



**Guangdong Dongfang Precision Science & Technology Co., Ltd.**

**Annual Report 2024**

**【Date of Disclosure】 18 March 2025**

## Message to Our Shareholders

**With the past year being a fruitful one, we are ready to embrace a new chapter.**

2024 marked the beginning of a global economic shift and restructuring. Amid the convergence of multiple variables, the upgrading of traditional industries driven by technological innovation and the artificial intelligence revolution shaped the path for global development.

In this transformative era, Dongfang Precision has steadfastly implemented its “1+N” development strategy and the path of “the principal businesses as the core + extended investment as the support”. Through the dual engines of organic growth and external expansion, we continue to strengthen our position in the global high-end equipment manufacturing sector while actively advancing in technology.

At the same time, we have proactively anticipated industrial transformation trends, making forward-looking investments in fields such as robotics, artificial intelligence, nuclear power, and aerospace. These investments have infused cutting-edge technological innovation into Dongfang Precision, driving us to accelerate our evolution and gradually realize the transition from intelligent equipment manufacturing to the high-quality development of digital intelligence, as well as achieving a comprehensive breakthrough in our “digital and intelligent” strategy.

In 2024, Dongfang Precision achieved total operating revenue of RMB4.78 billion, a net profit of RMB500 million, and a peak market value exceeding RMB20 billion, presenting a report to all shareholders that reflects both strategic stability and innovative breakthroughs.

### **Sustained Advancement of Dual Main Businesses, Strengthening the Foundation**

Since its founding 29 years ago, Dongfang Precision has remained focused on the high-end equipment manufacturing sector and continuously expanded both upstream and downstream along the industrial chain with the empowerment of the capital markets. Through years of experience, we have developed strategic management and deep integration capabilities in our core business sectors, achieving efficient integration of our acquisition activities and continuously generating synergistic effects within the industrial chain.

In the field of intelligent packaging equipment, we have built a comprehensive industrial chain that encompasses smart corrugated packaging equipment, digital printers, and industrial Internet industry solutions, alongside a global network for research, manufacturing, and sales. We have been

at the forefront of driving digital and intelligent transformation, continuously enhancing the technological content and added value of our products.

In 2024, Dongfang Precision's intelligent packaging equipment segment achieved a record high in annual revenue. Our market share in smart corrugated packaging equipment continued to rank first in China and second globally. The high-end brand Fosber saw its market share in North America surpass 50%. Despite rising supply chain cost pressures and heightened global market fluctuations, we successfully strengthened our global leadership position in intelligent packaging machinery, becoming a trusted industry benchmark and preferred partner for international customers.

In the field of water powersports equipment, we overcame key technological challenges in outboard motors and officially launched and mass-produced a 300-horsepower gasoline outboard motor that meets international advanced standards. This marks another significant achievement for Dongfang Precision, following our successful breakthroughs in 2021 and 2023, when we disrupted the long-standing monopoly of American and Japanese brands in the 115-horsepower and 130-horsepower gasoline outboard motor markets.

Currently, international competition has entered deeper waters, and China is gradually transitioning from "passive defense" to "active breakthrough". Domestic substitution is accelerating. In this context, companies that can break foreign technological blockades will benefit from both industry growth and domestic substitution. As a representative of the rise of domestic outboard motor brands, we will leverage our solid technological foundation, actively promote R&D innovation, and systematically expand water powersports products centered around outboard motors, injecting new vitality into the Chinese economy.

Today, Dongfang Precision thrives on the strong momentum of its two main businesses—"intelligent packaging equipment" and "water powersports equipment"—positioning itself as an industry leader in terms of market share, industrial chain layout, customer satisfaction, and overall competitiveness. This is the moat that enables us to effectively respond to various unknown challenges in an era of uncertainty. It also serves as the solid foundation for our ongoing external expansion and drives the company toward a higher stage of quality development.

### **Clear External Expansion Strategy, Multi-dimensional Efforts**

Looking back, our unwavering strategic vision has always been "to grow larger, not just stronger". To this end, we have crafted a clear external expansion strategy, which has been

implemented through three key initiatives: “expanding core businesses and integrating the industrial chain”, “strategic investments that align with core businesses”, and “exploring emerging industries through equity investments”. These initiatives are actively nurturing new growth drivers.

In this process, we fully leverage the advantages of our listed company’s brand platform. By combining our deep integration and strategic management capabilities, we continue to enhance our position in intelligent equipment manufacturing by incubating companies with a core focus on technological innovation, high technical barriers, and promising development prospects.

“Building mountains from accumulated earth, creating seas from accumulated water”. With the technological depth achieved through our external expansion strategy, we have made breakthroughs in several core technologies. In 2024, the Company launched the industrial-grade high-definition color digital printer, marking the first use of high-speed digital inkjet printing technology with a resolution of 1800NPI in the industrial-grade paper packaging printing field. Additionally, the industrial Internet business introduced new products and modules, such as “InterLink,” “Micro Mes,” and the “Equipment After-Sales Service Management System,” which not only empower the iteration and upgrade of our own products but also enhance the level of digital intelligence in the existing production lines of corrugated packaging and composite paperboard industries.

Today, companies under the Fosber, Tiruña, Parsun Power, Wonder Digital, Dongfang Digicom, and other brand series have fully integrated into the listed company’s development system, becoming key components of our core business and profit generation. Our forward-looking investments in Jaten Robot, Ruoyu Technology, Aerospace Xinli, and other companies are showing strong development in robotics, artificial intelligence, and new materials. These ventures lay a solid foundation for expanding the application of our “intelligent equipment manufacturing” strategy and open up new industrial opportunities for the Group’s future.

### **Moving Forward with the Times, Thriving with the Nation**

From initially focusing on the intelligent packaging equipment business to entering the water powersports equipment sector and becoming a leading supplier, and now accelerating growth with new engines like robotics, artificial intelligence, and new materials—Dongfang Precision has consistently strengthened its forward-looking planning, strategic layout, and innovative breakthroughs in line with industrial development trends, creating multi-dimensional core competitive advantages.

In the past, when the era’s dividends exploded, we chose to challenge the “impossible”.

Fearlessly, we transformed from an industry follower to a leader through organic growth and strategic mergers and acquisitions. We have led the domestic high-end equipment manufacturing industry toward deeper innovation and high-quality development.

Looking ahead, the inevitable trend of technological innovation is integration. Leveraging our leading advantages in technological research and development, we will continue to push forward with innovation, consolidating the accumulated sparks of 29 years of progress into an inexhaustible source of Dongfang Precision's high-quality growth. We will work hand in hand with upstream and downstream partners across various business fields to help realize the nation's technology self-reliance strategy, making Dongfang Precision a proud representative of Chinese national brands.

The achievements of 2024 are a testament to the trust of our shareholders and the hard work of our team. We are deeply grateful for your unwavering support and trust in Dongfang Precision's development. Facing the new challenges ahead, we will remain committed to our mission to "deepen our business operations", accelerate innovation and transformation with capital as the link, expand markets with a global perspective, and continue to create greater value for investors in the capital markets.

Thank you!

**Chairman of the Board: Tang Zhuolin**

## **Part I Important Notes, Table of Contents and Definitions**

**The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Guangdong Dongfang Precision Science & Technology Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee that the contents of this Report are true, accurate and complete and free of any misrepresentations, misleading statements or material omissions, and collectively and individually accept legal responsibility for such contents.**

**Tang Zhuolin, the Company’s legal representative, Shao Yongfeng, the Company’s Chief Financial Officer, and Chen Lin, the Head of the Company’s Accounting Department (equivalent to Financial Manager) hereby guarantee that the financial statements carried in this Report are truthful, accurate and complete.**

**All directors of the Company attended in person the board meeting for the approval of this Report.**

**The future development strategies, business plans, and other forward-looking statements mentioned in this Report shall be deemed as uncertain plans instead of promises to investors. Therefore, investors are reminded to exercise caution when making investment decisions.**

**For possible risks with respect to the Company, please refer to “(III) Possible Risks and Countermeasures” in “XI Prospects” of “Part III Management Discussion and Analysis” herein. And investors are kindly advised to read through the aforesaid contents.**

**The Company planned not to distribute cash dividends, give away bonus shares, or capitalize from public reserve.**

**This Report has been prepared in Chinese and translated into English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.**

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## Documents Available for Reference

1. The financial statements signed and sealed by the Company's legal representative, Chief Financial Officer, and the person-in-charge of the financial organ.
2. The original of the Auditor's Report sealed by the CPA firm as well as signed and sealed by the certified public accounts.
3. All the originals of the Company's announcements and documents that were disclosed to the public during the Reporting Period on the media designated by the CSRC for information disclosure.
4. The 2024 Annual Report carrying the signature of the legal representative.
5. The documents above are lodged in the Securities Department of the Company, 18A, China Merchants Plaza, 1166 Wanghai Road, Shekou, Shuiwan Community, Zhaoshang Street, Nanshan District, Shenzhen City, Guangdong Province, China.

## Definitions

Term	Definition
Dongfang Precision, or the “Company”	Guangdong Dongfang Precision Science & Technology Co., Ltd., and its consolidated subsidiaries, except where the context otherwise requires
Dongfang Precision (China)	The corrugated box packaging machinery division of Guangdong Dongfang Precision Science & Technology Co., Ltd.
Fosber Italy	Fosber S.p.A.
Fosber Asia	Guangdong Fosber Intelligent Equipment Co., Ltd.
Fosber America	Fosber America, Inc.
Fosber Tianjin	Fosber Machinery (Tianjin) Co., Ltd.
Fosber Group	The business group including subsidiaries Fosber Italy, Fosber America, Qcorr, Tiruña Group, etc.
Tiruña Group	Tiruña Slu
Tiruña America	Tiruña America Inc.
Tiruña Asia	Tiruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd
QCorr	QuantumCorrugated S.r.l.
Dongfang Precision (Europe)/EDF	EDF Europe S.r.l.
Dongfang Precision (Netherland)	Dong Fang Precision (Netherland) Cooperatief U.A.
Dongfang Precision (HK)	Dong Fang Precision (HK) Limited
Wonder Digital	Shenzhen Wonder Digital Technology Co., Ltd.
Parsun Power	Suzhou Parsun Power Machine Co., Ltd.
Suzhou Jinqian	Suzhou High-Tech Zone Jinqian Business Management Partnership (Limited Partnership)
Shunyi Investment	Suzhou Shunyi Investment Co., Ltd.
Jaten Robot	Guangdong Jaten Robot & Automation Co., Ltd.
Yineng Investment	Hainan Yineng Investment Co., Ltd.
Yineng International	Dongfang Yineng International Holding Co., Ltd.
Dongfang Digicom	Dongfang Digicom Technology Co., Ltd.
Dongfang Digicom (Guangdong)	Dongfang Digicom Technology (Guangdong) Co., Ltd.
Corrugated cardboard	Corrugated cardboard is a multi-layer paper-bonding object composed of at least one sandwich layer of wavy medium (commonly known as "corrugated paper", "corrugated medium paper", "corrugated paper medium" and "corrugated base paper") and one layer of cardboard (also known as "liner board").
Corrugated box	Corrugated box is a rigid paper container made of corrugated boards through die cutting, indenting, nailing, or gluing. Corrugated box is one of the most widely used packaging containers in modern business and trade.
Corrugated box printing and packaging production line equipment	Corrugated box printing and packaging production line equipment include corrugated box printing and packaging line and stand-alone products that

	integrates pre-feeding, printing, grooving, die cutting, forming and packaging functions in whole or in part, which is highly functionally integrated, highly automated and highly technical, can save the capital and manpower investment, reduce workers' workload and improve the production efficiency of box manufacturers, and requires equipment manufacturers to be highly competent in design, technological innovation, assembly and finishing of parts.
Corrugated cardboard production lines	<p>Corrugated cardboard production lines are assembly lines comprising corrugating, gluing, agglutinating, bundle breaking, dimension board cutting and output processes, which are used to produce and process corrugated boards.</p> <p>A corrugated cardboard production line has two independent process sections as the wet section and the dry section. The wet section, composed of the base paper stand, auto splicer, preheat pre-regulator, single-face corrugator, feeding bridge, glue machine and double facer, is used to make corrugated based paper into three-layer, five-layer, and seven-layer corrugated boards of different corrugated combinations. The dry section, composed of the rotary shear, slitter indenter, cut-off knife and stacker, is used to slit, indent, cut off and stack corrugated boards as ordered.</p> <p>Corrugated cardboard production lines are key production equipment for corrugated board and box manufacturers.</p>
Pre-printing and post-printing intelligent automatic packaging machinery	Pre-printing and post-printing intelligent automatic packaging machinery refers to equipment that is compatible with the corrugated box printing line or stand-alone products and can provide functions related to pre-printing and post-printing processes of corrugated box printing and packaging. It includes the pre-feeder, stripper conveyor, intelligent stacker, and folder gluer.
Outboard motors	Outboard motors are a kind of detachable power units that are mounted on the stern plate of a boat to drive the boat to sail.
General utility small gasoline motors	General utility small gasoline motors are a kind of thermo-dynamic machinery of 20kW power or less with a wide range of applicability. It is characterized by small size, light weight, and easy operation, and is usually used as a power engine for a variety of terminal products. By the structure of engine and principle of work, general utility small gasoline motors can be divided into two-stroke general utility small gasoline motors and four-stroke general utility small gasoline motors.
CSRC	China Securities Regulatory Commission
SZSE, or the "Stock Exchange"	Shenzhen Stock Exchange
RMB yuan, RMB'0,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi
The "Reporting Period" or "Current Period"	The period from 1 January 2024 to 31 December 2024

## Part II Corporate Information and Key Financial Information

### I Corporate Information

Stock name	Dongfang Precision	Stock code	002611
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	广东东方精工科技股份有限公司		
Abbr.	东方精工		
Company name in English (if any)	Guangdong Dongfang Precision Science & Technology Co., Ltd		
Abbr. (if any)	Dongfang Precision		
Legal representative	Tang Zhuolin		
Registered address	(Office Building, Plant A, Plant B) 2 Qiangshi Road, Shishan Town, Nanhai District, Foshan City, Guangdong Province, China		
Previous registered address	N/A		
Zip code	528225		
Office address	18A, China Merchants Plaza, 1166 Wanghai Road, Shekou, Shuiwan Community, Zhaoshang Street, Nanshan District, Shenzhen City, Guangdong Province, China		
Zip code	518000		
Company website	<a href="http://www.df-global.cn/">http://www.df-global.cn/</a>		
Email address	ir@vmtdf.com		

### II Contact Information

	Board Secretary	Securities Representative
Name	Feng Jia	Zhu Hongyu
Office address	18A, China Merchants Plaza, 1166 Wanghai Road, Shekou, Shuiwan Community, Zhaoshang Street, Nanshan District, Shenzhen City, Guangdong Province, China	18A, China Merchants Plaza, 1166 Wanghai Road, Shekou, Shuiwan Community, Zhaoshang Street, Nanshan District, Shenzhen City, Guangdong Province, China
Tel.	0755-36889712	0755-36889712
Fax	0755-36889822	0755-36889822
Email address	ir@vmtdf.com	ir@vmtdf.com

### III Media for Information Disclosure and Place where this Report Is Lodged

Newspapers designated by the Company for information disclosure	China Securities Journal, Shanghai Securities News, and Securities Times
Website designated by the CSRC for publication of this Report	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Place where this Report is lodged	Securities Department of the Company, 18A, China Merchants Plaza, 1166 Wanghai Road, Shekou, Shuiwan Community, Zhaoshang Street, Nanshan District, Shenzhen City, Guangdong Province, China

### IV Change to Company Registered Information

Unified social credit code	914406002318313119
Change to the principal activities of the Company since its listing (if any)	Unchanged
Every change of controlling shareholder since incorporation (if any)	Unchanged

### V Other Information

The independent auditor hired by the Company:

Name of independent auditor	Ernst & Young Hua Ming LLP
Office address	18/F, Ernst & Young Tower, 13 Pearl River East Road, Tianhe District, Guangzhou City, China (the Headquarters: Rooms 01-12, 17/F, Ernst & Young Tower, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing, China)
Accountants writing signatures	Feng Xingzhi and Liang Xinqi

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable  Not applicable

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable  Not applicable

### VI Key Financial Information

Indicate whether there is any retrospectively restated datum in the table below.

Yes  No

	2024	2023	2024-over-2023 change (%)	2022
Operating revenue (RMB)	4,777,855,602.69	4,745,737,321.83	0.68%	3,892,708,509.64
Net profit attributable to the listed	500,578,449.68	433,240,237.44	15.54%	447,177,897.38

company's shareholders (RMB)				
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	526,741,293.29	364,739,306.60	44.42%	398,376,648.08
Net cash generated from/used in operating activities (RMB)	702,555,380.22	487,180,738.66	44.21%	506,294,460.95
Basic earnings per share (RMB/share)	0.43	0.36	19.44%	0.37
Diluted earnings per share (RMB/share)	0.43	0.36	19.44%	0.37
Weighted average return on equity (%)	10.55%	10.14%	0.41%	11.72%
	31 December 2024	31 December 2023	Change of 31 December 2024 over 31 December 2023 (%)	31 December 2022
Total assets (RMB)	7,528,576,996.98	7,538,222,570.02	-0.13%	6,928,577,115.10
Equity attributable to the listed company's shareholders (RMB)	4,977,379,483.29	4,511,690,693.97	10.32%	4,063,966,310.23

Indicate whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative for the last three accounting years, and the latest independent 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 attributable to the listed company's shareholders before and after exceptional gains and losses was negative.

Yes  No

## VII Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

### 1. Net Profit and Equity under CAS and IFRS

Applicable  Not applicable

No difference for the Reporting Period.

### 2. Net Profit and Equity under CAS and Foreign Accounting Standards

Applicable  Not applicable

No difference for the Reporting Period.

## VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	935,144,681.91	1,226,044,225.49	1,144,651,410.20	1,472,015,285.09
Net profit attributable to the listed company's shareholders	44,642,460.24	119,238,011.90	166,163,143.02	170,534,834.52
Net profit attributable to the listed company's shareholders before exceptional gains and losses	65,730,334.96	163,377,366.08	147,087,872.50	150,545,719.75
Net cash generated from/used in operating activities	5,507,844.28	113,062,619.37	61,983,377.23	522,001,539.34

Indicate whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes  No

## IX Exceptional Gains and Losses

Applicable  Not applicable

Unit: RMB

Item	2024	2023	2022	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	5,493,843.53	694,491.43	-351,386.78	
Government grants through profit or loss (exclusive of government grants given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	14,576,461.93	15,747,293.82	20,933,377.44	
Gain or loss on fair-value changes on held-for-trading and derivative financial assets and liabilities & income from disposal of held-for-trading and derivative financial assets and liabilities and other debt investments (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	-48,502,462.17	60,354,587.25	35,196,327.83	
Reversal of provision for impairment of receivables individually tested for impairment	7,396.90	516,000.00		
Non-operating income and expenses other	5,438,396.45	-10,155,229.58	1,761,273.49	

than the above				
Less: Income tax effects	2,057,293.09	-3,743,887.17	7,277,576.78	
Non-controlling interests effects (net of tax)	1,119,187.16	2,400,099.25	1,460,765.90	
Total	-26,162,843.61	68,500,930.84	48,801,249.30	--

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

Applicable  Not applicable

No such cases in the Reporting Period.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable  Not applicable

No such cases in the Reporting Period

## Part III Management Discussion and Analysis

### I The industry in which the company principally operates during the Reporting Period

#### (I) Industries in which the Company principally operates

According to the Classification of Strategic Emerging Industries (2018) and the Industrial Classification for National Economic Activities (GB/T 4754-2017), the industries in which the Company principally operates are shown below:

The Company's Principal Business Divisions and Their Industries

<b>Strategic emerging industry</b>	<b>Industry</b>	<b>Principal business division</b>	<b>Primary products and their applications</b>
<b>Intelligent manufacturing equipment</b>	<b>Specialised equipment manufacturing</b>	<b>Smart corrugated packaging equipment</b>	<p>1. Corrugated cardboard production lines: The corrugated cardboard production lines are used for the production of corrugated cardboards of different specifications, are the core machinery for corrugated packaging production, and are widely used by medium and large enterprises (cardboard plants) that produce corrugated cardboards.</p> <p>2. Corrugated box printing and packaging production lines : The corrugated box printing and packaging production line equipment is used to produce and process corrugated cardboards into corrugated boxes of different specifications. The corrugated box printing and packaging production line equipment is widely used by various enterprises (box plants) that produce corrugated boxes in the corrugated packaging industry.</p>
		<b>Digital printers</b>	Digital printers generate graphic images from digital information. With the help of print head ink, digital printing enables the formation of the image directly on the printing stocks and can indirectly transmit the colour and auxiliary substances to the print stocks to form the presswork. Digital printing can meet the requirement for industrial production.
<b>Industrial Internet and supporting services</b>	<b>Software and information services</b>	<b>Industrial Internet industry solutions</b>	Specific Industrial Internet Platform,the intelligent production management system matched with the corrugated box printing and packaging production lines, and equipment after-sales service management system

<b>Strategic emerging industry</b>	<b>Industry</b>	<b>Principal business division</b>	<b>Primary products and their applications</b>
<b>Manufacturing of ship auxiliary equipment</b>	<b>Railway, shipping, aviation and other transport equipment manufacturing industries</b>	<b>Water powersports equipment</b>	Outboard motors are a kind of detachable power units that are mounted on the stern plate of a boat to drive the boat to sail and can be applied to boats shorter than 24m. They are widely used in water recreation, fishing, water traffic, emergency rescue, shore landing and maritime patrol.

## (II) Industry overview

### 1. The Industries to which the Company's Intelligent Packaging Equipment Business Segment Belongs

#### 1.1 Demand side—customers

The intelligent packaging equipment division of the Company primarily serves B-end customers such as corrugated cardboard and corrugated box manufacturers. The Company provides various single machine and complete production line products for cardboard and box production.

**End demand for corrugated packaging is growing.** Corrugated packaging products are used in a vast number of fields, including food and beverage, household chemicals, electronic products, and e-commerce express delivery, and are inelastically demanded by consumers. Electronic products, food, beverage, and express delivery take up 26%, 20%, 21%, and 13% respectively of the downstream application market of paper packaging. China's express market and the relevant fields such as e-commerce and logistics show an increasing demand for corrugated box and board packaging, which will drive the expansion of the capacity of corrugated packaging enterprises and thus increase the demand for corrugated packaging machinery.

**Guided by the “large-scale equipment renewal” policy, a swift acceleration in equipment upgrades is anticipated within the domestic corrugated packaging sector.**

In 2024, the Central Financial and Economic Affairs Commission decided to promote a new round of large-scale equipment renewal, explicitly mentioning the need to “promote the renewal and technological transformation of various types of production equipment and service equipment”. The State Council executive meeting considered and passed the Issuing the Action Plan for Promoting Large-scale Equipment Renewals and Consumer Goods Trade-ins, proposing to “promote the proportion of advanced production capacity to continue to increase”.

Over the years, China's corrugated packaging sector has largely consisted of numerous small- and medium-sized box manufacturers dominated by low-end production capacities, leading to a highly decentralised market and relatively low industry consolidation. Responding to the Party Central Committee and State Council's “large-scale equipment renewal” policy directive, the corrugated packaging industry anticipates a heightened pace of equipment modernisation throughout the 14th Five-Year Plan period, with an expected surge in medium- to high-end production capacity proportions.

In the corrugated packaging industry, market concentration and the phase-out of low-end production capacity is an inevitable trend, due to market competition, capacity upgrading, M&A, etc. It is estimated that the line machinery that is more intelligent and productive will replace the existing corrugated cardboard production lines and corrugated box printing and packaging production line equipment in the upcoming five to ten years. By statistics, there are over 6,000 existing corrugated cardboard production lines in the

domestic market, and more corrugated box printing and packaging machinery.

**Digital and intelligent upgrading brings new development opportunities.** The “strategy of robot assembling line” and “smart factory” are increasingly recognized by the industry. Additionally, leading packaging enterprises, including Xiamen Hexing Packaging Printing Co., Ltd. (HXPP), MYS Group Co. Ltd. (MYS), Shenzhen YUTO Packaging Technology Co., Ltd., and Shenzhen Jinjia Group Co., Ltd., have successively entered markets such as intelligent manufacturing one after another. The capacity upgrade in the paper packaging and printing industry continues to deepen. Against the backdrop of intelligent manufacturing, leading enterprises in the corrugated paper packaging equipment industry are also expected to embrace new opportunities for development.

**Overseas demand is growing steadily:** In recent years when environmental pollution becomes more and more serious, growing environmental awareness has led to “plastic bans and restrictions” across the world, providing a major boost to paper as an alternative to plastic. The global green packaging market is projected to grow from USD262.27 billion in 2023 to USD381.98 billion in 2028, with a compound annual growth rate of 7.81% during the forecast period (2023-2028).

The corrugated cardboard produced by corrugated cardboard production lines is used to make various corrugated boxes, corrugated cartons and other corrugated packaging materials, which are rigid consumer products in European and American countries. The philosophy of “sustainability” is gaining ground in the European and US consumer goods packaging markets. With the growing trend of “replacing plastics with paper” in the packaging industry, demand for corrugated packaging materials in the European and US consumer goods markets continues to grow steadily, helping to drive demand for corrugated packaging production line equipment.

**The rapid development of digital printing brings more development opportunities for the industry.** According to the latest report by Smithers Pira, the inkjet printing market has grown strongly over the past 5 years. The report forecasts that growth of inkjet printing in packaging will be most rapid from 2022 to 2027, with expected compound annual growth rates of 17.7% by shipment quantity and 16.3% by value.

## 1.2 Supply side—the Company’s World-leading comprehensive strength

In the field of intelligent packaging equipment, Dongfang Precision has a complete layout and has formed a multi-segment business system covering corrugated cardboard production lines, core components of corrugated board production lines, carton printing and packaging lines as well as digital printing equipment. Relying on its comprehensive industrial chain layout and strong technological strength, the company, with its wide range of products and advanced technologies, provides global customers with one-stop and all-round intelligent packaging equipment solutions.

**Corrugated cardboard production lines:** Major manufacturers of corrugated cardboard production lines around the world include Fosber Group, BHS, Marquip, and J.S. Machine. Among them, Fosber Group and its major rival, BHS. Fosber Group holds approximately 30% of the global middle- and high-end corrugated cardboard production line market and more than 50% of the North American market.

**Corrugated & pressure rollers, key components of corrugated cardboard production lines:** The subsidiary Tiruña Group has more than 40 years of experience in the corrugated and pressure roller segment and is renowned in Europe as a world-leading specialist in this segment.

**Corrugated box printing and packaging production line equipment:** Major manufacturers in this field include Dongfang Precision, Bobst, Gopfert, Ward, Ding Long (Shanghai), and Guangzhou Keshenglong. With an advantage in global resource coordination, leading design concept, excellent overall R&D strength, and a product system featuring complete categories and rich specifications, Dongfang Precision is an industry leader in China and is competitive with the global industry leader, Bobst, from

Switzerland.

Digital printers: Major manufacturers include HP, EFI, Koenig & Bauer Durst, Wonder Digital, Hanhua Gongye, and Atexco, among others. Wonder Digital, a majority-owned subsidiary of Dongfang Precision, is a leader in the domestic digital printer industry, and has been committed to extending digital printing technology to such fields as paper packaging (colour printing & pre-printing), advertising, home furnishing, building materials, and label printing.

Dongfang Precision leads the world in terms of its comprehensive strength in smart corrugated packaging equipment business and can provide downstream customers such as cardboard plants and box plants with “one-stop” machinery and service support that covers each production process, including corrugated cardboard production, corrugated box production, and pre-printing and post-printing production processes, and different technology roadmaps, including flexographic printing and digital printing.

**The value of the global corrugated packaging equipment market is estimated to be about RMB30-40 billion. In terms of operating revenue, Dongfang Precision accounts for approximately 15% of the global corrugated packaging equipment market, ranking first among domestic enterprises of the same type and second in the global market.**

## **2. The industry to which the company's industrial Internet industry solutions business belongs**

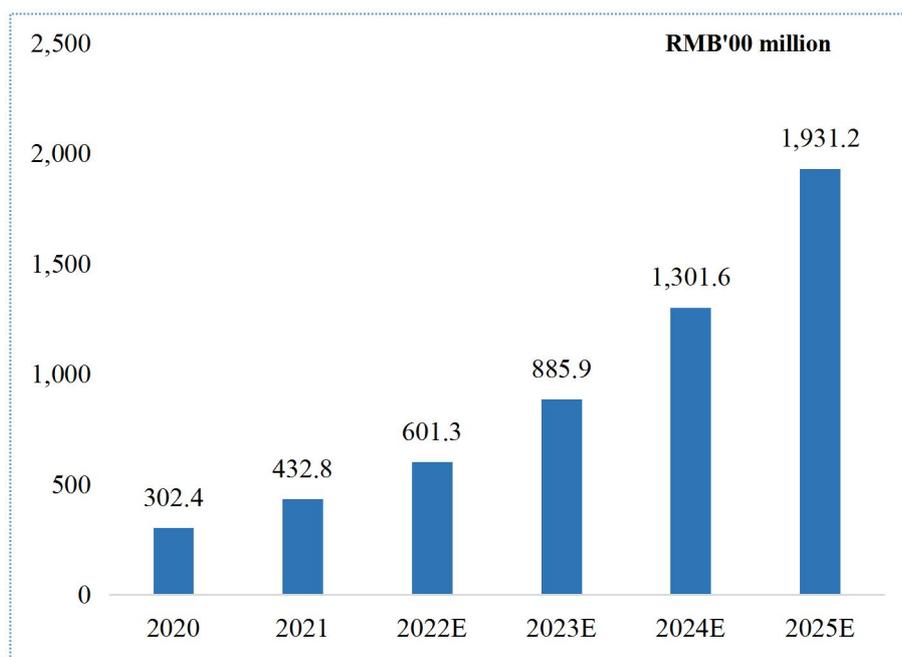
**Policy side:** For eight consecutive years from 2018 to 2025, "Industrial Internet" has appeared in the government work report every year. The government work report in 2025 put forward the idea of "vigorously promoting new industrialization and accelerating the innovative development of the Industrial Internet". The "14th Five-Year Plan for the In-depth Integration of Informatization and Industrialization Development" proposed that by 2025, informatization and industrialization would achieve integrated development on a broader scale, at a deeper level and at a higher level. Under the guidance and support of a series of policies, the Industrial Internet and smart factories have always been important directions for the transformation and upgrading of the manufacturing industry.

**Market side:** China is the only country in the world whose industries cover all industrial categories in the United Nations' industrial classification. Concurrently, it is expected to grow into the world's largest industrial digitalization market. For the current manufacturing industry of China, digital transformation is no longer an “option” but a “compulsory course” that is critical to its survival and long-term development.

According to the Bluebook on the Digital Transformation of Enterprises--Empowering the Low-carbon and Green Transformation of the Real Economy with New IT released by the China Academy of Information and Communications Technology, after relevant manufacturing enterprises complete digital transformation, on average, their production efficiency will be boosted, their operating expenses will be lowered, and their energy utilisation rate will be improved. Concurrently, with the rapid development and continuous iteration of the new-generation information technology, the cost of digital transformation of enterprises is gradually decreasing.

According to the data released by Frost & Sullivan, the scale of the market of industrial Internet platforms and relevant solutions in China by 2025 is estimated to reach RMB193.12 billion.

The Scale of the Market of Industrial Internet Platforms and Relevant Solutions and Forecast between 2020 and 2025



**Supply side:**The key technologies and industries that the industrial Internet involves are extensive and complex and can hardly be fully covered by enterprises. Thus, developing the industrial Internet by relying on industrial manufacturing enterprises becomes a typical development path of industrial Internet enterprises, such as Root Cloud, Midea Cloud. In the packaging field, major manufacturers that provide industrial Internet-related products and solutions services include Yunyin, Dongfang Digicom, and Shanghai Wantit.

The subsidiary Dongfang Digicom, carrying Dongfang Precision’s missions of expanding into the industrial Internet industry and implementing “digital and intelligent transformation strategies”, was established in 2020. With the vision “to become a world-leading provider of industrial Internet industry solutions”, Dongfang Digicom is engaged in building industrial Internet platforms for industries using new-generation information technologies, such as the IoT, cloud computing, big data, and artificial intelligence to facilitate digital and intelligent upgrading.

**3. The Industries to which the company’s water power products segment belongs**

**3.1 Demand side——customers**

Outboard motors are the key auxiliary equipment for small- and medium-sized ships and are characterized by their compact structures, light weights, convenient installation and maintenance, easy operations, and low noise. The downstream of the outboard motor industry involves the shipbuilding industry, primarily applied in areas such as yachts, sailboats, and other vessels, encompassing applications in recreational sports, commercial operations, and military maritime activities.

Applications of Parsun Power’s Outboard Motors

Field	Scenario	Example
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<p>Recreational</p>	<p>Recreational fishing, sailing and water sports</p>	
<p>Commercial</p>	<p>Fishing, water traffic and waterway maintenance</p>	
<p>Official and military</p>	<p>Emergency rescue and maritime patrol Beach landing and water reconnaissance</p>	

Global Market: According to a report by the international market research agency GMI, the global market sales for outboard motors are expected to reach USD15,975 million by 2030, with a compound annual growth rate (CAGR) of 5.35% from 2023 to 2030.

By Application Field: The recreational boating sector is the largest downstream application market for outboard motors. By 2030, it is expected that the market share of outboard motors used in water-based leisure

sports will account for 73.22% globally. Yachts are one of the main downstream products equipped with outboard motors. In recent years, the global yacht industry has shown a trend of expanding scale. According to a report by the China Association of the National Shipbuilding Industry, the global leisure boat market size is expected to grow from USD16.4 billion in 2021 to USD23.6 billion in 2027, with a CAGR of approximately 6.20%. Benefiting from the rapid growth of the downstream yacht market, the global outboard motor market for water leisure sports is expected to grow steadily.

**By Power Size:** The market share of mid-to-high power outboard motors accounts for more than three-quarters of the total market. In 2023, the mid-to-high power outboard motor market share in the global outboard motor market was 79.72%. North America and Europe are the main markets for mid-to-high power outboard motors. From 2023 to 2030, the compound annual growth rate (CAGR) of the mid-to-high power outboard motor market in the Asia-Pacific region is expected to reach 8.97%.

**By Power Type:** Gasoline outboard motors are the mainstream model in the global outboard motor consumption market. By 2030, it is expected that the market share of gasoline, diesel, and electric outboard motors globally will be 80.21%, 11.49%, and 8.30%, respectively. Diesel engines have certain market space in specific fields. Electric outboard motors are primarily used for low horsepower, with a higher price but features such as greater environmental friendliness and easier maintenance. With increasingly stringent environmental regulations in various countries and continuous advancements in battery technology, the application of electric outboard motors is becoming more widespread.

**Chinese Market:** By 2030, the market size of outboard motors in China is expected to reach USD588 million, with a compound annual growth rate (CAGR) of 9.79% from 2022 to 2030, significantly higher than the global CAGR. Benefiting from the rapid growth of China's economy and changes in residents' recreational habits, China has become one of the fastest-growing countries in the global outboard motor market.

Domestic substitution has become the mainstream trend in the development of the domestic outboard motor industry. According to China's customs import and export data, the import value of outboard motors into China reached RMB1,283 million in 2023. In the public service and military fields, China's military outboard motors in the mid-to-high power range primarily use overseas brands. Against the backdrop of the national policy encouraging domestic equipment to replace imports, with the rise of domestic outboard motor companies, China is expected to enter a new stage of prosperous development for domestic outboard motor companies. Leading domestic outboard motor companies will benefit from both the industry's rapid growth and domestic substitution.

**Policy Support:** In recent years, with the development of China's water tourism and leisure industry and the country's emphasis on marine rights, various government departments have provided significant policy support for the development of the boating industry.

### **3.2 Supply side—the Company's presence in the industry**

The major participants in the global outboard motor market are Japanese and American brands, including Yamaha and Suzuki from Japan, and Mercury from the United States. Compared to international competitors, Parsun Power, relying on its product performance that is close to the competitors' and its clear price advantage, competes globally with American and Japanese manufacturers by offering high cost-performance products.

Parsun Power, a holding subsidiary, is a leading company in the domestic outboard motor industry. From

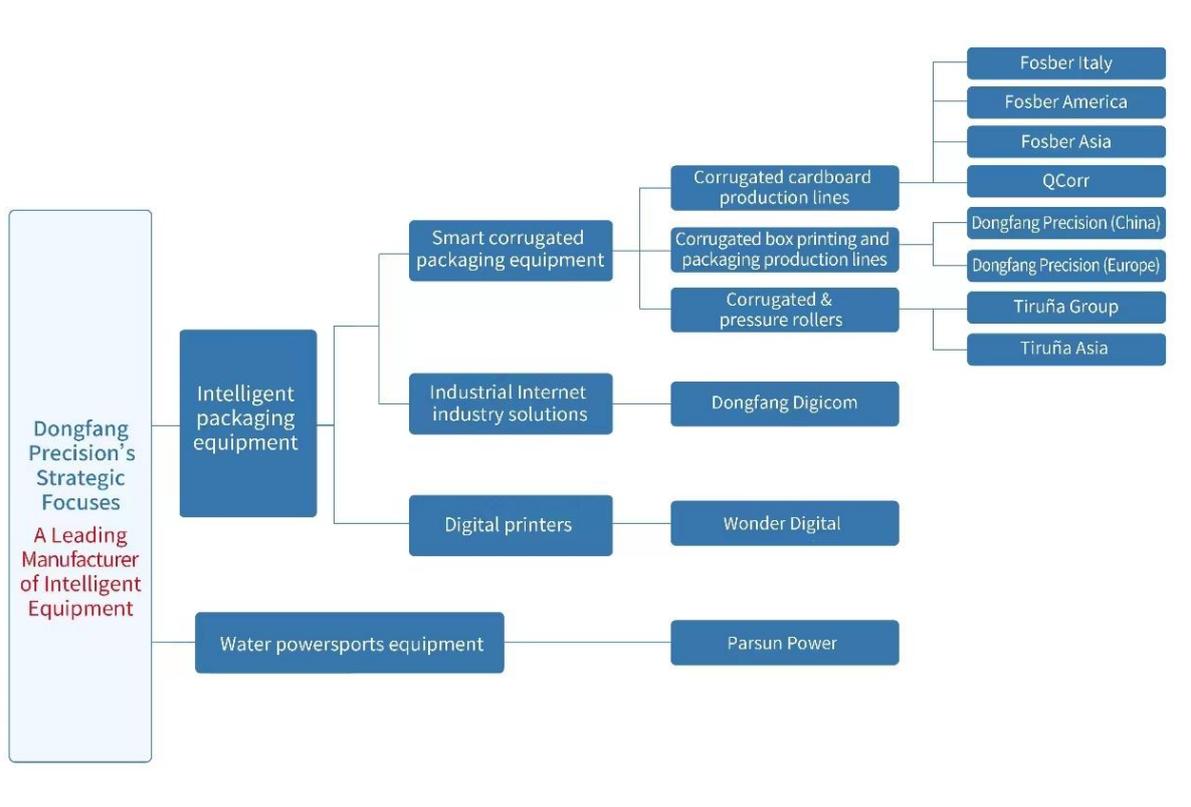
2020 to 2022, Parsun Power's outboard motor products ranked first in market share in China for three consecutive years. The company is a national "Little Giant" enterprise specializing in innovation, a national high-tech enterprise, the Jiangsu Province Outboard Motor Engineering Technology Research Center, a recognized enterprise technology center in Jiangsu Province, a leading enterprise in the Chinese internal combustion engine industry, and a member unit of the Small Gasoline Engine Branch of the China Internal Combustion Engine Industry Association. At the same time, its outboard motor products have also received various honors, including the National Torch Program Industrialization Demonstration Project Certificate, China Machinery Industry Innovative Products, Jiangsu Province Famous Brand Products, and Suzhou City Famous Brand Products.

The leading comprehensive technical R&D capabilities in the domestic industry are the main competitive advantage of Parsun Power in the outboard motor industry. In 2021 and 2023, Parsun Power successfully began mass production of 115-horsepower and 130-horsepower gasoline outboard motors, respectively. In March 2024, Parsun Power released its first domestically produced 300-horsepower gasoline outboard motor. These core technologies, with independent control and domestically sourced manufacturing supply chains, represent a milestone in the localization of high-end equipment manufacturing in the outboard motor sector. This breakthrough is of epochal significance for the development of China's domestic outboard motor industry. It successfully breaks the monopoly of American and Japanese manufacturers in the high-power, large-horsepower outboard motor segment, marking the leap of China's high-end equipment manufacturing industry from a "follower" to a "competitor" in the high-end large-horsepower outboard motor field. It announces that domestic outboard motors will fully enter the global high-end mainstream market and compete with international brands worldwide.

## II Principal operations of the Company in the Reporting Period

With “intelligent equipment manufacturing” as its primary strategic focus, Dongfang Precision concentrates on the manufacturing of high-end intelligent equipment. Its principal operations include “intelligent packaging equipment” and “water powersports equipment”. The “intelligent packaging equipment business” consists of smart corrugated packaging equipment, digital printers, and industrial Internet industry solutions.

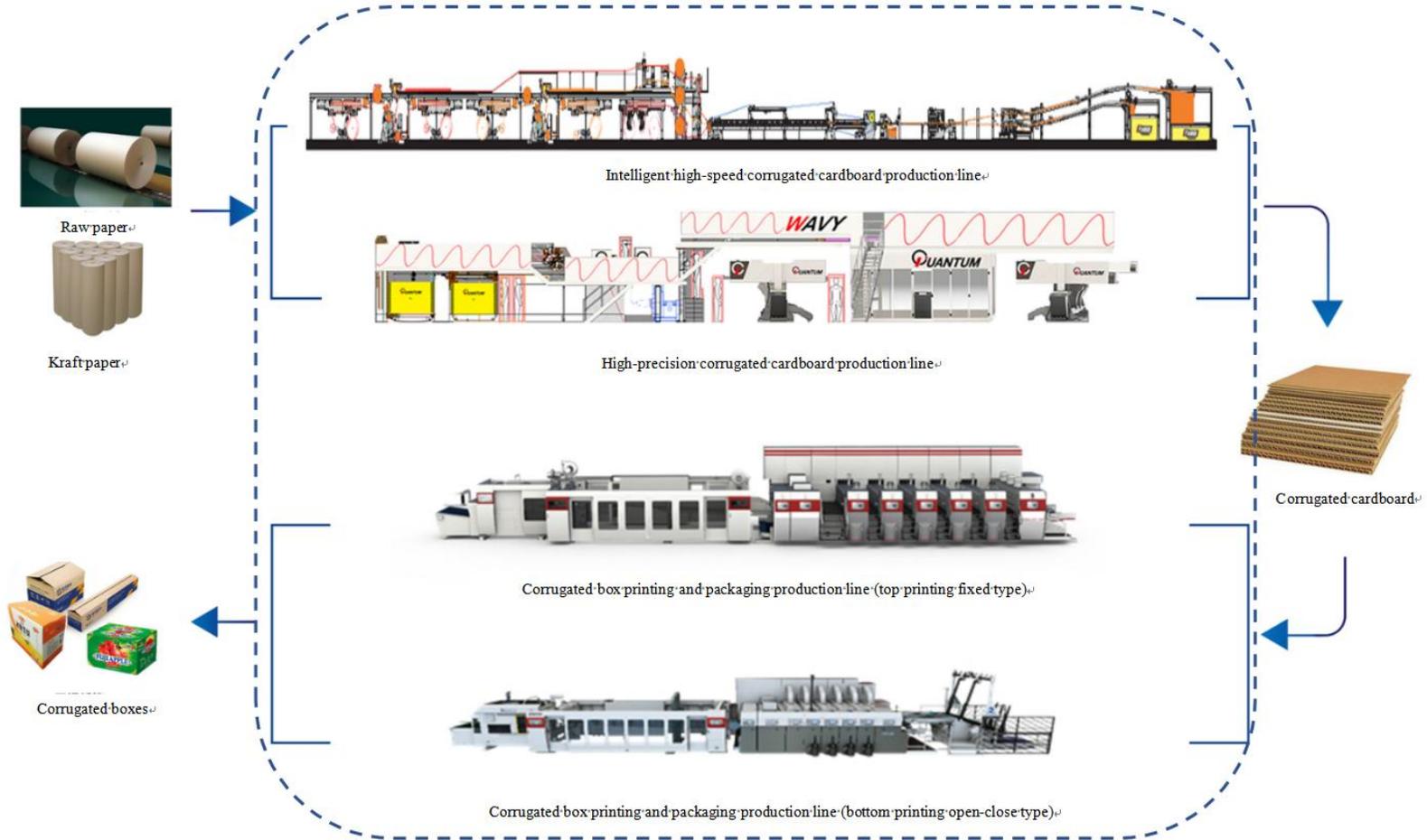
Business Divisions and Entities of Dongfang Precision



**(I) The intelligent packaging equipment division**

The intelligent packaging equipment division consists of smart corrugated packaging equipment, digital printers, and industrial Internet industry solutions, which cover the most important links in the value chain of corrugated packaging production (as shown below).

Relationship between Corrugated Packaging Manufacturing Value Chain and the Company's Smart Corrugated Packaging Equipment



## A. Smart corrugated packaging equipment business

### (1) Corrugated cardboard production lines (including corrugated rollers)

The corrugated cardboard production lines business of Dongfang Precision is engaged in corrugated cardboard production lines (under the brands of Fosber and Quantum) as well as corrugated and pressure rollers (under the Tiruña brand), which are key components of corrugated cardboard production lines. With the overseas Fosber Group (under it, Fosber Italy, Fosber America, QCorr, and Tiruña Group) as well as the domestic Fosber Asia and Tiruña Asia, Dongfang Precision is able to provide products and services for customers around the world.

(1) Overseas, Fosber Group primarily serves large- and medium-sized manufacturers in Europe, North America, Latin America and other countries and regions. All the business units and profit centres of Fosber Group have their business, assets and staff located in Europe and North America. They adopt a local management and operation model, and design, develop and manufacture their products locally. Fosber Group has established stable partnerships with major manufacturers in the corrugated packaging industry in Europe and the US.

(2) Domestically, Fosber's corrugated lines have been designed and adapted to the needs of customers in the Chinese market. Supported by China's most complete supply chain across all industrial sectors globally, as well as the competitive edge of manufacturing, over 90% of the components of the corrugated lines are manufactured domestically. These products, which are high-tech, high-performance and cost-efficient for they are made in China, are provided for corrugated packaging manufacturers in China, Asia (East Asia, Southeast Asia, South Asia, and the Middle East), Africa, Russia, and Latin America. Since 2022, the Company has further introduced Tiruña's corrugated and pressure rollers to China for domestic design and local production. While catering to the needs of Fosber Asia's corrugated lines for corrugated and pressure rollers, Tiruña is also developing new markets in China and the rest of Asia for its products.

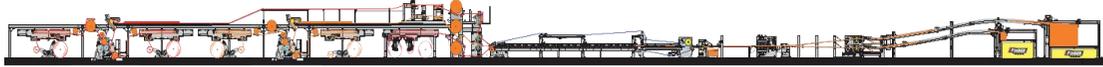
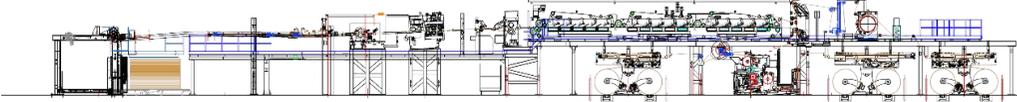
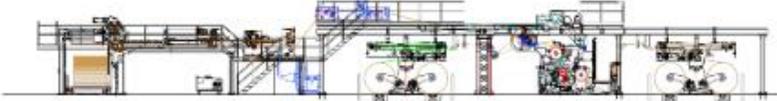
### (2) Corrugated box printing and packaging production lines

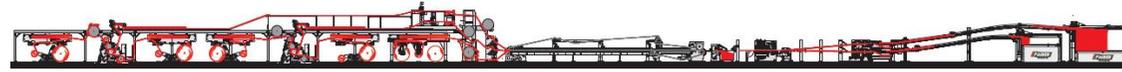
Domestically, Dongfang Precision (China) is responsible for business operations associated with corrugated box printing and packaging equipment, while in the overseas market, it is Dongfang Precision (Europe).

The product matrix of Dongfang Precision (China) includes corrugated converting line and single machine products that are of dozens of specifications and different market positioning, featuring fixed type/open-close type, top printing/bottom printing, and other technologies. These products mainly include "Dongfang Star" Quickset Top Printing FFG and Top Printing Open-Close Type FFG Inline, as well as "Asia Star" Bottom Printing Die Cutter Stripper Vacuum Stacker Converting Line, Bottom Printing Open-Close Type FFG Inline and Bottom Printing Open-Closed Type/FFG & Stitcher. Dongfang Precision (China) is a professional manufacturer with an early start and a strong foundation among domestic fellow companies, enjoying high brand awareness and customer recognition in the industry. The products are highly popular not only in the domestic market but also exported to over 60 countries and regions worldwide.

