	Not applicable	Not applicable
Audit committee	Wang Kun, Jiang Bin, Jiang Fuxiu	6	October 23, 2023	We reviewed and approved proposals such as <i>Proposal on the Deliberation of the Quarterly Report in Q3 2023, and Special Auditor's Report on the Deposit and Use of Funds Raised in Q3 2023, etc.</i>	Approved	Not applicable	Not applicable
Audit committee	Wang Kun, Jiang Bin, Jiang Fuxiu	6	December 25, 2023	We reviewed and approved such as <i>Proposal on the Deliberation of the Work Procedures of the Audit Committee's Annual Report and Proposal on the Deliberation of the Implementation Rules of the Audit Committee, etc.</i>	Approved	Not applicable	Not applicable
Remuneration and assessment committee	Jiang Fuxiu, Jiang Bin, Huang Yidong	6	April 6, 2023	We reviewed and approved proposals such as <i>Proposal on the Adjustment of the List of Incentive Participants and the Number of the Reserved Granted Stock Option and the Cancellation of Some Stock Option in the 2021 Stock Option Incentive Plan, and Proposal on the Achievement of the Exercise Conditions for the First Exercise Period in the 2021 Stock Option Incentive Plan, etc.</i>	Approved	Not applicable	Not applicable
Remuneration and assessment committee	Jiang Fuxiu, Jiang Bin, Huang Yidong	6	April 7, 2023	We reviewed and approved <i>Proposal on Adjustment of Reserved Share in the "Home No. 6" Employee Stock Ownership Plan , etc.</i>	Approved	Not applicable	Not applicable
Remuneration and assessment committee	Jiang Fuxiu, Jiang Bin, Huang Yidong	6	June 21, 2023	We reviewed and approved proposals such as <i>Proposal on Cancellation of Unexercised Stock Options at the Expiration of the First Exercise Period of the Initial Granted Stock Options in the 2021 Stock</i>	Approved	Not applicable	Not applicable

Committee name	Members	Number of meetings held	Convening date	Meeting content	Important opinions and suggestions proposed	Performance of other duties	Specific objections (if any)
				<i>Option Incentive Plan and Proposal on Adjusting the Exercise Price of the Company's 2021 and 2022 Stock Option Incentive Plan, etc.</i>			
Remuneration and assessment committee	Jiang Fuxiu, Jiang Bin, Huang Yidong	6	July 14, 2023	We reviewed and approved proposals such as <i>Proposal on the Cancellation of the Grant of Reserved Equity Interests in the 2022 Stock Option Incentive Plan and Proposal on the Deliberation of Goertek Inc.'s "Home No. 7 ESOP (Draft) and Its Abstract, etc.</i>	Approved	Not applicable	Not applicable
Remuneration and assessment committee	Jiang Fuxiu, Jiang Bin, Huang Yidong	6	August 17, 2023	We reviewed and approved proposals such as <i>Proposal on the Adjustment of the List of Incentive Participants and the Number of Initial Granted Stock Option in the 2023 Stock Option Incentive Plan, and Proposal on Granting Stock Options to the Participants, etc.</i>	Approved	Not applicable	Not applicable
Remuneration and assessment committee	Jiang Fuxiu, Jiang Bin, Huang Yidong	6	December 25, 2023	We reviewed and approved <i>Proposal on Amending the Implementation Rules of the Remuneration and Assessment Committee of Goertek Inc., etc.</i>	Approved	Not applicable	Not applicable

VIII. Performance of the Supervisory Board

Whether the Supervisory Board found out any risk of the Company in its supervision activities during the reporting period.

Yes No

The Supervisory Board has no objection to the matters supervised during the reporting period.

IX. Personnel of the Company

1. Number of staff, specialty composition and educational level

Number of staff of the parent company at the end of the reporting period	25,038
Number of Staff of major subsidiaries at the end of the reporting period	56,332
Total number of staff at the end of the reporting period	81,370
Total number of staff who receive remuneration during the reporting period	81,370

Number of retired staff the Company and its major subsidiaries are required to compensate	0
Specialty composition	
Category	Number
Production staff	56,240
Sales staff	725
Technical staff	19,989
Financial staff	274
Administrative staff	4,142
Total	81,370
Educational level	
Category	Number
PhD	88
Master	3,310
Bachelor	14,615
College degree	14,748
Below college degree	48,609
Total	81,370

2. Remuneration policy

The Company has always prioritized a people-oriented approach, recognizing that talent is a core asset for corporate development. We continue to provide our employees with a variety of compensation and welfare benefits, paying attention to their work and life needs, and continuously striving to improve their sense of belonging and well-being.

Regarding remuneration, the Company continuously conducts remuneration adjustments and optimizations to ensure that our remuneration remains competitive with industry benchmarks. In 2023, for core positions and talents supporting the strategic new business development of the Company, a special remuneration adjustment strategy was implemented to effectively achieve precision talent attraction and retention. To guarantee the talent reserve, the Company continuously raises the remuneration level of fresh graduates, adopts the incentive project of "reward" to retain high-potential talents, and offers the incentive project of "moat" to core engineers.

In terms of incentives, the Company continues optimizing the remuneration distribution mechanism for all employees to ensure that the remuneration distribution is closely linked to individual and organizational performance. This will stimulate a culture of high performance. The Company also implements stock option incentive plans for backbone employees. Long-term incentives have become an important way for the Company to attract, retain, and motivate employees to achieve the mutual development of the enterprise and its employees. In 2023, the Company released a new *"Home No. 7" Employee Stock Ownership Plan* and the *2023 Stock Option Incentive Plan*, which covered almost 6,000 employees.

Regarding welfare, the Company establishes a diverse welfare system with the characteristics of a home culture, aiming to enhance employees' sense of belonging and well-being. The Company offers a variety of welfare programs for its employees, including eight categories: comfortable accommodation, education support, delightful entertainment, exclusive benefits, convenient living conditions, holiday benefits, health care, and emotional support. Additionally, the Company offers over 50 welfare sub-projects and continues to hold creative and warm activities to protect employees' well-being in a comprehensive, multi-level, and three-dimensional manner.

3. Training programs

In 2023, the Human Resources Management Department worked in line with the Company's development strategy and business demands. The Company also paid attention to the enhancement of personnel's professional knowledge and comprehensive ability, so as to further strengthen the diversified cultivation system of talents. Various personnel training programs were comprehensively promoted. Cadre training was refined and perfected and a breakthrough was made in the training of digital personnel. Professional personnel were trained in all aspects and new staff were trained to further expand the integration of production and education. The Company gradually systematized and standardized its training resources. By constructing an administrative system and mechanism

and promoting functional play, the Company fostered an organizational learning atmosphere, with a commitment to building a learning organization that comprehensively helps employees improve their abilities and grow.

In 2024, the Company, under the unified planning of the learning and development center, will deepen the integration of strategic business development and talents training by closely surrounding the talent strategy. Horizontally, the Company will expand the groups of trainees. Vertically, the Company will improve various types of training programs, strengthen the overall talent training system, and step up the training for strategic personnel such as cadres and digital talents to meet the Company's strategic needs for strategic talents. Simultaneously, the company will accelerate the digitization and informatization of training to enhance employees' learning experiences comprehensively. This initiative aims to bolster employees' capabilities and facilitate the development of a skilled workforce, thereby ensuring the Company's sustained growth.

4. Labor outsourcing

Applicable Not applicable

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

Formulation, execution or adjustment of profit distribution policy, especially the cash dividend during the reporting period

Applicable Not applicable

The Company has strictly implemented the *Shareholder Return Plan for the Next Three Years (2022-2024)*, and clarified the standard, ratio, and decision-making procedures of the distribution policy, which ensures the continuity and stability of the profit distribution policy, in order to fully protect the legitimate rights and interests of minority investors. The Company did not make changes to the profit distribution policy during the reporting period.

Special description of the cash dividend policy	
Whether in compliance with provisions in the Articles of Association or requirements of the resolution of the extraordinary general meeting of shareholders:	Yes
Whether the dividend standard and the proportion are definite and clear:	Yes
Whether the related decision-making procedures and mechanisms are complete:	Yes
Whether independent directors perform their duties responsibly and play their due roles:	Yes
If the Company chooses not to distribute cash dividends, it shall disclose the specific reasons and outline the measures to be taken to enhance investor returns:	Not applicable
Whether minority shareholders have the opportunity to fully express their opinions and demands and their legitimate rights and interests are fully protected:	Yes
Whether the conditions and procedures are transparent and comply with regulations while the cash dividend policy is adjusted or changed:	The cash dividend policy has not been adjusted.

The profits of Goertek in the reporting period and the parent company's profits distributable to shareholders are positive, but the Company did not put forward a proposed plan for cash dividend distribution.

Applicable Not applicable

Profit distribution and conversion of capital surplus into share capital during the reporting period.

Applicable Not applicable

Number of bonus shares per 10 shares	0
Dividend per 10 shares (RMB) (tax inclusive)	1.00
Conversion of capital surplus into share capital per 10 shares (shares)	0
Share capital base of the distribution proposal (shares)	3,382,928,889

Cash dividend amount (RMB) (tax inclusive)	338,292,888.90
Cash dividend amount distributed by other means (such as shares repurchase) (RMB)	177,637,427.00
Total cash dividends (including other means) (RMB)	515,930,315.90
Distributable profit (RMB)	11,036,440,853.38
Proportion of total cash dividends (including other means) in total profit distribution	100%
Cash dividends	
If the Company is in developing stage, and there are major capital expenditure arrangements, the minimum proportion of cash dividends in profit distribution should reach 20%.	
Detailed description of the proposal for profit distribution or capitalization from capital surplus funds	
<p>According to the standard unqualified auditor report issued by Zhongxi CPAs (Special General Partnership) for the Company, the net profit attributable to the shareholders of the Company in the Company's consolidated financial statement in 2023 is RMB 1,088,076,730.88. The parent company reports a net profit of RMB 2,185,304,824.52. The statutory surplus reserve fund is RMB 218,530,482.45 in the Company's consolidated financial statement in 2023, plus the undistributed profit at the beginning of the period and minus the actually distributed cash dividend of RMB 340,516,294.90 for the year of 2022, the undistributed profit in the consolidated statement amounts to RMB 17,038,581,549.12 and the undistributed profit of the parent company amounts to RMB 11,036,440,853.38 as of December 31, 2023. The Company's profit available for distribution to shareholders in 2023 is RMB 11,036,440,853.38, according to the principle that profit distribution should be based on the lower of the profit available for distribution of the parent company and the profit available for distribution of the consolidated financial statements.</p> <p>In accordance with the relevant provisions of <i>the Company Law</i> and <i>Articles of Association</i>, the proposed profit distribution of the Company in 2023 is as follows: based on the total share capital registered on the record date of equity distribution minus the repurchased shares in the Company's specific securities repurchase account and the principle of unchanged distribution ratio, the Company will distribute cash dividend of RMB 1.00 (tax inclusive) for per 10 shares to all the shareholders, as well as 0 bonus shares (tax inclusive), and there is no conversion of capital surplus into share capital.</p> <p>Up to now, there are 34,205,700 shares in the Company's specific securities repurchase account, the amount of cash dividend is calculated based on the current total share capital of 3,417,134,589 shares after deducting the above repurchased shares. The total amount of cash dividends is RMB 338,292,888.90 (tax inclusive), which accounts for 31.09% of the net profit attributable to shareholders of the listed company in 2023.</p> <p>If the Company's total share capital changes due to share buybacks, the exercise of stock option incentive objects, material asset restructuring, cancellation of share buybacks, share increase for refinancing, or other reasons between the disclosure of the Company's profit distribution plan for 2023 and the date of registration of equity distribution, the Company will adjust the total distribution amount based on the principle of unchanged distribution ratio.</p>	

XI. Implementation of Stock Option Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentives

Applicable Not applicable

1. Stock option incentive

(1) Stock Option Incentive Plan in 2021 (hereinafter referred to as "the Incentive Plan 2021 ")

On April 16, 2021, the Company convened the 19th meeting of the 5th Board of Directors and the 14th meeting of the 5th Supervisory Board, which approved proposals such as *Proposal on the Deliberation of the 2021 Stock Option Incentive Plan (Draft) and Its Abstract of Goertek Inc.*, etc. On May 7, 2021, the proposals mentioned above were approved on the annual general meeting of 2020. The Incentive Plan 2021 was approved. The Board of Directors was authorized to handle relevant matters regarding the Incentive Plan 2021. On April 7, 2023, the Company convened the 3rd meeting of the 6th Board of Directors and the 3rd meeting of the 6th Supervisory Board, and approved *Proposal on the Adjustment of the List of Incentive Participants and the Number of Reserved Granted Stock Option and the Cancellation of Some Stock Option in the 2021 Incentive Plan* and *Proposal on the Achievement of the Exercise Conditions of Reserved Granted Stock Options for the First Exercise Period in the 2021 Stock Option Incentive Plan*. The Board of Directors determined that the exercise conditions for the first exercise period of the reserved grant portion of the Incentive Plan 2021 had been fulfilled, and the incentive participants may exercise their options from the processing completion time to April 19, 2024.

On June 27, 2023, the Company convened the 6th meeting of the 6th Board of Directors and the 5th meeting of the 6th Supervisory Board, which approved *Proposal on Cancellation of Unexercised Stock Options at the Expiration of the First Exercise Period of the Initial Granted Stock Options in the 2021 Stock Option Incentive Plan, Proposal on Adjusting the Exercise Price of the Company's 2021 and 2022 Stock Option Incentive Plan, Proposal on the Adjustment of the List of Incentive Participants and the Number of Initial Granted Stock Option and the Cancellation of Some Stock Option in the 2021 Stock Option Incentive Plan, and Proposal on the Achievement of the Exercise Conditions of Initial Granted Stock Options for the Second Exercise Period in the 2021 Stock Option Incentive Plan*. Pursuant to the above resolutions, the Company canceled the unexercised stock options at the expiration of the first exercise period of the initial granted stock options in the Incentive Plan 2021, adjusted the exercise price of the initial and reserved granted stock options in the Incentive Plan 2021 in accordance with the authorization of the annual general meeting; At the same time, the Board of Directors determined that the exercise conditions of initial granted stock options for the second exercise period in the Incentive Plan 2021 had been fulfilled, and the incentive participants may exercise their rights upon completion of the exercise procedures to June 23, 2024.

On August 7, 2023, the Company completed the procedures related to the independent exercise of the initial granted stock options for the second exercise period and the granted reserved shares for the first exercise period in the Incentive Plan 2021 aforementioned in the China Securities Depository and Clearing Corporation Limited Shenzhen Branch. As of the end of the reporting period, the Company's initial granted stock options in 2021 were in the second exercise period, while the granted reserved stock option were in the first exercise period.

(2) Stock Option Incentive Plan in 2022 (hereinafter referred to as "the Incentive Plan 2022")

On July 8, 2022, the Company convened the 31st meeting of the 5th Board of Directors and the 25th meeting of the 5th Supervisory Board, which approved proposals such as *Proposal on the Deliberation of the 2022 Stock Option Incentive Plan (Draft) and Its Abstract of Goertek Inc.* etc. On July 26, 2022, the aforementioned proposals were ratified at the first extraordinary general meeting of 2022. The Incentive Plan 2022 was approved. The Board of Directors were authorized to handle relevant matters regarding the Incentive Plan 2022.

On June 27, 2023, the Company convened the 6th meeting of the 6th Board of Directors and the 5th meeting of the 6th Supervisory Board, which approved *Proposal on Adjusting the Exercise Price of the Company's 2021 and 2022 Stock Option Incentive Plan*. The exercise price of the initial and reserved granted stock options in the Incentive Plan 2022 was adjusted pursuant to the authorization given by the stockholders' meeting, as the Company implemented the 2022 Equity Allocation Plan.

On July 19, 2023, the Company held the 7th meeting of the 6th Board of Directors and the 6th meeting of the 6th Supervisory Board, which approved *Proposal on the Cancellation of the Grant of Reserved Equity Interests in the 2022 Stock Option Incentive Plan*. In accordance with the authorization from the stockholders' meeting, the Board of Directors decided to cancel the grant of reserved stock options in the Incentive Plan 2022. As of the end of the reporting period, the initial granted stock options in 2022 were in the exercise waiting period.

(3) Stock Option Incentive Plan in 2023 (hereinafter referred to as "the Incentive Plan 2023")

On July 19, 2023, the Company convened the 7th meeting of the 6th Board of Directors, which approved proposals such as *Proposal on the Deliberation of the 2023 Stock Option Incentive Plan (Draft) and Its Abstract of Goertek Inc.*, etc. The participants eligible for incentives under the Incentive Plan 2023 include key management personnel and business leaders of the Company and its subsidiaries. On August 8, 2023, the proposals mentioned above were approved on the 1st extraordinary general meeting of 2023. The Incentive Plan 2023 was approved. The Board of Directors were authorized to handle relevant matters regarding the Incentive Plan 2023.

On August 28, 2023, the Company convened the 8th meeting of the 6th Board of Directors and the 7th meeting of the 6th Supervisory Board, which approved *Proposal on the Adjustment of Incentive Participants and the Number of Initial Granted Stock Options in the 2023 Stock Option Incentive Plan, and Proposal on Granting Stock Options to the Participants*. Due to work changes or resignations, 153 incentive participants no longer meet the requirements to participate in the Incentive Plan 2023. As a result, the Board of Directors of the Company adjusted the total number of initial incentive participants in the Incentive Plan 2023 from 5,704 to 5,551, and the number of initially granted stock options from 210,000,000 to 208,990,900. The number of stock options reserved for grant remained unchanged, while the total number of stock options to be granted to incentive participants was adjusted from 225,200,000 to 224,190,900. Additionally, the Board of Directors determined that the conditions for the initial grant in the Incentive Plan 2023 have been met and set August 28, 2023 as the date for the initial grant.

On September 26, 2023, the Company completed the registration of the initial granted stock options in the Incentive Plan 2023 and granted 208,990,900 stock options to 5,551 eligible participants. As of the end of the reporting period, the initial granted stock options in 2023 were in the exercise waiting period.

Stock options granted to directors and senior management

Applicable Not applicable

Unit: share

Name	Position	Number of stock options held at the beginning of the year	Number of stock options newly granted during the reporting period	Number of exercisable stocks during the reporting period	Number of stocks exercised during the reporting period	Exercise price of stocks exercised during the reporting period (Yuan per share)	Number of stock options held at the end of the reporting period	Market price at the end of the reporting period (Yuan per share)	Number of restricted stocks held at the beginning of the reporting period	Number of stocks unlocked in the current period	Number of restricted stocks newly granted during the reporting period	Grant price of restricted stocks (Yuan per share)	Number of restricted stocks held at the end of the reporting period
Xu Dapeng	Board Secretary	86,000		73,100	-	29.03	30,100	21.01					
Total	-	86,000		73,100	-	-	30,100	-				-	
Remarks (if any)													

The assessment and incentive mechanism for senior management

The remuneration standard for senior management shall be formulated by the remuneration and assessment committee, and implemented after approval by the Board of Directors.

2. Implementation of employee stock ownership plan

Applicable Not applicable

All valid employee stock ownership plans during the reporting period

Participants	Number	Total shares held	Changes	Shareholding percentage	Source of funds
Home No. 4 ESOP: Directors (excluding independent directors), supervisors, senior management, key management personnel and key business personnel	4,000	0	None	0.00%	Not applicable
Home No. 5 ESOP: Directors (excluding independent directors), supervisors, senior management, key management personnel and key business personnel	25	0	None	0.00%	Self-raised
Home No. 6 ESOP: Directors (excluding independent directors), supervisors, senior management personnel, and key business personnel	1,000	67,338,040	None	1.97%	Self-raised
Home No. 7 ESOP: Middle and senior management and key business personnel of the Company and its holding subsidiaries and other eligible employees, as determined by the Board of Directors	40	3,658,800	None	0.11%	Self-raised

Total shares held of directors, supervisors and senior management in ESOPs during the reporting period

Name	Position	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Shareholding percentage
Duan Huilu, Liu Yaocheng, Xu Xiaofeng, Wei Wenbin, Gao Xiaoguang, Liu Chunfa, Jiang Hongzhai, Jia Jun'an (resigned as the Board Secretary in April 2023), Feng Pengbo, Yu Dachao, Yoshinaga Kazuyoshi (resigned in March 2023), Li Yongzhi, Li Youbo, Xu Dapeng	Directors, supervisors, senior management	3,039,000	11,780,000	0.34%

Changes of asset management agency during the reporting period

Applicable Not applicable

Changes in shareholders' equity caused by shares disposal of the participants and other reasons during the reporting period

Applicable Not applicable

By the end of the reporting period, the Company's "Home No. 4" ESOP and "Home No. 5" ESOP have been sold out and the liquidation has been completed. The Company's "Home No. 6" ESOP held 67,338,040 shares, accounting for 1.97% of total shares, while the "Home No. 7" ESOP held 3,658,800 shares, accounting for 0.11% of total share capital.

Exercise of shareholders' rights during the reporting period

During the reporting period, the ESOPs exercised the shareholders' rights to participate in cash dividend of 2022, but did not participate in voting of the general meeting of shareholders or exercise other shareholders' rights.

Other relevant situations and descriptions related to ESOPs during the reporting period

Applicable Not applicable

The Company shall continue to manage the ESOP in accordance with the ESOP Management Measures. During the reporting period, the third lock-up period of the Company's "Home No. 4" ESOP expired, allowing holders to sell 2,190,100 shares in the secondary market. 4,791,250 shares under the "Home No. 5" ESOP were reverted to the Company at the initial purchase price due to the holder's resignation or failure to meet all unlocking conditions in personal assessment, and the remaining 700,875 shares held can be sold in the secondary market after being unlocked; As of the end of the reporting period, the Company's shares held under the "Home No. 4" ESOP and "Home No. 5" ESOP had been sold through centralized bidding; 2,651,720 shares were recovered under the "Home No. 6" ESOP due to the departure of the holder. The recoveries and disposals mentioned above comply with the relevant agreements outlined in the ESOP.

Changes in members of the Management Committee of the ESOPs

Applicable Not applicable

Financial impacts of the ESOPs during the reporting period and relevant accounting treatment

Applicable Not applicable

In accordance with the *Accounting Standard for Business Enterprises No.11 - Share-based Payments*: The equity-settled share-based payment in exchange for services received from employees could not exercise until the completion of services for a vesting period, or until the achievement of a specified performance condition. The Company at each balance sheet date during the vesting period recognizes the services received for the current period as related costs or expenses, and capital surplus, at amount equal to the fair value of the equity instruments at the grant date, based on the best estimate of the number of equity instruments expected to exercise. In 2023, the amortized expenses of the Company's "Home No. 4" ESOP, "Home No. 5" ESOP, "Home No. 6" ESOP and "Home No. 7" ESOP were RMB 7.2233 million, RMB -82.7473 million, RMB 244.5334 million and RMB 6.1696 million respectively, which were recognized as related expenses and capital surplus.

Termination of ESOP during the reporting period

Applicable Not applicable

On July 29, 2023, the Company published *Announcement of Goertek Inc. on the Completion and Termination of the Sale of "Home No. 4" ESOP and "Home No. 5" ESOP*. The "Home No. 4" ESOP and "Home No. 5" ESOP were completed and terminated on July 29, 2023.

3. Other employee incentive measures

Applicable Not applicable

XII. Construction and implementation of the Company's Internal Control System During the Reporting Period

1. Construction and implementation of internal control

The Company has implemented a rigorous and effective internal control system that is tailored to its specific needs in strict accordance with *Basic Standards for Enterprise Internal Control*, as well as relevant laws, regulations, and normative documents. The internal audit department is responsible for overseeing and assessing the implementation of this system. The Board of Directors conducts an

annual self-evaluation of the Company's internal controls and discloses *Internal Control Self-Evaluation Report*. Simultaneously, the Company engages an accounting firm to conduct an internal control audit of the Company.

The Company consistently enhances its internal control in compliance with relevant laws, regulations, normative documents, and *Articles of Association*. During the reporting period, the Company optimized over 10 rules and regulations, including *Independent Directors' Work System*, and all work was performed in compliance with various systems. The Company manages its major internal controls and matters, including governance and organizational structure, internal supervision, human resources policies, corporate culture building, social responsibility, fund management, sales and procurement, R&D, engineering projects, asset management, related party transactions, external guarantees, investment management, use of raised funds, financial reports, information disclosure, and subsidiary control, in a strict, adequate and effective manner.

During the reporting period, the Company did not encounter any material deficiencies or significant deficiencies in its internal control over financial and non-financial reporting. The Company has maintained effective internal control in all significant areas, as required by the corporate internal control standard system and relevant regulations.

2. Details of material defects of internal control detected during the reporting period

Yes No

XIII. Management and controls of subsidiaries during the Reporting Period

Name of company	Reorganization plan	Reorganization progress	Problems encountered in the reorganization	Measures taken	Progress in solution	Follow-up solution
Uphoton Technology (Shaoxing) Co., Ltd.	Integrate with the Company's optical products-related businesses, adjust the organization and personnel according to the needs of business development, unify financial management, and complement each other's advantages, so as to realize the synergy effect of the business combination.	Under normal progress	None	Not applicable	Not applicable	Not applicable

XIV. Assessment Report on Internal Control or Auditor's Report on Internal Control

1. Assessment of internal control

Disclosure date of the Internal Control Self-assessment Report	March 28, 2024	
Disclosure index of the Internal Control Self-assessment Report	<i>The Goertek Inc. Self-Assessment Report on Internal Control of 2023</i> disclosed on www.cninfo.com.cn on March 28, 2024	
Proportion of the total assets of entities included in the assessment scope to the total assets of the Company's consolidated financial statements		100.00%
Proportion of the total income of entities included in the assessment scope to the total income of the Company's consolidated financial statements		100.00%
Defect Identification Standard		
Category	Financial report	Non-financial report

Qualitative criteria	<p>The qualitative standard of the assessment of internal control defects in financial reporting determined by the Company are as follows:</p> <p>Signs of material deficiencies in financial reporting include:</p> <p>(1) Fraud of directors, supervisors and senior management on the financial report;</p> <p>(2) Corrections of previously disclosed financial reports;</p> <p>(3) Material misstatement of current period financial statements identified by certified public accountant but not identified by the Company's internal control;</p> <p>(4) Ineffective supervision on the financial statements by the audit committee and the internal audit department.</p> <p>Signs of significant deficiencies in financial reporting include:</p> <p>(1) Failure to select and apply accounting policies in accordance with Generally Accepted Accounting Principles;</p> <p>(2) No anti-fraud procedures and control measures have been established;</p> <p>(3) No corresponding control mechanism has been established or implemented for the accounting treatment of unconventional or special transactions, and there is no corresponding compensatory control;</p> <p>(4) One or more defects is or are existing in the control of the financial reporting process, that the prepared financial statements cannot be reasonably guaranteed to be true and complete.</p> <p>General defects: other internal control defects.</p>	<p>The qualitative standard of the assessment of internal control defects in non-financial reporting determined by the Company are as follows:</p> <p>The identification of defects in non-financial reports is mainly determined by the impact of defects on the effectiveness of business processes and the possibility of occurrence.</p> <p>Defects are defined as general defects if they are less likely to happen, and will lower the work efficiency or effect, increase the uncertainty of the effect or make it deviate from the expected goal;</p> <p>Defects are defined as significant deficiencies if they are likely to happen and will significantly lower the work efficiency or effect, significantly increase the uncertainty of the effect, or make it deviate from the expected goal;</p> <p>Defects are defined as material deficiencies if they are likely to happen and will seriously lower the work efficiency or effect, seriously increase the uncertainty of the effect, or make it seriously deviate from the expected goal.</p>								
Quantitative criteria	<p>The quantitative standard of the assessment of internal control defects in financial reporting are as follows:</p> <p>(1) If one of the following conditions is met, it may be recognized as a material deficiency:</p> <table border="1" data-bbox="603 1615 1107 2002"> <thead> <tr> <th>Item</th> <th>Impact of defects</th> </tr> </thead> <tbody> <tr> <td>Potential misstatement of total profit</td> <td>≥ 5%, with an amount ≥ RMB 10 million</td> </tr> <tr> <td>Potential misstatement of total assets</td> <td>≥ 1%</td> </tr> <tr> <td>Potential misstatement of revenue</td> <td>≥ 1%</td> </tr> </tbody> </table> <p>(2) If one of the following conditions is met, it may</p>	Item	Impact of defects	Potential misstatement of total profit	≥ 5%, with an amount ≥ RMB 10 million	Potential misstatement of total assets	≥ 1%	Potential misstatement of revenue	≥ 1%	<p>The quantitative standard of the assessment of internal control defects in non-financial reporting is in accordance with the quantitative standard of defects in financial reporting.</p>
Item	Impact of defects									
Potential misstatement of total profit	≥ 5%, with an amount ≥ RMB 10 million									
Potential misstatement of total assets	≥ 1%									
Potential misstatement of revenue	≥ 1%									

	be recognized as a significant deficiency:	
	Item	Impact of defects
	Potential misstatement of total profit	$3\% \leq \text{misstatement} < 5\%$
	Potential misstatement of total assets	$0.5\% \leq \text{misstatement} < 1\%$
	Potential misstatement of revenue	$0.5\% \leq \text{misstatement} < 1\%$
	(3) If one of the following conditions is met, it may be recognized as a general defect:	
	Item	Impact of defects
	Potential misstatement of total profit	$< 3\%$
	Potential misstatement of total assets	$< 0.5\%$
	Potential misstatement of revenue	$< 0.5\%$
Number of material deficiencies in financial reporting	0	
Number of material deficiencies in non-financial reporting	0	
Number of significant deficiencies in financial reporting	0	
Number of significant deficiencies in non-financial reporting	0	

2. Auditor's Report on Internal Control

Applicable Not applicable

The opinion paragraph in the Auditor's Report on Internal Control	
We believe that Goertek Inc. maintained effective internal control over accounting reports in all material aspects in accordance with <i>Basic Standards for Internal Enterprise Control</i> and relevant provisions on December 31, 2023.	
Disclosure of the Auditor's Report on Internal Control	Disclosed
Disclosure date of the Auditor's Report on Internal Control	March 28, 2024
Disclosure index of the Auditor's Report on Internal Control	The Audit Report on Internal Control of Goertek Inc. (Zhong Xi Special Audit No. 2024T00220) was published on www.cninfo.com.cn on March 28, 2024
Type of internal control auditor's report opinions	Standard Unqualified Opinion
Material deficiencies found in non-financial reporting	No

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

Yes No

Whether the Auditor's Report on Internal Control is consistent with the Self-assessment Report of the Board of Directors

Yes No

XV. Rectification of Problems Identified by Self-examination in the Special Actions on Governance of Listed Companies

Not applicable

Section V Environmental and Social Responsibilities

I. Major Environmental Issues

Whether the listed company or its subsidiaries are entities with pollutant discharges announced by local environmental protection authorities

Yes No

Policies and industry standards related to environmental protection

According to the Decision of the National Development and Reform Commission on Amending the Catalogue of Industrial Structure Adjustment (2019 version), all projects of Goertek Inc. are classified as encouraged projects, aligning with national industrial development policies. These projects also comply with the requirements outlined in the Opinions of the People's Government of Shandong Province on the Implementation of the "Three Lines and One List" Ecological Zoning Management Approach. The pollutants emitted by the projects strictly adhere to the standards stipulated in environmental assessments and emission permits.

All projects of Yili Precision Manufacturing Co., Ltd. are carried out in line with national industrial development policies according to the Decision of the National Development and Reform Commission on Amending the Catalogue of Industrial Structure Adjustment (2019 version); and the projects meet the requirements of the Opinions of the People's Government of Shandong Province on the Implementation of the "Three Lines and One List" Ecological Zoning Management Approach. The project's pollutants are in compliance with the requirements of environmental assessment and emission permit standards.

Administrative licenses for environmental protection

Goertek Inc. obtained the registration receipt of the pollution discharge permit in accordance with the Measures for the Management of Pollution Discharge Permits (Trial) (Revised in 2019). The registration number is 91370700729253432M004Y, and the certificate is valid from November 30, 2023 to November 29, 2028.

Yili Precision Manufacturing Co., Ltd. has applied for a pollution discharge permit as required. The certificate number is 913707840744048096001V, and the certificate is valid from July 7, 2022 to July 6, 2027.

Industry emission standards and the details of pollutant emissions involved in production and operation activities

Name of the Company or subsidiaries	Types of major pollutants and particular pollutants	Name of major pollutants and particular pollutants	Type of discharge	Number of discharging ports	Locations of discharging ports	Concentration/intensity of pollutant discharged	Enforced standards of pollutant discharge	Total discharge volume	Total approved discharge volume	Discharge exceeding the standard
Yili Precision Manufacturing Co., Ltd.	Wastewater	COD; ammonia nitrogen	Intermittent discharge	1	In the plant	COD: 50mg/L; ammonia nitrogen: 5mg/L	COD: 500mg/L; ammonia nitrogen: 45mg/L	COD13.1422t/a; ammonia nitrogen: 2.28592t/a	COD65.133t/a; ammonia nitrogen: 5.862t/a	None
Yili Precision Manufacturing Co., Ltd.	Solid waste	Hazardous waste	Indirect discharge	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	None

Treatment of pollutants

In accordance with The Environmental Impact Assessment and Approval, the Company constructs supporting treatment facilities for gas waste, establishes supporting measures for solid waste storage, disposal, and comprehensive utilization, along with leakage prevention and seepage prevention measures, and ensures the normal enforcement of all the above measures.

In accordance with The Environmental Impact Assessment and Approval, Yili Precision Manufacturing Co., Ltd. constructs supporting treatment facilities for water and gas waste, takes measures of noise reduction, storage, disposal and comprehensive utilization of solid waste, and leakage and seepage prevention, and ensures the normal operation of all above measures.

Environmental self-monitoring programme

The Company entrusts third-party monitoring organizations to monitor the environmental factors of the plant area and issue an inspection report every year in strict accordance with the requirements of the discharge permit.

Yili Precision Manufacturing Co., Ltd. has installed online equipment for monitoring COD, ammonia nitrogen, flow rate and PH value at the main wastewater discharge outlet, which is networked with the local department of environmental protection authorities. A third-party monitoring organization shall be entrusted to conduct monitoring of wastewater, waste gas, groundwater, and soil pollutants in

strict accordance with the requirements of the discharge permit and to issue an inspection report, and related information shall be disclosed as required.

Emergency response plan for unexpected environmental events

Goertek Inc., combined with the National Environmental Emergency Response Plan and the Guidelines to Develop Emergency Response Plan for Environmental Pollution Accidents, has formulated the Environmental Emergency Response Plan of Goertek Inc. based on various risk factors, and has reported the plan to the High-tech Branch of Weifang Municipal Ecology and Environment Bureau for recording (No. 370708-2022-036-L). Goertek also organizes relevant training and drills on a regular basis, in order to improve the emergency response ability of employees and achieve continuous improvement.

In view of various risk factors, Yili Precision Manufacturing Co., Ltd. refers to *The National Environmental Emergency Plan* and *The Guidelines to Develop Emergency Response Plan for Environmental Pollution Accidents*, formulates the *Yili Environmental Emergency Plan*, and puts it on record in the Anqiu Branch of Weifang Municipal Ecology and Environment Bureau (record No. 370784-2023-003-H). Relevant training and drills are organized on a regular basis to further improve employees' ability to deal with emergency events and achieve continuous improvement.

Investment in environmental governance and protection and the payment of environmental protection tax

The Company and its subsidiaries pay environmental protection tax as required, with a total of RMB 95,164.14 in 2023. All payments have been made as of the date of this Report.

Measures taken to reduce carbon emissions during the reporting period and their effects

Applicable Not applicable

To actively respond to the national strategy of "peak carbon dioxide emissions and carbon neutrality", the Company adhered to the carbon reduction concept of "client orientation, differentiated control, and targeted satisfaction". The Company implemented refined carbon emission management that is tailored to client requirements, kept promoting its low-carbon transformation, and contributed to the construction of a green and low-carbon future society.

During the reporting period, the Company's manufacturing plants located in Weifang and Rongcheng in Shandong Province, Dongguan in Guangdong Province, and Bac Ninh Province in Vietnam emitted 49,184.5 tons of CO₂ equivalent in Scope 1 and 359,524.7 tons of CO₂ equivalent in Scope 2. The third-party certification authority verified in accordance with ISO 14064-1:2018 Greenhouse Gases - Part 1: Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emission and Removals and issued the greenhouse gas verification statement.

To reduce energy consumption during operations, the Company actively promoted energy conservation and carbon reduction efforts in accordance with the Energy Conservation Project Management System. During the reporting period, the Company achieved a cumulative reduction of 33,798.6 tons of CO₂ equivalent of greenhouse gas emissions through 160 energy-saving improvements such as air conditioning, air pressure, and lighting systems.

To optimize the energy structure, the Company implemented the construction of distributed photovoltaic power stations, market-oriented green electricity transactions, renewable energy certificate trading, and other methods to enhance the utilization of clean energy. During the reporting period, the Company's photovoltaic power plants had an installed capacity of 49.37 MW. The Company purchased 86,108 MWh of green power, 14,139 MWh of power with Chinese renewable energy certificates, and 212 MWh of power with international renewable energy certificates.

Administrative penalties received for environmental issues during the reporting period

None

Other environmental information that should be disclosed

None

Other information related to environmental protection

None

II. Performance of Social Responsibility

During the reporting period, while the Company was committed to achieving its own development, it has also performed well in the protection of the rights and interests of shareholders, creditors, employees, suppliers, clients and consumers, as well as in environmental protection and sustainable development, public relations and social public welfare undertakings. For details, see the 2023 Environmental, Social and Governance (ESG) Report of Goertek Inc. released on "www.cninfo.com.cn" on March 28, 2024.

III. Consolidate and Carry Forward the Achievements of Poverty Alleviation and Rural Revitalization

For details, see the 2023 Environmental, Social and Governance (ESG) Report of Goertek Inc. released on "www.cninfo.com.cn" on March 28, 2024.

Section VI Important Matters

I. Fulfillment of Commitments

1. The commitments of the Company's actual controllers, shareholders, related parties, purchasers and companies that have been completely fulfilled during the reporting period or remain valid by the end of the reporting period.

Applicable Not applicable

Commitment matters	Commitment party	Commitment type	Commitment content	Commitment time	Commitment period	Performance of commitments
Commitments made during the joint-stock reform	Not applicable					
Commitments made in the report of acquisition or in the report of equity changes	Not applicable					
Commitments made during asset restructuring	Not applicable					
Commitments made during initial public offering or refinancing	Mr. Jiang Bin, the actual controller, and Mr. Jiang long, shareholder and the related party of the actual controller	Commitment to restricted stock	Mr. Jiang Bin and Mr. Jiang Long promise that the Company shares transferred each year during their tenure will not exceed 25% of the total company shares held by them, and the shares will not be transferred within six months after their resignation in future	October 8, 2007	Long-term standing	Strictly fulfilled
Commitments made during initial public offering or refinancing	Mr. Jiang Bin and Ms. Hu Shuangmei, the actual controllers of the Company, Goertek Group Co., Ltd and Mr. Jiang Long, the shareholders who hold more than 5% of the Company shares	Horizontal competition related commitment	At present, there is no competition between the main businesses of Goertek Inc. and the commitment parties (company and persons) in this clause or other entities controlled by the commitment parties (company and persons). In future, in order to fundamentally avoid the possibility of competing with Goertek Inc., the commitment parties (company and persons) promise as follows: 1) The commitment parties (company and persons) will not engage in the same or similar business as Goertek Inc. in order to avoid direct or indirect competition to the production and operation	October 8, 2007	Long-term standing	Strictly fulfilled

Commitment matters	Commitment party	Commitment type	Commitment content	Commitment time	Commitment period	Performance of commitments
			<p>of Goertek Inc. Efforts will be made to urge other entities controlled by the commitment parties (company and persons) not to directly or indirectly participate in or carry out any business activity that compete with the production and operation of Goertek Inc.</p> <p>2) If the commitment parties (company and persons) and the other entities controlled by the commitment parties (company and persons) except Goertek Inc., have competitive businesses of the same kind with Goertek Inc., which may bring unfair impacts on Goertek Inc. in terms of market share, business opportunities and resource allocation, etc. The commitment parties (company and persons) and other entities controlled by the commitment parties (company and persons) except Goertek Inc. will voluntarily give up business competition with Goertek Inc.</p> <p>3) The commitment parties (company and persons) undertake to give Goertek Inc. the pre-emption right on the purchase of any assets and business to be sold, and will do its best to ensure that the price of the transaction is determined on the basis of fair, reasonable and normal commercial transactions with independent third parties.</p> <p>4) The commitment parties (company and persons) will not be restricted from engaging in or continuing to engage in existing production business, in particular to provide Goertek Inc. with relevant materials and services needed for its operation. Since the date of issuance of this letter of commitment, the commitment parties (company and persons) undertake to indemnify Goertek Inc. for any loss or expense suffered or incurred in violation of any of the terms of this commitment.</p>			
Stock option incentive commitments	The Company	Others commitments	Stock option incentive plan of 2021: The Company undertakes not to provide loans or any other form of financial assistance to any participants to obtain relevant rights and interests under this incentive plan, including guarantee for their loans	April 16, 2021	From the issuance date of the commitment to the completion of the	Strictly fulfilled

Commitment matters	Commitment party	Commitment type	Commitment content	Commitment time	Commitment period	Performance of commitments
					implementation of the stock option incentive plan of 2021	
Stock option incentive commitments	The Company	Others commitments	Stock option incentive plan of 2022: The Company undertakes not to provide loans or any other form of financial assistance to any participants to obtain relevant rights and interests under this incentive plan, including guarantee for their loans	July 8, 2022	From the issuance date of the commitment to the completion of the implementation of the stock option incentive plan of 2022	Strictly fulfilled
Stock option incentive commitments	The Company	Others commitments	Stock option incentive plan of 2023: The Company undertakes not to provide loans or any other form of financial assistance to any participants to obtain relevant rights and interests under this incentive plan, including guarantee for their loans	July 19, 2023	From the issuance date of the commitment to the completion of the implementation of the stock option incentive plan of 2023	Strictly fulfilled
Other commitments made to minority shareholders	The Company	Others commitments	From March 5, 2020 to the end of the use of the funds raised from convertible corporate bonds issuing or within 36 months after the funds raised are in place, the Company will no longer increase the funds usage in financial business (including capital investment, borrowing, guarantee and other forms of capital investment). The Company will not use the funds raised directly or in disguise for financial business	March 5, 2020	From March 5, 2020 to the end of the use of funds raised or within 36 months after the funds raised are in place	Fully performed
Other commitments made to minority shareholders	The Company	Others commitments	The Company's temporary use of some idle raised funds to supplement the working capital shall be used only for production and operation related to the main business. The	November 21, 2022	During the time period of temporary	Fully performed

Commitment matters	Commitment party	Commitment type	Commitment content	Commitment time	Commitment period	Performance of commitments
			Company shall not directly or indirectly use raised funds for the subscription or placement of new shares, or for the trading of shares and their derivatives, convertible bonds, etc. The Company undertakes that temporarily use of idle raised funds to supplement working capital shall be for daily production and operation activities only. The Company will not use idle raised funds to directly or indirectly make high-risk investments such as securities investment and derivatives trading.		liquidity replenishment with raised funds starting from November 21, 2022	
Other commitments made to minority shareholders	Mr. Jia Jun'an, Vice President, Board Secretary	Commitment to restricted stock	Not to reduce his holdings of company shares or engaging in insider trading or short-swing trading within 6 months from September 23, 2022, nor to buy or sell company stocks during sensitive time periods.	September 23, 2022	For the next 6 consecutive months from September 23, 2022	Fully performed
Other commitments made to minority shareholders	All directors of the Company	Commitment on repurchase	This share repurchase will not impair the Company's ability to fulfill its debt obligations and continue as a going concern.	October 26, 2023	Within 12 months from October 26, 2023, or until the completion of this repurchase.	Strictly fulfilled
Whether the commitments are fulfilled on time	Yes					
If the commitments are not fulfilled within the time limit, specific reasons for the failure of complying and the work plan for the next step shall be explained in details	Not applicable					

2. If the Company's assets or projects have profit forecasts and the reporting period is still in the profit forecasting period, the Company shall make statement on whether the assets or projects reach the original profit forecast and provide relevant reasons

Applicable Not applicable

II. Non-operational Occupation of Funds by Controlling Shareholders and Other Related Parties to Listed Companies

Applicable Not applicable

During the reporting period of the Company, there is no non-operational occupation of funds by controlling shareholders or other related parties to the Company.

III. External Guarantee in Violation of Regulations

Applicable Not applicable

The Company has no violation of external guarantee during the reporting period.

IV. Explanation made by the Board of Directors about the modified audit opinion for the latest period

Applicable Not applicable

V. Explanation of the Accounting Firm's "Modified Auditor's Report" by the Board of Directors, the Supervisory Board and Independent Directors (if Any) During the Reporting Period

Applicable Not applicable

VI. Explanation of changes in Accounting Policies, Accounting Estimates or Correction of Major Accounting Errors Compared with the Financial Report of Previous Year

Applicable Not applicable

See Section X (V) 39 "Changes in significant accounting policies and accounting estimates" for details

VII. Explanation of Changes in the Scope of the Consolidated Statements Compared with Previous Year's Financial Report

Applicable Not applicable

During the reporting period, the Company acquired 3 subsidiaries through establishment. They are respectively Chongqing Goertek Auto Technology Co., Ltd., Goertek Smart Technology Vina Co., Ltd., and GMI Technology GmbH. The Company's holding subsidiary, Goertek Optical Technology Co., Ltd., acquired 100% equity of Uphoton Technology (Shaoxing) Co., Ltd. The latter and its subsidiaries are included in the consolidated statements.

During the reporting period, the Company deregistered 1 subsidiary: Kunshan Goertek Electronics Co., Ltd.

VIII. Appointment and Dismissal of Accounting Firms

Accounting firm currently appointed

Name of the domestic accounting firm	Zhongxi CPAs(Special General Partnership)
Remuneration of the domestic accounting firm (unit: RMB 10,000)	300
Consecutive audit service years of the domestic accounting firm	5

Name of certified public accountant of the domestic accounting firm	Du Yeqin, Zhang Shuli
Consecutive audit service years of certified public accountant of the domestic accounting firm	Du Yeqin has been in service for 4 years, and Zhang Shuli for 2 years
Name of overseas accounting firms (if any)	None
Remuneration of overseas accounting firms (unit: RMB 10,000) (if any)	0
Consecutive audit service years of overseas accounting firms (if any)	None
Names of certified public accountants of the overseas accounting firms	None
Consecutive audit service years of certified public accountants of overseas accounting firms (if any)	None

Whether to reappoint accounting firm in current period

Yes No

Employment of internal control audit accounting firms, financial consultants or sponsors

Applicable Not applicable

During the reporting period, the Company engaged Zhongxi CPAs (Special General Partnership) as the internal control audit accounting firm and paid the internal control audit fee of RMB 800,000 that has been included in the total compensation of RMB 3 million paid to Zhongxi CPAs (Special General Partnership).

IX. Delisting After the Disclosure of Annual Report

Applicable Not applicable

X. Bankruptcy or Reorganization Related Events

Applicable Not applicable

No bankruptcy or reorganization related events occurred during the reporting period.

XI. Significant Lawsuit and Arbitration Events

Applicable Not applicable

No significant litigation or arbitration events occurred during the reporting period.

XII. Punishment and Rectification

Applicable Not applicable

No punishment or rectification occurred during the reporting period.

XIII. Integrity Issues of the Company, Controlling Shareholders and Actual Controllers

Applicable Not applicable

XIV. Significant Related Party Transactions

1. Related party transactions related to daily operations

Applicable Not applicable

No significant related party transactions related to daily operations occurred during the reporting period.

2. Related party transactions involving the acquisition or sale of assets or equity

Applicable Not applicable

No significant related party transactions involving the acquisition or sale of assets or equity occurred during the reporting period.

3. Related party transactions of joint external investment

Applicable Not applicable

No significant related party transactions of joint external investment occurred during the reporting period.

4. Related party transactions of credits and liabilities

Applicable Not applicable

Whether there are non-operating related creditor's rights and debts

Yes No

Creditor's rights receivable from related parties

None

Debt due to related parties

Related parties	Relations with related party	Cause of formation	Opening balance (RMB 10,000)	Increased amount in the current period (RMB 10,000)	Amount returned in the current period (RMB 10,000)	Interest rate	Interest in the current period (RMB 10,000)	Closing balance (RMB 10,000)
Goertek Group Co., Ltd.	Controlling shareholder of the Company	Borrowing of funds	0	1,100.00	0	3.45%	4.95	1,100.00
Impact of related parties' debts on the Company's operating results and financial position		No significant impact						

5. Business with affiliated financial company

Applicable Not applicable

There is no finance company that has a related party relationship with the Company.

6. Business between the related parties and the financial company controlled by the Company

Applicable Not applicable

There was no financial company controlled by the Company.

7. Other significant related party transactions

Applicable Not applicable

No other significant related party transactions occurred during the reporting period.