Dongfang Precision (Europe) specializes in high-end corrugated converting line products. Its primary products include "FD" Quickset Top Printing FFG, "HGL" Quickset Bottom Printing FFG, and Quickset Bottom Printing/Die Cutter Stripper Vacuum Line. These products are designed with noncrush feeder design, full servo control, and fully automatic control features, making them more suitable for high-definition printing.

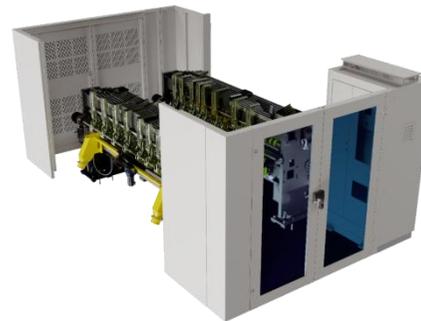
Primary Product Portfolio of Dongfang Precision’s intelligent packaging Equipment Business - Corrugated Cardboard Production Lines

Product type	Brand	Product image	Main characteristics
<p><i>Corrugated Cardboard Production Lines</i></p>			<p><b>Fosber Brand S/Line</b>                      Width: 2.5m~2.8m                      Production speed: 370~470 meters/minute                      Designed for large corrugated board manufacturers Beltless Technology                      Caddy oil-free technology                      Gapless changeover with no speed reduction of the cadre                      Industry leading changeover times                      Optimum board quality and low operating costs                      Industry leading Syncro system control                      Process Control Supervision (PCS)                      Data Tracking Supervision (DTS)</p>
			<p><b>Quantum Line :</b>                      Widths from 1.8m to 2.5m                      A new concept in corrugated board production                      Better suited for lightweight corrugated board production                      Innovative design, compact and flexible                      Optimum appearance and print surface quality                      Lower energy consumption and less labor</p> <p><b>Wavy Line :</b>                      Designed for the production of single-sided corrugated boards                      Compact and flexible                      High quality at high speeds</p>
			
			



**Domestic Line:**

Width: 2.2m~3.15m  
 Design speed: 270-370 meters/minute  
 Single tile, double tile, triple tile wet section  
 Wet section without belt technology  
 Cadre without lubrication technology  
 High board quality  
 Industry-leading Syncro system control  
 Process Control Supervision (PCS)  
 Data Tracking Supervision (DTS)



**Instant Set:**

Dual Module Slitting Machine  
 Gapless order change speed of 250 meters/minute  
 Positioning accuracy of +/-0.5mm,  
 Within 3 seconds to change the order and line up the knives

*Corrugated & pressure rollers*



The world's leading supplier of corrugating rolls and pressure rolls with industry-leading machining and tungsten carbide treatment

Primary Product Portfolio of Dongfang Precision's Smart Corrugated Packaging Equipment Business - Corrugated Box Printing and Packaging Production Line Equipment

<i>Product type</i>	<i>Brand</i>	<i>Product image</i>	<i>Main characteristics</i>
<p><i>Integrated corrugated box printing and packaging lines</i></p>	 <p><b>东方精工</b> DONGFANG PRECISION</p>	<p><b>DONGFANG STAR I QUICKSET TOP PRINTING FFG</b></p> 	<p>Fixed type Full servo control No downtime for plate change 2 minutes quick order change Vacuum adsorption large belt, high precision cardboard transfer, long service life Energy saving up to 30 Only 2 people are needed to operate the whole line</p>
		<p><b>DONGFANG STAR II TOP PRINTING OPEN-CLOSE TYPE FFG</b></p> 	<p>Vacuum adsorption roller transfer; Computerized adjustment, easy to operate; High speed and stable operation; Patented folding structure; Improve carton molding effect Only 2-3 persons are needed to operate the whole line</p>
			<p>Suitable for shaped box, machine box and pre-printed box, etc., with one point and multiple die-cutting. Mature down-printing die-cutting technology; Clean chip removal and accurate counting Efficient production; Uninterrupted feeding; No-speed down output of</p>

<i>Product type</i>	<i>Brand</i>	<i>Product image</i>	<i>Main characteristics</i>
			<p>bundles, flexible palletizing methods</p> <p>Configurable for double-sided printing; 2-3 person operation</p>
		<p><b>Asia-Pacific STAR II BOTTOM PRINTING OPEN-CLOSE TYPE FFG INLINE</b></p>  <p><b>Asia-Pacific STAR I BOTTOM PRINTING DIE CUTTER STRIPPER VACUUM STACKER CONVERTING LINE</b></p> 	<p>Vacuum adsorption roller transfer</p> <p>Computerized adjustment of the whole machine, easy to operate</p> <p>Good effect of clearing waste, can realize one opening and two die-cutting line gluing carton.</p> <p>Patented folding structure improves carton molding effect.</p> <p>The whole line is operated by 2-3 persons</p>
		<p><b>Asia-Pacific STAR III BOTTOM PRINTING OPEN-CLOSED TYPE/FFG &amp; STITCHER</b></p> 	<p>Design concept of down-printing type gluing and nailing as a whole</p> <p>Multi-purpose machine, to meet the production needs of different orders</p> <p>Saving space, reducing process, greatly reducing labor cost.</p> <p>Multiple pre-pressure to enhance folding and molding effect, precise control of molding accuracy.</p>

<i>Product type</i>	<i>Brand</i>	<i>Product image</i>	<i>Main characteristics</i>
<p><i>Integrated corrugated box printing and packaging lines</i></p>	 <p>VMC/DFP 东方精工 DONGFANG PRECISION</p>		
	 <p>EDF EUROPE</p>		<p>High-end down-printing fixed in-line Spindle servo drive Quick order change Complete pre-press and post-press supporting units</p>

## **B. Digital printers**

The business is primarily led by the subsidiary Shenzhen Wonder Digital Technology Co., Ltd., which provides solutions for customers in the digital printing industry, including digital printers, ink, accessories, and professional services. Wonder Digital has introduced a variety of digital printers to meet the diverse needs of different market segments and customer levels, including:

(1) Multi Pass digital printer series applicable for small-batch paper packaging printing

(2) Single Pass digital printer series applicable for large/medium/small batch paper packaging printing

(3) Single Pass digital series applicable for pre-printing on raw paper

(4) Hybrid printer series that combines Multi Pass high-precision printing and Single Pass high speed printing into one.

Wonder Digital offers a diverse range of products that cover various types and specifications, from postprinting to pre-printing, from water-based dye/pigment, water-based ink to spot colour UV ink, from boxes, offset cartons to sheet metal. The products also support a range of application modes and scenarios, from single-sheet printing to exchange orders seamlessly with variable data printing, and from single machine printing to integration with ERP systems.

Apart from digital printers, Wonder Digital also sells supporting units after printing section including slotting and varnish coating units, as well as special ink products that are compatible with its own-brand equipment. These special ink products, including water-based dye ink, water-based pigment ink, and UV ink. Wonder Digital's high cost-performance digital printing solution provides customers with cost-effective configuration plans for digital inkjet printing equipment and ink formulation plans.

Based on accumulated know-how and experience, Wonder Digital provides digital printers for advertising, home decoration, and other fields, including flatbed printing and roll to roll printing technologies. The flatbed models can be used for digital printing on materials such as aluminum panels, glass, metal plates, acrylic sheets, and alucobond panels, while the roll-to-roll models are applicable for digital printing on corrugated cardboard, vehicle paste paper, lamp box fabric, PVC film, decorated paper, and sheet metal like aluminum sheets, among others. Additionally, Wonder Digital also offers digital printers for the label printing industry.

With its comprehensive product matrix, Wonder Digital provides paper packaging digital printers that meet the diverse needs of industry customers with different market positions and levels. Since its establishment in 2011, Wonder Digital's digital printers have been exported to countries and regions such as Europe, America, Middle East, Latin America, and Southeast Asia, with over 1,600 units of equipment installed worldwide.

Primary Product Portfolio of Dongfang Precision's intelligent packaging Equipment Business – Digital Printers

<i>Product type</i>	<i>Brand</i>	<i>Product image</i>	<i>Main characteristics</i>
		<p><b>WONDER INNO PRO SINGLE PASS</b> <b>Industrial High-Definition Color Digital Printer</b></p> 	<p>Printing reference accuracy: 1800 NPI Improved stability and print clarity Better colour printing effect Printing speed: up to 150 metres per minute, to meet the needs of high-speed printing Printing thickness: 0.2mm-15mm Printing material: thin paper/cardboard, yellow and white kraft card, honeycomb board, coated paper, etc. Printing width up to 2500mm Water-based dye ink/water-based pigment waterproof ink is optional.</p>
		 <p><b>WD250++ Series Scanning Wide Format</b> <b>High Quality Carton Digital Printer</b></p>	<p>A cost-effective tool for bulk orders Adopts Epson's latest HD industrial printheads. Printing width up to 2500mm Speed up to 700 m<sup>2</sup>/h Printing thickness 1.5mm-35mm Full suction platform printing and feeding Coated paper and honeycomb board can also be easily printed. Base accuracy 1200dpi Water-based dye ink/water-based pigment waterproof ink is optional.</p>

Product type	Brand	Product image	Main characteristics
<p><i>Digital Printers</i></p>	<p><b>WONDER</b> 万德数科</p>	 <p><b>WD250 PRINT MASTER MULTI PASS</b> <b>Digital inkjet color printing equipment</b></p>	<p>Fully automatic feeder system                      CMYK+W ink colour scheme is optional.                      Printing quality is delicate and vivid                      Colour effect comparable to offset printing                      Printing thickness: 0.2mm-20mm                      Printing material: cardboard/copperplate paper, coated paper, yellow and white kraft card, etc.</p>
		 <p><b>Industrial SINGLE PASS roll-to-roll</b> <b>high-speed digital pre-printing machine</b></p>	<p>The printing reference accuracy can reach 1200 dpi and can be upgraded to 1800 dpi. The maximum printing line speed is 150 meters per minute.                      It is applicable to digital pre - printing of corrugated base paper, car stickers, light - box cloth, PVC colored film decorative paper, thin aluminum plates, etc. The printing quality exceeds flexography and is comparable to offset printing.</p>
		 <p><b>MULTI PASS-SINGLE PASS All-in-One</b> <b>Digital Printing Machine</b></p>	<p>Combines two different digital printing methods: Multi Pass high-precision scanning and Single Pass high-speed printing. Reduce the capital investment in equipment, save space, labor, maintenance and other costs, improve production efficiency</p>

<i>Product type</i>	<i>Brand</i>	<i>Product image</i>	<i>Main characteristics</i>
<i>Digital Printers</i>			



“InterLink” is an intelligent production management system designed for Dongfang Precision’s corrugated box printing and packaging equipment. It fully utilizes the ecological resource advantages of Dongfang Precision’s corrugated packaging equipment, improving machine operation efficiency, order processing capacity, reducing order management costs, and enhancing the market competitiveness of machine products. “Micro Mes” is an integrated application solution based on the intelligent production management system and enterprise ERP, achieving closed-loop management from order creation, scheduling, production issuance to reporting. It enhances the digitalization level of production process control. The “Equipment After-Sales Service Management System” focuses on the after-sales service of packaging printing equipment. It enables the reuse of underlying technologies and realizes the digitalization of equipment “points, rounds, inspections,” and maintenance through systematic after-sales services, online spare parts management, full lifecycle management of equipment records, and remote maintenance.

Dongfang Digicom also provides digital diagnostic consulting services for large packaging industry clients. Through digital transformation consulting, it drives product sales, creating a “service solution-driven product sales” closed loop.

#### **D. Business Model**

**R&D model:** The Company has industry-leading independent design and R&D capabilities, continually establishing high-level R&D innovation management mechanisms. The R&D team, spearheaded by industry experts, employs a blend of long and short-term product R&D planning, supported by a market-oriented R&D mechanism. Additionally, a robust R&D talent incentive mechanism enhances the Company’s overall technical proficiency, cementing its leadership position in the industry.

**Procurement and production model:** The Company procures raw materials, such as steel plates, metal components, and electrical parts (such as motors and PLCs), from external suppliers, while producing some core components and corrugated rollers in-house.

The majority of the Company’s equipment products adhere to a “made-to-order production” model. Upon receiving orders and partial deposits from customers, the Company purchases raw materials from suppliers based on specific customer requirements and inventory levels, and develops production plans and schedules. The Company advocates a “lean production” model for production and operational management, ensuring precise control over BOM costs and manufacturing expenses, while continuously enhancing operational efficiency.

In 2024, the delivery period for orders of corrugated board production lines under the Fosber Group was further shortened from 9 months in the second half of 2023 to about 6 months. The delivery period for orders of corrugated box printing and packaging complete machine equipment under the Dongfang Precision brand was 3 to 6 months, and the delivery period for orders of digital printing equipment under the Wonder Digital brand was 1 to 3 months.

**Marketing Model:** The Company employs a “direct selling + distribution” marketing model. It utilizes a direct sales approach for the domestic market and a combination of direct sales and agent distribution for overseas markets, tailoring the strategy to suit the unique needs of different countries and regions. This approach not only widens the scope of sales channels and increases sales volume but also reduces market expansion and sales costs.

The Company's complete production line and single-machine products are typically one-time sales, with more significant transaction amounts. However, accessories, software, and services can be sold multiple times throughout the life-cycle of the complete production line or single-machine products. The growing number of existing equipment sold in the downstream industry market presents a steady stream of sales opportunities for accessories, software, and services. Additionally, providing high-quality technical support and services helps to promote the sales of complete production line products.

In terms of the settlement of orders, the Company enjoys a high brand awareness and superior bargain power in the industry, so it collects down payment in advance and payment by stages for the sales of corrugated cardboard production lines and corrugated box printing and packaging equipment. Generally, 80% to 90% of the sales payment can be collected upon the delivery of products.

## **(II) . The water powersports equipment division**

The main products of Parsun Power, a subsidiary, are outboard motors of various specifications and series. The product power range is broad, covering from 2 horsepower to 300 horsepower. The products are of stable quality and reliable performance, with some products offering comprehensive performance comparable to internationally renowned brands, and emissions meeting European and American standards. Most models have passed the China Classification Society (CCS) certification, European CE certification, and U.S. EPA certification. These products are widely used in water leisure sports, fisheries, water transportation, emergency rescue, coastal landing, maritime patrol, and other fields, and are exported globally.

### **(1) Outboard motors**

Parsun Power has achieved a complete product line layout of "gasoline — diesel — electric" outboard motors. Leveraging its years of experience and leading market share in the gasoline outboard motor sector, the company is now advancing towards high-power diesel and electric outboard motors. In the future, Parsun Power's outboard motor products will gradually focus on mid-to-high power, while expanding the electric outboard motor product line to continue solidifying its position as a leading domestic outboard motor brand.

Gasoline outboard motors are the most diverse product range in Parsun Power's portfolio, covering from 20 horsepower to 300 horsepower, including two-stroke and four-stroke models. Parsun Power has accumulated extensive experience in this field over many years, developing proprietary technologies that are applied to its products. In 2021, Parsun Power achieved mass production and sales of a 115-horsepower gasoline outboard motor, successfully breaking the long-standing monopoly of internationally renowned brands in this power segment. In 2023, it achieved mass production and sales of a 130-horsepower gasoline outboard motor, and in 2024, it released a 300-horsepower gasoline outboard motor, marking the formal entry of Chinese enterprises into the global high-end mainstream outboard motor market.

Electric outboard motors use rechargeable batteries as an energy source and convert electrical energy into kinetic energy via an electric motor. Compared with fuel-powered outboard motors, they feature zero emissions, lower noise, and are easier to operate. Parsun Power's electric outboard motors primarily focus on small to medium horsepower, mainly used in environmentally sensitive areas such as tourist resorts.

Diesel outboard motors retain the advantages of gasoline outboard motors, such as ease of installation,

maintenance, and operation, while also offering greater fuel efficiency, lower emissions, higher torque, enhanced safety, and easier maintenance. Parsun Power’s own-brand diesel outboard motors are still under development. The existing diesel outboard motor product line includes the agency sale of Swedish brand OXE Marine motors, primarily for the China mainland market. Models include 150 horsepower, 175 horsepower, 200 horsepower, and 300 horsepower diesel outboard motors, mainly used in commercial transport, offshore oil extraction, and public law enforcement fields.

Parsun Power’s Main Gasoline Outboard Motor Models

Model	Product Illustration	Main Parameters
115HP (4 stroke)		The maximum output power is 84.6 kW, and the maximum fuel consumption is 38.9 L/h
130HP (4 stroke)		The maximum output power is 95.5 kW, and the maximum fuel consumption is 46.2 L/h.
300HP (4 stroke)		The maximum output power is expected to be 220.6 kW, and the maximum fuel consumption is expected to be 100 L/h.

(2) General machines

Parsun Power’s general machine products mainly include gasoline engines, gasoline generator sets and gasoline water pump sets. Gasoline engines, primarily single-cylinder four-stroke units, utilize gasoline as fuel and are adaptable for use in agricultural machinery, gardening equipment, and other small machinery applications. Gasoline generator sets combine these engines with generators, functioning as standby power sources. The gasoline water pump sets feature centrifugal pumps driven by gasoline engines and are extensively utilized in agricultural irrigation, livestock watering, and similar domains.

(3) The operational model of the water powersports equipment business

Parsun Power follows an industry-standard sales model that primarily relies on distribution, supplemented by

direct selling. The demand for outboard motors, which are the company's main product, is mainly distributed overseas, with end customers scattered throughout the world. Adopting a distribution-centric sales model enables Parsun Power to reach end customers to the fullest extent possible.

Parsun Power produces outboard motor products independently, utilizing sales demand forecasts, customer orders, product inventory status, material delivery progress, and product production cycles to formulate production plans. The company then organizes the production of components in accordance with specialized processes and procedures. In procurement, Parsun Power following the principle of "sales determine production, production determines procurement," Parsun Power determines the procurement requirements for its outboard motor business, while also taking into account reasonable safety stock.

### III Core Competitiveness Analysis

The analysis of the Company's core competitiveness in the Reporting Period is as follows:

#### **(I) Industry-leading technology and strong capabilities of R&D and innovation**

The Company's overall R&D capabilities rank among the top in domestic enterprises of the same type. By the end of 2024, the Company had been granted 491 patents, an increase of 71 compared to the previous year; it had also been granted 84 software copyrights, an increase of 9 compared to the previous year.

##### **1. The smart corrugated packaging equipment business:**

The high-end corrugated cardboard production lines under the Fosber Group, a subsidiary, is industry-leading in terms of speed, width, accuracy, reliability, and level of intelligence. It has earned global recognition from customers for its high quality, reliability, and intelligent software systems. Based on Industry 4.0 technology, Fosber Group has launched a corrugated cardboard production line control system, which includes modules such as Pro/Syncro, Pro/Care, and Pro/Quality. Using sensors, AR, AI analytics, big data, and cloud computing technologies, it enables high precision and intelligent management of production lines. Among them, Pro/Syncro achieves high-speed, high-quality, and low-energy consumption production; Pro/Care provides intelligent diagnostics to reduce equipment downtime; and Pro/Quality performs real-time defect detection and quality traceability. Fosber also offers remote services such as Pro/Visionair and Remote Control, significantly reducing after-sales costs and improving customer efficiency. Fosber Asia, a subsidiary, has introduced and applied the "Instant Set" dual-module slitter in corrugated cardboard production lines. By independently controlling the cutting blades and creasers with servo motors, it reduces the order changeover time from the industry average of 8-15 seconds to under 3 seconds, making it particularly suitable for China's "small batch, diverse product" order characteristics.

## How Fosber Group's PRO Series Intelligent Production Management Information Technology System Works



Wonder Digital, a holding subsidiary, is a national high-tech enterprise and a “Little Giant” Enterprise with specialties, refined management, unique technologies and innovation. It connects the physical and digital worlds through a complete digital printing matrix, offering comprehensive solutions. Wonder Digital’s brand UV digital color printers and high-speed digital printers achieve a printing accuracy of 1800 NPI, with color printing quality comparable to traditional offset printing. The new product WONDER INNO PRO SINGLE PASS launched in 2024 represents a technological breakthrough in digital printing, extending from color to high-definition colors. Its large-width, roll-to-roll high-speed digital printing machine is leading in China, offering advantages in size, energy consumption, and cost-effectiveness.

## 2. The water powersports equipment business:

Parsun Power is a national-level “Little Giant” with specialties, refined management, unique technologies and innovation and a high-tech enterprise. It has long focused on the research and development of domestic outboard motors, accumulating rich innovative achievements. By the end of 2024, the company had accumulated 114 intellectual property rights and participated in the formulation of several industry standards. It has also won the second prize of the China Machinery Industry Science and Technology Award twice. In 2021 and 2023, Parsun Power successfully achieved mass production of 115-horsepower and 130-horsepower gasoline outboard motors. In March 2024, Parsun Power released its first domestically produced 300-horsepower gasoline outboard motor, realizing independent control of key core technologies for high-power outboard motors. The company successfully designed a high-power gasoline outboard motor with a large displacement V6 in-line engine structure, innovatively applying engineering combustion theory to optimize combustion and emissions in outboard motors. These core technologies, with independent control and domestic manufacturing supply chains, mark a milestone in the localization of high-end equipment manufacturing in the outboard motor sector. This achievement is of epochal significance for the development of the domestic outboard motor industry.

## **(II) Complete layout in the corrugated packaging machinery industry chain and the most complete and richest product portfolio in the industry**

Among domestic companies in the corrugated packaging equipment sector, Dongfang Precision is the enterprise with the most complete and comprehensive industrial chain layout. Its products cover the fields of corrugated cardboard production, carton printing and packaging, and digital printers. The company's business encompasses all key links in the corrugated packaging production and processing value chain, and it possesses the most comprehensive and diverse product portfolio of corrugated packaging production line equipment in the industry. This enables the company to meet the needs of different market segments and various types of customers, offering dozens of different specifications and models of full-line and standalone products, making it the leader in the domestic market.

### **1. Corrugated cardboard production lines**

In the field of “High-End Intelligent Corrugated cardboard production lines “: Fosber Group, a subsidiary, offers three major series of products of corrugated cardboard production lines: S/Line, Pro/Line, and Quantum Line, along with key components for corrugated cardboard production lines, such as corrugating rolls and pressure rolls. These products are designed for medium to large-sized enterprises in the global corrugated cardboard production and processing industry, providing mid-to-high-end corrugated cardboard production lines in various specifications, types, and different positioning levels.

The S/Line and Pro/Line are primarily suitable for the production of corrugated cardboard with a thickness of 2mm to 13mm. This type of corrugated cardboard is known for its strong load-bearing capacity, excellent shock resistance, high plasticity, and environmental friendliness. It is widely used in logistics and express delivery, furniture and home appliances, and electronics packaging. The Quantum Line is mainly suitable for the production of solid fiberboard under 2mm thick and micro-corrugated cardboard. This type of cardboard is lightweight, high in strength, moisture-resistant, and environmentally friendly. It is widely used in packaging for color boxes, high-end products, electronics, and cultural and artistic items. The Tiruña brand's corrugating rolls and pressure rolls are compatible with various brands and different specifications of corrugated cardboard production lines. They can be customized based on the type of corrugated line, coating requirements, and applicable paper types.

### **2. Corrugated box printing and packaging production lines**

Dongfang Precision (China) and Dongfang Precision (Europe) offer high-quality corrugated box printing and packaging production lines and standalone equipment for both the Chinese and overseas markets. They offer dozens of different specifications and market positioning products, covering fixed/open-close type, top-print/bottom-print, full-line (line)/standalone models, making them the most comprehensive and diverse suppliers of products in this field globally.

### **3. Digital printers**

Wonder Digital offers four major series of digital printing machines, covering a wide range of types and specifications, from post-printing to pre-printing, from water-based inks to dyes and pigments, from water-based spot colors to UV spot colors, and from cartons and color boxes to coiled materials. The machines support various application modes and scenarios, including single-sheet printing to variable data seamless job changeover,

standalone printing to ERP integration, among others. Wonder Digital positions itself as a “digital printer supermarket,” meeting the needs of different markets and industry customers at various levels for digital printing production.

### **(III) Profound Know-How experience and experienced team in the industry**

Dongfang Precision has a team with deep industry Know-how and extensive experience. With over 20 years of experience in both domestic and international markets, the team has a profound understanding of the industry layout, development planning, R&D roadmap, production operations, marketing, and team management in the field; The core management team has a broad vision and is able to deeply grasp the overall development trends of the smart corrugated packaging equipment manufacturing industry. Through forward-looking strategic planning and layout, the steady and sustainable development of the Company is achieved. Furthermore, the Company practices a professional manager management model, continuously improving organizational structure, management authority, incentive systems, and cultural development. These measures help the Company attract talent and enhance the team’s combat effectiveness.

### **(IV) High brand popularity and customer recognition worldwide**

Intelligent Packaging Equipment Sector: The Fosber brand corrugated lines, Quantum corrugated lines, Tiruña brand corrugating rolls and pressure rolls, as well as Dongfang Precision brand corrugated box printing and packaging lines, and Wonder Digital brand digital printers, are well-known and influential both domestically and internationally. Fosber Group, a subsidiary, was founded in 1978 and is one of the two companies with the strongest comprehensive strength in the high-end corrugated line sector worldwide. The Fosber brand enjoys a high level of recognition and reputation in the corrugated packaging industry markets in Europe, North America, and Latin America. Tiruña Group, another subsidiary, has nearly 40 years of experience in the field of corrugating rolls and pressure rolls, with its products being sold in over 60 countries and regions. Qcorr, a subsidiary formerly known as the Italian corrugated line supplier Agnati, has over 80 years of industry experience. Dongfang Precision brand’s corrugated box printing and packaging lines are sold in more than 60 countries and regions. The holding subsidiary Wonder Digital is in the top tier of the domestic digital printer field, with its products sold in over 80 countries and regions and a market stock of over 1,600 units.

Water Powersports Equipment Sector: Parsun Power, a subsidiary, is a leading company in the domestic outboard motor industry. From 2020 to 2022, Parsun Power’s outboard motor products maintained the highest national market share for three consecutive years. The Parsun Power brand has received numerous honors, including “Jiangsu Province Famous Brand Product” and “Suzhou Famous Brand Product”. Overseas, Parsun Power’s sales network covers more than 100 countries and regions, establishing business partnerships with numerous customers worldwide.

### **(V) Global layout of business assets**

The Company mainly serves customers in the corrugated packaging industry worldwide, and has realized the global layout of its business assets:

In Asia, the Company has three R&D and manufacturing bases, located in Foshan, Suzhou, and Shenzhen. In Europe, the Company has four R&D and manufacturing bases, located in Italy and Spain. Additionally, the Company has production bases and service outlets in the United States and Mexico. The international marketing



- Water powersports products: Parsun Power's CAGRs of operating revenue and net profit achieved 22% over the past five years

Since acquiring the controlling stake in Parsun Power in 2015, Dongfang Precision has helped Parsun Power enhance its R&D, marketing, supply chain, and manufacturing through strategic adjustments and the introduction of outstanding talent. Between 2020 and 2024, Parsun Power achieved a compound annual growth rate of 22% in both revenue and net profit.

- Revitalizing established enterprises: Tirusña Group and QCorr

From 2019 to 2020, Dongfang Precision completed the acquisition of Tirusña Group and QCorr (formerly Italy's Agnati) through its subsidiary Fosber Group. During the post-investment integration phase, continuous optimization and adjustments in strategy, R&D, market positioning, production, and talent management effectively revived these two long-established European companies. In 2024, both QCorr and Tirusña Group achieved good annual net profit growth, setting their best performance since becoming part of Dongfang Precision.

Relying on strong strategic management and integration capabilities, and based on mutual respect and mutual trust with an open mindset, the Company has successfully integrated its business entities. The synergies along the industrial chain continue to be released, contributing to the active practice of China's private enterprises going global, accumulating valuable experience, and providing strong support for the Company's sustainable and steady development.

#### **(VII) Going global and bringing in, integrating domestic and international industrial Chain advantages, and strengthening the competitive moat**

Over the years, Dongfang Precision has actively implemented the "Go Global, Bring In" strategy in the corrugated packaging equipment sector, through early overseas expansion and domestic manufacturing upgrades. While maintaining technological leadership in the industry, the Company effectively reduces costs by leveraging the advantages of Chinese manufacturing, improving product cost-effectiveness and market adaptability, thereby enhancing the competitive advantage of its products and continuously building a moat in the domestic high-end corrugated packaging equipment sector.

Subsidiaries Fosber Asia and Tirusña Asia have introduced Fosber's corrugated cardboard production lines and Tirusña's corrugating rolls and pressure rolls, adapting and upgrading them to meet the actual needs of the Chinese market. This has achieved technology localization and manufacturing domestication, fully leveraging China's advantage as the world's most complete industrial and manufacturing support network, significantly lowering production costs and improving product competitiveness. Fosber's domestic manufacturing rate for mid-to-high-end corrugated lines has reached 90%, and Tirusña Asia delivered its first batch of mass-produced corrugating rolls and pressure rolls in 2024. The development of both companies fully embodies the integration of domestic and foreign industries, creating differentiated competitive advantages for domestic high-end smart equipment, and expanding into new markets in China and regions like Southeast Asia and South Asia.

## IV Analysis of Principal Operations

### (I) Overview

In 2024, China's national economy demonstrated a development trend of "steady improvement and progress while accumulating strength". According to data from the National Bureau of Statistics, China's GDP grew by 5% year-on-year in 2024. The added value of the equipment manufacturing industry has maintained a growth rate higher than that of all industrial sectors above a designated size for 15 consecutive months. The intelligent transformation and upgrading of the manufacturing industry has continued to deepen, and new productive forces have continued to develop and grow.

Under the strong leadership of the Board of Directors and management team, all employees in 2024 worked diligently and made continuous efforts. As a result, the Company achieved steady revenue and significant growth in net profit in its core business operations.

In 2024, the Company achieved total operating revenue of approximately RMB4,778 million, which remained stable compared to 2023; It achieved a net profit attributable to shareholders of the listed company of approximately RMB500 million, a year-on-year increase of 15.54%. The net profit attributable to shareholders of the listed company, excluding non-recurring gains and losses, was approximately RMB527 million, a year-on-year increase of 44.42%. The net cash flow generated from operating activities was RMB703 million, a year-on-year increase of 44.21%.

Unit: RMB'0,000

Business division	Operating revenue in 2024	YoY change	Gross profit margin in 2024	YoY change
<b>Intelligent packaging equipment</b>	<b>402,065.52</b>	<b>0.30%</b>	<b>31.58%</b>	<b>3.74%<sup>Note</sup></b>
Corrugated cardboard production lines	321,044.78	0.02%	30.75%	<b>4.50%</b>
Corrugated box printing and packaging production equipment	81,020.74	1.43%	34.84%	<b>0.66%</b>
<b>Water powersports equipment</b>	<b>75,720.04</b>	<b>2.73%</b>	<b>22.14%</b>	<b>-3.88%</b>

Note:

Explanation of the Gross Profit Margin Change: On December 6, 2024, the Ministry of Finance issued the Explanation No. 18 of the Accounting Standards for Business Enterprises, which stipulates that, from the date of issuance, companies should account for estimated liabilities arising from quality guarantees that do not constitute a separate performance obligation under "main business costs" or "other business costs". If a company has previously accounted for such estimated liabilities related to quality guarantees under "sales expenses", it must make retrospective adjustments when first implementing this standard. The Company has implemented the above regulations and, in 2024, included the relevant estimated liabilities related to quality guarantee provisions in the main business costs, making retrospective adjustments to the relevant accounting treatment for the 2023 fiscal year. This

retrospective adjustment has led to a change in the gross profit margin for 2023 used in the 2024 Annual Report compared to the gross profit margin data disclosed in the 2023 Annual Report. This change is due to the execution of the new accounting policy and the retrospective adjustment of previous accounting treatment. The Company has uniformly compared the gross profit margins for the two years according to the new accounting policy, more accurately reflecting the trend in the Company's gross profit margin changes.

## **(II) Performance of principal operations during the Reporting Period**

### **1. The business division of intelligent packaging equipment**

In 2024, the Company's intelligent packaging equipment segment achieved total operating revenue of RMB4,021 million, which remained stable compared to 2023. The gross profit margin increased by 3.74 percentage points year-on-year, and the overall profitability of the segment improved compared to 2023.

#### **A. The segment of corrugated cardboard production lines**

In 2024, Fosber Group, a subsidiary, achieved total operating revenue of RMB 2,975 million, representing a 2% year-on-year increase. From 2020 to 2024, Fosber Group's compound annual revenue growth rate was 12%, and the compound annual net profit growth rate was 25% (the above operating revenue and net profit figures are based on Fosber Group's consolidated financial statements).

#### **■ Stable Overall Revenue, Strengthening the European and American Market Base, Expanding Emerging Growth Areas**

In its core markets (Europe and North America), Fosber Group has maintained close cooperation with leading companies and large enterprises in the corrugated packaging industry for many years, earning strong customer recognition and becoming a long-term, stable partner. Despite mergers and acquisitions among major corrugated packaging companies in Europe and North America in 2024, which slightly slowed the industry's capital expenditure pace, Fosber Group maintained stable revenue growth in 2024. This stability was attributed to its excellent reputation, solid market position, and improvements in order production and delivery times (reducing full-line order delivery from 9 months in the second half of 2023 to about 6 months in 2024). In response to slower growth in core markets, Fosber actively expanded into emerging markets such as Latin America and Africa, adding 15 new customers in these markets; In 2024, Fosber completed the establishment of Fosber Mexico, which will enable the Company to offer higher-quality and more efficient services to Latin American customers starting in 2025.

Fosber Asia, a subsidiary, leverages industry-leading domestic mid-to-high-end corrugated line products and focuses on regional market sales strategies, providing high-quality domestic corrugated cardboard production lines to customers in China and Southeast Asia.

#### **■ Unlocking Internal Growth Potential, Significant Profit Margin Improvement**

In 2024, Fosber Group implemented a series of cost-reduction and efficiency-improvement measures to optimize cost control through efficient operations. These measures included extensive adoption of "lean production", further streamlining inventory, implementing collaborative procurement, enhancing supply chain

responsiveness, and strengthening expense control. Additionally, the decline in inflation in the Eurozone since early 2024 and the fall in raw material and energy prices provided a favorable external environment for gross margin improvement.

During the Reporting Period, Fosber Asia launched new products, including a 3-meter wide corrugated line, SF5B belt-type single facer, and S/Line 370 wet end corrugated line. The new belt-type single facer uses globally leading patented pressure design to enhance operational speed. The S/Line 370 wet end corrugated line realizes the localized development and manufacturing of core corrugator components. Fosber Asia continued to improve operational efficiency in 2024, with the delivery time for its core product, the S/Line, reduced from 9 months in 2023 to around 6 months in 2024, achieving a more than 20% improvement in efficiency; The implementation of Total Quality Management (TQM) improved material quality, inventory turnover, and reduced period expenses. In 2024, the overall gross margin and net profit margin were higher than the five-year average. With both “high-end technological breakthroughs” and “domestic manufacturing cost reduction”, Fosber Asia’s market competitiveness continues to strengthen.

#### ■ After-Sales and Spare Parts Business Become Key Growth Drivers

The after-sales business for corrugated lines (including spare parts sales and technical support) is one of Fosber Group’s core competitive advantages in the industry market. Over the years, Fosber Group has provided excellent support services to industry clients through leading industrial Internet technologies, helping customers enhance productivity. Amid the global macroeconomic slowdown and a slowdown in capital expenditures, some customers have opted to extend the lifespan of existing equipment, driving growth in demand for spare parts and maintenance services. In 2024, Fosber Group’s after-sales business share in overall revenue increased. In the North American market, Fosber USA provides comprehensive services throughout the entire project lifecycle, building differentiated competitive advantages, becoming a key barrier with a market share exceeding 50% in North America.

Tiruña Group, a subsidiary, has intensified efforts to expand its spare parts business for corrugated packaging equipment. As a core supplier of corrugating rolls and pressure rolls for Fosber brand corrugated lines, Tiruña Group also provides high-performance corrugating rolls and pressure rolls to third-party customers in Europe and the Americas (including other corrugated cardboard production lines manufacturers and corrugated packaging manufacturers). In 2024, Tiruña Group achieved both revenue and order growth, marking its fifth consecutive year of revenue growth since 2020. The expansion of third-party customer business was particularly successful, enhancing its competitiveness in the European and American industry markets. With the stable implementation of Tiruña Group’s business plan and the deepening of lean production practices, its production capacity has steadily increased, and cost-reduction and efficiency-improvement results are visible. In 2024, Tiruña Group’s net profit saw a more than 45% growth.

Tiruña Asia, a subsidiary responsible for the domestic production of Tiruña brand corrugating rolls and pressure rolls, completed equipment commissioning and process verification in 2024 at its new factory. It now has the capacity to deliver mass-produced corrugating rolls and pressure rolls, which will become an important part of the domestic corrugated packaging equipment spare parts business in the future.

## **B. The business of corrugated box printing and packaging production lines**

In 2024, Dongfang Precision (China) achieved a year-on-year revenue growth of 10.81%, with export revenue accounting for approximately 83% of total revenue (an increase of 10 percentage points compared to 2023). The penetration of Dongfang Precision brand corrugated box printing equipment in the international mid-to-high-end market continued to rise.

In the context of many domestic peers expanding overseas, Dongfang Precision has strengthened its advantages in markets such as Europe and North America through years of accumulated goodwill, leading technology levels, excellent product quality, and a robust sales and service system. In 2024, the Company achieved its first sale of new fixed-type full-line products in the European market. During the Reporting Period, Dongfang Precision (China) implemented joint visits to overseas customers and strengthened its overseas after-sales support system, offering a comprehensive suite of services covering the entire product lifecycle, including machine equipment, spare parts, software upgrades, after-sales support, and training, thereby consolidating and enhancing customer loyalty.

During the Reporting Period, high-value-added full-line equipment became the core revenue source for Dongfang Precision (China). In 2024, Dongfang Precision (China) launched high-end full-line products integrated with the Interlink intelligent production management system developed by Dongfang Digicom, helping industry clients improve intelligent production management levels and further enhancing production line productivity.

The “Smart Logistics Solution” achieved its first ten-million-level project. In 2024, the Company’s investment and efforts in the smart logistics segment were validated by the market, with two smart logistics projects completed and accepted within the year. This marked a new level of market competitiveness. Dongfang Precision’s smart logistics solution covers two major scenarios: raw paper logistics and cardboard logistics, integrating various advanced technologies, including automation equipment, intelligent algorithms, and digital management platforms. It helps industry clients build digital factories/workshops, achieving cost reduction, quality improvement, and efficiency enhancement while upgrading to intelligent systems. The smart logistics solution aligns deeply with the company’s overall development strategy and is expected to become a key component in the future development of the corrugated packaging equipment business segment.

Gross margin continued to improve, with supply chain optimization and cost control efforts achieving double effects. During the Reporting Period, Dongfang Precision (China) achieved a decrease in core costs through domestic substitution and optimized procurement management. The Company also implemented refined production scheduling to improve inventory turnover and strengthened expense control, which effectively reduced the period expense ratio. Multiple cost reduction and efficiency-enhancement measures led to significant improvements. In 2024, both gross margin and net profit margin reached higher levels than in recent years.

## **C. The business of digital printers**

In 2024, the holding subsidiary Wonder Digital achieved operating revenue of approximately RMB186 million, a year-on-year increase of about 20%.

**Launch of High-End New Products, Entering the High-Definition Color Printing Market:** In 2024, Woner Digital globally launched the WONDER INNO PRO industrial-grade high-definition printer with a benchmark

accuracy of 1800npi. This product is designed for the color printing packaging sector and uses new technology to enhance printing precision and color reproduction. It can achieve high speed, high precision, and excellent image quality, offering a high-definition color digital printing device that rivals the effects of offset printing. Additionally, Wonder Digital launched the WD250 PRINT MASTER wide-format digital inkjet printer, which caters to high-end color printing on cardboard and coated paper, as well as yellow and white kraft paper printing.

**Improvement in Revenue Structure:** In 2024, Wonder Digital launched the upgraded “All-in-One Digital Printing Machine.” With its innovative “dual-mode integrated technology”, it meets the diverse printing needs of different sizes and helps customers reduce costs and improve efficiency. This product quickly gained popularity in the domestic market and became a sales hit. The sales of ink, consumables, accessories, and services grew by over 40%, and the matching effect of the machines became more apparent. The volume of high-end color printing products gradually increased, helping to enhance Wonder Digital’s revenue scale and gross margin levels.

**Optimization of Production Manufacturing and Supply Chain Management:** In 2024, Wonder Digital made significant efforts to optimize its production processes, improve product standardized design, and implement material classification management. As a result, inventory turnover significantly improved, obsolete inventory continued to decrease, and the efficiency of machine equipment order delivery was notably enhanced. Through supply chain collaboration optimization, the procurement cost of key components such as print heads was reduced.

The Company achieved a period expense ratio lower than the average level of the past three years (since Wonder Digital was included in Dongfang Precision’s consolidated financial statements in 2022). Through these measures, Wonder Digital's net profit returned to a growth trend in 2024.

## **2. The business division of water powersports equipment**

In 2024, the holding subsidiary Parsun Power achieved operating revenue of approximately RMB757 million, a year-on-year increase of about 2.7%.

**Breaking into the High-End Outboard Motor Market, Domestic 300-Horsepower Model Launches Strongly:** Parsun Power successfully launched its first domestically produced 300-horsepower gasoline outboard motor, which has been certified by the China Classification Society (CCS) and the European CE certification. This product has achieved independent control over core technologies and the supply chain, with its core performance reaching international advanced levels.

The release of this product breaks the long-standing monopoly of brands like Yamaha and Mercury in the high-power segment, filling the gap in the domestic market for high-horsepower gasoline outboard motors. The 300-horsepower outboard motor belongs to the high-power segment and covers a wide range of applications, including leisure, commercial, and professional uses such as sea fishing, surfing, offshore cruising, fishing, water transport, maritime law enforcement patrols, and sea rescue. Its technical positioning is at the forefront of the outboard motor industry, applying advanced technologies such as four-stroke engines, electronic fuel injection (EFI), lightweight materials, and integrated electronic control systems. This product represents high-end, high-value-added products in the global outboard motor market.

As a Chinese manufacturer, Parsun Power’s breakthrough in the large-horsepower model allows it to directly target high-value markets, competing globally with the core advantages of Chinese manufacturing. Parsun Power

is poised to become one of the core competitors in the global high-end outboard motor market, laying the foundation for its entry into the global high-end leisure yacht market and becoming a key driver of future revenue growth.

**R&D and Capacity Synergy Layout:** Parsun Power continues to deepen its “gasoline + electric + diesel” full-track layout, advancing the development of electric and diesel models; The company is focusing on expanding its product layout in core water leisure scenarios, initiating new projects like the top-tier engine development; As of the end of 2024, Parsun Power has accumulated 114 intellectual property rights. In terms of production capacity, Parsun Power’s intelligent new factory construction project completed its main engineering construction in 2024, with trial production expected in 2025, which will significantly increase its production capacity.

**“Supply Chain Optimization + Expense Control,” Achieving Simultaneous Improvement in Quality and Efficiency:** In 2024, Parsun Power strengthened its efforts to improve quality, reduce costs, and increase efficiency. It optimized procurement management and improved inventory turnover, resulting in overall cost reductions while enhancing the quality of its fuel-powered models; The company also strengthened expense control, achieving a year-on-year decrease in the period expense ratio.

### (III) Analysis of key financial indicators

#### 1. Revenue and Cost Analysis

##### (1) Breakdown of Operating Revenue

Unit: RMB

	2024		2023		Change (%)
	Operating revenue	As a % of total operating revenue (%)	Operating revenue	As a % of total operating revenue (%)	
Total	4,777,855,602.69	100%	4,745,737,321.83	100%	0.68%
By operating division					
Intelligent manufacturing	4,777,855,602.69	100.00%	4,745,737,321.83	100.00%	0.68%
By product category					
Corrugated cardboard production lines	3,210,447,782.10	67.19%	3,209,889,258.08	67.64%	0.02%
Corrugated box printing and packaging production line equipment	810,207,423.62	16.96%	798,784,145.98	16.83%	1.43%
Water powersports	757,200,396.97	15.85%	737,063,917.77	15.53%	2.73%

products and general machines					
By operating segment					
Mainland China	551,722,648.45	11.55%	744,020,072.39	15.68%	-25.85%
Other countries and regions	4,226,132,954.24	88.45%	4,001,717,249.44	84.32%	5.61%
By sales mode					
Direct selling	3,900,868,714.41	81.64%	3,977,761,773.94	83.82%	-1.93%
Distribution selling + reselling	876,986,888.28	18.36%	767,975,547.89	16.18%	14.19%

## (2) Operating Division, Product Category or Operating Segment Contributing over 10% of Operating Revenue or Operating Profit

√ Applicable □ Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Intelligent manufacturing	4,777,855,602.69	3,340,495,826.94	30.08%	0.68%	-2.84%	2.53%
By product category						
Corrugated cardboard production lines	3,210,447,782.10	2,223,077,047.19	30.75%	0.02%	-6.08%	4.50%
Corrugated box printing and packaging production line equipment	810,207,423.62	527,897,598.86	34.84%	1.43%	0.41%	0.66%
Water powersports products and general machines	757,200,396.97	589,521,180.89	22.14%	2.73%	8.12%	-3.88%
By operating segment						
Mainland China	551,722,648.45	441,741,841.88	19.93%	-25.85%	-20.89%	-5.02%
Other countries and regions	4,226,132,954.24	2,898,753,985.06	31.41%	5.61%	0.66%	3.37%
By sales mode						
Direct selling	3,900,868,714.41	2,719,099,981.52	30.30%	-1.93%	-6.09%	3.08%
Distribution selling + reselling	876,986,888.28	621,395,845.42	29.14%	14.19%	14.52%	-0.20%

Under the circumstances that the statistical caliber of the Company's main business data is adjusted in the Reporting Period, the

Company's main business data that adjusted according to the caliber at the end of the Reporting Period

Applicable  Not applicable

### (3) Whether Revenue from Physical Sales Is Higher than Service Revenue

Yes  No

Operating division	Item	Unit	2024	2023	Change (%)
Corrugated cardboard production lines	Unit sales	Unit	191.00	194.00	-1.55%
	Output	Unit	192.00	195.00	-1.54%
	Inventory	Unit	5.00	4.00	25.00%
Corrugated box printing and packaging production line equipment	Unit sales	Unit	393.00	350.00	12.29%
	Output	Unit	393.00	323.00	21.67%
	Inventory	Unit	24.00	24.00	0.00%
Water powersports products and general machines	Unit sales	Unit	60.25	47.35	27.23%
	Output	Unit	59.37	48.04	23.58%
	Inventory	Unit	0.68	1.56	-56.41%

Any over 30% YoY movements in the data above and why:

Applicable  Not applicable

The over 30% YoY decreases in the inventory of water powersports products and general machines are primarily driven by the centralized shipment at the end of 2024.

### (4) Execution Progress of Major Signed Sales Contracts in the Reporting Period

Applicable  Not applicable

### (5) Breakdown of Cost of Sales

Unit: RMB

Industry Category	Item	2024		2023		Change (%)
		Cost of sales	As a % of total cost of sales (%)	Cost of sales	As a % of total cost of sales (%)	
Intelligent manufacturing	Raw materials	2,160,002,113.79	64.66%	2,273,399,243.03	66.13%	-4.99%
	Labor cost	526,866,025.31	15.77%	493,284,128.29	14.35%	6.81%
	Other	653,627,687.84	19.57%	671,341,382.59	19.53%	-2.64%

Unit: RMB

Product	Item	2024	2023	Change (%)
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category		Cost of sales	As a % of total cost of sales (%)	Cost of sales	As a % of total cost of sales (%)	
Corrugated cardboard production lines	Raw materials	1,239,323,918.09	37.10%	1,386,840,647.93	40.34%	-10.64%
	Labor cost	430,426,579.74	12.89%	398,729,132.93	11.60%	7.95%
	Other	553,326,549.36	16.56%	581,478,606.30	16.91%	-4.84%
Corrugated box printing and packaging production line equipment	Raw materials	402,926,438.37	12.06%	394,267,397.00	11.47%	2.20%
	Labor cost	64,773,023.81	1.94%	64,402,686.38	1.87%	0.58%
	Other	60,198,136.68	1.80%	67,051,048.15	1.95%	-10.22%
Water power sports products and general machines	Raw materials	517,751,757.33	15.50%	492,291,198.10	14.32%	5.17%
	Labor cost	31,666,421.76	0.95%	30,152,308.98	0.88%	5.02%
	Other	40,103,001.80	1.20%	22,811,728.14	0.66%	75.80%

#### (6) Changes in the Scope of Consolidated Financial Statements for the Reporting Period

Yes  No

#### (7) Major Changes to the Business Scope or Product or Service Range in the Reporting Period

Applicable  Not applicable

#### (8) Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	1,226,710,251.46
Total sales to top five customers as a % of total sales of the Reporting Period (%)	25.67%
Total sales to related parties among top five customers as a % of total sales of the Reporting Period (%)	0.00%

Top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As a % of total sales revenue (%)
1	Customer A	453,102,301.94	9.48%
2	Customer B	351,328,916.21	7.35%
3	Customer C	171,132,975.04	3.58%
4	Customer D	132,315,781.65	2.77%
5	Customer E	118,830,276.62	2.49%
Total	--	1,226,710,251.46	25.67%

Other information about major customers:

Applicable  Not applicable

Major suppliers:

Total purchases from top five suppliers (RMB)	419,499,380.37
Total purchases from top five suppliers as a % of total purchases of the Reporting Period (%)	19.22%
Total purchases from related parties among top five suppliers as a % of total purchases of the Reporting Period (%)	0.00%

Top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As a % of total purchases (%)
1	Supplier A	289,976,104.08	13.29%
2	Supplier B	39,288,093.83	1.80%
3	Supplier C	30,593,546.25	1.40%
4	Supplier D	30,574,731.47	1.40%
5	Supplier E	29,066,904.74	1.33%
Total	--	419,499,380.37	19.22%

Other information about major suppliers:

Applicable  Not applicable

## 2. Expenses

Unit: RMB

	2024	2023	Change (%)	Reason for any significant change
Selling expenses	192,404,149.61	200,344,321.03	-3.96%	No significant change.
Administrative expenses	360,042,388.32	344,224,692.51	4.60%	No significant change.
Finance costs	-24,492,820.88	-1,089,616.70	2,147.84%	Mainly due to the increase in interest income in the reporting period..
R&D expenses	105,524,488.70	127,566,482.42	-17.28%	No significant change.

## 3. R&D Investments

Applicable  Not applicable

Main R&D projects	Purpose	Project progress	Objectives to be achieved	Expected impact on the Company
Localization of a world-leading high-end corrugated cardboard	To introduce the world-leading high-end corrugated cardboard	Promote as planned	Mass production for sales in the domestic market	Further enrich the Company's product portfolio which can

production line	production line and make it localized to meet the needs of Chinese customers for the highest-end and highest-speed corrugated cardboard production line.			become a new profit growth point for the Company's corrugated box printing and packaging production line machinery.
High-horsepower outboard motors	To make up the blank market of high-horsepower outboard motors, and further enhance the competitiveness of products.	Promote as planned	Mass production for sales in the world	Meet the demand for high-horsepower outboard motors in domestic and international markets, becoming a new profit growth point for the Company.
Electric outboard motors	To develop a battery-powered outboard motor to further enhance product competitiveness in the new energy outboard motor market.	The electric outboard motor has been developed and put into mass production.	Mass production for sales in the world	Meet market demand and become a new profit growth point for the Company.

## Details about R&amp;D personnel:

	2024	2023	Change (%)
Number of R&D personnel	314	335	-6.27%
R&D personnel as a % of total employees	13.90%	14.80%	-0.90%
Educational background of R&D personnel			
Bachelor's degree	124	163	-23.93%
Master's degree	58	25	132.00%
Other	132	147	-10.20%
Age structure of R&D personnel			
Under 30	80	91	-12.09%
30-40	130	141	-7.80%
Other	104	103	0.97%

## Details about R&amp;D investments:

	2024	2023	Change (%)
R&D investments (RMB)	105,524,488.70	129,198,284.64	-18.32%
R&D investments as a % of operating revenue	2.21%	2.72%	-0.51%
Capitalized R&D investments (RMB)	0	1,631,802.22	-100.00%

	2024	2023	Change (%)
Capitalized R&D investments as a % of total R&D investments	0.00%	1.26%	-1.26%

Reasons for any significant change to the composition of R&D personnel and the impact:

Applicable  Not applicable

Reasons for any significant YoY change in the percentage of R&D investments in operating revenue:

Applicable  Not applicable

Reason for any sharp variation in the percentage of capitalized R&D investments and rationale:

Applicable  Not applicable

Mainly due to the completion of R&D for capitalized projects.

#### 4. Cash Flows

Unit: RMB

Item	2024	2023	Change (%)
Subtotal of cash generated from operating activities	4,762,527,101.99	4,773,160,187.72	-0.22%
Subtotal of cash used in operating activities	4,059,971,721.77	4,285,979,449.06	-5.27%
Net cash generated from/used in operating activities	702,555,380.22	487,180,738.66	44.21%
Subtotal of cash generated from investing activities	1,623,611,915.96	2,827,005,182.87	-42.57%
Subtotal of cash used in investing activities	2,165,113,284.38	3,013,612,153.30	-28.16%
Net cash generated from/used in investing activities	-541,501,368.42	-186,606,970.43	190.18%
Subtotal of cash generated from financing activities	262,788,352.77	857,532,104.79	-69.36%
Subtotal of cash used in financing activities	418,138,867.37	768,667,640.45	-45.60%
Net cash generated from/used in financing activities	-155,350,514.60	88,864,464.34	-274.82%
Net increase in cash and cash equivalents	-20,224,063.29	438,793,914.57	-104.61%

Explanation of why any of the data above varies significantly on a year-on-year basis:

Applicable  Not applicable

(1) Net cash generated from operating activities was RMB 702.5554 million, primarily driven by the decrease in cash expenditures arising from operating activities during this reporting period.

(2) Net cash used in investing activities was RMB 541.5014 million, primarily driven by the company carried out financial asset

investments during this reporting period.

(3) Net cash generated from financing activities was RMB 155.3505 million, primarily driven by the company's repayment of loans during this reporting period.

(4) Net increase in cash and cash equivalents was RMB 20.2241million, primarily driven by the cash flow from financing activities was in an outflow state during this reporting period.

Explanation of why the net cash generated from/used in operating activities varies significantly from the net profit of the Reporting Period:

Applicable  Not applicable

## V Analysis of Non-Core Businesses

Applicable  Not applicable

Unit: RMB

	Amount	As a % of gross profit	Primary source/reason	Recurrent or not
Return on investment	1,284,823.56	0.18%	Mainly due to the change in investment income recognized from the implementation of securities investment during the reporting period.	Yes
Gain/loss on changes in fair value	-54,273,753.77	-7.39%	Mainly due to the fluctuation in the fair value of the held trading financial assets during the reporting period.	Yes
Asset impairment loss	-24,304,048.87	-3.31%	Mainly due to the provision for inventory write-downs and impairment of contract assets during the reporting period.	No
Non-operating income	6,230,006.52	0.85%	No significant impact.	No
Non-operating expenses	793,815.22	0.11%	No significant impact.	No

## VI Analysis of Assets and Liabilities

### 1. Significant Changes in Asset Composition

Unit: RMB

	31 December 2024		1 January 2024		Change in percentage (%)	Reason for any significant change
	Amount	As a % of total assets	Amount	As a % of total assets		

Cash and bank balances	1,729,050,383.34	22.97%	1,826,419,904.49	24.23%	-1.26%	No significant change.
Accounts receivable	745,862,825.71	9.91%	904,003,975.47	11.99%	-2.08%	Mainly due to the increase in sales proceed collection..
Contract assets	52,151,171.92	0.69%	45,946,377.14	0.61%	0.08%	No significant change.
Inventories	1,031,899,593.02	13.71%	1,182,411,055.68	15.69%	-1.98%	Mainly due to the increase in sales shipments.
Long-term equity investments	113,469,148.58	1.51%	117,265,884.84	1.56%	-0.05%	No significant change.
Fixed assets	681,980,621.79	9.06%	611,851,577.04	8.12%	0.94%	Mainly due to the increased investment in long-term assets during the period.
Construction in progress	404,826,595.02	5.38%	195,557,097.80	2.59%	2.79%	Mainly due to the increased investment in long-term assets during the period.
Right-of-use assets	64,147,198.31	0.85%	82,342,398.83	1.09%	-0.24%	No significant change.
Short-term borrowings	85,390,128.99	1.13%	370,549,972.80	4.92%	-3.79%	Mainly due to the repayment of short-term borrowings during the period.
Contract liability	373,931,068.16	4.97%	645,608,919.34	8.56%	-3.59%	Mainly due to the increase in sales shipments.
Long-term borrowings	125,482,485.31	1.67%	79,107,701.15	1.05%	0.62%	Mainly due to the borrowing of long-term loans.
Lease liabilities	47,666,801.96	0.63%	65,861,441.32	0.87%	-0.24%	No significant change.

Overseas assets that take up a large percentage of the Company's net asset value:

Applicable  Not applicable

Asset	Source	Asset value (RMB)	Location	Management model	Control measures to protect asset safety	Return	As a % of the Company's net asset value	Any material impairment risk or not
100% interest of	M&A	1,336,013,740.84	Italy	Producing and	Operation management	Good	25.57%	Not

Asset	Source	Asset value (RMB)	Location	Management model	Control measures to protect asset safety	Return	As a % of the Company's net asset value	Any material impairment risk or not
Fosber S.p.A.				marketing by itself				
100% interest of EDF S.R. L	M&A	18,346,735.76	Italy	Producing and marketing by itself	Operation management	Good	0.35%	Not

**2. Assets and Liabilities at Fair Value**

√ Applicable □ Not applicable

Unit: RMB

Item	Opening amount	Gain/loss on fair-value changes in the period	Cumulative fair-value changes recognized in equity	Impairment allowance for the period	Purchased in the period	Sold in the period	Other changes	Closing amount
Financial assets								
1. Financial assets held for trading (exclusive of derivative financial assets)	651,296,267.76	18,892,255.59			1,655,620,603.60	1,537,159,794.77		788,649,332.18
2. Derivative financial assets	31,329,174.69	-21,163,557.09				7,410,536.43		2,755,081.17
3. Other non-current financial assets	461,278,259.67	25,319,118.98			77,777,778.00	25,000,000.00	74,431.97	539,449,588.63
Subtotal of financial assets	1,143,903,702.12	23,047,817.48			1,733,398,381.60	1,569,570,331.20	74,431.97	1,330,854,001.98
Other non-current financial assets	10,248,630.14	330,904.11						10,579,534.25
Total of the above	1,154,152,332.26	23,378,721.59			1,733,398,381.60	1,569,570,331.20	74,431.97	1,341,433,536.23
Financial liabilities	138,319,682.01	77,321,571.25					-2,462,817.49	213,178,435.77

Particulars about other changes: Other changes are mainly exchange movements.

Indicate whether any significant change occurred to the measurement attributes of the major assets in the Reporting Period.  Yes  No

### 3. Assets to which the Company's Rights Were Restricted as at the Period-End

Unit: RMB

Item	Closing carrying amount	Reason for restriction
Cash and bank balances	76,759,834.79	Deposits used for obtaining bank acceptance bills and guarantees, etc.
Fixed assets	61,309,010.26	For bank loans obtained by subsidiaries
Total	<b>138,068,845.05</b>	

## VII Investments Made

### 1. Total Investment Amount

Applicable  Not applicable

Total investment amount in 20234(RMB)	Total investment amount in 2023 (RMB)	Change (%)
950,553,363.69	1,002,404,107.56	-5.17%

### 2. Significant Equity Investments Acquired in the Reporting Period

Applicable  Not applicable

### 3. Significant Non-Equity Investments of which the Acquisition Was Uncompleted in the Reporting Period

Applicable  Not applicable

#### 4. Financial Investments

##### (1) Securities Investments

√ Applicable □ Not applicable

Unit: RMB

Security type	Security code	Security name	Initial investment cost	Measurement method	Opening carrying amount	Gain/loss on fair-value changes in the period	Cumulative fair-value changes recognized in equity	Purchased in the period	Sold in the period	Gain/loss in the period	Closing carrying amount	Accounting title	Funding source
Domestically/ overseas listed stocks	002123.SZ	Montnets Technology	65,764,930.00	Fair value	65,764,930.00	28,117,927.00		93,756,042.00		28,117,927.00	187,638,899.00	Financial assets held for trading	Self-funded
Domestically/ overseas listed stocks		Others	119,577,997.80	Fair value	119,577,997.80	-5,103,274.35		90,595,512.00	216,460,505.19	6,286,995.39		Financial assets held for trading	Self-funded
Trust products			40,000,000.00	Fair value		153,767.72		40,000,000.00	20,000,000.00	153,767.72	20,153,767.72	Financial assets held for trading	Self-funded
Funds			332,290,725.57	Fair value	332,290,725.57	-6,023,666.06		108,948,283.90	88,148,104.05	-6,023,666.06	347,067,239.36	Financial assets held for	Self-funded

												trading	
Others		133,662,614.39	Fair value	133,662,614.39	1,747,501.28		1,322,320,765.70	1,219,443,055.23	2,750,898.76	-	233,789,426.10	Financial assets held for trading	Self-funded
Total		691,296,267.76	--	651,296,267.76	18,892,255.59	0.00	1,655,620,603.60	1,544,051,664.47	25,784,125.29	788,649,332.18	--	--	
Disclosure date of the board announcement approving the securities investments		March 28, 2024											
Disclosure date of the general meeting announcement approving the securities investments (if any)		April 20, 2024											

**(2) Investments in Derivative Financial Instruments**√Applicable Not applicable**1) Derivative Investments for Hedging Purposes in the Reporting Period**√Applicable Not applicable

Unit: RMB'0,000

Type of derivative	Initial investment amount	Opening amount	Gain/loss on fair-value changes in the period	Cumulative fair-value changes recognized in equity	Purchased in the Reporting Period	Sold in the Reporting Period	Closing amount	Closing amount as % of the Company's closing equity
Forward Foreign Exchange	53,553.75	43,339.20	-44.27	0	10,214.55	32,811.89	20,741.86	4.17%
Swap Foreign Exchange	5,031.88	0.00	-0.22	0	5,031.88	5,031.88	0	0.00%
合计	58,585.63	43,339.20	-44.49	0	15,246.43	37,843.77	20,741.86	4.17%
Description of	No significant change							

significant changes in accounting policies and specific financial accounting principles in respect of the Company's hedges for the Reporting Period as compared to the prior reporting period	
Actual gains/losses in the Reporting Period	During the Reporting Period, the actual Profit on derivative contracts for hedging purposes stood at RMB 114.4 thousand.
Results of hedges	Currently not available
Funding source	Self-funded
Risk analysis of positions held in derivatives during the Reporting Period and description of control measures (Including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	The above-mentioned hedging transactions are mainly intended to avert and prevent risks arising from fluctuations in exchange rates. In the Rules on the Management of Financial Derivative Transaction Business formulated by the Company, the operating rules, review and approval authority, routine management, and risk control mechanisms on the financial derivative transaction business have been prescribed to standardize business operation as well as prevent and control related risks. Chinese futures exchanges have established well-improved risk control mechanisms. As future exchanges assume the performance responsibility, there is a low probability of credit risk. The Company will strengthen the understanding and mastering of national policies and requirements of relevant governing bodies to avoid related credit and legal risks.
Changes in market prices or fair value of derivative products during the Reporting Period, specific methods used, and relevant assumption and parameter settings shall be disclosed for analysis of fair value of derivatives	Undue forward forex settlement and sale contracts are measured at fair value, i.e., the difference between the signing price of an undue forward forex settlement and sale contract held at the period-end and the bank's forward forex rates at the period-end.
Legal matter (if applicable)	N/A
Disclosure date of the	28 March 2024

announcement about the board's consent for the derivative investment (if any)	
Disclosure date of the announcement about the general meeting's consent for the derivative investment (if any)	20 April 2024

## 2) Derivative Investments for Speculative Purposes in the Reporting Period

√ Applicable    □ Not applicable

Unit: RMB'0,000

Counterparty	Relationship with the Company	Related transaction	Type of derivative	Initial investment amount	Start date	End date	Opening investment amount	Purchased in the Reporting Period	Sold in the Reporting Period	Impairment allowance (if any)	Closing investment amount	Closing investment amount as % of the Company's closing equity	Actual gain/loss in the Reporting Period
Shenwan Hongyuan Securities	N/A	No	Accumulator	5,000.00	15 August 2023	19 August 2024	2,870.79	0	83.80	0	0	0%	-2,787
China Merchants Bank	N/A	No	Foreign Exchange Options	50.00	22 May 2024	22 August 2024	0	50	50.93	0	0	0%	0.93
<b>Total</b>				<b>5,050.00</b>	<b>--</b>	<b>--</b>	<b>2870.79</b>	<b>50</b>	<b>134.73</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>-2786.07</b>
Funding source				Self-funded									
Legal matter (if applicable)				N/A									
Disclosure date of the announcement about the board's consent for the derivative investment (if any)				28 March 2024									
Disclosure date of the announcement about the general meeting's consent for the derivative investment (if any)				20 April 2024									
Risk analysis of positions held in derivatives during the Reporting Period and description of control measures				Risk analysis: 1. Decision-making risk: The Company's involvement in futures and derivatives trading is influenced by a variety of factors, including									

(Including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>international and domestic economic policies, economic conditions, developments in the underlying commodity sectors, fluctuations in exchange rates and interest rates. Furthermore, this type of trading is inherently complex and requires a high level of specialisation, thus carrying a certain degree of risk in trading decision-making processes.</p> <p>2. Market risk: Financial markets are susceptible to macroeconomic conditions, industry cycles, and numerous other influences, causing linked underlyings in snowball products to fluctuate during holding periods, leading to variable valuations that could result in substantial gains or losses. Exchange rate movements are bi-directional; in the context of forward exchange rates, there's a possibility that locked-in forward exchange transactions may lead to settlement exchange rates below the company's book rate on the delivery date, potentially generating foreign exchange losses. Additionally, due to factors tied to futures and other derivative markets, futures prices and spot prices might exhibit discrepancies in timing and volatility, such that during the hedging period, related businesses could incur either additional profits or losses.</p> <p>3. Liquidity risk: A sudden and extreme shift in the relevant price index, or managing excessively large positions, could potentially result in untimely margin calls and force the liquidation of positions, thereby exposing the Company to liquidity risks.</p> <p>4. Policy and legal risks: The Company may suffer losses due to alterations in the legal framework, non-compliance with relevant laws, regulations, or contractual breaches by counterparties, leading to improper execution of contracts.</p> <p>5. Other risks: During transaction execution, failing to adhere to standard procedures for derivatives trading or inadequate comprehension of derivative product information can introduce operational risks, potentially leading to losses stemming from non-compliant actions or unforeseen legal contingencies.</p> <p>Description of control measures:</p> <p>1. In the Rules on the Management of Financial Derivative Transaction Business formulated by the Company, the operating rules, review and approval authority, routine management, and risk control mechanisms on the financial derivative transaction business have been prescribed to standardise business operation as well as prevent and control related risks.</p> <p>2. The Company will diligently select qualified financial institutions for partnership and may engage experienced external professionals when needed to offer advisory services. This ensures thorough and methodical research and analysis prior to investments, thereby minimising operational risks and performance uncertainties.</p> <p>3. Throughout its business operations, the Company and its associates rigorously comply with applicable national laws and regulations to avert legal hazards. They conduct regular supervision and inspections to ensure the derivatives business's standardisation, internal control efficacy, and information disclosure accuracy. They closely monitor shifts in domestic and international regulatory policies and changes to relevant rules, proactively adjusting hedging strategies accordingly to mitigate potential policy risks well ahead of time.</p> <p>4. Domestic futures exchanges maintain a robust risk control framework, assuming clearing responsibilities, thereby reducing the likelihood of credit risk significantly. The Company will diligently stay informed and aligned with national policies and management body requirements to mitigate credit and legal risks effectively.</p> <p>5. The Company will steadfastly uphold cautious investment principles, consistently enhancing its analysis and research on economic policies, market conditions, and environmental shifts, promptly adjusting its investment strategies and scales as needed. Moreover, it will continuously fortify the professional education of its team members, elevating the proficiency of its practitioners.</p> <p>6. The internal audit departments of the Company are responsible for supervising and verifying the implementation of futures and derivatives trading business, proposing timely rectification opinions on existing problems, and reporting to the Audit Committee of the Board of Directors of the Company.</p>
Changes in market prices or fair value of derivative products during the Reporting Period, specific methods	Based on market value changes

used, and relevant assumption and parameter settings shall be disclosed for analysis of fair value of derivatives	
Description of significant changes in accounting policies and specific financial accounting principles in respect of the Company's derivatives for the Reporting Period as compared to the prior reporting period	No significant change

## 5. Use of Raised Funds

Applicable  Not applicable

No such cases in the Reporting Period.

## VIII Sale of Major Assets and Equity Investments

### 1. Sale of Major Assets

Applicable  Not applicable

No such cases in the Reporting Period.

### 2. Sale of Major Equity Investments

Applicable  Not applicable

No such cases in the Reporting Period.

## IX Principal Subsidiaries and Joint Stock Companies

Applicable  Not applicable

Principal subsidiaries and joint stock companies with an over 10% effect on the consolidated net profit:

Unit: RMB

Name	Relationship with the Company	Principal activities	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Fosber Group	Subsidiary	R&D, processing, manufacturing, and marketing of corrugated cardboard production lines and parts, as well as provision of after-sales services	EUR1.56 million	2,457,380,933.64	1,336,013,740.84	2,975,296,374.92	586,008,222.15	428,455,725.21
Shunyi Investment	Subsidiary	Shunyi Investment is principally engaged in business entity and project investments, etc. It is the direct controlling	RMB10 million	831,348,551.96	500,778,907.38	757,200,396.97	91,625,107.18	80,596,569.54

		shareholder of Parsun Power.						
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## X Structured Bodies Controlled by the Company

Applicable  Not applicable

1. In March 2021, the Company established Tianjin Hangchuang Zhijin Investment Partnership (Limited Partnership) (the "Tianjin Hangchuang Fund" or the "Partnership") with AVIC Innovation Capital Management Co., Ltd. The Company, as the sole LP of the Fund, subscribed for the Partnership's contribution share of RMB20,000,000. The Fund is a special fund which is to invest in the equity of Sichuan Dajin Stainless Steel Co., Ltd. (now renamed as Chengdu Dajin Aero-Tech Co., Ltd.).

This investment is in line with the Company's development strategy considering the Fund's investment direction, decision-making, management, income distribution, loss allocation, etc. From the perspective of business nature, the Company provides much of the capital of the Tianjin Hangchuang Fund, so it is reasonable to include the Fund in the Company's consolidated financial statements of the Reporting Period.

2. In March 2022, the wholly owned subsidiary Yineng Investment indirectly invested in Beijing Sinoscience Fullcryo Technology Co., Ltd. (referred to as "Fullcryo" in this Report) and Sinoscience Fullcryo (Zhongshan) Equipment Manufacturing Co., Ltd. by making a capital contribution to a limited partnership and obtained non-controlling interests of the two companies.

As one of the limited partners of the partnership, Yineng Investment accounts for 94.86% of the total capital contributions. Considering the partnership's agreements on investment orientation, investment decisions, operation and management, income apportionment, and loss bearing, and the fact that Yineng Investment accounts for the majority of the capital contributions to the partnership, the partnership is included in the consolidated statements of Dongfang Precision as a "structured body controlled by the Company" from the perspective of commercial substance and after complying with the Accounting Standard for Business Enterprises and referring to the professional opinions of the independent auditor.

## XI Prospects

### (I) The Company's development strategy

#### 1. Company vision

Business purposes of the Company: To become an industrial group with high influence in its areas, trust from customers and shareholders, and respect from employees; uphold the business philosophies of "Integrity, Innovation and Excellence", and achieve mutual benefits with customers, shareholders, employees and the society.

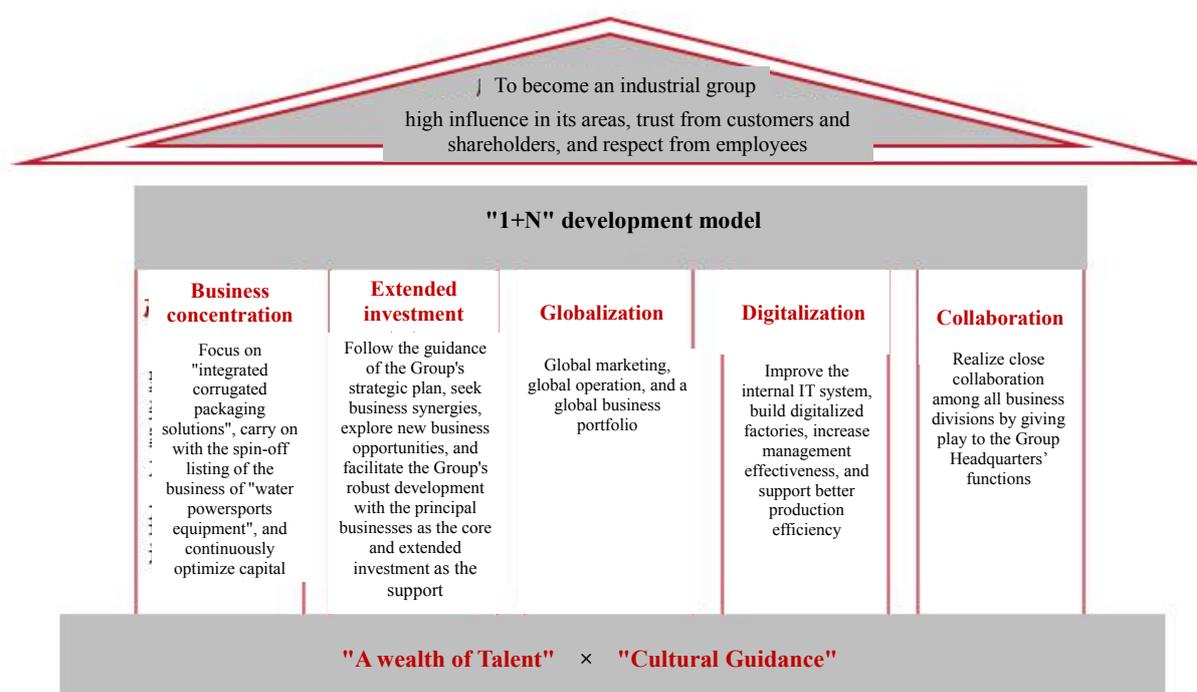
#### 2. Corporate strategy

In 2022, the Company completed its strategic plan for the third five-year period (2018-2022). Looking back at the past five years, the Company achieved 100.1% of its strategic objectives of operating revenue and 96.9% of

its strategic objectives of net profit. To be specific, the Company's annual operating revenue (excluding the impact of Pride) has expanded from RMB2,377 million in 2018 to RMB3,893 million in 2022, representing a compound annual growth rate of approximately 13.13%, and its annual net profit (excluding the impact of Pride) has increased from RMB209 million in 2018 to RMB484 million in 2022, with a compound annual growth rate of approximately 23.24%. These results demonstrate the strong capabilities of the Company's management team in scientific decision-making and strategic planning, as well as the competence of efficient strategic execution and realization of all staff of the Company. These capabilities are a solid foundation for the Company's sound and sustainable growth in the future.

Currently, the Company has formulated its strategic plan for the fourth five-year period (2023-2027). During the period from 2023 to 2027, the Company will adhere to the strategy of "a wealth of talent" and "cultural guidance" as the solid support, and promote the five strategies of "business concentration", "extended investment", "globalization", "digitalization" and "collaboration", under the coordination of the endogenous capabilities and extension expansion by the "1 + N" development model, to achieve the goal of "to become an industrial group with high influence in its areas, trust from customers and shareholders, and respect from employees".

The Company's strategic plan for the fourth five-year period (2023-2027)



**Details are as follows:**

- **Business concentration strategy:** Focus on the core main business of "high-end intelligent equipment", target the dual main axes of "intelligent packaging equipment" and "marine power equipment", position the "marine power equipment" business as a key first level of the core main business, continuously optimize the internal driving force, build a leader in domestic high-end outboard motors and a strong competitor in the global outboard motor market, and create hardcore competitiveness in the field of high-end intelligent equipment.

- Globalization strategy: Committed to the globalization of the marketing network, management and operation and the business portfolio.
- Digitalization strategy: Internally, continue to enhance the IT system to improve management effectiveness and support the improvement of operational efficiency; externally, build digital factories as a benchmark in the equipment manufacturing industry, provide modular digital factory solutions, and facilitate the digital transformation of the industrial chain.
- Collaboration strategy: Accelerate the building of a three-tier group operation structure of "Group Headquarters + Business Divisions + Profit Generating Units", realize close collaboration among all business divisions by giving play to the Group Headquarters' functions, as well as strengthen the organizing ability and the collaboration mechanism for group operation
- A wealth of talent strategy: Enhance cross-culture leadership, optimize the talent management system, build an excellent management team, etc.
- Cultural guidance strategy: Establish common goals and values for the Group, build the Group as an international family, and lead the Group and subsidiaries towards common growth.
- **“1+N” Development Model and External Expansion Strategy:**

While focusing on the two core business segments, the Company places high importance on external expansion through equity investments. Adhering to the principle of “the principal businesses as the core + extended investment as the support”, the Company leads and coordinates “organic growth + external expansion” with the “1+N” development model.

“1” refers to focusing on the core businesses of high-end intelligent equipment manufacturing (corrugated packaging equipment + water powersports equipment), firmly establishing its foundational position, continuously strengthening and expanding, and enhancing core competitiveness to maintain and increase market share amidst the trends of digitalization and intelligence.

“N” refers to external expansion, which can include the following three aspects:

#### 1. Deepening Chain Extension: Mergers and Acquisitions Synergy, Strengthening Core Moat

Building on the advantages of Dongfang Precision's main business, the Company focuses on acquiring high-quality companies within the same industry chain globally. By vertically integrating the supply chain, it implements precise mergers and acquisitions of high-quality targets in related fields. After the acquisition, the Company performs deep integration, outputs key capabilities, and stimulates internal industry chain synergies to further strengthen its core businesses. In 2022, with the full coverage and penetration of e-commerce, the Company keenly recognized the technological innovations in the packaging industry after conducting thorough market research. The rapid response and flexible production scheduling of digital printing perfectly matched the needs for personalized and flexible production in e-commerce fast-moving consumer goods packaging. As a result, the Company acquired Wonder Digital early in 2022, effectively expanding its core product lines and further enhancing Dongfang Precision's position in the packaging equipment sector, opening up space for the continued expansion of its core businesses.

## 2. Breaking Boundaries for Ecological Co-Creation: Strategic Investment and Co-Creation of Strategic Emerging Industry “New Productive Power Clusters”

Stepping beyond traditional boundaries and closely following the national strategy of developing new productive forces, the Company will employ a cluster-based strategic investment approach to deeply integrate into the entire industry chain of new productive forces. Specifically, the Company plans to invest in areas such as embodied intelligence, robotics, and commercial aerospace, forming a comprehensive industry chain investment layout in these key areas. In the 2025 government work report, China will include “embodied intelligence” and “intelligent robots” as key areas for nurturing future industries, marking new opportunities for intelligent upgrades in Chinese manufacturing. As a leading enterprise in the high-end equipment manufacturing sector, the Company will align itself with national strategic guidance, deepen its industrial layout in robotics and embodied intelligence, and build a “soft and hard integrated” intelligent industrial ecosystem through technological breakthroughs, scene implementation, and ecological collaboration to create a true new productive power industry cluster.

The Company will also continue to leverage its advantage in high-end equipment manufacturing, utilizing its deep engineering capabilities accumulated in traditional high-end equipment manufacturing to collaborate actively with invested enterprises. Within its reach, the Company will accelerate the application of artificial intelligence and related products in the invested enterprises, truly practicing the “strategic investment + industry collaboration” investment logic and realizing cooperation and win-win results across the entire industry chain.

In recent years, the Company has made initial investments in the intelligent robotics sector, such as in Jaten Robot and Ruoyu Technology. Jaten Robot is one of the top ten domestic and a global leader in intelligent industrial robots and smart logistics systems. Over the past two decades, it has accumulated a wealth of industry Know-how; Ruoyu Technology focuses on the industrialization of multimodal large models in embodied intelligence for robots. It not only provides robots with a next-generation multimodal smart brain but also endows robots with higher-dimensional autonomous reasoning abilities and broader task generalization capabilities. In response to the new wave of technological revolution and industrial transformation, the Company recognizes the need to seize opportunities, increase innovation efforts, nurture emerging industries, and accelerate the development of new productive forces. Through in-depth cooperation with Ruoyu Technology and the strong academic foundation of Harbin Institute of Technology (Shenzhen), the Company can provide more exploration of application scenarios for Ruoyu Technology’s large models. At the same time, the Company expects to leverage Ruoyu Technology’s AI capabilities to better achieve breakthroughs in digitalization and intelligence, ensuring the Company’s high-quality development.

## 3. Positioning on Key Core Tracks: Forward-looking Investment to Build Future Competitiveness

Under the national “14th Five-Year Plan” strategic guidance, the subsidiary Yineng Investment continues to focus on Dongfang Precision’s fourth Five-Year development plan and deepen its strategic layout in emerging industries. The Company focuses on hard-tech fields with significant technological barriers and national strategic value, such as artificial intelligence+, aerospace technology, and new materials, to build core competitiveness through forward-looking industrial investments. In recent years, Yineng Investment has invested in the aerospace sector, including Sichuan Tengdun UAV and CASIC Rocket, completing its layout in aerospace technology. In the new materials sector, Yineng Investment has invested in Yunnan Yuze Semiconductor and Guizhou

Aerospace Xinli, targeting key technological areas in photovoltaic semiconductors and controlled nuclear fusion structural materials to secure technological leadership. Going forward, Yineng Investment will continue to focus on national strategic needs and invest in embodied intelligence and robotics-related industries. It will continue to explore value gaps in the industrial chain, nurture globally competitive leading technology companies, and provide technological reserves and industrial support for the Company's high-quality development.

## **(II) The Company's main business plan for 2025**

### **1. New capacity to be gradually released, empowering performance growth**

#### **A. Fosber Group's New European Headquarters Project**

In 2024, Fosber Group officially launched the new European headquarters project, with a building area of approximately 35,000 to 40,000 square meters. Upon completion, it will integrate existing capacities and form the headquarters for Fosber Group's European manufacturing base, with a total planned investment of over EUR40 million. The project is expected to be completed by the end of 2026. This project is a significant investment by Dongfang Precision aimed at steady growth and sustainable development. Once completed, it will further solidify Fosber Group's core position in the corrugated packaging equipment manufacturing industry.

#### **B. Fosber Asia's Intelligent Corrugated cardboard production lines Factory Construction Project**

Fosber Asia's new intelligent corrugated cardboard production lines factory is located in Songxia Industrial Park, Nanhai District, Foshan City, Guangdong Province, covering an area of approximately 80 acres. With a planned investment of RMB500 million, the project will primarily serve as the research, development, production, and service base for domestic high-end corrugated board production equipment. After the new factory is completed, Fosber Asia's production capacity will increase more than twofold. The new factory passed all government joint inspections in early 2025 and is expected to be put into use later in the year.

#### **C. Tirusa's Corrugating Roll and Pressure Roll Production Base Project**

Tirusa's corrugating roll and pressure roll production base is located in Nanhai District, Foshan City, Guangdong Province, covering 30 acres, with a planned total investment of over RMB100 million. This base fully leverages China's manufacturing advantages globally to achieve the localization of core components (corrugating rolls and pressure rolls) for Tirusa brand corrugated cardboard production lines. It will supply corrugating rolls and pressure rolls to both internal customers of Dongfang Precision's corrugated packaging equipment business and third-party external customers, expanding Tirusa's market in China and Asia. This production base was put into operation in 2024, and Tirusa Asia has already achieved mass production of the first batch of corrugating rolls and pressure rolls.

#### **D. Parsun Power's Digitalized Factory Construction Project**

Parsun Power's digitalized factory project is located in Suzhou, Jiangsu Province. The infrastructure was completed in 2024, and the site is ready for acceptance and production line installation. After the completion of remaining construction work on the factory and office buildings in 2025, it will be operational. The completion of this project will lay a solid foundation for Parsun Power's future development.

**2. Smart corrugated packaging equipment business: enhancing industrial synergies and uncovering growth potential**

The core business of smart corrugated packaging equipment covers all major key links in the corrugated packaging production and processing value chain. With a complete industrial chain layout and many similarities and synergies in product technology, sales networks, and supply chains across different business segments, the Company provides excellent conditions for deeper integration and resource sharing among various business units.

The internal collaboration between Fosber brand corrugated line, Quantum brand corrugated line, and Fosber Asia's domestically produced mid-to-high-end corrugated line continues to deepen, improving synergies in R&D, design, production manufacturing, and supply chain sharing. Fosber Asia, as part of the domestic business unit, implements the "go global, bring in" strategy, introducing industry-leading high-end intelligent corrugated line products from Fosber Group into China and upgrading them according to market needs in China and Asia. This has successfully achieved the localization of several high-end pieces of equipment, effectively enhancing market competitiveness.

Dongfang Precision (China) and Dongfang Precision (Europe)'s corrugated box printing and packaging business continues to deepen collaboration in R&D design, manufacturing, and supply chain coordination. Tiruña Asia's domestic production base for corrugating rolls and pressure rolls was completed and operational in 2024. The Company now has both overseas and domestic production bases for corrugating rolls, with collaboration between the overseas and domestic corrugating roll businesses continuing to deepen.

In 2024, the Company promoted deeper collaboration among its domestic and overseas business units in supply chain, production manufacturing, and sales networks, achieving resource sharing, complementing advantages, and improving overall operational efficiency. This has led to a significant increase in the gross margin and net profit margin of the "corrugated packaging equipment" business segment, along with a noticeable reduction in overall expense ratios. In the future, the Company will continue to dig deeper into internal growth potential, improving process management in major value chain segments to continuously enhance quality and efficiency, optimizing management to reduce costs, and further releasing internal profit growth potential.

### **3. Water powersports equipment business: breaking into global markets, improving R&D and capacity**

Parsun Power, a holding subsidiary, focuses on market expansion, product R&D, and capacity construction to enhance its core competitiveness in the global outboard motor market. On the market expansion front, the company is simultaneously strengthening its penetration in mainstream markets in Europe and North America, as well as emerging regions. It is boosting the penetration of its mid-to-high-power and electric products in mature markets in Europe and North America, while also expanding into emerging markets in Africa and Asia. By building a "distributor + direct sales" sales system, optimizing product layout and positioning, and using a differentiated strategy to compete with leading brands in different markets, the company is building strong after-sales service capabilities. This will help achieve the strategic goal of becoming a leading brand in the global outboard motor market. In terms of product R&D, the company is establishing a solid moat by focusing on both "traditional + electric" technologies, horizontally expanding the product line with breakthroughs in high-power fuel engine models, and vertically laying out products through breakthroughs in electric models. It is strengthening core technology in-house applications and improving product technology premiums. The new factory will drive the mass production of all product categories, and the economies of scale will support leapfrog

growth. After the new factory is put into production in 2025, Parsun Power will focus on mid-to-high-power and electric products, applying advanced production management models and intelligent manufacturing technologies to create core processes and improve efficiency. The new factory will provide a solid foundation for Parsun Power's expansion in the global water powersports equipment market and product line extension.

#### **4. Digital printer business: expanding new application scenarios and optimizing product structure**

In terms of application scenarios, Wonder Digital, a subsidiary, launched new products in 2024 aimed at the high-definition color printing sector. The downstream application scenarios of digital printer have further expanded, opening up more development space for its core business. In terms of product structure, Wonder Digital optimized its product structure in 2024 by increasing resource investment in high-end digital printer line products while also strengthening its ink and consumables business. In 2025, Wonder Digital will further increase the proportion of high-end equipment products and ink consumables, thus improving its revenue structure. The company will continue to strengthen its market expansion in the high-definition color printing field, while also optimizing sales models and after-sales services to further increase market share.

#### **5. Deepening exploration of “AI + Smart Factories”**

Dongfang Digicom, a subsidiary, empowers the domestic large packaging industry and aims to help customers achieve full-process data visualization and AI-driven decision-making in production.

Dongfang Digicom has started to introduce AI technology into the digital factory field of the packaging industry. The company is attempting breakthroughs in the “AI+” area of the packaging industry by embedding its accumulated industry know-how and high-quality production line capabilities into its equipment via edge-side AI deployment. It will also provide customers with a complete intelligent factory deployment solution, enhancing productivity and value for industry clients. In the future, Dongfang Digicom will collaborate with Ruoyu Technology and Jaten Robot to explore the application modes of cutting-edge technologies such as AI+ robotics in the smart factory field. The company will offer a one-stop service from data collection and integration of connected devices to data analysis and smart applications, helping customers achieve intelligent manufacturing.

With its flexible business model, Dongfang Digicom strengthens collaboration with Dongfang Precision's corrugated packaging equipment business unit. It provides industrial Internet platforms, customized system software, and digital and AI upgrade solutions for the packaging industry. The company will continue to increase its R&D investment in this field, leading the industry's intelligent transformation, truly enabling the packaging industry with AI+, and becoming a supportive partner in the customers' development path, growing together with them.

### **(III) Possible risks and countermeasures**

#### **1. Risks arising from fluctuations in exchange rates**

The main settlement currency and recording currency of Fosber Group, the principal overseas business entity of the Company, are euros, while the revenue of Fosber America and domestic entities from export is mainly settled with the US dollar. Fluctuations in the US dollar and euro exchange rates do not significantly impact the routine operation of overseas business entities but exert certain impacts on the presentation of their assets and operating results in the consolidated financial statements.

In 2024, the RMB exchange rate exhibited a “rise first, then fall” curve. Factors such as domestic macroeconomic conditions and policies, changes in the Federal Reserve’s interest rate cut expectations, global geopolitical and trade situation changes, central bank monetary policy changes, international balance of payments, inflation rates, and interest levels can all affect the RMB exchange rate. Under the comprehensive influence of multiple complex factors, the volatility of the RMB foreign exchange market has significantly increased.

Countermeasures:

The Company can closely track the global financial market and national exchange rate policies, make timely decisions to select proper exchange rate management tools to manage exchange rate risks actively. It can also reduce risk exposure and increase exchange gains by increasing debts of foreign currency and rely on Group management to strengthen the level of capital coordination in different countries and regions, balance, and offset fluctuation risks at the Group level.

## 2. Potential risks of financial investment business

In recent years, the Company has arranged some of its idle owned funds to carry out financial investment business such as securities investment and entrusted wealth management in an appropriate manner, based on the actual and development needs. There are certain risks of carrying out the above business due to fluctuations in the financial market and uncertainty of income; and the risk that the Company may suffer certain investment losses in case of risk events in the process of wealth management activities in terms of investment strategies and use of funds.

Countermeasures:

On the premise that the funds required for the daily operation of the main business will not be affected, the Company reasonably controls the capital scale for financial investment; it establishes and improves the internal control system and mechanism standards for securities investment and entrusted financial management, and strengthens the risk control management of securities investment business, safeguard the safety of investment funds, and strictly control the risk exposure. In accordance with the economic situation and changes in the financial market, it continuously tracks and analyses the progress of securities investment and the investment of funds, the progress of project investment and the performance of the capital market, and timely takes corresponding preservation measures to control investment risks.

## XII Communications with the Investment Community such as Researches, Inquiries and Interviews

√ Applicable   □ Not applicable

Date	Place	Way of communication	Type of the communication party	Communication party	Main discussions and materials provided by the Company	Index to the relevant information
2024-01-17	Company Conference Room	Field Research	Institutes	Tianfeng Securities, Hexu Fund, Mingfu Fund, Shangshan Asset.	Introduction of the Company's operation, competitive advantages, industry development trend and future strategic planning and answering investor questions	cninfo.com <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2024-01-22	Company Conference Room	Online communication	Institutes	Dajia Asset Management Co., Ltd., SDIC Securities Co., Ltd., ICBC Credit Suisse Asset Management Co., Ltd., Invesco Great Wall Fund Management Co., Ltd., SW Fund Management Co., Ltd., Western Profit Fund Management Co., Ltd., Hua'an Fund Management Co., Ltd., Chunhou Fund Management Co., Ltd., CSC Fund Management Co., Ltd., Caitong Securities Co., Ltd., Shenzhen Hua'an Hexin Asset Management Co., Ltd., Beijing Zundao Asset Management Co., Ltd., Bank of Ningbo Wealth Management Co., Ltd., Huamei International Investment Group, Shenzhen Kinggrand Asset Management Co., Ltd., Yongxing Securities Co., Ltd., Shanghai Panhou Investment Management Co., Ltd., Xiangju Capital Management Co., Ltd., Hony Capital Fund Management Co., Ltd., Industrial Securities Co., Ltd., Generali China Asset Management Co., Ltd., Peking University Founder Life Insurance Asset Management Center, Haitong Securities Co., Ltd., Beijing StarRock Investment Management Co., Ltd., Shanghai Gechuan	Introduction of the Company's operation, competitive advantages, industry development trend and future strategic planning and answering investor questions	cninfo.com <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

Date	Place	Way of communication	Type of the communication party	Communication party	Main discussions and materials provided by the Company	Index to the relevant information
				Private Fund Management Partnership, Shenzhen Zhengyuan Investment Co., Ltd., Fullerton Fund Management (Shanghai) Co., Ltd.		
2024-03-28	Company Conference Room	Online communication	Institutes	CCB Pension Management Co., Ltd., Changjiang Pension Insurance Co., Ltd., Great Wall Fortune Insurance Asset Management Co., Ltd., Da Cheng Fund Management Co., Ltd., China International Fund Management Co., Ltd., CITIC Securities Co., Ltd., Boshi Fund Management Co., Ltd., China Merchants Fund Management Co., Ltd., Xiangcai Fund Management Co., Ltd., Essence Securities Co., Ltd., Xin Yuan Fund Management Co., Ltd., Chang Xin Fund Management Co., Ltd., Essence Fund Management Co., Ltd., Yuanxin Yongfeng Fund Management Co., Ltd., Southern Fund Management Co., Ltd., Bao Ying Fund Management Co., Ltd.	Introduction of the Company's operation, competitive advantages, industry development trend and future strategic planning and answering investor questions	cninfo.com <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2024-04-01	Company Conference Room	Online communication	Institutes	Minsheng Royal Fund, Nantu Asset, Guotai Junan Securities, China International Capital Corporation (CICC).	Introduction of the Company's operation, competitive advantages, industry development trend and future strategic planning and answering investor questions	cninfo.com <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
2024-04-19	Company Conference Room	Field Research	Institutes	SDIC Securities, Tianfeng Securities, Zheshang Securities, Zhongtai Securities, Guotai Junan Securities, Founder Securities, Huachuang Securities, CITIC Securities, Changjiang Securities, China International Capital Corporation (CICC), Everbright Securities, Huafu Securities, Zhongtian Guofu Securities, Huaxi Securities, Sealand Securities, GF Securities, ELITE-BAY Capital, Essence	Introduction of the Company's operation, competitive advantages, industry development trend and future strategic planning and answering investor questions	cninfo.com <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

Date	Place	Way of communication	Type of the communication party	Communication party	Main discussions and materials provided by the Company	Index to the relevant information
				Fund, Gewai Investment, Jiayi Asset, Mingshi Investment, Dinghe Insurance, Mingda Asset, Huaer Capital, Jingyuan Tiancheng Yunfeng Fund, Kangxi Fund, Daqin Fund, Lanhai Fund, Zhongdaqing Private Equity, Guojian'an Fund, Chaoshang Investment, Ruilin Investment, Hengyixin Investment, Taiju Fund, Sino Life Insurance, Haigang Life Insurance, Mutual Fund, Haitian Investment, Bao Ying Fund, Gaoshengxin Private Equity Fund, Pengpai Private Equity Fund, Chuanghua Investment, Shanghai Securities News, China Securities Journal, Securities Times, Shenzhen TV Finance and Economics, China Business Journal.		
2024-07-03	Company Conference Room	Online communication	Institutes	Invesco Great Wall Fund Management Co., Ltd., China Merchants Fund Management Co., Ltd., Neuberger Berman Fund Management Co., Ltd., Zhengyuan Investment Co., Ltd., Ping An Asset Management Co., Ltd., Nantu Asset Management Co., Ltd., He Yong Asset Management Co., Ltd., Huaxia Jiuying Asset Management Co., Ltd., Yongxing Asset Management Co., Ltd., Dunhe Asset Management Co., Ltd., Sun Life Everbright Asset Management Co., Ltd., Northeast Securities Co., Ltd., CSC Securities Co., Ltd., Orient Securities Co., Ltd.	Introduction of the Company's operation, competitive advantages, industry development trend and future strategic planning and answering investor questions	cninfo.com <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

### XIII Implementation of the “Quality and Earnings Dual Improvement” Action Plan

Indicate whether the Company has disclosed the “Quality and Earnings Dual Improvement” Action Plan.

Yes  No

## Part IV Corporate Governance

### I General Information of Corporate Governance

During the Reporting Period, the Company strictly abided by laws and regulations and rules and normative documents of regulatory authorities, including the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Rules for Stock Listing of Shenzhen Stock Exchange and the Shenzhen Stock Exchange Guideline No. 1 for the Self-regulation of Listed Companies - Standardized Operation of Listed Companies on the Main Board, continued to improve the Company's corporate governance structure, refine internal management and control policies, and further strengthen the Company's capability of governance.