XV. Significant Contracts and Executions**1. Trusteeship, contracting and leasing****(1) Trusteeship**

Applicable Not applicable

No trusteeship occurred during the reporting period.

(2) Contracting

Applicable Not applicable

No major contracting occurred during the reporting period.

(3) Leasing

Applicable Not applicable

No significant leasing occurred during the reporting period.

2. Significant guarantees

Applicable Not applicable

Unit: RMB 10,000

External guarantee of the Company and its subsidiaries (excluding guarantees for subsidiaries)										
Name of guaranteed party	Disclosure date of the amount limit of the guarantee	The amount limit of the guarantee	Actual occurrence date	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the guarantee is complete	Whether guarantee for related parties
Not applicable										
The Company's guarantee to its subsidiaries										
Name of guaranteed party	Disclosure date of the amount limit of the guarantee	The amount limit of the guarantee	Actual occurrence date	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the guarantee is complete	Whether guarantee for related parties
Goertek (HongKong) Co., Limited	March 30, 2022	177,067.50	September 10, 2022	7,082.70	Joint liability guarantee			1 year	Yes	No
			October 20, 2022	7,082.70	Joint liability guarantee			1 year	Yes	No
			May 17, 2022	20,893.97	Joint liability guarantee			1 year	Yes	No
			May 24, 2022	14,519.54	Joint liability guarantee			1 year	Yes	No
Goertek Technology Vina Company Limited	March 30, 2022	65,000	June 22, 2022	824.23	Joint liability guarantee			1 year	Yes	No
			June 22, 2022	105.86	Joint liability guarantee			1 year	Yes	No
	April 18, 2023	20,681.48	September 1, 2023	4,907.44	Joint liability guarantee			1 year	No	No
	December 1, 2021	339,969.6	April 1, 2023	91,289.28	Joint liability guarantee			94 months	No	No
Goertek Precision Industry Vietnam Company Limited	December 1, 2021	254,977.2	April 1, 2023	68,071.47	Joint liability guarantee			94 months	No	No
Qingdao Goertek Horizons	April 18, 2023	650	July 6, 2023	7.72	Joint liability			1 year	No	No

Technology Co., Ltd					guarantee					
Goertek Microelectronics Inc.	March 30, 2022	2,124.81	November 18, 2022	22.77	Joint liability guarantee			1 year	Yes	No
Weifang Goertek Microelectronics Co., Ltd.	March 30, 2022	300	May 12, 2022	10	Joint liability guarantee			1 year	Yes	No
Rongcheng Goertek Microelectronics Co., Ltd.	March 30, 2022	300	May 12, 2022	0	Joint liability guarantee			1 year	Yes	No
Goertek Microelectronics Inc.	April 18, 2023	1,062.41	November 16, 2023	21.97	Joint liability guarantee			1 year	No	No
Total amount of guarantee limit to subsidiaries approved during the reporting period (B1)		429,642.39		Total amount of actual guarantee to subsidiaries occurred during the reporting period (B2)		214,839.65				
Total amount of guarantee limit to subsidiaries approved at the end of the reporting period (B3)		1,269,381.50		Total balance of actual guarantee to subsidiaries occurred at the end of the reporting period (B4)		164,297.88				
The guarantee between subsidiaries										
Name of guaranteed party	Disclosure date of the amount limit of the guarantee	The amount limit of the guarantee	Actual occurrence date	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the guarantee is complete	Whether guarantee for related parties
Not applicable										
Total amount of company guarantee (namely the sum of the previous three items)										
Total amount of guarantee limit approved during the reporting period (A1+B1+C1)		429,642.39		Total amount of actual external guarantee occurred during the reporting period (A2+B2+C2)		214,839.65				
Total amount of external guarantee limit approved at the end of the reporting period (A3+B3+C3)		1,269,381.50		Total balance of actual external guarantee occurred at the end of the reporting period (A4+B4+C4)		164,297.88				
The proportion of the total amount of actual guarantee (i.e. A4+B4+C4) to the net assets of the Company				5.33%						
Including:										
Balance of guarantees for shareholders, actual controllers and their affiliate parties (D)				0						
Balance of guarantee provided directly or indirectly to the parties with an asset-liability ratio of more than 70% (E)				7.72						
Amount of total guarantees exceeding 50% of net assets (F)				0						
Total amount of the above three kinds of guarantees (D+E+F)				7.72						
Explanation of unexpired guarantee contracts for which there are guarantee liabilities or there are evidence showing the possibility of joint and several liability for repayment during the reporting period (if any)				None						

Description of external guarantees provided in violation of prescribed procedures (if any)	None
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Specific description of complex guarantees

None

3. Management trust of cash assets

(1) Entrusted financial investment

Applicable Not applicable

No major entrusted financial management occurred during the reporting period of the Company.

(2) Entrusted loans

Applicable Not applicable

No entrusted loans occurred during the reporting period.

4. Other major contracts

Applicable Not applicable

No other significant contracts occurred during the reporting period.

XVI. Explanation of Other Significant Matters

Applicable Not applicable

In accordance with the requirements of laws and regulations, the Company has disclosed the significant matters that occurred during the reporting period on <http://www.cninfo.com.cn>, *Securities Times*, *China Securities Journal*, *Shanghai Securities News* and *Securities Daily*. Other than that, no other significant matters occurred.

XVII. Significant Matters Occurred to Subsidiaries of the Company

Applicable Not applicable

On November 10, 2020, the Company held the 12th meeting of the 5th board of directors and the 10th meeting of the 5th Supervisory Board, which approved *The Proposal of Planning the Spin-off of the Holding Subsidiary*. It agreed to plan and prepare the spin-off of the Company's holding subsidiary Goertek Microelectronics Co., Ltd. For details, please see *The Informative Announcement of Goertek Inc. on Planning and Preparing the Spin-off of Holding Subsidiary* issued on November 11, 2020.

The 17th meeting of the 5th board of directors and the 12th meeting of the 5th Supervisory Board were held on March 1, 2021 to approve *The Proposal on the Introduction of External Investors of the Holding Subsidiary and Affiliate Transactions*. It agreed to accept a total of RMB 2,149.987749 million capital investment from 15 external investors, including Qingdao Microelectronics Innovation Center Co., Ltd., Mr. Tang Wenbo, Gongqingcheng Chunlin Equity Investment Partnership(L.P.), Qingdao Henghuitai Industry Development Fund Co., Ltd., and Goertek Group Co., Ltd., in exchange of 10.4075% of Goermicro's equity after above capital increase and share expansion. After the above investment, the percentage of shares of Goermicro held by the Company was diluted from 95.8773% to 85.8989%, which did not change the accounting consolidation scope of the financial statements of the Company. Details can be found in *The Announcement of Goertek Inc. on the Introduction of External Investors of the Holding Subsidiary and Affiliate Transactions* issued on March 2, 2021.

On April 21, 2021, the Company held the 20th meeting of the 5th Board of Directors and the 15th meeting of the 5th Supervisory Board, which approved The Proposal on 'Plan for the Spin-off of Goertek Microelectronics Inc., a subsidiary of Goertek Inc., for Listing on the Growth Enterprise Board' and other related proposals. Details can be found in related announcements published in China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily and <http://www.cninfo.com.cn> on April 22, 2021.

On November 8, 2021, the Company held the 24th meeting of the 5th Board of Directors and the 19th meeting of the 5th Supervisory Board, which approved The Proposal of 'Planning on the Spin-off of Goertek Microelectronics Inc. and Listing on the Growth Enterprise Board of Shenzhen Stock Exchange (Revised)' and other related proposals. The above-mentioned proposals have been reviewed and approved by the Company's first extraordinary general meeting of shareholders in 2021. Details can be found in related

announcements published in *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, *Securities Daily* and <http://www.cninfo.com.cn> on November 9, 2021 and November 26, 2021.

On December 28, 2021, Goertek Microelectronics Inc. received *The Notice of Acceptance of Application Documents for Initial Public Offering of Shares and Listing on GEM of Goertek Microelectronics Inc. (Shenzhen Stock Exchange (2021) No. 549)*. In accordance with related regulations, the Shenzhen Stock Exchange checked the application report and related application documents submitted by Goertek Microelectronics Inc. for initial public offering and listing on GEM, and decided to accept the application. Details can be found in *The Informative Announcement of Goertek on The Acceptance of Shenzhen Stock Exchange of The Application Documents of The Spin-off of Goertek Microelectronics Inc. and Listing on GEM* issued by the Company on December 29, 2021.

According to the Announcement on the Results of the 74th Review Meeting of the GEM Listing Committee in 2022 issued by the Shenzhen Stock Exchange on October 19, 2022, Goertek Microelectronics Inc. (IPO) meets the requirements for issuance, listing and information disclosure.

On March 31, 2023, as the financial information recorded in the IPO application documents of Goertek Microelectronics Inc. had expired, a supplementary submission was required. According to the relevant provisions of the Review Rules of Shenzhen Stock Exchange for Stock Issuance and Listing, the review for issuance and listing review was suspended.

On June 26, 2023, the Shenzhen Stock Exchange resumed its IPO audit in accordance with Article 61 of the Rules for the Examination of the Offering and Listing of Securities by Companies Listed on the Shenzhen Stock Exchange, following the completion of financial information updates by Goertek Microelectronics Inc.

In October 2023, the Company purchased the 1.8468% shares held by Jiang Long, a minority shareholder of the subsidiary Goertek Microelectronics Inc. using its own capital of RMB 23,273,750.00. After the transaction, the Company's shareholding in Goertek Microelectronics Inc. was changed from 85.90% to 87.75%.

So far, Goertek Microelectronics Inc. is in the process of registering with the China Securities Regulatory Commission, and the audit is proceeding as expected.

Section VII Share Changes and Shareholder Information

I. Changes in Shares

1. Changes in shares

Unit: share

	Before the change		Increases or decreases (+, -)					After the change	
	Number	Percentage	New shares	Bonus shares	Transferred from reserves	Other	Sub-total	Number	Percentage
I. Shares Subject to Selling Restrictions	414,250,361	12.11%				-7,089,534	-7,089,534	407,160,827	11.90%
1. State shareholding									
2. Shares held by state-owned corporates									
3. Shares held by other domestic shareholders	414,250,361	12.11%				-7,089,534	-7,089,534	407,160,827	11.90%
Including: held by domestic corporates									
held by domestic individuals	414,250,361	12.11%				-7,089,534	-7,089,534	407,160,827	11.90%
4. Shares held by foreign shareholders									
Including: held by foreign corporates									
held by foreign individuals									
II. Shares Without Restrictions	3,006,152,839	87.89%				7,089,534	7,089,534	3,013,242,373	88.10%
1. RMB common shares	3,006,152,839	87.89%				7,089,534	7,089,534	3,013,242,373	88.10%
2. Domestic listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total Number of Shares	3,420,403,200	100.00%						3,420,403,200	100.00%

Reasons for changes in shares

 Applicable Not applicable

Approval of changes in shares

 Applicable Not applicable

Transfer of ownership change of shares

 Applicable Not applicable

The impact of share changes on the financial indicators such as basic earnings per share, diluted earnings per share and net assets per share attributable to the Company's common shareholders in the latest year and the latest period

 Applicable Not applicable

Other content that the Company considers necessary or that the securities regulator requires to be disclosed

 Applicable Not applicable

2. Changes in restricted shares

 Applicable Not applicable

Unit: share

Name of shareholder	Starting number of restricted shares in reporting period	Increased in reporting period	Decreased in current period	Closing number of restricted shares in reporting period	Type for restricted shares	Date of the removal of restrictions
Jiang Bin	215,548,054			215,548,054	Restricted shares of senior executives	Unlock 25% of shares held per annum
Jiang Long	187,758,898	62,586,299	62,586,299	187,758,898	Restricted shares of senior executives	62,586,299 restricted shares were released from lock-up on October 6, 2023
Hu Shuangmei	16,200,000		16,200,000	0	Restricted shares of senior executives	16,200,000 restricted shares were released from lock-up on May 13, 2023
Sun Hongbin	7,089,534		7,089,534	0	Restricted shares of senior executives	7,089,534 restricted shares were released from lock-up on May 15, 2023
Duan Huilu	2,605,875			2,605,875	Restricted shares of senior executives	Unlock 25% of shares held per annum
Jia Jun'an	600,000	200,000	200,000	600,000	Restricted shares of senior executives	200,000 restricted shares were released from lock-up on October 23, 2023
Liu Chunfa	648,000			648,000	Restricted shares of senior executives	Unlock 25% of shares held per annum
Total	430,450,361	62,786,299	86,075,833	407,160,827	-	-

II. Issuance and Listing of Securities

1. Securities issuance (excluding preference shares) during the reporting period

Applicable Not applicable

2. Description of changes in the total number of shares, the structure of shareholders, and the structure of assets and liabilities

Applicable Not applicable

3. Existing internal employee shares

Applicable Not applicable

III. Shareholders and actual controllers

1. Number of shareholders and corresponding shareholding

Unit: share

Total number of common shareholders at the end of the reporting period	386,707	Total number of common shareholders as the end of the previous month before disclosure	399,382	Total number of preference shareholders whose voting rights were restored at the end of the	0	Total number of preference shareholders whose voting rights were restored at the end of the previous month before disclosure date of the annual report	0
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		date of the annual report		reporting period (if any)				
Shareholding of shareholders with more than 5% of shares or the top 10 shareholders (Excluding lending of shares through refinancing)								
Name of shareholder	Type of shareholder	Percentage	Total common shares held at the end of the reporting period	Increase/ decrease during the reporting period	The number of common shares held with trading restrictions	The number of shares held without trading restrictions	Pledge or freeze status	
							Share status	Number
Goertek Group Co., Ltd.	Domestic non-state-owned corporation	14.84%	507,680,170	0	0	507,680,170	Not applicable	0
Jiang Bin	Domestic Individual	8.40%	287,397,406	0	215,548,054	71,849,352	Not applicable	0
Jiang Long	Domestic Individual	7.32%	250,345,197	0	187,758,898	62,586,299	Pledged	65,000,000
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Overseas corporation	3.29%	112,527,947	-12,047,341	0	112,527,947	Not applicable	0
China Securities Finance Corporation Limited	Other	2.43%	83,044,011	0	0	83,044,011	Not applicable	0
Goertek Inc. - Home No. 6 ESOP	Other	1.97%	67,338,040	67,338,040	0	67,338,040	Not applicable	0
Hu Shuangmei	Domestic Individual	0.47%	16,200,000	0	0	16,200,000	Not applicable	0
Industrial and Commercial Bank of China Limited - Huatai-Pinebridge CSI300 Exchange-Traded Index Securities Investment Fund	Other	0.47%	15,936,093	7,090,800	0	15,936,093	Not applicable	0
Pi Taotao	Domestic Individual	0.46%	15,762,700	1,662,700	0	15,762,700	Not applicable	0
China Everbright Bank Co., Ltd.- Aegon-Industrial Business Model Preferred Hybrid Securities Investment Fund (LOF)	Other	0.44%	15,064,030	15,064,030	0	15,064,030	Not applicable	0
Strategic investors or general legal entities who become the top 10 shareholders as a result of the placement of new shares (if any)	None							
Explanation of the association of the above shareholders or their action in concert	Jiang Bin and Jiang Long are brothers. Jiang Bin and Hu Shuangmei are couple. Goertek Group Co., Ltd. is controlled by Jiang Bin and Jiang Long; Goertek Inc. - Home No. 6 ESOP is the Company's ESOP; The Company does not know whether the other top ten shareholders are related or acting in concert with each other.							
Explanation on	None							

entrustment/acceptance and waiver of voting rights by the aforesaid shareholders			
Special notes on the existing special account of securities repurchasing in the Top 10 shareholders (if any)	None		
Shareholding of the top 10 shareholders with unlimited conditions of sale (Excluding lending of shares through refinancing)			
Name of shareholder	Number of shares without sales restrictions held at the end of the reporting period	Type of shares	
		Type of shares	Number
Goertek Group Co., Ltd.	507,680,170	Ordinary shares in RMB	507,680,170
Hong Kong Securities Clearing Company Ltd. (HKSCC)	112,527,947	Ordinary shares in RMB	112,527,947
China Securities Finance Corporation Limited	83,044,011	Ordinary shares in RMB	83,044,011
Jiang Bin	71,849,352	Ordinary shares in RMB	71,849,352
Goertek Inc. - Home No. 6 ESOP	67,338,040	Ordinary shares in RMB	67,338,040
Jiang Long	62,586,299	Ordinary shares in RMB	62,586,299
Hu Shuangmei	16,200,000	Ordinary shares in RMB	16,200,000
Industrial and Commercial Bank of China Limited - Huatai-Pinebridge CSI300 Exchange-Traded Index Securities Investment Fund	15,936,093	Ordinary shares in RMB	15,936,093
Pi Taotao	15,762,700	Ordinary shares in RMB	15,762,700
China Everbright Bank Co., Ltd.- Aegon-Industrial Business Model Preferred Hybrid Securities Investment Fund (LOF)	15,064,030	Ordinary shares in RMB	15,064,030
Explanation on association or action in concert among top 10 shareholders of shares without sales restrictions, or between top 10 shareholders of shares without sales restrictions and top 10 shareholders	Jiang Bin and Jiang Long are brothers. Jiang Bin and Hu Shuangmei are couple. Goertek Group Co., Ltd. is controlled by Jiang Bin and Jiang Long; Goertek Inc. - Home No. 6 ESOP is the Company's ESOP; The Company does not know whether the other top ten shareholders are related or acting in concert with each other.		
Explanation on the top ten common shareholders' participation in the financing and loan businesses of securities trades(if any)	At the end of the reporting period, the shares held by Goertek Group Co., Ltd., the controlling shareholder of the Company include the 150,000,000 shares held in the client credit transaction guarantee securities account of Southwest Securities Co., Ltd. At the end of the period, Pi Taotao held 15,762,700 shares of the Company through the securities margin trading account.		

Shareholding of top 10 shareholders involved in the securities refinancing transactions

 Applicable Not applicable

Unit: share

Shareholding of top 10 shareholders involved in the Securities Lending Transactions								
Name of shareholder (full name)	Shareholding of the general account and credit account at the beginning of the period		Shares involved in the Securities Lending Transactions that have not been returned at the beginning of the period		Shareholding of the general account and credit account at the end of the period		Shares involved in the Securities Lending Transactions that have not been returned at the end of the period	
	Number in total	Percentage of total share capital	Number in total	Percentage of total share capital	Number in total	Percentage of total share capital	Number in total	Percentage of total share capital

Industrial and Commercial Bank of China Limited - Huatai-Pinebridge CSI300 Exchange-Traded Index Securities Investment Fund	8,845,293	0.26%	1,025,700	0.03%	15,936,093	0.47%	1,264,000	0.04%
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Changes in the top ten shareholders from the previous period

 Applicable Not applicable

Unit: share

Changes in the top ten shareholders from the end of the previous period					
Name of shareholder (full name)	Entry/Exit during the reporting period	Number of shares involved in Securities Lending Transactions that have not been returned at the end of the period		Number of shares in the general account, credit account, or involved in Securities Lending Transactions that have not been returned at the end of the period	
		Number in total	Percentage of total share capital	Number in total	Percentage of total share capital
National Social Security Fund Portfolio 103	Exit	0	0.00%	0	0.00%
Chen Shihui	Exit	0	0.00%	0	0.00%
Tian'an Life Insurance Co., Ltd. - traditional products	Exit	0	0.00%	0	0.00%
Dajia Life Insurance Co., Ltd. - universal products	Exit	0	0.00%	0	0.00%
Taiping Life Insurance Co., Ltd.	Exit	0	0.00%	0	0.00%
Goertek Inc. - Home No. 6 ESOP	Entry	0	0.00%	67,338,040	1.97%
Hu Shuangmei	Entry	0	0.00%	16,200,000	0.47%
Industrial and Commercial Bank of China Limited - Huatai-Pinebridge CSI300 Exchange-Traded Index Securities Investment Fund	Entry	1,264,000	0.04%	17,200,093	0.50%
Pi Taotao	Entry	0	0.00%	15,762,700	0.46%
China Everbright Bank Co., Ltd.- Aegon-Industrial Business Model	Entry	0	0.00%	15,064,030	0.44%

Changes in the top ten shareholders from the end of the previous period					
Name of shareholder (full name)	Entry/Exit during the reporting period	Number of shares involved in Securities Lending Transactions that have not been returned at the end of the period		Number of shares in the general account, credit account, or involved in Securities Lending Transactions that have not been returned at the end of the period	
		Number in total	Percentage of total share capital	Number in total	Percentage of total share capital
Preferred Hybrid Securities Investment Fund (LOF)					

Whether the Company's top 10 common shareholders and top 10 common shareholders without share sales restrictions agreed on any repurchase transaction in the reporting period

Yes No

None of the Company's top 10 common shareholders and top 10 common shareholders without share sales restrictions agreed on any repurchase in the reporting period.

2. Particulars about the controlling shareholder

Nature of the controlling shareholder: Private corporate

Type of the controlling shareholder: Legal entity

Name of the controlling shareholder	Legal representative/Head of the Company	Date of establishment	Organization code	Business scope
Goertek Group Co., Ltd.	Jiang Bin	April 24, 2001	913707007286084226	Residential interior decoration; medical services; technology import and export; investing activities conducted with own funds; non-residential real estate leasing; technical services; wholesale of edible agricultural products; tree planting management; electronic products sales, etc.
Shareholdings of the controlling shareholder in other listed companies	None			

Change of the controlling shareholders in the reporting period

Applicable Not applicable

No change on the controlling shareholder of the Company in the reporting period

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

Nature of the actual controllers: Domestic individual

Type of the actual controllers: Individual

Name of the actual controller	Relationship with the actual controller	Nationality	Whether he/she has obtained the right of residence in another country or region
Jiang Bin	Himself	China	No
Hu Shuangmei	Himself	China	No
Jiang Long	Acting in concert (including agreement, relative and common control)	China	No
Main occupation and title	Mr. Jiang Bin is currently the chairman of board of the Company; Mr. Jiang Long served as the		

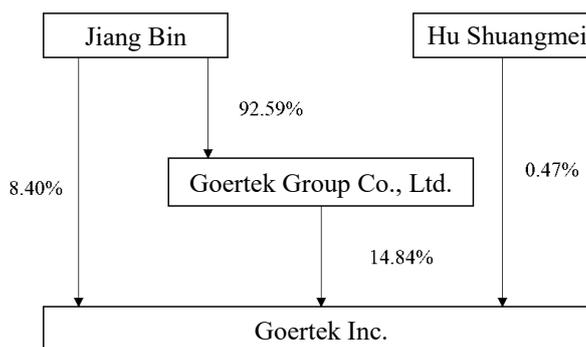
	vice chairman and president of the Company during the reporting period. (He resigned from the above positions on April 6, 2023). Mr. Jiang Long is currently the senior consultant of the Company
Information about other listed companies at home and abroad controlled in the last ten years	Goertek Inc.

Change on the actual controllers in the reporting period

Applicable Not applicable

No change on the actual controllers of the Company in the reporting period

Block Diagram for Property Right and Control Relationship Between the Company and its Actual Controllers



The actual controller controls the Company via trust or other ways of asset management

Applicable Not applicable

4. All the pledged shares account for 80% of the total shares held by the controlling shareholder or No.1 shareholder of the Company and their persons acting in concert

Applicable Not applicable

5. Particulars about other corporate shareholders with over 10% shares of the Company

Applicable Not applicable

6. Particulars on share sales restrictions for controlling shareholders, actual controllers, or other parties involved in the reorganization of the Company or in any commitments related to the sales of share

Applicable Not applicable

IV. Specific Implementation of Share Repurchase in the Reporting Period

Progress of share repurchase

Applicable Not applicable

Disclosure time of the plan	Number of shares to be repurchased (share)	Percentage of total share capital	Amount to be repurchased (RMB 10,000)	Period of proposed repurchase	Purpose of repurchase	Number of repurchases (share)	Proportion of repurchased shares to the underlying shares covered by the Stock Incentive Plan (if any)
October 27, 2023	27,461,749	0.80%	50,000 (inclusive) - 70,000 (inclusive)	Within 12 months from the date of approval by the Board of Directors of this repurchase	For ESOP or stock option incentive plan	9,632,700	

				plan, unless the relevant conditions are met earlier, the repurchase period shall expire.			
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Note: As of the reporting date of this report, the Company has repurchased 34,205,700 shares through the continuous bidding approach via the special securities repurchase account, accounting for 1.00% of the total share capital of the Company. The payment amount (excluding transaction costs) is RMB 596,685,920.70.

The progress of repurchased shares reduction through centralized trading at competitive price

Applicable Not applicable

Section VIII Preference Shares

Applicable Not applicable

There are no preference shares in the reporting period.

Section IX Bonds

Applicable Not applicable

Section X Financial Report

I. Auditor's Report

Auditor's Opinion	Standard unqualified opinion
Auditor's Report Sign-off Date	March 27, 2024
Name of the audit institution	Zhongxi CPAs (Special General Partnership)
Auditor's Report Number	Zhong Xi Cai Shen No. 2024S00362
Name of the Certified Public Accountant	Du Yeqin, Zhang Shuli

Auditor's Report

Zhong Xi Cai Shen No. 2024S00362

To all the shareholders of Goertek Inc.,

I. Opinion

We have audited the accompanying financial statements of Goertek Inc. (hereinafter referred to as "Goertek"), including the consolidated and Company's balance sheets as of December 31, 2023, consolidated and Company's income statements, consolidated and Company's cash flow statements, consolidated and Company's statements of changes in shareholder' equity, and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements have been prepared in all material aspects in accordance with the Accounting Standards for Business Enterprises, fairly reflecting the consolidated and Company's financial position as of December 31, 2023 and of the consolidated and Company's financial performance and cash flows for 2023.

II. Basis for Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those Standards are further described in the "Certified Public Accountants' Responsibilities for the Audit of the Financial Statements" section of the auditor's report. We are independent of Goertek Inc. in accordance with the Code of Ethics for Certified Public

Accountants of China ("Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our auditor's opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, are of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determine that the following matters are critical audit matters that need to be communicated in the audit report.

(I) Revenue recognition

1. Description of the matters

Goertek Inc. is mainly in the business of producing and selling electronic components, and for the accounting policy of revenue recognition, please refer to "32. Revenue" in "V. Significant Accounting Policies and Accounting Estimates" of notes to the financial statements. In 2023, the operating revenue in the consolidated financial statements of Goertek Inc. is RMB 98,573.90 million.

Revenue is one of the key performance indicators of Goertek Inc. and is the major source of profit of the Company, and the accuracy and completeness of revenue recognition has a significant impact on the profits of the Company. Therefore, we identified the recognition of Goertek Inc.'s revenue as a key audit matter.

2. Audit measures

We performed the following audit procedures in recognition of the operating revenue:

- (1) Understood, evaluated and tested the design and operation effectiveness of internal control related to revenue recognition;
- (2) Performed analytical review procedure to analyze the rationality of changes in the operating revenue and gross profits;

(3) Identified the risk in the commodity ownership and the contractual terms related to remuneration transfer, evaluated whether the accounting policies for revenue recognition in different modes were appropriate, and evaluated whether the time point for revenue recognition of the Company was consistent with the requirements in the Accounting Standards for Business Enterprises by checking the major sales contracts or orders, understanding the policies for receipt and return of goods, communicating with the management and other procedures;

(4) Selected samples to check the sales contracts or orders, sales invoices, shipping orders, declarations for exportation, waybills (receipt forms), bank slips and other supporting documents related to revenue recognition, and executed external confirmation procedures on a sampling basis;

(5) Selected samples to reconcile the shipping orders, declarations for exportation, waybills (receipt forms) and other supporting documents against the product sales revenue recognized before and after the balance sheet date to evaluate whether the revenue was recognized in the appropriate accounting period.

(II) Goodwill impairment

1. Description of the matters

For the provision for impairment of goodwill, please refer to the accounting policy of "26. Impairment of Long-term Assets" in "(V) Important accounting policies and accounting estimates" of notes to the financial statements for details. As of December 31, 2023, the book value of goodwill was RMB 605.03 million, which mainly resulted from the goodwill generated from the acquisition of the subsidiary Upton Technology (Shaoxing) Co., Ltd. in the current year, which amounted to RMB 588.17 million.

In accordance with the Accounting Standards for Business Enterprises, the Company's management performs an impairment test on goodwill at the end of each year and adjusts the book value of goodwill based on the results of the impairment test. The process of assessing goodwill impairment is complex. Predicting the recoverable amount involves estimating the present value of future cash flows for the asset group. The management needs to make significant judgments and assumptions in its forecasts. The use of different assumptions can have a significant impact on the assessment of the recoverable amount of goodwill, as they are affected by management's judgment of the future market and economic environment.

Since the book value of goodwill has a significant impact on financial statements and the provision for impairment of goodwill requires the management to make significant accounting judgments and estimates, we identified the impairment of goodwill as a key audit matter.

2. Audit measures

We mainly implemented the following audit procedures for the impairment of goodwill:

- (1) Understood, evaluated, and tested the design and operation effectiveness of internal control related to the impairment of goodwill;
- (2) Review whether the management's determination of the asset group and allocation method for goodwill comply with the provisions of the Accounting Standards for Business Enterprises;
- (3) Assess the competency, professionalism, and objectivity of the external evaluation organization hired by the management;
- (4) Discuss with the external evaluation institution the reasonableness of the evaluation method, key evaluation assumptions, parameter selection, forecast of future income, and discount rate of cash flow used in the goodwill impairment test;
- (5) Review the valuation method used for the asset group containing the goodwill and the evaluation report issued by the external evaluation institution.

IV. Other Information

The Management of Goertek Inc. (the Management) is responsible for Other Information. Other Information includes information covered in the 2023 Annual Report of Goertek Inc. but excludes financial statements and auditor's reports.

Our auditor's opinions on financial statements do not cover Other Information. We also do not express any kind of verification conclusion on Other Information.

In combination with our audit of the financial statements, we're obliged to read the Other Information. In the process, we consider whether the Other Information is materially inconsistent with the financial statements or the information we obtained during the audit, or whether there is a material misstatement.

Based on the work that we have already done, if we conclude that the Other Information contains material misstatements, we should report the fact. In this regard, we have nothing to report.

V. Responsibilities of Management and Governance for the Financial Statements

The management of Goertek Inc. is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to ensure that the financial statements are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the financial reporting process of Goertek Inc.

VI. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and perform audit procedures to address those risks, and obtain audit evidence that is sufficient and appropriate as the basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit to design appropriate audit procedures.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
4. Conclude on the appropriateness of Management's use of the going concern basis of accounting. And, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Goertek Inc.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to express a qualified opinion. Our conclusions are based on the information obtained up to the date of our auditor's report. However, future events or conditions may cause Goertek Inc. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements fairly represent the underlying transactions and events.
6. Obtain sufficient and appropriate audit evidence on the financial information of entities or business activities within Goertek Inc. to express an opinion on the financial statements. We are responsible for the instruction, supervision and execution of the Group's audit, and assume full responsibility for the auditor's opinion.

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

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

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

Zhongxi CPAs (Special General
Partnership)

Certified Public Accountant in China
(Engagement partner)

Du Yeqin

Beijing China

Certified Public Accountant in China:

Zhang Shuli

March 27, 2024

II. Financial Statements

The currency in the notes to the financial statements is: RMB

1. Consolidated Balance Sheet

Prepared by: Goertek Inc.

December 31, 2023

Unit: RMB

Item	December 31, 2023	January 1, 2023
Current assets:		
Cash at bank and on hand	14,737,312,329.71	12,682,871,091.80
Deposit reservation for balance		
Lending funds		
Financial assets held for trading	587,445,091.69	338,662,097.66
Derivative financial assets		
Notes receivable	139,468,321.29	25,847,492.24
Accounts receivable	12,424,618,676.81	14,396,180,782.93
Financing receivables	9,059,230.11	22,375,874.12
Advances to suppliers	254,633,800.07	50,656,153.43
Premiums receivable		
Reinsurance accounts receivable		
Provision of cession receivable		
Other receivables	89,261,417.90	96,442,803.18
Including: Interest receivable		
Dividends receivable		
Redemptory financial asset for sale		
Inventories	10,794,894,394.42	17,348,670,744.58
Contract assets		
Assets held for sale		
Current portion of non-current assets	494,634,708.33	70,302,566.25
Other current assets	509,834,064.49	530,991,435.56
Total current assets	40,041,162,034.82	45,563,001,041.75
Non-current assets:		
Loans and advances disbursed		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	760,220,882.07	361,008,671.83
Investments in other equity instruments	591,269,883.71	699,249,262.24
Other non-current financial assets	322,640,244.40	318,661,575.31
Investment properties		
Fixed assets	22,305,456,354.63	21,459,756,268.25
Construction in progress	2,071,280,343.55	2,424,443,775.33
Bearer biological assets		

Item	December 31, 2023	January 1, 2023
Oil and gas assets		
Right-of-use assets	615,431,849.91	580,175,922.73
Intangible assets	3,280,071,024.41	2,720,793,670.68
Development costs	446,804,705.86	361,178,111.91
Goodwill	605,033,979.56	16,859,185.08
Long-term prepaid expenses	412,046,659.67	337,561,524.06
Deferred tax assets	1,609,355,102.73	1,461,726,750.47
Other non-current assets	683,636,375.83	964,135,835.23
Total non-current assets	33,703,247,406.33	31,705,550,553.12
Total assets	73,744,409,441.15	77,268,551,594.87
Current liabilities:		
Short-term borrowings	5,214,491,316.62	7,120,846,026.67
Borrowings from banks and other financial institutions		
Borrowing funds		
Financial liabilities held for trading	129,579,785.95	202,293,742.46
Derivative financial liabilities		
Notes payable	4,538,354,620.68	4,850,498,246.08
Accounts payable	17,582,263,359.17	25,748,758,270.19
Advances from clients		
Contract liabilities	3,472,638,215.20	2,295,347,547.31
Financial assets sold for repurchase		
Client deposits and deposits from banks and other financial institutions		
Receiving from vicariously traded securities		
Receiving from vicariously sold securities		
Employee benefits payable	1,219,545,540.65	1,039,571,778.39
Taxes payable	120,856,054.02	284,911,767.58
Other payables	87,474,942.48	78,974,306.79
Including: Interest payable		
Dividends payable		
Handling charges and commissions payable		
Dividend payable for reinsurance		
Liabilities held for sale		
Current portion of non-current liabilities	1,072,169,260.73	1,095,618,327.74
Other current liabilities	4,718,260.10	4,252,178.60
Total current liabilities	33,442,091,355.60	42,721,072,191.81
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term borrowings	6,631,470,751.86	2,206,000,000.00
Debentures payable		

Item	December 31, 2023	January 1, 2023
Including: Preference shares		
Perpetual bonds		
Lease liabilities	518,159,559.63	470,704,507.75
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	519,084,658.34	532,374,144.38
Deferred tax liabilities	757,980,175.34	906,537,829.44
Other non-current liabilities	348,058,624.72	172,261,037.39
Total non-current liabilities	8,774,753,769.89	4,287,877,518.96
Total liabilities	42,216,845,125.49	47,008,949,710.77
Shareholders' equity:		
Share capital	3,420,403,200.00	3,420,403,200.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital surplus	8,998,372,370.61	10,280,659,251.03
Less: Treasury stock	278,530,746.47	2,291,973,146.75
Other comprehensive income	-40,934,939.89	122,377,334.36
Specific reserve	1,551,313.67	
Surplus reserve	1,665,066,603.96	1,446,536,121.51
General risk reserve	6,081,200.00	6,081,200.00
Undistributed profits	17,038,581,549.12	16,509,551,595.59
Total equity attributable to the owners of the Company	30,810,590,551.00	29,493,635,555.74
Minority interests	716,973,764.66	765,966,328.36
Total shareholders' equity	31,527,564,315.66	30,259,601,884.10
Total liabilities and shareholders' equity	73,744,409,441.15	77,268,551,594.87

Legal representative:

Jiang Bin

Principal in charge of accounting:

Li Yongzhi

Head of the accounting department:

Li Yongzhi

2. Parent company balance sheet

Unit: RMB

Item	December 31, 2023	January 1, 2023
Current assets:		
Cash at bank and on hand	7,261,479,909.89	3,297,113,271.47
Financial assets held for trading	43,356,500.16	182,610,198.06
Derivative financial assets		
Notes receivable	118,113,089.55	7,252,050.59
Accounts receivable	6,598,701,135.53	8,870,599,478.20
Financing receivables	14,606,619.59	20,812,233.59
Advances to suppliers	25,044,450.75	12,302,281.24
Other receivables	5,265,145,730.57	7,549,205,233.13

Item	December 31, 2023	January 1, 2023
Including: Interest receivable		
Dividends receivable		
Inventories	2,635,810,098.44	4,322,610,550.17
Contract assets		
Assets held for sale		
Current portion of non-current assets	494,634,708.33	70,184,291.67
Other current assets	97,125,290.56	150,596,159.89
Total current assets	22,554,017,533.37	24,483,285,748.01
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	9,126,400,831.64	6,761,368,254.99
Investments in other equity instruments		
Other non-current financial assets	212,858,392.98	187,386,179.39
Investment properties		
Fixed assets	8,821,843,731.49	10,645,143,425.63
Construction in progress	445,271,386.99	1,126,851,927.87
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	223,664,825.78	280,327,936.71
Intangible assets	1,567,110,323.92	1,984,169,023.39
Development costs	369,518,862.88	241,947,146.57
Goodwill		
Long-term prepaid expenses	34,955,204.06	20,436,053.45
Deferred tax assets	808,632,854.34	830,807,911.11
Other non-current assets	536,224,536.38	669,073,701.52
Total non-current assets	22,146,480,950.46	22,747,511,560.63
Total assets	44,700,498,483.83	47,230,797,308.64
Current liabilities:		
Short-term borrowings	3,053,875,769.23	4,444,406,920.52
Financial liabilities held for trading	9,365,000.00	19,392,000.00
Derivative financial liabilities		
Notes payable	4,648,667,927.19	4,648,250,141.38
Accounts payable	5,790,045,232.84	9,328,082,173.15
Advances from clients		
Contract liabilities	683,902,938.19	1,005,783,290.09
Employee benefits payable	520,368,677.52	493,789,544.79
Taxes payable	28,220,254.58	40,037,090.10
Other payables	1,143,932,322.71	2,600,416,992.05
Including: Interest payable		
Dividends payable		
Liabilities held for sale		

Item	December 31, 2023	January 1, 2023
Current portion of non-current liabilities	380,313,974.50	1,006,575,141.61
Other current liabilities	1,280,795.69	1,487,433.65
Total current liabilities	16,259,972,892.45	23,588,220,727.34
Non-current liabilities:		
Long-term borrowings	4,894,000,000.00	2,206,000,000.00
Debentures payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	222,212,481.50	267,086,388.96
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	171,703,915.50	184,692,979.14
Deferred tax liabilities	400,038,411.93	578,621,000.58
Other non-current liabilities		
Total non-current liabilities	5,687,954,808.93	3,236,400,368.68
Total liabilities	21,947,927,701.38	26,824,621,096.02
Shareholders' equity:		
Share capital	3,420,403,200.00	3,420,403,200.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital surplus	6,909,206,304.38	8,421,030,014.05
Less: Treasury stock	278,530,746.47	2,291,973,146.75
Other comprehensive income	-12,650.40	
Specific reserve		
Surplus reserve	1,665,063,821.56	1,446,533,339.11
Undistributed profits	11,036,440,853.38	9,410,182,806.21
Total shareholders' equity	22,752,570,782.45	20,406,176,212.62
Total liabilities and shareholders' equity	44,700,498,483.83	47,230,797,308.64

3. Consolidated income statement

Unit: RMB

Item	2023	2022
I. Revenue	98,573,902,273.14	104,894,324,162.26
Including: Operating revenue	98,573,902,273.14	104,894,324,162.26
Interest income		
Earned premium		
Total revenue from handling charges and commissions		
II. Total Operating Cost	97,795,818,309.31	101,718,859,767.81
Including: cost of sales	89,753,064,209.99	93,233,476,543.28
Interest expense		

Item	2023	2022
Handling charge and commission expense		
Surrender value		
Net payments for insurance claims		
Net amount of withdrawal of insurance contract reserve		
Expenditures of policy dividend		
Amortized reinsurance expenditures		
Taxes and surcharges	244,044,842.29	266,930,500.29
Selling expenses	528,150,303.42	548,298,842.05
General and administrative expenses	2,202,814,353.55	2,294,505,645.46
Research and development expenses	4,715,969,451.42	5,226,525,154.99
Financial expenses	351,775,148.64	149,123,081.74
Including: Interest expenses	544,691,878.33	303,539,076.90
Interest income	279,661,791.52	189,356,256.02
Add: Other income	372,861,056.96	373,205,863.18
Investment income ("- " for loss)	-73,393,865.89	-36,243,969.62
Including: Investment income from associates and joint ventures	-28,435,998.08	2,298,237.32
Gains or losses arising from derecognised financial assets at amortised cost	-5,724,287.70	-23,037,232.06
Exchange gains ("- " for loss)		
Net exposure hedging income ("- " for loss)		
Gains on changes in fair value ("- " for loss)	115,909,152.44	-57,081,334.97
Credit impairment losses ("- " for loss)	17,395,066.06	-14,220,595.92
Asset impairment losses ("- " for loss)	-299,625,741.31	-1,782,744,359.91
Gains on disposal of assets ("- " for loss)	-2,037,658.52	-47,898,939.73
III. Operating Profit ("- " for loss)	909,191,973.57	1,610,481,057.48
Add: Non-operating income	34,817,135.08	21,477,460.44
Less: Non-operating expenses	152,852,797.95	122,730,370.49
IV. Total Profit ("- " for total losses)	791,156,310.70	1,509,228,147.43
Less: Income tax expenses	-228,254,892.89	-281,790,237.36
V. Net profit ("- " for net loss)	1,019,411,203.59	1,791,018,384.79
(I) Classification by continuity of operations		
1. Net profit from continuing operations ("- " for net loss)	1,019,411,203.59	1,791,018,384.79
2. Net profit from discontinued operations ("- " for net loss)		
(II) Classification by ownership of the equity		
1. Net profit attributable to the shareholders of the Company	1,088,076,730.88	1,749,181,131.83
2. Minority interests	-68,665,527.29	41,837,252.96
VI. Other comprehensive income, net of tax	-161,476,471.40	225,089,038.47
Other comprehensive income, net of tax attributable to the shareholders of the Company	-163,312,274.25	222,524,103.93

Item	2023	2022
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss	-92,161,581.61	2,195,604.99
1. Changes in remeasurement of defined benefit plan		
2. Shares of other comprehensive income of the investee accounted for using equity method that will not be subsequently reclassified to profit or loss		
3. Changes in fair value of investments in other equity instruments	-92,161,581.61	2,195,604.99
4. Changes in fair value attributable to change in the credit risk of financial liability designated at FVPL		
5. Others		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	-71,150,692.64	220,328,498.94
1. Shares of other comprehensive income of the investee accounted for using equity method that will be reclassified to profit or loss	-12,650.40	-27,351,340.30
2. Changes in fair value of other debt investments		
3. Shares of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Effective portion of gains or losses on hedging instruments in a cash flow hedge		
6. Translation differences on translation of foreign currency financial statements	-71,138,042.24	247,679,839.24
7. Others		
Net other comprehensive income, net of tax, attributable to minority shareholders	1,835,802.85	2,564,934.54
VII. Total comprehensive income	857,934,732.19	2,016,107,423.26
Attributable to the shareholders of the Company	924,764,456.63	1,971,705,235.76
Attributable to minority shareholders	-66,829,724.44	44,402,187.50
VIII. Earnings per share		
(I) Basic earnings per share	0.32	0.52
(II) Diluted earnings per share	0.32	0.52

In case of combination of enterprises under common control during current period, the net profit before combination realized by acquiree is RMB 0.00. The net profit realized by the acquiree in the previous period is RMB 0.00.