#### (I) Shareholders and general meeting

During the Reporting Period, the Company convened and held general meetings in a standard manner in strict accordance with laws and regulations. The convening and holding procedures of general meetings, the qualifications of attendants to the meetings and the voting procedures of the meetings met the provisions of the Company Law, Rules for the Shareholders' Meetings of Listed Companies, Articles of Associations and Rules of Procedure for General Meeting. Lawyers were engaged to witness the general meetings of shareholders and issued legal opinions on their legitimacy to ensure fair treatment toward and fully execution of rights of all shareholders, especially minority shareholders.

#### (II) The Company and controlling shareholders

During the Reporting Period, the Company properly handled the relationship between it and the controlling shareholders in accordance with the Company Law, Securities Law, Articles of Association and relevant provisions of the securities regulatory authority. The controlling shareholders of the Company acted in a normative manner, could exercise their rights and assume their obligations according to law, did not directly or indirectly interfere with the decision-making and business activities of the Company beyond the general meeting of shareholders. The Company was independent of the controlling shareholders in terms of business, staffing, assets, organization and finance, and had an independent and complete business system and capability to operate independently. The Board of Directors, Supervisory Committee and internal organs of the Company operated independently.

#### (III) Directors and the Board of Directors

During the Reporting Period, directors of the Company were elected in strict accordance with the director election procedure specified in the Articles of Association. The Board of Directors of the Company was composed of seven directors, including three independent directors, and the number of members and composition of it met legal and regulatory requirements. During the Reporting Period, all directors of the Company actively and strictly complied with the Company Law, Articles of Association and Rules of Procedure for the Board of Directors, earnestly attended meetings of the Board of Directors and general meetings of shareholders, and took an active part in relevant training to improve their business skill, and were diligent and responsible. The convening, holding and voting procedure and daily operation of the meetings of the Board of Directors of the Company complied with relevant regulations.

#### (IV) Supervisors and the Supervisory Committee

During the Reporting Period, supervisors of the Company were elected in strict accordance with the supervisor election procedure specified in the Articles of Association. The Supervisory Committee of the Company was composed of three supervisors,

including one supervising employee representative, and the number of members and composition of it met legal and regulatory requirements. The supervisors conscientiously performed their duties and, in line with the attitude of being responsible to shareholders, supervised the financial affairs of the Company as well as the legality and compliance of the performance of duties by directors and senior managers of the Company, and safeguarded the legitimate rights and interests of the Company and shareholders. The convening, holding and voting procedures of the meetings of the Supervisory Committee of the Company complied with the Company Law, Articles of Association and Rules of Procedure for the Supervisory Committee.

#### **(V) Independent directors and special committees of the Board of Directors**

During the Reporting Period, independent directors of the Company honestly, diligently and independently performed their duties in accordance with the Company Law and regulations, normative documents and implementation rules of other departments, actively attended relevant meetings, earnestly deliberated the proposals of the Board of Directors, gave independent advice about the major issues of the Company, effectively protected the interests of the Company and shareholders, especially small and medium shareholders, and well played their role to supervise as independent directors. In addition, the Company has revised its 'Working Rules for Independent Directors' at the company level and the "Implementation Rules" of the Audit Committee, the Nomination Committee, and the Compensation and Appraisal Committee under the Board of Directors in accordance with the "Administrative Measures for Independent Directors of Listed Companies" issued by the China Securities Regulatory Commission, so as to ensure the legality and compliance of the company's internal systems.

#### **(VI) Information disclosure and transparency**

During the Reporting Period, the Company performed its obligation of information disclosure in strict accordance with laws and regulations and the Management Measures for Information Disclosure, and disclosed information in a true, accurate, complete and timely manner and made no false records, misleading statements or major omissions, by which it ensured that all investors and stakeholders had equal opportunities to obtain the Company's information, increased the Company's information transparency, and effectively played its role in protecting the right to know of small and medium investors. In December 2024, the company has updated the "Information Disclosure Management Measures" at the company level to be consistent with the relevant provisions of the current effective departmental regulations, regulatory documents, and business rules of the CSRC and the SZSE. Moreover, based on the company's internal latest management requirements and internal processes for information disclosure work, the company has made adjustments and updates to matters such as the internal review procedures for information disclosure announcements and the management and use of digital certificates in the identity authentication system.

Were there any significant differences between the actual situation of the corporate governance and the applicable laws and regulations, as well as rules published by China Securities Regulatory Commission on the governance of listed companies?

Yes  No

There were not significant differences between the actual situation of the corporate governance and the applicable laws and regulations, as well as rules published by China Securities Regulatory Commission on the governance of listed companies.

## **II The Independence of the Company from Controlling Shareholders and Actual Controller on Assets, Personnel, Finance, Structure, and Business**

Since establishment, the Company has been operating in strict accordance with the Company Law, Securities Law and Articles of Association, and has established and improved its corporate governance structure. The Company is completely independent of its controlling shareholders and actual controller in terms of business, staffing, assets, organization and finance, and has an independent and complete business system and capability to operate independently in the market. All production operations and major issues of

the Company were discussed and determined by the Management, the Board of Directors and the general meetings of shareholders in accordance with the Articles of Association and relevant policies, and none of them was controlled by any controlling shareholder or the actual controller.

#### **1. Asset independence**

The Company was founded on the overall change of a limited liability company. All its assets and personnel before the share restructuring joined the joint stock company. The Company has independent and complete operating assets. After the overall change, the Company owns all the production and operational assets needed for production and operation, and there is no dispute over property rights. The Company owns production systems, auxiliary production systems and supporting facilities related to its production and operation, and has independent raw material procurement and product selling systems. Assets of the Company are strictly separated from those of shareholders and the actual controller, and no assets of the Company are being occupied by shareholders or the actual controller.

#### **2. Personnel independence**

The Company has completely independent labour, personnel and salary management systems and independent staff teams, and has signed labour contracts with its employees in accordance with the Labour Law and the Company's policies on labour management. Directors, supervisors and senior managers of the Company were elected in strict accordance with the Company Law and Articles of Association, and senior managers, including general managers, deputy general managers, financial directors, and secretaries to the Board of Directors are working full time in the Company and getting paid by the Company. Mr Tang Zhuolin, the actual controller of the Company, is serving as the Chairman of the Board of Directors, and has been legally exercising its functions and powers according to the Company Law and Articles of Association in engaging in the Company's management.

#### **3. Finance independence**

The Company has an independent financial department and full-time financial personnel, and has established an independent and fine financial accounting system and standardized financial policies. It has implemented an effective financial supervision and management system and an internal control system, and it is capable of making independent financial decisions, carrying out independent accounting and assuming sole responsibility for its profits and losses according to the Articles of Association and its own situation. The Company has an independent bank account and is not sharing any account of controlling shareholders or the actual controller and, as an independent taxpayer, declares taxes and fulfils tax payment obligations independently according to law, and has never paid taxes together with shareholders' companies.

#### **4. Organization independence**

The Company, in accordance with the Company Law and Articles of Association, has set up the General Meeting of Shareholders as the highest authority, the Board of Directors as the decision-making body, and the Supervisory Committee as the supervisory body, and has a complete corporate governance structure. The Company has a complete internal management system and corresponding offices and operating departments. The functional departments work according to respective duties and cooperate with each other, making the Company an organic and independent operating entity free from the intervention of controlling shareholders and the actual controller.

#### **5. Business independence**

The Company has its business independent of controlling shareholders, has independent and complete supply, production and sales systems, and is capable of independent decision-making on business policies and business plans, independent allocation and use of personnel, money and materials, and successful organization and implementation of production and business activities. The Company is completely independent in business and is not relying on the first majority shareholder and the actual controller. The

controlling shareholders are not conducting business of horizontal competition with that of the Company, and have undertaken not to conduct any business that may be of horizontal competition with that of the Company.

### III Horizontal Competition

Applicable  Not applicable

## IV Annual and Extraordinary General Meetings Convened during the Reporting Period

### 1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Resolution
The 2023 Annual General Meeting	Annual General Meeting	36.37%	2024-04-19	2024-04-20	<ol style="list-style-type: none"> <li>1. The Proposal on the 2023 Work Report of the Board of Directors (including the 2023 Work Report of Independent Directors) was approved.</li> <li>2. The Proposal on the 2023 Work Report of the Supervisory Committee was approved.</li> <li>3. The Proposal on the 2023 Annual Report and Its Summary was approved.</li> <li>4. The Proposal on the 2023 Final Financial Accounts was approved.</li> <li>5. The Proposal on the 2024 Budget was approved.</li> <li>6. The Proposal on the 2023 Final Dividend Plan was approved.</li> <li>7. The Proposal on the 2023 Internal Control Assessment Report was approved.</li> <li>8. The Proposal on Intention to Appoint the Independent Auditor for 2024 was approved.</li> <li>9. The Proposal on the Use of Own Funds for Entrusted Wealth Management in 2024 was approved.</li> <li>10. The Proposal on 2024 Estimated Quota of Futures and Derivatives Transactions was approved.</li> <li>11. The Proposal on providing guarantee for the wholly-owned subsidiary was approved.</li> </ol>
The first Extraordinary General Meeting of 2024	Extraordinary General Meeting	33.35%	2024-05-27	2024-05-28	<ol style="list-style-type: none"> <li>1. The Proposal on the Non-Fulfillment of the Release Conditions for the Second Release - Restriction Period of the First-Granted Portion under the 2022 Restricted Stock Incentive Plan and the Repurchase and Cancellation of Some Restricted Stocks was approved.</li> <li>2. The Proposal on Changing the Registered Capital and Revising the Articles of Association was approved.</li> </ol>
The second Extraordinary	Annual General	33.85%	2024-09-02	2024-09-03	<ol style="list-style-type: none"> <li>1. The Proposal on the By-Election of Independent Directors of the Fifth-Term Board of Directors was approved.</li> </ol>

Meeting	Type	Investor participation ratio	Date of the meeting	Disclosure date	Resolution
General Meeting of 2024	Meeting				
The Third Extraordinary General Meeting of 2024	Extraordinary General Meeting	34.08%	2024-09-23	2024-09-24	1. The Proposal on Terminating the Spin-off listing of the Subsidiary Parsun Power on the ChiNext Board of the SZSE was approved.
The Fourth Extraordinary General Meeting of 2024	Extraordinary General Meeting	32.38%	2024-10-09	2024-10-10	1. The Proposal on the 2024 Employee Stock Ownership Plan (Draft) and Its Summary was approved. 2. The Proposal on the 2024 Employee Stock Ownership Plan Management Measures was approved. 3. The Proposal on the Company's Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to the Company's 2024 Employee Stock Ownership Plan was approved.
The Fifth Extraordinary General Meeting of 2024	Extraordinary General Meeting	31.29%	2024-12-30	2024-12-31	1. The Proposal on Changing the Registered Capital and Revising the Articles of Association was approved. 2. The Proposal on the Repurchase and Cancellation of Some Restricted Stocks was approved.

## 2. Extraordinary General Meetings Convened at the Request of Preference Shareholders with Resumed Voting Rights

Applicable  Not applicable

## V Directors, Supervisors and Senior Management

### 1. General Information

Name	Gender	Age	Office title	Incumbent/ Former	Start of tenure	End of tenure	Opening shareholding (share)	Increase in the period (share)	Decrease in the period (share)	Other increase/dec rease (share)	Closing shareholding (share)	Reason for share change
Tang Zhuolin	Male	62	Chairman of the Board	Incumbent	22 July 2010	15 November 2026	270,737,568		9,313,200		261,424,368	dispose of shares
Qiu Yezhi	Female	53	Director and General Manager	Incumbent	22 July 2010	15 November 2026	23,382,388				23,382,388	
Xie Weiwei	Male	51	Director and Deputy General Manager	Incumbent	16 June 2016	15 November 2026	752,000		188,000		564,000	dispose of shares
Feng Jia	Female	39	Director, Board Secretary and Vice President	Incumbent	12 August 2022	15 November 2026	700,000				700,000	
Shao Yongfeng	Male	50	Chief Financial Officer and Vice President	Incumbent	29 December 2020	15 November 2026	800,000				800,000	
Li Ketian	Male	68	Independent Director	Incumbent	12 August 2022	15 November 2026	0				0	
Liu Da	Male	50	Independent Director	Former	12 August 2022	2 September 2024	0				0	
Tu Haichuan	Male	45	Independent Director	Incumbent	12 August 2022	15 November 2026	0				0	
Feng Zhidong	Male	52	Independent Director	Incumbent	2 September 2024	15 November 2026	0				0	

Chen Huiyi	Female	40	Chairman of the Supervisory Committee	Incumbent	19 May 2017	15 November 2026	480				480	
Zhao Xiuhe	Male	54	Employee Supervisor	Incumbent	16 June 2016	15 November 2026	0				0	
He Baohua	Male	42	Supervisor	Incumbent	22 September 2020	15 November 2026	614,088				614,088	
Total	--	--	--	--	--	--	296,986,524	0	9,501,200	0	287,485,324	--

Indicate whether any director, supervisor or senior management resigned or was dismissed before the end of their tenure during the Reporting Period.

Yes  No

Changes of directors, supervisors and senior management:

Applicable  Not applicable

Name	Office Title	Types of Change	Date of Change	Reason
Liu Da	Independent Director	Resigned	2 September 2024	Resigned due to personal work reasons.
Feng Zhidong	Independent Director	be elected	2 September 2024	Elected by the shareholders' meeting of the company.

## 2. Biographical Information

Professional backgrounds, major work experience and current posts in the Company of the incumbent directors, supervisors and senior management:

### 1. Members of the Board of Directors

Mr. Tang Zhuolin, Chinese, has no right of permanent residence abroad. He is a member of the 12<sup>th</sup> People's Political Consultative Conference of Nanhai District, Foshan City, Guangdong Province, Managing Director of the 9th Council of China Packaging Federation, Managing Director of Guangdong Food and Packaging Machinery Association, Vice President of Foshan Machinery Equipment Industry Association, Honorary President of Foshan Nanhai District Machinery Equipment Trade Association, Vice President of Foshan High-tech Zone Chamber of Commerce, and Vice President of Foshan Nanhai District Listed Company Association. He once was Head of Nanhai Guichengdong Plastic and Textile Factory No. 2, Head of Nanhai Guichengdong Printing Machinery Factory No. 2, and Supervisor of Shenzhen Zhiquan Venture Capital Co., Ltd. He used to serve as Dongfang Precision's General Manager and Chief Engineer since 1996, and is currently Chairman of the Board of Dongfang Precision, Director of Dong Fang Precision (HK) Limited, Director of Guangdong Fosber Intelligent Equipment Co., Ltd., Director of Suzhou Parsun Power Machine Co., Ltd., Executive Director and General Manager of Suzhou Shunyi Investment Co., Ltd., Executive Director and General Manager of Hainan Yineng Investment Co., Ltd., Supervisor of Dongfang Digicom Technology Co., Ltd., Supervisor of Dongfang Digicom Technology (Guangdong) Co., Ltd., Executive Director and Manager of Dongfang Yineng International Holding Co., Ltd., Chairman of the Board of Shenzhen Wonder Digital Technology Co., Ltd., Chairman of the Board of Fosber S.p.A., Director of EDF Europe S.r.l., Director of Fosber America, Inc., Director of Tiruña S.L.U., Director of QuantumCorrugated S.r.l., Executive Director and General Manager of Shenzhen Xianglin Venture Capital Co., Ltd., Supervisor of Shenzhen Shenghui Venture Capital Co., Ltd., and Supervisor of Foshan Hengbao Taisheng Trade Co., Ltd.

Ms. Qiu Yezhi, Chinese, has no right of permanent residence abroad, MBA, National Model Worker, Member of the 12<sup>th</sup> People's Political Consultative Conference of Foshan City, Guangdong Province, and Deputy to the 17<sup>th</sup> People's Congress of Nanhai District, Foshan City, Guangdong Province. She served successively as Dongfang Precision's Director of the General Manager's Office, General Manager of Operations and General Manager since 1996, and as Dongfang Precision's General Manager and Board Secretary from July 2010 to October 2013. Currently, she is Dongfang Precision's Director and General Manager, Chairman of the Board of Guangdong Fosber Intelligent Equipment Co., Ltd., Director of Shenzhen Wonder Digital Technology Co., Ltd., Supervisor of Hainan Yineng Investment Co., Ltd., Supervisor of Dongfang Yineng International Holding Co., Ltd., Vice Chairman of the Board of Fosber S.p.A., Director of Fosber America, Inc., Director of Tiruña S.L.U., Director of EDF Europe S.r.l., Director of Tiruña America inc., Director of Dong Fang Precision (Netherlands) Coöperatief U.A., Executive Director and General Manager of

Shenzhen Shenghui Venture Capital Co., Ltd., and Supervisor of Shenzhen Xianglin Venture Capital Co., Ltd.

Mr. Xie Weiwei, Chinese, has no right of permanent residence abroad, MBA, Member of the 14<sup>th</sup> People's Political Consultative Conference of Nanhai District, Foshan City, Guangdong Province, graduated from Huazhong University of Science and Technology in 2008. Once served as the Standing Deputy General Manager of Foshan Multimodal Transport Corp., Chairman of the Board of Foshan Donghuochang Railway Logistics Co., Ltd., Deputy Chief of the Reform and Development Division of Foshan SASAC, and Deputy Head of the Investment Department and Head of the Asset Management Department of Foshan Financial Investment Holdings Co., Ltd. Currently the Company's Director and Deputy General Manager, Executive Director and General Manager of Dongfang Digicom Technology Co., Ltd., Executive Director and General Manager of Dongfang Digicom Technology (Guangdong) Co., Ltd., Director of Suzhou Parsun Power Machine Co., Ltd., and Director of the joint-stock company Guangdong Jaten Robot & Automation Co., Ltd.

Ms. Feng Jia, Chinese, has no right of permanent residence abroad. She is Doctor of Engineering of Zhejiang University, Postdoctoral Fellow of Guangzhou Institute of Energy Conversion of Chinese Academy of Sciences, and Intermediate Engineer. She used to work as Associate Researcher at Guangzhou Institute of Energy Conversion of Chinese Academy of Sciences from 2014 to 2018, Senior Manager in the Research and Development Department of China Securities Co., Ltd. from 2018 to 2019, and Assistant to President & Board Secretary of Tianjin LVIYIN Landscape and Ecology Construction Co., Ltd. from 2019 to 2021. Joining the Company in September 2021, she is now Director, Vice President and Board Secretary of the Company, the supervisor of Shenzhen Wonder Digital Technology Co. and the joint-stock company Guangdong Jaten Robot & Automation Co., Ltd.

Mr. Li Ketian, Chinese, has no right of permanent residence abroad. Graduated from South China University of Technology with a doctoral degree and a professional title of professor of mechanical engineering. Once served as a worker, technician and engineer at the Wuhan Camera Factory from 1974 to 1989 and as a lecturer, associate professor and professor at Guangdong University of Technology from 1992 to 2020. Currently the Independent Director of Dongfang Precision.

Mr. Feng Zhidong, Chinese, has no right of permanent residence abroad. Graduated from Renmin University of China with bachelor of international accounting & economics, and from South China University of Technology with master of business administration, holding an intermediate - level professional accounting qualification certificate. Once served as the deputy general manager of the Capital Operation Department of Yuexiu Enterprises (Group) Co., Ltd from 2009 to 2016, the general manager of the Investor Relations Department of Yuexiu Property Co., Ltd. (Stock Code: 123.HK). from 2012 to 2016. Currently the chairman of Guangzhou Airparking Network Technology Co., Ltd, and the Independent Director of Dongfang Precision since 2 September 2024. In the last five years, he has served as the Independent Director of Societe Generale IoT Services Group Co., Ltd. (Stock Code: 9916.HK) and the Independent Director of Jianhong Group Holdings Co., Ltd. (Stock Code: 1557.HK), and an independent director of Xinda Investment Holdings Co., Ltd. (Stock Code: 1281.HK).

Mr. Tu Haichuan, Chinese, has no right of permanent residence abroad. Graduated from Shanghai University of Finance and Economics. Bachelor degree. A certified public accountant. Once served as the Audit Manager of Guangdong Dahua Delv Certified Public Accountants from 2004 to 2009, Investment Director of Guangxi Saifu Investment Co., Ltd. in 2010, Financial Manager, Chief Financial Officer and Assistant to the Chairman of Guangdong Dongfang Precision Science & Technology Co., Ltd. from December 2010 to September 2016. Currently the Executive Director and General Manager of Shenzhen Changhe Capital Management Co., Ltd. In the last five years, he has been the Director of Guangzhou Shoulian Environment Group Co., Ltd. and Shenzhen Aiwon Culture Development Co., Ltd., and Independent Director of Dongfang Precision.

## **2. Members of the Supervisory Committee**

Ms. Chen Huiyi, Chinese, with a university degree, has no right of permanent residence abroad. Once served as the assistant of the Quality Control Department of Dongfang Plastic Products Co., Ltd. from September 2008 to December 2009, currently the Chairman

of the Supervisory Committee and Secretary to General Manager of Dongfang Precision, as well as Supervisor of the subsidiary Suzhou Parsun Power Machine Co., Ltd.

Mr. He Baohua, Chinese, with a university degree, has no right of permanent residence abroad. Joined Guangdong Dongfang Precision Science & Technology Co., Ltd. in 2002, engaged in after-sales management and project management, currently the Company's supervisor and Senior Project Manager of the Project Management Department.

Mr. Zhao Xiuhe, Chinese, with a technical secondary school degree, has no right of permanent residence abroad. Joined Dongfang Precision in February 2006, currently the Company's Director of the Administration Department. Served as the Company's Employee Supervisor since June 2016.

### 3. Senior management

Ms. Qiu Yezhi, currently the Company's General Manager. Her resume is detailed in "1. Members of the Board of Directors".

Mr. Xie Weiwei, currently the Company's Deputy General Manager. His resume is detailed in "1. Members of the Board of Directors".

Ms. Feng Jia, currently the Company's Board Secretary and Vice President. Her resume is detailed in "1. Members of the Board of Directors".

Mr. Shao Yongfeng, Chinese, has no right of permanent residence abroad. Graduated with a bachelor's degree from Zhongnan University of Economics and Law, a PRC certified public accountant and PRC certified public assets estimator. Served as Financial Manager and Financial Director of TCL Multimedia Technology Holdings Limited from 2001 to 2010, joined Haier Europe in 2015 and served successively as the company's Financial Director and CFO of Europe, joined Shenzhen Smoore Technology Limited and served as Financial Director from 2016 to 2017, served as Vice President Finance in Shenzhen CIMC Tianda from 2017 to 2020, and joined Guangdong Dongfang Precision Science & Technology Co., Ltd. in April 2020. Currently the Company's Chief Financial Officer and Vice President, and the CFO of the subsidiaries of Dongfang Digicom Technology Co., Ltd., Dongfang Digicom Technology (Guangdong) Co., Ltd, Hainan Yineng Investment Co., Ltd., Dongfang Yineng International Holding Co., Ltd, Tiruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd.

Offices held concurrently in shareholding entities:

Applicable  Not applicable

Offices held concurrently in other entities:

Applicable  Not applicable

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity or not
Tang Zhuolin	Dongfang Precision (HK)	Director	2013-02-05		No
Tang Zhuolin	Fosber Italy	Chairman of the Board	2023-05-19		Yes
Tang Zhuolin	Dongfang Precision (Europe)	Director	2024-01-31		Yes
Tang Zhuolin	Fosber America	Director	2022-07-26		Yes
Tang Zhuolin	Tiruña S.L.U.	Director	2022-08-03		Yes

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity or not
Tang Zhuolin	QCorr	Director	2023-06-26		Yes
Tang Zhuolin	Fosber Asia	Director	2016-04-18		Yes
Tang Zhuolin	Parsun Power	Director	2015-05-24		No
Tang Zhuolin	Shunyi Investment	Executive Director, General Manager	2020-10-26		No
Tang Zhuolin	Yineng Investment	Executive Director, General Manager	2020-10-10		Yes
Tang Zhuolin	Dongfang Digicom	Supervisor	2020-10-26		No
Tang Zhuolin	Dongfang Digicom (Guangdong)	Supervisor	2021-02-26		No
Tang Zhuolin	Wonder Digital	Chairman of the Board	2022-06-01		Yes
Tang Zhuolin	Dongfang Yineng International Holding Co., Ltd.	Executive Director, General Manager	2022-02-15		No
Tang Zhuolin	Shenzhen Xianglin Venture Capital Co., Ltd.	Executive Director, General Manager	2016-05-26		No
Tang Zhuolin	Shenzhen Shenghui Venture Capital Co., Ltd.	Supervisor	2016-05-18		No
Tang Zhuolin	Foshan Hengbao Taisheng Trade Co., Ltd.	Supervisor	2023-09-06		No
Qiu Yezhi	Fosber Italy	Vice Chairman of the Board	2014-03-26		Yes
Qiu Yezhi	Fosber America	Director	2017-12-14		Yes
Qiu Yezhi	Tiruña America	Director	2022-07-26		Yes
Qiu Yezhi	Tiruña S.L.U.	Director	2019-05-30		Yes
Qiu Yezhi	Fosber Asia	Chairman of the Board	2016-04-18		Yes
Qiu Yezhi	Dongfang Precision (Europe)	Director	2016-06-15		Yes
Qiu Yezhi	Yineng Investment	Supervisor	2020-10-10		No
Qiu Yezhi	Wonder Digital	Director	2024-12-31		Yes
Qiu Yezhi	Dongfang Yineng International Holding Co., Ltd.	Supervisor	2022-02-15		No

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity or not
Qiu Yezhi	Shenzhen Xianglin Venture Capital Co., Ltd.	Supervisor	2016-05-26		No
Qiu Yezhi	Shenzhen Shenghui Venture Capital Co., Ltd.	Executive Director, General Manager	2016-05-18		No
Qiu Yezhi	Dongfang Precision (Netherland)	Director	2023-11-08		Yes
Xie Weiwei	Dongfang Digicom(Guangdong)	Executive Director, General Manager	2025-01-17		No
Xie Weiwei	Dongfang Digicom	Executive Director, General Manager	2025-01-24		No
Xie Weiwei	Shunyi Investment	Supervisor	2015-05-24		No
Xie Weiwei	Jaten Robot	Director	2016-03-23		Yes
Xie Weiwei	Parsun Power	Director	2024-12-31		No
Xie Weiwei	Foshan Nanhai District Machinery Equipment Trade Association	Branch Secretary	2020-11-23		No
Xie Weiwei	Huanong Property and Casualty Insurance Co., Ltd.	External supervisor	2023-12-28		Yes
Feng Jia	Wonder Digital	Supervisor	2023-12-21		Yes
Feng Jia	Jaten Robot	Supervisor	2024-07-11		No
Tu Haichuan	Shenzhen Longriver Capital Management Co., Ltd.	Executive Director	2016-01-06		Yes
Tu Haichuan	Shenzhen Ivan Culture Development Co., Ltd.	Director	2018-03-02		No
Feng Zhidong	Guangzhou Airparking Network Technology Co., Ltd.	Chairman of the Board	2015-07-10		Yes
Feng Zhidong	Societe Generale IoT Services Group Co., Ltd.	Independent Director	2019-09-17		Yes
Feng Zhidong	Jianhong Group Holdings Co., Ltd.	Independent Director	2022-06-01		Yes
Feng Zhidong	Xinda Investment Holdings Co., Ltd.	Independent Director	2022-10-07		Yes
Shao Yongfeng	Dongfang Digicom	Chief Financial Officer	2020-10-26		Yes
Shao Yongfeng	Yineng Investment	Chief Financial Officer	2020-10-10		Yes
Shao Yongfeng	Dongfang Yineng International Holding Co., Ltd.	Chief Financial Officer	2022-02-15		No

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity or not
Shao Yongfeng	Dongfang Digicom(Guangdong)	Chief Financial Officer	2025-01-17		No
Shao Yongfeng	Tiruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd	Chief Financial Officer	2025-02-27		No
Chen Huiyi	Fosber Asia	Supervisor	2025-01-16		No
He Baohua	Tiruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd	Supervisor	2025-02-27		No
He Baohua	Shenzhen Zhiquan Venture Capital Co., Ltd.	Supervisor	2021-08-10		No
He Baohua	Shenzhen Qianyi International Trade Co., Ltd.	Supervisor	2021-04-19		No
He Baohua	Foshan Hengbao Taisheng Trade Co., Ltd.	Executive Director,General Manager,Chief Financial Officer	2022-06-10		Yes
Note	Not applicable				

Punishments imposed in the recent three years by the securities regulator on the incumbent directors, supervisors and senior management as well as those who left in the Reporting Period:

Applicable  Not applicable

### 3. Remuneration of Directors, Supervisors and Senior Management

Following the approval of the Remuneration and Appraisal Committee, the remunerations for directors, supervisors and senior management are submitted to the Board of Directors and the Supervisory Committee for further approval. The remunerations of directors and supervisors are subject to final approval by the general meeting, and those of senior management are subject to the Board of Directors. The decision-making procedures are in compliance with the Company Law, the Company's Articles of Association, and the Company's Specific Implementation Rules for the Remuneration and Appraisal Committee under the Board of Directors. In the Reporting Period, the actual payments of remuneration for directors, supervisors and senior management were consistent with the resolutions of the general meeting and the Board of Directors.

Remuneration of directors, supervisors and senior management for the Reporting Period

Unit: RMB'0,000

Name	Gender	Age	Office title	Incumbent/Former	Total before-tax remuneration from the Company	Remuneration from any related party or not
Tang Zhuolin	Male	62	Chairman of the Board	Incumbent	435.07	Yes
Qiu Yezhi	Female	53	Director and General Manager	Incumbent	224.58	Yes
Xie Weiwei	Male	51	Director and Deputy General Manager	Incumbent	90.16	Yes
Feng Jia	Female	39	Director, Board Secretary	Incumbent	80.87	No

			and Vice President			
Shao Yongfeng	Male	50	Chief Financial Officer and Vice President	Incumbent	81.81	No
Li Ketian	Male	68	Independent Director	Incumbent	20.00	No
Liu Da	Male	50	Independent Director	Incumbent	15.05	No
Tu Haichuan	Male	45	Independent Director	Former	20.00	No
Feng Zhidong	Male	52	Independent Director	Incumbent	4.95	No
Chen Huiyi	Female	40	Chairman of the Supervisory Committee	Incumbent	25.36	No
Zhao Xiuhe	Male	54	Employee Supervisor	Incumbent	23.91	No
He Baohua	Male	43	Supervisor	Incumbent	41.26	Yes
Total	--	--	--	--	1,063.02	--

## VI Performance of Duty by Directors in the Reporting Period

### 1. Board Meetings Convened during the Reporting Period

Meeting	Date of the meeting	Disclosure date	Resolution
The 2 <sup>nd</sup> (Extraordinary) Meeting of the 5 <sup>th</sup> Board of Directors	2024-02-05	2024-02-06	<ol style="list-style-type: none"> <li>The Proposal on the cancellation of repurchased shares was approved.</li> <li>The Proposal on the Achievement of the Unlocking Conditions for the Third Unlocking Period of the Reserved Granted Portion under the 2020 Restricted Stock Incentive Plan was approved.</li> </ol>
The 3rd Meeting of the 5 <sup>th</sup> Board of Directors	2024-03-26	2024-03-28	<ol style="list-style-type: none"> <li>The Proposal on the 2023 Work Report of the Board of Directors (including the 2023 Work Report of Independent Directors) was approved.</li> <li>The Proposal on the 2023 Work Report of the General Manager was approved.</li> <li>The Proposal on the 2023 Annual Report and Its Summary was approved.</li> <li>The Proposal on the 2023 Final Financial Accounts was approved.</li> <li>The Proposal on the 2024 Budget was approved.</li> <li>The Proposal on the 2023 Final Dividend Plan was approved.</li> <li>The Proposal on the 2023 Internal Control Assessment Report was approved.</li> <li>The Proposal on the Summary Report of the Audit Committee of the Board of Directors on the 2023 Audit Service Provided by Ernst &amp; Young Hua Ming LLP (Special General Partnership) and the Renewal of Ernst &amp; Young as the Company's 2024 Audit Institution was approved.</li> <li>The Proposal on the Use of Own Funds for Entrusted</li> </ol>

Meeting	Date of the meeting	Disclosure date	Resolution
			<p>Wealth Management in 2024 was approved.</p> <p>10. The Proposal on the Use of Own Funds for Investment Securities in 2024 was approved.</p> <p>11. The Proposal on the Application for Comprehensive Credit Line from Banks in 2024 was approved.</p> <p>12. The Proposal on 2024 Estimated Quota of Futures and Derivatives Transactions was approved.</p> <p>13. The Proposal on providing guarantee for the wholly-owned subsidiary was approved.</p> <p>14. The Proposal on the Rolling Revision of the 2023~2027 Five Year Strategic Plan was approved.</p> <p>15. The Proposal on Adjustment of Members for the Audit Committee under the Fifth Board of Directors was approved.</p> <p>16. The Proposal on the Convening of the 2023 Annual General Meeting was approved.</p>
The 4 <sup>th</sup> (Extraordinary) Meeting of the 5 <sup>th</sup> Board of Directors	2024-04-25	2024-04-26	<p>1. The Proposal on the 2024 First Quarter Report was approved.</p> <p>2. The Proposal on the Non-Fulfillment of the Release Conditions for the Second Release - Restriction Period of the First-Granted Portion under the 2022 Restricted Stock Incentive Plan and the Repurchase and Cancellation of Some Restricted Stocks was approved.</p>
The 5 <sup>th</sup> (Extraordinary) Meeting of the 5 <sup>th</sup> Board of Directors	2024-05-09	2024-05-10	<p>1. The Proposal on the Non-Fulfillment of the Release Conditions for the Second Release - Restriction Period of the First-Granted Portion under the 2022 Restricted Stock Incentive Plan and the Repurchase and Cancellation of Some Restricted Stocks was approved.</p> <p>2. The Proposal on Changing the Registered Capital and Revising the Articles of Association was approved.</p> <p>3. The Proposal on the Convening of 1st Extraordinary General Meeting for 2024 was approved.</p>
The 6 <sup>th</sup> Meeting of the 5 <sup>th</sup> Board of Directors	2024-07-25	2024-07-26	<p>1. The Proposal on the 2024 Semi-Annual Report and Its Summary was approved.</p>
The 7 <sup>th</sup> (Extraordinary) Meeting of the 5 <sup>th</sup> Board of Directors	2024-08-15	2024-08-16	<p>1. The Proposal on the By-Election of Independent Directors of the Fifth-Term Board of Directors was approved.</p> <p>2. The Proposal on the Convening of 2nd Extraordinary General Meeting for 2024 was approved.</p>
The 8 <sup>th</sup> (Extraordinary) Meeting of the 5 <sup>th</sup> Board of Directors	2024-09-06	2024-09-07	<p>1. The Proposal on Terminating the Spin-off listing of the Subsidiary Parsun Power on the ChiNext Board of the SZSE was approved.</p> <p>2. The Proposal on the Convening of 3rd Extraordinary General Meeting for 2024 was approved.</p>
The 9 <sup>th</sup> (Extraordinary) Meeting of the 5 <sup>th</sup> Board of Directors	2024-09-20	2024-09-24	<p>1. The Proposal on the 2024 Employee Stock Ownership Plan (Draft) and Its Summary was approved.</p> <p>2. The Proposal on the 2024 Employee Stock Ownership Plan Management Measures was approved.</p> <p>3. The Proposal on the Company's Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to the Company's 2024 Employee Stock Ownership Plan was approved.</p>

Meeting	Date of the meeting	Disclosure date	Resolution
			4. The Proposal on By-election of the Committee under the Fifth Board of Directors was approved. 5. The Proposal on the Convening of 4th Extraordinary General Meeting for 2024 was approved.
The 10 <sup>th</sup> (Extraordinary) Meeting of the 5 <sup>th</sup> Board of Directors	2024-10-25	2024-10-26	1. The Proposal on the 2024 Third Quarter Report was approved..
The 11 <sup>th</sup> (Extraordinary) Meeting of the 5 <sup>th</sup> Board of Directors	2024-12-13	2024-12-14	1. The Proposal on the Repurchase and Cancellation of Some Restricted Stocks was approved. 2. The Proposal on Changing the Registered Capital and Revising the Articles of Association was approved. 3. The Proposal on the amendments of the <i>Information Disclosure Management Measures</i> at the company level was approved. 2. The Proposal on the Convening of 5th Extraordinary General Meeting for 2024 was approved.

## 2. Attendance of Directors at Board Meetings and General Meetings

Attendance of directors at board meetings and general meetings							
Director	Total number of board meetings the director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the director failed to attend	The director failed to attend two consecutive board meetings or not	General meetings attended
Tang Zhuolin	10	2	8	0	0	Not	6
Qiu Yezhi	10	2	8	0	0	Not	6
Xie Weiwei	10	2	8	0	0	Not	6
Feng Jia	10	2	8	0	0	Not	6
Li Ketian	10	2	8	0	0	Not	6
Liu Da	6	2	4	0	0	Not	2
Tu Haichuan	10	1	9	0	0	Not	6
Feng Zhidong	4	0	4	0	0	Not	4

Why any director failed to attend two consecutive board meetings: N/A

## 3. Objections Raised by Directors on Matters of the Company

Indicate whether any directors raised any objections on any matter of the Company.

Yes  No

No such cases in the Reporting Period.

#### 4. Other Information about the Performance of Duty by Directors

Indicate whether any suggestions from directors were adopted by the Company.

Yes  No

Suggestions from directors adopted or not adopted by the Company:

During the Reporting Period, the directors and independent directors of the Company worked in strict accordance with the requirements of the Company Law, the Securities Law, Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 1 - Standardized Operation of Main Board Listed Companies, the Articles of Association, the Rules of Procedure for the Board of Directors, the Rules for Independent Directors and other relevant laws and regulations, earnestly attended the Board meetings and the General Meetings, and were diligent and responsible. They have made relevant suggestions on the major governance and operation decisions of the Company. The independent directors actively got to know the operation of the Company and delivered different opinions on major matters of the Company, giving better play to their supervisory role and effectively maintaining the interests of the Company and its shareholders.

**VII Performance of Duty by Special Committees under the Board in the Reporting Period**

Committee	Members	Number of meetings convened	Date of meeting	Contents	Important opinion and suggestions	Other performance of duties	Particulars about objections (if any)
Audit Committee	Tu Haichuan, Li Ketian, and Qiu Yezhi	1	2024-03-26	<ol style="list-style-type: none"> <li>1. The Proposal on the 2023 Auditor's Report of Guangdong Dongfang Precision Science &amp; Technology Co., Ltd. was approved.</li> <li>2. The Proposal on the 2023 Internal Control Self-Assessment Report was approved.</li> <li>3. The Proposal on the Summary Report of the Audit Committee of the Board of Directors on the 2023 Annual Audit of Ernst &amp; Young Hua Ming LLP was approved.</li> <li>4. The Proposal on the Proposed Appointment of an Audit Institution for 2024 was approved.</li> <li>5. The Proposal on 2024 Estimated Quota of Futures and Derivatives Transactions was approved.</li> </ol>	No	No	No
Audit Committee	Tu Haichuan, Li Ketian, and Qiu Yezhi	1	2024-03-26	<ol style="list-style-type: none"> <li>1. The Proposal on the Work Report of the Audit Department for Q4 2023 was approved.</li> <li>2. The Proposal on the Work Report of the Audit Committee for Q4 2023 was approved.</li> <li>3. The Proposal on the Work Report of the Audit Department for 2023 was approved.</li> <li>4. The Proposal on the Work Report of the Audit Committee for 2023 was approved.</li> <li>5. The Proposal on the Work Plan of the Audit Department for 2024 was approved.</li> </ol>	No	No	No
Audit Committee	Tu Haichuan, Li Ketian, and Liu Da	1	2024-04-25	<ol style="list-style-type: none"> <li>1. The Proposal on the Work Report of the Audit Department for Q1 2024 was approved.</li> <li>2. The Proposal on the Work Report of the Audit Committee for Q1 2024 was approved.</li> <li>3. The Proposal on the Work Plan of the Audit Department for Q2 2024 was approved.</li> <li>4. The Proposal on the Audit Report for the Q1 2024 Financial</li> </ol>	No	No	No

Committee	Members	Number of meetings convened	Date of meeting	Contents	Important opinion and suggestions	Other performance of duties	Particulars about objections (if any)
				Statements was approved.			
Audit Committee	Tu Haichuan, Li Ketian, and Liu Da	1	2024-07-25	<ol style="list-style-type: none"> <li>1. The Proposal on the Work Report of the Audit Department for Q2 2024 was approved.</li> <li>2. The Proposal on the Work Report of the Audit Committee for Q2 2024 was approved.</li> <li>3. The Proposal on the Work Plan of the Audit Department for Q3 2024 was approved.</li> <li>4. The Proposal on the Audit Report for the Q2 2024 Financial Statements was approved.</li> </ol>	No	No	No
Audit Committee	Tu Haichuan, Li Ketian, and Feng Zhidong	1	2024-10-25	<ol style="list-style-type: none"> <li>1. The Proposal on the Work Report of the Audit Department for Q3 2024 was approved.</li> <li>2. The Proposal on the Work Report of the Audit Committee for Q3 2024 was approved.</li> <li>3. The Proposal on the Work Plan of the Audit Department for Q4 2024 was approved.</li> <li>4. The Proposal on the Audit Report for the Q3 2024 Financial Statements was approved.</li> </ol>	No	No	No
Remuneration and Appraisal Committee	Liu Da, Qiu Yezhi, and Li Ketian	1	2024-02-04	<ol style="list-style-type: none"> <li>1. The Proposal on the 2022 Annual Performance Appraisal Results for the Awardees of the 2020 Restricted Share Incentive Plan was approved.</li> <li>2. The Proposal on the Satisfaction of the Unlocking Conditions for the 3rd Unlocking Period for the Reserved Shares under the 2020 Restricted Share Incentive Plan was approved.</li> </ol>	No	No	No
Remuneration and Appraisal Committee	Liu Da, Qiu Yezhi, and Li Ketian	1	2024-05-09	1. The Proposal on the Non-Fulfillment of the Release Conditions for the Second Release - Restriction Period of the First-Granted Portion under the 2022 Restricted Stock Incentive Plan and the Repurchase and Cancellation of Some Restricted Stocks was approved.	No	No	No
Remuneration and Appraisal Committee	Feng Zhidong, Qiu Yezhi, and Li Ketian	1	2024-09-20	<ol style="list-style-type: none"> <li>1. The Proposal on the 2024 Employee Stock Ownership Plan (Draft) and its Summary was approved.</li> <li>2. The Proposal on the 2024 Employee Stock Ownership Plan</li> </ol>	No	No	No

Committee	Members	Number of meetings convened	Date of meeting	Contents	Important opinion and suggestions	Other performance of duties	Particulars about objections (if any)
				Management Measures was approved.			
Remuneration and Appraisal Committee	Feng Zhidong, Qiu Yezhi, and Li Ketian	1	2024-09-23	1. The Proposal on the election of the Convener of the Remuneration and Appraisal Committee under the Fifth Board of Directors was approved.	No	No	No
Nomination Committee	Liu Da, Tang Zhuolin, and Tu Haichuan	1	2024-08-15	1. The Proposal on the Nomination of Candidate for Independent Director of under the Fifth Board of Directors was approved.	No	No	No
Nomination Committee	Feng Zhidong, Tang Zhuolin, and Tu Haichuan	1	2024-09-23	1. The Proposal on the election of the Convener of the Nomination Committee under the Fifth Board of Directors was approved.	No	No	No

## VIII Performance of Duty by the Supervisory Committee

Indicate whether the Supervisory Committee found any risk to the Company during its supervision in the Reporting Period.

Yes  No

No such cases in the Reporting Period.

## IX Employees

### 1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company as the parent at the period-end	518
Number of in-service employees of principal subsidiaries at the period-end	1741
Total number of in-service employees at the period-end	2259
Total number of paid employees in the Reporting Period	2677
Number of retirees to whom the Company as the parent or its major subsidiaries need to pay retirement pensions	0
<b>Functions</b>	
Function	Employees
Production&Operation	1397
Marketing	256
R&D and technical	314
Financial	84
Comprehensive	208
Total	2259
<b>Educational backgrounds</b>	
Educational background	Employees
Below junior college	711
Junior college	965
Bachelor's degree	425
Master's degree and above	158
Total	2259

### 2. Employee Remuneration Policy

The Company remuneration policy in 2024 continued to be based on posts and performance and subject to total control. A comprehensive remuneration system was established and further improved to retain and attract talents needed for the Company's sustainable development.

1. Paid remuneration based on posts: The relative value of a post was determined based on its duties, and the remuneration range of the post was determined based on the relative value and according to the Company's value orientation.

2. Paid remuneration based on performance: The Company determined the basic remuneration based on the relative value of a post and personal competence, determined the performance bonus in an employee's remuneration based on his/her performance, and adjusted the remuneration based on his/her personal competence and overall performance.

3. Changed remuneration with the change in post: The remuneration was strictly fitted to the post, and if the post changed, the remuneration changed, so that the remuneration system can support the career development of employees.

4. Total control: The total amount of remuneration was controlled within the scope recognized by the Company, and the growth rate of remuneration should be lower than that of sales revenue and profit. The Company's affordability was taken into account so that the Company's business performance can support the growth of the total labour cost.

5. The remuneration system of payment by piece is applied to first-line workers of domestic business entities, so that they could be paid more by being more profession and working harder, so as to reflect an internally fair remuneration policy based on differential skill scoring.

#### **Overseas business entities:**

The remuneration system for each overseas business entity is put in place in accordance with the local labor law and other applicable laws.

### **3. Training Plan**

1. Actively introduce diversified training resources and innovative training organization forms, such as sand table simulations and workshops, to empower core employees and share the group's training resources. Strengthen the follow-up of the early communication, return visits, and feedback for key training projects to continuously improve the implementation effect of training.

2. Optimize the internal training management system of the group, make full use of the internal resources of the group, take inventory of and sort out the internal trainer teams of the group headquarters and its subsidiaries, and promote the accumulation and precipitation of the group's internal knowledge resources.

3. Implement and complete customized individual training plans for employees, organize the employees of the group headquarters to formulate and complete personal internal training, external training, and internal training teaching plans, ensure the maximum utilization of training resources, and enhance employees' professional skills and comprehensive qualities in a targeted manner.

4. Continuously promote cross-organizational talent cultivation within the group, facilitate knowledge sharing and technical exchanges within the group, and improve the overall technical level and innovation ability of the group.

5. Overseas subsidiaries always attach great importance to employees' career development and personal growth, and actively carry out training programs including professional and technical training, leadership training, safety and health training, language training, and soft skills training.

#### 4. Labor Outsourcing

Applicable  Not applicable

Total hours of labor outsourced	14,137
Total payment for labor outsourcing (RMB'0,000)	36.2

#### X Profit Distributions to Ordinary Shareholders (in the Form of Cash and/or Stock)

The profit distribution policy for shareholders, especially the formulation, implementation and amendments to the cash dividend policy, in the Reporting Period:

Applicable  Not applicable

Articles 183 and 186 of the Articles of Association of Guangdong Dongfang Precision Science & Technology Co., Ltd. has specified the method of profit distribution and the conditions, schedule and proportion of cash dividend, as well as the procedures to decide and adjust or change profit distribution, in order to fully protect the legitimate rights and interests of investors.

The profit distribution policy of the Company remained unchanged in the Reporting Period.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and resolution of general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
If the Company has no dividend plan, it should disclose the specific reasons and the next steps it intends to take to enhance investor returns	Yes
Non-controlling shareholders are able to fully express their opinion and desire and their legal rights and interests are fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved are in compliance with applicable regulations and transparent	Not applicable

During the reporting period, it was profitable and the profit available for distribution to shareholders of the parent company was positive, but no cash dividend distribution plan was proposed

Applicable  Not applicable

The situation of profit distribution and conversion of capital reserve into share capital during this reporting period.

Applicable  Not applicable

The company plans to do not distribute cash dividends, issue bonus shares, or convert capital reserve into share capital in the planned year.

## XI Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

Applicable  Not applicable

### 1. Equity Incentives

The implementations of the above-mentioned incentive plans during the Reporting Period are as follows:

1. On 5 February 2024, the Proposal on the Satisfaction of the Unlocking Conditions for the 3rd Unlocking Period for the Reserved Restricted Shares under the 2020 Restricted Share Incentive Plan was approved at the 2nd (Extraordinary) Meeting of the 5th Board of Directors and the 2nd (Extraordinary) Meeting of the 5th Supervisory Committee. On 26 February 2024, 1,632,000 shares held by 17 awardees were unlocked for public trading in the 3rd unlocking period for the reserved restricted shares under the 2020 Restricted Share Incentive Plan.

2. On 9 May 2024, The Proposal on the Non-Fulfillment of the Release Conditions for the Second Release - Restriction Period of the First-Granted Portion under the 2022 Restricted Stock Incentive Plan and the Repurchase and Cancellation of Some Restricted Stocks was approved at the 5th (Extraordinary) Meeting of the 5th Board of Directors and the 5th (Extraordinary) Meeting of the 5th Supervisory Committee.