Legal representative:

Jiang Bin

Principal in charge of accounting:

Li Yongzhi

Head of the accounting department:

Li Yongzhi

4. Parent Company Income Statement

Unit: RMB

Item	2023	2022
I. Revenue	28,761,890,617.55	42,977,392,050.91
Less: Cost of sales	24,341,394,089.94	37,992,035,039.68
Taxes and surcharges	124,703,875.55	166,468,610.77
Selling expenses	388,403,329.76	357,947,471.28
General and administrative expenses	1,688,533,595.04	1,883,669,477.96
Research and development expenses	2,298,748,673.83	2,842,072,542.12
Financial expenses	262,664,628.13	-286,250,474.81
Including: Interest expenses	339,586,343.34	244,537,695.61
Interest income	135,037,374.40	119,926,860.39
Add: Other income	62,665,388.48	59,312,468.45
Investment income ("-" for loss)	2,299,697,147.05	656,680,494.07
Including: Investment income from associates and joint ventures	-23,010,602.53	-7,694,836.13
Gains or losses arising from derecognised financial assets at amortised cost ("-" for loss)	-313,191.66	
Net exposure hedging income ("-" for loss)		
Gains on changes in fair value ("-" for loss)	-81,515,891.85	81,215,298.02
Credit impairment losses ("-" for loss)	4,387,353.96	7,287,106.67
Asset impairment losses ("-" for loss)	-71,056,486.81	-1,496,859,325.46
Gains on disposal of assets ("-" for loss)	245,214,426.66	-3,522,548.55
II. Operating Profit ("-" for loss)	2,116,834,362.79	-674,437,122.89
Add: Non-operating income	20,530,603.91	10,715,077.09
Less: Non-operating expenses	108,467,674.06	88,097,731.93
III. Total profit ("-" for total losses)	2,028,897,292.64	-751,819,777.73
Less: Income tax expenses	-156,407,531.88	-393,042,246.95
IV. Net profit ("-" for net loss)	2,185,304,824.52	-358,777,530.78
(I) Net profit from continuing operations ("-" for net loss)	2,185,304,824.52	-358,777,530.78
(II) Net profit from discontinued operations ("-" for net loss)		
V. Other comprehensive income, net of tax	-12,650.40	
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss		
1. Changes in remeasurement of defined benefit plan		
2. Shares of other comprehensive income of the investee accounted for using equity method that will not be subsequently reclassified to profit or loss		
3. Changes in fair value of investments in other equity instruments		
4. Changes in fair value attributable to change in the credit risk of financial liability designated at FVPL		

Item	2023	2022
5. Others		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	-12,650.40	
1. Shares of other comprehensive income of the investee accounted for using equity method that will be reclassified to profit or loss	-12,650.40	
2. Changes in fair value of other debt investments		
3. Shares of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Effective portion of gains or losses on hedging instruments in a cash flow hedge		
6. Translation differences on translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	2,185,292,174.12	-358,777,530.78
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated statement of cash flows

Unit: RMB

Item	2023	2022
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	75,929,642,962.84	87,859,623,816.37
Net increase in client deposits and deposits from banks and other financial institutions		
Net increase in borrowings from banks and other financial institutions		
Net increase in borrowing funds from other financial institutions		
Cash receipts from original insurance contract premium		
Net cash received from reinsurance business		
Net increase in deposits and investments from policy holders		
Cash received from for interests, fees and commissions		
Net increase in borrowing funds		
Net increase in repurchase business funds		
Net cash received from securities trading brokerage		
Refund of taxes and surcharges	2,261,673,960.35	3,177,120,800.53

Item	2023	2022
Cash received relating to other operating activities	1,975,191,545.77	1,924,041,394.99
Sub-total of cash inflow from operating activities	80,166,508,468.96	92,960,786,011.89
Cash paid for goods and services	59,071,783,992.11	70,912,862,925.28
Net increase in loans and advances to clients		
Net increase in deposits with central bank and other financial institutions		
Payments of claims for original insurance contracts		
Net increase in lending funds		
Cash paid for interests, fees and commissions		
Cash payments of policy dividend		
Cash paid to and on behalf of employees	8,776,104,462.25	9,048,023,602.48
Payments of taxes and surcharges	919,231,302.84	835,585,413.96
Cash paid relating to other operating activities	3,247,500,468.38	3,847,200,705.49
Sub-total of cash outflow from operating activities	72,014,620,225.58	84,643,672,647.21
Net cash flow from operating activities	8,151,888,243.38	8,317,113,364.68
II. Cash flows from investing activities		
Cash received from disposal of investments	4,634,462,748.31	1,060,923,791.21
Cash received from returns on investments	60,793,940.52	9,371,384.39
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	386,789,592.09	49,533,749.98
Net cash received from disposal of subsidiaries and other business units	2,205,000.00	322,965.16
Cash received relating to other investing activities	110,692,623.30	21,653,530.71
Sub-total of cash inflow from investing activities	5,194,943,904.22	1,141,805,421.45
Cash paid to acquire fixed assets, intangible assets and other long-term assets	6,949,791,208.28	8,090,107,306.38
Cash paid to acquire investments	5,298,074,936.07	2,118,347,402.73
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units	457,663,281.50	
Cash paid relating to other investing activities	72,806,657.72	10,363,395.50
Sub-total of cash outflow from investing activities	12,778,336,083.57	10,218,818,104.61
Net cash flow from investing activities	-7,583,392,179.35	-9,077,012,683.16
III. Cash flows from financing activities		
Cash received from capital contributions		395,195,770.87
Including: Cash received from capital contributions by minority shareholders of subsidiaries		276,358,071.55
Cash received from borrowings	25,573,744,456.01	28,642,971,147.51
Cash received relating to other financing activities	3,504,945,799.09	2,683,899,988.02
Sub-total of cash inflow from financing activities	29,078,690,255.10	31,722,066,906.40

Item	2023	2022
Cash repayments of borrowings	23,316,046,943.91	25,446,211,817.27
Cash payments for distribution of dividends, profits, or cash payments for interest expenses	836,849,923.30	953,234,131.28
Including: Cash payments for dividends and profits to minority shareholders of the subsidiaries		
Cash payments relating to other financing activities	3,151,308,744.66	3,314,992,485.44
Sub-total of cash outflow from financing activities	27,304,205,611.87	29,714,438,433.99
Net cash flow from financing activities	1,774,484,643.23	2,007,628,472.41
IV. Effect of foreign exchange rate changes on cash and cash equivalents	9,752,465.71	414,363,412.84
V. Net Increase in cash and cash equivalents	2,352,733,172.97	1,662,092,566.77
Add: Cash and cash equivalents at beginning of year	10,799,993,468.81	9,137,900,902.04
VI. Cash and cash equivalents at end of year	13,152,726,641.78	10,799,993,468.81

6. Parent company cash flow statement

Unit: RMB

Item	2023	2022
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	31,268,693,118.12	44,433,843,690.52
Refund of taxes and surcharges	965,640,380.86	2,133,662,516.06
Cash received relating to other operating activities	257,945,473.34	444,026,016.74
Sub-total of cash inflow from operating activities	32,492,278,972.32	47,011,532,223.32
Cash paid for goods and services	23,349,870,042.92	35,135,811,819.24
Cash paid to and on behalf of employees	3,681,964,108.86	4,730,047,823.61
Payments of taxes and surcharges	136,209,295.26	204,340,880.43
Cash paid relating to other operating activities	1,854,137,805.40	2,185,115,476.07
Sub-total of cash outflow from operating activities	29,022,181,252.44	42,255,315,999.35
Net cash flow from operating activities	3,470,097,719.88	4,756,216,223.97
II. Cash flows from investing activities		
Cash received from disposal of investments	3,264,003,156.55	292,167,856.22
Cash received from returns on investments	2,387,913,891.50	650,503,164.62
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	2,668,167,310.60	2,121,526,013.95
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	40,656,843,708.32	13,607,538,495.79
Sub-total of cash inflow from investing activities	48,976,928,066.97	16,671,735,530.58
Cash paid to acquire fixed assets, intangible assets and other long-term assets	2,957,290,194.36	5,264,058,543.36
Cash paid to acquire investments	5,640,909,149.45	1,586,419,475.27

Item	2023	2022
Net cash paid to acquire subsidiaries and other business units		
Cash paid relating to other investing activities	38,368,792,587.00	17,199,579,824.51
Sub-total of cash outflow from investing activities	46,966,991,930.81	24,050,057,843.14
Net cash flow from investing activities	2,009,936,136.16	-7,378,322,312.56
III. Cash flows from financing activities		
Cash received from capital contributions		118,837,699.32
Cash received from borrowings	16,889,444,099.91	24,900,350,751.32
Cash received relating to other financing activities	10,860,975,443.26	9,056,368,411.19
Sub-total of cash inflow from financing activities	27,750,419,543.17	34,075,556,861.83
Cash repayments of borrowings	16,265,467,720.00	22,139,255,620.15
Cash payments for distribution of dividends, profits, or cash payments for interest expenses	680,133,116.84	882,706,689.89
Cash payments relating to other financing activities	11,831,691,300.83	10,020,646,445.56
Sub-total of cash outflow from financing activities	28,777,292,137.67	33,042,608,755.60
Net cash flow from financing activities	-1,026,872,594.50	1,032,948,106.23
IV. Effect of foreign exchange rate changes on cash and cash equivalents	4,961,350.31	59,283,372.51
V. Net Increase in cash and cash equivalents	4,458,122,611.85	-1,529,874,609.85
Add: Cash and cash equivalents at beginning of year	1,950,415,593.45	3,480,290,203.30
VI. Cash and cash equivalents at end of year	6,408,538,205.30	1,950,415,593.45

7. Consolidated statement of changes in shareholders' equity

Amount of current period

Unit: RMB

Item	2023														
	Shareholders' equity attributable to the Company												Minority interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Other			Sub-total
	Preference shares	Perpetual bonds	Other												
I. Balance at December 31, 2022	3,420,403,200.00				10,280,659,251.03	2,291,973,146.75	122,377,334.36		1,446,536,121.51	6,081,200.00	16,507,798,239.34		29,491,882,199.49	765,942,754.69	30,257,824,954.18
Add: Changes in accounting policy											1,753,356.25		1,753,356.25	23,573.67	1,776,929.92
Corrections of errors in previous period															
Other															
II. Balance at January 1, 2023	3,420,403,200.00				10,280,659,251.03	2,291,973,146.75	122,377,334.36		1,446,536,121.51	6,081,200.00	16,509,551,595.59		29,493,635,555.74	765,966,328.36	30,259,601,884.10
III. Changes in Current Period ("-" for decrease)					-1,282,286,880.42	-2,013,442,400.28	-163,312,274.25	1,551,313.67	218,530,482.45		529,029,953.53		1,316,954,995.26	-48,992,563.70	1,267,962,431.56
(I) Total comprehensive income							-163,312,274.25				1,088,076,730.88		924,764,456.63	-66,829,724.44	857,934,732.19
(II) Capital invested and reduced by owners					-1,290,364,092.98	-2,013,442,400.28							723,078,307.30	16,911,244.29	739,989,551.59
1. Common shares invested by owners					184,101,356.18	177,655,190.77							6,446,165.41	8,649,522.87	15,095,688.28
2. Capital contributed from other equity instrument holders															
3. Amounts of					172,286,003.87								172,286,003.87	8,159,660.58	180,445,664.45

Item	2023													
	Shareholders' equity attributable to the Company												Minority interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Other		
	Preference shares	Perpetual bonds	Other											
share-based payments recognized in shareholders' equity														
4. Other				-1,646,751,453.03	-2,191,097,591.05							544,346,138.02	102,060.84	544,448,198.86
(III) Profit distribution								218,530,482.45		-559,046,777.35		-340,516,294.90		-340,516,294.90
1. Appropriation of surplus reserve								218,530,482.45		-218,530,482.45				
2. Appropriation of general risk reserve														
3. Dividends to owners or shareholders										-340,516,294.90		-340,516,294.90		-340,516,294.90
4. Other														
(IV) Internal carry-over of shareholders' equity														
1. Capital surplus converted into capital (or share capital)														
2. Surplus reserve converted into capital (or share capital)														
3. Surplus reserve for making up losses														
4. Carry-over														

Item	2023													
	Shareholders' equity attributable to the Company												Minority interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Other		
	Preference shares	Perpetual bonds	Other											
undistributed profits from defined benefit plan changes														
5. Carry-over undistributed profits from other comprehensive income														
6. Other														
(V) Specific reserve							1,551,313.67					1,551,313.67		1,551,313.67
1. Withdrawal in current period							7,551,472.89					7,551,472.89		7,551,472.89
2. Use in current period							-6,000,159.22					-6,000,159.22		-6,000,159.22
(VI) Other					8,077,212.56							8,077,212.56	925,916.45	9,003,129.01
IV. Balance at December 31, 2023	3,420,403,200.00				8,998,372,370.61	278,530,746.47	-40,934,939.89	1,551,313.67	1,665,066,603.96	6,081,200.00	17,038,581,549.12	30,810,590,551.00	716,973,764.66	31,527,564,315.66

Amount in previous period

Unit: RMB

Item	2022														
	Shareholders' equity attributable to the Company												Minority interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Other			Sub-total
		Preference shares	Perpetual bonds	Other											
I. Balance at December 31, 2021	3,416,321,036.00				9,478,106,194.30	2,291,973,146.75	- 100,146,769.57		1,446,536,121.51	6,081,200.00	15,372,823,358.48		27,327,747,993.97	603,640,714.30	27,931,388,708.27
Add: Changes in accounting policy															
Corrections of errors in previous period															
Other															
II. Balance at January 1, 2022	3,416,321,036.00				9,478,106,194.30	2,291,973,146.75	- 100,146,769.57		1,446,536,121.51	6,081,200.00	15,372,823,358.48		27,327,747,993.97	603,640,714.30	27,931,388,708.27
III. Changes in Current Period ("-" for decrease)	4,082,164.00				802,553,056.73		222,524,103.93				1,134,974,880.86		2,164,134,205.52	162,302,040.39	2,326,436,245.91
(I) Total comprehensive income							222,524,103.93				1,749,181,131.83		1,971,705,235.76	44,402,187.50	2,016,107,423.26
(II) Capital invested and reduced by owners	4,082,164.00				858,469,728.22								862,551,892.22	117,995,183.97	980,547,076.19
1. Common shares invested by owners	4,082,164.00				209,719,886.13								213,802,050.13	179,264,458.74	393,066,508.87
2. Capital contributed from other equity															

Item	2023											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Other	Total shareholders' equity
		Preference shares	Perpetual bonds	Other								
for decrease)												
(I) Total comprehensive income							-12,650.40			2,185,304,824.52		2,185,292,174.12
(II) Capital invested and reduced by owners					-1,513,757,170.83	-2,013,442,400.28						499,685,229.45
1. Common shares invested by owners							177,655,190.77					-177,655,190.77
2. Capital contributed from other equity instrument holders												
3. Amounts of share-based payments recognized in shareholders' equity					132,994,282.20							132,994,282.20
4. Other					-1,646,751,453.03	-2,191,097,591.05						544,346,138.02
(III) Profit distribution									218,530,482.45	-559,046,777.35		-340,516,294.90
1. Appropriation of surplus reserve									218,530,482.45	-218,530,482.45		
2. Dividends to owners or shareholders										-340,516,294.90		-340,516,294.90
3. Other												
(IV) Internal carry-over of shareholders' equity												
1. Capital surplus converted into capital (or share capital)												
2. Surplus reserve converted into capital (or share												

Item	2023											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Other	Total shareholders' equity
		Preference shares	Perpetual bonds	Other								
capital)												
3. Surplus reserve for making up losses												
4. Carry-over undistributed profits from defined benefit plan changes												
5. Carry-over undistributed profits from other comprehensive income												
6. Other												
(V) Specific reserve												
1. Withdrawal in current period								4,789,872.64				4,789,872.64
2. Use in current period								-4,789,872.64				-4,789,872.64
(VI) Other					1,933,461.16							1,933,461.16
IV. Balance at December 31, 2023	3,420,403,200.00				6,909,206,304.38	278,530,746.47	-12,650.40		1,665,063,821.56	11,036,440,853.38		22,752,570,782.45

Amount in previous period

Unit: RMB

Item	2022											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Other	Total shareholders' equity
		Preference shares	Perpetual bonds	Other								
I. Balance at December 31, 2021	3,416,321,036.00				7,706,634,091.21	2,291,973,146.75			1,446,533,339.11	10,437,290,148.25		20,714,805,467.82
Add: Changes in accounting policy												

Item	2022											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Other	Total shareholders' equity
		Preference shares	Perpetual bonds	Other								
Corrections of errors in previous period												
Other												
II. Balance at January 1, 2022	3,416,321,036.00				7,706,634,091.21	2,291,973,146.75			1,446,533,339.11	10,437,290,148.25		20,714,805,467.82
III. Changes in Current Period ("-" for decrease)	4,082,164.00				714,395,922.84					-1,027,188,647.78		-308,710,560.94
(I) Total comprehensive income										-358,777,530.78		-358,777,530.78
(II) Capital invested and reduced by owners	4,082,164.00				714,395,922.84							718,478,086.84
1. Common shares invested by owners	4,082,164.00				114,831,273.32							118,913,437.32
2. Capital contributed from other equity instrument holders												
3. Amounts of share-based payments recognized in shareholders' equity					599,564,649.52							599,564,649.52
4. Other												
(III) Profit distribution										-668,411,117.00		-668,411,117.00
1.												

Item	2022											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Other	Total shareholders' equity
		Preference shares	Perpetual bonds	Other								
Appropriation of surplus reserve												
2. Dividends to owners or shareholders										-668,411,117.00		-668,411,117.00
3. Other												
(IV) Internal carry-over of shareholders' equity												
1. Capital surplus converted into capital (or share capital)												
2. Surplus reserve converted into capital (or share capital)												
3. Surplus reserve for making up losses												
4. Carry-over undistributed profits from defined benefit plan changes												
5. Carry-over undistributed profits from other comprehensive income												
6. Other												
(V) Specific reserve												

Item	2022											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Other	Total shareholders' equity
		Preference shares	Perpetual bonds	Other								
1. Withdrawal in current period							9,450,078.52					9,450,078.52
2. Use in current period							-9,450,078.52					-9,450,078.52
(VI) Other												
IV. Balance at December 31, 2022	3,420,403,200.00				8,421,030,014.05	2,291,973,146.75			1,446,533,339.11	9,410,101,500.47		20,406,094,906.88

III. Company Profile

Goertek Inc. (hereinafter referred to as "the Company" or "Goertek") was established on July 27, 2007, through an overall change of Weifang IEA Electro-Acoustic Co., Ltd. (hereinafter referred to as "IEA").

IEA, the predecessor of the Company, was a joint venture established by law on June 25, 2001. In May 2007, the Company was changed to a domestic enterprise with the approval of the document of Wei Wai Jing Mao Wai Zi (2007) No. 172.

Based on the resolution of the 2nd extraordinary general meeting of IEA in 2007, held on June 26, 2007, Weifang Yitonggong Electronics Co., Ltd (renamed as "Goertek Group Co., Ltd." in October 2016, hereinafter referred to as "Goertek Group") transferred its 29.40 million shares in IEA to 17 natural persons including Jiang Bin and Jiang Long, Langfang Development Zone Yongzhen Electronic Technology Co., Ltd. (hereinafter referred to as "Yongzhen Electronic") and Beijing Yirun Venture Capital Investment Co., Ltd (hereinafter referred to as "Yirun VCI").

On July 18, 2007, Goertek Group, Yongzhen Electronic, Yirun VCI and the 17 persons including Jiang Bin and Jiang Long jointly entered into an initiator agreement, changing IEA as a whole to Goertek Acoustic Inc. in the form of initiation, in which the audited net assets of IEA as of June 30, 2007, were taken as the capital contribution upon stock discount at a ratio of approximately 1:0.8

As approved by the document of China Securities Regulatory Commission [2008] No. 613, the principal underwriter CITIC Securities Co., Ltd. issued 30 million common shares (A-shares) through offline inquiry and placement in combination with online subscription, pricing, and issue, at the price of RMB 18.78 per share. The raised funds mentioned above were verified by Bandung Certified Public Accountants Co., Ltd. which issued the capital verification report (Wan Kuai Ye Zi [2008] No. 19). The stocks of the Company were listed and traded at Shenzhen Stock Exchange on May 22, 2008. The Company changed its registered capital to RMB 120 million and completed the registration of industrial and commercial change on July 22, 2008.

As reviewed and approved at the Company's annual general meeting of 2008, held on April 17, 2009, the total share capital of the Company, namely 120 million shares as of December 31, 2008, was taken as the basis to convert capital surplus to share capital. 10 bonus shares for every 10 shares were converted to all shareholders, and a total of 120 million bonus shares converted. Thus, the total share capital of the Company was changed to 240 million shares. The above change in the registered capital has been verified by Bandung Asia Certified Public Accountants Co., Ltd. which has issued the capital verification report (Wan Ya Kuai Ye Zi (2009) No. 2427), and the registration of industrial and commercial change was completed on July 20, 2009.

As reviewed and approved at the Company's annual general meeting of 2009, held on February 26, 2010, the total share capital of the Company, namely 240 million shares as of December 31, 2009, was taken as the basis to convert capital surplus to share capital. 5 bonus shares for every 10 shares were converted to all shareholders, and a total of 120 million bonus shares were converted. Thus, the total share capital of the Company was changed to 360 million shares. The above change in the registered capital has been verified by Crowe Horwath Certified Public Accountants Co., Ltd. which has issued the capital verification report (Hao Hua Yan Zi [2020] No. 20). The registration of industrial and commercial change was completed on March 30, 2010.

As approved by the China Securities Regulatory Commission in its Reply on Approving Non-public Issuing of Stocks by Goertek Acoustic Inc. (Zheng Jian Xu Ke [2010] No. 1255), on September 29, 2010, the Company had the principal underwriter CITIC Securities Co., Ltd. to issue 15.791275 million (A-shares) to 5 specific entities through private issuing at the price of RMB 33.01 per share. The net amount of actual raised funds was RMB 506.21998775 million. The raised funds above have been verified by Crowe Horwath Certified Public Accountants Co., Ltd. which has issued the capital verification report (Hao Hua Yan Zi [2010] No. 90). The Company changed its registered capital to RMB 375.791275 million and completed the registration of industrial and commercial change on December 13, 2010.

As reviewed and approved at the Company's annual general meeting of 2010, held on May 25, 2011, the total share capital of the Company, namely 375.791275 million shares as of December 31, 2010, was taken as the basis to convert capital surplus to share capital. 10 bonus shares for every 10 shares were converted to all shareholders, and a total of 375.791275 million bonus shares were converted. Upon such conversion, the total share capital of the Company was changed to 751.582550 million shares. The above change in the registered capital has been verified by Crowe Horwath Certified Public Accountants Co., Ltd. which has issued the capital verification report (Guo Hao Yan Zi [2011] No. 49), and the registration of industrial and commercial change was completed on June 24, 2011.

As approved by the China Securities Regulatory Commission in its Reply on Approving Non-public Issuing of Stocks by Goertek Acoustic Inc. (Zheng Jian Xu Ke [2012] No. 108), GF Securities Co., Ltd. issued 96.434183 million shares (A-shares) in RMB to 10 specific entities through private issuing at the price of RMB 24.69 per share, and the net amount of actual raised funds was RMB 2,320.77885875 million. The raised funds mentioned above have been verified by Crowe Horwath Certified Public Accountants Co., Ltd. (Special General Partnership) which has issued the capital verification report (Guo Hao Yan Zi [2012] No. 408A14). The Company changed its registered capital to RMB 848,016,733 and completed the registration of industrial and commercial change on May 7, 2012.

As reviewed and approved at the Company's annual general meeting of 2012 held on May 9, 2013, the Company's total share capital of 848,016,733 shares as of December 31, 2012, was taken as the basis for distributing cash dividends of RMB 1.5 (tax inclusive) for every 10 shares to all the shareholders, with cash dividends of RMB 127,202,509.95 in total. The Company also converted capital surplus to share capital, and 8 bonus shares for every 10 shares were converted to all shareholders, with a total of 678,413,386 shares converted. Upon such conversion, the total share capital of the Company was changed to 1,526,430,119 shares. The above change in the registered capital has been verified by Crowe Horwath Certified Public Accountants Co., Ltd. (Special General Partnership) which has issued the capital verification report (Guo Hao Yan Zi [2013] No. 408A0001). The registration of industrial and commercial change was completed on June 19, 2013.

On June 2, 2016, Goertek Acoustic Inc. changed its name to Goertek Inc. As the holder of the convertible bonds of the Company requested conversion of shares, the registered capital of the Company was changed to RMB 1,526,581,348. The scope of business was changed to development, manufacturing and sales of: Acoustic, optical and wireless communication technologies and related products, robots and automation equipment, intelligent electromechanical and information products, precision molds for electronic products, precision hardware, semiconductor products and MEMS products, consumer electronics, LED package and relevant application products; development and sales of the software related to the above products; services related to the above technologies and products; import and export of goods and technologies (excluding radio transmission and satellite receiving equipment, and excluding the items prohibited by the national laws and regulations). (For the items requiring approval by law, business activities may only be conducted in respect thereof upon approval of relevant departments)

As reviewed and approved at the Company's annual general meeting of 2016, held on April 14, 2017, the Company's total share capital of 1,538,642,707 shares as of April 27, 2017, on which the profit distribution equity of the Company was registered, was taken as the basis for the distribution of cash dividends RMB 1.5 (tax inclusive) for every 10 shares to all the shareholders, with a total of RMB 230,796,406.05 distributed. The Company also converted capital surplus to share capital, and 10 bonus shares per every 10 shares were converted to all shareholders.

According to the Proposal on Redemption of "Goertek Convertible Bonds" reviewed and approved at the 8th meeting of the 4th Board of Directors held by the Company on May 23, 2017, it was resolved to exercise the conditional redemption right of "Goertek Convertible Bonds" to redeem all the unconverted "Goertek Convertible Bonds" at the price of the par value of the bonds plus the accrued interest for the corresponding period. "Goertek Convertible Bonds" was no longer traded and converted from June 30, 2017. After the above change, the Company changed its registered capital to RMB 3,245,103,948, and completed the registration of industrial and commercial change on November 3, 2017.

According to the Proposal on Early Redemption of "Goertek Convertible Bonds No. 2" reviewed and approved at the 13th meeting of the 5th Board of Directors and the 11th meeting of the 5th Supervisory Board held by the Company on January 15, 2021, it was resolved to exercise the conditional redemption right of "Goertek Convertible Bonds No. 2" to redeem all the "Goertek Convertible Bonds No. 2", at the price of the par value of the bonds plus the accrued interest. As of March 3, 2021, "Goertek Convertible Bonds No. 2" was no longer traded and converted. After the above change, the Company changed its registered capital to RMB 3,416,321,036, and completed the registration of industrial and commercial change on June 22, 2021.

The Company's initial grant of certain stock options under the 2021 Stock Option Incentive Plan entered its first exercise period on June 24, 2022. Due to employees' exercise of the right, the Company issued 4,082,164 A-shares to the incentive targets. The share capital of the Company has been changed to RMB 3,420,403,200.

The registered address of the Company headquarters: 268 Dongfang Road, Weifang Hi-Tech Industrial Development Zone.

The main businesses of the Company and its subsidiaries (collectively referred to as the "Group") include precision components business, smart audio device business and smart hardware business which are categorized into the industry of the manufacturing of computers, communication, and other electronic equipment. The Company operates mainly in consumer electronics, automotive electronics and other industries, with the main products including acoustics, optics, microelectronics, structural components and other precision components, as well as smart hardware products such as virtual reality (VR)/mixed reality (MR)/augmented reality (AR) products, TWS smart earphones, smart wearable devices, gaming console and accessories, and smart home products.

These financial statements have been approved by the Board of Directors of the Company on March 27, 2024.

As of December 31, 2023, the Group has included a total of 68 subsidiaries into its scope of consolidation, and for details, please refer to Note X "Equity in Other Entities". In terms of consolidated scope, the Group gained 12 subsidiaries and disposed of 1 subsidiary in the current period compared with the previous year. For details, please refer to Note IX "Changes in the Scope of Consolidation"..

IV. Basis for Preparing the Financial Statement

1. Basis for the preparation

The Group has prepared the financial statements on a going concern basis, based on the actual transactions and matters in accordance with *The Accounting Standards for Business Enterprises - Basic Standards (issued by Order No. 33 of the Ministry of Finance and amended by Order No. 76 of the Ministry of Finance)* issued by the Ministry of Finance, 42 specific accounting standards, application guidelines of accounting standards for business enterprises, explanations on the accounting standards for business enterprises and other related regulations (hereinafter collectively referred to as "*Accounting Standards for Business Enterprises*") issued and amended on or after 15 February 2006, and *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports (2023 Revision)* issued by CSRC.

According to relevant provisions in the Accounting Standards for Business Enterprises, the Group's accounting is based on the accrual basis. These financial statements are prepared on the basis of historical cost, except for certain financial instruments. In case of asset impairment, the appropriate impairment provision shall be accrued according to relevant regulations.

2. Continue as a going concern

The Company evaluated its ability to continue as a going concern for 12 months after the end of the current reporting period, without matters or circumstances causing significant doubt over the ability to continue as a going concern. Therefore, these financial statements were prepared on a going concern basis.

V. Significant Accounting Policies and Accounting Estimates

Notes to specific accounting policies and accounting estimates:

The Group has formulated several specific accounting policies and accounting estimates in respect of the revenue recognition, research and development costs, and other transactions and matters, according to the provisions of relevant Accounting Standards for Business Enterprises on the basis of the actual production and operation characteristics. For details, please refer to the descriptions in 32. "Revenue" and 25 "intangible assets (2)" of Note V. For explanation on the major accounting judgments and estimates made by the management, please refer to 38. "Other important accounting policies and accounting estimates" of Note V.

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements have been prepared by the Group in compliance with the requirements of the Accounting Standards for Business Enterprises, and give a true and complete view of the financial status of the Company and the Group as at December 31, 2023, as well as the business performance, and cash flows and other relevant information for the year 2023. In addition, the financial statements of the Company and the Group comply in all material aspects with the requirements concerning disclosure of the financial statements and the notes specified in *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports (2023 Revision)* by CSRC.

2. Accounting period

The accounting period of the Group is divided by annual accounting period and interim accounting period. Interim accounting period means a reporting period that is shorter than a complete accounting year. The Company adopts the calendar year as its accounting year, namely January 1 to December 31 of each year.

3. Business cycle

The normal business cycle means the period from the Group's purchase of the assets for processing to realization of cash or cash equivalents. The Group takes 12 months as a business cycle and adopts the business cycle as liquidity classification standard for assets and liabilities.

4. Functional currency

RMB is the currency in the main economic environment in which the Company and its domestic subsidiaries are operated, and the Company and its domestic subsidiaries take RMB as the functional currency. Goertek (HongKong) Co., Limited, Goertek Technology (Hong Kong) Co., Limited, Goertek Microelectronics (Hong Kong) Co., Ltd., Optimas Capital Partners Fund LP, and Goertek

Microelectronics Holdings Co., Ltd. use USD as their functional currency, and all other overseas subsidiaries of the Company take the lawful currency of the country or region where their registered addresses are located as their functional currency. The currency adopted by the Group in preparing these financial statements is RMB.

5. Determination method and selection basis of materiality criteria

Applicable Not applicable

Item	Materiality criteria
Significant provision for bad debts on an individual basis	The amount of provision for bad debts on an individual basis accounts for more than 10% of the total amount of bad debt provisions for receivables and is more than RMB 10 million
Significant prepayments with an aging of more than one year	Prepayments with an aging of more than one year account for more than 10% of the total prepayments and the amount is more than RMB 10 million
Significant construction in progress	Individual budget greater than RMB 100 million and accumulated carrying amount greater than RMB 50 million
Significant goodwill	The individual amount accounts for more than 10% of the total goodwill and is greater than RMB 100 million
Significant accounts payable aged over one year	Accounts payable with an aging of more than one year account for more than 10% of the total accounts payable and the amount is more than RMB 10 million
Significant contract liabilities aged over one year	Contract liabilities with an aging of more than one year account for more than 10% of the total contract liabilities and the amount is more than RMB 10 million
Significant other payables aged over one year	Other payables with an aging of more than one year account for more than 10% of the total other payables and the amount is more than RMB 10 million
Significant investment activities	An individual investment activity accounts for more than 10% of the total cash inflow or outflow related to the investment activity received or paid, and the amount is more than RMB 500 million
Significant capitalized R&D projects	The balance of an individual capitalized R&D project accounts for 10% of the total development expenditure and is greater than RMB 50 million
Significant non-wholly-owned subsidiaries	The total assets or revenue of a non-wholly-owned subsidiary accounts for more than 10% of those of the Group
Significant joint ventures and associated enterprises	The value of an individual investment accounts for more than 2% of the total assets of the Group and the amount is more than RMB 500 million

6. Accounting treatments for business combination of enterprises under and not under common control

Business combination means the transaction or matter in which two or more separate enterprises are combined into one reporting entity. Business combination is divided into business combination of enterprises under common control and business combination of enterprises not under common control.

(1) Business combination involving enterprises under common control

Business combination involving enterprises under common control is the combination in which enterprises combined are controlled by the same party or parties before and after the combination, and such control is not temporary. In the business combination of enterprises under common control, the party which acquires the control of other enterprises in the business combination is the acquirer and the other enterprises in the business combination are the combined parties. Business combination date is the date on which the acquirer actually acquires the control of the acquirees.

The assets and liabilities acquired by the acquirer are measured on the basis of book value of acquirees on business combination date. The difference between the book value of the net assets acquired by the acquirer and the book value of the consideration paid for the combination (or total par value of the shares issued) is adjusted to capital surplus (share capital premiums). Adjustments shall be made to undistributed profits in the event that the capital surplus (share capital premiums) are not sufficient for write-down.

Any direct costs incurred by the acquirer as a result of the business combination are recognized in the profit or loss for current period when incurred.

(2) Business combination of enterprises not under common control

Business combination of enterprises not under common control is the combination in which the enterprises combined are not controlled by the same party or parties before and after the business combination. In the business combination of enterprises not under common control, the party which acquires the control of other enterprises in the business combination on the acquisition date is the acquirer and the other enterprises in the business combination are the acquired parties. Acquisition date is the date on which the acquiring party actually acquires the control of the acquired parties.

In the business combination of enterprises not under common control, the cost of combination includes the fair value of assets paid, liabilities incurred or assumed and equity securities issued by the acquiring party in exchange for the control of the acquired parties on the acquisition date, the audit, legal service, assessment, consulting and other intermediate fees incurred for business combination of enterprises, and other management fees, which are recognized in the profit or loss for the current period when incurred. The costs of the acquiring party for issuing equity or debt securities as part of the business consideration for the business combination are included in the initially recognized amount of these equity or debt securities. The contingent business consideration shall be included in the combination cost at its fair value on the acquisition date, and the goodwill shall be adjusted and combined accordingly if the contingent consideration needs to be adjusted when new or further evidences arise in connection with the circumstances existing on the acquisition date within 12 months after the acquisition date. The acquisition cost incurred by the acquiring party and the identifiable net assets acquired in the business combination shall be measured at the fair value on the acquisition date. If the combination cost is higher than the fair value of the identifiable net assets acquired from the acquired parties on the acquisition date, the difference thereof shall be recognized as the goodwill. If the combination cost is lower than the fair value of the identifiable net assets acquired from the acquired parties in the business combination, the fair value of the identifiable assets, liabilities and contingent liabilities as well as the measurement of the combination cost shall be first reviewed. If upon review, the combination cost is still lower than the fair value of the identifiable net assets acquired from the acquired parties in the business combination, such difference shall be recognized in the profit or loss for current period.

If the deductible temporary difference acquired by the acquiring party from the acquired parties is not recognized for failure to meet the conditions for recognition of the deferred tax assets on the acquisition date, and if new or further information is obtained within 12 months after the acquisition date, showing that relevant circumstances on the acquisition date have already existed and it is expected that the economic benefits brought about by the deductible temporary difference of the acquiring party on the acquisition date may be realized, relevant deferred tax assets shall be recognized and the goodwill shall be reduced. If the goodwill is insufficient for write-down, the difference will be recognized in the profit or loss for current period. In addition to the above condition, the deferred tax assets recognized in connection with the combination of enterprises shall be recognized in the profit or loss for current period.

If the business combination of enterprises not under common control is realized step by step through multiple transactions, whether such transactions fall within a "package deal" shall be judged according to the standards for judgment of "package deal" in the *Notice by the Ministry of Finance of Issuing the Interpretation No. 5 of the Accounting Standards for Business Enterprises (Finance and Accounting [2012] No. 19)* and *Article 51 of the Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements (see 7(2) of Note V)*. If they fall within "package deal", see the description in the previous paragraphs of this part and "19. Long-term equity investments" of Note V for accounting treatment. If they do not fall within "package deal", relevant accounting treatment shall be distinguished for individual financial statements and consolidated financial statements:

In the individual financial statements, the sum of the book value of the equity investment of the acquired parties held before the acquisition date and the increased investment cost on the acquisition date shall be taken as the initial investment cost of such investment. If other comprehensive income is involved in the equity of the acquired parties held before the acquisition date, the accounting treatment of other comprehensive income while disposing such investment, shall be conducted on the same basis as the direct disposal of related assets or liabilities by the acquired parties.

In the consolidated financial statements, the equity of the acquired parties held before the acquisition date shall be remeasured at the fair value of such equity on the acquisition date, and the difference between the fair value and its book value shall be recognized in investment income in current period. If other comprehensive income is involved in the equity of the acquired parties held before the acquisition date, the accounting treatment of other comprehensive income related, shall be conducted on the same basis as the direct disposal of related assets or liabilities by the acquired parties.

7. Judgment criteria for control and method for preparing the consolidated financial statements

(1) Principles for determination of the scope of consolidated financial statements

The scope of the consolidation of consolidated financial statements shall be determined on the basis of control. Control means that the Group enjoys variable returns through its power in the invested parties and its participation in relevant activities of the invested parties, and is able to influence the amount of such returns by applying its power in the invested parties. The Company and all its subsidiaries are included in the scope of consolidation. Subsidiary means the entity controlled by the Group.

The Group shall launch re-assessment, if the changes in relevant facts and circumstances that lead to changes in relevant elements of the above control definition occur.

(2) Method for preparing the consolidated financial statements

The Company shall include the subsidiaries into the scope of consolidation from the date when it obtains the net assets and actual control over the production and operation decisions of the subsidiaries. It shall cease to do so as of the date when the actual control is lost. For the disposal subsidiaries, the business performance and cash flows prior to the disposal date have been appropriately included in the consolidated income statement and consolidated statement of cash flows. The opening balance of the consolidated balance sheets shall not be adjusted for the subsidiaries disposed in current period. For the subsidiaries added through the combination of enterprises not under common control, the business performance and cash flows have been appropriately included in the consolidated income statement and consolidated cash flow statement after acquisition date. The opening balance and comparative figures of consolidated financial statements shall not be adjusted. For the subsidiaries added during combination of enterprises under common control and the subsidiaries under absorption combination, the business performance and cash flows, from the beginning of current period to acquisition date, have been appropriately included in consolidated income statement and consolidated cash flow statement. The comparison figures in the consolidated financial statements shall be adjusted at the same time.

In preparing the consolidated financial statements, if the accounting policies or accounting periods of the subsidiaries are different from those of the Company, the financial statements of the subsidiaries shall be adjusted based on the accounting policies and accounting periods of the Company. The individual financial statements of the subsidiaries acquired from combination of enterprises not under common control are adjusted based on the fair value of the identifiable net assets on the acquisition date.

All the material account balances, transactions and unrealized profits within the Group shall be offset during preparation of the consolidated financial statements.

The shareholders' equity and current net gains or losses of the subsidiaries which are not owned by the Company shall be separately listed under the shareholders' equity and net profit in the consolidated financial statements as minority interest and minority interests. These current gains or losses of the subsidiaries which are attributable to the minority interest shall be presented as "minority interests" under the net profit of the consolidated financial statements. If the losses of the subsidiaries attributed to the minority shareholders are more than the shareholders' equity owned by the minority shareholders in such subsidiaries at the beginning of the period, the minority interests shall be offset.

If the control of the previous subsidiaries is lost due to disposal of some equity investments or for any other reasons, the remaining equity shall be re-measured at fair value on the date when control is lost. The difference between the sum of consideration received from disposal of equity and the fair value of the remaining equity, and the Company's share of the previous subsidiaries' net assets calculated at the previous shareholding proportion from the acquisition date, shall be recognized in investment income in the period when control is lost. Other comprehensive income related to the equity investment of the previous subsidiaries shall be conducted on the same basis as the direct disposal of related assets or liabilities by the acquired parties when the control is lost (Except for the change caused by the re-measurement of net liabilities or net assets of the defined benefit plan in the previous subsidiary, the remaining part shall be converted into investment income for current period). Thereafter, such remaining equity shall be subject to subsequent measurement according to the *Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments* or *Accounting Standards for Business Enterprises No. 22 - Confirmation and Measurement of Financial Instruments* and other relevant regulations. For details, please refer to "19. Long-term equity investments" of Note V or "11. Financial instruments" of Note V.

If the Group disposes of the equity investment of the subsidiaries step by step through multiple transactions until it loses the control thereof, it is necessary to determine whether such transactions fall within "a package deal". The multiple transactions shall be taken as "package deal" for accounting treatment, if the terms, conditions and economic impacts of the transactions undertaken to dispose the equity investment of the subsidiaries meet one or more of the following conditions: ① these transactions are entered into at the same time or with their impacts on each other considered; ② a complete business result may be achieved only when these transactions when taken as a whole; ③ one transaction depends on at least one of the other transactions; ④ one transaction is not economical on its own, but it is economical when considered together with other transactions. If they do not fall within "package deal", each of them shall be subject to accounting treatment according to the principles applicable to "Partial disposal of the long-term equity investments in the subsidiaries without losing control" (for details, please refer to (2) ④ of 19 of Note V) and "Loss of control of the previous subsidiaries due to disposal of some equity investments or for any other reasons", as appropriate. If the transactions taken to dispose of the equity investment in the subsidiaries until loss of control are recognized as "package deal", these transactions shall be subject to accounting treatment as one transaction in which the subsidiaries are disposed and the control is lost. However, the difference between the price for each disposal before the control is lost and share of such subsidiaries' net assets as a result of disposal of investment, shall be recognized in other comprehensive income in the consolidated financial statements, and be included in profit or loss for the period when the control is lost.

8. Classification of joint venture arrangement and accounting treatment methods for joint operation

None

9. Criteria for determining cash and cash equivalents

Cash and cash equivalents of the Group include cash on hand, deposits available at any time for payment, and short-term (generally due within three months from the date of purchase) and highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

10. Foreign currency business and foreign currency statement translation

(1) Conversion method of foreign currency transaction

A foreign currency transaction of the Group is translated into the functional currency at initial recognition, using the spot exchange rate prevailing at the date of the transaction (it means, in most cases, the central parity of the foreign exchange rate announced by the People's Bank of China on that day; the same hereinafter). However, a foreign currency exchange transaction or other foreign currency exchange involved transaction of the Group is translated into the functional currency using the actual exchange rate.

(2) Translation method of monetary items denominated in foreign currencies and non-monetary items denominated in foreign currencies

The foreign currency monetary items on the balance sheet date are translated at the spot exchange rate on the balance sheet date, and the exchange differences arising therefrom are included in the current gains and losses, except for the exchange difference of the principal and interest of foreign currency special loans related to the acquisition and construction of assets eligible for capitalization.

Non-monetary items denominated in foreign currency that are measured at historical cost shall still be valued in the functional currency and converted at the spot exchange rate as of the transaction date. Non-monetary items denominated in foreign currency that are measured at fair value are converted by using the exchange rate at the date when fair value is determined and the difference between the converted functional currency amount and the prior amount in functional currency is recorded as profit or loss arising from a change in fair value (including exchange rate change) for the current period or other comprehensive income.

(3) Translation method of foreign currency financial statements

The foreign currency financial statements of overseas operations shall be converted into Chinese currency statements in accordance with the following methods: The assets and liabilities items in the balance sheet are translated at the spot exchange rate on the balance sheet date; except for "undistributed profits", other items of shareholder's equity are converted at the spot exchange rate at the time of occurrence. Revenues and expenses in the profit statement are translated using the average exchange rates prevailing in the period of the transactions. Undistributed profits in the beginning of the year are the undistributed profits at the end of the prior year as translated; undistributed profits at the end of the period are calculated and presented according to the translated profit distributions; exchange differences from translation between translated assets and translated liabilities and equities are recognized in other comprehensive income as exchange differences from translation. When the Group disposes of, and loses the control over, an overseas operation, exchange differences from translation which are presented in "equity" of the balance sheet and related to the overseas operation are, all or based on the disposal proportion, transferred to the profit or loss of the period of disposal.

Cash flows denominated in foreign currencies and cash flows of overseas subsidiaries are translated using the average exchange rates prevailing in the period of the cash flows. Any impact of exchange rate changes on cash is presented as a separate adjusting item in the cash flow statement.

The amount in the beginning of the year and the actual amount of the prior year are presented as translated amounts based on the prior year's financial statements.

When all the equities of the Group in an overseas operation are disposed, or the control over an overseas operation is lost for a disposal of partial equity investments or any other reason, exchange differences which are presented in "shareholder's equity/owner's equity" of the balance sheet, related to the overseas operation and attributable to the parent company are all transferred to the profit or loss of the period of disposal.

If the proportion of equities in an overseas operation declines (but the control over that overseas operation is not lost) for a disposal of partial equity investments or any other reason, exchange differences which are related to that partial disposal are attributed to minority interest and not transferred to the profit or loss of the period of disposal. When the disposal of overseas operation involves a part of the equities in an associate or joint venture, exchange differences from translation which are related to the overseas operation are, based on the disposal proportion, transferred to the profit or loss of the period of disposal.

For any monetary item denominated in a foreign currency which is substantially net investment in an overseas operation, in the consolidated financial statements, exchange differences from the exchange rate changes are recognized in other comprehensive income as "exchange differences from translation", and when the overseas operation is disposed, are transferred to the profit or loss of the period of disposal.

11. Financial instruments

A financial asset or financial liability shall be recognized when the Group becomes a party to a financial instrument contract.

(1) Classification, recognition and measurement of financial assets

Pursuant to the business model of managing financial assets and the contractual cash flow characteristics of financial assets, financial assets are classified by the Group into financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit and loss.

Financial assets, when initially recognized, shall be measured at fair value. For the financial assets measured at fair value through profit and loss, the related transaction costs shall be included directly into current gains and losses. For the financial assets or financial liabilities of other categories, the related transaction costs shall be included in the initially recognized amount. For the accounts receivable or notes receivable arising from the sale of products or the provision of labor services, which do not include or consider major financing components, the amount of consideration that the Group is expected to be entitled to is taken as the initially recognized amount.

① Financial assets measured at amortized cost

The Group's business model for managing financial assets is aimed to collect contractual cash flow, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangement, i.e., the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. For such financial assets, the Group shall perform subsequent measurements at the amortized cost by effective interest method. The gains or losses arising from amortization or impairment shall be included in current gains and losses.

② Financial assets at fair value through other comprehensive income

The Group's business model for managing this type of financial assets aims both to collect the contractual cash flow and to sell it, and the characteristics of contractual cash flow of this type of financial assets shall be consistent with the basic lending arrangement. The Group measures these financial assets at fair value and the changes thereof shall be included in other comprehensive income, but the impairment losses or gains, exchange gains and losses and interest income calculated by the effective interest method shall be included in current gains and losses.

Apart from that, the Group shall designate some investments in non-trading equity instruments as financial assets measured at fair value and the changes thereof shall be included in other comprehensive income. The Group will include the relevant dividend income of this type of financial assets into current gains and losses, and the changes in fair value into other comprehensive income. Upon the termination of recognition of financial assets, the accumulated gains or losses previously included in other comprehensive income shall be transferred out of other comprehensive income and transferred to the undistributed profits, other than being included in current gains and losses.

③ Financial assets at fair value through profit or loss

The financial assets except those classified into financial assets measured at amortized cost and financial assets at fair value through other comprehensive income as mentioned above, are classified by the Group into those measured at fair value through profit and loss. In addition, at initial recognition, part of the financial assets can be recognized by the Group as financial assets measured at fair value through profit and loss, to eliminate or significantly reduce accounting mismatch. The financial assets are subsequently measured by the Group at fair value, and changes in fair value are included in current gains and losses.

(2) Classification, recognition and measurement of financial liabilities

At initial recognition, financial liabilities are classified into financial liabilities at fair value through profit and loss, and other financial liabilities. For the financial liabilities at fair value through profit and loss, the related transaction costs shall be included directly in current gains and losses. For other financial liabilities, the related transaction costs shall be included in the initially recognized amount.

① Financial liabilities at fair value through profit and loss

The financial liabilities at fair value through profit and loss shall include financial liabilities held for trading (including derivatives falling into the category of financial liabilities) and financial liabilities designated as those measured at fair value through profit or loss at initial recognition.

Financial liabilities held for trading (including derivatives falling into the category of financial liabilities) shall be subsequently measured at fair value. Except for hedging accounting, changes in fair value shall be included in current gains and losses.

The amount of change in the fair value of a financial liability which is designated as those measured at fair value through profit or loss due to change in the Group's own credit risks shall be included in other comprehensive income. Upon the termination of recognition of such liability, the accumulative change in its fair value caused by the change of its own credit risk included in other comprehensive income is transferred to undistributed profits. The changes in its fair value shall be recorded in current gains and losses. If the treatment of the impact on the credit risk change of the financial liabilities in the above manner will cause or expand the accounting mismatch in the profit and loss, the Group will recognize all the gains or losses (including the changes in the Group's own credit risks) of the financial liabilities into current gains and losses.

② Other financial liabilities

Other financial liabilities except those caused by the transfer of financial assets that do not conform to the conditions for derecognition or continue to relate to the transferred financial assets and financial guarantee contracts shall be classified as financial liabilities measured at amortized cost, which shall be subsequently measured at amortized cost, and the gains or losses arising from derecognition or amortization shall be included in current gains and losses.

(3) Principle of recognition and measurement method of financial asset transfer

The financial asset shall be de-recognized if: ① The contractual right to receive cash flows of the financial asset is terminated; ② The financial asset has been transferred and almost all risks and rewards in the ownership of the financial asset have been transferred to the transferee; or ③ The financial asset has been transferred and the enterprise has neither transferred nor retained almost all risks and rewards in the ownership of the financial asset, but has waived its control over the financial asset.

If the enterprise does not transfer or retain substantially all of the risks and rewards related to the ownership of a financial asset and if the enterprise does not waive its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the relevant financial asset and recognize the relevant liabilities accordingly. The extent of involvement in the financial asset transferred, refers to the company's exposure to changes in the value of the financial assets.

If the overall transfer of a financial asset meets the conditions for de-recognition, the difference between the book value of the transferred financial asset and the sum of the transfer consideration received and the change in fair value originally recognized in other comprehensive income will be recognized in current gains and losses.

If the partial transfer of financial assets meets the conditions for derecognition, the book value of the transferred financial assets is apportioned between the derecognized part and the non-derecognized part according to their respective relative fair values, and the difference between the sum of the transfer consideration received and the change in fair value originally recognized in other comprehensive income and apportioned to the de-recognition component and the aforesaid attributed book value will be recognized in current gains and losses.

If a financial asset is sold with the right of recourse or an endorsement, the Group needs to determine whether almost all the risks and rewards related to the ownership of the financial asset have been transferred. If all the risks and rewards related to the ownership of the financial asset have been transferred to the transferee, the Group shall de-recognize the financial asset; If all the risks and rewards related to the ownership of the financial asset have been retained, the Group shall not de-recognize the financial asset. If none of the risks and rewards related to the ownership of the financial asset has been transferred or retained, the Group shall continue to determine whether it retains the control over the asset, and the accounting standard stated in the aforesaid paragraphs shall apply.

(4) Derecognition of financial liabilities

When the current obligations of a financial liability (or part of it) have been discharged, the financial liability (or that part of the financial liability) shall be de-recognized by the Group accordingly. When the Group (borrower) signs an agreement with a lender to replace a financial liability with a new one, in case of substantially different terms of contract between the new one and the original one, the Group shall derecognize the original one and recognize the new one. If a substantial modification is made to all (or part of) the original financial liabilities by the Group, the original financial liabilities shall be de-recognized, and at the same time, a new financial liability shall be recognized in accordance with the modified terms.

If all (or a part of) the financial liability is de-recognized, the difference between the book value allocated to the derecognized part and the consideration paid (including the transferred non-cash assets or the liabilities assumed) is included in current gains and losses by the Group.

(5) Offset of financial assets and financial liabilities

When the Group has the legal right to offset the recognized financial assets and financial liabilities, which is enforceable for the time being, and the Group plans to settle on a netting basis or capitalize financial assets and serve financial liabilities, any net amount from

netting of financial assets and financial liabilities shall be included in the balance sheet. Otherwise financial assets and financial liabilities shall be included separately in the balance sheet and shall not offset each other.

(6) Method of determining the fair value of financial assets and financial liabilities

Fair value refers to the price that market participants can receive by selling an asset or need to pay by transferring a liability in the orderly transactions on the measurement date. The fair value of a financial instrument in an active market is determined by the Group at the price quoted in the active market. The quotation in an active market refers to the price that is easily acquired from exchanges, brokers, industry associations, pricing service agencies, and the like on a regular basis and represents the actual market transactions in fair trade. If there is no financial instrument in an active market, its fair value shall be determined by the Group via valuation techniques. Valuation techniques include looking into the prices used in recent market transactions by parties who refer to familiar situations and trade voluntarily and the current fair value of other financial instruments which are essentially the same, as well as using the discounted cash flow method, the option pricing model and the like. During valuation, the Group shall adopt the valuation techniques applicable under the current circumstances and supported by sufficient available data and other information, select the input values consistent with the characteristics of assets or liabilities considered by market participants in the transactions of related assets or liabilities, and give priority to the relevant observable input values as much as possible. The unobservable input values are used only when the relevant input values are unavailable or impracticable.

(7) Equity instruments

An equity instrument is a contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's issuance (including refinancing), repurchase, sales or cancellation of an equity instrument shall be accounted for as a change to equity. Transaction costs of an equity transaction are accounted for as a deduction from equity. The Group does not recognize changes in the fair value of equity instruments.

If the Group's equity instruments distribute dividends (covering "interest" incurred by instruments classified as equity instruments) during the existence thereof, the dividends shall be treated as profit distribution.

12. Impairment of financial assets

The financial assets for which the Group needs to recognize the impairment losses are financial assets measured at amortized cost, which mainly include notes receivable, accounts receivable, other receivables, contract assets, and so on.

(1) Method for recognizing provision for impairment

Based on the expected credit loss, the Group shall make provision for impairment of the aforementioned items by its applicable measurement method (general method or simplified method) of expected credit loss and recognize the credit impairment losses.

Credit loss means the difference between all contractual cash flows receivable by the Group in accordance with the contract and all cash flows expected to be received, discounted at the original actual interest rate, i.e., the present value of all cash shortages. Purchased or originated credit-impaired financial assets shall be discounted by the Group according to credit-adjusted effective interest rate adjusted by credit of such financial assets.

According to the general methods to measure expected credit losses, the Group evaluates whether the credit risk of the financial assets (including other applicable items; the same hereinafter) has increased significantly since the initial recognition at each balance sheet date. If the credit risk of the financial instrument has increased significantly since the initial recognition, the Group measures its loss allowance according to the amount equivalent to the expected credit loss of the financial instrument over its expected lifetime; if the credit risk has not increased significantly since initial recognition, the Group measures its loss allowance according to the amount equivalent to the expected credit loss of the financial instrument in the next 12 months. When assessing expected credit loss, the Group gives consideration to all reasonable and well-founded information, including forward-looking information.

For financial instruments with relatively low credit risks on the balance sheet date, the Group assumes that their credit risks have not increased significantly since initial recognition, and measures loss allowance based on the expected credit loss within the next 12 months.

(2) Criteria for judging whether the credit risks have increased significantly since initial recognition

When the default probability of a financial asset within the expected duration determined on the balance sheet date is significantly higher than that in initial recognition, it suggests that the credit risks of the financial asset have significantly increased. Except under special circumstances, the Group determines whether credit risks have increased significantly since initial recognition by estimating the changes in lifetime risk of default occurring based on the changes in 12-month risk of default occurring as a reasonable.

(3) Grouping method for assessing the expected credit risks

The Group carries out separate credit risk evaluation for financial assets with significantly different credit risks, including receivables in dispute with the other party or involving litigation or arbitration; accounts receivable where there are obvious signs that the debtor may not be able to fulfill the repayment obligation, etc.

Except for the financial assets that are individually assessed for credit risks, the Group shall classify the financial assets into different groups in view of the common risk characteristics, and assess the credit risks on the basis of groups.

(4) Accounting treatment methods for impairment of financial assets

At the end of a period, the Group shall calculate the expected credit loss of all types of financial assets. If the expected credit loss is greater than the book value of its current provision for impairment, the difference shall be recognized as impairment loss; if it is less than the book value of current provision for impairment, the difference shall be recognized as impairment gain.

(5) Determination method for measurement of expected credit losses of various financial assets

① Notes receivable

For note receivable, the Group measures loss allowance according to the amount equivalent to the expected credit loss over the lifetime. Depending on their credit risk characteristics, notes receivable are classified into different groups:

Item	Basis for determining groups
Bank acceptance notes	The acceptor is a bank with low credit risk
Commercial acceptance notes	By acceptor's credit risk (the same as that of accounts receivable)

② Accounts receivable

For accounts receivable not containing significant financing components, the Group measures loss allowance according to the amount equivalent to the expected credit loss over the lifetime.

Except for accounts receivable for which credit risk is assessed separately, depending on their credit risk characteristics, accounts receivable is classified into different groups:

Item	Basis for determining groups
Accounts receivable aging group	Except for the receivables for which the loss allowance of impairment has been calculated separately, the Group shall determine, through present situation analysis, the proportion of allowance for bad debt based on the expected credit loss rate of identical or similar receivables in previous years with similar credit risk characteristics classified by aging
Related party group	The parent and subsidiary companies included in the consolidated financial statements are divided into groups according to equity relationship.

③ Other receivables and factoring receivables

The Group measures impairment losses based on whether the credit risk of other receivables and factoring receivables has increased significantly since initial recognition, using an amount equivalent to expected credit loss within the next 12 months or entire duration.

④ Financing receivables

Financing receivables are primarily classified as notes receivable and accounts receivable which are measured at fair value through other comprehensive income and are presented under "financing receivables" if they have original maturity of up to one year (including one year) or under other debt investments if they have original maturity more than one year as from the initial recognition date.

Based on their credit risk characteristics, financing receivables are classified into different groups:

Item	Basis for determining groups
Bank acceptance notes	The acceptor is a bank with low credit risk
Commercial acceptance notes	Classified by the acceptor's credit risk, the same as that of the "Accounts receivable" group
Accounts receivable	Same as that of the "Accounts Receivable" group

13. Notes receivable

For further details, please see this Note V. 11. "Financial Instruments" and 12. "Impairment of Financial Assets".

14. Accounts receivable

For further details, please see this Note V. 11. "Financial Instruments" and 12. "Impairment of Financial Assets".

15. Financing receivables

For further details, please see this Note V. 11. "Financial Instruments" and 12. "Impairment of Financial Assets".

16. Other receivables

For further details, please see this Note V. 11. "Financial Instruments" and 12. "Impairment of Financial Assets".

17. Contract assets

The Group records the right where the client has not paid the contract consideration but the Group has performed its contract obligation and the Group is not prevented from being unconditionally paid by the client (depending on the lapse of time only) as contract assets in the balance sheet. Contract assets and contract liabilities under the same contract are listed on a net basis. Contract assets and contract liabilities under different contracts will not be offset.

For methods of determining and accounting for expected credit losses on contract assets, please see the Note V.12. "Impairment of Financial Assets".

18. Inventories

(1) Classification of inventory

Inventory types include among others raw materials, goods in stock, revolving materials and products in progress.

(2) Valuation methods of inventory acquired and sold

When inventory is acquired, it is measured based on actual cost, including purchase cost, processing cost and other costs. When inventory is acquired and sold, it is priced according to the monthly weighted average method.

(3) Basis for determining net realisable values of inventories and method for making provision for decline in the value of inventories

Net realizable value means the estimated selling price of inventory less the estimated cost to be incurred by the time of completion, the estimated selling expense and related taxes. In determining the net realizable value of inventory, based on obtained evidence, the Group considers the purpose of the inventory and the impact of any matters occurring after the balance sheet date.

On the balance sheet date, inventory is measured at cost or net realizable value (whichever is lower). If the net realizable value is lower than its cost, the Group will make provision for inventory depreciation. The provision for decline in the value of inventories is generally made at the difference between an inventory item's cost and its net realizable value. For the inventory with a large quantity and relatively low unit price, the provision for decline in the value of inventories is accrued based on the inventory category; for inventories associated with product series manufactured and sold in the same area, with the same or similar end use or purpose, and are difficult to be measured separately from other items, the provision for decline in the value of inventories are aggregated. For raw materials with a large quantity and low unit price, the provision of inventory depreciation is generally made according to the time the inventory has been kept.

After the provision of inventory depreciation is made, if the original trigger for inventory write-down has disappeared so that the net realizable value of the inventory is higher than the book value, the amount of provision of inventory depreciation shall be reversed, and the reversed amount shall be recognized in current gains and losses.

(4) The existing stock inventory system is a perpetual inventory system.

(5) Amortization method of revolving materials

The Group's revolving materials include low-value consumables and packaging materials. Large revolving materials are amortized at the time of receipt over months of the expected useful life. Other low-value consumables are amortized at the time of receipt using the one-off amortization method. Packaging materials are amortized at the time of receipt using the one-off amortization method.

19. Long-term equity investments

Long-term equity investments in this part refer to the long-term equity investments through which the Group has control, joint control or significant influence over investee. The long-term equity investments through which the Group does not have control, joint control or significant influence over investee, is taken as a financial asset at fair value recorded in current gains and losses. If it is non-trading, the Group can choose to designate it as a financial asset at fair value recorded in other comprehensive income at initial recognition. For details about the relevant accounting policy, please see this Note V. 11. "Financial Instrument".

Joint control refers to the Group's common control of an arrangement in accordance with relevant agreement, and the relevant activities of the arrangement must be unanimously agreed by the participants sharing the control before a decision can be made. Significant

influence refers to the Group's right to participate in the decision-making of an invested entity's financial and operational policies, but not to control or jointly control the formulation of these policies with other parties.

(1) Determination of investment cost

For long-term equity investments arising from business combination under the same control, the proportion of the book value of the stakeholders' equity of the merged party in the consolidated financial statements of the final controlling party is regarded as the initial investment cost of long-term equity investments on the combination date. If there is a difference between the initial investment cost of long-term equity investments and the cash paid, non-cash assets transferred, and book value of liabilities assumed, the capital surplus shall be adjusted. Where the capital surplus is insufficient to absorb the difference, undistributed profits shall be adjusted. The investments cost which adopts the equity securities issued as the consideration should be adopted as the initial investments cost of the long-term equity investments according to the proportion of the book value of the stakeholders' equity of the merged party in the consolidated financial statements of the final controlling party, and adjust the capital surplus by the difference between the initial investments cost of long-term equity investments and the amount of issued stock's face value (regarded as share capital). If the capital surplus is insufficient to absorb the difference, undistributed profits should be adjusted. If the equity of the acquiree under the same control is acquired step by step through multiple transactions leading to a merger of enterprises under the same control, the transactions shall be confirmed whether they belong to a "package transaction": If they belong to a "package transaction", all transactions shall be treated as one transaction over which the acquiree has control. If it is not a "package transaction", the Group regards the initial cost of the long-term equity investments as the proportion of the shareholders' equity of the acquired enterprise to the carrying amount in the consolidated financial statements of the final controller at the date of combination. If there is a difference between the initial investments cost of long-term equity investments on the date of combination and the sum of the book value of the long-term equity investments before the merger plus the book value of the new share payment consideration on the date of combination, the capital surplus shall be adjusted. Where the capital surplus is insufficient to absorb the difference, undistributed profits shall be adjusted. If the equity investment held before the combination date is measured using the equity method or recorded as a financial asset at fair value in other comprehensive income. The other comprehensive income recognized as a result will not be accounted temporarily.

For the acquisition of long-term equity investments involving enterprises under common control, the Group regards the initial cost of the long-term equity investments at that date as business combination cost, including the sum of fair values of assets paid, liabilities incurred or borne, and equity securities issued, by the buyer. If the equity of the acquiree is acquired step by step through multiple transactions leading to a merger of enterprises under different control, the transactions shall be confirmed whether they belong to a "package transaction": If they belong to a "package transaction", all transactions shall be treated as one transaction over which the acquiree has control. If it is not a "package transaction", the sum of the book value of the original equity investments plus the new investments cost is regarded as the initial investments cost of long-term equity investments calculated by the cost method. If the previous equity is measured using the equity method, the relevant other comprehensive income will not be accounted temporarily.

Acquisition-related costs including auditing fees, legal services fees, valuation advice fees and other relevant management fees are generally recognized in profit or loss as incurred.

A long-term equity investments acquired other than through a business combination is initially measured at the cost, and such cost is determined at the amount of cash paid by the Group, the fair value of the equity securities issued by the Group, the value agreed in an investment contract or agreement, the fair value or book value of asset exchanged in the non-monetary asset exchange, or the fair value of the long-term equity investments. Costs, taxes and other necessary expenses directly related to the acquisition of the long-term equity investments are also included in the investment cost. If additional investments addition has a significant influence over investee, or jointly control other than the control over investee, the cost of long-term equity investments shall be the sum of the fair value of the original equity investments determined according to Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments and the cost of the additional investment.

(2) Method of subsequent measurement and recognition of gains and losses

The long-term equity investments through which the Group has joint control (except for joint operation) or significant influence over investee shall be calculated by the equity method. The Group's financial statements use the cost method to calculate long-term equity investments that constitutes control over invested entities.

① Long-term equity investments calculated by cost method

Under the cost method, a long-term equity investment is measured at initial investments cost. Increasing or reducing investments will adjust the cost of long-term equity investments accordingly. Except for actual price paid when the investment is obtained or the cash dividends or profits that are included in the consideration that has been declared but not yet disbursed, the current investment income shall be recognized according to the cash dividends or profits declared by the invested entity.

② Long-term equity investments accounted by equity method

When the initial investments cost of long-term equity investments accounted under equity method is greater than the investments, the difference in the fair value share of the identifiable net assets of the invested entity is enjoyed, without adjusting the initial investments cost of long-term equity investments; when the initial investments cost is less than the investments, the difference in the fair value share of the identifiable net assets of the invested entity is included in the current gains and losses, and the cost of long-term equity investments shall be adjusted accordingly.

When the equity method is adopted, according to the share of the net profit and loss and other comprehensive income realized by the invested entity, the investment income and other comprehensive income shall be recognized respectively, and the book value of the long-term equity investments shall be adjusted; the book value of the long-term equity investments is reduced correspondingly in accordance with the portion of the profits or cash dividends declared and distributed by the invested entity; for changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution of the invested entity, the book value of long-term equity investments shall be adjusted and included in capital surplus. The share of net profit and loss of the invested entity shall be recognized, based on the fair value of various identifiable assets of the invested entity when the investment is made, after adjustment of the net profit of the invested entity. When the accounting policy and accounting period adopted by the invested entity are inconsistent with those of the Group, the investment income and other comprehensive income shall be recognized based on the adjusted financial statements of the invested entity in accordance with the Group's accounting policies and accounting period. For the Group's transactions with its associates and joint ventures, if the invested or sold asset does not constitute a business, unrealized gains or losses resulting from the transactions are recognized as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealized losses resulting from the Group's transactions with its invested entity in respect of impairment losses on the transferred assets should not be eliminated. If the asset invested by the Group to its associates and joint ventures constitutes a business, to the extent that the investor realizes long-term equity investments other than control, the fair value of the invested business shall be the initial investments cost of the additional long-term equity investments, and the difference between the initial investments cost and the book value of the invested business shall be recorded in the profit or loss of the current period. If the asset sold by the Group to its associates and joint ventures constitutes a business, the difference between the consideration received and the book value of the invested business shall be recorded in the profit or loss of the current period. If the asset purchased by the Group from its associates or joint ventures constitutes a business, the accounting shall be made pursuant to the Accounting Standards for Business Enterprises No. 20 - Business Combination shall apply, the gain or loss from the transaction shall be fully recognized.

The Group de-recognizes its share of net losses of the invested entity after the carrying amount of the long-term equity investments together with any long-term interests that substantially constitute part of its net investments in the invested entity shall be written down to zero. In addition, if the Group has the obligation to bear additional losses to the invested entity, the provisions shall be recognized according to the expected obligations and be recorded in the investment losses of the current period. Where net profits are subsequently made by the invested entity, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

③ Acquisition of minority interest

When preparing consolidated financial statements, if there is a difference between the new long-term equity investments acquired as a result of the purchase of minority shares and the share of net assets continuously calculated from the date of purchase (or merger) of the subsidiary based on the new shareholding ratio, the capital surplus shall be adjusted. Where capital surplus is insufficient to offset the difference, the undistributed profits are adjusted.

④ Long-term equity investments disposal

In consolidated financial statements, where a parent company partially disposes of a long-term equity investment in a subsidiary without losing the control over it, the difference between the disposing price and the net assets of the subsidiary obtained from the disposal of the long-term equity investments shall be recognized in the shareholder's equity. If it's partial disposal by a parent company of a long-term equity investment in a subsidiary and the control over the subsidiary is lost, the accounting policy stipulated in this Note V. 7. (2) "Method for Preparing the Consolidated Financial Statements" shall apply.

For disposal of long-term equity investments in other situations, the difference between the disposed equity's book value and the actual proceeds is included in the current gains and losses.

When the Group reduces its ownership interest in investee but continues to use the equity method for long-term equity investments, other comprehensive income previously recorded as shareholders' equity is disposed in proportion, subject to the accounting treatment applicable to the assets or liabilities related to direct disposal of the invested entity. The equity recognized by the Group, other than the change of the net profits and loss, other comprehensive income and profit distribution of the invested entity, is transferred to current gains and losses in proportion.

When the Group reduces its ownership interest but the Group continues to use the cost method for long-term equity investments, for the other comprehensive income recognized by the Group using equity method prior to the control over the investee or under financial

instrument recognition and measurement standard, other comprehensive income previously recorded as shareholders' equity is subject to the accounting treatment applicable to the assets or liabilities related to direct disposal of the invested entity and is transferred to current gains and losses in proportion. Then the other changes in shareholders' equity recognized by the Group using equity method, not arising from the change of the net profits and loss, other comprehensive income or profit distribution of the invested entity, are reclassified to profit and loss in proportion.

If the Group loses its control over the invested entity due to the disposal of a portion of an equity investment, the equity method is adopted in the preparation of individual financial statements when the remaining equity allows the Group to exercise joint control or hold significant influence on the invested entity, and the remaining equity after disposal is regarded as being adjusted by the equity method at the time of acquisition; if the remaining equity after disposal does not allow the Group to exercise joint control or hold significant influence on the invested entity, it is calculated in accordance with the relevant provisions of financial instrument recognition and measurement standards, and the difference between the fair value and the book value on the day when the control is lost is recorded in current gains and losses. If other comprehensive income recognized, using the equity method or under the standards for recognition and measurement of financial instruments before the Group obtains the control over the invested entity, is subject to the accounting treatment applicable to the assets or liabilities related to direct disposal of the invested entity when the control over the invested entity is lost, changes in the shareholders' equity of the net assets of the invested entity recognized using the equity method, except for net gains and losses, other comprehensive income and profit distributions, shall be transferred to current gains and losses when the control over the invested entity is lost. Other comprehensive income and other shareholders' equity are transferred in proportion when the remaining equity after disposal is calculated by the equity method. If the remaining equity after disposal is calculated in accordance with the standards for recognition and measurement of financial instruments, other comprehensive income and other shareholders' equity are transferred in full.

If joint control or significant influence on the invested entity is lost by the Group due to the disposal of some equity investments, the remaining equity after disposal is calculated according to the financial instrument recognition and measurement standards. The difference between the fair value and the book value on the day when joint control or significant influence is lost is recorded in current gains and losses. Other comprehensive income of the equity investment previously recognized using the equity method is subject to the accounting treatment applicable to the assets or liabilities related to direct disposal of the invested entity when the Group stops using the equity method. Shareholders' equity recognized by the Group, other than the change of the net profits and loss, other comprehensive income and profit distribution of the invested entity, is reclassified to profit and losses fully when the Group stops using the equity method.

The equity investments in the subsidiary is disposed of step by step by the Group through multiple transactions until the control is lost. The aforementioned transactions, if belong to package transactions, are disposed as one transaction for disposal of the equity investments of the subsidiary and loss of control. The difference between the price of each disposal before the control is lost and the book value of long-term equity investments related to the disposed equity are recorded in other comprehensive income, and then transferred to the profit or loss of the current period when the control is lost.

20. Investment properties

Measurement of investment properties

Measurement by cost method

Depreciation or amortization method

Investment properties mean the properties held for the purpose of rent earning or capital appreciation, or both. It includes the land use rights that have been leased, the land use rights that are held for transfer upon appreciation, and the leased buildings. In addition, the vacant buildings held by the Group for the purpose of leases will also be reported as investment properties, if the board of directors (or similar authority) makes a resolution in written form that expressly indicates that the buildings will be used for leases and the intention of holding will not change in the short term.

Investment properties are initially measured at cost. Subsequent expenses related to investment properties shall, if economic profits related to the property are likely to be gained and its costs can be measured reliably, be recorded as the cost of investment properties. Other subsequent expenditures are recorded in the current gains and losses when incurred.

The Group adopts the cost model for subsequent measurement of investment properties. The investment properties are depreciated or amortized in accordance with policies consistent with building or land use rights.

When self-use properties or inventories are converted to investment properties, or investment properties are converted to self-use properties, the value after the conversion shall be recognized at the book value before the conversion.

When investment properties are disposed or permanently withdrawn from use and is not expected to obtain economic benefits from its disposal, the investment properties shall be de-recognized. The disposal income from the sale, transfer, abandonment or destruction of investment properties less its book value and relevant taxes shall be recognized in current losses and profits.

21. Fixed assets

(1) Recognition criteria

Fixed assets mean the tangible assets held with an estimated useful life exceeding one fiscal year for the production of goods, provision of labor services, leasing or management. Fixed assets may be recognized when they meet the following conditions: Economic benefits relating to the fixed asset are likely to be gained by the Group, and the cost of the fixed asset can be measured reliably. Fixed assets are initially measured at cost, with the influence of estimated abandonment cost taken into account.

(2) Depreciation methods

Category	Depreciation methods	Estimated useful life	Residual value rate	Annual depreciation rate
Buildings	Straight-line method	20-30 years	5%-10%	3%-4.75%
Production equipment	Straight-line method	5-10 years	5%-10%	9%-19%
Measuring equipment	Straight-line method	5-10 years	5%-10%	9%-19%
Office equipment	Straight-line method	5 years	5%-10%	18%-19%
Transportation equipment	Straight-line method	5 years	5%-10%	18%-19%

Fixed assets are depreciated over their estimated useful lives using the straight-line method from the month following that in which they reach their intended usable condition.

The estimated net residual value is the amount that the Group would currently obtain from the disposal of a fixed asset, net of estimated disposal costs, assuming that the fixed asset has completed its estimated useful life and is in the condition expected at the end of its useful life.

(3) Explanation of other matters:

Subsequent expenditures relating to fixed assets are included in the cost of fixed assets and the carrying amount of the replaced part is derecognized if it is probable that the economic benefits associated with the fixed asset will flow and its cost can be measured reliably. Other subsequent expenditures, except for these, are recognized in profit or loss when incurred.

Fixed assets are derecognized when they are in a disposal condition or when no economic benefits are expected to arise from their use or disposal. The difference between the disposal proceeds from the sale, transfer, retirement or destruction of fixed assets, net of their carrying amount and related taxes, is recognized in profit or loss for the current period.

The Group reviews the useful life, estimated net residual value and depreciation method of fixed assets at least at the end of the year and treats any changes as changes in accounting estimates.

22. Construction in progress

Construction in progress is measured at actual cost, including various construction expenditures incurred during the period of construction, capitalized borrowing costs and other related expenses before the project reaches the predetermined conditions for use. Fixed assets under construction are transferred to fixed assets at their estimated value from the date they are ready for the intended use. This is done in accordance with the project budget, costs, or actual project expenses. This applies when the project has reached its intended condition of use but the final accounts have not yet been finalized. Equipment scheduled for installation is transferred to fixed assets upon reaching the intended condition of use, while equipment requiring installation and commissioning is transferred to fixed assets after reaching the intended condition of use.

Criteria and timing for specific transfer of each category of the Company's construction in progress to fixed assets:

Category	Criteria and timing for the transfer to fixed assets
Buildings	(1) The main construction works and ancillary works have been substantially completed;

Category	Criteria and timing for the transfer to fixed assets
	<p>(2) The construction projects have met the predetermined design requirements and have been accepted by units responsible for investigation, design, construction, and supervision;</p> <p>(3) The works have been accepted by external departments including fire-fighting and planning departments;</p> <p>(4) Construction works that have reached the intended condition of use but have not yet been finalized are transferred to fixed assets at their estimated value based on the actual cost of the works from the date of reaching the intended condition of use.</p>
Machines and equipment that require installation and commissioning	<p>(1) The relevant equipment and other supporting facilities have been installed;</p> <p>(2) The equipment can maintain normal and stable operation for a period of time after commissioning;</p> <p>(3) The production equipment can produce qualified products stably for a period of time;</p> <p>(4) The equipment has been accepted by asset managers and users.</p>

23. Borrowing costs

Borrowing costs include interest on borrowing, amortization of discount or premium, auxiliary expenses and exchange differences due to foreign currency borrowing, etc. Borrowing costs that can be directly attributable to the acquisition, construction or production of assets eligible for capitalization shall be capitalized when the asset expenditure has been incurred, the borrowing cost has been incurred, and the acquisition, construction or production necessary to make the asset reach the predetermined conditions for use or sale has started, and the capitalization shall discontinue when the constructed or produced assets eligible for capitalization reach the predetermined conditions for use or sale. The remaining borrowing costs are recognized as costs at the time of occurrence.

The amount to be capitalized is the actual interest expense incurred on the specific borrowings less any bank interest earned from unused funds of the designated borrowings or any investment income arising from the temporary investment of those funds. The amount to be capitalized on the general borrowings is calculated by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of the specific borrowings. Capitalization rate is calculated and determined based on the weighted average interest rate of general borrowings.

During the period of capitalization, exchange differences arising from special borrowings in a foreign currency shall be fully capitalized, and exchange differences arising from general borrowings in a foreign currency shall be recognized in gains and losses.

Assets eligible for capitalization refer to fixed assets, investment properties, inventories and other assets that need to go through quite a long time of acquisition or production activities to reach the predetermined usable or salable state.

If an abnormal interruption of assets eligible for capitalization occurs in the process of acquisition, construction or production and continues over 3 months, the capitalization of borrowing costs shall cease and shall not restart until the acquisition, construction or production of such assets resume.

24. Right-of-use assets

See Note 36. "Lease" for details

25. Intangible assets

(1) Estimated useful life and its determination basis, estimation, amortization method or review procedures

Intangible assets mean the identifiable non-monetary assets owned or controlled by the Group without physical substance.

The intangible assets shall be initially measured at cost. Expenses related to the intangible assets are recognized in the cost of intangible assets when it is likely that the associated economic benefits will be gained by the Group and the associated costs can be measured reliably. Other expenses related to the intangible assets are recognized in profit or loss for the period in which it is incurred.

The acquired land use right is generally recognized as intangible assets. Expenses related to land use right and construction cost from buildings such as self-built factory, etc. are recognized as intangible assets and fixed assets, respectively. In the case of purchased buildings, related costs are shared between the cost of land use rights and the cost of buildings. The related costs that cannot be allocated reasonably are recognized as fixed assets.

When intangible assets with a finite useful life are available for use, their original cost is amortized over their estimated useful life using the straight-line method. Intangible assets with uncertain useful life shall not be amortized.

The amortization method for intangible assets with finite useful life is as follows:

Item	Estimated useful life	Amortization method	Basis for determination
Land-use right	37-50 years	Straight-line method	Property rights registration period
Non-patent technology	2-10 years	Straight-line method	Expected years of economic benefits
Patent right	7-10 years	Straight-line method	Expected years of economic benefits
Trade mark	5 years	Straight-line method	Expected years of economic benefits
Software	3-10 years	Straight-line method	Expected years of economic benefits

For intangible assets with a finite useful life, the Group reviews their useful life and amortization method at the end of the period, and accounts for any change as a change in an accounting estimate. For intangible assets with uncertain useful life, the Group reviews their useful life. If it is evident that the duration of associated economic benefits is predictable, the useful life is estimated and the asset is amortized pursuant to amortization policies for intangible assets with finite useful life.

(2) Scope and accounting treatment of R&D expenditures

The Group classifies various expenses directly related to conducting R&D activities as R&D expenditures, including employees' remuneration, direct investments, depreciation expenses, depreciation expenses of right-of-use assets, equipment commissioning and testing expenses, external R&D services, and amortization of intangible assets.

The expenditure for research and development projects in the Group is divided into research phase expenditure and development phase expenditure.

The classification into the expenditure in the research phase or the expenditure in the development phase in relation to internal R&D projects of the Group conforms to the following standards:

Expenditures in the research phase are defined as those spent in an innovative, explorative and planned investigation to acquire and understand new scientific or technical knowledge. The research is the preparation in documents and other aspects for further development. It is very uncertain whether the completed research will move onto the development phase and whether the development will lead to the emergence of an intangible asset. Therefore, the Group includes the expenditures in the research phase in expenses and recognize them in the profit or loss of the current period.

Expenditures in the development phase refer to the expenditures incurred during the stage of applying research results or other knowledge to a project or design to produce new or substantially improved materials, devices and products before commercial mass production or use. As the development phase comes after the research phase, the majority of basic conditions for a new product or technology have been established. Thus, the Group recognizes the expenditures in development phase eligible for capitalization as intangible assets. Gross expenditures incurred in the period from the point when the conditions for capitalization are satisfied to the point when intangible assets are ready for the intended purpose are capitalized. No adjustment will be made further for any expenditure that has been included in expense and recognized in profit or loss before the same intangible assets have met the conditions for capitalization in the development phase.

Expenditures in the research phase are included in the current gains and losses when incurred.

Expenditures in the development phase are recognized as intangible assets only when the following conditions are all satisfied, or are included in the profit or loss of the current period:

- ① Having completed the intangible assets, enabling them to be technically feasible for use or sale;
- ② Having the intention to complete the intangible assets and use or sell them;
- ③ The ways in which intangible assets generate economic benefits, including the proof that there is a market for the product produced using the intangible assets or for the intangible assets. Where the intangible assets are used internally, their usefulness shall be proved;
- ④ Having sufficient technical, financial and other resources to complete the development of the intangible assets, and having the ability to use or sell the intangible asset;
- ⑤ Expenditures attributable to the development phase of the intangible assets can be measured reliably.

If it is impossible to distinguish between expenditures in the research phase and expenditures in the development phase, the R&D expenditures incurred shall be included in the profit or loss of the current period.

26. Impairment of long-term assets

For non-current and non-financial assets including fixed assets, construction in progress, intangible assets with finite useful life, investment properties measured at cost, and long-term equity investments in subsidiaries, associates and joint ventures, the Group assesses whether there is an indication of impairment at the date of balance sheet. If there is such an indication, the Group estimates the recoverable amount and carries out an impairment test. An impairment test shall be conducted every year for intangible assets with uncertain goodwill and useful life and those have not yet reached the usable state, regardless of whether there are signs of impairment.

If the impairment test results show that the recoverable amount of an asset is lower than its book value, the provision for impairment is accrued according to the difference and is recorded in the impairment loss. The recoverable amount is the higher of the net amount of the fair value of the asset less the disposal expenses and the present value of the expected future cash flow of the asset. The fair value of an asset is measured as the price agreed in a sales contract concluded in good faith. In absence of any such sales contract, if there is an active market for the asset, the best information available is used as a basis to estimate the fair value of the asset. Disposal expenses include legal fees, taxes and transportation fees related to the disposal of an asset, and direct expenses incurred to make the asset salable. The present value of expected future cash flows of an asset is measured by applying an appropriate discount rate to the expected future cash flows generated during the continuous use of the asset at the time of final disposal. The asset impairment provision is calculated and recognized on the basis of individual assets. In the case of difficulty in estimating the recoverable amount of an individual asset, the recoverable amount of the asset group to which the individual asset belong is calculated. An asset group is the smallest unit of combined assets that can generate cash inflows independently.

For goodwill listed separately in the financial statements, the carrying amount of such goodwill arising from business combinations is allocated to relevant asset groups or asset groups. If the test results show that the recoverable amount of asset groups or combination of asset groups containing allocated goodwill is lower than its book value, the corresponding impairment loss shall be recognized. The amount of impairment loss shall firstly be deducted from the carrying amount of goodwill embodied in the asset groups or combination of asset groups, then be deducted from the carrying amounts of other assets based on the proportions of their carrying amounts in the asset groups or combination of asset groups.

The impairment losses of assets will not be reversed in subsequent periods once recognized.

27. Long-term prepaid expenses

Long-term prepaid expenses refer to expenses that have already incurred but should be borne by the current and future instalments for a period of more than one year. Long-term prepaid expenses shall be amortized according to the straight-line method within the estimated period of benefit.

28. Contract liabilities

Contract liabilities are defined as the Group's obligation to transfer goods to a client for received or receivable consideration from the client. The Group presents as contract liabilities, at the earlier time point of actual payment by a client or the payment due, if the Group has paid the contract consideration or the Group has acquired the right to collect unconditionally before the goods are transferred by the Group to the client. Contract assets and contract liabilities under the same contract are listed on a net basis. Contract assets and contract liabilities under different contracts will not be offset.

29. Employee benefits

(1) Accounting treatment of short-term benefits

The Group's employee benefits consists mainly of short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Including:

Short-term employee benefits include employee wages or salaries, bonuses, allowances and subsidies, employee welfare fees, medical insurance contributions, maternity insurance contributions and work injury insurance contributions, housing provident fund contributions, union running costs and employee education costs, and non-monetary benefits. During the accounting period when the employees provide services for the Group, the short-term remuneration actually incurred is recognized as a liability and recorded in the current gains and losses or related asset costs. The non-monetary welfare in short-term remuneration should be measured at fair value.

(2) Accounting treatment of post-employment benefits

Post-employment benefit mainly covers basic pension insurance and unemployment insurance. Most of post-employment benefit plans are mainly defined benefit plans. The defined benefit plans of the Group are basic pension insurance and unemployment insurance, and the contributions thereto are recorded in the asset cost or the profit or loss of the current period when they occur.

(3) Accounting treatment of termination benefits

Where the Group terminates the labor relationship with an employee before the labor contract expires, or offers proposed compensation for encouraging the employee to accept the redundancies voluntarily, if the Group cannot unilaterally withdraw the termination benefits provided by the termination of labor relations plan or reduction proposal, and the Group recognizes the costs related to the reorganization involving the payment of the termination benefits (whichever comes first), the employee benefits liabilities arising from the termination benefits are recognized and recorded in the current gains and losses. However, termination benefits which are expected not to be fully paid within twelve months after the end of the annual reporting period are accounted for as other long-term employee benefits.

Internal employee retirement programs are accounted for, using the above method applicable to termination benefits. The Group recognizes in the profit or loss of the current period (termination benefits) employee salaries and contributions to the employee's social insurance covered by its internal retirement program from the day when the employees stop their services until their statutory retirement dates, when the conditions for provisions are satisfied.

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

If other long-term employee benefit provided by the Group for its employees constitutes the defined contribution plan, the accounting treatment for the defined contribution plan applies. In any other circumstance, the accounting treatment for the defined benefit plan applies.

30. Provisions

Obligation relating to a contingent are recognized as provisions when they meet the following conditions: (1) the Group has a present obligation related to a contingency; (2) it is probable that an outflow of economic benefits will be required to settle the obligation; and (3) the amount of the obligation can be measured reliably.

Provisions are measured against the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money.

If all or part of the expenses required to settle the provisions are expected to be compensated by a third party, the amount of compensation is recognized separately as an asset when it is basically recognized that it can be received, and the recognized compensation amount doesn't exceed the book value of the provision.

31. Share-based payment

(1) Accounting treatment of share-based payment

Share-based payment is a transaction where equity instruments are granted or equity instrument-based liabilities are assumed for the consideration of the services provided by employees or other parties. Share-based payment is classified into equity-settled share-based payment and cash-settled share-based payment.

① Equity-settled share-based payment

Equity-settled share-based payments made for the consideration of the services provided by the employees, is measured at the fair value of equity instruments on the date of grant to the employees. In the case that the right can be exercised after the completion of services in the vesting period or satisfaction of stipulated performance conditions, the fair value amount shall, on the basis of the best estimate of the quantity of equity instruments with vesting in the vesting period, be recorded in relevant cost or expense using the straight-line method. In the case that the right can be exercised immediately after the grant, it is recorded in relevant cost or expense on the grant date, and the capital surplus is increased accordingly.

On each balance sheet date during the vesting period, the Group makes the best estimate based on the latest available follow-up information such as changes in the number of employees with vested rights, and revises the estimated number of equity instruments with vesting. The impact of the above estimation is recorded in the cost or expense of the current period, and the capital surplus adjusted accordingly.

Equity-settled share-based payments made for the consideration of the services provided by other parties shall, if the fair value of the services can be measured reliably, is measured at fair value at the date of grant, and if the fair value of the services cannot be measured reliably but the fair value of the equity instruments can be measured reliably, is measured at fair value at the date of acquisition. They are recorded in the cost or expense, and the shareholder's equity is increased accordingly.

② Cash-settled share-based payment

Cash-settled share-based payment shall be measured according to the fair value of liabilities determined on the basis of shares or other equity instruments undertaken by the Group. In the case that the right is exercised immediately after the grant, it is recorded in relevant cost or expense, and the liability is increased accordingly. If the right is exercised only after the completion of services in the vesting period and satisfaction of stipulated performance conditions, on each balance sheet date within the vesting period, based on the best estimate of the vesting condition and according to the fair value of the liabilities assumed by the Group, the services acquired in the current period are recorded in the costs or expenses, and the liability is increased accordingly.

On each balance sheet date and settlement date before the settlement of related liabilities, the fair value of liabilities shall be re-measured, and the changes shall be recorded in the current gains and losses.

(2) Accounting treatment related to modification and termination of share-based payment plan

When the Group modifies the share-based payment plan, if the fair value of the granted equity instruments is increased by modification, the increase of the services acquired shall be recognized according to the increase of the fair value of the equity instruments. The increase of fair value of equity instruments refers to the difference between the fair values of equity instruments before and after modification on the modification date. If the total fair value of share-based payment is reduced by modification or other ways that are unfavorable to employees, the accounting treatment of the acquired services will continue, as if the change never happened unless the Group cancels some or all of the granted equity instruments.

During the vesting period, if the granted equity instruments are canceled, the Group will treat the cancellation of the granted equity instruments as accelerated exercise, and immediately record the amount to be recognized in the remaining vesting period into the current gains and losses, and recognize the capital surplus at the same time. If the employee or other party can choose to meet the non-vesting condition but fails to meet it during the vesting period, the Group will treat it as cancellation for granting equity instruments.

(3) Accounting treatment of share-based payment transactions involving the Group and the Company's shareholders or de facto controllers

Share-based payment transactions involving the Group and the Company's shareholders or de facto controllers, where one of the settlement enterprise and the service receiving enterprise is located within the Group and the other outside the Group, are treated in the Group's consolidated financial statements in accordance with the following provisions:

① If the settlement enterprise settles the transaction with its own equity instruments, the share-based payment transaction is treated as equity-settled share-based payment; otherwise, it is treated as cash-settled share-based payment.

If the settlement enterprise is an investor of the service recipient, it is recognized as a long-term equity investment in the service recipient based on the fair value of the equity instrument or the fair value of the liabilities to be assumed at the date of grant, with capital surplus (other capital surplus) or liabilities recognized at the same time.

② If the service recipient does not have a settlement obligation or has granted its own equity instruments to its own employees, the share-based payment transaction is treated as equity-settled share-based payment; if the service recipient has a settlement obligation and has granted its own equity instruments to its own employees, the share-based payment transaction is treated as cash-settled share-based payment.

If the service recipient and the settlement enterprise are not the same entity, the share-based payment transaction shall be recognized and measured in the separate financial statements of both the service recipient and the settlement enterprise, respectively, in accordance with the above principles.

32. Revenue

Revenue recognition and measurement accounting policies disclosed by business type

Revenue represents the total inflow of economic benefits arising from the Group's ordinary activities, leading to an increase in shareholders' equity and not related to shareholders' invested capital. Revenue from contracts between the Group and clients is recognized when the client obtains control over the relevant goods (including labor, the same below), subject to the following conditions being met simultaneously: parties to the contract have approved and committed to fulfilling their respective obligations; the contract defines the rights and obligations of the parties regarding the transferred goods or labor provision; the contract includes clear payment terms for the transferred goods; the contract holds commercial substance, meaning it will alter the Group's future cash flows' risk,

timing, or amount upon fulfillment; and it is probable that the consideration from transferring goods to clients will be recoverable. In this context, acquiring control over the relevant goods means being able to dominate the use of the goods and derive almost full economic benefits from it.

At the contract commencement date, the Group identifies each individual performance obligation existing under the contract, and apportions the trading price to each individual performance obligation based on the proportion of the selling prices of the goods committed by the individual performance obligations. The trading price is determined by taking into account of the influence of variable consideration, major financing components in the contract, non-cash consideration, consideration payable to clients and other factors.

If each individual performance obligation under the contract meets any of the following conditions, the Group will, according to the progress of performance in the relevant performance period, recognize the part of trading price apportioned to the individual performance obligation as a revenue: the client obtains and consumes economic benefits from the performance by the Group at the time of performance; the client has control over the goods in production during the performance by the Group; the goods produced during the performance by the Group have irreplaceable use, and the Group is entitled to be paid for the completed part of the obligation up to now in the entire contract period. The performance schedule is determined by output method or input method according to the nature of the goods transferred. If the performance schedule cannot be reasonably determined and the incurred costs of the Group are expected to be compensated, the revenue is recognized according to the amount of the incurred costs until the performance schedule can be reasonably determined.

If none of the above conditions is met, the Group recognizes revenue at the point in time when the client obtains control over the relevant goods, based on the transaction price apportioned to that single performance obligation. To determine whether the client obtains the control over the goods, the Group considers the following indications: the Group enjoys the current right to be paid for the goods, and the client has the current obligation to pay for the goods; the Group has transferred legal ownership of the goods to the client, and the client has owned the legal ownership over the goods; the Group has delivered the goods physically to the client, and the client has possessed the goods in kind; the Group has passed on to the client major risks and rewards of the ownership of the goods, and the client has received the major risks and rewards of the ownership of the goods; the client has accepted the goods; and any other indication that the client has obtained the control over the goods.

Specific methods for revenue recognition from product sales:

The Group's sales business is categorized into domestic sales and overseas sales. Both domestic sales and overseas sales have general mode and VMI mode, with specific revenue recognition policies for sales as follows:

① Domestic sales

A. General sales mode

The Group arranges production according to a sales contract or order with a client; upon shipment from the warehouse, the products are transported and delivered to the place of delivery designated by the client; the client's warehousing employee checks the quantity of the products and also carries out a spot check for the quality of the products; after the quantity and quality are accepted, the employee will sign and stamp on the receipt for confirmation. The revenue is recognized when the Group obtains the signed and stamped receipt or when the Group obtains the signed and stamped receipt and makes a reconciliation with the client.

B. VMI sales mode

The Group arranges production according to a sales contract or order with the client; upon shipment from the warehouse, the products will be transported and delivered to the delivery place designated by the client; the warehouse personnel checks the quantity of the products and also carries out a spot check for the quality of the products; after the quantity and quality are accepted, the warehouse personnel will sign and stamp on the receipt for confirmation. Sales revenue will be recognized based on the actual receipt of goods by the client and reconciliation with the client.

② Overseas sales

A. General sales mode

The Group arranges production according to a sales contract or order with a client; the export delivery is made through customs clearance after the products are verified as qualified through inspection; for the purpose of delivering the products, the revenue is recognized at the time of control transfer depending on specific terms of trade.

B. VMI sales mode

The Group arranges production according to a sales contract or order with a client; the export is made through customs clearance after the products are verified as qualified through inspection; after the Group completes export declaration formalities and obtains an export declaration form, and the products are transported to the place designated by the client, the revenue is recognized when the client accepts the products.

The same type of business, if with different operating models, entails different revenue recognition and measurement methods.

None

33. Contract costs

Contract costs include incremental costs incurred to obtain contracts and contract performance costs.

If the incremental cost incurred by the Group to acquire the contract is expected to be recovered, it is recognized as an asset as the contract acquisition cost.

A cost incurred for performing a contract which does not fall within the regulated scope of accounting standards for business enterprises other than Accounting Standards for Business Enterprises No. 14 - Revenue (revised in 2017) shall be recognized as an asset if: ① such cost directly relates to a current or expected contract, including direct labor, direct materials, manufacturing costs (or similar costs), costs clearly borne by clients and other costs only incurred due to the contract; ② such cost increases the resources of the Group for fulfilling its obligations in the future; and ③ such cost is expected to be recoverable.

Assets related to contract costs are amortized to profit or loss using the same basis as revenue recognition for the goods to which the asset relates; however, if the asset is amortized over a period of less than one year, it is recognized in profit or loss in the period in which it is incurred.

When the carrying amount of an asset related to contract costs is greater than the difference between the following two items, the Company makes a provision for impairment and recognizes it as an asset impairment loss for the excess:

- ① The residual consideration that the Group expects to obtain for the transfer of goods or services related to the asset;
- ② The estimated costs to be incurred for the transfer of such related goods or services.

If there is a subsequent reversal of the provision for asset impairment, the carrying amount of the asset after the reversal should not exceed its value on the reversal date if no impairment provision had been made.

34. Government grants

Government grants refer to the monetary assets and non-monetary assets obtained by the Group from the government free of charge, excluding the investment made by the government as an investor which enjoys the corresponding owner's equity. Government grants are divided into asset-related government grants and income-related government grants. Asset-related government grants refer to the government grants obtained by the Group and used for acquiring or forming long-term assets by other means. Other government grants are defined as government grants related to income. If no target of grants is specified in government documents, government grants are classified into government grants related to assets and government grants related to income as follows: (1) if the government document stipulates grants for a defined project, the grants will be divided according to the proportion of expenditures transformed into assets and expenditures recorded in expenses in the budget of the defined project, and the proportion will be reviewed at each balance sheet date and be changed if necessary; and (2) if the government document contains general statement on the purpose of grants, other than a defined project, the grants will be treated as government grants related to income. Government grants in the form of monetary assets shall be measured at the amount received or receivable. Government grants in the form of non-monetary assets shall be measured at fair value. If the fair value cannot be reliably acquired, the government grants shall be measured at nominal amount. Government grants measured at nominal amount shall be directly recorded in the current gains and losses.

The Group recognizes and measures government grants generally at the time of receipt according to the actually received amounts. However, at the end of the period, the subsidy shall be measured according to the amount receivable when there is conclusive evidence that it can meet the relevant conditions stipulated by the financial support policy and is expected to receive financial support funds. A government grants measured at the amount receivable shall meet the following conditions: (1) the amount of grant receivable has been confirmed in a governmental document or can be reasonably estimated according to any officially issued measures for the management of financial support funds, without significant uncertainty in the estimated amount; (2) the measurement is based on the financial support projects and its measures for the management of financial support funds officially released and proactively disclosed by local fiscal authority according to the *Government Information Disclosure Regulations*, and the measures are inclusive (applicable to any eligible enterprise), other than for specific enterprises; (3) the relevant grant approval document has clearly stated the period of payment, and as the payment of the grant is guaranteed by corresponding fiscal budgets, there is reasonable assurance that the payment will be made within certain time of period; and (4) other relevant conditions should be met according to the actual situation of the Group and the grant (if any).

Asset-related government grants are recognized as deferred income, and shall be recorded in current gains and losses in stages according to a reasonable and systematic method within the useful life of the relevant assets. If income-related government grants are received as compensation for related costs or losses in future periods, they are recognized as deferred income, and are recorded in current gains

and losses during the period when the related costs or losses are recognized; those received as compensation for related costs or losses incurred are directly included in the profit or loss of the current period. If a government grants contains an asset-related component and an income-related component, the two components are subject to separate accounting treatment. If it is difficult to distinguish them, the subsidy shall be classified as income-related government grants.

Government grants related to the daily operating activities of the Group shall be recorded in other income according to the nature of operating business. Government grants unrelated to the daily activities are recorded in non-operating income.

Where any recognized government grants need to be returned, in the case of related deferred income balance, the carrying amount of the deferred income balance shall be written down, and any excess shall be recognized in the profit or loss of the current period. In other circumstances, the returned subsidy is directly recorded in the profit or loss of the current period.

35. Deferred tax assets/liabilities

(1) Current income taxes

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or returned) according to the requirements of tax laws. The taxable income used to calculate the current income tax expense is derived from adjustments made to the pre-tax accounting profit for the current reporting period in accordance with relevant tax regulations.

(2) Deferred tax assets and liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax bases, or between the carrying amounts of those items that are not recognized as assets or liabilities and of which the tax bases can be determined according to tax laws and tax bases, deferred tax assets and liabilities are recognized using the balance sheet liability method.

For temporary differences arising from the initial recognition of goodwill, no corresponding deferred tax liabilities are recognized. For temporary differences arising from the initial recognition of assets or liabilities in transactions other than business combinations that do not affect either the accounting profit or taxable income (or deductible losses), and where the initial recognition of assets and liabilities does not result in equivalent taxable temporary differences and deductible temporary differences, no corresponding deferred income tax assets or liabilities are recognized. In addition, for the taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, no deferred tax liability is recognized. Except for the above exceptions, the Group recognizes deferred tax liabilities arising from all other taxable temporary differences. For the deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax assets shall not be recognized if it is not probable that the temporary difference will reverse in the foreseeable future, or if it is not probable that taxable profits will be available in the future against which the deductible temporary difference can be utilized. For the above exceptions, deferred tax assets for deductible temporary differences are recognized by the Group to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

For deductible losses and tax credits that can be carried forward to later years, the corresponding deferred tax assets are recognized to the extent that the future taxable income that can be used to offset the deductible losses and tax credits is likely to be obtained.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to be applicable when the asset is realized or the liability is settled.

On the balance sheet date, the carrying amount of deferred tax assets shall be reviewed. If it is unlikely to obtain sufficient taxable income in the future to offset against the profits arising from deferred tax assets, the carrying amount of the deferred tax assets shall be written down. When it is probable that sufficient taxable income will be available, such written-down amount shall be subsequently reversed.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except that current income taxes and deferred taxes arising from transactions or events recognized in other comprehensive income or directly recorded in shareholders' equity are recorded in other comprehensive income or shareholders' equity, and that deferred taxes arising from business combinations adjust the carrying amount of goodwill, all other current income taxes and deferred tax expenses or gains are recorded in the profit or loss of the current period.