On 27 May 2024, The Proposal on the Non-Fulfillment of the Release Conditions for the Second Release - Restriction Period of the First-Granted Portion under the 2022 Restricted Stock Incentive Plan and the Repurchase and Cancellation of Some Restricted Stocks was approved at the first Extraordinary General Meeting of 2024. The Shenzhen Branch of China Securities Depository and Clearing Corporation Limited confirmed that it had completed the repurchase and cancellation of some of the company's restricted shares on January 13, 2025.

3. On 13 December 2024, The Proposal on the Repurchase and Cancellation of Some Restricted Stocks was approved was approved at the 11th (Extraordinary) Meeting of the 5th Board of Directors, and was approved by the 5th Extraordinary General Meeting on 30 December 2024. In view of the fact that one of the original equity incentive recipients has terminated the labor contract relationship with the company and no longer meets the conditions for the company's equity incentive, the company plans to repurchase and cancel 400,000 restricted shares that have been granted to the above-mentioned person but have not yet been released from the restrictions. The Shenzhen Branch of China Securities Depository and Clearing Corporation Limited confirmed that it had completed the repurchase and cancellation of some of the company's restricted shares on January 13, 2025.

Equity incentives received by directors and senior management:

Applicable  Not applicable

Unit: share

Name	Office title	Opening share options	Share options newly granted in the Reporting Period	Exercisable shares in the Reporting Period	Exercised shares in the Reporting Period	Exercise price for exercised shares in the Reporting Period	Closing share options	Market price at the period-end (RMB yuan/share)	Opening restricted shares	Unlocked shares in the Reporting Period	Restricted shares newly granted in the Reporting Period	Grant price (RMB yuan/share)	Closing restricted shares
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			ting Period			ng Period (RMB yuan/sh are)					ting Period		
Feng Jia	Direct or, Board Secret ary and Vice Presid ent								560,0 00	0	0	1	560,0 00
Shao Yongf eng	Chief Finan cial Offic er and Vice Presid ent								320,0 00	320,0 00	0	1	0
Total	--					--		--	880,0 00	320,0 00	0	--	560,0 00

Appraisal of and incentive for senior management:

The Company has established a sound performance appraisal and remuneration policy for senior managers, and determined key performance indicators (KPIs) matching different posts, which linked the income of the Company's managers and employees at different levels to their work performance. During the Reporting Period, the Company assessed and appraised the work ability, duty performance and completion of responsibility goals of senior managers based on the KPIs, and closely linked their remuneration levels with the Company's business performance.

## 2. Implementation of Employee Stock Ownership Plans

Applicable  Not applicable

The situation of all effective employee stock ownership plans during the reporting period

Scope of employees	Number of employees	Total number of shares held (shares)	Change situation	Proportion of the total share capital of the listed company	Source of funds
Company directors (excluding independent directors), senior managers who play important roles and have significant impacts on the overall performance and medium to long-term development of the company, as well as core	51	21,330,000	NA	1.75%	The long-term incentive award fund withdrawn by the company in accordance with

managers and core business (technical) personnel who are employed by the company or its controlled subsidiaries					the systems regarding salary management and performance management.
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The shareholding of directors, supervisors and senior management personnel in the employee stock ownership plan during the reporting period

Name	Office title	Opening shareholding (share)	Closing shareholding (share)	The proportion of the total share capital of the listed company.
Qiu Yezhi	Director and General Manager	0	4,090,000	0.34%
Xie Weiwei	Director and Deputy General Manager	0	900,000	0.07%
Feng Jia	Director, Board Secretary and Vice President	0	700,000	0.06%
Shao Yongfeng	Chief Financial Officer and Vice President	0	700,000	0.06%

Changes in asset management institutions during the reporting period

Applicable  Not applicable

Changes in equity caused by holders' disposal of shares, etc. during the reporting period

Applicable  Not applicable

The situation of the exercise of shareholders' rights during the reporting period.

Applicable  Not applicable

Other relevant matters regarding the employee stock ownership plan during the reporting period

Applicable  Not applicable

Changes in the members of the management committee of the employee stock ownership plan

Applicable  Not applicable

The financial impact of the employee stock ownership plan on the listed company during the reporting period and relevant accounting treatments

Applicable  Not applicable

According to "Accounting Standards for Business Enterprises No. 11 - Share-based Payments", for equity-settled share-based payments in exchange for employees' services that can only be exercised when the services during the waiting period are completed or the stipulated performance conditions are met, on each balance sheet date during the waiting period, the services obtained in the current period should be included in relevant costs or expenses and capital reserve based on the best estimate of the number of exercisable equity instruments and in accordance with the fair value of the equity instruments on the grant date. The amortization expense of the company's employee stock ownership plan in 2024 was 7.8788 million yuan, which was included in relevant expense accounts and capital reserve.

The situation of the termination of the employee stock ownership plan during the reporting period.

Applicable  Not applicable

### 3. Other Incentive Measures for Employees

Applicable  Not applicable

## XII Formulation and Implementation of Internal Control System during the Reporting Period

### 1. Internal Control Formulation and Implementation

In accordance with the provisions of the Basic Code for Internal Control of Enterprises and its supporting guidelines and other regulatory requirements for internal control, the Company has set up a relatively complete corporate governance structure and internal control management system in line with its actual operation, which is in line with the needs of the Company's operation and management. The Company has established internal control over the businesses and matters included in the scope of evaluation for effective implementation. The objective of internal control has been basically achieved with no material weakness.

The Board of Directors of the Company is responsible for establishing sound and effective internal controls and evaluating their effectiveness in accordance with the provisions of the standard system for enterprise internal control. The Supervisory Committee supervised the establishment and implementation of internal controls by the Board of Directors.

The Company would ensure legal compliance in operation and management, assets safety, truthfulness and integrity of financial reports and related information through the sound and effective implementation of internal controls to improve operational efficiency and effect, and promote the development strategy.

### 2. Significant Defects in Internal Control Identified during the Reporting Period

Yes  No

## XIII Subsidiary Management during the Reporting Period

Subsidiary	Management plan	Progress	Problems	Solutions	Solution progress	Subsequent plan
N/A	N/A	N/A	N/A	N/A	N/A	N/A

## XIV Self-Assessment Report and Independent Auditor's Report on Internal Control

### 1. Internal Control Self-Assessment Report

Date of disclosure of the full internal control assessment report	18 March 2025
Index to the full internal control assessment report disclosed	Published on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Ratio of the total assets of the organizations included in the assessment to the total	100.00%

assets in the Company's consolidated financial report		
Ratio of the revenue of the organizations included in the assessment to the revenue in the Company's consolidated financial report	100.00%	
Defect identification criteria		
Category	Financial report	Non-financial report
Qualitative criteria	<p>1) Indications of significant defects in financial reports include:</p> <p>a. Fraudulent conduct by directors, supervisors and senior management of the Company; b. Correction of a published financial report by the Company; c. Significant misstatement in the current financial report identified by a certified public account but not identified during the Company's internal control audit; d. Invalid supervision of the Audit Committee and audit department over the Company's external financial reports and internal control of financial reports.</p> <p>2) Indications of important defects in financial reports included:</p> <p>a. Failure to select or apply accounting policies in accordance with GAAP; b. Failure to implement anti-fraud procedures and take control measures; c. Lack of corresponding control mechanism for accounting treatment of unconventional or special transactions or lack of corresponding compensatory control; d. One or more defects in the control of the period-end financial reporting process and failure to reasonably ensure true and complete financial reports.</p> <p>3) General defects refer to the control defects other than significant and important defects mentioned above.</p>	<p>The identification of defects in non-financial reports is mainly based on the degree of impact of the defects on the effectiveness of business procedures and the possibility of their occurrence.</p> <p>1) Significant defect</p> <p>If the possibility of the defect is high, it will seriously reduce the work efficiency or effectiveness, seriously increase the uncertainty of the effectiveness, or make the work result seriously deviate from the expected goal, the defect is a significant defect. The following usually indicates a significant defect in the internal control of non-financial reports:</p> <p>a. Violation of national laws and regulations; b. Outflow of managers or key technicians; c. Frequent negative news from media; d. Failure to correct the results, especially significant or important defects, in internal control assessment; e. Lack of system control or systematic failure of system in important business.</p> <p>2) Important defect</p> <p>If the possibility of the defect is relatively high, it will significantly reduce the work efficiency or effectiveness, significantly increase the uncertainty of the effectiveness, or make the work result significantly deviate from the expected goal, the defect is an important defect. The following usually indicates an important defect in the internal control of non-financial reports:</p> <p>a. Defects in important business policies or systems; b. Important mistakes in the decision-making process; c. Serious outflow of business personnel in</p>

		key posts; d. Failure to timely remedy the important defects identified in internal supervision of internal control; e. Other circumstances that have a negative impact on the Company. 3) General defects referred to the control defects other than significant and important defects mentioned above.
Quantitative criteria	A quantitative judgment was made based on the pretax profit of the Company. The misstatement exceeding 5% of the total pretax profit was determined as a significant misstatement, that exceeding 3% of the total pretax profit was determined as an important misstatement, and others were determined as general misstatements.	The revenue and total assets were the measuring indicators for the quantitative criteria. If the loss that may result from or results from an internal control defect is related to the profit report, it was measured by the revenue indicator. If the amount of misstatement in the financial report that may result from the defect alone or it together with other defects is less than 0.5% of the revenue, the defect was determined as a general defect. If it exceeds 0.5% and is less than 1% of the revenue, it was determined as an important defect. If it exceeds 1% of the revenue, it was determined as a significant defect. If the loss that may result from or results from an internal control defect is related to asset management, it was measured by the total asset indicator. If the amount of misstatement in the financial report that may result from the defect alone or it together with other defects is less than 0.5% of the total assets, the defect was determined as a general defect. If it exceeds 0.5% and is less than 1% of the total assets, it was determined as an important defect. If it exceeds 1% of the total assets, it was determined as a significant defect.
Number of significant defects in financial reports		0
Number of significant defects in non-financial reports		0
Number of important defects in financial reports		0
Number of important defects in non-financial reports		0

## 2. Independent Auditor's Report on Internal Control

Applicable  Not applicable

Opinion paragraph in the independent auditor's report on internal control	
In the opinion of Ernst & Young Hua Ming LLP, Guangdong Dongfang Precision Science & Technology Co., Ltd. maintained, in all material respects, effective internal control over financial reporting as at 31 December 2024, based on the Basic Rules on Enterprise Internal Control and other applicable rules.	
Independent auditor's report on internal control disclosed or not	Yes
Disclosure date	18 March 2025
Index to such report disclosed	www.cninfo.com.cn
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	None

Indicate whether any modified opinion is expressed in the independent auditor's report on the Company's internal control.

Yes  No

Indicate whether the independent auditor's report on the Company's internal control is consistent with the internal control self-evaluation report issued by the Company's Board of Directors.

Yes  No

## XV Rectifications of Problems Identified by Self-inspection in the Special Action for Listed Company Governance

N/A

## Part V Environmental and Social Responsibilities

### I Significant Environmental Issues

Whether the listed company and its subsidiaries fell into major pollutant-discharge enterprises and institutions published by national environmental protection authorities.

Yes  No

Being subject to administrative penalties due to environmental issues during the reporting period.

Company Name	Reason	Violation situations	Penalty results	Impact on the production and operation of the listed company	Adopted Rectification measures
Parsun Power	Failure to operate air pollution prevention and control facilities properly.	Failure to operate air pollution prevention and control facilities properly.	Ordered to make corrections and fined RMB 100,000 in total.	None	The operation of pollution prevention and control facilities has been fully corrected.

Measures taken to reduce carbon emissions in the Reporting Period and the impact:

Applicable  Not applicable

The subsidiary Fosber Italy has established and implemented a sustainability management system and is certified to the following international standards: ISO45001:2018, ISO9001:2015, ISO14001:2015, EMAS (EU Eco-Management and Audit System), and SA8000:2014.

Reasons for non-disclosure of other environmental information

Applicable  Not applicable

For other environmental information, please refer to “II Social Responsibilities” below.

### II Social Responsibilities

The Company attached importance to fulfilling social responsibility in daily operations, intending to promote harmony and co-prosperity between it and parties related to its interests. The Company also took active measures in the protection of the rights and interests of shareholders, creditors, employees, suppliers, customers, and consumers, environmental protection, sustainable development, public relations, and social public welfare undertakings, and strived to maximize comprehensive social benefits including the sustainable development of itself.

(1) Corporate governance: During the Reporting Period, the Company strictly abided by the Company Law, the Securities Law and Code of Corporate Governance for Listed Companies, continued to refine the corporate governance structure, improve the internal control system, formed the decision-making system comprising the Shareholders' General Meeting, the Board of Directors, the Supervisory Committee and the Management, and timely fulfilled its obligation of information disclosure according to laws and regulations and effectively safeguarded the rights and interests of all shareholders.

(2) Rights and interests of employees: The Company provided employees with welfare and care by providing holiday gifts and holding employee birthday parties, annual meetings, and team-building activities, improved employees' professional competence by offering regular or irregular training to employees in the headquarters and domestic and foreign branches and subsidiaries, and continued to improve the competitive comprehensive remuneration system to retain and attract talents needed for the Company's sustainable development.

(3) Relationship with customers and suppliers: Long adhering to the principle of "honest business" and "mutual benefit and win-win", the Company took the initiative to construct and develop a strategic partnership with suppliers and customers and jointly built a platform of trust and cooperation, and earnestly fulfilled its social responsibilities to suppliers, customers and consumers. The Company has been well-performing contracts with suppliers and customers and ensuring that the rights and interests of all parties are highly valued and duly protected.

(4) Production safety: The Company strictly abided by the Labour Law and the Labour Contract Law, adhered to the "people-oriented" principle, attached importance to the needs of employees, strived to improve the working and living environments of employees, and has set up a labour union to effectively protect the interests of employees. It also provided labour protection supplies according to the risk factors of different posts, organized occupational health examinations for employees (before taking the post, on the post and before leaving the post), and bought safety liability insurance for employees on highly risky posts. In 2020, Dongfang Precision extended its Grade II Production Safety Standardization Certificate for Machinery Enterprises, and Parsun Power and Fosber Asia were granted the Grade III Production Safety Standardization Certificate for Machinery Enterprises.

(5) Environmental protection: Dongfang Precision was granted the National Pollutant Discharge Permit and regularly completes the filling of data for post-license monitoring of the National Discharge License. It commissioned the qualified third-party environmental protection agencies to compile the Contingency Plans for Environmental Emergencies and update it on a regular basis. The Company established the "Environmental Self-Monitoring Programme", entrusted a third party to install and operate 24-hour sewage on-line flow monitoring equipment, and entrusted a third-party monitoring organisation to carry out quarterly testing of wastewater, exhaust gas and noise and issue third-party test reports. Moreover, the Company's environmental protection facilities passed the qualification re-examination on OHSAS18001:2007 Occupational Health and Safety Management Systems and ISO14001:2005 Environmental Management System.

(6) Anti-fraud: The Group compiled a thorough internal authorization manual that detailed provisions on internal authorization process of major matters to ensure appropriate internal control and reduce the risk of fraud. In order to create a fair, just, honest and non-corrupt internal business environment and strengthen internal monitoring, the Company also established and launched the anti-fraud reporting platform to encourage employees to report fraud findings.

(7) Social honour: Dongfang Precision is a State-level High-tech Enterprise and won honorary titles including "Top 500 Private Manufacturing Enterprises in China", "Leading Enterprises in Subdivided Industries in Foshan", and "Guangdong Provincial Industrial Design Centre". The subsidiary Fosber Asia won honorary titles including "Guangdong Demonstration Enterprise of Intellectual Property". The subsidiary Wonder Digital has been successfully selected as a State-level "Little Giant" enterprise with specialties, refined management, unique technologies and innovation. The subsidiary Parsun Power is a State-level "Little Giant" enterprise with specialties, refined management, unique technologies and innovation, a State-level High-tech Enterprise an engineering technology research centre for outboard motors in Jiangsu Province, an enterprise technology centre recognised by Jiangsu Province, a leading enterprise in China's internal combustion engine industry and a director unit of the Small Gasoline Engine Branch of China Internal Combustion Engine Industry Association. The outboard motors of Parsun Power have also won many honours such as the certificate of industrialisation demonstration project of national torch plan, innovative product of China machinery industry, famous brand product of Jiangsu province and famous brand product of Suzhou city.

### **III Efforts in Poverty Alleviation and Rural Revitalization**

The Company did not conduct activities related to targeted poverty alleviation in the Reporting Year, nor did it develop any subsequent plan for targeted poverty alleviation.

## Part VI Significant Events

### I Fulfillment of Undertakings

#### 1. Undertakings of the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and other Entities Fulfilled in the Reporting Period or Ongoing at the Period-end

√ Applicable □ Not applicable

Cause of undertakings	Parties of undertakings	Types of undertakings	Contents of undertakings	Date of undertakings	Term of undertakings	Fulfilment of undertakings
Undertakings related to reform of shareholder structure						
Undertakings made in acquisition report of change of equity report						
Undertakings made in asset reorganization	Tang Zhuolin, Tang Zhuomian	Undertaking on horizontal competition, related-party transactions and capital occupation	1. I will conduct all related-party transactions, unavoidable or arising from a reasonable reason, between me and companies controlled by me and Dongfang Precision and its controlling subsidiaries in a fair and reasonable manner and on an equal, mutually beneficial, equivalent and compensable basis in strict accordance with market principles. For all related-party transactions between me and companies controlled by me and Dongfang Precision and its controlling subsidiaries, I will sign agreements and go through procedures according to law and fulfil the obligation of information disclosure in accordance with relevant laws, regulations, normative documents, Articles of Association of Dongfang Precision and other corporate governance provisions, and undertakes not to damage the legitimate rights or interests of the listed company and small and medium shareholders. 2. When any related-party transaction involving me and companies controlled by me is being deliberated by the authority of Dongfang Precision, I will proactively perform the obligation of evading according to law and conduct the transaction only with the approval of the competent authority. 3. I undertake not to obtain any improper benefits or cause Dongfang Precision and its controlling subsidiaries to assume any improper obligations through related-party transactions. In case of any losses to Dongfang Precision or its controlling subsidiaries as a result of any breach of the above undertakings, I will be liable for such losses.	25 April 2017	Long-term effective	In normal progress of fulfilment
	Tang Zhuolin, Tang Zhuomian	Undertaking on horizontal competition,	1. The undertaker and companies controlled by it are not engaging in any business the same as, similar to or competing with the business of the listed company and companies controlled by it,	25 November 2019	Long-term effective	In normal progress of fulfilment

Cause of undertakings	Parties of undertakings	Types of undertakings	Contents of undertakings	Date of undertakings	Term of undertakings	Fulfilment of undertakings
		related-party transactions and capital occupation	and they will neither, in any way, engage in or assist others in engaging in any business that competes or may compete with the business of the listed company and companies controlled by it, nor merge or substantially invest in (or jointly hold), directly or indirectly, other companies engaging in any business that competes or may compete with the business of the listed company and companies controlled by it. 2. If the listed company engages in a new business sector, the undertaker will not engage in any business that competes with such a new business of the listed company, except with the prior written consent of the listed company. 3. If any business opportunity obtained by the undertaker from any third party completes or may compete with the business of the listed company and companies controlled by it, the undertaker will immediately inform and make every effort to deliver the business opportunity to the listed company. 4. The undertaker will not, in any way, use the information or other resources obtained from the listed company to conduct any act that harms the interests of the listed company. 5. In case of any losses to the listed company as a result of breach of these undertakings by the undertaker, the undertaker will make thorough, timely and full compensation for all such losses and take active measures to eliminate the adverse effects caused thereby.			
	Tang Zhuolin, Tang Zhuomian	Undertaking on horizontal competition, related-party transactions and capital occupation	1. The undertaker will refrain from any illegal occupation of the funds and assets of the listed company, and will never require the listed company to provide any form of guarantee to it or companies controlled by it under any circumstances. 2. The undertaker will, to the extent possible, avoid and minimize related-party transactions with the listed company, and for all related-party transactions unavoidable or arising from a reasonable reason, it will conduct following the principle of voluntary, fair and reasonable market pricing and according to normal market trading conditions, sign agreements and go through procedures according to law, abide by relevant laws, regulations, normative documents and articles of association of the listed company, perform internal decision-making and approval procedures according to law, and timely perform the obligation of information disclosure, so as to ensure that the related-party transactions are fairly and reasonably priced and conducted under fair trading conditions and that it will not damage the legitimate rights or interests of the listed company and its shareholders through related-party transactions. 3. In case of any losses to the listed company as a result of breach of these undertakings by the undertaker, the undertaker will make thorough, timely and full compensation for all such losses and take active measures to eliminate the adverse effects caused thereby.	25 November 2019	Long-term effective	In normal progress of fulfilment
	Tang	Other	1. I will not overstep my authority to intervene in	25	Long-term	In normal

Cause of undertakings	Parties of undertakings	Types of undertakings	Contents of undertakings	Date of undertakings	Term of undertakings	Fulfilment of undertakings
	Zhuolin, Tang Zhuomian	undertakings	the operation and management of Dongfang Precision, will not occupy the interests of Dongfang Precision, and will earnestly take corresponding measures to fill up the diluted spot returns of Dongfang Precision. 2. After the CSRC and Shenzhen Stock Exchange otherwise release the measures to fill up diluted spot returns and opinions and implementation rules for its undertakings, if Dongfang Precision's corresponding policies and undertakings fail to meet such provisions, I will immediately submit a supplementary undertaking to the CSRC and Shenzhen Stock Exchange as required in order to be compliant. 3. I undertake to earnestly take the corresponding measures formulated by the listed company to fill up diluted spot returns and to earnestly fulfil my undertakings. If I violate such undertaking(s) and cause losses to the Company or investors, I am willing to bear the corresponding liability for compensation according to law.	November 2019	effective	progress of fulfilment
	Tang Zhuolin, Tang Zhuomian	Other undertakings	1. After the relevant transaction, the undertaker will continue to maintain the independence of the listed company in terms of staffing, asset, business, organization and finance in accordance with relevant laws, regulations and normative documents, and will not conduct any act that affects such independence or damages the interests of the listed company and other shareholders, and will effectively safeguard the independence of the listed company in terms of staffing, asset, business, organization and finance. 2. This letter of undertaking shall be effective and irrevocable as of the date when it is officially signed by the undertaker. The undertaker warrants to fulfil the undertaking(s) in good faith, and the listed company has the right to supervise its fulfilment. Where the undertaker fails to fulfil the undertaking(s) in good faith of undertaking and thus cause actual losses to the listed company, the undertaker shall compensate the listed company for all director or indirect losses caused thereby.	25 November 2019	Long-term effective	In normal progress of fulfilment
	He Weifeng, Mai Zhirong, Peng Xiaowei, Qiu Yezhi, Tang Zhuolin, Xie Weiwei, Zhou Wenhui	Other undertakings	I, as a director/senior executive of the Company, will faithfully and diligently perform my duties, safeguard the legitimate rights and interests of the Company and all shareholders, and make the following undertakings to ensure that the Company's measures to fill up returns will be effectively implemented. 1. I will not transfer benefits to other organizations or individuals for free or under unfair conditions, nor will I damage the interests of the Company in other ways. 2. I will constrain my consumption behaviour on the position. 3. I will not use the Company's assets to engage in any investment or consumption activities unrelated to my performance of duties. 4. I will link the remuneration system formulated by the Board of Directors or the Remuneration Committee to the implementation of the Company's measures to fill up returns. 5. If the	25 November 2019	Long-term effective	In normal progress of fulfilment

Cause of undertakings	Parties of undertakings	Types of undertakings	Contents of undertakings	Date of undertakings	Term of undertakings	Fulfilment of undertakings
			Company has an equity incentive program, I will link the exercise conditions of the equity incentive program to be announced to the implementation of the Company's measures to fill up returns. 6. After this undertaking is given, if the regulator puts forward other requirements for the measures to fill up returns and the undertaking and the undertaking fails to meet such requirements, I will give a supplementary undertaking according to the latest requirements of the regulator. 7. I will effectively implement the Company's measures to fill up returns and fully fulfil my corresponding undertakings, and I am willing to bear the corresponding liability for compensation according to law if I violate such undertaking(s) and cause losses to the Company or investors.			
Undertakings made in IPO or refinancing	Tang Zhuolin, Tang Zhuomian	Undertaking on horizontal competition, related-party transactions and capital occupation	Before the fact that I am (or the Company is) a major shareholder of the issuer is changed, I (or the Company) will not, directly or indirectly, in any way (including but not limited to sole proprietorship, joint venture and holding stocks or interests in other companies or enterprises), engage in any business or activity that competes or may compete with the business of the issuer. I (The Company) shall compensate the issuer for any loss caused to it as a result of the failure to fulfil the undertaking to avoid horizontal competition.	18 August 2010	Long-term effective	In normal progress of fulfilment
	Tang Zhuolin, Tang Zhuomian	Other undertakings	If relevant government or judicial authorities decide that Dongfang Precision or Weike Dongmeng need to make a supplementary payment for employees' public housing provision, or Dongfang Precision or Weike Dongmeng is subject to any late fee, fine or losses for failing to pay the public housing provision for some employees, I will unconditionally and in full bear such supplementary payment, late fees and fines.	15 August 2011	Long-term effective	In normal progress of fulfilment
Undertakings related to equity incentives						
Undertakings made to minority shareholders of the Company						
Other undertakings						
Whether the undertakings were timely performed	Yes					
Where the Company failed to fulfill an undertaking	Not applicable					

Cause of undertakings	Parties of undertakings	Types of undertakings	Contents of undertakings	Date of undertakings	Term of undertakings	Fulfilment of undertakings
on time, it shall explain in detail the reasons for failing to do so and the subsequent plan						

**2. Where there had been an earnings forecast for an asset or project and the Reporting Period was still within the forecast period, explain why the forecast has been reached for the Reporting Period.**

Applicable  Not applicable

**II Occupation of the Company's Capital by the Controlling Shareholder or Its Related Parties for Non-Operating Purposes**

Applicable  Not applicable

No such cases in the Reporting Period.

**III Irregularities in Provision of Guarantees**

Applicable  Not applicable

No such cases in the Reporting Period.

**IV Explanations Given by the Board of Directors Regarding the Last "Modified Opinion" on Financial Statements**

Applicable  Not applicable

**V Explanations Given by the Board of Directors, the Supervisory Committee and the Independent Directors (if any) Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period**

Applicable  Not applicable

**VI YoY Changes to Accounting Policies and Estimates and Correction of Material Accounting Errors**

Applicable  Not applicable

On December 6, 2024, the Ministry of Finance issued the "Interpretation No. 18 of the Accounting Standards", which further standardized and clarified the accounting treatment of warranty - type quality guarantees that are not single - performance obligations. This interpretation shall come into force from the date of its issuance, and enterprises are allowed to implement it in advance from the year of its release. When an enterprise accounts for the estimated liability arising from a warranty - type quality guarantee that is not a single - performance obligation, it shall, in accordance with the relevant provisions of the "Accounting Standard for Enterprises No. 13 - Contingent Events", debit the accounts such as "main business cost" and "other business cost" for the determined amount of the estimated liability, and credit the "estimated liability" account, and accordingly present it in the "operating cost" item in the income statement and the items such as "other current liabilities", "non - current liabilities due within one year", and "estimated liability" in the balance sheet.

When an enterprise first implements the content of this interpretation, if the original provision for warranty type quality guarantees is included in the "selling expenses", it shall treat the changes as a change in accounting policies and make retroactive adjustments.

The company has implemented the above - mentioned provisions. In 2024, the estimated liability arising from the provision for quality guarantee funds that meets the requirements is included in the main business cost, and the relevant accounting treatment in 2023 is retroactively adjusted as a change in accounting policies.

## VII YoY Changes to the Scope of the Consolidated Financial Statements

Applicable  Not applicable

No such cases in the Reporting Period.

## VIII Engagement and Disengagement of Independent Auditor

Current independent auditor:

Name of the domestic independent auditor	Ernst & Young Hua Ming LLP
The Company's payment to the domestic independent auditor	RMB4.77 million
How many consecutive years the domestic independent auditor has provided audit service for the Company	5 years
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Feng Xingzhi and Liang Xinqi
How many consecutive years the certified public accountants have provided audit service for the Company	5 years for Feng Xingzhi, and 1 year for Liang Xinqi
Name of the overseas independent auditor (if any)	N/A
The Company's payment to the overseas independent auditor	N/A
How many consecutive years the overseas independent auditor has provided audit service for the Company	N/A
Names of the certified public accountants from the overseas independent auditor writing signatures on the auditor's report	N/A
How many consecutive years the overseas certified public accountants have provided audit service for the Company	N/A

Indicate whether the independent auditor was changed for the Reporting Period.

Yes  No

Independent auditor, financial advisor or sponsor hired for the audit of internal control:

Applicable  Not applicable

Ernst & Young Hua Ming LLP was appointed as the independent auditor of internal control for the Company for 2024 for a fee of RMB300,000.

## IX Possibility of Delisting after the Disclosure of this Report

Applicable  Not applicable

## X Insolvency and Reorganization

Applicable  Not applicable

No such cases in the Reporting Period.

## XI Significant Legal Matters

Applicable  Not applicable

No such cases in the Reporting Period.

## XII Punishments and Rectifications

Applicable  Not applicable

### **XIII Credit Quality of the Company as well as Its Controlling Shareholder and Actual Controller**

Applicable  Not applicable

### **XIV Significant Related-Party Transactions**

#### **1. Continuing Related-Party Transactions**

Applicable  Not applicable

No such cases in the Reporting Period.

#### **2. Related-Party Transactions Regarding Purchase or Sales of Assets or Equity Investments**

Applicable  Not applicable

No such cases in the Reporting Period.

#### **3. Related-Party Transactions Regarding Joint Investments in Third Parties**

Applicable  Not applicable

No such cases in the Reporting Period.

#### **4. Amounts Due to and from Related Parties**

Applicable  Not applicable

No such cases in the Reporting Period.

#### **5. Transactions between the Company and Related Financial Companies**

Applicable  Not applicable

No such cases in the Reporting Period.

#### **6. Transactions between Financial Companies Controlled by the Company and Related Parties**

Applicable  Not applicable

No such cases in the Reporting Period.

#### **7. Other Significant Related-Party Transactions**

Applicable  Not applicable

No such cases in the Reporting Period.

### **XV Significant Contracts and Execution thereof**

#### **1. Entrustment, Contracting and Leases**

##### **(1) Entrustment**

Applicable  Not applicable

No such cases in the Reporting Period.

**(2) Contracting**

Applicable  Not applicable

No such cases in the Reporting Period.

**(3) Leases**

Applicable  Not applicable

No such cases in the Reporting Period.

**2. Significant Guarantees**

Applicable  Not applicable

Unit: RMB'0,000

Guarantees provided by the Company as the parent and its subsidiaries for external parties (exclusive of those for subsidiaries)										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Security (if any)	Counter-guarantees (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Guarantees provided by the Company as the parent for its subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Security (if any)	Counter-guarantees (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Dongfang Precision (Netherlands)	14 June 2023	No more than EUR34.5 million	15 June 2023	EUR34.4056 million	Joint liability;	Security deposits	--	From the date when the guarantee took effect to 15 June 2024	Yes	No
Tiruña Asia	28 March 2024	No more than RMB 1 billion	28 April 2024	RMB67.0375 million	Joint liability	--	--	From the effective date of the security agreement until three years after the maturity of the loan	No	No
Total approved line for such guarantees in the Reporting Period (B1)		No more than RMB 1 billion	Total actual amount of such guarantees in the Reporting Period (B2)		EUR34.4056 million					
Total approved line for such guarantees at the end of the Reporting Period (B3)		No more than RMB 1 billion	Total actual balance of such guarantees at the end of the Reporting Period (B4)		RMB67.0375million					
Guarantees provided between subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Security (if any)	Counter-guarantees (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
QCorr	15 May 2020	No more than EUR3 million	30 April 2020	0	General Guarantee	-	-	From the date when the	Yes	No

								guarantee took effect to 30 June 2024		
Total approved line for such guarantees in the Reporting Period (C1)			0	Total actual amount of such guarantees in the Reporting Period (C2)						0
Total approved line for such guarantees at the end of the Reporting Period (C3)			0	Total actual balance of such guarantees at the end of the Reporting Period (C4)						0
Total guarantee amount (total of the three kinds of guarantees above)										
Total guarantee line approved in the Reporting Period (A1+B1+C1)	No more than RMB 1 billion			Total actual guarantee amount in the Reporting Period (A2+B2+C2)						EUR34.4056 million
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)	No more than RMB 1 billion			Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)						RMB67.0375million
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets				1.35%						
Of which:										
Balance of guarantees provided for shareholders, the actual controller and their related parties (D)				0						
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)				RMB67.0375million						
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)				0						
Total of the three amounts above (D+E+F)				RMB67.0375million						
Joint liability possibly borne or already borne in the Reporting Period for outstanding guarantees (if any)				N/A						
Guarantees provided in breach of prescribed procedures (if any)				N/A						

### 3. Cash Entrusted to Other Entities for Management

#### (1) Cash Entrusted for Wealth Management

Applicable  Not applicable

Overview of wealth management entrustments in the Reporting Period:

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount	Impairment provision for unrecovered overdue amount
Bank's wealth management product	Self-funded	26,450.00	23,311.00	0	0
Securities firm's wealth management product	Self-funded	35,700.00	35,700.00	0	0
Trust product	Self-funded	2,000.00	2,000.00	358.62	358.62
Total		64,150.00	61,011.00	358.62	358.62

High-risk wealth management transactions with a significant single amount or with low security and low liquidity:

Applicable  Not applicable

Wealth management transactions where the principal is expectedly irrecoverable or an impairment may be incurred:

Applicable  Not applicable

As of the end of the Reporting Period, the unrecovered amount of trust products was RMB3.5862 million, for which an impairment allowance of RMB3.5862 million was established.

## **(2) Entrusted Loans**

Applicable  Not applicable

No such cases in the Reporting Period.

## **4. Other Significant Contracts**

Applicable  Not applicable

No such cases in the Reporting Period.

## **XVI Other Significant Events**

Applicable  Not applicable

No such cases in the Reporting Period.

## **XVII Significant Events of Subsidiaries**

Applicable  Not applicable

## Part VII Share Changes and Shareholder Information

### I Share Changes

#### 1. Share Changes

Unit: share

	Before		Increase/decrease in the period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
1. Restricted shares	226,372,533	18.25%	0	0	0	-2,398,000	-2,398,000	223,974,533	18.37%
1.1 Shares held by the government	0	0.00%	0	0	0	0	0	0	0.00%
1.2 Shares held by state-owned corporations	0	0.00%	0	0	0	0	0	0	0.00%
1.3 Shares held by other domestic investors	226,212,533	18.23%	0	0	0	-2,238,000	-2,238,000	223,974,533	18.37%
Including: Shares held by domestic corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic individuals	226,212,533	18.23%	0	0	0	-2,238,000	-2,238,000	223,974,533	18.37%
1.4 Shares held by overseas investors	160,000	0.01%	0	0	0	-160,000	-160,000	0	0.00%
Including: Shares held by overseas corporations	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by overseas	160,000	0.01%	0	0	0	-160,000	-160,000	0	0.00%

individuals									
2. Unrestricted shares	1,014,245,867	81.75%	0	0	0	- 19,174,060	- 19,174,060	995,071,807	81.63%
2.1 RMB-denominated ordinary shares	1,014,245,867	81.75%	0	0	0	- 19,174,060	- 19,174,060	995,071,807	81.63%
2.2 Domestically listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
2.3 Overseas listed foreign shares	0	0.00%	0	0	0	0	0	0	0.00%
2.4 Others	0	0.00%	0	0	0	0	0	0	0.00%
3. Total shares	1,240,618,400	100.00%	0	0	0	- 21,572,060	- 21,572,060	1,219,046,340	100.00%

**Reasons for share changes:**

Applicable  Not applicable

## 1. Cancellation of 21,572,060 repurchased shares

On February 1, 2024, the company disclosed the "Announcement on the Completion of the Share Repurchase Implementation and Share Changes", announcing the completion of the implementation of the 2023 annual share repurchase plan launched in January 2023. During the implementation period of this share repurchase, the company cumulatively repurchased approximately 21,572,060 shares of the company through centralized bidding transactions, accounting for approximately 1.74% of the company's total share capital. The highest transaction price was 4.89 yuan per share, the lowest transaction price was 4.50 yuan per share, and the cumulative total payment amount was approximately 100.7755 million yuan (excluding transaction fees). On March 4, 2024, the company released the "Announcement on the Completion of the Repurchased Share Cancellation and Share Changes". The above-mentioned 21,572,060 repurchased public shares had been cancelled.

## 2. Unlocking of some restricted shares

## (1) Unlocking of restricted shares under the equity incentive plan

On February 26, 2024, the shares subject to the unlocking of the third restricted share unlocking period of the reserved grant portion of the company's 2020 Restricted Stock Incentive Plan were released, and the total number of shares released was 1,632,000 shares.

## (2) Changes in locked shares held by senior executives

In March 2024, the term of office determined upon Mr. Zhou Wenhui's assumption of office as a director had expired and six months had passed since the expiration. The shares held by him were legally unlocked and became tradable shares.

**Approval of share changes:**

Applicable  Not applicable

During the reporting period, for matters such as "the release for trading of the shares subject to the unlocking of the third restricted share unlocking period of the reserved grant portion of the 2020 Restricted Stock Incentive Plan" and "the cancellation of the repurchased shares", the company has fulfilled the necessary approval procedures of the general meeting of shareholders and the board of directors in accordance with laws, regulations and the provisions of the Articles of Association of the Company.

**Transfer of share ownership:**√ Applicable  Not applicable

In the Reporting Period, with respect to the transfers of share ownership involved in the “cancellation of some repurchased shares”, the Company completed the transfers with the Shenzhen branch of China Securities Depository and Clearing Co., Ltd. after they were approved by the Shenzhen Stock Exchange.

**Effects of share changes on the basic earnings per share, diluted earnings per share, equity per share attributable to the Company’s ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:** Applicable √ Not applicable**Other information that the Company considers necessary or is required by the securities regulator to be disclosed:** Applicable √ Not applicable**2. Changes in Restricted Shares**√ Applicable  Not applicable

Unit: share

Shareholder	Opening restricted shares	Increase in restricted shares in the period	Unlocked in the period	Closing restricted shares	Reason for restriction	Date of unlocking
Xie Weiwei	750,000	0	186,000	564,000	Restricted shares of senior management	2024-1-2
Zhou Wenhui	900,000	0	900,000	0	The term of office determined upon taking office has expired and six months have passed since the expiration. The restricted shares shall be lifted in accordance with the law.	2024-3-21
Shao Yongfeng	600,000	320,000	320,000	600,000	Participated in the Restricted Share Incentive Plan /restricted shares of senior management	2024-2-26
The other 16 awardees of the reserved grant of the 2020 Restricted Share Incentive Plan	1,312,000	0	1,312,000	0	Participated in the Restricted Share Incentive Plan	2024-2-26
Total	3,562,000	320,000	2,718,000	1,164,000	--	--

**3. Changes in Restricted Shares between the End of the Reporting Period and the Date of This Report Disclosure**

In January 2025, due to the failure to achieve the company-level performance assessment targets for the second restricted share unlocking period of the Company's 2022 restricted stock incentive plan, 880,000 restricted shares were repurchased and cancelled. Meanwhile, as one employee who participated in the equity incentive plan terminated the labor relationship with the company, another 400,000 restricted shares were repurchased and cancelled. After the completion of this repurchase and cancellation, the total share capital of the company was changed from 1,219,046,340 shares to 1,217,766,340 shares.

## II Issuance and Listing of Securities

### 1. Securities (Exclusive of Preference Shares) Issued in the Reporting Period

Applicable  Not applicable

### 2. Changes to Total Shares, Shareholder Structure and Asset and Liability Structures

Applicable  Not applicable

### 3. Existing Staff-Held Shares

Applicable  Not applicable

## III Shareholders and Actual Controller

### 1. Shareholders and Their Shareholdings at the Period-End

Unit: share

Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease in the Reporting Period	Restricted shares held	Unrestricted shares held	Shares in pledge, marked or frozen	
							Status	Shares
Tang Zhuolin	Domestic individual	21.44%	261,424,368	-9,313,200	203,053,176	58,371,192	In pledge	110,090,000
Tang Zhuomian	Domestic individual	7.95%	96,885,134	0	0	96,885,134	In pledge	41,660,000
Beijing Puren Pulead Technology R & D Center (Limited Partnership)	Domestic non-state-owned corporation	2.18%	26,628,340	0	0	26,628,340	NA	0
Hong Kong Securities Clearing Company	State-owned corporation	2.03%	24,795,267	-23,387,866	0	24,795,267	NA	0

Limited								
Qiu Yezhi	Domestic individual	1.92%	23,382,388	0	17,536,791	5,845,597	NA	0
Guangdong Dongfang Precision Science & Technology Co., Ltd. - 2024 Employee Stock Ownership Plan	Others	1.75%	21,330,000	21,330,000	0	21,330,000	NA	0
Pulead Technology Industry Co., Ltd.	State-owned corporation	1.52%	18,471,487	-17,277,100	0	18,471,487	NA	0
Luzhou Industrial Development Investment Group Co., Ltd.	State-owned corporation	1.40%	17,104,310	-14,665,700	0	17,104,310	NA	0
Zhang Yuan	Domestic individual	0.43%	5,300,000	5,300,000	0	5,300,000	NA	0
Zhang Jian	Domestic individual	0.29%	3,530,000	3,530,000	0	3,530,000	NA	0
Strategic investor or general corporation becoming a top-10 shareholder in a rights issue (if any)	NA							
Related or acting-in-concert parties among the shareholders above	<p>Mr. Tang Zhuolin and Mr. Tang Zhuomian are brothers. On 18 August 2010, they signed the Agreement on Acting in Concert. Pulead Technology Industry Co., Ltd. and Beijing Puren Pulead Technology R &amp; D Center (Limited Partnership) are acting-in-concert parties.</p> <p>Apart from that, the Company is not aware of any related or acting-in-concert parties among the other shareholders above.</p>							
Above shareholders entrusting or entrusted with voting rights, or waiving voting rights	<p>The holders of the Guangdong Dongfang Precision Science &amp; Technology Co., Ltd. - 2024 Employee Stock Ownership Plan as a whole waive the shareholder voting rights enjoyed by virtue of holding the underlying stocks through participation in this employee stock ownership plan, while retaining other shareholder rights (including rights to asset returns such as dividend rights, rights to subscribe for new shares, and rights to convert capital reserve into share capital).</p>							
Top 10 shareholders	NA							

including the special account of repurchased shares (if any)			
Top 10 unrestricted shareholders			
Name of shareholder	Unrestricted shares held at the period-end	Shares by type	
		Type	Shares
Tang Zhuomian	96,885,134	RMB-denominated ordinary stock	96,885,134
Tang Zhuolin	58,371,192	RMB-denominated ordinary stock	58,371,192
Beijing Puren Pulead Technology R & D Center (Limited Partnership)	26,628,340	RMB-denominated ordinary stock	26,628,340
Hong Kong Securities Clearing Company Limited	24,795,267	RMB-denominated ordinary stock	24,795,267
Guangdong Dongfang Precision Science & Technology Co., Ltd. - 2024 Employee Stock Ownership Plan	21,330,000	RMB-denominated ordinary stock	21,330,000
Pulead Technology Industry Co., Ltd.	18,471,487	RMB-denominated ordinary stock	18,471,487
Luzhou Industrial Development Investment Group Co., Ltd.	17,104,310	RMB-denominated ordinary stock	17,104,310
Qiu Yezhi	5,845,597	RMB-denominated ordinary stock	5,845,597
Zhang Yuan	5,300,000	RMB-denominated ordinary stock	5,300,000
Zhang Jian	3,530,000	RMB-denominated ordinary stock	3,530,000
Related or acting-in-concert parties among top 10 unrestricted ordinary shareholders, as well as between top 10 unrestricted ordinary shareholders and top 10 ordinary shareholders	<p>Mr. Tang Zhuo Lin and Mr. Tang Zhuo Min are brothers and on August 18, 2010, they entered into a "Letter of Agreement on Acting in Concert".</p> <p>Pulead Technology Industry Co., Ltd. and Beijing Puren Pulead Technology R &amp; D Center (Limited Partnership) are acting-in-concert parties.</p> <p>The Company does not know whether there are any other related relationships or persons acting in concert between the above shareholders.</p>		
Description of the participation of the top 10 common shareholders in the financing and securities financing	<p>The Company's shareholder, Luzhou Industrial Development Investment Group Co., Ltd. holds 17,104,310 shares through a client credit transaction guarantee securities account with Guotai Junan Securities Co. Ltd.</p>		

business (if any)	
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Shareholders holding more than 5% of shares, the top 10 shareholders and the top 10 unrestricted tradable shareholders participating in the refinancing shares lending business.

Applicable  Not applicable

The top 10 shareholders and the top 10 unrestricted tradable shareholders have changed compared with the previous period due to the lending/returning reasons in the refinancing shares lending business.

Applicable  Not applicable

Indicate whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any agreed repurchase transactions during the Reporting Period.

Yes  No

No such cases in the Reporting Period.

## 2. Controlling Shareholder

Nature of the controlling shareholder: controlled by an individual

Type of the controlling shareholder: individual

Name of the controlling shareholder	Nationality	Residency in other countries or regions or not
Tang Zhuolin	Chinese	Not
Main occupation and position	Chairman of the Board of Dongfang Precision	
Interests held in other domestically and overseas listed companies in the Reporting Period	Not applicable	

Change of the controlling shareholder in the Reporting Period:

Applicable  Not applicable

No such cases in the Reporting Period.

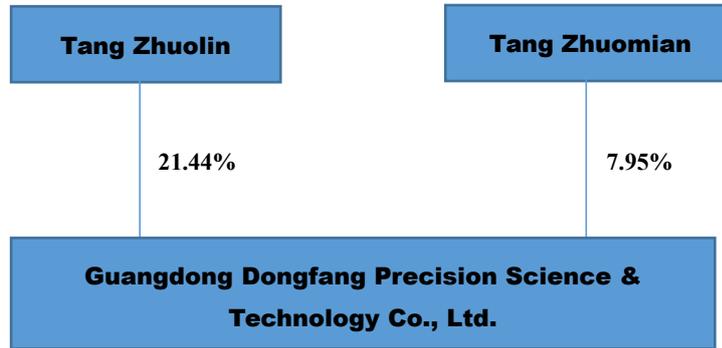
## 3. Actual Controller and Acting-in-Concert Parties

Nature of the actual controller: domestic individual

Name of the actual controller	Relationship with the actual controller	Nationality	Residency in other countries or regions or not
Tang Zhuolin	Actual controller himself	Chinese	Not
Tang Zhuomian	Acting-in-concert party (contractual, kinship-based, and common control-based)	Chinese	Not
Main occupation and position	Mr. Tang Zhuolin serves as the Chairman of the Board of Dongfang Precision as his main occupation.		
Controlling interests in other domestically and overseas listed companies in the past 10 years	Not applicable		

The actual controller of the Company remained unchanged during the Reporting Period.

Ownership and control relationship between the actual controller and the Company:



Indicate whether the actual controller controls the Company via trust or other ways of asset management.

Applicable  Not applicable

#### 4. Shares Cumulatively Put in Pledge by the Company's Controlling Shareholder or Biggest Shareholder and Its Acting-in-Concert Parties Accounting for 80% of Their Shareholdings in the Company

Applicable  Not applicable

#### 5. Other 10% or Greater Corporate Shareholders

Applicable  Not applicable

#### 6. Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers

Applicable  Not applicable

### IV Share Repurchase in the Reporting Period

Progress on any share repurchase:

Applicable  Not applicable

Disclosure date of the repurchase plan	Number of shares to be repurchased	As % of total share capital	Amount to be used	Repurchase period	Purpose	Shares repurchased (share)	Shares repurchased as % of total shares under the equity incentive plan (if any)
7 January 2023	NA	NA	Not lower than RMB100 million (inclusive)	From 31 January 2023 to 30 January 2024	All the repurchased shares are to be retired, which will reduce the Company's registered	21,572,060	N/A

			and no more than RMB200 million (inclusive)		capital accordingly		
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Progress on reducing the repurchased shares by way of centralized bidding:

Applicable  Not applicable

## **Part VIII Preference Shares**

Applicable  Not applicable

No preference shares in the Reporting Period.

## Part IX Corporate Bonds

Applicable  Not applicabl

## Part X Corporate Financial Statement

### I. Auditor's Report

Type of Audit Opinion	Standard Unreserved opinion
Signing date of the Auditor's Report	17 March 2025
Name of the Audit Institution	Ernst & Young Hua Ming LLP
Document number of the Auditor's report	Ernst & Young Hua Ming (2025) Auditor's Report No. 70022785_G01
Name of the Chinese Certified Public Accountant	Feng Xingzhi, Liang Xinqi

### Auditor's Report

Ernst & Young Hua Ming (2025) Auditor's Report No. 70022785\_G01  
Guangdong Dongfang Precision Science & Technology Co., Ltd.