(4) Income tax offset

When there is a legal right to settle on a net basis and the intention is to settle on a net basis or to realize assets and to settle liabilities simultaneously, the current income tax assets and current income tax liabilities of the Group are offset and presented as net amount.

When there is a legal right to settle current income tax assets and current income tax liabilities on a net basis, and the deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax administration department on the same tax payer or to different tax payers, but in each future period of reversing material deferred tax assets and liabilities, the tax payers involved intend to settle the current income tax assets and liabilities on a net basis or realize assets and settle liabilities at the same time, the deferred tax assets and deferred tax liabilities of the Group are offset and presented as net amount.

36. Lease

(1) Accounting treatment of leases as lessee

A lease is a contract under which the Group transfers or acquires the right to control the use of one or more identified assets for a specific period of time in exchange for consideration or payment. At the inception date of a contract, the Group assesses whether the contract is a lease or contains a lease.

The Group acts as lessee:

The Group's categories of leased assets are mainly buildings.

① Initial measurement

On the commencement date of a lease, the Group recognizes the right to use the leased asset over the lease term as a right-of-use asset, and recognizes the present value of the outstanding lease payments as a lease liability, excluding short-term leases and leases of low-value assets. When measuring the present value of a lease payment, the Group uses the interest rate implicit in the lease as the discount rate, and adopts the incremental borrowing rate as the lessee's discount rate if the interest rate implicit in the lease is not determinable.

② Subsequent measurement

The Group depreciates right-of-use assets according to the depreciation provisions outlined in Accounting Standards for Business Enterprises No. 4 - Fixed Assets. See Note V.21 for details. If ownership of the leased asset can be reasonably assured at the end of the lease term, the Group depreciates it over the remaining useful life of the asset. If the Group can reasonably determine that it will obtain the ownership of leased assets when the lease term expires, the Group depreciates the right-of-use assets over the remaining useful life of the leased assets.

For lease liabilities, the Group calculates its interest expense at a fixed periodic rate for each period during the lease term, which is charged to current profit or loss or included in the cost of the related assets. Variable lease payments not included in the measurement of lease liabilities, when actually incurred, shall be recorded in the current gains and losses or related asset costs.

Following the commencement date of the lease term, when there are changes in the substantive fixed payments, the projected amount payable for the residual value of the guarantee, the indexes or ratios used to determine the lease payments, or the valuation results or actual exercise of purchase options, lease renewal options or termination options, the Group re-measures the lease liability based on the present value of the lease payments after such changes and adjusts the book value of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability needs to be further reduced, the Group recognizes the remaining amount in profit or loss for the current period.

③ Short-term leases and leases of low-value assets

For short-term leases (with a lease term of less than 12 months from the commencement date) and leases of low-value assets, the Group adopts a simplified approach by not recognizing right-of-use assets and lease liabilities; instead, the Group recognizes the lease payments as part of the cost of the related assets or in profit or loss for the current period, on a straight-line basis or other systematic and reasonable basis, in each period during the lease term.

(2) Accounting treatment of leases as lessor

The Group acts as lessor:

The Group classifies leases into finance leases and operating leases based on their transaction substance 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. Operating leases are leases other than finance leases.

① Operating lease

The Group uses the straight-line method to recognize lease collections under operating leases as rental income in each period during the lease term. Variable lease payments relating to operating leases that are not recognized as lease collections are recognized in profit or loss when they are actually incurred.

② Finance lease

On the commencement date of the lease term, the Group recognizes finance lease receivables and derecognizes finance lease assets. Finance lease receivables are initially measured at the net investment in the lease (the sum of the unguaranteed residual value and the present value of lease receivables not yet received at the commencement date of the lease term discounted at the interest rate embedded in the lease), and interest income is recognized over the lease term calculated at a constant periodic rate. Variable lease payments obtained by the Group that are not included in the measurement of the net investment in leases are recognized in profit or loss when they are actually incurred.

37. Specific reserve

According to the relevant regulations of the Ministry of Finance and the Ministry of Emergency Management, the Group accrues specific reserve for production safety. The specific reserve is mainly used for safety expenditure in the process of production and operation.

The provision for specific reserve is recognized as relevant cost or profit or loss for the current period, and it is also included in specific reserve. The specific reserve is written down when withdrawal of safety fund is of expense expenditure. If it is capital expenditure, the expenditure incurred is recorded in construction in progress and recognized as fixed assets when the project is completed and is ready for the intended use, and meanwhile, specific reserve is written down at the cost of the fixed assets and accumulated depreciation is recognized at the same amount. Consequently, such fixed assets are not depreciated in subsequent periods.

38. Other significant accounting policies and accounting estimates

While using accounting policies, due to the uncertainty in operating activities, the Group needs to make judgment, estimates and assumptions on the book value of accounts which cannot be measured accurately. The judgment, estimates and assumptions are made based on the historical experience of the Group's management and other factors that are considered to be relevant. The judgments, estimates and assumptions would affect the reported amounts of incomes, expenses, assets and liabilities, as well as the disclosure of contingent liabilities at the balance sheet date. However, the actual results from the uncertainty in the estimates may differ from the current estimates made by the Group's management, subject to further significant adjustments to the carrying amounts of the affected assets or liabilities.

The above judgments, estimates and assumptions will be reviewed periodically by the Group on the going-concern basis. If a change in accounting estimates only affects the period in which the change occurs, the affected amount will be recognized in the period in which the change occurs. If the change affects both the period in which the change occurs and future periods, the affected amount will be recognized in the period in which the change occurs.

At the balance sheet date, the major fields in which the Group is required to make the judgments, estimates and assumptions on the amounts in the financial statements are shown below:

(1) Revenue recognition

As stated in this Note V. 32. "Revenue", the Group's revenue recognition involves the following significant accounting judgments and estimates: identification of client contracts; estimation of the recoverability of the considerations enjoyed due to the transfer of goods to clients; identification of performance obligations in contracts; estimation of the variable consideration in a contract and the amount of accumulated recognized revenue that is unlikely to be significantly reversed when the relevant uncertainty is eliminated; whether there is material financing component in a contract; estimation of separate selling prices of individual performance obligations in a contract; determination on whether the performance obligation shall be performed in a time span or at a point of time; and determination of performance progress.

The Group makes judgments based on historical experience and practices, and major changes in judgments and estimates would have impact (and even significant impact) on the change of operating revenue, operating cost, and profit and loss during the current or future periods.

(2) Lease

① Identification of a lease

While identifying that a contract is or contains a lease, the Group needs to assess whether there is an identified asset and the client has the right to use the asset for a certain period. During assessment, the Group shall consider the nature or substantial replacement of the asset, and whether the client has the right to obtain almost all economic benefits arising from the use of the asset during the period and can control the use of the asset.

② Classification of a lease

The Group as the lessor classifies leases into operating leases and financing leases. In the classification process, the management needs to make appropriate analysis and judgment on whether all risks and rewards related to the ownership of leased assets have been substantially transferred to the lessee.

③ Lease liabilities

The Group, as a lessee, initially measures the lease liabilities at the present value of lease payments that are unpaid at the lease commencement date. For measuring the present value of the lease payment, the Group estimates the discounting rate in use and the lease term of the lease contract with an option of renewal or termination. For assessing the lease term, the Group considers all the facts and circumstances related to the economic benefits brought by the exercise of the option by the Group, including expected changes in the facts and circumstances from the lease commencement date to the option exercise date. Different judgments and estimates would affect the recognition of lease liabilities and right-of-use assets and further affect the profit or loss of subsequent periods.

(3) Impairment of financial assets

The Group assesses impairments of financial instruments using the expected credit loss model, where the Group is required to make significant judgments and estimates, as well as consider all reasonable and evidence-based information, including forward-looking information. In making the judgments and estimates, the Group predicts expected changes in debtor's credit risk based on historical data, as well as economic policies, macroeconomic indicators, industry risks, external market conditions, technical conditions, changes in client conditions and other factors.

(4) Provisions for the decline in value of inventories

Under accounting policies for inventories, the Group measures inventories according to the lower of cost and net realizable value. For the inventories with cost higher than net realizable value as well as obsolete and unsalable inventories, the Group calculates provisions for the impairment of inventories. The inventories are impaired to their net realizable value, depending on the assessment of salability of inventories and their net realizable value. To identify inventory impairment, the management is required to make judgments and estimates after obtaining conclusive evidence, as well as considering the purpose of inventories held, the impact of events occurring after the balance sheet date and other factors. Any difference between actual results and prior estimates will, in the period when relevant estimates are changed, affect the carrying amount of inventories and the provision for inventory impairment or reversal thereof.

(5) Fair value of financial instruments

If there is no financial instrument in an active trading market, its fair value is determined by the Group through various valuation methods. The valuation techniques include disclosed cash flow modeling, etc. In the valuation process, the Group needs to estimate future cash flow, credit risk, market volatility and correlation, etc. and choose an appropriate discounting rate. These relevant assumptions are uncertain, and their changes would affect the fair value of financial instruments. For equity instrument investments or contracts with public quotes, the Group will not regard costs as the best fair value estimate.

(6) Impairment provision for long-term assets

For non-current assets other than financial assets, the Group will, at the balance sheet date, judges whether there is an indication of impairment. For intangible assets with an uncertain useful life, the impairment test will be carried out annually and when there is an indication of impairment. The impairment test will be carried out for non-current assets other than financial assets, when there is an indication that the carrying amount cannot be recovered.

When the book value of an asset or group of assets is higher than the recoverable amount, the higher of the net of the fair value less disposal costs and the present value of estimated future cash flows represents the impairment.

The net of the fair value less disposal costs is determined by the sales agreement price or observable market price of similar assets in fair trade reduced by incremental costs directly attributable to the disposal of the asset.

Important judgments shall be made on the output, selling price, related operating costs and discount rate used in calculating present value of the asset (or a group of assets) in estimation of present value of future cash flows. When estimating the recoverable amount, the Group uses all relevant information available, including the output, selling price and related operating costs predicted on the basis of reasonable and evidence-based assumptions.

The Group tests whether goodwill is impaired at least annually. This requires estimating the present value of future cash flows of an asset group or combination of asset groups to which goodwill has been allocated. When estimating the present value of future cash flows, the Group needs to predict cash flows generating from an asset group or combination of asset groups in the future, and chooses an appropriate discount rate to determine the present value of future cash flows.

(7) Depreciation and amortization

The Group depreciates and amortizes investment properties, fixed assets and intangible assets over their respective useful life, using the straight-line method, with their respective residual value taken into account. The Group periodically reviews the useful life of assets to determine the amounts of depreciation and amortization expenses for each reporting period. The useful life is determined by the

Group based on its historic experience acquired on similar assets and expected technical development. For significant changes in prior estimates, depreciation and amortization expenses will be adjusted in the coming periods.

(8) Development costs

When determining capitalized amounts, the Group's management needs to assume estimated future cash flows, appropriate discount rates and expected return periods of relevant assets.

The Group's management believes that the products with its self-developed proprietary technology have a broad market and good prospects, and the market reaction to the products produced with these intangible assets also supports the management's pre-estimated income arising from the project. However, the increasing competition makes the management reconsider the assumptions about market share and estimated gross profits of the products. After a thorough review, the Group's management believes that the book value of intellectual properties can be fully recovered notwithstanding a lowered rate of return of the products. The Group will continue to keep close attention on relevant developments. Once there is an indication that it is necessary to adjust the assumptions of relevant accounting estimates, the Group will make adjustment in the period when that indication appears.

(9) Deferred tax assets

To the extent that it is likely that there will be sufficient taxable profits to cover the losses, the Group recognizes deferred tax assets for all unused tax losses. In this case, the Group's management shall make important judgments to estimate the time and amount of future taxable profits and, by taking into account of its tax plan, to determine the amount of deferred tax assets that should be recognized.

(10) Income tax

In normal operating activities of the Group, there are some transactions with certain uncertainties in final tax treatment and calculation. Tax deductible expenses for some items are subject to review and approval by tax authority. Any difference between final results and initially estimated amounts due to these tax matters exerts impact on income taxes and deferred taxes of the period when the final results are determined.

39. Changes in significant accounting policies and accounting estimates

(1) Important changes in accounting policy

Applicable Not applicable

Unit: RMB

Contents and causes of changes in accounting policy	Statement items significantly affected	Impact amount
On November 30, 2022, the Ministry of Finance issued the Interpretation No. 16 of the Accounting Standards for Business Enterprises (Finance and Accounting [2022] No. 31) ("the Interpretation"). The Interpretation stipulates that "deferred income taxes related to assets and liabilities arising from individual transactions are not applicable to initial recognition exemption", and this would become effective on January 1, 2023.	Deferred income tax assets, deferred income tax liabilities, undistributed profits, and minority interests	See the Note V. 39. (3) for more details.

(2) Changes in significant accounting estimates

Applicable Not applicable

(3) Status of financial statement adjustments as of the beginning of the year of first-time implementation of the new accounting standards starting from 2023

Applicable Not applicable

Adjustment description

On November 30, 2022, the Ministry of Finance issued the Interpretation No. 16 of the Accounting Standards for Business Enterprises (Finance and Accounting [2022] No. 31) ("the Interpretation"). The Interpretation stipulates that "deferred income taxes related to assets and liabilities arising from individual transactions are not applicable to initial recognition exemption", and this would become effective on January 1, 2023.

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 first applied as a result of a single transaction to which this Interpretation applies and which give rise to

a taxable temporary difference and a deductible temporary difference, the Company shall, in accordance with the Interpretation and *The Accounting Standards for Business Enterprises No. 18 - Income Taxes*, adjust the cumulative effect to retained earnings as well as to other relevant financial statement items at the beginning of the earliest period for the presentation of the financial statements. As the Interpretation has not resulted in material impact on the Company's financial statements, no retrospective adjustments have been made to prior years' financial statements.

The effect of the above changes in accounting policies on the financial statements as of January 1, 2023 is presented below:

Consolidated balance sheet

Item	December 31, 2022	January 1, 2023	Adjustments
Deferred tax assets	1,369,530,623.51	1,461,726,750.47	92,196,126.96
Deferred tax liabilities	816,118,632.40	906,537,829.44	90,419,197.04
Undistributed profits	16,507,798,239.34	16,509,551,595.59	1,753,356.25
Minority interests	765,942,754.69	765,966,328.36	23,573.67

Company balance sheet

Item	December 31, 2022	January 1, 2023	Adjustments
Deferred tax assets	788,677,414.86	830,807,911.11	42,130,496.25
Deferred tax liabilities	536,571,810.07	578,621,000.58	42,049,190.51
Undistributed profits	9,410,101,500.47	9,410,182,806.21	81,305.74

40. Others

None

VI. Taxable Items

1. Major tax types and rates

Tax types	Taxation basis	Tax rate
VAT	Output taxes on taxable income shall be calculated at the rate of 13%, 9% and 6%, and value added taxes are calculated and paid according to the difference resulting from the deduction of the allowed deductible input tax in the period.	13%, 9%, 6%
City maintenance and construction tax	7% and 5% of actually-paid turnover tax	7%、5%
Enterprise income tax	15% or 25%, for overseas subsidiaries, the tax shall be paid according to the statutory tax rate of the country or region where it is located.	25%、15%
Education surcharge	3% of the amount of actually-paid turnover tax	3%
Local education surcharges	2% of the amount of actually-paid turnover tax	2%

Disclose the specific information in the case of tax payers with different tax rates of enterprise income tax

Name of taxpayer	Rate of income tax
Goertek Inc.	15%
Weifang Goertek Electronics Co., Ltd.	15%
Goertek Microelectronics Inc.	15%
Qingdao Goertek Microelectronics Research Institute Co., Ltd.	25%
Qingdao Goertek Intelligent Sensor Co., Ltd.	25%
Weifang Goertek Microelectronics Co., Ltd.	15%
Rongcheng Goertek Microelectronics Co., Ltd.	15%
Beijing Goertek Microelectronics Co., Ltd.	25%

Name of taxpayer	Rate of income tax
Shenzhen Goertek Microelectronics Co., Ltd.	5%
Wuxi Goertek Microelectronics Co., Ltd.	25%
Shanghai Goertek Microelectronics Co., Ltd.	25%
Goertek Microelectronics Holdings Co., Ltd.	16.5%
Goertek Microelectronics (Hong Kong) Co., Ltd.	16.5%
GOERTEK MICROELECTRONICS CORPORATION	The federal tax rate for enterprise income tax is 21%, and the local enterprise income tax rate in California is 8.84%.
GOERTEK MICROELECTRONICS KOREA Co., LTD.	Corporation tax: Tax rate shall be 9% if the income is less than KRW 200 million; 19% if the income is KRW 200 million-20 billion; 21% if the income is KRW 20 billion-300 billion; and 24% if the income is more than KRW 300 billion. local corporation tax: 10% of taxable income
Goertek Microelectronics Vietnam Company Limited	20%
GMI Technology GmbH	24%
Weifang Goertek Trading Co., Ltd.	25%
Yishui Goertek Electronics Co., Ltd.	25%
Yili Precision Manufacturing Co., Ltd.	15%
Weifang Goertek Communication Technology Co., Ltd.	25%
Goertek Optical Technology Co., Ltd	15%
Goertek Optical Technology (Qingdao) Co., Ltd	25%
Goertek Optical Technology (Shanghai) Co., Ltd	25%
Uphoton Technology (Shaoxing) Co., Ltd.	25%
Uphoton Technology (Beijing) Co., Ltd.	25%
Jiaxing Uphoton Optoelectronics Technology Co., Ltd.	15%
Shaoxing Uphoton Precision Technology Co., Ltd.	25%
Hangzhou Uphoton Optoelectronics Technology Co., Ltd.	25%
Tianjin Uphoton Technology Co., Ltd.	25%
Nanjing Uphoton Technology Co., Ltd.	25%
Hefei 3D OptoLink Technology Co., Ltd.	25%
Jiaxing Guochao Optoelectronics Technology Co.,Ltd.	25%
Goertek Technology Co., Ltd.	15%
Beijing Goertek Technology Co., Ltd.	15%
Qingdao Goertek Acoustics Technology Co., Ltd.	25%
Shenzhen Goertek Technology Co., Ltd.	15%
Shanghai Goertek Technology Co., Ltd.	25%
Nanjing Goertek Technology Co., Ltd.	25%
Weifang Lokomo Precision Industry Co., Ltd.	15%
Goertek Investment Co., Ltd.	25%
Beijing Goertek Investment Management Co., Ltd.	25%
Olive Smart Hardware Investment Center LP	--
Dongguan JoyForce Precision Manufacturing Co., Ltd.	15%
Goertek Intelligence Technology Co., Ltd.	15%
Rongcheng Goertek Technology Co., Ltd.	25%
Qingdao Goertek Commercial Factoring Co., Ltd.	25%

Name of taxpayer	Rate of income tax
Nanning Goertek Electronics Co., Ltd	25%
Nanning Goertek Trading Co., Ltd.	25%
Xi'an Goertek Electronic Technology Co., Ltd.	15%
Yishui TECO Electronic Technology Co., Ltd.	25%
Qingdao Resonance Phase I Venture Capital Fund Partnership (Limited Partnership)	--
Weifang Goertek Electronics Co., Ltd.	25%
Qingdao Goertek Horizons Technology Co., Ltd	25%
Weifang High-tech Zone Goertek Education Center	25%
Chongqing Goertek Auto Technology Co., Ltd.	25%
Goertek Vina Co., Ltd	20%
Goertek Technology Korea Co., Ltd.	Corporation tax: Tax rate shall be 9% if the income is less than KRW 200 million; 19% if the income is KRW 200 million-20 billion; 21% if the income is KRW 20 billion-300 billion; and 24% if the income is more than KRW 300 billion. local corporation tax: 10% of taxable income
Goertek (HongKong) Co., Limited	The tax rate of 8.25% is applied to the taxable profit which does not exceed HKD 2,000,000, and the tax rate of 16.5% is applied to the part of taxable profit which exceeds HKD 2,000,000.
Goertek Technology Vina Company Limited	20%
Goertek Precision Industry Vietnam Company Limited	20%
Goertek Smart Technology Vina Co.,Ltd.	20%
Goertek Europe ApS	22%
Goertek Seiki Technology Co., Ltd.	Combined tax rate of 39.35%
Optimas Capital Partners Fund LP	--
Goertek Electronics, Inc.	The federal tax rate for enterprise income tax is 21%, and the local enterprise income tax rate in California is 8.84%.
Goertek Technology Taiwan Co., Ltd.	20%
Goertek Technology Japan Co., Ltd.	Combined tax rate of 38%
Goertek Technology (Hong Kong) Co., Limited	16.5%

2. Tax incentives

(1) According to the Announcement on the Filing of the First Batch of High-tech Enterprises Identified and Reported by Shandong Province's Identification Agency in 2023 issued by the Office of the Leading Group for the Recognition and Management of National High-tech Enterprises on December 18, 2023, the Company has been recognized as a high-tech enterprise for a three-year validity period, and the preferential period for corporate income tax is from January 1, 2023 to December 31, 2025. The corporate income tax rate of 15% applied to the Company for FY2023.

(2) According to the Announcement on the Filing of the Second Batch of High-tech Enterprises Identified and Reported by Shandong Province's Identification Agency in 2023 issued by the Office of the Leading Group for the Recognition and Management of National High-tech Enterprises on December 28, 2023, the subsidiaries, namely Weifang Goertek Electronics Co., Ltd., Weifang Goertek Microelectronics Co., Ltd. and Weifang Lokomo Precision Industry Co., Ltd., have been recognized as high-tech enterprises for a three-year validity period. The preferential period for corporate income tax is from January 1, 2023 to December 31, 2025. The corporate income tax rate of 15% applied to Weifang Goertek Electronics Co., Ltd., Weifang Goertek Microelectronics Co., Ltd. and Weifang Lokomo Precision Industry Co., Ltd. for FY2023.

(3) According to the Announcement on Filing the First Batch of High-Tech Enterprises in Qingdao in 2022, issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 6, 2023, the subsidiary Goertek Microelectronics Inc. has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for

enterprise income tax is from January 1, 2022 to December 31, 2024. The corporate income tax rate of 15% applied to Goertek Microelectronics Inc. for FY2023.

(4) According to the Announcement on Filing the First Batch of High-Tech Enterprises in Shandong Province in 2022, issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 4, 2023, two subsidiaries, Rongcheng Goertek Microelectronics Co., Ltd. and Yili Precision Manufacturing Co., Ltd., have been recognized as a high-tech enterprise for a validity period of 3 years, and the preferential period for enterprise income tax is from January 1, 2022 to December 31, 2024. The enterprise income tax rate of 15% applied to Rongcheng Goertek Microelectronics Co., Ltd. and Yili Precision Manufacturing Co., Ltd. for year 2023.

(5) According to the Announcement on Filing the First Batch of High-Tech Enterprises in Shandong Province in 2021 issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 4, 2022, a subsidiary, Goertek Optical Technology Co., Ltd, has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2021 to December 31, 2023. The enterprise income tax rate of 15% applied to the subsidiary, Goertek Optical Technology Co., Ltd, for year 2023.

(6) According to the Announcement on Filing the First Batch of High-Tech Enterprises in Shandong Province in 2021 issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 16, 2021, a subsidiary, Jiaxing Upton Optoelectronics Technology Co., Ltd, has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2021 to December 31, 2023. The enterprise income tax rate of 15% applied to the subsidiary, Jiaxing Upton Optoelectronics Technology Co., Ltd., for year 2023.

(7) According to the Announcement on Filing the First Batch of High-Tech Enterprises in Qingdao in 2022 issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 14, 2022, Goertek Technology Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2022 to December 31, 2024. The enterprise income tax rate of 15% applied to the subsidiary, Goertek Technology Co., Ltd., for year 2023.

(8) According to the Announcement on Filing the First Batch of High-Tech Enterprises in Qingdao in 2023 issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 9, 2024, Beijing Goertek Technology Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2023 to December 31, 2025. The enterprise income tax rate of 15% applies to the subsidiary, Beijing Goertek Technology Co., Ltd., for year 2023.

(9) According to the Announcement on Filing the First Batch of High-Tech Enterprises in Shenzhen in 2022 issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 19, 2022, a subsidiary, Shenzhen Goertek Technology Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2022 to December 31, 2024. The enterprise income tax rate of 15% applied to the subsidiary, Shenzhen Goertek Technology Co., Ltd., for year 2023.

(10) According to the Notice on Publishing the Filings of the Second Batch of High-Tech Enterprises in Guangdong Province in 2021 issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 20, 2021, Dongguan JoyForce Precision Manufacturing Co., Ltd., a subsidiary of the Company, has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2021 to December 31, 2023. The enterprise income tax rate of 15% applies to the subsidiary, Dongguan JoyForce Precision Manufacturing Co., Ltd. for year 2023.

(11) According to the Announcement on Filing the Second Batch of High-Tech Enterprises in Guangdong Province in 2022 issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 22, 2022, Goertek Intelligence Technology Co., Ltd., a subsidiary of the Company, has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2022 to December 31, 2024. The enterprise income tax rate of 15% applied to the subsidiary, Goertek Intelligence Technology Co., Ltd., for year 2023.

(12) According to the Announcement of the Ministry of Finance, the State Taxation Administration, and the National Development and Reform Commission on the Continuation of the Corporate Income Tax Policies for the Development of the Western Region (Announcement of the Ministry of Finance, the State Taxation Administration, and the National Development and Reform Commission [2020] No. 23) issued on April 23, 2020, the tax rate for enterprises in the encouraged category based in the western region will be reduced to 15% starting from January 1, 2021 to December 31, 2030. The enterprise income tax rate of 15% applied to the subsidiary, Xi'an Goertek Electronic Technology Co., Ltd., for year 2023.

(13) The subsidiary, Goertek (HongKong) Co., Limited, is a qualified entity under the two-tier profits tax system and its taxable profits are subject to a tax rate of 8.25% on the portion up to HKD 2,000,000 and 16.5% on the portion in excess of HKD 2,000,000.

(14) According to the Announcement of the Ministry of Finance and the State Taxation Administration on Tax Policies Relating to Further Supporting the Development of Micro and Small Enterprises and Individual Entrepreneurs (Announcement of the Ministry of Finance and the State Taxation Administration No. 12 of 2023), from January 1, 2023, to December 31, 2027, for small and micro-profit enterprises, the portion of their annual taxable income that is not more than RMB 3 million shall be deducted to 25% of their taxable income, subject to a 20% corporate income tax. The subsidiary, Shenzhen Goertek Microelectronics Co., Ltd., is eligible for the above tax incentives and implemented an effective enterprise income tax rate of 5% in 2023.

(15) According to the laws of Vietnam, GOERTEK MICROELECTRONICS VIETNAM COMPANY LIMITED and Goertek Smart Technology Vina Co.,Ltd., subsidiaries of the Company, enjoy tax exemption for 4 years and a 50% reduction of payable tax amounts for 9 subsequent years. The preferential CIT rate is 10% for 15 years from the first year of income generation. At the same time, starting from the first profitable year (after making up for the losses of previous years), the first to fourth years are exempt from corporate income tax, and the fifth to thirteenth years are subject to a 50% reduction in corporate income tax. If the enterprise has no taxable profit within three years from the start of tax incentive activities, the tax holiday and tax reduction period will be calculated from the fourth year of operation. The subsidiary is exempt from corporate income tax in 2023.

3. Others

None

VII. Notes to consolidated financial statements

1. Cash at bank and on hand

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	60,959.92	33,671.21
Bank deposits	13,158,606,545.21	11,290,088,881.75
Other monetary funds	1,578,644,824.58	1,392,748,538.84
Total	14,737,312,329.71	12,682,871,091.80
Including: Total amounts deposited abroad	1,235,686,922.34	1,370,158,074.20

Other explanations:

Other monetary funds at the end of the period consisted primarily of notes, bonds, letter of credit deposits and funds deposited in the Company's securities account.

2. Financial assets held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit and loss	587,445,091.69	338,662,097.66
Including:		
Investments in equity instruments	480,161,497.26	152,722,198.06
Derivative financial assets	104,229,894.43	185,939,899.60
Investment in debt instruments	3,053,700.00	
Total	587,445,091.69	338,662,097.66

3. Notes receivable

(1) Notes receivable listed by classification

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance notes	139,468,321.29	25,847,492.24

Item	Closing balance	Opening balance
Total	139,468,321.29	25,847,492.24

(2) Disclosure by method of bad debt accrual

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Notes receivable with bad debt provision by group	139,468,321.29	100.00%			139,468,321.29	25,847,492.24	100.00%			25,847,492.24
Including:										
Bank acceptance notes	139,468,321.29	100.00%			139,468,321.29	25,847,492.24	100.00%			25,847,492.24
Total	139,468,321.29	100.00%			139,468,321.29	25,847,492.24	100.00%			25,847,492.24

Bad-debt provision by portfolio: Bank acceptance notes

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Bank acceptance notes	139,468,321.29	0.00	0.00%
Total	139,468,321.29	0.00	

Description for basis of determining the group:

Please see Note V.12. "Impairment of Financial Assets" for more details.

If the bad-debt provision for notes receivable is based on the general model of expected credit losses:

 Applicable Not applicable**(3) Accrual, recovery or reversal of bad debt provision in current period**

None

(4) Notes receivable pledged at the end of the period

Unit: RMB

Item	Amount pledged at the end of the period
Bank acceptance notes	866,907.03 ¹
Total	866,907.03

Note: 1 The amount of note pledge arises from splitting a large-denomination note into multiple smaller-denomination bank acceptances.

(5) Notes receivable endorsed or discounted by the Group at the end of the period and not yet due on the balance sheet date

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance notes		100,000,000.00
Total		100,000,000.00

(6) Notes converted to accounts receivable at the end of the period due to non-performance of the drawer

None

(7) Notes receivable actually written off in the current period

None

4. Accounts receivable

(1) Disclosed by age of accounts receivable

Unit: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	12,543,107,806.98	14,532,856,996.39
1 to 2 years	4,839,100.06	10,227,450.14
2 to 3 years	6,516,243.34	638,249.98
Over 3 years	1,281,318.57	1,471,433.27
3 to 4 years	470,416.03	1,397,650.48
4 to 5 years	643,084.98	0.00
Over 5 years	167,817.56	73,782.79
Total	12,555,744,468.95	14,545,194,129.78

(2) Disclosure by method of bad debt accrual

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Accounts receivable with bad debts provision by group	12,555,744,468.95	100.00%	131,125,792.14	1.04%	12,424,618,676.81	14,545,194,129.78	100.00%	149,013,346.85	1.02%	14,396,180,782.93
Including:										
Accounts receivable aging group	12,496,453,228.93	99.53%	130,829,335.94	1.05%	12,365,623,892.99	14,310,390,851.16	98.39%	147,839,330.46	1.03%	14,162,551,520.70
Factoring receivables group	59,291,240.02	0.47%	296,456.20	0.50%	58,994,783.82	234,803,278.62	1.61%	1,174,016.39	0.50%	233,629,262.23
Total	12,555,744,468.95	100.00%	131,125,792.14	1.04%	12,424,618,676.81	14,545,194,129.78	100.00%	149,013,346.85	1.02%	14,396,180,782.93

Bad debt provision on a group basis: Accounts receivable aging group

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Within 1 year	12,483,816,566.96	124,838,165.68	1.00%
1 to 2 years	4,839,100.06	1,451,730.02	30.00%
2 to 3 years	6,516,243.34	3,258,121.67	50.00%
Over 3 years	1,281,318.57	1,281,318.57	100.00%
Total	12,496,453,228.93	130,829,335.94	

Description for basis of determining the group:

Please see Note V.12. "Impairment of Financial Assets".

Provision for bad debts by group: portfolio of factoring receivables

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Undue	59,291,240.02	296,456.20	0.50%
Overdue 1-90 days			
Overdue 91-180 days			
Overdue 181-360 days			
Overdue more than 360 days			
Total	59,291,240.02	296,456.20	

Description for basis of determining the group:

Please see Note V.12. "Impairment of Financial Assets".

If the bad-debt provision for accounts receivable is made in accordance with the general model of expected credit losses:

 Applicable Not applicable**(3) Accrual, recovery or reversal of bad debt provision in current period**

Provision for bad debts of the current period:

Unit: RMB

Category	Opening balance	Changes in amount of the current period				Closing balance
		Accrual	Recovery or reversal	Write-off	Other	
Accounts receivable aging group	147,839,330.46	-18,543,124.53			-1,533,130.01	130,829,335.94
Factoring receivables group	1,174,016.39	-877,560.19				296,456.20
Total	149,013,346.85	-19,420,684.72			-1,533,130.01	131,125,792.14

Among them, significant information of bad debt provision withdrawn or written back in the current period:

None

Bad debt provision for factoring receivables accrued, reversed or recovered during the period

Bad-debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss over the next 12 months	Expected credit loss for the entire duration (credit impairment has not occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Opening balance	1,174,016.39			1,174,016.39
Opening balance for the current period:				
- Transferred to Stage 2				
- Transferred to Stage 3				
- Reversed to Stage 2				
- Reversed to Stage 1				
Accrual in the current period	-877,560.19			-877,560.19
Reversal in the current period				
Resale in the current period				

Bad-debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss over the next 12 months	Expected credit loss for the entire duration (credit impairment has not occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Written off in the current period				
Other changes				
Closing balance	296,456.20			296,456.20

(4) Accounts receivable actually written off in current period

None

(5) Accounts receivable and contract assets with the top five closing balances by debtor

Unit: RMB

Company name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion of total closing balance of accounts receivable and contract assets	Closing balance of bad-debt provision for accounts receivable and provision for impairment of contract assets
Company 1	4,034,105,962.28		4,034,105,962.28	32.13%	40,341,059.62
Company 2	2,724,413,747.66		2,724,413,747.66	21.70%	27,244,137.48
Company 3	1,145,816,845.87		1,145,816,845.87	9.13%	11,458,168.46
Company 4	935,170,577.92		935,170,577.92	7.45%	9,351,705.78
Company 5	778,536,665.92		778,536,665.92	6.20%	7,785,366.66
Total	9,618,043,799.65		9,618,043,799.65	76.61%	96,180,438.00

5. Financing receivables**(1) Presentation of receivables financing by category**

Unit: RMB

Item	Closing balance	Opening balance
Notes receivable	9,059,230.11	22,375,874.12
Total	9,059,230.11	22,375,874.12

(2) Disclosure by method of bad debt accrual

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Bad debts provision by group	9,059,230.11	100.00%			9,059,230.11	22,375,874.12	100.00%			22,375,874.12
Including:										
Bank	9,059,230.11	100.00%			9,059,230.11	22,375,874.12	100.00%			22,375,874.12

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
acceptance notes										
Total	9,059,230.11	100.00%			9,059,230.11	22,375,874.12	100.00%			22,375,874.12

Bad-debt provision by portfolio: Bank acceptance notes

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Bank acceptance notes	9,059,230.11		0.00%
Total	9,059,230.11		

Description for basis of determining the group:

Please see Note V.12. "Impairment of Financial Assets".

Bad-debt provision is made based on the general model of expected credit losses.

None

(3) Accrual, recovery or reversal of bad-debt provisions in the current period

None

(4) Receivables financing pledged by the Company at the end of the period

None

(5) Receivables financing that the Company has endorsed or discounted at the end of the period and is not yet due at the balance sheet date

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Notes receivable	1,509,375.67 ¹	
Total	1,509,375.67	

Note: 1 represents bank acceptance notes

(6) Receivables financing actually written off in the current period

None

(7) Changes in receivables financing and fair value in the current period

Please see Section III. VI. 2. "Assets and Liabilities Measured at Fair Value".

(8) Explanation of other matters:

None

6. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	89,261,417.90	96,442,803.18

Item	Closing balance	Opening balance
Total	89,261,417.90	96,442,803.18

(1) Interest receivable

None

(2) Dividends receivable

None

(3) Other receivables**1) Classification of other receivables by nature of payment**

Unit: RMB

Nature of payment	Closing book balance	Opening book balance
Tax refund for export receivable		1,541,663.86
Security deposit	49,771,093.46	56,247,217.13
Current account	14,229,621.87	9,261,136.47
Withholding and remitting social insurance and housing provident fund	51,391,844.67	53,852,019.34
Other	578,282.97	572,915.09
Total	115,970,842.97	121,474,951.89

2) Disclosed by age of other receivable

Unit: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	80,649,301.96	84,047,670.81
1 to 2 years	10,178,400.76	10,851,113.92
2 to 3 years	5,017,037.63	11,279,658.86
Over 3 years	20,126,102.62	15,296,508.30
3 to 4 years	10,157,378.27	3,010,094.34
4 to 5 years	782,527.91	6,358,648.54
Over 5 years	9,186,196.44	5,927,765.42
Total	115,970,842.97	121,474,951.89

3) Disclosure by method of bad debt accrual Applicable Not applicable**4) Provision for bad debts**

Bad-debt provision	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	
Opening balance	24,697,356.80		334,791.91	25,032,148.71
Opening balance for the current period:				

Bad-debt provision	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	
- Transferred to Stage 2				
- Transferred to Stage 3	-299,401.17		299,401.17	
- Reversed to Stage 2				
- Reversed to Stage 1				
Accrual in the current period	1,784,803.76		240,814.90	2,025,618.66
Current reversal				
Current resale				
Amount written off in the current period			375,196.63	375,196.63
Other changes	-25,005.68		-1,848.65	-26,854.33
Closing balance	26,207,765.07		501,660.00	26,709,425.07

5) Accrual, recovery or reversal of bad debt reserve in current period

Provision for bad debts of the current period:

Unit: RMB

Category	Opening balance	Changes in amount of the current period				Closing balance
		Accrual	recovery or reversal	Resale or write-off	Other	
Bad debts provision by group	25,032,148.71	2,025,618.66		375,196.63	-26,854.33	26,709,425.07
Total	25,032,148.71	2,025,618.66		375,196.63	-26,854.33	26,709,425.07

Among them, significant amount in bad debt provision written back or withdrawn in the current period:

None

6) Other receivables actually written off in the current period

Unit: RMB

Item	Written off amount
Other receivables actually written off	375,196.63

Among them, write-off of other significant receivables:

None

7) Other receivables of the 5 highest closing balance by debtor

Unit: RMB

Company name	Nature of payment	Closing balance	Aging	Ratio in the total closing balance of other receivables	Closing balance of bad debt provision
Company 1	Withholding and remitting social insurance and housing provident fund	51,391,844.67	Within 1 year	44.31%	513,918.45
Company 2	Current account	9,574,815.14	Within 1 year	8.26%	95,748.15
Company 3	Deposit	6,254,993.44	Over 3 years	5.39%	6,254,993.44

Company 4	Deposit	6,152,865.94	Over 3 years	5.31%	6,152,865.94
Company 5	Security deposit	3,000,000.00	1 to 2 years	2.59%	900,000.00
Total		76,374,519.19		65.86%	13,917,525.98

8) Presented in other receivables due to centralized management of funds

None

9) Other receivables involving government grants

None

7. Advances to suppliers

(1) Presentation of advances to suppliers by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	253,097,169.07	99.40%	50,645,746.34	99.98%
1 to 2 years	850,916.46	0.33%	10,407.09	0.02%
2 to 3 years	605,114.54	0.24%		
Over 3 years	80,600.00	0.03%		
Total	254,633,800.07		50,656,153.43	

Explanation of reasons why advances to suppliers aged more than 1 year with significant amount are not settled in time:

None

(2) Advance payment in the five highest closing balance by seller

Company name	Book balance	Percentage of total balance of prepayment (%)
Company 1	182,216,772.84	71.56
Company 2	11,314,216.62	4.44
Company 3	9,107,519.13	3.58
Company 4	7,455,062.25	2.93
Company 5	5,079,901.43	1.99
Total	215,173,472.27	84.50

8. Inventories

Whether the Company needs to comply with disclosure requirements of real estate industry

No

(1) Inventory classification

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Inventory provision or provision for impairment of contract performance cost	Book value	Book balance	Inventory provision or provision for impairment of contract performance cost	Book value
Raw materials	5,294,238,418.73	126,412,070.17	5,167,826,348.56	6,446,001,906.31	258,676,409.56	6,187,325,496.75
Products in progress	1,175,295,870.64	3,985,092.59	1,171,310,778.05	2,676,387,256.76	565,750,473.85	2,110,636,782.91
Goods in stock	4,120,631,607.08	82,093,360.33	4,038,538,246.75	8,733,573,211.28	246,557,267.39	8,487,015,943.89
Revolving materials	417,219,021.06		417,219,021.06	563,692,521.03		563,692,521.03
Total	11,007,384,917.51	212,490,523.09	10,794,894,394.42	18,419,654,895.38	1,070,984,150.80	17,348,670,744.58

(2) Inventory provision or provision for impairment of contract performance cost

Unit: RMB

Item	Opening balance	Increased amount in the current period		Decreased amount in the current period		Closing balance
		Accrual	Other	Write-back or resale	Other	
Raw materials	258,676,409.56	279,268,684.21		410,931,433.70	601,589.90	126,412,070.17
Products in progress	565,750,473.85	13,898,901.19		575,739,019.04	-74,736.59	3,985,092.59
Goods in stock	246,557,267.39	119,697,494.76		284,501,456.95	-340,055.13	82,093,360.33
Total	1,070,984,150.80	412,865,080.16		1,271,171,909.69	186,798.18	212,490,523.09

Provision for inventory falling price by portfolio

Unit: RMB

Portfolio name	End of the period			Beginning of the period		
	Closing balance	Provision	Provision ratio	Opening balance	Provision	Provision ratio
Aging portfolio	8,999,461,128.51	145,516,023.37	1.62%	15,450,873,908.55	145,610,260.60	0.94%
Total	8,999,461,128.51	145,516,023.37	1.62%	15,450,873,908.55	145,610,260.60	0.94%

Criteria for making provision for inventories by portfolio

Please see Note V. 18. (3) for the criteria for making provision for inventories by aging portfolio.

Note: The Company's individual provisions for inventories are as follows: Closing book balance of RMB 2,007,923,789.00, provision for inventory of RMB 66,974,499.72; Opening book balance of RMB 2,968,780,986.83, provision for inventory of RMB 925,373,890.20.

(3) Explanation of the closing balance of inventory containing the capitalized amount of borrowing costs

The closing balance of inventory contains no capitalized borrowing costs.

(4) Explanation of amortization amount of contract performance cost in current period

None

9. Current portion of non-current assets

Unit: RMB

Item	Closing balance	Opening balance
Current portion of non-current assets	494,634,708.33	70,302,566.25
Total	494,634,708.33	70,302,566.25

(1) Debt investments maturing within one year Applicable Not applicable**(2) Other debt investments maturing within one year** Applicable Not applicable**10. Other current assets**

Unit: RMB

Item	Closing balance	Opening balance
Input tax retained for VAT	330,575,153.58	288,229,492.06
Input tax to be verified and to be deducted	82,547,638.67	74,879,772.45
Advance payment of enterprise income tax	81,283,426.42	152,235,755.00
Other	15,427,845.82	15,646,416.05
Total	509,834,064.49	530,991,435.56

11. Investments in other equity instruments

Unit: RMB

Name of project	Closing balance	Opening balance	Gains recognized in other comprehensive income in the current period	Losses recognized in other comprehensive income in the current period	Accumulated gains recognized in other comprehensive income at the end of the period	Accumulated losses recognized in other comprehensive income at the end of the period	Dividend income recognized in the current period	Reasons for designation of financial assets at fair value through other comprehensive income
Investment projects of the Fund Company	287,540,812.75	399,417,490.79		92,161,581.61		43,034,531.24		Non-trading equity instrument
Mobvoi Inc.	141,654,000.00	139,292,000.00						Non-trading equity instrument
Shenzhen New Radio Technology Co., Ltd.	20,000,000.00	20,000,000.00						Non-trading equity instrument
Nanjing Xinshijie Microelectronics Technology Co., Ltd.	50,000,000.00	50,000,000.00						Non-trading equity instrument
KOLMOSTAR (CAYMAN) LIMITED	35,413,500.00	34,823,000.00						Non-trading equity instrument
EMPOWER	56,661,570.96	55,716,771.45						Non-trading

Name of project	Closing balance	Opening balance	Gains recognized in other comprehensive income in the current period	Losses recognized in other comprehensive income in the current period	Accumulated gains recognized in other comprehensive income at the end of the period	Accumulated losses recognized in other comprehensive income at the end of the period	Dividend income recognized in the current period	Reasons for designation of financial assets at fair value through other comprehensive income
SEMICONDUCTOR, INC.								equity instrument
Total	591,269,883.71	699,249,262.24		92,161,581.61		43,034,531.24		

Disclose investments in non-trading equity instruments of the period by item

Unit: RMB

Name of project	Dividend income recognized	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to undistributed profits	Reasons for designation of financial assets at fair value through other comprehensive income	Reasons for other comprehensive income transferred to undistributed profits
Investment projects of the Fund Company			43,034,531.24		Non-trading equity instrument	
Mobvoi Inc.					Non-trading equity instrument	
Shenzhen New Radio Technology Co., Ltd.					Non-trading equity instrument	
Nanjing Xinshijie Microelectronics Technology Co., Ltd.					Non-trading equity instrument	
KOLMOSTAR (CAYMAN) LIMITED					Non-trading equity instrument	
EMPOWER SEMICONDUCTOR, INC.					Non-trading equity instrument	

12. Long-term equity investments

Unit: RMB

Invested entity	Opening balance (book value)	Opening balance of provision for impairment	Increase or decrease in the current period								Closing balance (book value)	Closing balance of impairment provision	
			Investment addition	Investment reduction	Recognized investment gain and loss under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends or profits declared	Provision for impairment	Other			
I. Joint Venture													
II. Affiliated enterprises													
Qingdao Virtual Reality Institute Co., Ltd.	38,076,721.23				-6,503,389.21							31,573,332.02	
Enkris Semiconductor Inc.	130,626,786.73				1,077,993.66			7,069,667.85				138,774,448.24	
SeeYA Technology Corporation			600,000,000.00		-12,047,708.95	-12,650.40	1,933,461.16					589,873,101.81	
Uphoton Technology (Shaoxing) Co., Ltd.	192,305,163.87			183,544,068.53	-10,962,893.58			2,201,798.24					
Sub-total	361,008,671.83		600,000,000.00	183,544,068.53	-28,435,998.08	-12,650.40	11,204,927.25					760,220,882.07	

Invested entity	Opening balance (book value)	Opening balance of provision for impairment	Increase or decrease in the current period								Closing balance (book value)	Closing balance of impairment provision
			Investment addition	Investment reduction	Recognized investment gain and loss under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends or profits declared	Provision for impairment	Other		
Total	361,008,671.83		600,000,000.00	183,544,068.53	-28,435,998.08	-12,650.40	11,204,927.25				760,220,882.07	

The recoverable amount is determined as the net of fair value less disposal expenses.

Applicable Not applicable

The recoverable amount is determined as the present value of the expected future cash flows.

Applicable Not applicable

Other explanations:

Beijing Uphoton Technology Co., Ltd. was renamed Uphoton Technology (Shaoxing) Co., Ltd. in May 2023. The Company acquired its full equity in November 2023.

13. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit and losses	322,640,244.40	318,661,575.31
Total	322,640,244.40	318,661,575.31

14. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	22,305,456,354.63	21,459,756,268.25
Liquidation of fixed assets		
Total	22,305,456,354.63	21,459,756,268.25

(1) Overview of fixed assets

Unit: RMB

Item	Buildings	Production equipment	Measuring equipment	Office equipment	Transportation equipment	Total
I. Original book value:						
1. Opening balance	9,846,837,869.96	19,502,022,305.64	2,694,853,713.38	730,219,472.84	24,316,005.03	32,798,249,366.85
2. Amount increased in current period	1,605,156,371.96	2,437,049,233.28	488,975,418.16	21,990,486.03	1,840,065.06	4,555,011,574.49
(1) Purchase		672,521,552.22	27,158,764.07	4,605,379.22	1,721,025.59	706,006,721.10
(2) Transfer from construction in progress	1,521,769,333.38	1,778,536,972.06	465,602,915.03	16,024,928.78		3,781,934,149.25
(3) Increase in business combinations		19,936,589.82		2,009,199.23	134,855.95	22,080,645.00
(4) Impact of difference from translation of statements in foreign currency	-17,805,144.15	-33,945,880.82	-3,786,260.94	-649,021.20	-15,816.48	-56,202,123.59
(5) Provisional estimate adjustment	101,192,182.73					101,192,182.73

Item	Buildings	Production equipment	Measuring equipment	Office equipment	Transportation equipment	Total
3. Amount decreased in current period	9,228,904.70	880,886,558.54	244,454,367.36	54,276,809.81	4,899,367.67	1,193,746,008.08
(1) Disposal or scrapping		831,003,157.31	185,295,509.03	54,276,809.81	4,899,367.67	1,075,474,843.82
(2) Transfer to construction in progress		49,883,401.23	59,158,858.33			109,042,259.56
(3) Provisional estimate adjustment	9,228,904.70					9,228,904.70
4. Closing balance	11,442,765,337.22	21,058,184,980.38	2,939,374,764.18	697,933,149.06	21,256,702.42	36,159,514,933.26
II. Accumulated depreciation						
1. Opening balance	1,629,850,461.15	7,682,942,786.21	1,022,137,288.30	406,250,135.41	17,847,505.87	10,759,028,176.94
2. Amount increased in current period	345,167,260.69	2,211,965,785.31	308,223,701.69	97,364,174.76	1,581,012.33	2,964,301,934.78
(1) Accrual	346,795,279.98	2,222,972,988.99	309,054,911.52	97,521,991.66	1,587,024.18	2,977,932,196.33
(2) Impact of difference from translation of statements in foreign currency	-1,628,019.29	-11,007,203.68	-831,209.83	-157,816.90	-6,011.85	-13,630,261.55
3. Amount decreased in current period		309,426,696.34	82,126,291.52	33,575,410.39	4,507,498.66	429,635,896.91
(1) Disposal or scrapping		290,368,772.28	76,107,495.31	33,575,410.39	4,507,498.66	404,559,176.64
(2) Transfer to construction in progress		19,057,924.06	6,018,796.21			25,076,720.27
4. Closing balance	1,975,017,721.84	9,585,481,875.18	1,248,234,698.47	470,038,899.78	14,921,019.54	13,293,694,214.81
III. Impairment provision						
1. Opening balance		568,248,570.99	8,918,010.08	2,298,340.59		579,464,921.66
2. Amount increased in current period						
(1) Accrual						
3. Amount decreased in current period		16,655,500.49	2,067,172.65	377,884.70		19,100,557.84
(1) Disposal or scrapping		16,655,500.49	2,067,172.65	377,884.70		19,100,557.84
4. Closing balance		551,593,070.50	6,850,837.43	1,920,455.89		560,364,363.82
IV. Book value						
1. Closing book value	9,467,747,615.38	10,921,110,034.70	1,684,289,228.28	225,973,793.39	6,335,682.88	22,305,456,354.63

Item	Buildings	Production equipment	Measuring equipment	Office equipment	Transportation equipment	Total
2. Opening book value	8,216,987,408.81	11,250,830,948.44	1,663,798,415.00	321,670,996.84	6,468,499.16	21,459,756,268.25

(2) Fixed assets temporarily idle

Unit: RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Notes
Buildings	371,765,001.33	90,786,632.42		280,978,368.91	
Production equipment	2,043,229,312.29	431,214,331.98	535,805,477.57	1,076,209,502.74	
Measuring equipment	15,240,800.52	2,895,227.79	1,478,628.28	10,866,944.45	
Office equipment	20,701,208.67	9,922,992.91	1,513,336.37	9,264,879.39	
Total	2,450,936,322.81	534,819,185.10	538,797,442.22	1,377,319,695.49	

(3) Fixed assets leased out through operating leases

Unit: RMB

Item	Closing book value
Buildings	216,922,724.32
Production equipment and other equipment	315,288,605.04
Total	532,211,329.36

(4) Overview of the fixed assets for which certificates of title to be obtained

Unit: RMB

Item	Book value	Reasons for not obtaining the certificate of title
9# Factory building	138,197,532.71	Property rights certificate under processing
52# Apartment	179,298,857.57	Property rights certificate under processing
23# Apartment	2,487,035.33	Property rights certificate under processing
65# Factory building	64,551,575.38	Property rights certificate under processing
66# Factory building	64,502,857.03	Property rights certificate under processing
Total	449,037,858.02	

(5) Liquidation of fixed assets

None

15. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	2,014,541,273.09	2,276,965,736.33
Construction materials	56,739,070.46	147,478,039.00
Total	2,071,280,343.55	2,424,443,775.33

(1) Overview of construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Self-made equipment	445,893,021.27		445,893,021.27	239,378,426.17		239,378,426.17
Unaccepted equipment	407,651,208.82		407,651,208.82	530,677,599.03		530,677,599.03
Infrastructure construction	94,544,059.28		94,544,059.28	147,355,671.17		147,355,671.17
Sporadic projects	92,050,448.89		92,050,448.89	183,389,745.14		183,389,745.14
B4 Factory building	90,019,857.17		90,019,857.17			
B3 Factory building	87,367,915.53		87,367,915.53			
A7 Factory building	82,278,754.04		82,278,754.04			
A8 Factory building	81,270,534.70		81,270,534.70			
C8 Factory building	73,918,047.41		73,918,047.41			
80# Factory building	70,498,165.12		70,498,165.12	5,762,284.64		5,762,284.64
A5 Factory building	69,865,450.61		69,865,450.61			
B5 Factory building	69,399,452.46		69,399,452.46			
A1 Power center	61,274,301.68		61,274,301.68			
A6 Factory building	59,116,843.41		59,116,843.41			
A2 Carport	52,070,864.72		52,070,864.72			
C7 Factory building	49,204,958.23		49,204,958.23			
83# Factory building	47,193,044.87		47,193,044.87			
A3 Factory building	45,591,287.12		45,591,287.12			
5# Office building	16,549,975.01		16,549,975.01			
C Power center	12,648,040.32		12,648,040.32			
78# Factory building	5,870,826.50		5,870,826.50	4,873,511.68		4,873,511.68
79# Factory building	264,215.93		264,215.93	90,592.49		90,592.49
71# Factory building				18,649,051.46		18,649,051.46
2# Office building				287,041,263.11		287,041,263.11
63# Factory building				158,512,473.50		158,512,473.50
39# Factory				111,488,614.81		111,488,614.81

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
building						
74# Factory building				64,820,307.60		64,820,307.60
64# Factory building				59,007,078.74		59,007,078.74
75# Factory building				57,780,367.36		57,780,367.36
76# Factory building				54,322,988.22		54,322,988.22
65# Factory building				37,794,076.56		37,794,076.56
66# Factory building				37,772,311.18		37,772,311.18
68# Factory building				34,968,643.25		34,968,643.25
69# Factory building				34,606,945.61		34,606,945.61
73# Factory building				34,217,551.92		34,217,551.92
77# Factory building				26,720,487.51		26,720,487.51
Reconstruction and expansion of factory buildings				10,924,075.53		10,924,075.53
70# Factory building				21,058,712.36		21,058,712.36
67# Factory building				36,939,485.41		36,939,485.41
72# Factory building				78,813,471.88		78,813,471.88
Total	2,014,541,273.09 ¹		2,014,541,273.09	2,276,965,736.33		2,276,965,736.33

Note: 1 The construction in progress during the current period increased by RMB 129,304,411.07 due to business combination, corresponding to the closing balance of RMB 132,441,234.67.

(2) Increase or decrease of significant construction in progress in current period

Unit: RMB

Name of project	Budget amount	Opening balance	Increased amount in the current period	Amount transferred to fixed assets in current period	Other amount decreased in current period	Closing balance	Proportion of total project input to budget	Project progress	Accumulated amount of interest capitalization	Including: Amount of interest capitalization in current period	Interest capitalization rate for current period	Source of funds
B4 Factory building	139,809,600.00		91,253,005.90		1,233,148.73	90,019,857.17	64.39%	70.00%				Other
B3 Factory building	119,543,340.00		88,564,736.29		1,196,820.76	87,367,915.53	73.08%	80.00%				Other
A7 Factory building	139,809,600.00		83,405,860.26		1,127,106.22	82,278,754.04	58.85%	70.00%				Other
A8 Factory building	139,809,600.00		82,383,829.70		1,113,295.00	81,270,534.70	58.13%	70.00%				Other
C8 Factory building	119,543,340.00		74,930,623.40		1,012,575.99	73,918,047.41	61.83%	70.00%				Other
80# Factory building	187,000,000.00	5,762,284.64	64,735,880.48			70,498,165.12	37.70%	30.00%				Other
A5 Factory building	119,543,340.00		70,822,511.58		957,060.97	69,865,450.61	58.44%	70.00%				Other
B5 Factory building	119,543,340.00		70,350,129.89		950,677.43	69,399,452.46	58.05%	70.00%				Other
A2 Carport	127,484,280.00		52,784,164.24		713,299.52	52,070,864.72	40.84%	50.00%				Other
Total	1,212,086,440.00	5,762,284.64	679,230,741.74		8,303,984.62	676,689,041.76						

(3) Provision for impairment of construction in progress in current period

None

(4) Impairment testing of construction in progress Applicable Not applicable**(5) Construction materials**

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Construction materials	56,739,070.46		56,739,070.46	147,478,039.00		147,478,039.00
Total	56,739,070.46		56,739,070.46	147,478,039.00		147,478,039.00

16. Bearer biological assets**(1) Bearer biological assets measured at cost** Applicable Not applicable**(2) Impairment test for bearer biological assets measured at cost** Applicable Not applicable

(3) Bearer biological assets measured at fair value

Applicable Not applicable

17. Oil and gas assets

Applicable Not applicable

18. Right-of-use assets**(1) Right-of-use assets**

Unit: RMB

Item	Buildings	Other	Total
I. Original book value			
1. Opening balance	795,474,434.63		795,474,434.63
2. Amount increased in current period	173,065,005.09	229,830.81	173,294,835.90
(1) New leases in the current period	173,294,486.32		173,294,486.32
(2) Business combination	2,045,389.59	229,830.81	2,275,220.40
(3) Impact of difference from translation of statements in foreign currency	-2,274,870.82		-2,274,870.82
3. Amount decreased in current period	87,578,314.32		87,578,314.32
(1) Disposal	87,578,314.32		87,578,314.32
(2) Others			
4. Closing balance	880,961,125.40	229,830.81	881,190,956.21
II. Accumulated depreciation			
1. Opening balance	215,298,511.90		215,298,511.90
2. Amount increased in current period	128,312,643.91	4,014.51	128,316,658.42
(1) Accrual	129,550,209.76	4,014.51	129,554,224.27
(2) Impact of difference from translation of statements in foreign currency	-1,237,565.85		-1,237,565.85
3. Amount decreased in current period	77,856,064.02		77,856,064.02
(1) Disposal	77,856,064.02		77,856,064.02
(2) Others			
4. Closing balance	265,755,091.79	4,014.51	265,759,106.30
III. Impairment provision			
1. Opening balance			
2. Amount increased in current period			
(1) Accrual			
3. Amount decreased in current period			
(1) Disposal			
4. Closing balance			
IV. Book value			
1. Closing book value	615,206,033.61	225,816.30	615,431,849.91
2. Opening book value	580,175,922.73		580,175,922.73

(2) Impairment test of right-of-use assets

Applicable Not applicable

19. Intangible assets**(1) Overview of intangible assets**

Unit: RMB

Item	Land-use right	Patent right	Non-patent technology	Software	Trade mark	Total
I. Original book value						
1. Opening balance	1,571,927,427.61	8,964,410.00	3,566,513,741.73	271,462,621.56		5,418,868,200.90
2. Amount increased in current period	587,797,846.19	138,000,000.00	457,162,678.29	75,264,505.31	76,000,000.00	1,334,225,029.79
(1) Purchase	536,000,791.36			73,773,612.34		609,774,403.70
(2) Internal R&D			457,162,678.29			457,162,678.29
(3) Increase in business combinations	62,026,800.00	138,000,000.00		1,442,792.12	76,000,000.00	277,469,592.12
(4) Impact of difference from translation of statements in foreign currency	-10,229,745.17			48,100.85		-10,181,644.32
3. Amount decreased in current period			157,012,868.28	3,658,774.16		160,671,642.44
(1) Disposal			157,012,868.28	3,658,774.16		160,671,642.44
4. Closing balance	2,159,725,273.80	146,964,410.00	3,866,663,551.74	343,068,352.71	76,000,000.00	6,592,421,588.25
II. Accumulated amortization						
1. Opening balance	204,881,055.54	3,735,170.83	2,316,871,264.20	172,587,039.65		2,698,074,530.22
2. Amount increased in current period	41,454,378.62	2,539,298.14	688,964,311.28	40,723,021.35	1,266,666.67	774,947,676.06
(1) Accrual	41,906,844.38	2,539,298.14	688,964,311.28	40,681,289.74	1,266,666.67	775,358,410.21
(2) Impact of difference from translation of statements in foreign currency	-452,465.76			41,731.61		-410,734.15
3. Amount decreased in current period			157,012,868.28	3,658,774.16		160,671,642.44
(1) Disposal			157,012,868.28	3,658,774.16		160,671,642.44
4. Closing balance	246,335,434.16	6,274,468.97	2,848,822,707.20	209,651,286.84	1,266,666.67	3,312,350,563.84
III. Impairment						

Item	Land-use right	Patent right	Non-patent technology	Software	Trade mark	Total
provision						
1. Opening balance						
2. Amount increased in current period						
(1) Accrual						
3. Amount decreased in current period						
(1) Disposal						
4. Closing balance						
IV. Book value						
1. Closing book value	1,913,389,839.64	140,689,941.03	1,017,840,844.54	133,417,065.87	74,733,333.33	3,280,071,024.41
2. Opening book value	1,367,046,372.07	5,229,239.17	1,249,642,477.53	98,875,581.91		2,720,793,670.68

At the end of this period, the proportion of intangible assets created through internal research and development of the Company to the balance of intangible assets is 53.22%.

(2) Overview of land-use right without certificates of title

None

(3) Impairment testing of intangible assets

Applicable Not applicable

20. Development costs

Unit: RMB

Items	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Internal development costs	Increase in business combination	Recognized as intangible assets	Transfer to current profit and loss	
Self-developed technologies for electroacoustic products	361,178,111.91	542,789,272.24		457,162,678.29		446,804,705.86

21. Goodwill

(1) Original book value of goodwill

Unit: RMB

Name of the invested entity or matter forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Formed by business combinations	Other	Disposal	Other	

Goertek Electronics, Inc.	1,743,540.56					1,743,540.56
Weifang Goertek Communication Technology Co., Ltd.	15,115,644.52					15,115,644.52
Goertek Europe ApS	8,831,473.29					8,831,473.29
Uphoton Technology (Shaoxing) Co., Ltd.		588,174,794.48				588,174,794.48
Total	25,690,658.37	588,174,794.48				613,865,452.85

(2) Impairment provision for goodwill

Unit: RMB

Name of the invested entity or matter forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Accrual	Other	Disposal	Other	
Goertek Europe ApS	8,831,473.29					8,831,473.29
Total	8,831,473.29					8,831,473.29

(3) Information about the asset group or combination of asset groups of goodwill

Name	Composition and basis of the asset group or combination of asset groups	Operating segment and basis	Consistent with prior years or not
Uphoton Technology (Shaoxing) Co., Ltd. System Business	This includes long-term assets related to system business operations in Uphoton Technology (Shaoxing) Co., Ltd., which generate cash inflows largely independent of those generated by other assets or asset groups.	For internal management purposes, this asset group falls under the Precision Components business.	Not applicable
Uphoton Technology (Shaoxing) Co., Ltd. - Components Business	This includes long-term assets related to components business operations in Uphoton Technology (Shaoxing) Co., Ltd., which generate cash inflows largely independent of those generated by other assets or asset groups	For internal management purposes, this asset group falls under the Precision Components business.	Not applicable

Other explanations

The composition of the asset group or portfolio of asset groups of significant goodwill:

Composition of the asset group or combination of asset groups	Uphoton Technology (Shaoxing) Co., Ltd. - System business (RMB)	Uphoton Technology (Shaoxing) Co., Ltd. - Components business (RMB)
Book value of the asset group or combination of asset groups	61,640,450.89	175,438,206.36
Book value of goodwill apportioned to the asset group or combination of asset groups	152,925,446.56	435,249,347.92
Book value of the asset group or combination of asset groups containing goodwill	214,565,897.45	610,687,554.28

Note: Method of apportioning goodwill to this asset group or portfolio of asset groups: The apportionment is based on the proportion of the fair value of each asset group or combination of asset groups to the total fair value of the relevant asset group or combination of asset groups.

(4) Specific method for determining the recoverable amount

The recoverable amount is determined as the net of fair value less disposal expenses.

Applicable Not applicable

The recoverable amount is determined as the present value of the expected future cash flows.

Applicable Not applicable

Unit: RMB

Item	Book value	Recoverable amount	Impairment amount	Projection period	Key parameters for the projection period	Key parameters for the stabilization period	Basis for determining key parameters for the stabilization period
Uphoton Technology (Shaoxing) Co., Ltd. System Business	214,565,897.45	236,091,100.00		2024-2031	Revenue growth rate 11.48% - 193.10%; discount rate 13.55%	Revenue growth rate 0%; discount rate 13.55%	Based on the past performance of the asset group and projections for market expectations
Uphoton Technology (Shaoxing) Co., Ltd. - Components Business	610,687,554.28	678,498,100.00		2024-2031	Revenue growth rate 9.86% - 198.19%; discount rate 13.55%	Revenue growth rate 0%; discount rate 13.55%	Based on the past performance of the asset group and projections for market expectations
Total	825,253,451.73	914,589,200.00					

Reasons for apparent discrepancies between the foregoing information and information used for impairment testing in prior years or external information

None

Reasons for apparent discrepancies between the information used in the Company's impairment tests in prior years and the actual situation in the current year

None

(5) Fulfillment of performance commitments and corresponding impairment of goodwill

Performance commitments existed at the time goodwill was formed and are within the performance commitment period for the reporting period or the preceding period of the reporting period.

Applicable Not applicable

22. Long-term prepaid expenses

Unit: RMB

Item	Opening balance	Increased amount in the current period	Amortized amount in the current period	Other decreased amount	Closing balance
Expenditure on house improvement	303,437,303.26	272,537,509.29	201,617,256.13	7,380,279.88	366,977,276.54

IT project service fee	27,084,151.68	25,778,938.11	18,995,011.85		33,868,077.94
Design fee	6,787,569.12		2,406,540.12		4,381,029.00
Financing guarantee fee	252,500.00	9,000,000.00	3,002,500.00		6,250,000.00
Other		618,693.92	48,417.73		570,276.19
Total	337,561,524.06	307,935,141.32	226,069,725.83	7,380,279.88	412,046,659.67

Other explanations:

Other decreases in expenditures for house improvements in the current period were primarily due to adjustments made by the Company based on final settlement amounts.

23. Deferred tax assets/liabilities

(1) Deferred tax assets not offset

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	187,791,490.61	29,792,145.97	1,714,479,986.93	259,912,213.28
Unrealized profit from intra-group transactions	1,131,161,206.27	188,180,881.90	1,106,784,542.91	182,217,984.94
Deductible loss	7,949,926,507.37	1,253,526,618.03	4,978,155,153.32	825,412,239.76
Government grants	123,854,596.87	20,310,571.81	303,540,279.67	47,040,683.06
Financial assets held for trading - changes in fair value of equity instrument			52,130,372.98	7,819,555.95
Changes in the fair value of derivative financial instruments	97,304,476.36	15,034,908.60	182,318,270.45	29,492,906.86
Temporary differences of fixed assets	38,356,112.38	5,753,416.86	42,335,704.66	6,350,355.70
Expenses of share-based payment			75,231,226.39	11,284,683.96
Lease liabilities	630,560,463.73	96,756,559.56	590,093,259.12	92,196,126.96
Total	10,158,954,853.59	1,609,355,102.73	9,045,068,796.43	1,461,726,750.47

(2) Deferred tax liabilities not offset

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Asset appreciation after business combination not involving enterprises under common control	251,185,339.82	41,487,520.22	4,126,637.34	1,031,659.32
Changes in the fair value of derivative financial instruments	104,229,894.43	17,197,932.59	185,939,899.60	27,939,770.90
Difference in time point	5,935,766.66	1,483,941.67	5,039,047.50	1,259,761.87

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
for recognition of interest income of factoring business				
Difference between the book value of fixed assets and their tax bases	3,454,994,983.11	596,025,479.50	4,664,457,309.75	783,266,986.21
Financial assets held for trading - changes in fair value of equity instrument	47,858,392.97	7,178,758.95	17,469,694.02	2,620,454.10
Right-of-use assets	615,431,849.91	94,606,542.41	580,175,922.73	90,419,197.04
Total	4,479,636,226.90	757,980,175.34	5,457,208,510.94	906,537,829.44

(3) Deferred tax assets or liabilities presented in net amount after offsetting

Unit: RMB

Item	Amount of deferred tax assets and liabilities mutually offset at the end of the period	Closing balance of deferred tax assets or liabilities after offsetting	Amount of deferred tax assets and liabilities mutually offset at the beginning of the period	Opening balance of deferred tax assets or liabilities after offsetting
Deferred tax assets		1,609,355,102.73		1,461,726,750.47
Deferred tax liabilities		757,980,175.34		906,537,829.44

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	1,368,219,823.12	108,002,751.78
Deductible loss	987,684,531.31	1,113,018,229.33
Government grants	201,469,460.92	8,950,659.40
Unrealized profit from intra-group transaction	355,291,930.95	228,644,722.04
Lease liabilities	14,603,113.98	8,300,246.38
Total	2,927,268,860.28	1,466,916,608.93

(5) Deductible loss of unrecognized deferred tax assets will expire in the following years

Unit: RMB

Year	Closing balance	Opening balance	Notes
2023		42,489,136.50	
2024	18,696,741.06	55,578,667.67	
2025	55,803,979.86	115,720,117.70	
2026	100,932,581.25	129,251,092.62	
2027	132,003,790.64	104,866,432.82	
2028	226,015,025.30	44,300,430.49	
2029	34,117,796.46	84,671,122.89	
2030	40,430,198.27	131,354,916.79	
2031	163,633,635.10	215,711,939.66	

2032	164,201,128.77	189,074,372.19	
2033	51,849,654.60		
Total	987,684,531.31	1,113,018,229.33	

24. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Contract assets				119,469.27	1,194.69	118,274.58
Prepayment for long-term assets	150,258,931.39		150,258,931.39	269,755,356.88		269,755,356.88
Certificates of deposits issued by banks	998,012,152.77		998,012,152.77	655,000,458.30		655,000,458.30
Guarantee deposits	30,000,000.00		30,000,000.00			
Prepaid long-term borrowings financing costs				101,102,677.91		101,102,677.91
Equity investment transfer receivable				8,461,633.81		8,461,633.81
The portion due within one year (Note VII. 9)	-494,634,708.33		-494,634,708.33	-70,303,760.94	-1,194.69	-70,302,566.25
Total	683,636,375.83		683,636,375.83	964,135,835.23		964,135,835.23

25. Assets with restricted ownership or right to use

Unit: RMB

Item	End of the period				Beginning of the period			
	Book balance	Book value	Restriction type	Restriction description	Book balance	Book value	Restriction type	Restriction description
Cash at bank and on hand	1,456,289,098.94	1,456,289,098.94	Pledged	Handling of notes, loans, etc.	1,392,748,538.84	1,392,748,538.84	Pledged	Handling of notes, loans, etc.
Notes receivable	100,866,907.03	100,866,907.03	Pledged	Bill pledge, discount, etc.	5,848,815.01	5,848,815.01	Pledged	Bill pledge
Intangible assets	61,897,657.63	61,897,657.63	Collateral	Used for mortgage purposes				
Current portion of non-current assets	453,106,027.78	453,106,027.78	Pledged	Bank-issued financing Guarantee deposits, bills, etc.	70,184,291.67	70,184,291.67	Pledged	Bank-issued financing guarantees, bills, etc.
Other non-current assets	533,377,444.44	533,377,444.44	Pledged		544,796,722.20	544,796,722.20	Pledged	
Total	2,605,537,135.82	2,605,537,135.82			2,013,578,367.72	2,013,578,367.72		

26. Short-term borrowings

(1) Types of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Secured borrowings	191,949,621.83	508,878,860.80
Credit borrowings	4,922,541,694.79	6,611,967,165.87
Discounted borrowing	100,000,000.00	
Total	5,214,491,316.62	7,120,846,026.67

Explanation of the types of short-term borrowings:

The balance of secured borrowings at the end of the period amounted to RMB191,949,621.83 (principal of RMB191,232,900.00 and interest of RMB716,721.83), which was guaranteed by Goertek Group Co., Ltd.

(2) Short-term borrowings that are overdue and not repaid

None

27. Financial liabilities held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial liabilities held for trading	129,579,785.95	202,293,742.46
Including:		
Derivative financial liabilities	129,579,785.95	202,293,742.46
Total	129,579,785.95	202,293,742.46

28. Notes payable

Unit: RMB

Type	Closing balance	Opening balance
Commercial acceptance notes	30,000,000.00	170,000,000.00
Bank acceptance notes	4,223,514,820.18	4,269,924,397.04
Domestic letter of credit	284,839,800.50	410,573,849.04
Total	4,538,354,620.68	4,850,498,246.08

The amount of notes payable due and unpaid at the end of this period is RMB 0.00.

29. Accounts Payable

(1) Presentation of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Material cost and others	16,626,231,694.18	23,460,996,615.58
Payment for equipment	234,749,834.37	1,794,480,008.06
Payment for construction projects	721,281,830.62	493,281,646.55
Total	17,582,263,359.17	25,748,758,270.19

(2) Important accounts payable aged over one year or overdue

None

30. Other payables

Unit: RMB

Item	Closing balance	Opening balance
------	-----------------	-----------------

Other payables	87,474,942.48	78,974,306.79
Total	87,474,942.48	78,974,306.79

(1) Interest payable

None

(2) Dividends payable

None

(3) Other payables**1) Presentation of other payables by nature of payment**

Unit: RMB

Item	Closing balance	Opening balance
Current accounts payable	30,601,293.49	19,961,968.64
Employee benefits payable	2,959,471.15	3,334,897.96
Deposits and security deposits payable	53,914,177.84	55,677,440.19
Total	87,474,942.48	78,974,306.79

2) Important other payables with aging over one year or overdue

None

31. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Advance payment received for products	3,472,638,215.20	2,295,347,547.31
Total	3,472,638,215.20	2,295,347,547.31

Important contract liabilities with aging over one year

None

Amount and causes of significant changes in book value during the reporting period

None

32. Employee benefits payable**(1) Presentation of employee benefits payable to employees**

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term payroll	999,017,864.86	8,515,882,608.64	8,300,010,277.01	1,214,890,196.49
II. Post-employment benefits—defined contribution plans		676,271,041.48	676,090,643.92	180,397.56
II. Termination benefits	40,553,913.53	144,863,803.36	180,942,770.29	4,474,946.60
Total	1,039,571,778.39	9,337,017,453.48	9,157,043,691.22	1,219,545,540.65

(2) Presentation of short-term payroll

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Salaries, bonuses, allowances and subsidies	984,016,293.41	7,511,709,457.94	7,288,410,368.68	1,207,315,382.67
2. Employee welfare fee		425,130,211.82	425,130,211.82	
3. Social insurance premium	112,235.72	309,226,236.55	309,224,908.60	113,563.67
Incl.: Medical insurance premium	77,449.20	287,594,427.77	287,567,981.59	103,895.38
Work injury insurance premium		19,864,037.70	19,856,638.63	7,399.07
Maternity insurance premium	34,786.52	1,767,771.08	1,800,288.38	2,269.22
4. Housing provident fund		246,638,584.30	246,608,284.30	30,300.00
5. Labor union expenditure and employee education expenses	14,889,335.73	23,178,118.03	30,636,503.61	7,430,950.15
Total	999,017,864.86	8,515,882,608.64	8,300,010,277.01	1,214,890,196.49

(3) Presentation of defined contribution plans

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic endowment insurance premium		647,818,393.48	647,644,021.14	174,372.34
2. Unemployment insurance premium		28,452,648.00	28,446,622.78	6,025.22
Total		676,271,041.48	676,090,643.92	180,397.56

Other explanations:

The Group contributes to mandatory pension program and unemployment benefit programs established by government authority. Under these programs, the Group makes monthly contributions to these programs at certain percentages according to the social insurance contribution base for 2023. Except the above monthly contributions, the Group is not under other payment obligations. Corresponding expenditures are recorded in the current gains and losses, or related asset costs when incurred.

33. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
VAT	20,391,817.39	38,043,970.81
Enterprise income tax	29,601,348.32	174,981,926.24
Personal income tax	13,907,551.43	11,883,118.28
City maintenance and construction tax	4,043,865.01	10,809,326.00
Education surcharge	816,335.64	3,269,592.35
Local education surcharges	732,968.31	3,106,645.36
Housing property tax	22,511,435.33	19,768,868.36
Land use tax	6,287,778.70	2,934,841.41
Stamp duties tax	21,505,223.06	20,091,251.59
Water resource tax		48.00
Environmental protection tax	14,105.18	22,179.18

Item	Closing balance	Opening balance
Withholding tax	1,043,625.65	
Total	120,856,054.02	284,911,767.58

34. Current portion of non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year (Note VII, 36)	945,537,351.58	992,791,555.56
Lease liabilities due within one year (Notes VII, 37)	126,507,675.26	102,826,772.18
Long-term employee benefits payable due within one year	124,233.89	
Total	1,072,169,260.73	1,095,618,327.74

Other explanations:

Long-term employee benefits payable due within one year represents the non-competition compensation payable to departed employees of the subsidiary, Uphoton Technology (Shaoxing) Co., Ltd.

35. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
VAT payable—tax on items to be resold	4,718,260.10	4,252,178.60
Total	4,718,260.10	4,252,178.60

Change in short-term debentures payable:

None

36. Long-term borrowings

(1) Types of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Mortgage borrowings	150,213,125.00	
Secured borrowings	3,269,566,929.13	1,100,982,361.11
Credit borrowings	4,157,228,049.31	2,097,809,194.45
Long-term borrowings due within one year (Note VII, 34)	-945,537,351.58	-992,791,555.56
Total	6,631,470,751.86	2,206,000,000.00

Description of types of long-term borrowings:

The balance of secured borrowings at the end of the period was RMB 3,269,566,929.13 (principal of RMB 3,293,607,500.00 and interest adjustment of RMB -24,040,570.87), of which the principal of RMB 1,700,000,000.00 was guaranteed by Goertek Group Co., Ltd. and RMB 1,593,607,500.00 was guaranteed by the Company for its subsidiary.

Other explanations, including interest rate range:

The interest rate range for long-term borrowings on December 31, 2023 was 2.40% - 7.21% (December 31, 2022: 2.65% - 3.7%).

37. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease payment	718,922,935.00	639,092,280.68
Plus: Unrecognized financing fees	-74,255,700.11	-65,561,000.75

Lease liabilities due within one year (Notes VII, 34)	-126,507,675.26	-102,826,772.18
Total	518,159,559.63	470,704,507.75

38. Deferred income

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Cause of formation
Government grants	532,374,144.38	78,520,570.00	91,810,056.04	519,084,658.34	Please see Note XI. "Government Grants" for more details.
Total	532,374,144.38	78,520,570.00	91,810,056.04	519,084,658.34	-

39. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Equity of other partners of the fund company	348,058,624.72	172,261,037.39
Total	348,058,624.72	172,261,037.39

40. Share capital

Unit: RMB

	Opening balance	Increase or decrease in the change (+, -)					Closing balance
		New shares	Bonus shares	Transferred from reserves	Other	Sub-total	
Total shares	3,420,403,200.00						3,420,403,200.00

Other explanations:

As of December 31, 2023, the 65,000,000 shares of the Company held by the controlling shareholders and their persons acting in concert have been pledged, representing 1.90% of total shares of the Company. Specifically, Mr. Jiang Long, a shareholder of the Company, pledged 65,000,000 shares of the Company in his possession to China Merchants Securities Asset Management Company Limited for the period from June 1, 2023 to June 1, 2024.

41. Capital surplus

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (Share capital premium)	9,444,850,530.59	285,989,624.44	1,686,106,939.05	8,044,733,215.98
Other capital surplus	835,808,720.44	182,565,014.67	64,734,580.48	953,639,154.63
Total	10,280,659,251.03	468,554,639.11	1,750,841,519.53	8,998,372,370.61

Other explanations, including the increase and decrease in the current period and explanation of reasons for changes:

- ① Capital surplus - Share capital premium increased by RMB 285,989,624.44 this year. Reasons: a. The release of the employee stock ownership plan and the exercise of stock options resulting in the conversion of other capital surplus to share capital premium of RMB 62,532,782.24, b. The granting of the Company's "Home No. 5" Employee Stock Ownership Plan, where the actual released shares were less than the target due to individual performance evaluation, resulting in an increase in capital surplus - share capital premium of RMB 39,355,486.02 due to the sale price of the corresponding shares; c. The change in shareholding ratio as a result of contribution by minority shareholders of subsidiaries, increasing the share capital premium by

RMB184,101,356.18. Please see Note X.2. "The Share of Owner's Equity in the Subsidiary Has Changed and Still Controls the Transactions of the Subsidiary".

- ② Capital surplus - Share capital premium decreased by RMB 1,686,106,939.05 this year, as a result of the non-trading transfer of the Company's shares in the Company's special securities repurchase account for repurchase to the special account of the Company's "Home 6" and "Home 7" Employee Stock Ownership Plan at a price lower than the cost of repurchase.
- ③ Capital surplus - other capital surplus increased by RMB 182,565,014.67 this year. Reasons: a. The share-based payment resulting in RMB 172,286,003.87, b. The effect of changes in other owners' equity of invested units under the equity method, which increased by RMB 10,279,010.80.
- ④ Capital surplus - other capital surplus decreased by RMB 64,734,580.48 this year. Reasons: a. As the employee stock ownership plan has reached the release stage and the stock options has entered exercise period, a capital surplus of RMB 62,532,782.24 is transferred to share capital premium; b. The disposal of affiliated companies this year, with RMB 2,201,798.24 of other capital surplus recognized transferred out under the equity method upon the time of disposal.

42. Treasury stock

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Shares of the Company repurchased for employee stock programs or stock option incentives	2,291,973,146.75	177,655,190.77	2,191,097,591.05	278,530,746.47
Total	2,291,973,146.75	177,655,190.77	2,191,097,591.05	278,530,746.47

Other explanations, including the increase and decrease in the current period and explanation of reasons for changes:

As of December 31, 2023, there were cumulatively 12,901,311.00 treasury stock, representing 0.38% of the total share capital of the Company.

(1) Repurchase of treasury stock in the current period

The Company held the Tenth Meeting of the Sixth Session of the Board of Directors on October 26, 2023, during which the Board deliberated and approved the Proposal on the Repurchase of the Company's Shares by means of Centralized Bidding, among others. It agreed that the Company would repurchase its shares by means of centralized bidding trading for the Employee Stock Ownership Plan or the Stock Option Incentive Plan at a price of not more than RMB25.49/share, and that the total amount of the funds to be used for the repurchase wouldn't be less than RMB 500 million and not more than RMB 700 million, with an implementation period of 12 months from the date of the approval of this repurchase by the Board. As of December 31, 2023, a total of 9,632,700.00 shares of the Company had been repurchased under this share repurchase proposal.

(2) Transfer of treasury stock in the current period

67,338,040 shares in the Company's specific securities repurchase account for repurchase were transferred to the special account related to the Company's "Home No. 6" Employee Stock Ownership Plan at RMB 7 per share on a non-trading basis, and 3,658,800 shares in the Company's specific securities repurchase account for repurchase were transferred to the special account related to the Company's "Home No. 7" Employee Stock Ownership Plan at RMB 9.19 per share on a non-trading basis, all of which received the "Confirmation of Securities Transfer Registration" issued by the Shenzhen Branch of China Securities Depository & Clearing Corporation.

43. Other comprehensive income

Unit: RMB

Item	Opening balance	2023						Closing balance
		Amount incurred before income tax in the current period	Less: Recorded in other comprehensive income for the previous period and transferred in profit or loss for the current period	Less: Recorded in other comprehensive income for the previous period and transferred in undistributed profits for the current period	Less: Income tax expenses	Amount after tax attributable to the parent company	Attributed after tax to minority shareholders	
I. Other comprehensive income that cannot be subsequently reclassified into profit or loss	49,127,050.37	-119,814,848.69				-92,161,581.61	27,653,267.08	- 43,034,531.24
Changes in the fair value of investments in other equity instruments	49,127,050.37	-119,814,848.69				-92,161,581.61	27,653,267.08	- 43,034,531.24
II. Other comprehensive income that will be reclassified into profit or loss	73,250,283.99	-67,721,492.41				-71,150,692.64	3,429,200.23	2,099,591.35
Including: other comprehensive income that can be converted into profit or loss under the equity method		-12,650.40				-12,650.40		-12,650.40
Difference from translation of financial statements in foreign currency	73,250,283.99	-67,708,842.01				-71,138,042.24	3,429,200.23	2,112,241.75
Total other comprehensive incomes	122,377,334.36	-187,536,341.10				-163,312,274.25	24,224,066.85	- 40,934,939.89

Other explanations, including the adjustment of the effective part of cash flow hedging gains and losses into the initially recognized amount of the hedged item:

Other comprehensive income that cannot be subsequently reclassified into profit and loss: Under the item of changes in the fair value of investments in other equity instruments, RMB -27,653,267.08 is attributable to minority shareholders after tax, which is the equity of other partners of the fund company. The statement is presented in other non-current liabilities.

Other comprehensive income that will be reclassified into profit or loss: Under the item of difference from translation of financial statements in foreign currency, RMB 3,429,200.23 is attributable to minority shareholders after tax. Of which, RMB 1,593,397.38 is the equity of other partners of the fund company. The statement is presented in other non-current liabilities.

44. Specific reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Safety production expenses		7,551,472.89	6,000,159.22	1,551,313.67
Total		7,551,472.89	6,000,159.22	1,551,313.67

45. Surplus reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	1,446,536,121.51	218,530,482.45		1,665,066,603.96
Total	1,446,536,121.51	218,530,482.45		1,665,066,603.96

Explanation of surplus reserve, including the increase and decrease in the current period and explanation of reasons for changes:

According to the Company Law and the Articles of Association, the Company allocates 10% of net profits to the statutory surplus reserve. The Company does not need to allocate further amounts if the cumulative amount of the statutory surplus reserve reaches more than 50% of the registered capital.

The Company may extract any surplus reserves after extracting the statutory surplus reserve. Any surplus reserve may be used to cover the losses of previous years or increase the share capital after approval.

46. General risk reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Reserve for risks in financing factoring business	6,081,200.00			6,081,200.00

Note: According to the Notice by the General Office of the China Banking and Insurance Regulatory Commission of Strengthening the Supervision and Administration of Commercial Factoring Enterprises (YBJBF [2019] No. 205), the Group allocates 1% of the closing balance of financing factoring business to the provision for risks.

47. Undistributed profits

Unit: RMB

Item	2023	2022
Undistributed profits at the end of last period before adjustment	16,507,798,239.34	15,372,823,358.48
Adjustments to the total undistributed profits at the beginning of the period (upward +, downward -)	1,753,356.25	
Undistributed profits at the beginning of the period after adjustment	16,509,551,595.59	15,372,823,358.48
Plus: Net profit attributable to the owner of the parent company in the current period	1,088,076,730.88	1,749,181,131.83
Less: Withdrawal of statutory surplus reserve	218,530,482.45	
Common stock dividends payable	340,516,294.90	668,411,117.00
Add: Disposal of investments in other equity instruments		54,204,866.03
Undistributed profits at the end of the period	17,038,581,549.12	16,507,798,239.34

Details of the adjustment of the undistributed profits at the beginning of the period:

- 1) The undistributed profits affected by the retroactive adjustment in accordance with Accounting Standards for Business Enterprises and the related new regulations at the beginning of the period is RMB 0.00.
- 2) The undistributed profits affected by the changes in accounting policy at the beginning of the period is RMB 1,753,356.25.
- 3) The undistributed profits affected by the correction of major accounting errors at the beginning of the period is RMB 0.00.
- 4) The undistributed profits affected by the change of consolidation scope caused by the common control at the beginning of the period is RMB 0.00.
- 5) The undistributed profits affected by other adjustments at the beginning of the period is RMB 0.00.

48. Operating revenue and cost of sales

Unit: RMB

Item	2023		2022	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business	95,885,691,189.51	87,326,051,000.75	102,966,939,788.80	91,509,198,680.69
Other business	2,688,211,083.63	2,427,013,209.24	1,927,384,373.46	1,724,277,862.59
Total	98,573,902,273.14	89,753,064,209.99	104,894,324,162.26	93,233,476,543.28

Whether the lower of the audited net profit before and the audited net profit after deducting non-recurring gains and losses is negative

Yes No

Breakdown information on revenue and cost of sales:

Unit: RMB

Classification of contracts	Division 1		Total	
	Revenue	Cost of sales	Revenue	Cost of sales
Business type				
Including:				
Electronic components	95,885,691,189.51	87,326,051,000.75	95,885,691,189.51	87,326,051,000.75
Other business income	2,688,211,083.63	2,427,013,209.24	2,688,211,083.63	2,427,013,209.24
By product				
Precision components	12,991,833,787.27	10,329,768,695.82	12,991,833,787.27	10,329,768,695.82
Smart audio device	24,185,269,052.84	22,555,549,272.05	24,185,269,052.84	22,555,549,272.05
Smart hardware	58,708,588,349.40	54,440,733,032.88	58,708,588,349.40	54,440,733,032.88
Other business income	2,688,211,083.63	2,427,013,209.24	2,688,211,083.63	2,427,013,209.24
By business regions				
Including:				
Domestic	7,180,017,243.40	6,612,077,879.45	7,180,017,243.40	6,612,077,879.45
Overseas	91,393,885,029.74	83,140,986,330.54	91,393,885,029.74	83,140,986,330.54
By sales channel				
Including:				
Direct selling	98,164,328,961.68	89,396,202,983.71	98,164,328,961.68	89,396,202,983.71
Distribution	409,573,311.46	356,861,226.28	409,573,311.46	356,861,226.28
Total	98,573,902,273.14	89,753,064,209.99	98,573,902,273.14	89,753,064,209.99

Information about performance obligations:

None

Information about the trading price apportioned to remaining performance obligations:

None

Information about variable consideration in contracts:

None

Significant contract changes or significant transaction price adjustments

None

49. Taxes and surcharges

Unit: RMB

Item	2023	2022
City maintenance and construction tax	46,734,999.87	66,516,485.50
Education surcharge	14,688,215.43	20,113,757.39
Housing property tax	77,267,139.98	72,739,156.82
Land use tax	20,383,547.91	12,404,902.13
Vehicle and vessel use tax	30,785.06	50,823.89
Stamp duties tax	71,773,016.90	75,852,578.16
Local education surcharges	12,871,438.36	19,015,218.97
Local water conservancy construction fund		160,251.76
Water resource tax	42.00	230.00
Environmental protection tax	95,164.14	77,095.67
Other offshore taxes	200,492.64	
Total	244,044,842.29	266,930,500.29

Other explanations:

Please see Note VI. "Taxes", for details of the criteria for the accrual of various taxes and surcharges.

50. General and administrative expenses

Unit: RMB

Item	2023	2022
Employee benefits	1,378,056,739.51	1,167,274,863.96
Share-based apportioned payment	123,216,341.40	465,535,747.22
Office expenses	150,877,872.27	165,198,225.61
Consulting fees	101,711,188.82	54,679,471.16
Depreciation cost	123,107,194.98	99,094,366.24
Amortization of intangible assets	77,773,070.95	59,414,772.34
Recruitment and training fees	28,411,122.33	49,182,108.76
Rental fees	13,213,201.57	13,335,129.18
Entertainment expenses	32,629,383.74	27,173,035.83
Travel expenses	24,076,778.72	29,354,745.57
Security expenses	33,212,938.64	40,398,042.61
Property insurance	11,593,701.38	8,548,266.15
Other expenses	104,934,819.24	115,316,870.83
Total	2,202,814,353.55	2,294,505,645.46

51. Selling expenses

Unit: RMB

Item	2023	2022
Employee benefits	384,050,131.79	377,301,268.94
Share-based apportioned payment	16,712,392.29	44,473,697.53

Item	2023	2022
Rental fees	5,501,255.44	5,212,260.22
Sales commission	14,212,724.06	19,599,978.50
Insurance expenses	15,520,423.96	17,874,354.85
Entertainment expenses	23,518,137.66	15,172,602.51
Travel expenses	27,461,090.78	16,715,766.24
Office expenses	22,905,403.44	21,541,427.80
Depreciation cost	15,677,618.00	14,823,196.77
Other expenses	2,591,126.00	15,584,288.69
Total	528,150,303.42	548,298,842.05

52. Research and development expenses

Unit: RMB

Item	2023	2022
Employee benefits	2,284,730,251.52	2,210,936,970.20
Direct input cost	1,119,216,253.90	1,822,282,210.46
Amortization of intangible assets	686,732,187.64	628,118,767.01
Depreciation cost	220,771,853.79	165,357,575.09
Share-based apportioned payment	44,742,283.43	126,807,377.90
Design fees	76,956,945.55	33,121,202.94
Other expenses	282,819,675.59	239,901,051.39
Total	4,715,969,451.42	5,226,525,154.99

53. Financial expenses

Unit: RMB

Item	2023	2022
Interest expense	544,691,878.33	303,539,076.90
Interest income	-279,661,791.52	-189,356,256.02
Exchange gains and losses	-10,282,609.82	-21,268,273.24
Other	97,027,671.65	56,208,534.10
Total	351,775,148.64	149,123,081.74

54. Other income

Unit: RMB

Sources of other income	2023	2022
Government grants	331,548,590.64	351,383,799.43
Tax benefit included	36,245,618.91	15,097,894.50
Return of individual tax handling fee	5,066,847.41	6,724,169.25
Total	372,861,056.96	373,205,863.18

55. Gains on changes in fair value

Unit: RMB

Sources of gains on changes in fair value	2023	2022
Financial assets held for trading	8,036,980.76	98,748,584.12
Including: Gains on changes in fair	-82,278,125.54	164,830,672.72

Sources of gains on changes in fair value	2023	2022
value due to derivative financial instruments		
Financial liabilities held for trading	77,483,472.73	-171,961,305.71
Other non-current financial assets	30,388,698.95	16,131,386.62
Total	115,909,152.44	-57,081,334.97

56. Investment income

Unit: RMB

Item	2023	2022
Return on long-term equity investments measured by the equity method	-28,435,998.08	2,298,237.32
Investment income from disposal of long-term equity investments	24,822,113.27	287,784,190.15
Investment income from disposal of financial assets held for trading	-142,047,909.35	-309,999,635.90
Investment income from products such as certificates of deposits	85,249,228.88	20,466,167.48
Profits arising from derecognised financial assets at amortised cost	-5,724,287.70	-23,037,232.06
Discount losses of financing receivables that meet the conditions for derecognition	-7,257,012.91	-13,755,696.61
Total	-73,393,865.89	-36,243,969.62

57. Credit impairment losses

Unit: RMB

Item	2023	2022
Credit impairment losses on bad debts of accounts receivable	19,420,684.72	-16,834,146.02
Credit impairment losses on bad debts of other receivables	-2,025,618.66	2,613,550.10
Total	17,395,066.06	-14,220,595.92

58. Asset impairment losses

Unit: RMB

Item	2023	2022
Loss of inventory falling prices and impairment loss of contract performance costs	-299,626,936.00	-1,203,279,438.25
Impairment loss of fixed assets		-579,464,921.66
Impairment loss of contract assets	1,194.69	
Total	-299,625,741.31	-1,782,744,359.91

59. Gains on disposal of assets

Unit: RMB

Source of income from disposal of assets	2023	2022
Gains on disposal of fixed assets	-7,467,928.73	-47,534,013.23
Income from disposal of intangible assets	2,600,000.00	

Source of income from disposal of assets	2023	2022
Income from disposal of right-of-use assets	2,830,270.21	-364,926.50
Total	-2,037,658.52	-47,898,939.73

60. Non-operating income

Unit: RMB

Item	2023	2022	Amount recorded in current non-recurring gains and losses
Gains from damage and liquidation of non-current assets	21,927.79	464,291.05	21,927.79
Other	34,795,207.29	21,013,169.39	34,795,207.29
Total	34,817,135.08	21,477,460.44	34,817,135.08

Other explanations:

Non-operating income - other incomes that are mainly unpayable amounts and liquidated damages collected, etc.

61. Non-operating expenses

Unit: RMB

Item	2023	2022	Amount recorded in current non-recurring gains and losses
Donation given	3,204,356.82	4,251,201.32	3,204,356.82
Losses from damage and liquidation of non-current assets	146,689,062.70	117,427,303.86	146,689,062.70
Other	2,959,378.43	1,051,865.31	2,959,378.43
Total	152,852,797.95	122,730,370.49	152,852,797.95

62. Income tax expenses

(1) Income tax expense statement

Unit: RMB

Item	2023	2022
Current income tax expenses	73,435,975.15	164,522,364.79
Deferred income tax expenses	-301,690,868.04	-446,312,602.15
Total	-228,254,892.89	-281,790,237.36

(2) Adjustment process of accounting profit and income tax expenses

Unit: RMB

Item	2023
Total profit	791,156,310.70
Income tax expense calculated at statutory/applicable tax rate	118,673,446.60
Impact of different tax rates applied to subsidiaries	-96,593,877.62
Impact of adjusting income tax in previous periods	-18,705,277.74
Impact of non-taxable income	-930,017.51
Impact of non-deductible costs, expenses and losses	9,396,171.14
Impact of deductible loss of unrecognized deferred tax assets in previous period	-37,028,429.29
Impact of deductible temporary differences or deductible losses of	271,089,406.31

Item	2023
unrecognized deferred tax assets in current period	
Changes in balance of beginning deferred tax assets/liabilities due to tax rate adjustment	236,413.17
Impact of the weighted deduction of research and development expenses	-423,580,388.30
Income tax credits for environmental equipment	-208,407.07
Impact of share-based payment	-50,888,864.93
Impact of subsidiary write-off	284,932.35
Income tax expenses	-228,254,892.89

63. Other comprehensive income

Please see the Note VII. 43. for details.