To the Shareholders of Guangdong Dongfang Precision Science & Technology Co., Ltd.,

#### I. Opinion

We have audited the financial statements of Guangdong Dongfang Precision Science & Technology Co., Ltd. (hereinafter referred to as the "Company"), which comprise the consolidated and the Company's balance sheets as at 31 December 2024, the consolidated and the Company's income statements, the consolidated and the Company's statements of changes in equity and the consolidated and the Company's statements of cash flows for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and the Company's financial position as at 31 December 2024, and the consolidated and the Company's financial performance and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises ("ASBEs").

#### II. Basis for Opinion

We conducted our audit in accordance with China's Standards on Auditing "CSAs". Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with China Code of Ethics for Certified Public Accountants (the "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 opinion.

#### III. Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was 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 this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatements of the financial statements. The results of our audit procedures, including procedures

performed to address the matter below, provide the basis for our opinion on the accompanying financial statements.

<b>Key audit matter:</b>	<b>How our audit addressed the key audit matter:</b>
<p><b>Impairment of goodwill</b></p> <p>The carrying amount of goodwill amounted to RMB561,131,045.84 as at 31 December 2024 and the impairment allowance for goodwill was RMB136,141,742.91.</p> <p>The Group's management performs goodwill impairment testing at the end of each year. The assessment of goodwill impairment testing was based on the recoverable amount of the relevant cash-generating unit to which the goodwill is allocated, and the recoverable amount of such cash-generating unit was determined by the present value of the cash-generating unit's expected future cash flows. In a goodwill impairment test, the forecasting of future cash flows involved significant judgments and estimates, including sales growth rate, gross margin and discount rate. Because goodwill had a large carrying value and exerted a significant impact on the financial statements, we identified goodwill impairment as a key audit matter.</p> <p>The accounting policies on and disclosures of goodwill were set out in Item 16 of Note III, Item 31 of Note III, and Item 20 of Note V to the financial statements.</p>	<p>The procedures performed to address this matter are as follows:</p> <ol style="list-style-type: none"> <li>(1) Performed internal control walk through and executed control tests on identified critical control points.</li> <li>(2) Assessed the identification of asset groups by the Group's management and the goodwill allocated to the asset groups;</li> <li>(3) Obtained reports on the assessment of goodwill impairment issued by the independent third-party asset appraisal institution engaged by the management with securities and futures related business qualifications;</li> <li>(4) Involved our internal valuation experts to assess the rationality of the major assumptions and assessment methods used by the Group's management when forecasting the recoverable amount of asset groups, including the discount rate and long-term growth rate;</li> <li>(5) Assessed the forecast sales revenue and operating performance for future years and comparing them with historical operating performance; and</li> <li>(6) Evaluated the adequacy of the Group's disclosures in the notes to the financial statements.</li> </ol>

#### **IV. Other Information**

The management of the Company is responsible for the other information. The other information comprises all of the information included in the annual report, other than the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **V. Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The management is responsible for the preparation and fair presentation of the financial statements in accordance with ASBEs, and for designing, implementing and maintaining such internal control as the management determines is necessary to ensure the preparation of financial statements to be free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and

using the going concern basis of accounting, unless the management either intends to liquidate or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## **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 CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, 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, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, and if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an audit opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

## **VI. Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)**

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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards (if applicable).

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. We describe this matter 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.

Ernst & Young Hua Ming LLP

Chinese Certified Public Accountant: Feng Xingzhi  
(Engagement Partner)

Chinese Certified Public Accountant: Liang Xinqi

Beijing, China

17 March 2025

**Important Notice**

**This auditor's report is an English translation of the auditor's report for the audit engagements which adopt CSAs. In case the English version does not conform to the Chinese version, the Chinese version prevails.**

Assets	Note V	31 December 2024	31 December 2023 (Restated)
<b>Current assets</b>			
Cash and bank balances	1	1,729,050,383.34	1,826,419,904.49
Financial assets held for trading	2	788,649,332.18	651,296,267.76
Derivative financial assets	3	2,755,081.17	31,329,174.69
Notes receivable	4	98,048,145.31	47,661,412.88
Accounts receivable	5	745,862,825.71	904,003,975.47
Receivables financing	6	16,303,982.64	9,365,344.07
Prepayments	7	28,226,195.35	45,741,143.90
Other receivables	8	40,647,410.48	51,797,943.96
Inventories	9	1,031,899,593.02	1,182,411,055.68
Contract assets	10	52,151,171.92	45,946,377.14
Current portion of non-current assets	11	8,035,336.42	5,970,000.00
Other current assets	12	60,543,096.49	75,234,656.07
<b>Total current assets</b>		<u>4,602,172,554.03</u>	<u>4,877,177,256.11</u>
<b>Non-current assets</b>			
Long-term receivables	13	4,047,852.80	4,308,196.00
Long-term equity investments	14	113,469,148.58	117,265,884.84
Other non-current financial assets	15	539,449,588.63	461,278,259.67
Fixed assets	16	681,980,621.79	611,851,577.04
Construction in progress	17	404,826,595.02	195,557,097.80
Right-of-use assets	18	64,147,198.31	82,342,398.83
Intangible assets	19	356,564,206.44	365,954,480.05
Goodwill	20	424,989,302.93	440,633,826.08
Long-term prepaid expenses	21	21,718,570.19	28,543,581.54
Deferred tax assets	22	222,186,749.21	255,872,409.78
Other non-current assets	23	93,024,609.05	97,437,602.28
<b>Total non-current assets</b>		<u>2,926,404,442.95</u>	<u>2,661,045,313.91</u>
<b>Total assets</b>		<u><u>7,528,576,996.98</u></u>	<u><u>7,538,222,570.02</u></u>

The accompanying notes to the financial statements form an integral part of the financial statements.

Liabilities and equity	Note V	31 December 2024	31 December 2023 (Restated)
<b>Current liabilities</b>			
Short-term borrowings	25	85,390,128.99	370,549,972.80
Derivative financial liabilities	26	206,216,239.00	115,900,827.21
Notes payable	27	144,137,609.00	152,433,276.09
Accounts payable	28	687,235,330.65	737,544,841.42
Contract liabilities	29	373,931,068.16	645,608,919.34
Employee benefits payable	30	139,543,012.38	153,282,932.10
Tax payable	31	69,194,598.03	67,609,203.41
Other payables	32	117,617,259.50	126,415,425.61
Current portion of non-current liabilities	33	81,630,784.65	57,001,396.44
Other current liabilities	34	41,832,335.71	9,145,175.01
<b>Total current liabilities</b>		<b>1,946,728,366.07</b>	<b>2,435,491,969.43</b>
<b>Non-current liabilities</b>			
Long-term borrowings	35	125,482,485.31	79,107,701.15
Lease liabilities	36	47,666,801.96	65,861,441.32
Long-term employee benefits payable	37	13,128,052.34	13,964,394.20
Provisions	38	146,820,629.26	168,358,953.84
Deferred income	39	14,790,331.66	9,956,991.66
Deferred tax liabilities	22	2,042,929.48	8,854,294.28
Other non-current liabilities	40	7,573,539.20	22,418,854.80
<b>Total non-current liabilities</b>		<b>357,504,769.21</b>	<b>368,522,631.25</b>
<b>Total liabilities</b>		<b>2,304,233,135.28</b>	<b>2,804,014,600.68</b>

The accompanying notes to the financial statements form an integral part of the financial statements.

Liabilities and equity	Note V	31 December 2024	31 December 2023
Equity			
Share capital	41	1,219,046,340.00	1,240,618,400.00
Capital surplus	42	2,818,982,096.52	2,889,928,997.21
Less: Treasury stock	43	117,233,041.40	218,298,532.79
Other comprehensive income	44	29,809,317.74	75,122,078.52
Special reserve	45	18,106,386.75	16,229,817.03
Surplus reserves	46	51,830,974.45	51,830,974.45
Retained earnings	47	956,837,409.23	456,258,959.55
Total equity attributable to owners of the parent		<u>4,977,379,483.29</u>	<u>4,511,690,693.97</u>
Non-controlling interests		<u>246,964,378.41</u>	<u>222,517,275.37</u>
Total equity		<u>5,224,343,861.70</u>	<u>4,734,207,969.34</u>
Total liabilities and equity		<u><u>7,528,576,996.98</u></u>	<u><u>7,538,222,570.02</u></u>

The financial statements have been signed by:

Legal representative: Tang Zhuolin  
Chief Financial Officer: Shao Yongfeng  
Head of Accounting Department: Chen Lin

The accompanying notes to the financial statements form an integral part of the financial statements.

	Note V	2024	2023 (Restated)
Operating revenue	48	4,777,855,602.69	4,745,737,321.83
Less: Cost of sales	48	3,340,495,826.94	3,438,024,753.91
Taxes and surcharges	49	15,757,643.21	14,552,830.09
Selling expenses	50	192,404,149.61	200,344,321.03
Administrative expenses	51	360,042,388.32	344,224,692.51
R&D expenses	52	105,524,488.70	127,566,482.42
Finance costs	53	(24,492,820.88)	(1,089,616.70)
Including: Interest expenses	53	23,820,328.49	24,236,011.48
Interest income	53	(45,289,702.90)	(35,308,583.52)
Add: Other income	54	14,576,461.93	15,747,293.82
Investment income	55	1,284,823.56	10,707,429.16
Including: Share of profit of associates	55	(3,722,072.85)	(2,259,252.98)
Gain/loss on changes in fair value	56	(54,273,753.77)	47,387,905.11
Credit impairment loss	57	(2,397,239.39)	(10,541,916.77)
Asset impairment loss	58	(24,304,048.87)	(17,217,097.39)
Gain on disposal of assets	59	5,496,048.68	716,995.85
Operating profit		728,506,218.93	668,914,468.35
Add: Non-operating income	60	6,230,006.52	5,974,641.17
Less: Non-operating expenses	61	793,815.22	16,152,375.18
Profit before income taxes		733,942,410.23	658,736,734.34
Less: Income tax expenses	62	193,824,143.93	188,398,152.72
Net profit		540,118,266.30	470,338,581.62
Net profit classified by continuing operations			
Net profit from continuing operations		540,118,266.30	470,338,581.62
Net profit classified by attribution of ownership			
Net profit attributable to owners of the parent		500,578,449.68	433,240,237.44
Net profit attributable to non-controlling interests		39,539,816.62	37,098,344.18

The accompanying notes to the financial statements form an integral part of the financial statements.

	Note V	2024	2023
Other comprehensive income, net of tax	44	(45,156,575.23 )	48,074,232.21
Other comprehensive income attributable to owners of the parent, net of tax		(45,312,760.78 )	48,609,161.45
Other comprehensive income that will not be reclassified to profit or loss		126,738.95	(44,025.32 )
Changes caused by remeasurements on defined benefit schemes		126,738.95	(44,025.32 )
Other comprehensive income that will be reclassified to profit or loss		(45,439,499.73 )	48,653,186.77
Differences arising from the translation of foreign currency-denominated financial statements		(45,439,499.73 )	48,653,186.77
Other comprehensive income attributable to non-44 controlling interests, net of tax		156,185.55	(534,929.24 )
Total comprehensive income		494,961,691.07	518,412,813.83
Including:			
Total comprehensive income attributable to owners of the parent		455,265,688.90	481,849,398.89
Total comprehensive income attributable to non-controlling interests		39,696,002.17	36,563,414.94
Earnings per share			
Basic earnings per share	63	0.43	0.36
Diluted earnings per share	63	0.43	0.36

The accompanying notes to the financial statements form an integral part of the financial statements.

Consolidated Statement of Changes in Equity  
Year ended 31 December 2024 Expressed in Renminbi Yuan

2024

	Equity attributable to owners of the parent								Non-controlling interest	Total equity
	Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Subtotal		
I. At December 2023	31 1,240,618,400.00	2,889,928,997.21	218,298,532.79	75,122,078.52	16,229,817.03	51,830,974.45	456,258,959.55	4,511,690,693.97	222,517,275.37	4,734,207,969.34
II. At 1 January 2024	1,240,618,400.00	2,889,928,997.21	218,298,532.79	75,122,078.52	16,229,817.03	51,830,974.45	456,258,959.55	4,511,690,693.97	222,517,275.37	4,734,207,969.34
III. Changes for the year										
(I) Total comprehensive income	-	-	-	(45,312,760.78)	-	-	500,578,449.68	455,265,688.90	39,696,002.17	494,961,691.07
(II) Shareholders' contributions and reduction in capital										
1. Share-based payments included in equity	-	8,256,530.70	-	-	-	-	-	8,256,530.70	-	8,256,530.70
2. Others	(21,572,060.00)	(79,203,431.39)	(101,065,491.39)	-	-	-	-	290,000.00	(15,248,899.13)	(14,958,899.13)
(III) Special reserve										
1. Provision in the year	-	-	-	-	3,183,215.00	-	-	3,183,215.00	-	3,183,215.00
2. Utilisation in the year	-	-	-	-	(1,306,645.28)	-	-	(1,306,645.28)	-	(1,306,645.28)

Consolidated Statement of Changes in Equity (Cont'd)  
Year ended 31 December 2024 Expressed in Renminbi Yuan

At	31	1,219,046,340.	2,818,982,096.	117,233,041.4	29,809,317.7	18,106,386.7	51,830,974.4	956,837,409.2	4,977,379,483.	246,964,378.	5,224,343,861.
IV. December 2024	00		52	0	4	5	5	3	29	41	70

The accompanying notes to the financial statements form an integral part of the financial statements.

Consolidated Statement of Changes in Equity (Cont'd)  
Year ended 31 December 2024 Expressed in Renminbi Yuan

2023

		Equity attributable to owners of the parent							Non-controlling interest	Total equity	
		Share capital	Capital surplus	Less: Treasury stock	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Subtotal		
I.	At 31 December 2022										
	and 1 January 2023	1,241,106.40	2,947,263.84	240,255,502.45	26,512,917.07	14,488,955.52	51,830,974.45	23,018,722.11	4,063,966,310.23	202,028,952.72	4,265,995,262.95
II.	Changes for the year										
(I)	Total comprehensive income	-	-	-	48,609,161.45	-	-	433,240,237.44	481,849,398.89	36,563,414.94	518,412,813.83
(II)	Shareholder's contributions and reduction in capital										
1.	Share-based payments included in equity	-	22,151,043.21	-	-	-	-	-	22,151,043.21	-	22,151,043.21
2.	Others	(488,000.00)	(79,485,889.53)	(21,956,969.66)	-	-	-	-	(58,016,919.87)	(16,075,092.29)	(74,092,012.16)
(III)	Special reserve										
1.	Provision in the year	-	-	-	-	5,118,146.78	-	-	5,118,146.78	-	5,118,146.78
2.	Utilisation in the year	-	-	-	-	(3,377,285.27)	-	-	(3,377,285.27)	-	(3,377,285.27)

Consolidated Statement of Changes in Equity (Cont'd)  
 Year ended 31 December 2024 Expressed in Renminbi Yuan

	At	31									
	December	1,240,618,40	2,889,928,99	218,298,532.	75,122,078.	16,229,817	51,830,974	456,258,959.			
III.	2023	<u>0.00</u>	<u>7.21</u>	<u>79</u>	<u>52</u>	<u>.03</u>	<u>.45</u>	<u>55</u>	<u>4,511,690,693.97</u>	<u>222,517,275.37</u>	<u>4,734,207,969.34</u>

The accompanying notes to the financial statements form an integral part of the financial statements.

Consolidated Statement of Cash Flows  
Year ended 31 December 2024 Expressed in Renminbi Yuan

	Note V	2024	2023
I.			
Cash flows from operating activities			
Proceeds from sale of goods and rendering of services		4,639,298,827.54	4,642,173,392.49
Receipts of taxes and surcharges refunds		63,188,406.26	67,900,854.62
Cash generated from other operating activities	64	<u>60,039,868.19</u>	<u>63,085,940.61</u>
Subtotal of cash generated from operating activities		<u>4,762,527,101.99</u>	<u>4,773,160,187.72</u>
Payments for goods and services		2,730,066,540.16	3,004,966,440.52
Cash payments to and on behalf of employees		855,502,006.85	766,697,629.83
Payments of all types of taxes and surcharges		216,346,898.40	170,874,687.85
Cash used in other operating activities	64	<u>258,056,276.36</u>	<u>343,440,690.86</u>
Subtotal of cash used in operating activities		<u>4,059,971,721.77</u>	<u>4,285,979,449.06</u>
Net cash generated from operating activities	65	<u>702,555,380.22</u>	<u>487,180,738.66</u>
II.			
Cash flows from investing activities			
Proceeds from disinvestment		1,557,866,442.57	2,817,697,183.06
Investment income		16,947,074.94	8,788,769.72
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets		6,363,398.45	519,230.09
Cash generated from other investing activities	64	<u>42,435,000.00</u>	<u>-</u>
Subtotal of cash generated from investing activities		<u>1,623,611,915.96</u>	<u>2,827,005,182.87</u>
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets		358,172,446.66	307,727,914.50
Payments for investments		1,757,308,965.71	2,705,884,238.80
Cash used in other investing activities	64	<u>49,631,872.01</u>	<u>-</u>
Subtotal of cash used in investing activities		<u>2,165,113,284.38</u>	<u>3,013,612,153.30</u>
Net cash generated used in investing activities		<u>(541,501,368.42)</u>	<u>(186,606,970.43)</u>

The accompanying notes to the financial statements form an integral part of the financial statements.

Consolidated Statement of Cash Flows (Cont'd)  
Year ended 31 December 2024 Expressed in Renminbi Yuan

	Note V	2024	2023
III.			
Cash flows from financing activities			
Borrowings raised		155,442,846.07	441,741,239.04
Cash generated from other financing activities	64	<u>107,345,506.70</u>	<u>415,790,865.75</u>
Subtotal of cash generated from financing activities		<u>262,788,352.77</u>	<u>857,532,104.79</u>
Repayment of borrowings		364,083,772.95	373,742,740.68
Interest and dividends paid		23,204,859.65	16,883,749.75
Cash used in other financing activities	64	<u>30,850,234.77</u>	<u>378,041,150.02</u>
Subtotal of cash used in financing activities		<u>418,138,867.37</u>	<u>768,667,640.45</u>
Net cash generated from/used in financing activities		<u>(155,350,514.60)</u>	<u>88,864,464.34</u>
IV.			
Effect of foreign exchange rates changes on cash and cash equivalents		<u>(25,927,560.49)</u>	<u>49,355,682.00</u>
V.			
Net increase/(decrease) in cash and cash equivalents	65	<u>(20,224,063.29)</u>	<u>438,793,914.57</u>
Add: Cash and cash equivalents, beginning of the year	65	<u>1,672,514,611.84</u>	<u>1,233,720,697.27</u>
VI.			
Cash and cash equivalents, end of the year	65	<u><u>1,652,290,548.55</u></u>	<u><u>1,672,514,611.84</u></u>

The accompanying notes to the financial statements form an integral part of the financial statements.

Balance Sheet  
31 December 2024 Expressed in Renminbi Yuan

Assets	Note XVI	31 December 2024	31 December 2023 (Restated)
<b>Current assets</b>			
Cash and bank balances		698,349,330.28	522,275,723.41
Financial assets held for trading		534,553,587.74	613,289,983.88
Derivative financial assets		-	28,707,975.72
Note receivable		9,765,309.28	5,606,037.02
Accounts receivable	1	236,125,159.25	190,361,646.28
Receivables financing		5,036,303.55	4,268,677.09
Prepayments		5,379,122.23	5,298,841.09
Other receivables	2	504,269,264.02	654,825,093.49
Inventories		129,915,017.16	159,389,489.31
Contract assets		28,814,278.05	22,201,442.67
Current portion of non-current assets		8,035,336.42	5,970,000.00
Other current assets		2,107,492.86	1,583,542.63
<b>Total current assets</b>		<u>2,162,350,200.84</u>	<u>2,213,778,452.59</u>
<b>Non-current assets</b>			
Long-term receivables		4,047,852.80	4,308,196.00
Long-term equity investments	3	877,527,583.14	875,978,593.12
Other non-current financial assets		226,209,705.10	148,108,670.05
Fixed assets		280,406,246.36	296,287,511.68
Construction in progress		5,440,950.00	4,273,340.82
Right-of-use assets		4,610,994.41	6,238,404.20
Intangible assets		60,569,947.92	55,652,155.93
Long-term prepaid expenses		3,507,201.55	4,967,872.25
Deferred tax assets		161,058,263.43	174,616,613.96
Other non-current assets		70,238,512.50	72,919,162.50
<b>Total non-current assets</b>		<u>1,693,617,257.21</u>	<u>1,643,350,520.51</u>
<b>Total assets</b>		<u><u>3,855,967,458.05</u></u>	<u><u>3,857,128,973.10</u></u>

The accompanying notes to the financial statements form an integral part of the financial statements.

Liabilities and equity	31 December 2024	31 December 2023 (Restated)
<b>Current liabilities</b>		
Short term loans	1,000,000.00	20,000,000.00
Derivative financial liabilities	116,513.31	728.57
Notes payable	48,838,900.00	39,577,380.86
Accounts payable	76,177,615.41	65,855,068.76
Contract liabilities	29,456,102.15	53,704,255.92
Employee benefits payable	16,248,751.40	16,801,339.01
Tax payable	118,064.93	5,459,697.96
Other payables	41,517,747.95	103,498,597.36
Current portion of non-current liabilities	17,452,778.58	9,361,216.26
Other current liabilities	<u>5,736,334.26</u>	<u>588,152.27</u>
<b>Total current liabilities</b>	<u>236,662,807.99</u>	<u>314,846,436.97</u>
<b>Non-current liabilities</b>		
Long term loans	16,740,000.00	32,436,000.00
Lease liabilities	3,434,210.61	5,166,917.05
Provisions	1,111,329.09	1,418,799.52
Deferred income	<u>14,790,331.66</u>	<u>9,956,991.66</u>
<b>Total non-current liabilities</b>	<u>36,075,871.36</u>	<u>48,978,708.23</u>
<b>Total liabilities</b>	<u>272,738,679.35</u>	<u>363,825,145.20</u>
<b>Equity</b>		
Share capital	1,219,046,340.00	1,240,618,400.00
Capital surplus	2,673,989,321.44	2,745,450,997.27
Less: Treasury stock	117,233,041.40	218,298,532.79
Special reserve	6,850,427.57	6,645,318.98
Surplus reserves	51,830,974.45	51,830,974.45
Retained earnings	<u>(251,255,243.36 )</u>	<u>(332,943,330.01 )</u>
<b>Total equity</b>	<u>3,583,228,778.70</u>	<u>3,493,303,827.90</u>
<b>Total liabilities and equity</b>	<u><u>3,855,967,458.05</u></u>	<u><u>3,857,128,973.10</u></u>

The accompanying notes to the financial statements form an integral part of the financial statements.

Income Statement  
Year ended 31 December 2024 Expressed in Renminbi Yuan

	Note XVI	2024	2023 (Restated)
Operating revenue	4	509,032,572.25	500,581,222.34
Less: Cost of sales	4	279,619,163.19	266,150,644.19
Taxes and surcharges		6,982,825.01	6,779,241.99
Selling expenses		34,689,263.89	40,719,564.11
Administrative expenses		77,755,675.52	93,180,157.73
R&D expenses		20,779,949.03	22,829,162.22
Finance costs		(14,016,252.36	) (11,186,446.37
Including: Interest expenses		2,905,626.71	4,350,360.42
Interest income		(16,797,232.63	) (13,912,716.65
Add: Other income		2,627,538.81	3,897,767.25
Investment income	5	12,688,014.61	321,068,620.44
Including: Share of profit or loss of associates		(2,444,335.91	) (753,369.07
Loss on changes in fair value		(18,748,558.70	) (56,253,675.31
Credit impairment loss		(788,150.05	) 284,355.09
Asset impairment loss		(3,960,702.44	) (106,669.84
Gain on disposal of assets		146,022.47	-
Operating profit		95,186,112.67	350,999,296.10
Add: Non-operating income		74,840.36	713,971.52
Less: Non-operating expenses		14,515.85	845,736.74
Profit before income taxes		95,246,437.18	350,867,530.88
Less: Income tax expenses		13,558,350.53	39,933,851.09
Net profit		81,688,086.65	310,933,679.79
Including: Net profit from continuing operations		81,688,086.65	310,933,679.79
Total comprehensive income		81,688,086.65	310,933,679.79

The accompanying notes to the financial statements form an integral part of the financial statements.

Statement of Changes in Equity  
Year ended 31 December 2024 Expressed in Renminbi Yuan

2024

	Share capital	Capital surplus	Less: Treasury stock	Special reserve	Surplus reserves	Retained earnings	Total equity
I. At 31 December 2023	<u>1,240,618,400.00</u>	<u>2,745,450,997.27</u>	<u>218,298,532.79</u>	<u>6,645,318.98</u>	<u>51,830,974.45</u>	<u>(332,943,330.01 )</u>	<u>3,493,303,827.90</u>
II. At 1 January 2024	<u>1,240,618,400.00</u>	<u>2,745,450,997.27</u>	<u>218,298,532.79</u>	<u>6,645,318.98</u>	<u>51,830,974.45</u>	<u>(332,943,330.01 )</u>	<u>3,493,303,827.90</u>
III. Changes for the year							
(I) Total comprehensive income	-	-	-	-	-	81,688,086.65	81,688,086.65
(II) Shareholder's contributions and reduction in capital							
1. Share-based payments included in equity	-	7,741,755.56	-	-	-	-	7,741,755.56
2. Others	(21,572,060.00 )	(79,203,431.39 )	(101,065,491.39 )	-	-	-	290,000.00
(III) Special reserve							
1. Provision in the year	-	-	-	787,151.00	-	-	787,151.00
2. Utilisation in the year	-	-	-	(582,042.41 )	-	-	(582,042.41 )
IV. At 31 December 2024	<u>1,219,046,340.00</u>	<u>2,673,989,321.44</u>	<u>117,233,041.40</u>	<u>6,850,427.57</u>	<u>51,830,974.45</u>	<u>(251,255,243.36 )</u>	<u>3,583,228,778.70</u>

The accompanying notes to the financial statements form an integral part of the financial statements.

Statement of Changes in Equity (Cont'd)  
Year ended 31 December 2024 Expressed in Renminbi Yuan

2023

	Share capital	Capital surplus	Less: Treasury stock	Special reserve	Surplus reserves	Retained earnings	Total equity
I. At 31 December 2022 and 1 January 2023	<u>1,241,106,400.00</u>	<u>2,820,661,243.26</u>	<u>240,255,502.45</u>	<u>7,200,502.88</u>	<u>51,830,974.45</u>	<u>(643,877,009.80 )</u>	<u>3,236,666,608.34</u>
II. Changes for the year							
(I) Total comprehensive income	-	-	-	-	-	310,933,679.79	310,933,679.79
(II) Shareholder's contributions and reduction in capital							
1. Share-based payments included in equity	-	21,203,834.59	-	-	-	-	21,203,834.59
2. Others	(488,000.00 )	(96,414,080.58 )	(21,956,969.66 )	-	-	-	(74,945,110.92 )
(III) Special reserve							
1. Provision in the year	-	-	-	826,188.88	-	-	826,188.88
2. Utilisation in the year	-	-	-	(1,381,372.78 )	-	-	(1,381,372.78 )
III. At 31 December 2023	<u>1,240,618,400.00</u>	<u>2,745,450,997.27</u>	<u>218,298,532.79</u>	<u>6,645,318.98</u>	<u>51,830,974.45</u>	<u>(332,943,330.01 )</u>	<u>3,493,303,827.90</u>

The accompanying notes to the financial statements form an integral part of the financial statements.

Statement of Cash Flows  
Year ended 31 December 2024 Expressed in Renminbi Yuan

	2024	2023
I. Cash flows from operating activities		
Proceeds from sale of goods and rendering of services	397,362,207.24	543,144,763.30
Receipts of taxes and surcharges refunds	14,996,286.70	18,624,572.39
Cash generated from other operating activities	<u>50,391,217.39</u>	<u>37,082,171.29</u>
Subtotal of cash generated from operating activities	<u>462,749,711.33</u>	<u>598,851,506.98</u>
Payments for goods and services	198,775,741.45	255,701,960.58
Cash payments to and on behalf of employees	100,106,284.64	96,818,630.04
Payments of all types of taxes and surcharges	13,875,987.77	5,907,970.50
Cash used in other operating activities	<u>34,899,435.51</u>	<u>145,909,271.88</u>
Subtotal of cash used in operating activities	<u>347,657,449.37</u>	<u>504,337,833.00</u>
Net cash generated from operating activities	<u>115,092,261.96</u>	<u>94,513,673.98</u>
II. Cash flows from investing activities		
Proceeds from disinvestment	868,730,433.91	1,695,765,692.04
Investment income	49,446,958.11	72,940,439.51
Other cash receipts relating to investing activities	<u>103,435,000.00</u>	<u>326,643,514.64</u>
Subtotal of cash generated from investing activities	<u>1,021,612,392.02</u>	<u>2,095,349,646.19</u>
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	6,936,264.70	49,079,505.20
Payments for investments	880,803,895.71	2,030,963,951.96
Other cash payments relating to other investing activities	<u>49,631,872.01</u>	<u>-</u>
Subtotal of cash used in investing activities	<u>937,372,032.42</u>	<u>2,080,043,457.16</u>
Net cash generated from investing activities	<u>84,240,359.60</u>	<u>15,306,189.03</u>

The accompanying notes to the financial statements form an integral part of the financial statements.

Statement of Cash Flows (Cont'd)  
Year ended 31 December 2024 Expressed in Renminbi Yuan

	2024	2023
III. Cash flows from financing activities		
Borrowings raised	1,000,000.00	98,180,000.00
Cash generated from other financing activities	<u>107,345,506.70</u>	<u>340,829,045.67</u>
Subtotal of cash generated from financing activities	<u>108,345,506.70</u>	<u>439,009,045.67</u>
Repayment of borrowings	27,696,000.00	38,048,000.00
Interest and dividends paid	1,541,685.81	5,103,094.39
Cash used in other financing activities	<u>3,154,388.60</u>	<u>242,155,673.21</u>
Subtotal of cash used in financing activities	<u>32,392,074.41</u>	<u>285,306,767.60</u>
Net cash generated from financing activities	<u>75,953,432.29</u>	<u>153,702,278.07</u>
IV. Effect of foreign exchange rates changes on cash and cash equivalents	<u>-</u>	<u>-</u>
V. Net increase in cash and cash equivalents	275,286,053.85	263,522,141.08
Add: Cash and cash equivalents, beginning of the year	<u>405,841,967.20</u>	<u>142,319,826.12</u>
VI. Cash and cash equivalents, end of the year	<u><u>681,128,021.05</u></u>	<u><u>405,841,967.20</u></u>

The accompanying notes to the financial statements form an integral part of the financial statements.

## I. Corporate Background

Guangdong Dongfang Precision Science & Technology Co., Ltd. (the "Company"), a joint stock company with limited liability registered in Guangdong Province of the People's Republic of China and established on 9 December 1996, obtained a Business License for Enterprise Legal Person with a registration number of 440682000040868.

In August 2011, upon the approval by the China Securities Regulatory Commission (CSRC) in the Reply on Approving the Initial Public Offering of Shares by Guangdong Dongfang Precision Science & Technology Co., Ltd. (ZH.J.X.K. [2011] No. 1237), the Company issued Renminbi-denominated ordinary shares to the public, and was listed on the Shenzhen Stock Exchange in the same month. The Company started to use the unified social credit code (914406002318313119) in 2016. The Company is headquartered in 2 Qiangshi Road, Shishan Town, Nanhai District, Foshan City, Guangdong Province, China.

The Group's main business includes four business sectors: smart corrugated packaging equipment, industrial internet industry solutions, digital printers and water powerspots equipment.

The actual controllers of the Company are Tang Zhuolin and Tang Zhuomian.

These financial statements were authorized for issue by the Board of Directors of the Company on 17 March 2025.

## II. Basis of Preparation of the Financial Statements

### 1. Basis of preparation

These financial statements have been prepared in accordance with China's "Accounting Standards for Business Enterprises — Basic Standards" promulgated by the Ministry of Finance and the specific accounting standards, interpretations and other relevant regulations issued or amended thereafter (hereafter collectively referred to as "Accounting Standards for Business Enterprises" or "CAS"). In addition, the financial statements also disclose relevant financial information in accordance with the Rules No. 15 for the Preparation of Information Disclosure by Companies Offering Securities to the Public - General Provisions on Financial Reports.

### 2. Going concern

The financial statements are prepared on a going concern basis.

### III. Principal Accounting Policies and Accounting Estimates

The Group has formulated specific accounting policies and accounting estimates according to the characteristics of its actual production and operation, which is mainly embodied in the provision for the bad debt of accounts receivable, provision for write-down of inventories, depreciation of fixed assets, provision for product warranties, capitalization conditions for expenditure on the development phase of research and development expenses and recognition and measurement of revenue.

#### 1. Statement of compliance

The financial statements present truly and completely the financial positions of the Group and the Company as at 31 December 2024, and the financial performance and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

#### 2. Accounting year

The accounting year of the Group is from 1 January to 31 December of each calendar year.

#### 3. Functional currency

The Group's functional currency and the currency used in preparing the financial statements were Renminbi. The amounts in the financial statements were denominated in Renminbi yuan, unless otherwise stated.

#### 4. Determination method and selection basis of materiality criteria to be followed in the disclosure of financial statements

##### Materiality criteria

Significant construction in progress	Budgeted amount for investment exceeds RMB50,000,000
Significant cash flows from investing activities	Amount exceeds RMB50,000,000
Subsidiaries with significant minority interests	Net assets of non-wholly owned subsidiaries account for more than 10% of consolidated net assets
Significant associates	The carrying amount of long-term equity investments in associates accounts for more than 5% of the consolidated net assets

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 5. Business combination

Business combinations are classified into business combinations involving entities under common control and business combinations not involving entities under common control.

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Assets and liabilities obtained by combining party in the business combination involving entities under common control (including goodwill arising from the acquisition of the merged party by the ultimate controller) are recognized on the basis of their carrying amounts at the combination date recorded on the financial statements of the ultimate controlling party. The difference between the carrying amount of the consideration paid for the combination (or aggregate face values of the shares issued) and the carrying amount of the net assets obtained is adjusted to capital surplus. If the capital surplus are not sufficient to absorb the difference, any excess is adjusted to retained earnings.

A business combination not involving entities under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair values at the acquisition date. The excess of the sum of the consideration paid (or equities issued) for business combination and equity interests in the acquiree held prior to the date of acquisition over the share of the attributable net identifiable assets of the acquiree, measured at fair value, was recognized as goodwill, which is subsequently measured at cost less cumulative impairment loss. In case the fair value of the sum of the consideration paid (or equities issued) and equity interests in the acquiree held prior to the date of acquisition is less than the fair value of the share of the attributable net identifiable assets of the acquiree, a review of the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities, the consideration paid for the combination (or equity issued) and the equity interests in the acquiree held prior to the date of acquisition is conducted. If the review indicates that the fair value of the sum of the consideration paid (or equities issued) and equity interests in the acquiree held prior to the date of acquisition is indeed less than the fair value of the share of the attributable net identifiable assets of the acquiree, the difference is recognized in profit or loss.

#### 6. Consolidated financial statements

The consolidation scope for consolidated financial statements is determined based on the concept of control, including the Company and all subsidiaries' financial statements. Subsidiaries are those enterprises or entities which the Company has control over (including enterprises, separable components of investee units and structured entities controlled by the Company). An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Any inconsistent accounting policies have been adjusted to become consistent with the Company's accounting policies. All assets, liabilities, equities, revenues, costs and cash flows arising from intercompany transactions are eliminated on consolidation.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 6. Consolidated financial statements (Cont'd)

The excess of current loss attributable to non-controlling shareholders of a subsidiary over their entitlements to the opening balance of equity shall be charged to non-controlling interests.

For subsidiaries obtained through a business combination not involving entities under common control, the operating results and cash flows of the acquirees will be recognized in consolidated financial statements from the date the Group effectively obtains the control until the date that control is terminated. When consolidated financial statement is prepared, the subsidiaries' financial statements will be adjusted based on the fair values of the identifiable assets, liabilities and contingent liabilities at the acquisition date.

For subsidiaries acquired through combination of entities under common control, the business results and cash flows of the combined entities are included in the consolidated financial statements from the beginning of the period in which the combination occurred. When preparing and comparing the consolidated financial statements, the Group makes adjustments to relevant items of the financial statements of the previous period, deeming the reporting entity formed through combination as existing since initial implementation of control by the ultimate controlling party.

In the event of the change in one or more elements of control as a result of changes in relevant facts and conditions, the Group reassesses whether it has control over the investee.

If the control right is not lost, the change of minority shareholders' equity shall be regarded as equity transaction.

#### 7. Cash and cash equivalents

Cash comprises cash on hand and deposits readily available for payments. Cash equivalents represent short-term highly liquid investments which are readily convertible to known amounts of cash, and subject to an insignificant risk of changes in value.

#### 8. Foreign currency translation

For foreign currency transactions, the Group translates the foreign currency into its functional currency.

Upon initial recognition, foreign currency transactions are translated into the functional currency using the spot exchange rate of the dates on which transactions occur. At the balance sheet date, foreign currency monetary items are translated using the spot exchange rate at the balance sheet date. The translation differences arising from the settlement and foreign currency monetary items are recognized in profit or loss. Also at the balance sheet date, foreign currency non-monetary items measured at historical cost continue to be translated using the spot exchange rate at the dates of the transactions and it does not change its carrying amount in functional currency. Foreign currency non-monetary items measured at fair value are translated using the spot exchange rate. The differences arising from the above translations are recognized in current profit or loss or other comprehensive income according to the nature of foreign currency non-monetary items.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 8. Foreign currency translation (Cont'd)

The Group translates the functional currencies of foreign operations into Renminbi when preparing the financial statements. Asset and liability items in the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date. Equity items, except for retained earnings, are translated at the spot exchange rates at the date when such items arose. Revenue and expense items in the income statement are translated using the average exchange rate for the periods when transactions occur. Translation differences arising from the aforesaid translation of financial statements denominated in foreign currency shall be recognized as other comprehensive income. When foreign operations are disposed, other comprehensive income relating to the foreign operation is transferred to current profit or loss. Partial disposal shall be recognized on a pro-rata basis.

Cash flows denominated in foreign currencies and foreign subsidiaries' cash flows are translated using the average exchange rate for the period when cash flows occur. The impact on cash by the fluctuation of exchange rates is presented as a separate line item of reconciliation in the statement of cash flows.

#### 9. Financial instruments

Financial instruments refer to the contracts which give rise to a financial asset in one entity and a financial liability or equity instrument in another entity.

##### Recognition and derecognition of financial instruments

The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the financial instrument.

A financial asset (or part of it, or a part of a group of similar financial asset) is derecognized when one of the following criteria is met, that is, when a financial asset previously recognized is transferred out from balance sheet:

- (1) The right of receiving the cash flow generated from the financial asset has expired;
- (2) The right of receiving cash flow generated by the financial assets is transferred, or an obligation of paying the full amount of cash flow received to third parties in a timely manner has been undertaken under "pass-through" agreements, where (a) substantially all risks and rewards of the ownership of such type of financial assets have been transferred, or (b) control over such type of financial assets has not been retained even though substantially all risks and rewards of the ownership of such type of financial assets have been neither transferred nor retained.

If the obligation of financial liability has been fulfilled, cancelled or expired, the financial liability is derecognized. If the present financial liability is substituted by the same debtee with another liability differing in substance, or the terms of the present liability have been substantially modified, this substitution or modification is treated as derecognition of a present liability and recognition of a new liability with any arising differences recognized in profit or loss.

Conventional dealings in financial assets are recognized or derecognized under the trade day accounting method. Conventional dealings refer to the receipt or delivery of financial assets within periods stipulated by the law and according to usual practices. The trade day is the date on which the Group undertakes to buy or sell a financial asset.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 9. Financial instruments (Cont'd)

##### Classification and measurement of financial assets

At initial recognition, the Group classifies its financial assets into: financial assets at fair value through profit or loss, financial assets at amortized cost, or financial assets at fair value through other comprehensive income, according to the Group's business model for managing financial assets and the contract cash flow characteristics of the financial assets. When and only when the Group changes its business model of managing financial assets, all relevant financial assets affected will be re-classified.

Financial assets are measured at fair value on initial recognition, but if the accounts receivable or notes receivable generated from the sales of goods or provision of services do not contain significant financing components or do not consider financing components of no longer than one year, the initial measurement will be based on the transaction price.

For financial assets at fair value through profit or loss, the relevant transaction costs are directly recognized in profit or loss; for other financial assets, the relevant transaction costs are recognized in their initial recognition amount.

The subsequent measurement of financial assets is dependent on its classification:

##### Debt instruments measured at amortized cost

Financial assets fulfilling all of the following conditions are classified as financial assets at amortized cost: the objective of the Group's business management model in respect of such type of financial assets is to generate contract cash flow; the contract terms of such type of financial assets provide that cash flow generated on specific dates represents interest payment in relation to principal amounts based on outstanding principal amounts only. Interest income from such type of financial assets are recognized using the effective interest rate method, and any profit or loss arising from derecognition, amendments or impairment shall be charged to current profit or loss.

##### Debt instruments at fair value through other comprehensive income

Financial assets fulfilling all of the following conditions are classified as financial assets at fair value through other comprehensive income: the objective of the Group's business management model in respect of such type of financial assets is both to generate contract cash flow and to sell such type of financial assets; the contract terms of such type of financial assets provide that cash flow generated on specific dates represents interest payment in relation to principal amounts based on outstanding principal amounts only. Interest income from this type of financial assets is recognized using the effective interest rate method. Other than interest income, impairment loss and exchange differences which shall be recognized as current profit or loss, other fair value changes shall be included in other comprehensive income. Upon derecognition of the financial assets, the cumulative gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income to current profit or loss.

##### Financial assets at fair value through profit or loss

Other than financial assets measured at amortized cost and financial assets at fair value through other comprehensive income as aforementioned, all financial assets are classified as financial assets at fair value through profit or loss, which are subsequently measured at fair value, any changes of which are recognized in current profit or loss.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 9. Financial instruments (Cont'd)

##### Classification and measurement of financial liabilities

The Group classifies its financial liabilities at initial recognition: financial liabilities at fair value through profit or loss, and other financial liabilities. For financial liabilities at fair value through profit or loss, the relevant transaction costs are directly recognized in profit or loss; for other financial liabilities, the relevant transaction costs are recognized in their initial recognition amount.

The subsequent measurement of financial liabilities is dependent on its classification:

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include mainly financial liabilities held for trading (comprising derivatives classified as financial liabilities). Financial liabilities held for trading (comprising derivatives classified as financial liabilities) are subsequently measured at fair value and all changes are recognized in current profit or loss.

##### Other financial liabilities

Subsequent to initial recognition, these financial liabilities are carried at amortized cost using the effective interest method.

##### Impairment of financial instruments

##### Determination and accounting treatment of expected credit losses

The Group performs impairment treatment on financial assets at amortized cost, debt instruments at fair value through other comprehensive income and contract assets based on expected credit losses (ECL) and recognizes allowances for losses.

For receivables, notes receivable and contract assets that do not contain significant financing components, the Group adopts a simplified measurement method to measure allowances for losses based on an amount equivalent to the lifetime expected credit losses.

Financial assets other than those measured with simplified valuation methods, the Group evaluates at each balance sheet date whether its credit risk has significantly increased since initial recognition. The period during which credit risk has not significantly increased since initial recognition is considered the first stage, at which the Group shall measure loss allowance based on the amount of expected credit loss for the next 12 months and shall compute interest income according to the book balance and effective interest rate; the period during which credit risk has significantly increased since initial recognition although no credit impairment has occurred is considered the second stage, at which the Group shall measure loss allowance based on the amount of expected credit loss for the entire valid period and shall compute interest income according to the book balance and effective interest rate; The period during which credit impairment has occurred after initial recognition is considered the third stage, at which the Group shall measure loss allowance based on the amount of the lifetime expected credit loss and shall compute interest income according to the amortized cost and effective interest rate. If the credit risk of financial instruments is low at the balance sheet date, the Company assumes that the credit risk has not increased significantly since initial recognition.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 9. Financial instruments (Cont'd)

##### Impairment of financial instruments (Cont'd)

For the Group's criteria for judging whether credit risks have significantly increased, the definition of assets subjected to credit impairment, and assumptions underlying the measurement of expected credit losses, please refer to Note IX.1.

The Group's approach to measuring ECLs on financial instruments reflects factors such as the unbiased probability-weighted average amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information about past events, current conditions and projections of future economic conditions available at the balance sheet date without undue additional cost or effort.

##### Classification and determination basis of impairment provision based on credit risk characteristics

The Group considers the credit risk features of different customers and estimates ECLs of financial instruments based on common risk characteristics and aging portfolio. The Group estimates ECLs individually, except for financial instruments for which the Group estimates ECLs on a group basis.

In estimating ECLs, the Group considers reasonable and supportable information about past events, current conditions and projections of future economic conditions.

##### Aging calculation method based on the combination of credit risk characteristics recognized by aging

The Group determines the aging based on the invoicing date.

##### Criteria for judging provision for impairment of bad debts made individually

If there is objective evidence that the credit risk of the individual accounts receivable or contract assets is significantly different from the credit risk of other accounts receivable and contract assets, credit impairment losses are calculated based on the difference between the present value of all contractual cash flows receivable under the individual contract and the present value of all cash flows expected to be received.

##### Write-off of impairment provision

When the Group no longer reasonably expects to be able to fully or partially recover the contract cash flow of financial assets, the Group directly writes down the book balance of such financial assets.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 9. Financial instruments (Cont'd)

##### Derivative financial instruments

The Group uses derivative financial instruments. Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from changes in the fair value of derivative instruments shall be directly recognized in current profit or loss.

##### Transfer of financial assets

If the Group has transferred substantially all the risks and rewards associated with the ownership of a financial asset to the transferee, the asset should be derecognized. If the Group retains substantially all the risks and rewards of ownership of a financial asset, the asset should not be derecognized.

When the Group has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset, it may either derecognize the financial asset and recognize any associated assets and liabilities if control of the financial asset has not been retained; or recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability if control has been retained.

Assets formed by the continuing involvement by way of the provision of financial guarantee in respect of the transferred financial assets shall be recognized as the lower of the carrying value of the financial asset and the amount of financial guarantee. The amount of financial guarantee means the maximum amount among considerations received to be required for repayment.

#### 10. Inventories

Inventories include raw materials, work-in-progress, finished goods, product deliveries, semi-finished goods, materials consigned for processing, etc.

Inventories are initially recorded at costs. Inventories' costs include purchasing costs, processing costs and other costs. Actual costs of product deliveries are recognized using the weighted average method. Turnover materials include low-value consumables, packaging materials, etc., which are expensed in full.

The Group adopts the perpetual inventory system.

Inventories on the balance sheet date are stated at the lower of cost or net realisable value. Inventory valuation allowance is made and recognized in profit or loss when the net realisable value is lower than cost. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. Valuation allowances for raw materials are established by category, and those for finished goods by individual item. For inventories that relate to products produced and sold in the same region, have the same or similar ultimate purpose, and are difficult to separate in measurement, valuation allowances are established on a combined basis.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 11. Long-term equity investments

Long-term equity investments include equity investments in subsidiaries, joint ventures and associates.

Long-term equity investments were recorded at initial investment cost on acquisition. For long-term equity investments acquired through the business combination of entities under common control, the initial investment cost shall be the share of carrying value of the equity of the merged party at the date of combination as stated in the consolidated financial statements of the ultimate controlling party. Any difference between the initial investment cost and the carrying value of the consideration for the combination shall be dealt with by adjusting the capital surplus (if the capital surplus are insufficient for setting off the difference, such difference shall be further set off against retained earnings). Upon disposal of the investment, other comprehensive income prior to the date of combination shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Equity recognized as a result of changes in equity other than the set-off of profit and loss, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. For long-term equity investments acquired through the business combination of entities not under common control, the initial investment cost shall be the cost of combination (for business combinations of entities not under common control achieved in stages through multiple transactions, the initial investment cost shall be the sum of the carrying value of the equity investment in the acquired party held at the date of acquisition and new investment cost incurred as at the date of acquisition). The cost of combination shall be the sum of assets contributed by the acquiring party, liabilities incurred or assumed by the acquiring party and the fair value of equity securities issued. Upon disposal of the investment, other comprehensive income recognized under the equity method held prior to the date of acquisition shall be dealt with on the same basis as if the relevant assets or liabilities were disposed of directly by the investee. Equity recognized as a result of changes in equity other than the set-off of profit and loss, other comprehensive income and profit allocation of the investee shall be transferred to current profit and loss upon disposal of the investment. Items which remain long-term equity investments after the disposal shall be accounted for on a pro-rata basis, while items reclassified as financial instruments following the disposal shall be accounted for in full. The initial investment cost of long-term equity investments other than those acquired through business combination shall be recognized in accordance with the following: for those acquired by way of cash payments, the initial investment cost shall be the consideration actually paid plus expenses, tax amounts and other necessary outgoings directly related to the acquisition of the long-term equity investments.