64. Cash flow statement items

(1) Cash related to operating activities

Cash received related to other operating activities

Unit: RMB

Item	2023	2022
Government grants	318,295,104.60	343,436,863.16
Current account	1,192,795,974.16	1,258,014,604.41
Interest income	276,592,905.39	183,221,677.04
Other	187,507,561.62	139,368,250.38
Total	1,975,191,545.77	1,924,041,394.99

Cash paid related to other operating activities

Unit: RMB

Item	2023	2022
Research and development expenses	1,471,298,287.84	2,084,157,358.43
Current account	1,184,408,340.40	1,129,587,037.65
Office expenses	173,783,275.71	186,739,653.41
Rental fees	18,714,457.01	18,547,389.40
Consulting fees	101,711,188.82	54,679,471.16
Entertainment expenses	56,147,521.40	42,345,638.34
Travel expenses	51,537,869.50	46,070,511.81
Insurance expenses	27,114,125.34	26,422,621.00
Sales commission	14,212,724.06	19,599,978.50
Other	148,572,678.30	239,051,045.79
Total	3,247,500,468.38	3,847,200,705.49

(2) Cash related to investing activities

Cash received related to other investing activities

Unit: RMB

Item	2023	2022
Option premiums received	37,885,965.58	21,653,530.71
Margin recovered on investments in foreign	72,806,657.72	

Item	2023	2022
exchange derivative transactions		
Total	110,692,623.30	21,653,530.71

Significant cash received related to investing activities

Unit: RMB

Item	2023	2022
Cash received from foreign exchange derivative investment operations	514,370,207.66	223,389,534.87
Cash received on disposal of long-term equity investments		672,983,096.09
Principal recovered on maturity of term deposits	3,902,853,504.00	
Total	4,417,223,711.66	896,372,630.96

Cash paid related to other investing activities

Unit: RMB

Item	2023	2022
Margin paid on investments in foreign exchange derivative transactions	72,806,657.72	
Net cash paid for disposal of subsidiaries and other business units		10,363,395.50
Total	72,806,657.72	10,363,395.50

Significant cash paid related to investing activities

Unit: RMB

Item	2023	2022
Cash paid to acquire long-term equity investments	600,000,000.00	250,000,000.00
Principal to purchase large deposits	390,000,000.00	520,817,430.56
Principal deposited in term deposits	3,498,371,185.32	487,522,000.00
Total	4,488,371,185.32	1,258,339,430.56

(3) Cash related to financing activities

Cash received related to other financing activities

Unit: RMB

Item	2023	2022
Various securities in other currencies recovered	2,758,448,774.94	2,601,999,441.96
Interest income on raised funds	3,068,886.13	6,134,578.99
Contributions from other partners of the fund company	188,082,000.00	75,765,967.07
Subscription of employee stock ownership plan	504,990,652.00	
Proceeds from the sale of treasury shares not meeting exercise conditions	39,355,486.02	
Borrowings from non-financial institutions, etc.	11,000,000.00	
Total	3,504,945,799.09	2,683,899,988.02

Explanations on cash received related to other financing activities:

None

Cash paid related to other financing activities

Unit: RMB

Item	2023	2022
Various security deposit payments for other monetary capital	2,813,467,201.78	3,078,483,092.56
Rental fees payment	111,526,372.99	128,750,261.16
Financing expense paid with borrowings	9,000,000.00	103,495,260.30
Listing expense of the Goertek Microelectronics subsidiary	2,180,318.91	4,263,871.42
Repurchase of treasury stock	177,655,190.77	
Cash paid for acquisition of minority interests in subsidiaries	23,273,750.00	
Repayment of borrowings from non-financial institutions and interest, etc.	14,205,910.21	
Total	3,151,308,744.66	3,314,992,485.44

Explanations of cash paid for other financing activities:

None

Changes in liabilities arising from financing activities

 Applicable Not applicable

Unit: RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Cash variations	Non-cash variations	Cash variations	Non-cash variations	
Short-term borrowings	7,120,846,026.67	19,719,120,456.00	320,299,573.43	21,945,774,739.48		5,214,491,316.62
Other accounts payable - dividends payable			340,516,294.90	340,516,294.90		
Long-term borrowings (including those maturing within one year)	3,198,791,555.56	5,854,624,000.01	390,198,380.70	1,866,605,832.83		7,577,008,103.44
Lease liabilities (including those maturing within one year)	573,531,279.93		194,049,887.86	111,526,372.99	11,387,559.91	644,667,234.89
Total	10,893,168,862.16	25,573,744,456.01	1,245,064,136.89	24,264,423,240.20	11,387,559.91	13,436,166,654.95

(4) Explanation on cash flows presented on a net basis

None

(5) Significant activities and financial effects that do not involve current cash flows but affect the Company's financial position or may affect the Company's cash flows in the future

None

65. Supplementary information for cash flow statement

(1) Supplementary information for cash flow statement

Unit: RMB

Supplementary information	Amount of current period	Amount in previous period
1. Reconciliation of net profit to cash flow from operating activities		
Net profit	1,019,411,203.59	1,791,018,384.79
Add: Provision for impairment of assets	299,625,741.31	1,782,744,359.91
Credit impairment losses	-17,395,066.06	14,220,595.92
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of bearer biological assets	2,938,786,849.35	2,737,354,154.43
Depreciation of right-of-use assets	128,357,416.63	132,043,964.75
Amortization of intangible assets	775,354,156.85	688,160,164.63
Long-term prepaid expenses	226,069,725.83	92,970,355.03
Losses on disposal of fixed assets, intangible assets and other long-term assets (Use "-" for gain)	2,037,658.52	47,898,939.73
Loss on retirement of fixed assets (Use "-" for gain)	146,667,134.91	116,963,012.81
Loss on changes in fair value (Use "-" for gain)	-115,909,152.44	57,081,334.97
Financial expenses (Use "-" for gain)	458,210,031.50	-67,001,475.56
Investment loss (Use "-" for gain)	60,412,565.28	-548,959.05
Decrease in deferred tax assets (Use "-" for gain)	-111,839,854.19	-874,406,201.70
Increase in deferred tax liabilities (Use "-" for decrease)	-190,279,710.41	426,185,243.00
Decrease in inventory (Use "-" for increase)	7,430,247,429.32	-6,108,031,112.07
Decrease of operating receivable items (Use "-" for increase)	2,106,126,474.60	-2,061,081,561.57
Increase in operational payables (Use "-" for decrease)	-7,184,440,025.66	8,882,166,156.12
Other	180,445,664.45 ¹	659,376,008.54
Net cash flow from operating activities	8,151,888,243.38	8,317,113,364.68
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Debts transferred to capital		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:		

Supplementary information	Amount of current period	Amount in previous period
Closing balance of cash	13,152,726,641.78	10,799,993,468.81
Less: Opening balance of cash	10,799,993,468.81	9,137,900,902.04
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	2,352,733,172.97	1,662,092,566.77

Note: 1 The other RMB 180,445,664.45 was generated from share-based payments, as detailed in Note XV. 4. "Share-based Payment Expenses for the Current Period".

(2) Net cash paid for the acquisition of subsidiaries in the current period

Unit: RMB

	Amount
Cash or cash equivalents paid in the period for business combination occurring in the period	588,524,771.29
Including:	
Uphoton Technology (Shaoxing) Co., Ltd.	588,524,771.29
Less: Cash and cash equivalents held by the subsidiary on the date of purchase	130,861,489.79
Including:	
Uphoton Technology (Shaoxing) Co., Ltd.	130,861,489.79
Including:	
Net cash paid to acquire subsidiary	457,663,281.50

(3) Net amount of cash received for disposal of subsidiaries in the current period

Unit: RMB

	Amount
Cash or cash equivalents received in the current period from the disposal of subsidiaries	0.00
Less: Cash and cash equivalents held by the Company on the date of loss of control	0.00
Plus: Cash or cash equivalents received in the current period from the disposal of subsidiary in prior periods	2,205,000.00
Including:	
Qingdao Resonance Venture Capital Management Co., Ltd.	2,205,000.00
Net cash received on disposal of subsidiaries	2,205,000.00

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	13,152,726,641.78	10,799,993,468.81
Including: Cash on hand	60,959.92	33,671.21
Bank deposits that can be used for payment at any time	13,030,309,956.22	10,799,959,797.60
Other monetary funds that can be used for payment at any time	122,355,725.64	

Item	Closing balance	Opening balance
II. Cash and cash equivalents balance at the end of the period	13,152,726,641.78	10,799,993,468.81

(5) Presentation of assets falling under the category of cash and cash equivalents restricted in use

None

(6) Monetary capital other than cash and cash equivalents

Unit: RMB

Item	Amount of current period	Amount in previous period	Reasons for not being categorized as cash and cash equivalents
Bank deposits - term deposits and accrued interest	128,296,588.99	490,129,084.15	Term of more than three months
Other monetary capital	1,456,289,098.94	1,392,748,538.84	Restriction of use
Total	1,584,585,687.93	1,882,877,622.99	

(7) Description of other significant activities

None

66. Notes on items in the statement of changes in equity

Indicate the "Other" items for which adjustments have been made to the prior year-end balance and the amount of such adjustments:

None

67. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Closing foreign currency balance	Converted exchange rate	Closing converted RMB balance
Cash at bank and on hand			2,433,851,049.95
Including: USD	230,164,405.72	7.0827	1,630,185,436.39
EUR	733,794.18	7.8592	5,767,035.22
HKD	1,463,699.77	0.90622	1,326,434.01
JPY	52,217,737.00	0.050213	2,622,009.23
KRW	284,841,404.77	0.005514	1,570,615.51
TWD	5,786,384.00	0.230557	1,334,091.34
VND	2,687,704,355,708.82	0.000292	784,809,671.87
DKK	5,918,355.00	1.053630	6,235,756.38
Accounts receivable			10,490,308,374.73
Including: USD	1,479,162,188.93	7.0827	10,476,462,035.53
EUR	78,342.34	7.8592	615,708.12
HKD			
JPY	9,061,056.00	0.050213	454,982.80
KRW	71,774,637.29	0.005514	395,765.35
TWD	47,750,423.80	0.230557	11,009,194.46
VND	4,694,138,581.21	0.000292	1,370,688.47

Item	Closing foreign currency balance	Converted exchange rate	Closing converted RMB balance
Other receivables			38,115,094.26
Including: USD	1,502,063.73	7.0827	10,638,666.78
EUR	960.00	7.8592	7,544.83
JPY	149,326,688.00	0.050213	7,498,140.98
KRW	252,023,691.00	0.005514	1,389,658.63
TWD	1,747,793.00	0.230557	402,965.91
VND	62,069,801,366.18	0.000292	18,124,382.00
DKK	51,000.00	1.053630	53,735.13
Short-term borrowings			1,104,215,895.17
Including: USD	147,645,600.57	7.0827	1,045,729,495.16
VND	200,295,890,446.31	0.000292	58,486,400.01
Accounts payable			12,127,485,014.60
Including: USD	1,654,951,358.41	7.0827	11,721,523,986.21
EUR	864,357.45	7.8592	6,793,158.07
HKD	90,000.00	0.90622	81,559.80
JPY	27,656,995.38	0.050213	1,388,740.71
KRW	2,891,931.97	0.005514	15,946.11
GBP	4,252.90	9.0411	38,450.89
VND	1,356,471,678,893.57	0.000292	396,089,730.24
DKK	1,474,372.00	1.053630	1,553,442.57
Other payables			11,454,241.60
Including: USD	628,315.76	7.0827	4,450,172.03
EUR	2,880.00	7.8592	22,634.50
JPY	53,166,572.00	0.050213	2,669,653.08
KRW	94,893,322.00	0.005514	523,241.78
TWD	3,499,525.00	0.230557	806,839.99
VND	7,189,251,520.82	0.000292	2,099,261.44
DKK	837,522.45	1.053630	882,438.78
Current portion of non-current liabilities			568,619,254.17
Including: USD	74,937,875.62	7.0827	530,762,491.65
JPY	143,364,878.90	0.050213	7,198,780.66
VND	104,993,088,548.53	0.000292	30,657,981.86
Lease liabilities			66,831,355.80
Including: USD	2,568,504.07	7.0827	18,191,943.78
JPY	73,176,220.01	0.050213	3,674,397.54
VND	153,989,775,615.32	0.000292	44,965,014.48
Long-term borrowings			1,047,470,751.86
Including: USD	147,891,447.03	7.0827	1,047,470,751.86
EUR			
HKD			

(2) Explanation of overseas operating entities, including, the main overseas operating places, bookkeeping base currency and selection basis for important overseas operating entities, and the reasons for changes in bookkeeping base currency.

Applicable Not applicable

Name of the important overseas operating entity	Main location of business operation	Accounting currency	Accounting currency selection basis	Whether there is any change in the accounting currency
Goertek Vina Co., Ltd	Vietnam	VND	Legal currency of the country where it is registered	No
Goertek Technology Vina Company Limited	Vietnam	VND	Legal currency of the country where it is registered	No
Goertek (HongKong) Co., Limited	Hong Kong	USD	Currency adopted in business receipts and payments	No

68. Lease

(1) The Company acts as the lessee

Applicable Not applicable

Variable lease payments not included in the measurement of lease liabilities

Applicable Not applicable

Lease costs for short-term leases or low-value assets with simplified treatment

Applicable Not applicable

① For information on right-of-use assets and lease liabilities, please see Note VII. 18 and 37.

② Information on items recorded in current profit or loss and relevant asset costs

Item	Amount for the current period (RMB)	Amount for the previous period (RMB)
Short-term lease expense (simplified treatment applies)	32,797,509.77	70,892,405.81
Interest on lease liabilities included in finance expenses	18,846,223.92	17,092,607.19
Income derived from the sublease of the right-of-use assets	661,958.40	1,196,937.46

③ Cash outflows related to leases

Item	Category of cash flows	Amount for the current period (RMB)	Amount for the previous period (RMB)
Cash for repayment of principal and interest of lease liabilities	Cash outflows from financing activities	111,526,372.99	128,750,261.16
Payment for short-term leases and leases for low-value assets (simplified treatment applies)	Cash outflows from operating activities	32,797,509.77	70,892,405.81
Total		144,323,882.76	199,642,666.97

Situations involving sale and leaseback transactions

None

(2) The Company acts as the lessor

Operating leases as the lessor

Applicable Not applicable

Unit: RMB

Item	Lease income	Including: Income related to variable lease payments not included in lease receipts
Other business income	138,288,596.78	
Total	138,288,596.78	

Finance leases as the lessor

 Applicable Not applicable

Undiscounted lease receipts for each of the next five years

 Applicable Not applicable

Reconciliation of undiscounted lease receipts to net investment in leases

None

(3) Gains or losses on sales under finance leases recognized as a manufacturer or distributor Applicable Not applicable**69. Others**

None

VIII. Research and Development Expenditures

Unit: RMB

Item	2023	2022
Employee benefits	2,582,668,704.22	2,512,120,442.26
Direct input cost	1,317,327,855.54	2,050,496,920.16
Amortization of intangible assets	686,736,441.00	628,231,765.42
Depreciation cost	261,114,008.41	183,966,651.97
Share-based apportioned payment	44,742,283.43	129,159,362.00
Design fees	79,996,429.65	36,530,138.39
Other expenses	286,173,001.41	283,297,996.40
Total	5,258,758,723.66	5,823,803,276.60
Including: Expensed R&D expenditure	4,715,969,451.42	5,226,525,154.99
Capitalized R&D expenditure	542,789,272.24	597,278,121.61

1. R&D projects eligible for capitalization

Unit: RMB

Item	Opening balance	Increased amount in the current period			Decreased amount in the current period			Closing balance
		Internal development costs	Other	Increase in business combination	Recognized as intangible assets	Transfer to current profit and loss	Other	
Project 1	51,729,692.37	183,440,177.79						235,169,870.16
Project 2	23,624,892.56	38,341,210.21						61,966,102.77
Project 3		32,810,345.82						32,810,345.82
Project 4		24,275,113.11						24,275,113.11
Project 5		13,895,824.91						13,895,824.91
Other	285,823,526.98	250,026,600.40			457,162,678.29			78,687,449.09

Item	Opening balance	Increased amount in the current period			Decreased amount in the current period			Closing balance
		Internal development costs	Other	Increase in business combination	Recognized as intangible assets	Transfer to current profit and loss	Other	
Total	361,178,111.91	542,789,272.24			457,162,678.29			446,804,705.86

Significant capitalized R&D projects

Item	R&D progress	Estimated completion time	Expected form of economic benefits	Timing of start of capitalization	Specific basis for start of capitalization
Project 1	95%	January 31, 2024	Generate revenue	February 28, 2022	Qualified engineering validation test
Project 2	95%	January 31, 2024	Generate revenue	February 28, 2022	Qualified engineering validation test

Impairment provision for development expenditures

None

2. Important outsourced R&D projects in progress

None

IX. Changes in Consolidation Scope**1. Business combination not under common control****(1) Business combination not under the same control occurring during the period**

Unit: RMB

Name of the acquired entity	Date of equity acquisition	Cost of equity acquisition	Equity ratio acquired	Method of equity acquisition	Acquisition date	Basis for determining the acquisition date	Revenue of the acquired entity from the acquisition date to the end of the period	Net profit of the acquired entity from the acquisition date to the end of the period	Cash flow of the acquired entity from the acquisition date to the end of the period
Uphoton Technology (Shaoxing) Co., Ltd.	May 30, 2022	200,000,000.00	10.53%	Monetary capital injection	November 20, 2023	Actual acquisition of control	13,925,424.03	-19,402,755.46	-74,646,122.83

Other explanations:

Uphoton Technology (Shaoxing) Co., Ltd. includes its headquarters and its subsidiaries Uphoton Technology (Beijing) Co., Ltd., Jiaxing Uphoton Optoelectronics Technology Co., Ltd., Shaoxing Uphoton Precision Technology Co., Ltd., Hangzhou Uphoton Optoelectronics Technology Co., Ltd., Tianjin Uphoton Technology Co., Ltd., Nanjing Uphoton Technology Co., Ltd., Hefei 3D OptoLink Technology Co., Ltd., and Jiaxing Guochao Optoelectronics Technology Co., Ltd., totaling nine companies.

(2) Cost of combination and goodwill

Unit: RMB

Cost of combination	Uphoton Technology (Shaoxing) Co., Ltd.
—Cash	588,524,771.29
—Fair value of non-cash assets	
- Fair value of debts issued or assumed	
- Fair value of equity securities issued	215,372,464.72
- Fair value of contingent considerations	

Cost of combination	Uphoton Technology (Shaoxing) Co., Ltd.
- Fair value at acquisition date of equity interests held prior to acquisition date	206,164,383.56
- Others	
Total cost of combination	1,010,061,619.57
Less: Fair value of net identifiable assets acquired	421,886,825.09
Amount by which goodwill/cost of combination is less than the fair value of identifiable net assets acquired	588,174,794.48

Method of determining the fair value of the cost of combination:

The fair value of the net assets being consolidated is determined in accordance with the valuation results determined by the asset-based method, and the cost of combination is determined by negotiation in accordance with the valuation results determined by the income approach.

The subsidiary, Goertek Optical Technology Co., Ltd, acquired 100% of the equity held by the original shareholder of Uphoton Technology (Shaoxing) Co., Ltd. by a combination of directed capital increase and cash payment, including the new registered capital (paid-in capital) of 60,280,745.00 shares, with a par value of RMB1 per share. The issue price was determined in accordance with the valuation results determined by the income approach.

Explanations of contingent considerations and changes thereto

None

Major reasons for large goodwill:

At the acquisition date, goodwill resulted from the excess of the acquirer's cost of combination over the fair value of the net identifiable assets of the acquired entity.

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

Unit: RMB

	Uphoton Technology (Shaoxing) Co., Ltd.	
	Fair value at the acquisition date	Book value at the acquisition date
Assets:		
Cash at bank and on hand	131,355,031.79	131,355,031.79
Accounts receivable	12,986,883.49	12,986,883.49
Inventories	17,977,451.45	12,636,493.40
Fixed assets	22,080,645.00	20,896,103.66
Intangible assets	277,469,592.12	29,674,119.84
Construction in progress	129,304,411.07	134,522,249.80
Other assets	62,937,765.26	62,937,765.26
Liabilities:		
Borrowings	151,181,875.00 ¹	151,181,875.00
Accounts payable	18,979,206.48	18,979,206.48
Deferred tax liabilities	41,722,056.31	
Other liabilities	20,239,756.46	21,200,754.32
Net asset	421,988,885.93	213,646,811.44
Less: Minority interests	102,060.84	-1,278,622.39
Net assets acquired	421,886,825.09	214,925,433.83

Note: 1 represents long-term borrowings

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

The fair value of identifiable assets and liabilities is determined in accordance with the valuation results determined by the asset-based method.

Contingent liabilities of the acquired entity assumed in a business combination:

None

(4) Gains or losses arising from the remeasurement of equity interests held prior to the date of acquisition at fair value

Whether there are transactions in which a business combination is realized in steps through multiple transactions and control is obtained during the reporting period.

Yes No

Unit: RMB

Name of the acquired entity	Time of acquisition of equity interest previously held prior to the acquisition date	Percentage of equity interest acquired prior to the acquisition date	Acquisition cost of equity interest held prior to the acquisition date	Acquisition method of equity interest held prior to the acquisition date	Carrying amount of equity interest held prior to the acquisition date at the acquisition date	Fair value of equity interest previously held prior to the acquisition date at the acquisition date	Gains or losses arising from the remeasurement of equity interests previously held prior to the acquisition date at fair value at the acquisition date	Method of determining the fair value of equity interests previously held prior to the acquisition date at the acquisition date and major assumptions	Amounts transferred to investment earnings or retained earnings from other comprehensive income related to previously held equity interests prior to the acquisition date
Uphoton Technology (Shaoxing) Co., Ltd.	May 30, 2022	10.53%	200,000,000.00	Monetary capital injection	183,544,068.53	206,164,383.56	24,822,113.27	Income Approach	2,201,798.24

(5) Explanations relating to cases in which the combination consideration or the fair value of the acquiree's identifiable assets or liabilities cannot be reasonably determined at the acquisition date or at the end of the period in which the combination took place

None

(6) Explanation of other matters:

None

2. Business combination under common control

None

3. Counter purchase

None

4. Disposal of subsidiaries

Whether there is any transaction or event of loss of control of subsidiaries in the current period

Yes No

Whether there is any step-by-step disposal of investment in a subsidiary through multiple transactions and loss of control in the current period

Yes No

5. Change of consolidation scope for other reasons

Explain the changes in the consolidation scope caused by other reasons (such as newly established subsidiaries, liquidation subsidiaries, etc.) and relevant information:

During the current period, the Company acquired 3 subsidiaries through establishment. They are respectively Chongqing Goertek Auto Technology Co., Ltd., Goertek Smart Technology Vina Co.,Ltd., and GMI Technology GmbH.

The Company deregistered one of its subsidiaries, Kunshan Goertek Electronics Co., Ltd. during this period.

6. Others

None

X. Interests in Other Entities

1. Interests in subsidiaries

(1) Composition of the Group

Name of subsidiary	Registered capital	Main location of business operation	Registration place	Business nature	Percentage		Acquisition method
					Direct	Indirect	
Weifang Goertek Electronics Co., Ltd.	RMB 1,636,601,925	Weifang	Weifang	Production	85.89%	14.11%	Business combination involving enterprises under common control
Goertek Microelectronics Inc.	RMB 582,080,100	Qingdao	Qingdao	R&D, production & sales	87.75%		Establishment
Qingdao Goertek Microelectronics Research Institute Co., Ltd.	RMB 100,000,000	Qingdao	Qingdao	R&D, production & sales		87.75%	Establishment
Qingdao Goertek Intelligent Sensor Co., Ltd.	RMB 500,000,000	Qingdao	Qingdao	R&D, production & sales		87.75%	Establishment
Weifang Goertek Microelectronics Co., Ltd.	RMB 500,000,000	Weifang	Weifang	R&D, production & sales		87.75%	Business combination not involving enterprises under common control
Rongcheng Goertek Microelectronics Co., Ltd.	RMB 300,000,000	Rongcheng	Rongcheng	R&D, production & sales		87.75%	Establishment
Beijing Goertek Microelectronics Co., Ltd.	RMB 5,000,000	Beijing	Beijing	Sales		87.75%	Establishment
Shenzhen Goertek Microelectronics Co., Ltd.	RMB 5,000,000	Shenzhen	Shenzhen	R&D and sales		87.75%	Establishment

Name of subsidiary	Registered capital	Main location of business operation	Registration place	Business nature	Percentage		Acquisition method
					Direct	Indirect	
Wuxi Goertek Microelectronics Co., Ltd.	RMB 5,000,000	Wuxi	Wuxi	R&D		87.75%	Establishment
Shanghai Goertek Microelectronics Co., Ltd.	RMB 10,000,000	Shanghai	Shanghai	R&D		87.75%	Establishment
Goertek Microelectronics Holdings Co., Ltd.	USD 22.4035 million	Hong Kong	Hong Kong	Investment		87.75%	Establishment
Goertek Microelectronics (Hong Kong) Co., Ltd.	USD 0.5 million	Hong Kong	Hong Kong	Trade		87.75%	Establishment
GOERTEK MICROELECTRONICS CORPORATION	USD 1 million	USA	USA	R&D and sales		87.75%	Establishment
GOERTEK MICROELECTRONICS KOREA CO.,LTD	KRW 300 million	Korea	Korea	R&D and sales		87.75%	Establishment
GOERTEK MICROELECTRONICS VIETNAM COMPANY LIMITED	VND 904,657 million	Vietnam	Vietnam	Production & sales		87.75%	Establishment
GMI Technology GmbH	EUR 50,000	Austria	Austria	R&D and sales		87.75%	Establishment
Weifang Goertek Trading Co., Ltd.	RMB 50,000,000	Weifang	Weifang	Import and export trade	100.00%		Establishment
Yishui Goertek Electronics Co., Ltd.	RMB 30,000,000	Yishui	Yishui	Production & sales	100.00%		Establishment
Yili Precision Manufacturing Co., Ltd.	RMB 330,000,000	Weifang	Weifang	Production & sales	100.00%		Establishment
Weifang Goertek Communication Technology Co., Ltd.	RMB 10,500,000	Weifang	Weifang	Production & sales		100.00%	Business combination not involving enterprises under common control
Goertek Optical Technology Co.,	RMB 981,960,745	Weifang	Weifang	Production & sales	61.10%		Business combination

Name of subsidiary	Registered capital	Main location of business operation	Registration place	Business nature	Percentage		Acquisition method
					Direct	Indirect	
Ltd							not involving enterprises under common control
Goertek Optical Technology (Qingdao) Co., Ltd	RMB 100,000,000	Qingdao	Qingdao	R&D, production & sales		61.10%	Establishment
Goertek Optical Technology (Shanghai) Co., Ltd	RMB 100,000,000	Shanghai	Shanghai	R&D, production & sales		61.10%	Establishment
Uphoton Technology (Shaoxing) Co., Ltd.	RMB 214,000	Shaoxing	Shaoxing	R&D and sales		61.10%	Business combination not involving enterprises under common control
Uphoton Technology (Beijing) Co., Ltd.	RMB 10,000,000	Beijing	Beijing	R&D		61.10%	Business combination not involving enterprises under common control
Jiaxing Uphoton Optoelectronics Technology Co., Ltd.	RMB 250,000,000	Jiaxing	Jiaxing	R&D, production & sales		61.10%	Business combination not involving enterprises under common control
Shaoxing Uphoton Precision Technology Co., Ltd.	RMB 115,000,000	Shaoxing	Shaoxing	R&D, production & sales		61.10%	Business combination not involving enterprises under common control
Hangzhou Uphoton Optoelectronics Technology Co., Ltd.	RMB 45,000,000	Hangzhou	Hangzhou	R&D and sales		61.10%	Business combination not involving enterprises under common control
Tianjin Uphoton	RMB 20,000,000	Tianjin	Tianjin	R&D and		61.10%	Business

Name of subsidiary	Registered capital	Main location of business operation	Registration place	Business nature	Percentage		Acquisition method
					Direct	Indirect	
Technology Co., Ltd.				sales			combination not involving enterprises under common control
Nanjing Uphoton Technology Co., Ltd.	RMB 10,000,000	Nanjing	Nanjing	R&D and sales		61.10%	Business combination not involving enterprises under common control
Hefei 3D OptoLink Technology Co., Ltd.	RMB 5,315,789	Hefei	Hefei	R&D and sales		61.10%	Business combination not involving enterprises under common control
Jiaxing Guochao Optoelectronics Technology Co.,Ltd.	RMB 3,333,300	Jiaxing	Jiaxing	R&D and sales		42.77%	Business combination not involving enterprises under common control
Goertek Technology Co., Ltd.	RMB 950,000,000	Qingdao	Qingdao	R&D	100.00%		Establishment
Beijing Goertek Technology Co., Ltd.	RMB 10,000,000	Beijing	Beijing	R&D	100.00%		Business combination involving enterprises under common control
Qingdao Goertek Acoustics Technology Co., Ltd.	RMB 20,000,000	Qingdao	Qingdao	R&D and trading	100.00%		Establishment
Shenzhen Goertek Technology Co., Ltd.	RMB 50,000,000	Shenzhen	Shenzhen	R&D and design	100.00%		Business combination involving enterprises under common control
Shanghai Goertek	RMB 10,000,000	Shanghai	Shanghai	R&D	100.00%		Establishment

Name of subsidiary	Registered capital	Main location of business operation	Registration place	Business nature	Percentage		Acquisition method
					Direct	Indirect	
Technology Co., Ltd.							
Nanjing Goertek Technology Co., Ltd.	RMB 50,000,000	Nanjing	Nanjing	R&D	100.00%		Establishment
Weifang Lokomo Precision Industry Co., Ltd.	RMB 50,000,000	Weifang	Weifang	Production & sales	100.00%		Business combination involving enterprises under common control
Goertek Investment Co., Ltd.	RMB 100,000,000	Shanghai	Shanghai	Investment	100.00%		Establishment
Beijing Goertek Investment Management Co., Ltd.	RMB 50,000,000	Beijing	Beijing	Investment asset management		100.00%	Establishment
Olive Smart Hardware Investment Center LP	RMB 300,000,000	Qingdao	Qingdao	Equity investment		100.00%	Establishment
Dongguan JoyForce Precision Manufacturing Co., Ltd.	RMB 180,000,000	Dongguan	Dongguan	R&D, production & sales	100.00%		Establishment
Goertek Intelligence Technology Co., Ltd.	RMB 350,000,000	Dongguan	Dongguan	R&D, production & sales	100.00%		Establishment
Rongcheng Goertek Technology Co., Ltd.	RMB 2,100,000,000	Rongcheng	Rongcheng	R&D, production & sales	100.00%		Establishment
Qingdao Goertek Commercial Factoring Co., Ltd.	RMB 50,000,000	Qingdao	Qingdao	Commercial factoring	100.00%		Establishment
Nanning Goertek Electronics Co., Ltd	RMB 80,000,000	Nanning	Nanning	R&D, production & sales	100.00%		Establishment
Nanning Goertek Trading Co., Ltd.	RMB 10,000,000	Nanning	Nanning	Trade		100.00%	Establishment
Xi'an Goertek Electronic Technology Co.,	RMB 8,000,000	Xi'an	Xi'an	R&D	100.00%		Establishment

Name of subsidiary	Registered capital	Main location of business operation	Registration place	Business nature	Percentage		Acquisition method
					Direct	Indirect	
Ltd.							
Yishui TECO Electronic Technology Co., Ltd.	RMB 145,000,000	Yishui	Yishui	R&D, production & sales		100.00%	Establishment
Qingdao Resonance Phase I Venture Capital Fund Partnership (Limited Partnership)	RMB 757,580,000	Qingdao	Qingdao	Investment	52.80%		Establishment
Weifang Goertek Electronics Co., Ltd.	RMB 1,350,000,000	Weifang	Weifang	Production & sales		100.00%	Establishment
Qingdao Goertek Horizons Technology Co., Ltd	RMB 100,000,000	Qingdao	Qingdao	Production & sales	100.00%		Establishment
Weifang High-tech Zone Goertek Education Center	RMB 300,000	Weifang	Weifang	Education and training	100.00%		Establishment
Chongqing Goertek Auto Technology Co., Ltd.	RMB 10,000,000	Chongqing	Chongqing	R&D, production & sales	100.00%		Establishment
Goertek Vina Co., Ltd	USD 40 million	Vietnam	Vietnam	Production & sales	98.00%	2.00%	Establishment
Goertek Technology Korea Co., Ltd.	KRW 1,535.135 million	Korea	Korea	R&D and trading	100.00%		Establishment
Goertek (HongKong) Co., Limited	USD 1 million	Hong Kong	Hong Kong	Trade and investment		100.00%	Establishment
Goertek Technology Vina Company Limited	USD 120 million	Vietnam	Vietnam	Production & sales		100.00%	Establishment
Goertek Precision Industry Vietnam Company Limited	USD 100 million	Vietnam	Vietnam	Production & sales		100.00%	Establishment
Goertek Smart Technology Vina Co.,Ltd.	USD 60 million	Vietnam	Vietnam	Production & sales		100.00%	Establishment
Goertek Europe ApS	DKK 50,000	Denmark	Denmark	Sales services		100.00%	Establishment

Name of subsidiary	Registered capital	Main location of business operation	Registration place	Business nature	Percentage		Acquisition method
					Direct	Indirect	
Goertek Seiki Technology Co., Ltd.	JPY 80 million	Japan	Japan	R&D, production & sales		100.00%	Establishment
Optimas Capital Partners Fund LP	USD 56,488,691.9	Hong Kong	Hong Kong	Investment		76.92%	Establishment
Goertek Electronics, Inc.	USD 0.1 million	USA	USA	R&D and trading	100.00%		Business combination not involving enterprises under common control
Goertek Technology Taiwan Co., Ltd.	TWD 28.899 million	Taiwan	Taiwan	Trade	100.00%		Establishment
Goertek Technology Japan Co., Ltd.	JPY 50 million	Japan	Japan	R&D and trading	100.00%		Establishment
Goertek Technology (HongKong) Co., Limited	USD 1 million	Hong Kong	Hong Kong	Trade and investment		100.00%	Establishment

Explanation of the shareholding ratio in subsidiaries different from the voting ratio:

None

Basis for holding half or less of the voting power but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

None

Basis for controlling important structured entities included in the consolidation scope:

None

Basis for determining whether a company is an agent or a principal:

None

(2) Important non-wholly-owned subsidiary

None

(3) Main financial information of major non-wholly-owned subsidiaries

None

(4) Major restrictions on using the Group's assets and paying off the Group's debts

None

(5) Financial support or other support provided to structured entities included in consolidated financial statements

None

2. The share of owner's equity in the subsidiary has changed and still controls the transactions of the subsidiary

(1) Explanation of changes in the share of shareholders' equity in subsidiaries

① In January 2023, the subsidiary Qingdao Resonance Phase I Venture Capital Fund Partnership (Limited Partnership) accepted a unilateral capital increase of RMB 80.8080 million from the minority shareholders, with paid-in capital of RMB 80.8080 million. After the completion of this capital increase, the Company's shareholding in Qingdao Resonance Phase I Venture Capital Fund Partnership (Limited Partnership) changed from 72.00% to 52.80%, and the capital surplus increased by RMB 652,164.33 as a result of this transaction.

② In October 2023, the Company purchased 1.8468% of the equity held by Jiang Long, a minority shareholder of its subsidiary, Goertek Microelectronics Inc. with its own funds of RMB 23,273,750.00. After the completion of this transaction, the Company's shareholding in Goertek Microelectronics Inc. changed from 85.90% to 87.75%, and the capital surplus increased by RMB 57,719,238.80 as a result of this transaction.

③ In November 2023, the subsidiary Goertek Optical Technology Co., Ltd. purchased 100% of the equity of Uphoton Technology (Shaoxing) Co., Ltd. in which the Company is a shareholder, (hereinafter referred to as "Uphoton Technology"). Among them, the Company purchased 67.541% equity interest in Uphoton Technology (including 10.526% equity interest held by the Company and 0.818% equity interest held by a related party) with its own funds of approximately RMB 795 million, and purchased 32.459% equity interest in Uphoton Technology by increasing its registered capital by RMB 60,280,745.00 through directional share capital increase. After the completion of this capital increase, the Company's shareholding in Goertek Optical Technology Co., Ltd. changed from 65.10% to 61.10%, and the capital surplus was increased by RMB 125,729,953.05 as a result of this transaction.

(2) The impact of transactions on minority' equity and the equity attributable to the parent company

Unit: RMB

	Qingdao Resonance Phase I Venture Capital Fund Partnership (Limited Partnership)	Goertek Microelectronics Inc.	Goertek Optical Technology Co., Ltd
Purchase cost/disposal consideration	80,808,000.00	23,273,750.00	215,372,464.72
—Cash	80,808,000.00	23,273,750.00	
—Fair value of non-cash assets			215,372,464.72
Total purchase cost/disposal consideration	80,808,000.00	23,273,750.00	215,372,464.72
Less: The net asset share of a subsidiary calculated according to the proportion of the equity acquired/disposed	80,155,835.67	80,992,988.80	89,642,511.67
Difference	652,164.33	57,719,238.80	125,729,953.05
Including: Adjustment of capital surplus	652,164.33	57,719,238.80	125,729,953.05
Adjusted surplus reserve			
Undistributed profits after adjustment			

3. Rights and interests in joint venture arrangements and associated enterprises

(1) Important joint ventures and associated enterprises

None

(2) Main financial information of important joint ventures

None

(3) Main financial information of important associated enterprises

None

(4) Summary of financial information of unimportant joint ventures and associates

Unit: RMB

	Closing balance/amount incurred in current period	Opening balance/amount incurred in previous period
Joint ventures:		
The total of the following items calculated according to the shareholding ratio		
Associated enterprises:		
Total book value of investment	760,220,882.07	361,008,671.83
The total of the following items calculated according to the shareholding ratio		
—Net profit	-28,435,998.08	2,298,237.32
—Other comprehensive income	-12,650.40	-15,493,341.86
—Total comprehensive income	-28,448,648.48	-13,195,104.54

(5) Statement of important restrictions on the ability of joint ventures or associates to transfer capital to the Company

None

(6) Excess losses incurred by joint ventures or associated enterprises

None

(7) Unrecognized commitments related to the investment in joint ventures

None

(8) Contingent liabilities related to the investment in joint ventures or associates

None

4. Important joint operation

None

5. Rights and interests in structured entities not included in consolidated financial statements

Explanation of structured entities not recorded in the consolidated financial statements:

None

6. Others

None

XI. Government Grants

1. Government grants recognized at the end of the reporting period based on amounts receivable

Applicable Not applicable

Reasons for not receiving the projected amount of government grants at the projected time point

Applicable Not applicable

2. Liability items involving government grants

Applicable Not applicable

Unit: RMB

Accounting items	Opening balance	Amount of new subsidies in current period	Amount included in non-operating income of the current period	Amount transferred to other income in the current period	Other changes in the current period	Closing balance	Related to assets/income
Deferred income	532,374,144.38	65,520,570.00		91,341,623.56	36,000.00 ¹	506,517,090.82	Asset-related
Deferred income		13,000,000.00		432,432.48		12,567,567.52	Income-related
Total	532,374,144.38	78,520,570.00		91,774,056.04	36,000.00	519,084,658.34	

Note: 1 Decrease in the current period - Other decrease of RMB 36,000.00 represents payments to project partners after a transfer to other accounts payable.

3. Government grants recognized in gains and losses for the current period

Applicable Not applicable

Unit: RMB

Accounting items	Amount incurred during the period	Amount incurred in the previous period
Other income - directly credited	239,774,534.60	185,375,500.06
Other income - transferred from deferred income	91,774,056.04	166,008,299.37
Total	331,548,590.64	351,383,799.43

XII. Risks Related to Financial Instruments

1. Various risks arising from financial instruments

The major financial instruments of the Group include equity investments, accounts receivable, borrowings and accounts payable, etc. For details on the financial instruments, please see this Note VII. Relevant Items. Risks related to the financial instruments and the Group's risk management policy used for reducing these risks is stated as follows. The Group's management manages and monitors these exposures to ensure that these risks are controlled within a limited scope.

The Group analyzes the reasonableness of risk variables and the impact of potential changes on current loss or profit or shareholder's equity using sensitivity analysis techniques. As risk variables rarely change in isolation, and the correlation between any two of the risk variables will have a great effect on the final impact amount of a certain risk variable, the following disclosures are made assuming that each variable changes in isolation.

(I) Risk management goals and policies

The Group's risk management aims to reach appropriate balancing between risks and benefits, to minimize the negative impact of risks on the Group's operating results, and to maximize the interests of shareholders and other equity investors. Based on these risk management goals, the Group's basic strategy for risk management is to determine and analyze various risks faced by the Group,

establish an appropriate risk tolerance bottom line and conduct risk management, and supervise various risks in a timely and reliable manner to control the risks within a limited scope.

1. Market risk

(1) Foreign exchange risk

Foreign exchange risk refers to the risk of loss due to exchange rate change. The Group's exposure to foreign exchange mainly involves US dollars. Except that the Company and its subsidiaries purchase and sell in USD, EUR, JPY, VND, DKK, HKD, TWD and KRW, other main business of the Group is measured and settled in RMB. As of December 31, 2023, the Company's monetary items in foreign currencies are detailed in Note VII.67. Except for the assets or liabilities, certain financial assets for trading, certain financial liabilities for trading, certain investments in other equity instruments, certain other non-current financial assets and certain other non-current assets described in that table, which are in foreign currencies, the Group's assets and liabilities are mainly in RMB. The foreign exchange risks arising from the assets and liabilities denominated in foreign currencies may have an impact on the operating results of the Group.

The Group closely monitors the impact of exchange rate changes on the Group's foreign exchange risks. The Company has large volume of export sales, and needs to import some raw materials. Some equipment for research, development, production and testing of the Company also needs to be purchased from abroad. The Company's export sales and imported raw materials are mainly settled in USD. The depreciation of USD and the appreciation of RMB will reduce the procurement cost of imported raw materials, but adversely affect the competitiveness of the Company's products in overseas markets. Considering the import of raw materials and export of products, the appreciation of RMB against USD will affect the Company's profitability to some extent.

Sensitivity analysis over foreign exchange risks:

When other variables remain unchanged, the possible reasonable changes in USD currency rate may have the following effects on current gains and losses, as well as shareholders' equity:

Item	Change in exchange rate	2023		2022	
		Impact on net profit (RMB)	Impact on shareholders' equity (RMB)	Impact on net profit (RMB)	Impact on shareholders' equity (RMB)
USD	3% appreciation against RMB	-51,954,213.77	-53,372,215.77	-17,700,129.48	-20,864,011.13
USD	3% depreciation against RMB	51,954,213.77	53,372,215.77	17,700,129.48	20,864,011.13

(2) Interest rate risk - cash flow change risk

The Group's risk of cash flow changes of financial instruments arising from interest rate changes mainly involves floating rate bank borrowings. At present, the interest rate of the Group's bank borrowings is mainly floating rate.

Interest rate risk sensitivity analysis:

The sensitivity analysis over interest rate risks is conducted based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of financial instruments with variable interest rates;
- For fixed-rate financial instruments measured at fair value, changes in market interest rates only affect their interest income or expense;
- For derivative financial instruments designated as hedge instruments, changes in market interest rates affect their fair value, and all interest rate hedging is expected to be highly effective;
- Changes in fair values of derivative financial instruments and other financial assets and liabilities are calculated using the discounted cash flow method at the market interest rate on the balance sheet date.

On the basis of the above assumptions, when other variables remain unchanged, the possible reasonable changes in interest rates may have the following effects on current gains and losses, as well as shareholders' equity:

Item	Interest rate change	2023		2022	
		Impact on net profit (RMB)	Impact on shareholders' equity (RMB)	Impact on net profit (RMB)	Impact on shareholders' equity (RMB)
Bank borrowings	Float up by 10%	-44,382,185.25	-44,186,512.56	-24,185,541.46	-24,185,541.46
Bank borrowings	Float down by 10%	44,382,185.25	44,186,512.56	24,185,541.46	24,185,541.46

(3) Other price risks

None

2. Credit risk

As of December 31, 2023, the maximum credit risk exposure that may cause the Group's financial loss resulted from the loss in the Group's financial assets caused by the counterparty's failure to perform its contractual obligations.

In order to reduce credit risk, the Group sets up a team to determine the credit limit, conduct credit approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. Additionally, the Company cooperates with commercial insurance institutions to insure for high-risk clients, so as to reduce the risk of bad debts from credit sale. In addition, the Group reviews the recovery of each individual receivable on each balance sheet date to ensure that adequate bad debt provision is made for unrecoverable amounts. Therefore, the Group's management believes that the credit risk undertaken by the Group has been greatly reduced.

The Group has put in place necessary policies to ensure that all its clients have good credit records.

The Group's non-cash cash at bank and on hand are mainly deposited with financial institutions with good credit. The management believes that there is no significant credit risk, and it is expected that the default of counterparty will not cause significant losses to the Group.

(1) There is no overdue and undepreciated amount in the Group's receivables;

(2) The analysis of financial assets with individual impairment involves the judgment on the factors to be considered in the impairment of the financial assets

None

3. Liquidity risk

When managing liquidity risk, the Group maintains and monitors cash and cash equivalents the management deems sufficient to meet the Group's business needs and reduce the impact of cash flow fluctuations. The management of the Group monitors the use of bank borrowings and ensure the compliance with borrowing agreements.

The Group uses bank borrowings and equity instruments as its main sources of funds. As of December 31, 2023, the unused bank credit line of the Group was RMB 40.933 billion (December 31, 2022: RMB 31.583 billion).

2. Hedging

None

3. Financial assets**(1) Classification by mode of transfer**

Applicable Not applicable

(2) Financial assets derecognized due to transfers

Applicable Not applicable

Unit: RMB

Item	Mode of financial asset transfer	Amount of financial assets derecognized	Gains or losses related to derecognition
Financing receivables	Endorsement by notes	1,509,375.67	

Item	Mode of financial asset transfer	Amount of financial assets derecognized	Gains or losses related to derecognition
Total		1,509,375.67	

(3) Financial assets resulting from ongoing involvement in asset transfers

Applicable Not applicable

Unit: RMB

Item	Mode of asset transfer	Amount of assets from continued involvement	Amount of liabilities from continued involvement
Notes receivable	Discounted notes	100,000,000.00	100,000,000.00
Accounts receivable	Factoring with recourse	75,000,000.00	75,000,000.00
Total		175,000,000.00	175,000,000.00

XIII. Disclosure of Fair Value**1. The ending fair value of assets and liabilities measured at fair value**

Unit: RMB

Item	Fair value of closing			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
I. Continuous fair value measurement	-	-	-	-
(I) Financial assets held for trading	43,356,500.16	104,229,894.43	439,858,697.10	587,445,091.69
1. Financial assets measured at fair value through profit and loss	43,356,500.16	104,229,894.43	439,858,697.10	587,445,091.69
(1) Debt instrument investment			3,053,700.00	3,053,700.00
(2) Equity instrument investment	43,356,500.16		436,804,997.10	480,161,497.26
(3) Derivative financial assets		104,229,894.43		104,229,894.43
(II) Investment in other equity instruments			591,269,883.71	591,269,883.71
(III) Accounts receivable financing			9,059,230.11	9,059,230.11
(IV) Other non-current financial assets			322,640,244.40	322,640,244.40
Total assets consistently measured at fair value	43,356,500.16	104,229,894.43	1,362,828,055.32	1,510,414,449.91
(5) Financial liabilities held for trading		129,579,785.95		129,579,785.95
Derivative financial liabilities		129,579,785.95		129,579,785.95
Total liabilities continuously measured at fair value		129,579,785.95		129,579,785.95

Item	Fair value of closing			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
II. Non-continuous fair value measurement	-	-	-	-

2. Determination basis for the market price of continuous and non-continuous first-level fair value measurement items

The closing price at the end of the year is used as the basis for determining the market price of the shares of foreign listed companies held by the Company.

3. Qualitative and quantitative information on the valuation techniques and important parameters used in continuous and non-continuous second-level fair value measurement items

Directly or indirectly observable input values of related assets or liabilities except first-level inputs.

4. Qualitative and quantitative information on the valuation techniques and important parameters used in continuous and non-continuous third-level fair value measurement items

Basis for determining fair value according to the value assessed under the income method and the asset-based method and the net book asset.