In the financial statements of the Company, the cost method is used for long term equity investments in investees over which the Company exercises control. Control is defined as the power exercisable over the investee, the entitlement to variable return through involvement in the activities of the investee and the ability to influence the amount of return using the power over the investee.

When the cost method is used, long-term equity investments are measured at initial cost on acquisition. When additional investments are made or investments are recouped, the cost of long-term equity investments shall be adjusted. Cash dividend or profit distribution declared by the investee shall be recognized as investment income for the period.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 11. Long-term equity investments (Cont'd)

The equity method is used to account for long-term equity investments when the Group can jointly control or has significant influence over the invested entity. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence means having the authority to take part in the decision over the financial and operational policies but not the authority to control or jointly control with other parties the formulation of such policies.

Under the equity method, any excess of the initial investment cost over the Company's share of the net fair value of the investment's identifiable assets and liabilities is included in the initial investment cost of the long-term equity investment. When the carrying amount of the investment is less than the Company's share of the fair value of the investment's identifiable net assets, the difference is recognized in profit or loss of the current period and debited to long-term equity investments.

Under the equity method, after the long-term equity investments are acquired, investment gains or losses and other comprehensive income are recognized according to the entitled share of net profit or loss and other comprehensive income of the investee and the carrying amount of the long-term equity investment is adjusted accordingly. When recognising the Group's share of the net profit or loss of the invested entity, the Group makes adjustments based on fair values of the investees' identifiable assets and liabilities at the acquisition date in accordance with the Group's accounting policy and accounting period to investee's net profits, eliminating pro-rata profit or loss from internal transactions with associates and joint ventures attributed to investor (except that loss from inter-group transactions deemed as asset impairment loss shall be fully recognized), provided that invested or sold assets constituting businesses shall be excluded. When the invested enterprise declares profit distribution or cash dividends, the carrying amount of investment is adjusted down by the Group's share of the profit distribution and dividends. The Group shall derecognize its share of the losses of the investee after the long-term equity investment together with any long-term interests that in substance forms part of the Group's net investment in the investee are reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. The Group also adjusts the carrying amount of long-term equity investments for other changes in owner's equity of the investees (other than the net-off of net profits or losses, other comprehensive income and profit distribution of the investee), and includes the corresponding adjustment in equity.

#### 12. Fixed assets

A fixed asset is recognized when, and only when, it is probable that future economic benefits that are associated with the fixed asset will flow to the Group and the cost can be measured reliably. Subsequent expenditures related to a fixed asset are recognized in the carrying amount of the fixed asset if the above recognition criteria are met, and the carrying value of the replaced part is derecognized; otherwise, those expenditures are included in the current period's profit or loss or the cost of the relevant asset when they occur, in accordance with the beneficiary.

Fixed assets are initially recognized at cost. Cost of purchased fixed assets includes purchasing price, relevant taxes, and any directly attributable expenditure for bringing the asset to working conditions for its intended use.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 12. Fixed assets (Cont'd)

Except for those incurred by using the accrued expenses for safety production, fixed assets are depreciated on a straight-line basis, and the respective estimated useful lives, estimated residual value ratios and annual depreciation rates are as follows:

	Useful life	Estimated residual value ratio	Annual depreciation rate
Buildings and constructions	20-40 years	5.00%	2.38%-4.75%
Machinery	5-18 years	5.00%	5.28%-19.00%
Transportation equipment	5-10 years	5.00%	9.5%-19.00%
Electronic equipment	3-10 years	5.00%	9.5%-31.67%
Office equipment	3-10 years	5.00%	9.5%-31.67%
Other equipment	5-10 years	5.00%	9.5%-19.00%

The Group reviews, at least at each year end, useful lives, estimated residual values, and depreciation methods of fixed assets and makes adjustments if necessary.

#### 13. Construction in progress

Construction in progress is measured at the actual construction expenditures, including necessary project work expenses incurred during the period while construction is in progress, and other related fees.

The criteria for construction in progress to be transferred to fixed assets when it is ready for its intended use are as follows:

	Criteria
Buildings and constructions	Actual start of use
Machinery	The earlier of actual start of use/completion of installation and acceptance

#### 14. Borrowing costs

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. The amounts of other borrowing costs incurred are recognised as an expense in the period in which they are incurred.

The capitalisation of borrowing costs commences only when the expenditures for the asset and the borrowing costs have been incurred, and the activities that are necessary to acquire, construct or produce the asset for its intended use or sale have been undertaken.

Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced gets ready for its intended use or sale. Any borrowing costs subsequently incurred are recognised in profit or loss.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 14. Borrowing costs (Cont'd)

During the capitalisation period, the amount of interest capitalised for each accounting period is determined as follows: For specific borrowings, it is the actual interest expense incurred in the current period, minus the temporary deposit interest income or investment income; there were no borrowing costs within the Group this year that met the capitalization conditions for general borrowings.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally by activities other than those necessary to get the asset ready for its intended use or sale, when the suspension is for a continuous period of more than 3 months. Borrowing costs incurred during these periods are recognised as an expense in profit or loss until the acquisition, construction or production is resumed.

#### 15. Intangible assets

##### Useful life of intangible assets

Overseas land use rights and trademark rights are intangible assets with indefinite useful lives. Impairment tests shall be conducted annually regardless of whether there are indications of impairment. Such intangible assets shall not be amortized and their useful life shall be reviewed during each accounting period. If there is evidence suggesting that their useful life is limited, accounting treatment will be performed according to the above policy on intangible assets with definite useful life.

Other intangible assets are amortised on a straight-line basis over their useful lives as follows:

	Useful life	Determination basis
Land use rights	40-50 years	Term of land use right
Trademark	5-10 years	The shorter of the term of trademark rights/expected term of use
Patent	5-10 years	Expected benefit period

The land ownership of Fosber S.p.A. ("Fosber Group"), a subsidiary of the Company, in Italy has a permanent term, and the Company believes that the land ownership will be used and will bring expected inflows of economic benefits to the Company in the foreseeable future, so its useful life is regarded as indefinite. The trademarks registered by subsidiaries Fosber Group and Fosber America, Inc. ("Fosber America") have a useful life in accordance with the law, but at the expiration of the protection period, Fosber Group and Fosber America can apply for an extension at low service charges, so the Company will benefit from the above trademarks in the long term. Thus, the Company recognized the trademark use right as intangible assets with indefinite useful life. The useful life of intangible assets with indefinite useful life will be reviewed at the end of each year. After review, the useful life of the above intangible assets is still uncertain.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

15. Intangible assets (Cont'd)

Research and development expenses

The Group classifies the expenses for internal research and development as research costs and development costs. All research costs are charged to the current profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalized and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits (including demonstration that the product derived from the intangible asset or the intangible asset itself will be marketable or, in the case of internal use, the usefulness of the intangible asset as such), the availability of technical and financial resources to complete the project and procure the use or sale of the intangible asset, and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria is recognized in profit or loss when incurred.

After meeting the above conditions, passing the technical feasibility and economic feasibility study, the corresponding projects of the Group enter the development stage and begin to be capitalized after being reviewed and approved.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 16. Impairment

Impairment of assets (other than the impairment of inventories, contract assets and contract cost assets, investment properties measured using the fair value model, deferred tax assets, and financial assets ) is determined in the following way: the Group assesses at the balance sheet date whether there is any indication that an asset may be impaired; if any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment testing; goodwill arising from a business combination, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least at each year end, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount is the higher of the asset's fair value less costs to sell and its present value of estimated future cash flows. The Group estimates recoverable value for individual assets. When it is difficult to estimate individually, the recoverable value of the cash generating units which the asset belongs to will be estimated. The definition of cash generating units is determined on the basis of whether the cash generating units generate cash flows which are largely independent of those from other cash generating units.

Where the carrying amount of an asset or a cash generating unit exceeds its recoverable amount, the asset or cash generating unit is considered impaired and is written down to its recoverable amount. The difference between the carrying amount and recoverable amount is recognized in profit or loss and allowance for impairment is made accordingly.

In connection with impairment tests for goodwill, the carrying value of goodwill arising from business combination is allocated to relevant cash generating units ("CGU") from the date of acquisition on a reasonable basis. If it is difficult to allocate such goodwill to a relevant CGU, it should be allocated to a relevant CGU group. A relevant CGU or CGU group is defined as one which can benefit from the synergies of the business combination and is not larger than the reporting segments determined by the Group.

In connection with impairment tests for CGUs or CGU groups that comprise goodwill, where indications of impairment exists in a CGU or CGU group related to goodwill, impairment tests should be performed first on CGUs or CGU groups that do not comprise goodwill and recognize impairment loss after estimating the recoverable amount. Then impairment tests on CGUs or CGU groups that comprise goodwill should be performed and the carrying value and recoverable amount should be compared. Where the recoverable amount is lower than the carrying value, the impairment loss should first be offset against the carrying value of the goodwill allocated to CGUs or CGU groups and then against assets in the CGUs or CGU groups other than goodwill in proportion to the weighting of these assets.

Previously recognized impairment losses are not reversed in subsequent periods.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 17. Long-term prepaid expenses

Long-term prepaid expenses are amortized using the straight-line method, with the amortization periods as follows:

	Amortization period
Decoration expenditures	3-5 years
Amortization of moulds	3 years
Other expenditures	3-5 years

#### 18. Employee benefits

Employee benefits include all kinds of rewards or compensation incurred by the Group in exchange for service rendered by employees or in the termination of employment, other than share-based payment. Employee benefits include short-term benefits, retirement benefits, dismissal benefits and other long-term employees' benefits. Benefits provided by the Group to the spouses, children and dependents of employees and families of deceased employees are also a part of employee benefits.

##### Short-term benefits

For accounting periods during which services are rendered by employees, short-term benefits that will incur is recognized as liability and included in profit and loss or related capital costs.

##### Retirement benefits (defined contribution schemes)

Employees of the Group participated in pension insurance and unemployment insurance schemes managed by the local government. The contribution costs are charged as asset cost or to profit or loss when incurred.

##### Retirement benefits (defined benefit schemes)

The Group operates a defined benefit pension scheme, which requires payments to an independently operated fund. No funds have been injected into the scheme. The cost of benefits provided under the defined benefit scheme is calculated using the expected benefit accrual unit approach.

Remeasurement arising from defined benefit pension schemes, including actuarial gains or losses, changes in the asset cap effect (deducting amounts included in net interest on net liabilities of the defined benefit schemes) and return on scheme assets (deducting amounts included in net interest on net liabilities of the defined benefit schemes) are instantly recognized in the balance sheet and charged to equity through other comprehensive income for the period during which it is incurred. It will not be reversed to profit and loss in subsequent periods.

Previous service costs are recognized as current expenses when: the defined benefit scheme is revised, or relevant restructuring costs or dismissal benefits are recognized by the Group, whichever earlier.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 18. Employee benefits (cont'd)

##### Retirement benefits (defined benefit schemes) (cont'd)

Net interest is arrived at by multiplying net liabilities or net assets of defined benefits with a discount rate. Changes in net obligations of defined benefits are recognized as cost of sales, administrative expenses, R&D expenses, selling expenses and finance costs in the income statement. Service costs included current services costs, past service costs and settlement of profit or loss. Net interest included interest income from scheme assets, interest expenses for scheme obligations and interest of the asset cap effect.

#### 19. Provisions

Other than contingent consideration and assumed contingent liabilities in a business combination not involving entities under common control, the Group recognizes as provision an obligation that is related to contingent matters when all of the following criteria are fulfilled:

- (1) the obligation is a present obligation of the Group;
- (2) the obligation would probably result in an outflow of economic benefits from the Group;
- (3) the obligation could be reliably measured.

Provisions are initially measured according to the best estimate of expenses on fulfilling the current liabilities, in connection with the risk, uncertainty and timing value of the currency. The carrying value of the provisions would be reassessed on every balance sheet date. The carrying value will be adjusted to the best estimated value if there is certain evidence that the current carrying value is not the best estimate.

The contingent liabilities obtained from a business combination not involving entities under common control shall be measured at fair value at the time of initial recognition. After the initial recognition, according to the amount confirmed by provisions and the balance of the initial recognition amount after deducting the accumulated amortization determined by the revenue recognition principle, the higher of the two shall prevail for subsequent measurements.

#### 20. Share-based payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital surplus are credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognising services rendered during the period in relevant costs or expenses and crediting the capital surplus accordingly at the fair value on the date of grant according to the best estimates of the number of exercisable equity instruments conducted by the Group at each balance sheet date during the pending period. The fair value of equity instruments is determined using the closing price of the Company's stock on the date of grant.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 21. Revenue generating from contracts with customers

The Group recognizes its revenue upon the fulfilment of contractual performance obligations under a contract, namely, when the customer obtains control over the relevant products or services. The acquisition control over relevant products or services shall mean the ability to direct the use of the products or the provision of the services and receive substantially all economic benefits derived therefrom.

##### Contract for the sales of products

The product sales contract between the Group and its customers typically includes different contractual performance obligations for the transfer of products and the rendering of services. With respect to the sales of products, the Group typically recognizes its revenue at the time when the customer takes control over the products, taking into account the following factors: the acquisition of the current right to receive payments for the products, the transfer of major risks and rewards of ownership, the transfer of the legal title of the products, the transfer of the physical assets of the products, and customers' acceptance of the products.

##### Contract for the rendering of installation services

The service contract between the Group and its customers includes contractual performance obligations for installation services. As the customer is able to forthwith obtain and consume the economic benefits brought by the Group's contractual performance when the Group performs a contract, the Group considers such contractual performance obligations to be obligations performed over a period of time, and revenue shall be recognized on each balance sheet date according to the progress of installation.

##### Significant financing component

Where a contract contains a significant financing component, the Group determines transaction prices based on amounts payable assumed to be settled in cash by customers immediately upon the acquisition of control over the products or services. The difference between such transaction price and contract consideration is amortized over the contract period using the effective interest method based on a ratio that discounts the nominal contractual consideration to the current selling price of the products or services. The Group shall not give consideration to any significant financing component in a contract if the gap between the customer's acquisition of control over the products or services and payment of consideration is expected to be less than 1 year.

#### (4) Warranty clauses

The Group provides quality assurance for products sold in accordance with contract terms and laws and regulations. The accounting treatment of quality assurance in the form of warranty assuring customers products sold are in compliance with required standards is set out in Note III.20. Where the Group provides a service warranty for a standalone service in addition to the assurance of compliance of products with required standards, such warranty is treated as a standalone contractual performance obligation, and a portion of the transaction price shall be allocated to the service warranty based on a percentage of the standalone price for the provision of product and service warranty. When assessing whether a warranty is rendering a standalone service in addition to providing guarantee to customers that all sold goods are in compliance with required standards, the Group will consider whether or not such warranty is a statutory requirement, the term of the warranty and the nature of the Group's undertaking to perform its obligations.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 22. Contract assets and contract liabilities

The Group presents contract assets or contract liabilities on the balance sheet according to the relationship between contractual performance obligations and customer payments.

##### Contract assets

The right to receive consideration for the transfer of goods or services to a customer before the customer actually pays the contract price or before the contract price is due (and such right is dependent on factors other than the passage of time) is recognised as a contract asset; when an unconditional right to receive payment is subsequently obtained, it is reclassified as a receivable.

For details of the Group's determination and accounting treatment of expected credit losses from contract assets, please refer to Note III.9.

##### Contract liabilities

Before transferring goods or services to a customer, if the consideration from the customer has been received or the right to receive the consideration unconditionally has been obtained, but the obligation to transfer the goods or services to the customer has not yet been fulfilled, it shall be recognised as a contract liability.

#### 23. Assets relating to contract cost

The Group's assets relating to contract costs include the contract acquisition costs and contract performance costs. The costs are presented in inventory, other current assets or other non-current assets based on liquidity of the assets.

Where the Group expects the incremental costs for acquiring a contract to be recoverable, such contract acquisition costs are recognized as an asset (unless the amortisation period of the asset is not more than 1 year).

Costs incurred by the Group for the performance of a contract are recognized as an asset as contract performance costs if they do not fall under the scope of the relevant standards for inventories, fixed assets or intangible assets but meet all the following conditions:

- (1) they are directly related to a current or anticipated contract, including direct labour, direct materials, manufacturing expenses (or similar expenses), to be borne by customers as specifically stipulated, and otherwise incurred solely in connection with the contract;
- (2) they will increase the resources to be utilized in the Company's future performance of its contractual obligations;
- (3) they are expected to be recoverable.

#### 24. Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. The grant is measured as the amount received or receivable where it takes the form of a cash asset, or at fair value where it is not a cash asset. Where the fair value cannot be reliably obtained, it should be measured at the nominal value.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 24. Government grants (cont'd)

In accordance with the stipulations of the government instruments, government grants applied towards acquisition or the formation of long-term assets in other manners are asset-related government grants; the instruments unspecifically refer to the exercise of judgement based on the basic conditions for receiving the asset-related grant applied towards or the formation of long-term assets in other manners. All other grants are recognized as income-related government grants.

Government grants relating to income and applied to make up for related costs or losses in future periods shall be recognized as deferred income, and shall be recognized in profit or loss of the period for which related costs or loss are recognized. Government grants specifically applied for the reimbursement of incurred related costs and expenses shall be directly recognized in profit or loss.

Government grants relating to assets shall offset the carrying amount of related assets, or be recognized as deferred income and credited to profit or loss over the useful life of the asset concerned by reasonable and systematic instalments (provided that government grants measured at nominal value shall be directly recognized in profit or loss). Where the asset concerned is disposed of, transferred, retired or damaged prior to the end of its useful life, the balance of the deferred income yet to be allocated shall be transferred to "asset disposal" under current profit or loss.

#### 25. Deferred tax assets

The Group recognizes deferred tax assets and liabilities based on temporary differences using the balance sheet liability method. Temporary differences are differences between the carrying amount of assets or liabilities in the balance sheet and their tax base on the balance sheet date. Temporary differences also include the differences between the carrying values and tax bases of items not recognized as assets or liabilities where the tax base can be calculated according to the relevant tax regulations.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (1) where the taxable temporary difference arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized except:

- (1) where the deductible temporary difference arises from transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- (2) deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures are recognized when all following conditions are met: it is probable that the temporary differences will reverse in the foreseeable future, it is probable that taxable profit against the deductible temporary differences will be available.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 25. Deferred tax assets (cont'd)

As at balance sheet date, deferred tax assets and liabilities are measured in accordance with relevant tax laws at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, and reflects the tax consequences that would follow the manner in which the Group expects, at the balance sheet date, to recover the assets or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset and presented as a net amount if all of the following conditions are met: the Group has the legal right to set off the current income tax assets and liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, provided that the taxable entity concerned intends either to settle current income tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### 26. Leases

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group recognizes leases as the right-of-use asset and lease liabilities, except for short-term leases and leases of low-value assets.

##### Right-of-use assets

At the commencement date of the lease, the Group recognizes a right-of-use asset. The cost of the right-of-use asset comprises: (1) the amount of the initial measurement of the lease liability; (2) any lease payments made at or before the commencement date less any lease incentives received; (3) any initial direct cost incurred; (4) an estimate of costs incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. The right-of-use assets are depreciated on a straight-line basis subsequently by the Group. If ownership of the leased asset transfers to the Group at the end of the lease term, depreciation is calculated using the estimated useful life of the asset. Otherwise, the right-of-use assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 26. Leases (cont'd)

##### As lessee (cont'd)

###### Lease liabilities

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date, except for short-term leases and low-value asset leases. Lease payments include constant payments and the substantial constant payments net of lease incentives, variable lease payments that depend on an index or ratio, the estimated payables of guaranteed residual value, and also include the exercise price of the purchase option or the amount to be paid upon vest of the termination option, provided that the Group is reasonably certain that the option will be vested or that the lease term reflects that the Group will exercise the termination option.

In calculating the present value of the lease payments, the Group uses the interest rate implicit in the lease as the discount rate. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The Group calculates the interest expenses of the lease liability in each period during the lease term using the constant periodic rate of interest, and recognizes such interest expenses in profit or loss, except those that in the related asset costs as required. Variable lease payments that are not included in the measurement of the lease assets are recognized in profit or loss as incurred, except those that shall be included in the related asset costs as required.

After the commencement date, the Group increases the book value of the lease liability when interest is recognized and decreases the book value of the lease liability when lease payments are made. In the event of any change to the substantial constant payments, the estimated payables of guaranteed residual value, the index or ratio used to determine lease payments, the assessment results or actual vesting of the purchase option, the renewal option or the termination option, the Group remeasures the lease liability at the present value of the modified lease payments.

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

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less, and does not contains any purchase option. The Group does not recognize the right-of-use assets and lease liabilities for buildings short-term leases. The Group recognizes lease payments on short-term leases and leases of low-value assets in the related asset costs or profit or loss on a straight-line basis over the lease term.

##### (2) As lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, except that a lease is classified as an operating lease at the inception date.

###### As a lessor of operating leases

Rental income of operating leases is recognized in current profit or loss over the respective periods during the lease term on a straight-line basis, while variable lease payment not included in lease receipts is charged to profit or loss as and when incurred. Initial direct costs are capitalised and recognised over the lease term on the same basis as rental income, through profit or loss.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 27. Share repurchase

The consideration and transaction costs paid to repurchase equity instruments are charged against owner's equity. Except for share-based payments, the issue (including refinancing), repurchase, disposal or retirement of the Company's own equity instruments are accounted for as changes in equity.

#### 28. Expenses for safety production

The expenses for safety production set side as stipulated shall be included in the cost of relevant products or current profits and losses, and included in the special reserve at the same time. When such expenses are used, accounting treatment will be performed according to whether fixed assets are formed. If identified as expense expenditures, the special reserve will be written down directly; if fixed assets are formed, the expenses incurred will be collected, fixed assets will be recognized when they reach a predetermined usable state, and the equivalent amount of special reserve will be written down and the equivalent accumulated depreciation will be recognized.

#### 29. Put option related to non-controlling interests

In the process of acquiring majority equity of subsidiaries, the Group grants to minority shareholders the option to sell the shares of subsidiaries held by them to the Group (put option). The Group recognizes the shares of subsidiaries held by minority shareholders as non-controlling interests in its consolidated financial statements; for the put option, the Group undertakes the obligation to redeem the shares of the subsidiaries held by minority shareholders in cash. The Group removes the present value of the amount payable to redeem the put option from its equity (excluding non-controlling interests) and classifies it as financial liability, which is remeasured in subsequent periods at the present value of the the amount payable to redeem the put option and recognized in profit or loss.

#### 30. Fair value measurement

The fair value hierarchy to which an asset or liability measured or disclosed in the financial statements at fair value will be determined on the basis of the lowest level of input which is significant for the fair value measurement as a whole. Input at the first level represents unadjusted quoted prices in an active market for the acquisition of the same asset or liability on the measurement date. Input at the second level represents directly or indirectly observable assets or liabilities apart from input at the first level. Input at the third level represents unobservable input for the asset or liability.

At each balance sheet date, the Group reassesses assets and liabilities measured at fair value on an ongoing basis recognized in the financial statements to determine whether the level of fair value measurement should be changed.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 31. Significant accounting judgements and estimates

The preparation of financial statements requires judgement and estimation of the management. Such judgement and estimation will affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities as at the balance sheet date. However, the consequence arising from the uncertain nature of such estimation may result in significant adjustment to the carrying value of the asset or liability affected in the future.

##### Judgement

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

##### Determination of standalone contractual performance obligations

The intelligent packaging equipment (printers and corrugators) business of the Group includes four kinds of product or service commitments, i.e. the sale, installation, transportation and insurance services of machinery. As the customer can benefit from the individual use of the four kinds of products or services or their use together with other readily available resources and such product or service commitments are distinctly separable from other products or service commitments, the aforesaid product or service commitments constitute standalone contractual performance obligations respectively.

##### Business model

The classification of financial assets at initial recognition is dependent on the Group's business model for managing the assets. Factors considered by the Group in judging the business model include enterprise valuation, the method of reporting the results of financial assets to key management members, risks affecting the results of financial assets and the method for managing such risks, as well as the form of remuneration received by the management personnel of the businesses concerned. In assessing whether the business model is aimed at receiving contract cash flow, the Group is required to analyse and exercise judgment in respect of the reasons, timing, frequency and values of any disposals prior to maturity.

##### Characteristics of contract cash flow

The classification of financial assets at initial recognition is dependent on the characteristics of the contract cash flow of such type of financial assets. Judgement is required to determine whether the contract cash flow represents interest payment in relation to principal amounts based on outstanding principal amounts only, including judgement of whether it is significantly different from the benchmark cash flow when assessing modifications to the time value of currencies, and judgement of whether the fair value of early repayment features is minimal where the financial assets include such early repayment features.

##### Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within subsequent financial years, are discussed below.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 31. Significant accounting judgements and estimates (cont'd)

##### Estimation uncertainty (cont'd)

###### Impairment of financial instruments and contract assets

The Group has adopted the expected credit loss model to evaluate the impairment of financial instruments and contract assets. The application of the expected credit loss model requires significant judgement and estimates and the consideration of all reasonable and soundly based information, including forward-looking information. In making such judgement and estimates, the Group estimates the projected movements of the debtor's credit risk according to past repayment records, economic policies, macro-economic indicators and industry risks. Different estimates may affect impairment allowances, and established impairment allowances may not equal the actual impairment loss amount in the future.

###### Impairment of non-current assets other than financial assets (exclusive of goodwill)

The Group assesses at each balance sheet date whether there is an indication that a non-current asset other than financial assets may be impaired. For an intangible asset with an indefinite useful life, in addition to the annual impairment test, it is also tested when there is an indication that it may be impaired. Non-current assets other than financial assets are tested for impairment when there is an indication that the carrying amount is irrecoverable. Where the carrying amount of an asset or an asset group exceeds its recoverable amount—the higher of the asset or asset group's fair value less costs to sell and its present value of estimated future cash flows, it is considered impaired. The net amount of the fair value less costs to sell is determined based on the price of a similar asset's sales contract in a fair transaction or the observable market price less the incremental cost directly attributable to the disposal of the asset. When estimating the present value of future cash flows, the management must choose a proper discount rate.

###### Impairment of goodwill

Goodwill must be tested for impairment at least annually. It requires estimating the present value of future cash flows of an asset group or asset group portfolio allocated with goodwill. When estimating the present value of future cash flows, the Group needs to estimate future cash flows generating from the asset group or asset group portfolio, and at the same time choose a proper discount rate to determine the present value of future cash flows. For details, see Note V.20.

###### Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique. This valuation requires the Group to determine the comparable listed companies, select the price multiple, and make estimates about the discount for illiquidity, and hence they are subject to uncertainty.

###### Deferred tax assets

Deferred tax assets are recognized for all unused tax losses, to the extent that it is likely that taxable profit will be available to utilize these unused tax losses. Significant judgments are needed from management to estimate the timing and amount of taxable profit in the future, with tax planning strategies, to determine the amount of the deferred tax assets that should be recognized.

### III. Principal Accounting Policies and Accounting Estimates (Cont'd)

#### 31. Significant accounting judgements and estimates (cont'd)

##### Estimation uncertainty (cont'd)

##### Lessee's incremental borrowing rate

If the interest rate implicit in the lease cannot be readily determined, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The Group discounted the lease payments using the lessee's incremental borrowing rate. The Group determines the incremental borrowing rate based on the economic environment by reference to the observable interest rate. Then the Group adjusts the reference interest rate based on its own circumstances, underlying assets, lease terms and amounts of lease liabilities to determine the applicable incremental borrowing rate.

##### Provisions

The Group estimates and makes corresponding provision for product quality guaranty according to contract terms, existing knowledge and past experience. When such contingencies have formed a present obligation and it is probable that an outflow of economic benefits from the Group will be required to settle the obligation, the Group recognizes the contingencies as provisions based on the best estimate of the expenditure required to settle the related present obligation. The recognition and measurement of provisions largely depend on the judgment of management. In the process of making judgment, the Group is required to assess the risks, uncertainties, time value of money and other factors related to such contingencies.

The Group will undertake the provisions for post-sale quality maintenance provided to customers for the sale, maintenance and renovation of the sold goods. The provisions have been made taking into account the Group's recent data of maintenance experience, and taking into account the risks, uncertainties and other factors related to maintenance matters. Any increase or decrease in this provision may affect the profit and loss in future years.

#### 32. Changes in accounting policies and estimates

In accordance with the Compilation of Application Guidelines for Accounting Standards for Business Enterprises 2024, the Group has changed the presentation of derivative financial instruments that were originally classified under "trading financial assets" or "trading financial liabilities" to be reported separately, and has retrospectively adjusted the comparative data of the financial statements accordingly. In accordance with Accounting Standards for Business Enterprises Interpretation No. 18, the Group has changed the presentation of guarantee-type quality assurance, which was originally classified under "Selling Expenses", to "Cost of Sales", and has retrospectively adjusted the comparative data of the financial statements accordingly.

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

32. Changes in accounting policies and estimates (cont'd)

The effects of retrospective adjustments, caused by the above changes in accounting policies, on the financial statements are stated as follows:

The Group

2024

		Before changes Closing balance	<u>Changes in accounting policies</u>	After changes Closing balance
Trading assets	financial	791,404,413.35	(2,755,081.17 )	788,649,332.18
Derivative assets	financial	-	2,755,081.17	2,755,081.17
Trading liabilities	financial	206,216,239.00	(206,216,239.00 )	-
Derivative liabilities	financial	-	206,216,239.00	206,216,239.00
		Before changes Amount for the year	<u>Changes in accounting policies</u>	After changes Amount for the year
Cost of sales		3,259,650,772.86	80,845,054.08	3,340,495,826.94
Selling expenses		273,249,203.69	(80,845,054.08 )	192,404,149.61

2023

		Before changes Closing balance	<u>Changes in accounting policies</u>	After changes Closing balance
Trading assets	financial	682,625,442.45	(31,329,174.69 )	651,296,267.76
Derivative assets	financial	-	31,329,174.69	31,329,174.69
Trading liabilities	financial	115,900,827.21	(115,900,827.21 )	-
Derivative liabilities	financial	-	115,900,827.21	115,900,827.21
		Before changes Amount for the year	<u>Changes in accounting policies</u>	After changes Amount for the year
Cost of sales		3,359,528,546.01	78,496,207.90	3,438,024,753.91
Selling expenses		278,840,528.93	(78,496,207.90 )	200,344,321.03

III. Principal Accounting Policies and Accounting Estimates (Cont'd)

32. Changes in accounting policies and estimates (cont'd)

The Company

2024

		Before changes Closing balance	<u>Changes in accounting policies</u>	After changes Closing balance
Trading liabilities	financial	116,513.31	(116,513.31 )	-
Derivative liabilities	financial	-	116,513.31	116,513.31
		Before changes Amount for the year	<u>Changes in accounting policies</u>	After changes Amount for the year
Cost of sales		279,926,633.62	(307,470.43 )	279,619,163.19
Selling expenses		34,381,793.46	307,470.43	34,689,263.89

2023

		Before changes Closing balance	<u>Changes in accounting policies</u>	After changes Closing balance
Trading assets	financial	641,997,959.60	(28,707,975.72 )	613,289,983.88
Derivative assets	financial	-	28,707,975.72	28,707,975.72
Trading liabilities	financial	728.57	(728.57 )	-
Derivative liabilities	financial	-	728.57	728.57
		Before changes Amount for the year	<u>Changes in accounting policies</u>	After changes Amount for the year
Cost of sales		266,015,344.67	135,299.52	266,150,644.19
Selling expenses		40,854,863.63	(135,299.52 )	40,719,564.11

#### IV. Taxation

##### 1. Principal tax items and tax rates

	Tax basis	Tax rate
Value-added tax (VAT)	The output tax: taxable income; VAT: difference after deducting the input tax which is allowed to be deducted in the current year	22%, 13% and 6%
City maintenance and construction tax	Turnover tax actually paid	7%
Education surcharge	Turnover tax actually paid	3%
Local education Surcharge	Turnover tax actually paid	2%
Property tax	Ad valorem tax: remaining value after deducting 30% from the original value of the property; Tax levied from rent: rental income.	1.2% and 12%
Corporate income tax	Taxable income	15%-30%

The taxpaying entities subject to different corporate income tax rates are as follows:

	Income tax rate
Guangdong Dongfang Precision Science & Technology Co., Ltd.	15.0%
Suzhou Parsun Power Machine Co., Ltd. ("Parsun Power")	15.0%
Guangdong Fosber Intelligent Equipment Co., Ltd. ("Fosber Asia")	15.0%
Shenzhen Wonder Printing System Co.,Ltd. ("Wonder Printing")	15.0%
Dong Fang Precision (HK) Limited ("Dongfang Precision (HK)")	16.5%
Dong Fang Precision (Netherland) Cooperatief U.A.("Dongfang Precision (Netherland)")	20.0%
Fosber S.p.A.	24.0%
Fosber America, Inc. ("Fosber America")	21.0%
EDF Europe s.r.l. ("EDF")	24.0%
Tiruña America inc. ("Tiruña America")	21.0%
Quantum Corrugated S.r.l. ("QCorr")	24.0%
Tiruña S.L.U.	28.0%
Tiruña France SARL	15.0%
SCI Candan	15.0%
Fosber Mexico Corrugados, S.de R.L ("Fosber Mexico")	30.0%

#### IV. Taxation (Cont'd)

##### 2. Tax concessions

On 28 December 2023, the Company passed the high-tech enterprise review by the Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Tax Service of State Taxation Administration and Guangdong Provincial Local Taxation Bureau and obtained a High-tech Enterprise Certificate (certificate no.: GR202344004676) jointly issued by the above authorities, with a validity of three years, during which the Company paid the corporate income tax at a reduced rate of 15%, so the preferential tax rate of 15% was applicable to the Company's corporate income tax as at 31 December 2024.

Parsun Power., a subsidiary of the Company, passed the high-tech enterprise review by the Department of Science and Technology of Jiangsu Province, Department of Finance of Jiangsu Province and Jiangsu Provincial Tax Service of State Taxation Administration on 18 November 2022 and obtained a High-tech Enterprise Certificate (certificate no.: GR202232005866) jointly issued by the above authorities, with a validity of three years, during which the subsidiary paid the corporate income tax at a reduced rate of 15%, so the preferential tax rate of 15% was applicable to the corporate income tax of Parsun Power as at 31 December 2024.

Fosber Aisa, a subsidiary of the Company, passed the high-tech enterprise review by the Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province and Guangdong Provincial Tax Service of State Taxation Administration on 20 December 2021 and obtained a High-tech Enterprise Certificate (certificate No.: GR202144003984) jointly issued by the above authorities, with a validity of three years, during which the subsidiary paid the corporate income tax at a reduced rate of 15%. On 28 November 2024, Fosber Aisa passed the review for the renewal of high-tech enterprise certificate (certificate No.: GR202444004278), with a validity of three years, during which the subsidiary paid the corporate income tax at a reduced rate of 15%. so the preferential tax rate of 15% was applicable to the corporate income tax of Fosber Asia as at 31 December 2024.

Wonder Printing System Co., Ltd., a subsidiary of the Company, passed the high-tech enterprise review by the Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province and Guangdong Provincial Tax Service of State Taxation Administration on 19 December 2022 and obtained a High-tech Enterprise Certificate (certificate no.: GR202244206125) jointly issued by the above authorities, with a validity of three years, during which the subsidiary paid the corporate income tax at a reduced rate of 15%, so the preferential tax rate of 15% was applicable to the corporate income tax of Wonder Printing as at 31 December 2024.

V. Notes to the Consolidated Financial Statements

1. Cash and bank balances

	2024	2023
Cash on hand	497,855.11	438,600.93
Cash at banks	1,505,877,879.48	1,491,798,403.81
Other cash balances	<u>222,674,648.75</u>	<u>334,182,899.75</u>
	<u>1,729,050,383.34</u>	<u>1,826,419,904.49</u>
Of which: Total amount deposited overseas	661,563,660.12	889,925,365.66
Total restricted amount as collateral, pledge or frozen	76,759,834.79	153,905,292.65

As at 31 December 2024, the fund deposited abroad with restrictions on repatriation was equivalent to RMB10,859,642.60 (31 December 2023: RMB9,020,813.02).

Current bank deposits earn interest income based on interest rates for current deposits.

Note 1: Other cash balances include: 1) a total of RMB76,759,834.79 in guarantee deposits for letters of guarantee, bank acceptance bill deposits, futures margin, pledged time deposits, and forward exchange settlement and sale deposits; 2) investment deposits with a book value of RMB145,356,420.51; 3) RMB 416,976.33 of foreign currency funds pending verification received in the accounts of domestic subsidiaries; 4) RMB141,417.12 of monetary funds are funds in transit generated by internal transfers of the Group's overseas subsidiaries on 30 December 2024. These funds in transit arrived at the relevant accounts on 2 January 2025.

2. Financial assets held for trading

	2024	2023 (Restated)
Financial assets at fair value through profit or loss		
Asset management plans	297,908,542.28	312,284,352.19
Stocks and Funds	236,797,596.08	205,349,301.18
Investments in bank's wealth management products	233,789,426.10	133,662,614.39
Investments in trust products	<u>20,153,767.72-</u>	<u>-</u>
	<u>788,649,332.18</u>	<u>651,296,267.76</u>

3. Derivative financial assets

	2024	2023 (Restated)
Option derivatives	-	28,707,975.72
Foreign currency derivatives	2,755,081.17	2,621,198.97
	<u>2,755,081.17</u>	<u>31,329,174.69</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

4 Notes receivable

Notes receivable by categories

	2024	2023
Bank acceptance notes	96,695,760.53	47,661,412.88
Commercial acceptance notes	<u>1,352,384.78</u>	<u>-</u>
Less: impairment allowance	<u>-</u>	<u>-</u>
	<u>98,048,145.31</u>	<u>47,661,412.88</u>

Notes receivable endorsed or discounted but undue at the balance sheet date

	Derecognized	Un-derecognized
Bank acceptance notes	<u>-</u>	<u>57,105,722.02</u>
	<u>-</u>	<u>57,105,722.02</u>

As at 31 December 2024, the Group did not establish impairment allowance for the bank acceptance notes after its estimation of impairment allowance based on the lifetime ECL. The Group is of opinion that the held bank acceptance notes do not carry significant credit risk and thus no significant losses may incur due to bank default.

5. Accounts receivable

Aging analysis of accounts receivable

	2024	2023
Within 1 year	671,758,354.04	797,174,742.31
1-2 years	64,675,802.44	97,122,608.26
2-3 years	26,567,589.98	30,354,347.33
3-4 years	7,329,163.57	3,905,106.39
4-5 years	2,565,796.54	4,320,546.03
Over 5 years	<u>8,675,651.19</u>	<u>8,831,175.90</u>
	<u>781,572,357.76</u>	<u>941,708,526.22</u>
Less: allowances for doubtful accounts receivable	<u>35,709,532.05</u>	<u>37,704,550.75</u>
	<u>745,862,825.71</u>	<u>904,003,975.47</u>

V. Notes to the Consolidated Financial Statements (cont'd)

(2) The accounts receivable by the method of establishing allowances

2024

	Gross amount		Allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable for which allowances are established individually	1,250,400.00	0.16	1,250,400.00	100.00	-
Accounts receivable for which allowances are established by group with similar credit risk characteristics	<u>780,321,957.76</u>	<u>99.84</u>	<u>34,459,132.05</u>	<u>4.42</u>	<u>745,862,825.71</u>
	<u>781,572,357.76</u>	<u>100.00</u>	<u>35,709,532.05</u>		<u>745,862,825.71</u>

2023

	Gross amount		Allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable for which allowances are established individually	2,477,303.19	0.26	2,477,303.19	100.00	-
Accounts receivable for which allowances are established by group with similar credit risk characteristics	<u>939,231,223.03</u>	<u>99.74</u>	<u>35,227,247.56</u>	<u>3.75</u>	<u>904,003,975.47</u>
	<u>941,708,526.22</u>	<u>100.00</u>	<u>37,704,550.75</u>		<u>904,003,975.47</u>

V. Notes to the Consolidated Financial Statements (cont'd)

5. Accounts receivable (cont'd)

(2) The accounts receivable by the method of establishing allowances (cont'd)

Accounts receivable for which allowances are established individually are as follows:

	2024			Reason for allowance	2023	
	Gross amount	Allowance	ECL (%)		Gross amount	Allowance
Customer 1	-	-	-		939,000.00	939,000.00
Customer 2	641,600.00	641,600.00	100.00	Customer's inability to settle the amount due	641,600.00	641,600.00
Customer 3	608,800.00	608,800.00	100.00	Customer's inability to settle the amount due	608,800.00	608,800.00
Customer 4	-	-	-		283,000.00	283,000.00
Customer 5	-	-	-		4,903.19	4,903.19
	<u>1,250,400.00</u>	<u>1,250,400.00</u>			<u>2,477,303.19</u>	<u>2,477,303.19</u>

As at 31 December 2024, accounts receivable for which allowances are established by group with similar credit risk characteristics are as follows:

	Gross amount	Allowance	ECL(%)
Within 1 year	671,758,354.04	11,631,304.76	1.73
1-2 years	64,675,802.44	3,972,926.41	6.14
2-3 years	26,567,589.98	6,557,735.57	24.68
3-4 years	7,329,163.57	3,151,871.03	43.00
4-5 years	2,565,796.54	1,720,043.09	67.04
Over 5 years	7,425,251.19	7,425,251.19	100.00
	<u>780,321,957.76</u>	<u>34,459,132.05</u>	

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

5. Accounts receivable (cont'd)

Allowances for doubtful accounts receivable

	Opening balance	Provision the year	Recovery in reversal year	or in the	Written off in the year	Effect of exchange rate movements	Closing balance
2024	<u>37,704,550.75</u>	<u>8,928,962.65</u>	<u>(6,967,044.87)</u>		<u>(3,030,162.33)</u>	<u>(926,774.15)</u>	<u>35,709,532.05</u>

As at 31 December 2024, the top five accounts receivable and contract assets were as follows:

	Closing balance of accounts receivable	Closing balance of contract assets	Total closing balance of accounts receivable and contract assets	As a % of the closing balance of total accounts receivable and contract assets	Total closing balance of provision for bad debts of accounts receivable and provision for impairment of contract assets
Customer 6	89,819,814.13	-	89,819,814.13	10.70	2,345,848.98
Customer 7	64,898,037.71	-	64,898,037.71	7.73	1,994,989.84
Customer 8	45,583,853.57	-	45,583,853.57	5.43	688,231.90
Customer 9	31,043,843.22	-	31,043,843.22	3.70	265,541.48
Customer 10	<u>26,192,298.11</u>	<u>-</u>	<u>26,192,298.11</u>	<u>3.12</u>	<u>181,885.97</u>
	<u>257,537,846.74</u>	<u>-</u>	<u>257,537,846.74</u>	<u>30.68</u>	<u>5,476,498.17</u>

6. Receivables financing

	2024	2023
Bank acceptance notes	<u>16,303,982.64</u>	<u>9,365,344.07</u>
	<u>16,303,982.64</u>	<u>9,365,344.07</u>

7. Prepayments

Aging of prepayments

	2024		2023	
	Carrying amount	Percentage (%)	Carrying amount	Percentage (%)
Within 1 year	20,658,142.10	73.19	42,509,851.47	92.93
1-2 years	5,496,200.81	19.47	2,960,199.29	6.47
2-3 years	1,800,946.41	6.38	20,968.14	0.05

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

Over 3 years	<u>270,906.03</u>	<u>0.96</u>	<u>250,125.00</u>	<u>0.55</u>
	<u><u>28,226,195.35</u></u>	<u><u>100.00</u></u>	<u><u>45,741,143.90</u></u>	<u><u>100.00</u></u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

7. Prepayments (cont'd)

Suppliers to which the of top 5 prepayments were paid

	2024	As a % of total prepayments
Supplier 1	2,355,017.30	8.34
Supplier 2	2,230,088.44	7.90
Supplier 3	1,881,425.00	6.67
Supplier 4	1,879,090.21	6.66
Supplier 5	1,778,300.00	6.30
	<u>10,123,920.95</u>	<u>35.87</u>

8. Other receivables

	2024	2023
Other receivables	<u>40,647,410.48</u>	<u>51,797,943.96</u>
	<u>40,647,410.48</u>	<u>51,797,943.96</u>

Other receivables

Aging of other receivables

	2024	2023
Within 1 year	33,526,337.20	38,472,808.52
1-2 years	2,775,908.24	6,754,108.79
2-3 years	2,741,627.11	4,574,557.21
3-4 years	676,581.88	2,082,428.89
4-5 years	1,327,408.54	138,543.93
Over 5 years	1,042,634.10	1,111,902.73
	<u>42,090,497.07</u>	<u>53,134,350.07</u>
Less: allowances for doubtful other receivables	<u>1,443,086.59</u>	<u>1,336,406.11</u>
	<u>40,647,410.48</u>	<u>51,797,943.96</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

8. Other receivables (cont'd)

Other receivables (cont'd)

Other receivables classified by nature

	2024	2023
Prepaid service charges	9,002,675.21	19,593,768.86
Security deposits	8,642,471.46	7,956,393.69
Government grants	6,000,000.00	-
Employee loans and petty cash	5,500,800.82	5,078,147.88
Export tax refunds	1,267,848.43	2,952,066.14
Others	11,676,701.15	17,553,973.50
	<u>42,090,497.07</u>	<u>53,134,350.07</u>

Allowances for doubtful other receivables

2024

	Gross amount		Allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables for which allowances are established by group with similar credit risk characteristics	<u>42,090,497.07</u>	<u>100.00</u>	<u>1,443,086.59</u>	3.43	<u>40,647,410.48</u>

V. Notes to the Consolidated Financial Statements (cont'd)

8. Other receivables (cont'd)

Other receivables (cont'd)

(3) Allowances for doubtful other receivables (cont'd)

Movements in allowances for doubtful other receivables that are established based on the 12-month ECL and the lifetime ECL are as follows:

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL	Financial assets with credit impairment (lifetime ECL)	
Opening balance	836,406.11	500,000.00	-	1,336,406.11
Transfer of opening balances among stages				
Provisions in the year	446,003.96	-	-	446,003.96
Reversed in the year	(525.55)	-	-	(525.55)
Written off in the year	(338,797.93)	-	-	(338,797.93)
Other changes	-	-	-	-
Closing balance	<u>943,086.59</u>	<u>500,000.00</u>	<u>-</u>	<u>1,443,086.59</u>

(4) Entities from which the top 5 other receivables were due

	2024	As a % of total other receivables	Nature	Age	Closing balance of allowance
Entity 1	6,000,000.00	14.25	Government grants	Within 1 year	-
Entity 2	5,425,164.01	12.89	Transactions with third parties	Within 1 year	-
Entity 3	1,630,476.19	3.87	Deposit	1-2 years, 2-3 years	-
Entity 4	1,381,741.18	3.28	Transactions with third parties	Within 1 year	-
Entity 5	<u>1,228,807.43</u>	<u>2.92</u>	<u>Transactions with third parties</u>	<u>Within 1 year</u>	<u>-</u>
	<u>15,666,188.81</u>	<u>37.21</u>			<u>-</u>

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V. Notes to the Consolidated Financial Statements (cont'd)

9. Inventories

(1) Categories of inventories

	2024			2023		
	Gross amount	Valuation allowance	Carrying amount	Gross amount	Valuation allowance	Carrying amount
Raw materials	589,876,070.44	22,563,941.37	567,312,129.07	658,870,239.78	23,591,282.36	635,278,957.42
Work-in-progress	374,757,086.69	20,796,033.51	353,961,053.18	422,201,722.20	20,499,380.02	401,702,342.18
Finished goods	70,354,471.23	4,963,028.38	65,391,442.85	75,950,836.96	3,475,752.29	72,475,084.67
Product deliveries	12,920,671.77	-	12,920,671.77	31,374,046.56	-	31,374,046.56
Semi-finished goods	30,449,965.16	594,060.16	29,855,905.00	41,372,916.93	662,291.37	40,710,625.56
Materials consigned for processing	2,458,391.15	-	2,458,391.15	869,999.29	-	869,999.29
	<u>1,080,816,656.44</u>	<u>48,917,063.42</u>	<u>1,031,899,593.02</u>	<u>1,230,639,761.72</u>	<u>48,228,706.04</u>	<u>1,182,411,055.68</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

9. Inventories (cont'd)

(2) Movements in inventory valuation allowances

	Opening balance	Provision in the year	Decrease in the year		Closing balance
			Reversed or written off	Others	
Raw materials	23,591,282.36	8,725,824.78	(9,343,399.01	) (409,766.76	) 22,563,941.37
Work-in-progress	20,499,380.02	523,015.40	-	(226,361.91	) 20,796,033.51
Finished goods	3,475,752.29	2,754,939.63	(1,267,663.54	) -	4,963,028.38
Semi-finished goods	662,291.37	230,316.04	(298,547.25	) -	594,060.16
	<u>48,228,706.04</u>	<u>12,234,095.85</u>	<u>(10,909,609.80</u>	<u>) (636,128.67</u>	<u>) 48,917,063.42</u>

10. Contract assets

(1) Status of contract assets

	2024			2023		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Carrying amount	<u>57,810,489.98</u>	<u>5,659,318.06</u>	<u>52,151,171.92</u>	<u>47,751,792.27</u>	<u>1,805,415.13</u>	<u>45,946,377.14</u>
	<u>57,810,489.98</u>	<u>5,659,318.06</u>	<u>52,151,171.92</u>	<u>47,751,792.27</u>	<u>1,805,415.13</u>	<u>45,946,377.14</u>

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Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

10. Contract assets (cont'd)

(2) The contract assets by the method of establishing impairment allowances

2024

	Gross amount		Impairment allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Contract assets for which allowances are established by group with similar credit risk characteristics	<u>57,810,489.98</u>	<u>100.00</u>	<u>5,659,318.06</u>	9.79	<u>52,151,171.92</u>

2023

	Gross amount		Impairment allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Contract assets for which allowances are established by group with similar credit risk characteristics	<u>47,751,792.27</u>	<u>100.00</u>	<u>1,805,415.13</u>	3.78	<u>45,946,377.14</u>

As at 31 December 2024, contract assets for which allowances are established by group with similar credit risk characteristics are as follows:

	Gross amount	Impairment allowance	ECL (%)
Within 1 year	43,066,096.31	594,940.95	1.38
1-2 years	8,504,370.67	673,501.60	7.92
2-3 years	3,305,000.00	1,455,852.51	44.05
3-4 years	<u>2,935,023.00</u>	<u>2,935,023.00</u>	<u>100.00</u>
	<u>57,810,489.98</u>	<u>5,659,318.06</u>	

Movements in impairment allowances for contract assets are as follows:

	Opening balance	Provision in the year	Reversed in the year	Other decreases	Closing balance
2024	<u>1,805,415.13</u>	<u>4,568,657.55</u>	<u>(715,742.14)</u>	<u>987.52</u>	<u>5,659,318.06</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

<u>1,805,415.13</u>	<u>4,568,657.55</u>	<u>(715,742.14</u>	<u>) 987.52</u>	<u>5,659,318.06</u>
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V. Notes to the Consolidated Financial Statements (cont'd)

11. Current portion of non-current assets

	2024	2023
Current portion of long-term receivables	<u>8,035,336.42</u>	<u>5,970,000.00</u>
	<u><u>8,035,336.42</u></u>	<u><u>5,970,000.00</u></u>

As at 31 December 2024, there's no need to establish impairment allowances for the current portion of non-current assets in the management's opinion.