5. Adjustment information and sensitivity analysis of non-observable parameters between beginning and closing book value for continuous third-level fair value measurement items

None

6. Conversion among different levels in the current period, reasons for conversion and the policy for determining conversion time points in continuous fair value measurement items,

None

7. Changes in valuation techniques during the current period and reasons for changes

None

8. Fair value of financial assets and financial liabilities not measured at fair value

None

9. Others

None

XIV. Related Parties and Related Transactions

1. Information about the parent company of the Company

Parent company name	Registration place	Business nature	Registered capital	Shareholding ratio of the Company to the Company	Proportion of voting rights of the Company in the Company
Goertek Group Co., Ltd.	Weifang	Equity investment management, etc.	RMB 100 million	14.84%	14.84%

Explanation of the parent company of the Company

The Company's parent company and final parent company is Goertek Group Co., Ltd.

The final controller of the Company is Goertek Group Co., Ltd.

2. Information on subsidiaries of the Company

For details of the Company's subsidiaries, please see Note X.1. "Interests in Subsidiaries".

3. Information on joint ventures and associated enterprises of the Company

For details of significant joint ventures or associates of the Company, please see Note X.3. "Interests in Joint Venture Arrangements or Associated Enterprises".

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 summarized as follows:

None

4. Information on other related parties

Name of other related parties	Relationship between other related parties and the Company
Jiang Bin	Actual controller and chairman of board of the Company
Hu Shuangmei	Actual controller
Goertek Robotics Co., Ltd.	Business of the same actual controller
Weifang Goer Farm Co., Ltd.	Business of the same actual controller
Weifang Goer Manor Trading Co., Ltd.	Business of the same actual controller
Weifang Goer Manor Food & Beverage Co., Ltd.	Business of the same actual controller
Weifang Goer Property Service Co., Ltd.	Business of the same actual controller
Weifang Point Hotel Management Co., Ltd.	Business of the same actual controller
Weihai Goer Ecological Agriculture Co., Ltd.	Business of the same actual controller
Dotcom Investment Co., Ltd.	Enterprise controlled by an affiliated natural person
Beijing Bubble Lab Co., Ltd.	Enterprise controlled by an affiliated natural person
Weifang Daozao Catering Company Co., Ltd.	Business of the same actual controller in the past 12 months
Weifang Goer Real Estate Co., Ltd.	Business of the same actual controller
Weifang Dotcom Catering Management Co., Ltd.	Enterprise controlled by an affiliated natural person
Qingdao Dotcom Catering Management Co., Ltd.	Enterprise controlled by an affiliated natural person
Bei Ge (Weifang) Intelligent technology Co., Ltd	Business of the same actual controller
Weifang Goer School	Business of the same actual controller
Shandong Goer Education Group Co., Ltd.	Business of the same actual controller
Weifang High-Tech Zone Yasong Linju Kindergarten	Business of the same actual controller
Weifang High-Tech Zone Zhuohe Kindergarten	Business of the same actual controller
Dynaudio (Shanghai) Co., Ltd.	Enterprise controlled by an affiliated natural person
Goerdyna Holding A/S	Enterprise controlled by an affiliated natural person
Qingdao Point Hotel Management Co., Ltd.	Business of the same actual controller
Wemake (Weihai) Digital Creative Technology Co., Ltd.	Business of the same actual controller
Wemake (Qingdao) Digital Creative Technology Co., Ltd.	Business of the same actual controller
Goerlife Co., Ltd.	Business of the same actual controller
Weihai Point Hotel Management Co., Ltd.	Business of the same actual controller
Weifang Goerdyna Technology Co., Ltd.	Enterprise controlled by an affiliated natural person
Shenzhen Goerdyna Technology Co., Ltd.	Enterprise controlled by an affiliated natural person

Name of other related parties	Relationship between other related parties and the Company
GoerDyna Technology Co., Ltd.	Enterprise controlled by an affiliated natural person
Beijing Xiaoniao Tingting Technology Co., Ltd	Business of the same actual controller, de-registered in December 2022
Wemake (Beijing) Digital Creative Technology Co., Ltd.	Business of the same actual controller
Weifang Dotcom Garden Floriculture Co., Ltd	Enterprise controlled by an affiliated natural person
Little Bird Co., Ltd	Enterprise controlled by an affiliated natural person
Anqiu Wenge Vocational Training School Co., Ltd.	Business of the same actual controller
AKM Industrial Company Limited	The Company's associate, externally disposed of in July 2022
Gongqingcheng Zhuiyuan Phase II Venture Capital Partnership (Limited Partnership)	An enterprise actually controlled by Mr. Liu Chengmin, the former director of the Company and a joint investor of GravityXR Electronics and Technology Co., Ltd.
Shenzhen Zhuiyuan Fortune Investment Partnership (Limited Partnership)	An enterprise actually controlled by Mr. Liu Chengmin, the former director of the Company and a joint investor of Uphoton Technology (Shaoxing) Co., Ltd.
Jiang Long	Person acting in concert with the actual controller
Zhuoguang Xiangrong Technology (Tianjin) Partnership (Limited Partnership)	An entity controlled by affiliated natural persons as managing partners

Other explanations:

Bei Ge (Weifang) Intelligent technology Co., Ltd, formerly known as Beihang Goer (Weifang) Intelligent Robot Co., Ltd.; Goerdyna-Holding A/S, formerly known as Dynaudio Holding A/S.

5. Related party transactions

(1) Related transactions involving commodity purchase, and rendering and receipt of services

Statement of purchasing goods/accepting labor services

Unit: RMB

Related parties	Related transactions	2023	Approved trading limit	Exceed the trading limit or not	2022
AKM Industrial Company Limited	Purchasing raw materials	45,308,209.26		No	203,633,398.93
Weifang Goer Farm Co., Ltd.	Purchasing goods and services	30,152,987.69		No	49,549,859.14
Weifang Point Hotel Management Co., Ltd.	Purchasing goods and services	18,459,368.72		No	16,117,887.30
Goertek Group Co., Ltd.	Purchasing goods and services	10,560,575.44		No	7,040,506.52
Weifang Goer Manor Trading Co., Ltd.	Purchasing goods	9,106,065.56		No	8,499,702.97
Weifang Goer Property Service Co., Ltd.	Purchasing goods and services	8,537,213.68		No	8,688,125.52
Qingdao Virtual Reality Institute Co., Ltd.	Purchasing goods and services	5,978,660.00		No	11,968,898.11
Goerlife Co., Ltd.	Purchasing goods	5,740,373.09		No	
Little Bird Co., Ltd	Purchasing goods	3,707,246.20		No	1,023,036.15
Qingdao Point Hotel Management Co., Ltd.	Receiving labor service	3,420,930.82		No	4,594,268.33
Weifang Goer Manor	Purchasing goods	2,722,466.87		No	2,643,410.57

Related parties	Related transactions	2023	Approved trading limit	Exceed the trading limit or not	2022
Food & Beverage Co., Ltd.					
Dotcom Investment Co., Ltd.	Purchasing goods and services	1,961,849.91		No	1,015,175.98
Weifang Dotcom Catering Management Co., Ltd.	Purchasing goods and services	1,509,999.78		No	2,752,240.44
Weihai Goer Ecological Agriculture Co., Ltd.	Purchasing goods	1,278,997.98		No	1,778,882.75
Weifang Goerdyna Technology Co., Ltd.	Purchasing goods	1,164,161.55		No	7,057,138.25
Bei Ge (Weifang) Intelligent technology Co., Ltd	Purchasing goods and services	930,387.64		No	3,960,783.47
Wemake (Qingdao) Digital Creative Technology Co., Ltd.	Purchasing goods and services	388,732.33		No	74,709.16
Wemake (Weihai) Digital Creative Technology Co., Ltd.	Purchasing goods and services	160,610.11		No	256,136.46
Dynaudio (Shanghai) Co., Ltd.	Purchasing goods	154,867.26		No	
Weifang Daozao Catering Company Co., Ltd.	Purchasing goods and services	90,943.71		No	303,917.60
Beijing Bubble Lab Co., Ltd.	Purchasing goods and services	77,080.00		No	2,312,197.60
Weifang Dotcom Garden Floriculture Co., Ltd	Purchasing goods	56,865.00		No	17,463.00
Qingdao Dotcom Catering Management Co., Ltd.	Purchasing goods	25,751.20		No	21,818.80
Weihai Point Hotel Management Co., Ltd.	Receiving labor service	6,520.00		No	14,876.00
Goertek Robotics Co., Ltd.	Purchasing goods and services	6,509.43		No	3,722,511.29
Jiaxing Uphoton Optoelectronics Technology Co., Ltd.	Purchasing goods	2,982.00		No	
Beijing Xiaoniao Tingting Technology Co., Ltd	Purchasing goods			No	1,768,403.43
Weifang Goer School	Receiving labor service			No	65,140.00
Wemake (Beijing) Digital Creative Technology Co., Ltd.	Receiving labor service			No	61,072.39

Related parties	Related transactions	2023	Approved trading limit	Exceed the trading limit or not	2022
Goerdyna Holding A/S	Purchasing goods and services			No	13,356.22
Weifang Goer Real Estate Co., Ltd.	Receiving labor service			No	3,600.00

Statement of sales of goods/rendering of services

Unit: RMB

Related parties	Related transactions	2023	2022
Weifang Goerdyna Technology Co., Ltd.	Sales of goods and services	69,547,848.39	29,201,690.39
Little Bird Co., Ltd	Sales of goods and services	18,577,049.95	11,728,490.03
GoerDyna Technology Co., Ltd.	Rendering of service	14,695,747.58	
Qingdao Virtual Reality Institute Co., Ltd.	Sales of goods and services	2,274,163.05	2,011,217.85
Goertek Group Co., Ltd.	Sales of goods and services	1,969,742.55	3,136,184.07
Goertek Robotics Co., Ltd.	Sales of goods and services	1,781,327.65	1,535,597.08
Jiaxing Uphoton Optoelectronics Technology Co., Ltd.	Sales of goods	928,504.68	424,929.60
AKM Industrial Company Limited	Sales of goods	806,403.77	7,937,930.55
Goerlife Co., Ltd.	Rendering of service	794,500.99	
Qingdao Point Hotel Management Co., Ltd.	Rendering of service	294,339.63	
Dotcom Investment Co., Ltd.	Rendering of service	252,283.71	
Weifang Dotcom Catering Management Co., Ltd.	Sales of goods and services	173,954.04	719,821.85
Weifang Goer Manor Trading Co., Ltd.	Sales of goods	39,374.10	128,364.96
Bei Ge (Weifang) Intelligent technology Co., Ltd	Sales of goods	22,950.00	677,865.74
Dynaudio (Shanghai) Co., Ltd.	Sales of goods and services	14,908.64	132,629.36
Wemake (Qingdao) Digital Creative Technology Co., Ltd.	Rendering of service	14,000.00	
Goerdyna Holding A/S	Sales of goods	933.11	22,683.88
Beijing Xiaoniao Tingting Technology Co., Ltd	Sales of goods		8,203,382.90
Weifang Goer Farm Co., Ltd.	Sales of goods		1,121,814.20
GravityXR Electronics and Technology Co., Ltd.	Sales of goods		578,775.60
Anqiu Wenge Vocational Training School Co., Ltd.	Sales of goods		22,641.51

Explanation of related party transactions in purchasing and selling goods, rendering and receiving labor services

The above related transactions with Uphoton Technology (Shaoxing) Co., Ltd. and its subsidiaries represent the amounts of related operations prior to the date of the business combination.

(2) Related entrusted management/contracting and entrusted management/outsourcing

None

(3) Information of related lease

The Company acts as the lessor:

Unit: RMB

Name of lessee	Type of leased assets	Lease income recognized in current period	Lease income recognized in last period
Weifang Goerdyna Technology Co., Ltd.	Building	10,454,141.23	5,489,586.84
Shenzhen Goerdyna Technology Co., Ltd.	Building	1,834,855.07	
Goerlife Co., Ltd.	Building	285,057.26	
Weifang High-Tech Zone Yasong Linju Kindergarten	Building	209,885.71	152,190.47
Bei Ge (Weifang) Intelligent technology Co., Ltd	Building	196,812.00	175,318.29
Shandong Goer Education Group Co., Ltd.	Building	53,175.80	
Weifang Point Hotel Management Co., Ltd.	Building	52,283.19	317,976.42
Weifang Goer Farm Co., Ltd.	Building	51,185.84	
Dotcom Investment Co., Ltd.	Building	39,633.03	39,633.03
Wemake (Weihai) Digital Creative Technology Co., Ltd.	Building	39,633.03	28,899.08
Weifang High-Tech Zone Zhuohe Kindergarten	Building	24,000.00	
Goertek Group Co., Ltd.	Building	7,217.70	12,735.85
Anqiu Wenge Vocational Training School Co., Ltd.	Building		114,285.71
Weifang Dotcom Catering Management Co., Ltd.	Building		39,633.03

The Company acts as the lessee:

Unit: RMB

Name of lessor	Type of leased assets	Rental charges for simplified treatment of short-term leases and low-value asset leases (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expenses incurred on lease liabilities		Increased right-of-use assets	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Qingdao Virtual Reality Institute Co., Ltd.	Equipment	564,889.38	615,087.00			638,325.00	615,087.00				
Goertek Group Co., Ltd.	Building	293,970.88	224,177.95			224,177.95	668,878.77		7,519.10		

(4) Related guarantees

The Company acts as the guarantor

Unit: RMB

Guaranteed party	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek (HongKong) Co., Limited	70,827,000.00	September 10, 2022	February 5, 2023	Yes
Goertek (HongKong) Co., Limited	70,827,000.00	October 20, 2022	February 5, 2023	Yes
Goertek (HongKong) Co., Limited	208,939,650.00	May 17, 2022	April 26, 2023	Yes
Goertek (HongKong) Co., Limited	145,195,350.00	May 24, 2022	May 4, 2023	Yes
Goertek Technology Vina Company Limited	912,892,836.92	April 1, 2023	December 15, 2026	No
Goertek Precision Industry Vietnam Company Limited	680,714,663.08	April 1, 2023	December 15, 2026	No
Goertek Technology Vina Company Limited	11,732,000.00	June 22, 2022	June 21, 2023	Yes
Goertek Technology Vina Company Limited	1,080,000.00	June 22, 2022	June 21, 2023	Yes
Weifang Goertek Microelectronics Co., Ltd.	3,000,000.00	May 12, 2022	May 11, 2023	Yes
Rongcheng Goertek Microelectronics Co., Ltd.	3,000,000.00	May 12, 2022	May 11, 2023	Yes
Goertek Microelectronics Inc.	21,248,100.00	November 18, 2022	November 17, 2023	Yes
Qingdao Goertek Horizons Technology Co., Ltd	5,000,000.00	July 6, 2023	July 5, 2024	No
Goertek Technology Vina Company Limited	49,074,441.78	September 1, 2023	August 30, 2024	No
Goertek Microelectronics Inc.	10,624,050.00	November 16, 2023	November 15, 2024	No

The Company acts as the guaranteed party

Unit: RMB

Guarantor	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek Group Co., Ltd.	198,315,600.00	February 28, 2023	August 27, 2023	Yes
Goertek Group Co., Ltd.	200,000,000.00	March 29, 2022	March 29, 2027	No
Goertek Group Co., Ltd.	200,000,000.00	June 24, 2022	March 29, 2027	No
Goertek Group Co., Ltd.	20,000,000.00	July 19, 2022	January 19, 2023	Yes
Goertek Group Co., Ltd.	200,000,000.00	July 29, 2022	July 28, 2025	No
Goertek Group Co., Ltd.	500,000,000.00	September 19, 2022	September 19, 2025	No
Goertek Group Co., Ltd.	100,000,000.00	January 11, 2023	August 11, 2023	Yes
Goertek Group Co., Ltd.	140,000,000.00	March 17, 2023	September 17, 2023	Yes
Goertek Group Co., Ltd.	30,000,000.00	June 9, 2023	December 8, 2023	Yes
Goertek Group Co., Ltd.	50,000,000.00	October 26, 2023	November 23, 2023	Yes
Goertek Group Co., Ltd.	191,232,900.00	December 11, 2023	June 10, 2024	No

Goertek Group Co., Ltd.	600,000,000.00	November 20, 2023	November 16, 2028	No
Goertek Group Co., Ltd.	30,000,000.00	December 27, 2023	February 22, 2024	No
Goertek Group Co., Ltd.	35,000,000.00	September 2, 2022	May 31, 2023	Yes
Goertek Group Co., Ltd.	9,000,000.00	March 23, 2022	May 31, 2023	Yes
Goertek Group Co., Ltd.	2,500,000.00	March 23, 2022	May 31, 2023	Yes
Goertek Group Co., Ltd.	279,058,380.00	September 2, 2022	July 31, 2023	Yes
Goertek Group Co., Ltd.	130,000,000.00	September 2, 2022	May 31, 2023	Yes
Goertek Group Co., Ltd.	50,000,000.00	September 2, 2022	May 31, 2023	Yes
Goertek Group Co., Ltd.	26,000,000.00	September 2, 2022	May 31, 2023	Yes
Goertek Group Co., Ltd.	252,000,000.00	June 1, 2023	May 31, 2024	No
Goertek Group Co., Ltd.	12,000,000.00	June 14, 2023	May 31, 2024	No
Goertek Group Co., Ltd.	50,000,000.00	September 6, 2023	September 5, 2024	No
Goertek Group Co., Ltd.	601,264,228.43	July 31, 2023	July 30, 2024	No

Explanation of related guarantee

None

(5) Funds borrowed from related parties

Unit: RMB

Related parties	Amount of borrowing	Start date	Due date	Explanation
Borrowing				
Goertek Group Co., Ltd.	11,000,000.00	November 15, 2023	November 14, 2026	Interest rate of 3.45% per annum, and interest for the current period of RMB 49,545.83
Lending				

(6) Transfer of assets and debt restructuring of related parties

Unit: RMB

Related parties	Related transactions	2023	2022
Weifang Goer Farm Co., Ltd.	Purchasing fixed assets, etc.	6,508,282.21	3,453,438.60
Bei Ge (Weifang) Intelligent technology Co., Ltd	Purchasing fixed assets, etc.	3,559,740.00	
Wemake (Weihai) Digital Creative Technology Co., Ltd.	Purchasing fixed assets, etc.	2,607,860.92	9,513,110.31
Goertek Group Co., Ltd.	Purchasing fixed assets, etc.	466,429.41	1,175,396.00
Weifang Point Hotel Management Co., Ltd.	Disposal of fixed assets	72,902.23	
Weifang Goerdyna Technology Co., Ltd.	Disposal of fixed assets	12,574.24	6,676,812.63
Weifang Dotcom Catering Management Co., Ltd.	Purchasing fixed assets, etc.	7,281.42	
Weifang Goer Farm Co., Ltd.	Disposal of fixed assets	5,270.97	
Weifang Goer Real Estate Co., Ltd.	Purchasing fixed assets, etc.		27,820,895.00
Qingdao Virtual Reality Institute Co., Ltd.	Purchasing fixed assets, etc.		1,314,599.09
Beijing Bubble Lab Co., Ltd.	Purchasing fixed assets, etc.		592,444.40
Dynaudio (Shanghai) Co., Ltd.	Purchasing fixed assets, etc.		492,566.37
Goertek Group Co., Ltd.	Disposal of fixed assets		249,760.94
Qingdao Virtual Reality Institute Co., Ltd.	Disposal of fixed assets		2,646.30

Wemake (Weihai) Digital Creative Technology Co., Ltd.	Disposal of fixed assets		478.33
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(7) Remuneration of key management

Unit: RMB

Item	2023	2022
Remuneration of key management	14,754,040.68	16,911,750.00

The remuneration for the aforementioned key management includes compensation received by related individuals, other than directors, supervisors, or senior managers, who serve in the Company or its subsidiaries and receive remuneration based on their actual positions or contracts they have entered into.

(8) Other related transactions

Item	Related transactions	Amount of current period	Amount in previous period
Jiang Long	Purchase of equity	23,273,750.00	
Shareholder of Uphoton Technology (Shaoxing) Co., Ltd., a related party of the Company	Purchase of equity	12,267,043.01	
Uphoton Technology (Shaoxing) Co., Ltd.	Equity investment		200,000,000.00
GravityXR Electronics and Technology Co., Ltd.	Equity investment		90,000,000.00
GoerDyna Technology Co., Ltd.	Equity transfer		1,397,700.00
Jiang Bin	Capital increase to subsidiaries		64,290,000.00
Jiang Long	Capital increase to subsidiaries		64,290,000.00
Goertek Group Co., Ltd.	Capital increase to subsidiaries		64,000,000.00
Zhuoguang Xiangrong Technology (Tianjin) Partnership (Limited Partnership)	Capital increase to subsidiaries		60,200,000.00

6. Receivables and payables of related parties**(1) Items with accounts receivable**

Unit: RMB

Name of project	Related parties	Closing balance		Opening balance	
		Book balance	Bad-debt provision	Book balance	Bad-debt provision
Accounts receivable	Weifang GoerDyna Technology Co., Ltd.	19,811,361.10	198,113.61	10,399,970.66	103,999.71
Accounts receivable	Little Bird Co., Ltd	4,517,594.90	45,175.95	2,181,873.05	21,818.73
Accounts receivable	GoerDyna Technology Co., Ltd.	1,570,053.86	15,700.54		
Accounts	Goertek Robotics Co.,	836,487.15	8,364.87	186,792.73	1,867.93

Name of project	Related parties	Closing balance		Opening balance	
		Book balance	Bad-debt provision	Book balance	Bad-debt provision
receivable	Ltd.				
Accounts receivable	Goertek Group Co., Ltd.	345,666.71	3,456.67	104,206.00	1,042.06
Accounts receivable	Dotcom Investment Co., Ltd.	251,597.26	2,515.97		
Accounts receivable	Goerlife Co., Ltd.	123,888.38	1,238.88		
Accounts receivable	Weifang High-Tech Zone Yasong Linju Kindergarten	86,400.00	864.00	4,500.00	45.00
Accounts receivable	Bei Ge (Weifang) Intelligent technology Co., Ltd	25,933.50	259.34		
Accounts receivable	Weifang Goer Farm Co., Ltd.	1,636.00	16.36		
Accounts receivable	Shandong Goer Education Group Co., Ltd.	1,064.00	10.64		
Accounts receivable	AKM Industrial Company Limited			466,054.46	4,660.54
Accounts receivable	Weifang Dotcom Catering Management Co., Ltd.			81,198.36	811.98
Accounts receivable	Jiaxing Uphoton Optoelectronics Technology Co., Ltd.			30,460.37	304.60
Accounts receivable	Weifang Goer Manor Trading Co., Ltd.			17,614.54	176.15

(2) Items with accounts payable

Unit: RMB

Name of project	Related parties	Closing book balance	Opening book balance
Accounts payable	Qingdao Virtual Reality Institute Co., Ltd.	1,980,142.50	6,797,327.04
Accounts payable	Weifang Goer Farm Co., Ltd.	1,584,580.35	640,072.69
Accounts payable	Wemake (Weihai) Digital Creative Technology Co., Ltd.	1,380,241.71	
Accounts payable	Little Bird Co., Ltd	931,430.20	360,559.97
Accounts payable	Goertek Group Co., Ltd.	641,304.60	902,885.49
Accounts payable	Goerlife Co., Ltd.	615,481.70	
Accounts payable	Dotcom Investment Co., Ltd.	163,401.79	
Accounts payable	Weifang Goerdyna Technology Co., Ltd.	118,359.31	831,553.78
Accounts payable	Qingdao Point Hotel Management Co., Ltd.	37,894.08	258,802.92
Accounts payable	Weifang Goer Manor Food & Beverage Co., Ltd.	37,573.87	17,707.81
Accounts payable	Weifang Point Hotel Management Co., Ltd.	20,181.00	331,842.00
Accounts payable	Weifang Dotcom Catering Management Co., Ltd.	9,083.59	237,005.09
Accounts payable	Bei Ge (Weifang) Intelligent technology Co., Ltd	7,775.53	28,248.00

Name of project	Related parties	Closing book balance	Opening book balance
Accounts payable	Weihai Goer Ecological Agriculture Co., Ltd.	2,680.00	26,800.00
Accounts payable	Beijing Bubble Lab Co., Ltd.	550.00	165,554.34
Accounts payable	AKM Industrial Company Limited		48,787,168.95
Accounts payable	Dynaudio (Shanghai) Co., Ltd.		556,600.00
Accounts payable	Weifang Goer Manor Trading Co., Ltd.		264,603.04
Accounts payable	Wemake (Qingdao) Digital Creative Technology Co., Ltd.		172,083.50
Accounts payable	Weifang Dotcom Garden Floriculture Co., Ltd		7,296.00
Contract liabilities	Little Bird Co., Ltd	24,277.58	33.57
Other payables	Weifang Goer Property Service Co., Ltd.		23,623.90
Other payables	Weifang Goer Real Estate Co., Ltd.		805.20
Other payables	Goertek Group Co., Ltd.	11,000,000.00	
Other payables	Bei Ge (Weifang) Intelligent technology Co., Ltd	28,248.00	

7. Commitment of related parties

None

8. Others

None

XV. Share-based Payment

1. Overview of share-based payment

Applicable Not applicable

Unit: RMB

Category of recipients	Granted in the current period		Exercised in the current period		Unlocked in the current period		Lapsed in the current period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Production staff	42,671,380	33,255,195.58	289,923	6,018,805.24	579,473	9,590,227.74	16,524,607	-12,173,035.04
Sales staff	15,445,890	18,796,143.35	127,588	2,648,735.62	1,521,027	21,640,139.91	5,243,911	-9,801,025.20
Management staff	160,645,730	273,290,108.07	1,437,055	32,349,397.35	12,139,281	176,540,536.31	30,397,692	-153,878,829.10
R&D staff	81,272,440	68,602,005.94	1,036,409	21,515,844.03	5,996,844	85,331,418.48	36,056,737	-44,791,006.92
Total	300,035,440	393,943,452.94	2,890,975	62,532,782.24	20,236,625	293,102,322.44	88,222,947	-220,643,896.26

Stock options or other equity instruments issued and outstanding at the end of the period

Applicable Not applicable

Category of recipients	Stock options issued and outstanding at the end of the period		Other equity instruments issued and outstanding at the end of the period	
	Range of exercise prices	Remaining period of the contract	Range of exercise prices	Remaining period of the contract
Production staff	RMB 14/share, RMB 18.37/share, RMB 29.03/share, RMB 34.14/share	4 months, 5 months, 8 months, 16 months, 17 months, 20 months, 28 months, 32 months	RMB 1.5/RMB 1 registered capital, RMB 2/share	21 months, 48 months
Sales staff				
Management staff				
R&D staff				

Other explanations:

Other equity instruments issued and outstanding at the end of the period are capital increase equity.

The exercise price of the 2023 Stock Option Incentive Plan is RMB 18.37 per share, with remaining contractual terms of 8, 20 and 32 months;

The exercise price of the 2022 Stock Option Incentive Plan is RMB 34.14 per share, with remaining contractual terms of 5 and 17 months;

The exercise price of the 2021 Stock Option Incentive Plan is RMB 29.03 per share, with a remaining contractual term of 4 months;

The exercise price of the 2020 Stock Option Incentive Plan of Goertek Microelectronics is RMB 14 per share, with remaining contractual terms of 16 and 28 months;

The exercise price of the capital increase stock option incentive of Goertek Microelectronics is RMB 2/share, with a remaining contractual term of 21 months;

The exercise price of the capital increase stock option incentive of Goertek Optical Technology Co., Ltd is RMB 1.5/RMB 1 registered capital, with a remaining contractual term of 48 months.

2. Share-based payment settled with equity

Applicable Not applicable

Unit: RMB

Determination method of the fair value of equity instruments at the date of grant	The stock option adopts the BS model, with the closing price on the date of the general meeting and the capital increase equity as the appraised value for the Employee Stock Ownership Plan.
Key parameters for the fair value of equity instruments at the grant date	Historical volatility, risk-free rate of return, dividend yield
Basis for determining the quantity of equity instruments with vesting	Management's best estimate
Reason for significant difference in estimation in the current period and estimation in the last period	None
Accumulative amount of equity-settled share-based payment included in capital surplus	2,183,414,129.03
Total amount of share-based payment settled with equity in current period	180,445,664.45

3. Cash-settled payment settled in cash

Applicable Not applicable

4. Share-based payment expense in the current period

Applicable Not applicable

Unit: RMB

Category of recipients	Equity-settled share-based payment expense	Cash-settled share-based payment expense
Production staff	-4,225,352.67	
Sales staff	16,712,392.29	
Management staff	123,216,341.40	
R&D staff	44,742,283.43	
Total	180,445,664.45	

5. Modification and termination of share-based payment

Due to the substandard performance in 2023 and the failure to meet the exercise conditions for the first exercise period of the 2022 Stock Option Incentive Plan, the Company intends to cancel the corresponding stock options.

Due to the substandard performance in 2023 and the failure to meet the exercise conditions for the third exercise period of the 2020 Stock Option Incentive Plan, the subsidiary Goertek Microelectronics Inc. has canceled corresponding stock options.

6. Others

None

XVI. Commitments and Contingencies

1. Important commitments

Important commitments on the balance sheet date

None

2. Contingencies

(1) Important contingencies on the balance sheet date

(1) Contingent liabilities arising from pending litigations and arbitrations, and financial impact therefrom

None

(2) Contingent liabilities arising from guarantees of debts provided to other units, and financial impact therefrom

As of the report date, except for the ongoing guarantees provided by the Company to its subsidiaries Goertek Technology Vina Company Limited, Goertek Precision Industry Vietnam Company Limited, Qingdao Goertek Horizons Technology Co., Ltd, and Goertek Microelectronics Inc. as specified in Note XIV.5, there are no debt guarantees provided by the Company to other entities.

(3) Contingent liabilities related to the investment in joint ventures or associates

None

(4) Other contingent liabilities and financial impact therefrom

None

(2) The Company shall make a statement even if it does not have important contingencies to be disclosed

There are no important contingencies to be disclosed in the Company.

3. Others

None

XVII. Matters after Balance Sheet Date

1. Important non-adjustment matters

None

2. Profit distribution

Dividend to be distributed per 10 shares (RMB)	1.00
Dividend shares to be distributed per 10 shares (shares)	
Conversion of capital surplus into share capital per 10 shares (shares)	
Dividend per 10 shares declared after deliberation and approval (RMB)	1.00
Dividend shares per 10 shares declared after deliberation and approval (shares)	
Conversion of capital surplus into share capital per 10 shares	

declared after deliberation and approval (shares)	
Profit distribution plan	Based on the total share capital registered on the record date of equity distribution minus the repurchased shares in the Company's specific securities repurchase account, the Company will distribute cash dividend of RMB 1.00 (tax inclusive) for every 10 shares to all the shareholders, as well as 0 bonus shares (tax inclusive), and there is no conversion of capital surplus into share capital.

3. Sales return

None

4. Explanation of other matters after the balance sheet date

None

XVIII. Other Important Matters

1. Correction of early accounting errors

None

2. Debt restructuring

None

3. Asset replacement

None

4. Annuity plan

None

5. Discontinued operation

None

6. Division information

(1) Basis for determining reporting divisions and accounting policies

None

(2) Financial information of reporting divisions

None

(3) If the Company does not have any reporting division, or if it cannot disclose the total assets and liabilities of each reporting division, the reasons shall be stated.

The Group determines its operating divisions on the basis of its internal organizational structure, management requirements and internal reporting system, and determines its reporting divisions and discloses division information on the basis of its operating divisions.

An operating division is a component of the Group that meets all of the following conditions: (1) the component generates revenues and incurs expenses in its day-to-day activities; (2) the management of the Group is able to evaluate the operating results of the component on a regular basis in order to decide on the allocation of resources to the component and to evaluate its performance; and (3) the Group is able to obtain the component's relevant accounting information, such as its financial position, results of operations,

and cash flows. Two or more operating divisions are combined into one operating division if they have similar economic characteristics and if certain conditions are met.

No division information is presented as over 90.00% of the Group's revenues and results are derived from the electronic products business.

(4) Explanation of other matters:

None

7. Other important transactions and matters that have an impact on investors' decisions

None

8. Others

None

XIX. Notes to Major Items in the Financial Statements of the Parent Company

1. Accounts receivable

(1) Disclosed by age of accounts receivable

Unit: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	6,620,847,221.89	8,896,875,781.94
1 to 2 years		826,365.28
2 to 3 years	780,660.09	
Total	6,621,627,881.98	8,897,702,147.22

(2) Disclosure by method of bad debt accrual

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Accounts receivable with bad debts provision by group	6,621,627,881.98	100.00%	22,926,746.45	0.35%	6,598,701,135.53	8,897,702,147.22	100.00%	27,102,669.02	0.30%	8,870,599,478.20
Including:										
Group by aging	2,254,422,300.81	34.05%	22,926,746.45	1.02%	2,231,495,554.36	2,686,302,309.44	30.19%	27,102,669.02	1.01%	2,659,199,640.42
Related party group	4,367,205,581.17	65.95%			4,367,205,581.17	6,211,399,837.78	69.81%			6,211,399,837.78
Total	6,621,627,881.98	100.00%	22,926,746.45	0.35%	6,598,701,135.53	8,897,702,147.22	100.00%	27,102,669.02	0.30%	8,870,599,478.20

Bad debt reserve grouping: Group by aging

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Within 1 year	2,253,641,640.72	22,536,416.40	1.00%
1 to 2 years			
2 to 3 years	780,660.09	390,330.05	50.00%
Over 3 years			
Total	2,254,422,300.81	22,926,746.45	

Description for basis of determining the group:

Please see Note V.12. "Impairment of Financial Assets".

Bad debt provision grouping: Related party group

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Within 1 year	4,367,205,581.17		
1 to 2 years			
2 to 3 years			
Over 3 years			
Total	4,367,205,581.17		

Description for basis of determining the group:

Please see Note V.12. "Impairment of Financial Assets".

If the bad-debt provision for accounts receivable is made in accordance with the general model of expected credit losses:

 Applicable Not applicable**(3) Accrual, recovery or reversal of bad debt provision in current period**

Provision for bad debts of the current period:

Unit: RMB

Category	Opening balance	Changes in amount of the current period				Closing balance
		Accrual	recovery or reversal	Write-off	Other	
Accounts receivable with bad debts provision by group	27,102,669.02	-4,175,922.57				22,926,746.45
Total	27,102,669.02	-4,175,922.57				22,926,746.45

Among them, significant information of bad debt provision withdrawn or written back in the current period:

None

(4) Accounts receivable actually written off in current period

None

(5) Accounts receivable and contract assets with the top five closing balances by debtor

Unit: RMB

Company name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion of total closing balance of accounts receivable and contract assets	Closing balance of bad-debt provision for accounts receivable and provision for impairment of contract assets
Company 1	1,582,513,609.49		1,582,513,609.49	23.90%	
Company 2	1,463,688,410.53		1,463,688,410.53	22.11%	
Company 3	1,077,947,952.00		1,077,947,952.00	16.28%	10,779,479.52
Company 4	835,234,187.19		835,234,187.19	12.61%	
Company 5	223,956,312.60		223,956,312.60	3.38%	2,239,563.13
Total	5,183,340,471.81		5,183,340,471.81	78.28%	13,019,042.65

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	5,265,145,730.57	7,549,205,233.13
Total	5,265,145,730.57	7,549,205,233.13

(1) Interest receivable

None

(2) Dividends receivable

None

(3) Other receivables**1) Classification of other receivables by nature of payment**

Unit: RMB

Nature of payment	Closing book balance	Opening book balance
Current account	5,239,987,500.43	7,513,774,764.36
Security deposit	2,244,358.04	5,919,227.94
Withholding and remitting social insurance and housing provident fund	23,468,164.65	30,376,964.77
Total	5,265,700,023.12	7,550,070,957.07

2) Disclosed by age of accounts receivable

Unit: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	5,135,306,494.91	7,416,585,872.52
1 to 2 years	41,976.80	133,312,317.97
2 to 3 years	130,321,400.00	3,266.41
Over 3 years	30,151.41	169,500.17
3 to 4 years	966.41	69,500.17
4 to 5 years	29,185.00	
Over 5 years		100,000.00
Total	5,265,700,023.12	7,550,070,957.07

3) Disclosure by method of bad debt accrual

Bad-debt provisions are made on the basis of the general model of expected credit losses:

Unit: RMB

Bad-debt provision	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	
Balance as of January 1, 2023:	865,723.94			865,723.94
Balance as of January 1, 2023 in the current period				

Bad-debt provision	Stage 1	Stage 2	Stage 3	Total
	12-month expected credit loss	Lifetime expected credit loss (not credit impaired)	Lifetime expected credit loss (credit impaired)	
- Transferred to Stage 3	-100,000.00		100,000.00	
Accrual in the current period	-211,431.39			-211,431.39
Amount written off in the current period			100,000.00	100,000.00
Balance as of December 31, 2023:	554,292.55			554,292.55

Basis of classification by stage and percentage of bad-debt provisions

Please see Note V. 11. "Financial Instruments" and 12. "Impairment of Financial Assets" for details.

Significant changes in the book value of changes in the allowances for losses in the current period

Applicable Not applicable

4) Accrual, recovery or reversal of bad debt reserve in current period

Provision for bad debts of the current period:

Unit: RMB

Category	Opening balance	Changes in amount of the current period				Closing balance
		Accrual	Recovery or reversal	Resale or write-off	Other	
Group by aging	865,723.94	-211,431.39		100,000.00		554,292.55
Total	865,723.94	-211,431.39		100,000.00		554,292.55

Among them, significant amount in bad debt provision written back or withdrawn in the current period:

None

5) Other receivables actually written off in the current period

Unit: RMB

Item	Written off amount
Other receivables actually written off	100,000.00

Among them, write-off of other significant receivables:

None

6) Other receivables of the 5 highest closing balance by debtor

Unit: RMB

Company name	Nature of payment	Closing balance	Aging	Ratio in the total closing balance of other receivables	Closing balance of bad debt provision
Company 1	Current account	2,107,423,719.35	Within 1 year	40.02%	
Company 2	Current account	865,803,426.28	Within 1 year	16.44%	
Company 3	Current account	485,800,000.00	Within 1 year	9.22%	
Company 4	Current account	344,659,853.53	Within 1 year	6.55%	
Company 5	Current account	292,111,000.00	Within 1 year	5.55%	
Total		4,095,797,999.16		77.78%	

7) Presented in other receivables due to centralized management of funds

None

8) Other receivables involving government grants

None

9) Other receivables derecognized due to transfer of financial assets

None

10) Amount of assets and liabilities formed by transferring other receivables and continuing to be involved

None

3. Long-term equity investments

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Investment in subsidiaries	8,536,527,729.83		8,536,527,729.83	6,569,063,091.12		6,569,063,091.12
Investment in associated businesses and joint ventures	589,873,101.81		589,873,101.81	192,305,163.87		192,305,163.87
Total	9,126,400,831.64		9,126,400,831.64	6,761,368,254.99		6,761,368,254.99

(1) Investment in subsidiaries

Unit: RMB

Invested entity	Opening balance (book value)	Opening balance of provision for impairment	Increase or decrease in the current period				Closing balance (book value)	Closing balance of impairment provision
			Investment addition	Investment reduction	Provision for impairment	Other		
Weifang Goertek Electronics Co., Ltd.	1,488,304,723.26		-7,858,657.26				1,480,446,066.00	
Weifang Goertek Trading Co., Ltd.	51,546,414.15		-754,885.85				50,791,528.30	
Yishui Goertek Electronics Co., Ltd.	30,000,000.00						30,000,000.00	
Yili Precision Manufacturing Co., Ltd.	338,545,768.13		-754,307.18				337,791,460.95	
Goertek Optical Technology Co., Ltd.	607,050,022.61		-2,312,926.89				604,737,095.72	
Goertek Technology Co., Ltd.	989,713,683.90		-3,860,566.74				985,853,117.16	
Beijing Goertek Technology Co., Ltd.	56,817,642.83		-2,240,829.20				54,576,813.63	
Qingdao Goertek Acoustics Technology Co., Ltd.	88,947,844.55						88,947,844.55	

Invested entity	Opening balance (book value)	Opening balance of provision for impairment	Increase or decrease in the current period				Closing balance (book value)	Closing balance of impairment provision
			Investment addition	Investment reduction	Provision for impairment	Other		
Shenzhen Goertek Technology Co., Ltd.	84,637,158.50		-3,590,168.58				81,046,989.92	
Shanghai Goertek Technology Co., Ltd.	29,902,086.64		-772,145.53				29,129,941.11	
Nanjing Goertek Technology Co., Ltd.	50,966,504.86		324,979.34				51,291,484.20	
Weifang Lokomo Precision Industry Co., Ltd.	51,931,401.90		127,397.00				52,058,798.90	
Goertek Investment Co., Ltd.	83,000,000.00		1,915,886.26				84,915,886.26	
Beijing Goertek Investment Management Co., Ltd.	4,335,646.74		786,287.15				5,121,933.89	
Dongguan JoyForce Precision Manufacturing Co., Ltd.	31,370,980.55		-51,208.67				31,319,771.88	
Goertek Vina Co., Ltd.	247,634,379.61						247,634,379.61	
Goertek Technology Korea Co., Ltd.	66,743,212.77						66,743,212.77	
Goertek Electronics, Inc.	210,826,960.74		-5,888,831.84				204,938,128.90	
Goertek Technology Taiwan Co., Ltd.	129,098,963.28						129,098,963.28	
Goertek Technology Japan Co., Ltd.	134,228,936.73						134,228,936.73	
Goertek Seiki Technology Co., Ltd.	1,024,111.56						1,024,111.56	
Goertek Intelligence Technology Co., Ltd.	355,555,180.68		-670,013.53				354,885,167.15	
Goertek Microelectronics Inc.	819,445,743.75		23,273,750.00				842,719,493.75	
Beijing Goertek Microelectronics Co., Ltd.	5,053,458.52						5,053,458.52	
Qingdao Goertek Microelectronics Research Institute Co., Ltd.	460,436.04						460,436.04	
Qingdao Goertek Intelligent Sensor Co., Ltd.	842,096.78						842,096.78	
Rongcheng Goertek Microelectronics Co., Ltd.	524,895.84						524,895.84	
Shanghai Goertek Microelectronics Co., Ltd.	2,758,811.23						2,758,811.23	
Shenzhen Goertek Microelectronics Co., Ltd.	1,206,995.30						1,206,995.30	

Invested entity	Opening balance (book value)	Opening balance of provision for impairment	Increase or decrease in the current period				Closing balance (book value)	Closing balance of impairment provision
			Investment addition	Investment reduction	Provision for impairment	Other		
Weifang Goertek Microelectronics Co., Ltd.	17,208,205.72						17,208,205.72	
Wuxi Goertek Microelectronics Co., Ltd.	940,460.62						940,460.62	
Qingdao Goertek Commercial Factoring Co., Ltd.	51,774,832.46		-123,078.96				51,651,753.50	
Kunshan Goertek Electronics Co., Ltd.	152,443,503.48		65,000,376.95	217,443,880.43				
Rongcheng Goertek Technology Co., Ltd.	104,738,296.56		1,999,919,593.77				2,104,657,890.33	
Nanning Goertek Electronics Co., Ltd.	80,233,954.95		-48,406.52				80,185,548.43	
Xi'an Goertek Electronic Technology Co., Ltd.	8,928,624.34		-92,573.04				8,836,051.30	
Weifang High-tech Zone Goertek Education Center	300,000.00						300,000.00	
Qingdao Resonance Phase I Venture Capital Fund Partnership (Limited Partnership)	160,000,000.00		120,000,000.00				280,000,000.00	
Qingdao Goertek Horizons Technology Co., Ltd.	30,021,151.54		-21,151.54				30,000,000.00	
Chongqing Goertek Auto Technology Co., Ltd.			2,600,000.00				2,600,000.00	
Total	6,569,063,091.12		2,184,908,519.14	217,443,880.43			8,536,527,729.83	

(2) Investment in associated businesses and joint ventures

Unit: RMB

Invested entity	Opening balance (book value)	Opening balance of provision for impairment	Increase or decrease in the current period								Closing balance (book value)	Closing balance of impairment provision	
			Investment addition	Investment reduction	Recognized investment gain and loss under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends or profits declared	Provision for impairment	Other			
I. Joint Venture													
II. Affiliated enterprises													
SeeYA Technology Corporation			600,000,000.00		-	-12,650.40	1,933,461.16					589,873,101.81	
Uphoton Technology (Shaoxing) Co., Ltd.	192,305,163.87			183,544,068.53	-		2,201,798.24						
Sub-total	192,305,163.87		600,000,000.00	183,544,068.53	-	-12,650.40	4,135,259.40					589,873,101.81	
Total	192,305,163.87		600,000,000.00	183,544,068.53	-	-12,650.40	4,135,259.40					589,873,101.81	

The recoverable amount is determined as the net of fair value less disposal expenses.

Applicable Not applicable

The recoverable amount is determined as the present value of the expected future cash flows.

Applicable Not applicable

Reasons for apparent discrepancies between the foregoing information and information used for impairment testing in prior years or external information

None

Reasons for apparent discrepancies between the information used in the Company's impairment tests in prior years and the actual situation in the current year

None

(3) Explanation of other matters:

None

4. Operating revenue and cost of sales

Unit: RMB

Item	2023		2022	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business	20,835,240,359.16	17,348,440,379.48	35,652,094,423.46	32,162,388,871.15
Other business	7,926,650,258.39	6,992,953,710.46	7,325,297,627.45	5,829,646,168.53
Total	28,761,890,617.55	24,341,394,089.94	42,977,392,050.91	37,992,035,039.68

Information about performance obligations:

None

Information about the trading price apportioned to remaining performance obligations:

The amount of revenue corresponding to performance obligations that have been contracted for but not yet fulfilled or not yet completed at the end of the reporting period is RMB 0.00.

Significant contract changes or significant transaction price adjustments

None

5. Investment income

Unit: RMB

Item	2023	2022
Return on long-term equity investments measured by the equity method	-23,010,602.53	-7,694,836.13
Investment income from disposal of long-term equity investments	-183,130,911.21	-10,604,892.81
Investment income from disposal of financial assets held for trading	96,188,704.20	9,695,767.32
Dividend income from long-term equity investments of subsidiaries	2,337,367,940.73	645,651,914.62
Investment income from products such as certificates of deposits	74,716,107.04	20,466,167.48
Gains or losses arising from derecognised financial assets at amortised cost	-313,191.66	
Discount losses of financing receivables that meet the conditions for derecognition	-2,120,899.52	-833,626.41
Other		
Total	2,299,697,147.05	656,680,494.07

6. Others

None

XX. Supplementary Information

1. Statement of non-recurring gains and losses for the current period

Applicable Not applicable

Unit: RMB

Item	Amount	Explanation
Gains or losses from disposal of non-current assets	-123,882,680.16 ¹	Mainly loss on retirement of fixed assets
Government grants included in the current gains and losses (except for those that are closely related to the normal business operations of the Company, comply with national policy regulations, are enjoyed according to established standards, and have a continuous impact on the Company's gains and losses)	331,548,590.64	Mainly special funds for enterprise innovation and development and other government grants
Gains and losses from changes in the fair value of financial assets and liabilities, and from the disposal of financial assets and liabilities, held by non-financial enterprises, except for effective hedging businesses related to the normal operating business of the Company.	-26,138,756.91	
Other non-operating income and expenditures other than those mentioned above	28,631,472.04	
Other profit and loss items that meet the definition of non-recurring profit and loss	66,527,741.91	Mainly tax benefits and investment income from certificates of deposits and other products
Less: Impact of income tax	35,531,401.22	
Impact of minority interests (after tax)	13,005,154.29	
Total	228,149,812.01	--

Note: 1 "+" in non-recurring profit and loss items denotes gains or income, while "-" denotes losses or expenses.

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable Not applicable

Mainly tax benefits and investment income from certificates of deposits and other products

Description of defining the non-recurring profit and loss items, which are listed in *Explanatory Announcement No. 1 on Information Disclosure for Companies with Public Offerings of Securities - Non-Recurring Profit and Loss*, as recurring profit and loss

Applicable Not applicable

2. Net assets income rate and earnings per share

Profit during the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share (RMB / share)	Diluted earnings per share (RMB / share)
Net profit attributable to ordinary shareholders of the Company	3.59%	0.32	0.32
Net profit attributable to	2.84%	0.25	0.25

ordinary shareholders of the Company after deducting non-recurring gains and losses			
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3. Differences in accounting data under domestic and foreign accounting standards

(1) Differences in net profits and net assets in the financial reports disclosed pursuant to international accounting standards and Chinese accounting standards at the same time

Applicable Not applicable

(2) Differences in net profits and net assets in the financial reports disclosed pursuant to foreign accounting standards and Chinese accounting standards at the same time

Applicable Not applicable

(3) Explanation of reasons for differences in accounting data under domestic and foreign accounting standards; if the data audited by an overseas audit firm is adjusted for differences, the name of the overseas firm shall be indicated.

4. Others

None

Goertek Inc.

Chairman: Jiang Bin

March 27, 2024