12. Other current assets

	2024	2023
Input VAT to be deducted	24,869,036.74	37,973,926.46
Overpaid value-added tax (VAT)	20,900,456.01	19,118,882.69
Tax repayments	5,707,002.32	5,248,796.24
Others	<u>9,066,601.42</u>	<u>12,893,050.68</u>
	<u><u>60,543,096.49</u></u>	<u><u>75,234,656.07</u></u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

13. Long-term receivables

(1) Status of long-term receivables

	2024			2023			Range of discount rates
	Gross amount	Provision for bad debts	Carrying amount	Gross amount	Provision for bad debts	Carrying amount	
Amounts receivable by installment for selling goods	4,112,000.00	64,147.20	4,047,852.80	4,382,500.00	74,304.00	4,308,196.00	
	<u>4,112,000.00</u>	<u>64,147.20</u>	<u>4,047,852.80</u>	<u>4,382,500.00</u>	<u>74,304.00</u>	<u>4,308,196.00</u>	

(2) Allowances for doubtful long-term receivables

	Gross amount		Allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Long-term receivables for which allowances are established by group with similar credit risk characteristics	4,112,000.00	100.00	64,147.20	1.56	4,047,852.80
	<u>4,112,000.00</u>	<u>100.00</u>	<u>64,147.20</u>	<u>1.56</u>	<u>4,047,852.80</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

13. Long-term receivables (cont'd)

(3) Movements in allowances for doubtful long-term receivables:

	Opening balance	Transfer out in the year	Reversed in the year	Transfer out in the year	Written off in the year	Closing balance
2024	74,304.00	-	(10,156.80)	-	-	64,147.20
	<u>74,304.00</u>	<u>-</u>	<u>(10,156.80)</u>	<u>-</u>	<u>-</u>	<u>64,147.20</u>

14. Long-term equity investments

	Opening balance	Change in the year		Closing balance
		Return on investment under the equity method	Other comprehensive income	
Associates				
Jaten Robot	87,476,726.17	938,187.48	-	88,414,913.65
Talleres Tapre	1,759,901.46	-	(74,663.41)	1,685,238.05
Profeta	28,029,257.21	(4,660,260.33)	-	23,368,996.88
	<u>117,265,884.84</u>	<u>(3,722,072.85)</u>	<u>(74,663.41)</u>	<u>113,469,148.58</u>

As at 31 December 2024, there's no need to establish impairment allowances for long-term equity investments in the management's opinion.

V. Notes to the Consolidated Financial Statements (cont'd)

15. Other non-current financial assets

	2024	2023
Financial assets at fair value through profit or loss	<u>539,449,588.63</u>	<u>461,278,259.67</u>
	<u>539,449,588.63</u>	<u>461,278,259.67</u>

Other non-current financial assets mainly refer to the Group's investment in equity instrument investments and long-term derivative financial assets.

16. Fixed assets

	Buildings and constructions	Machinery	Transportation facility	Other equipment	Total
Gross amount					
Opening balance	664,484,475.58	521,052,136.63	35,511,284.44	71,533,440.95	1,292,581,337.60
Purchases	20,024,336.07	46,906,462.30	1,008,005.73	3,712,594.10	71,651,398.20
Transfers from construction progress in	6,971,106.54	50,449,524.84	-	-	57,420,631.38
Disposal or retirement	-	(28,674,461.35 )	(2,154,021.34 )	(742,724.39 )	(31,571,207.08 )
Effect of exchange rate movements	<u>(6,538,622.47 )</u>	<u>(13,215,107.28 )</u>	<u>427,989.07</u>	<u>(625,556.23 )</u>	<u>(19,951,296.91 )</u>
Closing balance	<u>684,941,295.72</u>	<u>576,518,555.14</u>	<u>34,793,257.90</u>	<u>73,877,754.43</u>	<u>1,370,130,863.19</u>
Accumulated depreciation					
Opening balance	221,075,804.37	394,132,969.99	19,130,759.80	46,390,226.40	680,729,760.56
Provision	17,233,030.35	20,657,519.25	3,991,745.58	8,681,484.88	50,563,780.06
Disposal or retirement	-	(25,156,561.59 )	(2,041,647.73 )	(685,037.78 )	(27,883,247.10 )
Effect of exchange rate movements	<u>(3,806,854.73 )</u>	<u>(11,602,417.09 )</u>	<u>74,550.30</u>	<u>74,669.40</u>	<u>(15,260,052.12 )</u>
Closing balance	<u>234,501,979.99</u>	<u>378,031,510.56</u>	<u>21,155,407.95</u>	<u>54,461,342.90</u>	<u>688,150,241.40</u>
Carrying amount					
Closing	<u>450,439,315.73</u>	<u>198,487,044.58</u>	<u>13,637,849.95</u>	<u>19,416,411.53</u>	<u>681,980,621.79</u>
Opening	<u>443,408,671.21</u>	<u>126,919,166.64</u>	<u>16,380,524.64</u>	<u>25,143,214.55</u>	<u>611,851,577.04</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

16. Fixed assets (cont'd)

As at 31 December 2024, no registration certificate for properties has been obtained for the new plant with carrying amount of RMB57,236,634.24 (2023: RMB51,528,107.01).

17. Construction in progress

(1) Status of construction in progress

	2024			2023		
	Gross amount	Impairment allowance	Carrying amount	Gross amount	Impairment allowance	Carrying amount
Plants and buildings	379,310,179.88	-	379,310,179.88	161,127,696.15	-	161,127,696.15
Equipment installation	25,516,415.14	-	25,516,415.14	34,429,401.65	-	34,429,401.65
	<u>404,826,595.02</u>	<u>-</u>	<u>404,826,595.02</u>	<u>195,557,097.80</u>	<u>-</u>	<u>195,557,097.80</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

17. Construction in progress (cont'd)

(2) Movements in substantial construction in progress

	Budget	Opening balance	Increase in the year	Transferred to fixed assets in the year	Other decrease	Closing balance	Funding source	Input as a % of budget
Fosber Group - Plant Construction Project	334,893,650.00	16,605,803.05	148,260,640.59	-	(4,535,299.01)	160,331,144.63	Self-funded	49.23
Parsun Power - Plant Construction Project	348,503,300.00	86,863,545.66	37,215,903.85	-	-	124,079,449.51	Self-funded	35.60
Parsun Power - Plant Construction Project	300,000,000.00	39,727,491.84	48,880,401.61	-	-	88,607,893.45	Self-funded, loans from financial institutions	29.54
Fosber Asian – Fosber Songgang Plant	32,753,000.00	4,268,623.84	1,167,609.18	-	-	5,436,233.02	Self-funded	16.60
Tiruña S.L.U.- Corrugated roller production equipment	71,697,343.90	25,079,297.27	47,896.86	(22,147,068.34)	(493,243.17)	2,486,882.62	Self-funded	35.05
Tiruña Asian-Plant Construction Project	85,745,627.16	13,657,520.15	20,242,574.58	(33,048,847.44)	-	851,247.29	Self-funded	99.63
Others	-	9,354,815.99	16,146,284.56	(2,224,715.60)	(242,640.45)	23,033,744.50	Self-funded	-
	<u>1,173,592,921.06</u>	<u>195,557,097.80</u>	<u>271,961,311.23</u>	<u>(57,420,631.38)</u>	<u>(5,271,182.63)</u>	<u>404,826,595.02</u>		

	Percentage of completion (%)	Capitalized amount of interest accumulatively	Interest capitalized in the year	Ratio of interest capitalized in the year (%)
Fosber Asian – Fosber Songgang Plant	29.54	<u>147,075.68</u>	<u>147,075.68</u>	100.00
		<u>147,075.68</u>	<u>147,075.68</u>	

V. Notes to the Consolidated Financial Statements (cont'd)

18. Right-of-use assets

	Buildings	Vehicles	Total
<b>Cost</b>			
Opening balance	118,754,693.52	28,790,487.11	147,545,180.63
Increase	711,105.56	7,322,747.52	8,033,853.08
Disposal	(4,272,892.38	) -	(4,272,892.38
Effect of exchange rate movements	(3,420,844.28	) (1,472,487.35	) (4,893,331.63
Closing balance	<u>111,772,062.42</u>	<u>34,640,747.28</u>	<u>146,412,809.70</u>
<b>Accumulated depreciation</b>			
Opening balance	47,297,298.40	17,905,483.40	65,202,781.80
Provision	16,854,648.41	5,033,665.81	21,888,314.22
Disposal	(2,327,076.00	) -	(2,327,076.00
Effect of exchange rate movements	(1,608,545.43	) (889,863.20	) (2,498,408.63
Closing balance	<u>60,216,325.38</u>	<u>22,049,286.01</u>	<u>82,265,611.39</u>
<b>Carrying amount</b>			
Closing	<u>51,555,737.04</u>	<u>12,591,461.27</u>	<u>64,147,198.31</u>
Opening	<u>71,457,395.12</u>	<u>10,885,003.71</u>	<u>82,342,398.83</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

19. Intangible assets

	Land use rights	Land ownership	Patented technologies	Trademarks and software	Total
Gross amount					
Opening balance	177,783,228.49	16,814,786.28	119,970,675.09	205,927,442.07	520,496,131.93
Purchases	-	-	9,360,825.89	12,683,000.69	22,043,826.58
Internal R&D	-	-	-	(525.32)	(525.32)
Disposal	-	(713,524.41)	(4,421,445.16)	(7,126,550.63)	(12,261,520.20)
Effect of exchange rate movements					
	177,783,228.49	16,101,261.87	124,910,055.82	211,483,366.81	530,277,912.99
Closing balance					
Accumulated depreciation					
Opening balance	28,873,664.24	-	80,633,114.94	45,034,872.70	154,541,651.88
Provision	-	-	-	(525.32)	(525.32)
Disposal	-	-	(3,108,882.51)	(1,418,464.04)	(4,527,346.55)
Effect of exchange rate movements					
	32,729,685.75	-	86,977,196.91	54,006,823.89	173,713,706.55
Closing balance					
Carrying amount					
Closing	145,053,542.74	16,101,261.87	37,932,858.91	157,476,542.92	356,564,206.44
Opening	148,909,564.25	16,814,786.28	39,337,560.15	160,892,569.37	365,954,480.05

As at 31 December 2024, the proportion of intangible assets formed through internal research and development to the carrying amount of intangible assets at the end of the year was 2.88%.

As of 31 December 2024, there were no intangible assets without property rights certificates.

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

20. Goodwill

(1) Original value of good will

	Opening balance	Increase in the year		Decrease in the year	Closing balance
		Exchange movements	rate	Disposal allocated to disposal groups held for sale	
Fosber Group	161,353,929.07	(6,846,948.20	)	-	154,506,980.87
Parsun Power	208,031,946.10	-		-	208,031,946.10
Italy EDF	68,997,515.28	(2,927,864.33	)	-	66,069,650.95
Italy QCorr	13,680,836.70	(580,537.34	)	-	13,100,299.36
Wonder Printing	119,422,168.56	-		-	119,422,168.56
	<u>571,486,395.71</u>	<u>(10,355,349.87</u>	<u>)</u>	<u>-</u>	<u>561,131,045.84</u>

(2) Movements in impairment allowances for goodwill

	Opening balance	Increase in the year			Decrease in the year	Closing balance
		Allowance	Exchange movements	rate	Disposal allocated to disposal groups held for sale	
Parsun Power	61,855,054.35	-	-		-	61,855,054.35
EDF	68,997,515.28	-	(2,927,864.33	)	-	66,069,650.95
Wonder Printing	-	8,217,037.61	-		-	8,217,037.61
	<u>130,852,569.63</u>	<u>8,217,037.61</u>	<u>(2,927,864.33</u>	<u>)</u>	<u>-</u>	<u>136,141,742.91</u>

(3) Information about the asset groups

Corrugator line business asset group of Fosber Group

The corrugator line business asset group is an asset group owned by Fosber Group, consistent with the asset group combination determined on the purchase date and during impairment tests of the previous years. The carrying amount of the corrugator line business asset group was RMB687.83 million. The recoverable amount is determined using the present value of the projected future cash flows of the asset group combination according to the cash flow forecasting based on the financial budget over a five-year period approved by the management. The perpetual cash flows are determined at the level of the last year of the detailed forecast period and based on the industry development trend and other factors. The discount rate used in cash flow forecasting was 18.81% (20.59% in 2023).

V. Notes to the Consolidated Financial Statements (cont'd)

20. Goodwill (cont'd)

(3) Information about the asset groups (cont'd)

Power machine business asset group of Parsun Power

The power machine business asset group is an asset group owned by Parsun Power, consistent with the asset group combination determined on the purchase date and during impairment tests of the previous years. The carrying amount of the power machine business asset group was RMB307.64 million. The recoverable amount is determined using the present value of the projected future cash flows of the asset group combination according to the cash flow forecasting based on the financial budget over a five-year period approved by the management. The perpetual cash flows will be determined at the level of the last year of the detailed forecast period and based on the industry development trend and other factors. The discount rate used in cash flow forecasting was 10.83% (11.85% in 2023).

Corrugator line business asset group of Italy QCorr

The corrugator line business asset group of Italy QCorr is the only asset group owned by Italy QCorr, consistent with the asset group combination determined on the purchase date. The carrying amount of the corrugator line asset group was RMB54.41 million. The recoverable amount is determined using the present value of the projected future cash flows of the asset group combination according to the cash flow forecasting based on the financial budget over a five-year period approved by the management. The perpetual cash flows will be determined at the level of the last year of the detailed forecast period and based on the industry development trend and other factors. The discount rate used in cash flow forecasting was 21.27% (19.34% in 2023).

Corrugated carton printer business asset group of Italy EDF

For the corrugated carton printer business asset group of Italy EDF, impairment allowances for goodwill were established in full amount in 2019.

Corrugated digital printer business asset group of Wonder Printing

The digital printer business asset group is the only asset group owned by Wonder Printing, consistent with the asset group combination determined on the purchase date. The carrying amount of the digital printer business asset group was RMB 257.30 million. The recoverable amount is determined using the present value of the projected future cash flows of the asset group combination according to the cash flow forecasting based on the financial budget over a five-year period approved by the management and the industry development trend and other factors. The perpetual cash flows are determined at the level of the last year of the detailed forecast period and based on the industry development trend and other factors. The discount rate used in cash flow forecasting was 11.88% (12.17% in 2023).

V. Notes to the Consolidated Financial Statements (cont'd)

20. Goodwill (cont'd)

Where the recoverable amount is determined according to the present value of the expected future cash flows:

	Carrying amount	Recoverable amount	Impairment amount (Note 1)	Years budget/forecast period	of Key parameters budget/forecast period	Key parameters of stable period	Basis of determination parameters of stable period
Fosber Group	687,829,991.96	3,878,307,399.01	-	5	years	Revenue growth rate	Based on 0% revenue growth rate for stable period
Parsun Power	307,641,693.71	930,670,000.00	-	5	years	Revenue growth rate	Based on 0% revenue growth rate for stable period
Italy QCorr	54,408,294.55	390,779,259.00	-	5	years	Revenue growth rate	Based on 0% revenue growth rate for stable period
Wonder Printing	257,301,838.45	241,190,000.00	16,111,838.45	5	years	Revenue growth rate	Based on 0% revenue growth rate for stable period
	<u>1,307,181,818.67</u>	<u>5,440,946,658.01</u>	<u>16,111,838.45</u>				

Note 1: The amount of goodwill impairment attributable to the shareholders of the parent company is RMB8,217,037.61.

Goodwill acquired in business combinations is allocated to the following asset groups or asset group portfolios for impairment testing:

- Corrugator line business asset group of Fosber Group
- Power machine business asset group of Parsun Power
- Corrugator line business asset group of Italy QCorr
- Corrugated carton printer business asset group of Italy EDF
- Corrugated digital printer business asset group of Wonder Printing

The following describes the key assumptions made by the management in determining cash flow forecasting for goodwill impairment testing:

Revenue growth rate in forecast period	-	Developed based on the revenue generated in the year prior to the forecast period, taking into account the anticipated market development.
Budget gross margin	-	Developed based on the average gross margin of historical operating results and expectations for market development.

Notes to the Financial Statements (Cont'd)

Expressed in Renminbi Yuan

Discount rate - The discount rate used is the pre-tax discount rate that reflects the specific risks of the relevant asset group or asset group combination.

V. Notes to the Consolidated Financial Statements (cont'd)

20. Goodwill (cont'd)

The amount of the key assumptions allocated to the above asset group or asset group portfolio is consistent with the Group's historical experience and external information.

21. Long-term prepaid expenses

	Opening balance	Increase in the year	Amortization in the year	Closing balance
Amortization of moulds	17,021,708.05	5,798,599.74	(8,343,056.25)	14,477,251.54
Office decoration expenditures	3,914,240.70	-	(1,274,947.54)	2,639,293.16
Plant decoration expenditures	3,119,789.38	111,926.60	(2,059,011.28)	1,172,704.70
Expenditures on supporting engineering for plants	1,841,048.98	87,364.55	(896,933.75)	1,031,479.78
CE certification fee	484,110.53	349,745.62	(418,052.07)	415,804.08
Others	2,162,683.90	-	(180,646.97)	1,982,036.93
	<u>28,543,581.54</u>	<u>6,347,636.51</u>	<u>(13,172,647.86)</u>	<u>21,718,570.19</u>

22. Deferred tax assets/liabilities

(1) Deferred tax assets before offsetting

	2024		2023	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Deferred tax assets				
Deductible loss	47,734,216.35	8,660,456.54	41,464,787.21	7,585,286.13
Provisions—after-sales maintenance service charges	48,001,485.88	11,520,356.61	31,106,124.16	7,465,469.80
Deferred income	1,048,858,286.21	158,814,236.91	1,148,967,602.00	174,998,363.51
Accrued expenses	138,790,149.48	36,017,710.44	137,007,925.99	35,957,989.47
Asset impairment allowances	14,790,331.66	2,218,549.75	52,411,022.56	11,682,516.17
Equity incentive expenses	66,952,010.17	11,858,922.37	48,552,350.45	9,375,318.47
Credit impairment loss	8,039,014.18	1,205,852.11	1,549,606.23	237,403.35
Internal unrealized profit	36,461,019.37	7,620,555.43	41,884,654.49	9,319,501.09
Lease liabilities	66,292,896.00	15,265,968.52	86,124,650.56	18,077,230.45
Others	120,546,724.93	24,174,916.88	115,360,294.07	25,693,245.48
	<u>1,596,466,134.23</u>	<u>277,357,525.56</u>	<u>1,704,429,017.72</u>	<u>300,392,323.92</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

22. Deferred tax assets/liabilities (cont'd)

(2) Deferred tax liabilities before offsetting

	2024		2023	
	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities
Deferred tax liabilities				
Financial assets at fair value through profit or loss	7,897,264.33	566,246.42	1,794,832.35	233,592.92
Increase in value in asset valuation	36,211,780.48	6,266,802.33	42,559,397.20	7,565,638.16
Depreciation difference of fixed assets	54,682,485.61	9,197,111.97	61,963,523.25	10,363,510.02
Right-of-use assets	64,040,183.00	14,687,786.79	81,531,113.56	17,181,306.44
Others	112,555,579.09	26,495,758.32	69,220,019.79	18,030,160.88
	<u>275,387,292.51</u>	<u>57,213,705.83</u>	<u>257,068,886.15</u>	<u>53,374,208.42</u>

(3) Deferred tax assets or liabilities offset and presented as a net amount:

	2024		2023	
	Offset amount	Offset balance	Offset amount	Offset balance
Deferred tax assets	55,170,776.35	222,186,749.21	44,519,914.14	255,872,409.78
Deferred tax liabilities	55,170,776.35	2,042,929.48	44,519,914.14	8,854,294.28

(4) Schedule of deferred tax assets not recognized

	2024	2023
Deductible temporary differences	2,322,421.40	3,925,408.90
Deductible losses	<u>170,662,463.46</u>	<u>149,803,433.80</u>
	<u>172,984,884.86</u>	<u>153,728,842.70</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

22. Deferred tax assets/liabilities (cont'd)

(5) Analysis of expiration date of deductible temporary differences and tax losses not recognized as deferred tax assets

	2024	2023
2024	-	4,418,846.10
2025	16,306,590.04	13,984,168.64
2026	12,841,957.31	12,841,957.31
2027	73,324,757.62	73,324,757.62
2028	46,744,666.65	49,159,113.03
2029	23,766,913.24	-
	<u>172,984,884.86</u>	<u>153,728,842.70</u>

The Company has accrued deferred tax assets of RMB155,138,840.62 (2023: RMB168,933,394.30) for the accumulated deductible losses of RMB1,015,146,317.47 based on the forecast of its profits in the next five years.

23. Other non-current assets

	2024 Carrying amount	2023 Carrying amount
Prepayment for acquisition of long-term assets	82,384,181.65	87,122,697.89
Certificates of deposit	10,579,534.25	10,248,630.14
Others	60,893.15	66,274.25
	<u>93,024,609.05</u>	<u>97,437,602.28</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

24. Assets with restricted ownership or right of use

	2024	2023	Limited type
Cash and bank balances	76,759,834.79	153,905,292.65	Deposit, pledge and Note 1 freezing
Fixed assets	<u>61,309,010.26</u>	<u>4,460,554.82</u>	Mortgage Note 2
	<u>138,068,845.05</u>	<u>158,365,847.47</u>	

Note 1: At 31 December 2024, currency funds with carrying amount of RMB76,759,834.79 were used to obtain deposits for bank acceptance bills, letters of guarantee, loans, forward settlement and sales of foreign exchange and other payments (31 December 2023: RMB153,905,292.65); no currency funds were pledged as time deposits (31 December 2023: currency funds with carrying amount of RMB480,000.00 were pledged as time deposits); no currency funds were legally frozen (31 December 2023: currency funds with carrying amount of RMB267,500.00 were legally frozen).

Note 2: At 31 December 2024, a carrying amount of RMB61,309,010.26 (31 December 2023: RMB4,460,554.82) of fixed assets was pledged for the Group to obtain bank loans with a maturity until 2032.

25. Short-term borrowings

	2024	2023
Credit loan	59,829,377.75	89,544,237.78
Bills discounted	25,560,751.24	20,461,553.62
Guaranteed loan	-	<u>260,544,181.40</u>
	<u>85,390,128.99</u>	<u>370,549,972.80</u>

26. Derivative financial liabilities

	2024	2023
Non-controlling interests put options	205,222,952.29	115,900,827.21
Foreign currency derivatives	<u>993,286.71</u>	-
	<u>206,216,239.00</u>	<u>115,900,827.21</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

27. Notes payable

	2024	2023
Bank acceptance notes	<u>144,137,609.00</u>	<u>152,433,276.09</u>
	<u>144,137,609.00</u>	<u>152,433,276.09</u>

As at 31 December 2024, outstanding notes payable upon maturity were nil (31 December 2023: nil).

28. Accounts payable

	2024	2023
Purchases of inventories	<u>687,235,330.65</u>	<u>737,544,841.42</u>
	<u>687,235,330.65</u>	<u>737,544,841.42</u>

As at 31 December 2024, substantial accounts payable with aging over 1 year were nil (31 December 2023: nil).

29. Contract liabilities

(1) Contract liabilities

	2024	2023
Contract liabilities	<u>373,931,068.16</u>	<u>645,608,919.34</u>
	<u>373,931,068.16</u>	<u>645,608,919.34</u>

As at 31 December 2024, there were no significant contract liabilities with aging over one year (31 December 2023: nil).

Information about contractual performance obligations is as follows:

Corrugator line, corrugated case printing and packaging equipment and outboard engine sales  
Fulfill the contractual performance obligations when relevant products are delivered to the customers and the control over the equipment is transferred. For all customers, the contract price usually expires within 1 to 12 months after relevant products are delivered and the control over the equipment is transferred.

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

30. Employee benefits payable

Employee benefits payable

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Short-term benefits	139,561,863.20	732,273,771.13	746,436,545.42	125,399,088.91
Retirement benefits (defined contribution schemes)	13,721,068.90	110,102,677.96	109,679,823.39	14,143,923.47
	<u>153,282,932.10</u>	<u>842,376,449.09</u>	<u>856,116,368.81</u>	<u>139,543,012.38</u>

Short-term benefits

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Salaries, bonuses, allowances and subsidies	132,643,220.01	644,483,702.39	658,876,388.30	118,250,534.10
Employee welfare	5,755,809.78	34,308,186.17	34,063,153.64	6,000,842.31
Social security contributions	295,721.94	46,179,613.92	46,124,868.02	350,467.84
Including: Medical insurance	242,676.82	30,978,253.16	31,003,887.92	217,042.06
Work injury insurance	36,933.13	14,586,460.47	14,505,970.32	117,423.28
Maternity insurance	16,111.99	614,900.29	615,009.78	16,002.50
Housing funds	614,072.00	5,690,007.99	5,679,514.99	624,565.00
Labour union funds and employee education funds	253,039.47	1,612,260.66	1,692,620.47	172,679.66
	<u>139,561,863.20</u>	<u>732,273,771.13</u>	<u>746,436,545.42</u>	<u>125,399,088.91</u>

Defined contribution schemes

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Basic endowment insurance	13,703,110.06	109,479,702.26	109,056,483.43	14,126,328.89
Unemployment insurance	17,958.84	622,975.70	623,339.96	17,594.58
	<u>13,721,068.90</u>	<u>110,102,677.96</u>	<u>109,679,823.39</u>	<u>14,143,923.47</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

31. Tax payable

	2024	2023
Corporate income tax	51,562,827.67	45,973,508.11
Individual income tax	13,973,593.51	11,897,332.76
Value-added tax	2,649,513.81	5,649,692.90
City maintenance and construction tax	294,045.12	430,752.88
Property tax	265,497.57	2,731,038.94
Education surcharge	210,001.65	307,070.00
Land use tax	120,185.89	468,302.25
Stamp duties	118,826.19	151,505.57
Others	106.62	-
	<u>69,194,598.03</u>	<u>67,609,203.41</u>

32. Other payables

	2024	2023
Other payables	<u>117,617,259.50</u>	<u>126,415,425.61</u>
	<u>117,617,259.50</u>	<u>126,415,425.61</u>

Other payables classified by nature

	2024	2023
Accrued expenses	46,653,027.39	53,166,304.73
Equipment engineering	45,315,052.50	19,840,309.82
Equity acquisition	8,000,000.00	31,587,327.06
Repurchase of restricted shares	720,000.00	2,290,000.00
Security deposits	1,780,393.50	2,557,648.92
Payables for settled lawsuit	751,998.05	3,311,817.37
Others	<u>14,396,788.06</u>	<u>13,662,017.71</u>
Total	<u>117,617,259.50</u>	<u>126,415,425.61</u>

As at 31 December 2024, substantial other payables with aging over 1 year were nil.

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

33. Current portion of non-current liabilities

	2024	2023
Current portion of long-term borrowings	61,229,428.22	35,871,630.01
Of which: Credit loan	37,133,116.15	14,938,682.49
Guaranteed loan	16,787,017.80	20,683,642.46
Mortgage loan	7,309,294.27	249,305.06
Current portion of lease liabilities	<u>20,401,356.43</u>	<u>21,129,766.43</u>
Total	<u>81,630,784.65</u>	<u>57,001,396.44</u>

34. Other current liabilities

	2024	2023
Endorsed notes receivable	31,544,970.78	5,375,919.77
Output tax to be written off	<u>10,287,364.93</u>	<u>3,769,255.24</u>
Total	<u>41,832,335.71</u>	<u>9,145,175.01</u>

35. Long-term borrowings

	2024	2023
Credit loan	91,626,403.51	57,454,387.85
Mortgage loan	61,866,952.89	2,150,669.29
Guaranteed loan	<u>33,218,557.13</u>	<u>55,374,274.02</u>
	186,711,913.53	114,979,331.16
Of which: Current portion of long-term borrowings	<u>(61,229,428.22)</u>	<u>(35,871,630.01)</u>
Total	<u>125,482,485.31</u>	<u>79,107,701.15</u>

As at 31 December 2024, the annual interest rates of the above borrowings ranged from 0.0% to 5.38% (31 December 2023: 0.0%-5.65%).

As at 31 December 2024 and 31 December 2023, the Group has no loans overdue.

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

36. Lease liabilities

	2024	2023
Lease payments	68,068,158.39	86,991,207.75
Less: Current portion of non-current liabilities	<u>20,401,356.43</u>	<u>21,129,766.43</u>
Total	<u><u>47,666,801.96</u></u>	<u><u>65,861,441.32</u></u>

37. Long-term employee benefits payable

(1) Long-term employee benefits payable

	2024	2023
Net liabilities of defined benefit schemes	<u>13,128,052.34</u>	<u>13,964,394.20</u>
Total	<u><u>13,128,052.34</u></u>	<u><u>13,964,394.20</u></u>

(2) Movements in defined benefit obligations

Movements in the present value of defined benefit obligations are as follows:

	2024	2023
Opening balance	13,964,394.20	13,179,944.17
Included in profit or loss		
Current service cost	847,235.35	298,718.86
Net interest	417,031.86	60,856.56
Included in other comprehensive income		
Actuarial gains or losses	(126,738.95	) 44,025.32
Other changes		
Benefits paid	(1,387,765.63	) (394,106.12
Effect of exchange rate movements	<u>(586,104.49</u>	<u>) 774,955.41</u>
Closing balance	<u><u>13,128,052.34</u></u>	<u><u>13,964,394.20</u></u>

V. Notes to the Consolidated Financial Statements (cont'd)

37. Long-term employee benefits payable (cont'd)

(2) Movements in defined benefit obligations (cont'd)

Defined benefit schemes refer to retirement compensation (Trattamento di Fine Rapporto, for short, "TFR") of the Group according to Italian regulations. The latest actuarial valuation of the scheme assets and the present value of the obligation associated with the defined benefit scheme were determined as at 31 December 2024 by Italian actuarial institution Managers & Partners – Actuarial Services S.p.A. using the expected accumulated benefit unit method.

(3) Key actuarial assumptions and results of sensitivity analysis of key assumptions used for defined benefit schemes

Key actuarial assumptions used as at the balance sheet date are as follows:

	2024	2023
Separation rate	2.50%	2.50%
Inflation rate	2.00%	2.00%
Discount rate	3.18%	3.08%

The quantitative sensitivity analysis of key assumptions used is as follows:

2024

	Increase %	Increase/(decrease) in obligations of defined benefit scheme	Decrease %	Increase/(decrease) in obligations of defined benefit scheme
Separation rate	1.00	23,512.47	1.00	(25,760.55 )
Inflation rate	0.25	79,317.72	0.25	(77,996.96 )
Discount rate	0.25	(122,870.52 )	0.25	126,839.58

2023

	Increase %	Increase/(decrease) in obligations of defined benefit scheme	Decrease %	Increase/(decrease) in obligations of defined benefit scheme
Separation rate	1.00	22,821.94	1.00	(25,101.66 )
Inflation rate	0.25	86,826.24	0.25	(85,238.92 )
Discount rate	0.25	(134,531.35 )	0.25	139,045.20

The above sensitivity analysis is based on an inference of the impact of key assumptions on the defined benefit scheme obligation at a reasonable change on the balance sheet date. Sensitivity analysis is made according to the changes in major assumptions on the premise that other assumptions remain unchanged. Since the changes in assumptions are often not isolated from one another, sensitivity analysis may not represent an actual change in the defined benefit obligation.

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

38. Provisions

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Product quality warranty	135,804,488.12	86,796,528.26	83,810,866.90	138,790,149.48
Others	<u>32,554,465.72</u>	<u>2,282,983.28</u>	<u>26,806,969.22</u>	<u>8,030,479.78</u>
	<u>168,358,953.84</u>	<u>89,079,511.54</u>	<u>110,617,836.12</u>	<u>146,820,629.26</u>

39. Deferred income

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Government grants	<u>9,956,991.66</u>	<u>6,000,000.00</u>	<u>1,166,660.00</u>	<u>14,790,331.66</u>
Total	<u>9,956,991.66</u>	<u>6,000,000.00</u>	<u>1,166,660.00</u>	<u>14,790,331.66</u>

40. Other non-current liabilities

	2024	2023
Purchase obligations of non-controlling interest options	-	16,941,926.93
Other	<u>7,573,539.20</u>	<u>5,476,927.87</u>
Total	<u>7,573,539.20</u>	<u>22,418,854.80</u>

The option repurchase obligation relates to the non-controlling interests of QCorr. At 31 December 2024, the repurchase obligation period of minority shareholders' put options of QCorr was less than one year, which was transferred from other non-current liabilities to derivative financial liabilities.

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

41. Share capital

	Opening balance	Other changes		Closing balance
		Others	Total	
Total share capital	1,240,618,400.00	(21,572,060.00 )	(21,572,060.00 )	1,219,046,340.00
Total	<u>1,240,618,400.00</u>	<u>(21,572,060.00 )</u>	<u>(21,572,060.00 )</u>	<u>1,219,046,340.00</u>

For the current year, the total number of shares cancelled by the Company was 21,572,060 shares, and the total number of shares of the Company changed from 1,240,618,400 shares to 1,219,046,340 shares after the cancellation.

42. Capital surplus

	Opening balance	Increase in the year (Note 1)	Decrease in the year (Note 2)	Closing balance
Share premium	2,752,232,589.91	-	79,203,431.39	2,673,029,158.52
Others	<u>137,696,407.30</u>	<u>8,256,530.70</u>	<u>-</u>	<u>145,952,938.00</u>
Total	<u>2,889,928,997.21</u>	<u>8,256,530.70</u>	<u>79,203,431.39</u>	<u>2,818,982,096.52</u>

Note 1: The increase in capital reserve is as follows:

During the year, the Group's share-based payment was included in shareholders' equity and the capital reserve was increased by RMB8,256,530.70.

Note 2: The decrease in capital reserve is as follows:

During the year, the Company cancelled 21,572,060 shares (as described in Note V.41) and reduced capital reserve by RMB79,203,431.39.

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

43. Treasury shares

	Opening balance	Increase in the year (Note)	Decrease in the year (Note)	Closing balance
Share repurchase	218,298,532.79	-	101,065,491.39	117,233,041.40
Total	<u>218,298,532.79</u>	<u>-</u>	<u>101,065,491.39</u>	<u>117,233,041.40</u>

Note: Changes in the year are as follows:

The decrease in treasury shares was mainly driven by the Company's retirement of shares in the year (as described in Item 41 of Note V).

44. Other comprehensive income

Cumulative balance of other comprehensive income attributable to shareholders of the Company in the consolidated balance sheet:

2024

	1 January 2024	Change	31 December 2024
Changes due to remeasurement of defined benefit schemes	1,164,980.51	126,738.95	1,291,719.46
Differences arising from the translation of foreign currency-denominated financial statements	74,001,070.08	(45,439,499.73 )	28,561,570.35
Others	(43,972.07 )	-	(43,972.07 )
Total	<u>75,122,078.52</u>	<u>(45,312,760.78 )</u>	<u>29,809,317.74</u>

2023

	1 January 2023	Change	31 December 2023
Changes due to remeasurement of defined benefit schemes	1,209,005.83	(44,025.32 )	1,164,980.51
Differences arising from the translation of foreign currency-denominated financial statements	25,347,883.31	48,653,186.77	74,001,070.08
Others	(43,972.07 )	-	(43,972.07 )
Total	<u>26,512,917.07</u>	<u>48,609,161.45</u>	<u>75,122,078.52</u>

V. Notes to the Consolidated Financial Statements (cont'd)

44. Other comprehensive income (cont'd)

## Notes to the Financial Statements (Cont'd)

Expressed in Renminbi Yuan

Other comprehensive income:

2024

	Before tax	Less: Income tax	Attributable to owners of the parent	Attributable to non-controlling interests
Other comprehensive income that will not be reclassified to profit or loss				
Changes caused by remeasurements on defined benefit schemes	126,738.95	-	126,738.95	-
Other comprehensive income that will be reclassified to profit or loss				
Differences arising from the translation of foreign currency-denominated financial statements	(45,283,314.18 )	-	(45,439,499.73 )	156,185.55
Total	<u>(45,156,575.23 )</u>	<u>-</u>	<u>(45,312,760.78 )</u>	<u>156,185.55</u>

2023

	Before tax	Less: Income tax	Attributable to owners of the parent	Attributable to non-controlling interests
Other comprehensive income that will not be reclassified to profit or loss				
Changes caused by remeasurements on defined benefit schemes	(44,025.32 )	-	(44,025.32 )	-
Other comprehensive income that will be reclassified to profit or loss				
Differences arising from the translation of foreign currency-denominated financial statements	48,118,257.53	-	48,653,186.77	(534,929.24 )
Total	<u>48,074,232.21</u>	<u>-</u>	<u>48,609,161.45</u>	<u>(534,929.24 )</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

45. Special reserve

	Opening balance	Provision in the year	Utilisation in the year	Closing balance
Expenses for Safety Production	<u>16,229,817.03</u>	<u>3,183,215.00</u>	<u>1,306,645.28</u>	<u>18,106,386.75</u>
Total	<u><u>16,229,817.03</u></u>	<u><u>3,183,215.00</u></u>	<u><u>1,306,645.28</u></u>	<u><u>18,106,386.75</u></u>

46. Surplus reserves

	Opening balance	Increase in the year	Decrease in the year	Closing balance
Statutory surplus reserves	<u>51,830,974.45</u>	<u>-</u>	<u>-</u>	<u>51,830,974.45</u>
	<u><u>51,830,974.45</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>51,830,974.45</u></u>

Pursuant to the Company Law, when the Company allocates after-tax profits of the year, the Company shall set aside 10% net profit after making up losses in previous years as its statutory surplus reserves. When the Company's statutory reserves are not enough to make up losses in previous years, the Company shall first make up the losses with profits in the year before it withdraws statutory surplus reserves according to the above-mentioned regulation. As there are still losses that can be made up in the Company's account, statutory surplus reserves are not made in the current year.

47. Retained earnings

	2024	2023
Opening retained earnings	456,258,959.55	23,018,722.11 )
Net profit attributable to owners of the parent	<u>500,578,449.68</u>	<u>433,240,237.44</u>
Closing retained earnings	<u><u>956,837,409.23</u></u>	<u><u>456,258,959.55</u></u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

48. Operating revenue and costs

Operating revenue and costs

	2024		2023	
	Revenue	Costs	Revenue	Costs
Principal operations	4,730,539,700.76	3,310,269,030.03	4,711,802,008.34	3,413,751,936.36
Other operations	47,315,901.93	30,226,796.91	33,935,313.49	24,272,817.55
Total	<u>4,777,855,602.69</u>	<u>3,340,495,826.94</u>	<u>4,745,737,321.83</u>	<u>3,438,024,753.91</u>

Operating revenue is as follows:

	2024	2023
Revenue generating from contracts with customers	4,776,580,603.72	4,744,476,136.89
Rental income	<u>1,274,998.97</u>	<u>1,261,184.94</u>
Total	<u>4,777,855,602.69</u>	<u>4,745,737,321.83</u>

Breakdown of operating revenue

Breakdown of operating revenue arising from contracts with customers is as follows:

2024

Reporting segments	Total
Principal product type	
Goods	4,486,396,868.05
Services	<u>290,183,735.67</u>
Total	<u>4,776,580,603.72</u>
Principal operating segment	
Mainland China	551,722,648.45
Other regions	<u>4,224,857,955.27</u>
Total	<u>4,776,580,603.72</u>
Timing of revenue recognition	
Revenue recognised at a point in time	4,486,396,868.05
Revenue recognised over time	<u>290,183,735.67</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan  
Total

4,776,580,603.72

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

48. Operating revenue and costs (cont'd)

Breakdown of operating revenue (cont'd)

2023

Reporting segments	Total
Principal product type	
Goods	4,345,601,360.53
Services	<u>398,874,776.36</u>
Total	<u><u>4,744,476,136.89</u></u>
Principal operating segment	
Mainland China	744,020,072.39
Other regions	<u>4,000,456,064.49</u>
Total	<u><u>4,744,476,136.88</u></u>
Timing of revenue recognition	
Revenue recognised at a point in time	4,345,601,360.53
Revenue recognised over time	<u>398,874,776.36</u>
Total	<u><u>4,744,476,136.89</u></u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

48. Operating revenue and costs (cont'd)

Breakdown of operating cost

Reporting segments	Total	
Principal product type		
Goods		3,190,289,675.93
Services		<u>150,206,151.01</u>
Total		<u><u>3,340,495,826.94</u></u>
Principal operating segment		
Mainland China		441,741,841.88
Other regions		<u>2,898,753,985.06</u>
Total		<u><u>3,340,495,826.94</u></u>
By revenue recognition time		
Revenue recognition at a point of time		3,190,289,675.93
Revenue recognition for a period of time		<u>150,206,151.01</u>
Total		<u><u>3,340,495,826.94</u></u>
(4) Performance obligations		
The amount of revenue recognized from:		
	2024	2023
Contract liabilities at the beginning of the year	<u>574,535,516.65</u>	<u>581,304,573.91</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

48. Operating revenue and costs (cont'd)

Performance obligations (cont'd)

Information about the Group's performance obligations is as follows:

	Timing of satisfaction of performance obligations	Significant terms of payment	Nature of goods promised to transfer	Whether principal	the Expected refunds customers	Types of warranties and related obligations
Sales of goods	Upon delivery	50%-90% payment before delivery	Sales of machinery and parts	Yes	Nil	Statutory warranties
Provision of services	During service	After service	Installation and maintenance service	Yes	Nil	Nil
Provision of services	During service	Payment based on service progress	Warranties for services	Yes	Nil	Nil

Allocation of total transaction price to outstanding performance obligations

The expected time for recognizing in revenue the total transaction price allocated to outstanding contractual performance obligations as at the period-end is as follows:

	2024	2023
Within 1 year	<u>373,931,068.16</u>	<u>645,608,919.34</u>
Total	<u><u>373,931,068.16</u></u>	<u><u>645,608,919.34</u></u>

49. Taxes and surcharges

	2024	2023
Property tax	5,081,416.95	5,039,330.50
City maintenance and construction tax	5,053,277.11	4,201,309.37
Education surcharge	2,202,488.38	1,912,550.12
Local education surcharge	1,468,325.59	1,200,374.13
Stamp tax	1,037,733.78	1,212,137.29
Land use tax	736,737.76	800,993.84
Vehicle and vessel tax	13,745.00	14,719.14
Environmental protection tax	2,510.77	25,023.33
Others	<u>161,407.87</u>	<u>146,392.37</u>
Total	<u><u>15,757,643.21</u></u>	<u><u>14,552,830.09</u></u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

50. Selling expenses

	2024	2023 (Restated)
Employee benefits and equity incentive expenses	71,189,012.20	73,673,180.14
Commissions and agency fees	66,789,221.95	65,569,469.47
Advertising and exhibition expenses	23,422,239.24	19,791,182.47
Travel expenses	14,159,930.73	12,198,575.02
Office expenses	2,263,960.48	2,469,847.27
Depreciation and amortization expenses	2,161,555.15	2,828,742.50
Other expenses	12,418,229.86	23,813,324.16
	<hr/>	<hr/>
Total	<u>192,404,149.61</u>	<u>200,344,321.03</u>

51. Administrative expenses

	2024	2023
Employee benefits	177,035,198.12	178,922,030.42
Intermediary expenses	48,237,978.97	35,873,535.50
Depreciation and amortization expenses	27,853,560.60	27,465,333.94
Conference expenses	18,623,645.94	17,171,371.14
Office expenses	15,382,145.16	11,643,977.90
Travel and reception expenses	15,000,563.55	15,935,791.58
Rental expenses	7,521,836.59	6,603,503.97
Equity incentives	6,771,108.33	14,812,302.40
Property management expenses	3,978,693.08	5,547,279.55
Car expenses	1,502,612.89	1,725,795.42
Maintenance expenses	1,491,085.39	1,347,244.81
Materials consumption	774,799.54	2,180,990.32
Other expenses	35,869,160.16	24,995,535.56
	<hr/>	<hr/>
Total	<u>360,042,388.32</u>	<u>344,224,692.51</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

52. R&D expenses

	2024	2023
Employee benefits and equity incentive expenses	73,833,286.02	79,930,804.74
Depreciation and amortization expenses	17,393,986.62	18,038,231.99
Material expenses	5,257,081.18	13,107,475.15
Utilities	739,383.48	1,939,154.97
Assembly testing and debugging expenses	308,145.49	770,749.65
Other expenses	<u>7,992,605.91</u>	<u>13,780,065.92</u>
Total	<u><u>105,524,488.70</u></u>	<u><u>127,566,482.42</u></u>

53. Finance costs

	2024	2023
Interest expenses	23,820,328.49	24,236,011.48
Less: Interest income	45,289,702.90	35,308,583.52
Exchange losses	(7,822,030.84	) 3,836,892.35
Others	<u>4,798,584.37</u>	<u>6,146,062.99</u>
Total	<u><u>(24,492,820.88</u></u>	<u><u>) (1,089,616.70</u></u>

54. Other income

	2024	2023
Government grants related to routine activities	14,143,528.16	15,006,349.35
Refund of handling charges for individual income tax withheld	<u>432,933.77</u>	<u>740,944.47</u>
Total	<u><u>14,576,461.93</u></u>	<u><u>15,747,293.82</u></u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

55. Investment income

	2024	2023
Income from financial assets held for trading	4,678,879.80	12,718,052.00
Interest income from certificates of deposit during the holding period	330,904.11	248,630.14
Bills discount interest	(2,887.50	) -
Income from long-term equity investments measured at equity method	(3,722,072.85	) (2,259,252.98
	<u>1,284,823.56</u>	<u>10,707,429.16</u>

56. Gains and losses on changes in fair value

	2024	2023
Changes in fair value of non-controlling interests call/put options	(2,247,359.65	) 8,472,193.22
Financial assets held for trading	(30,613,618.63	) 58,304,955.92
Derivative financial assets	(20,255,707.48	) (19,389,244.03
Derivative financial liabilities	(1,157,068.01	) -
	<u>(54,273,753.77</u>	<u>) 47,387,905.11</u>

57. Credit impairment loss

	2024	2023
Loss on doubtful accounts receivable	1,961,917.78	10,481,070.60
Allowances losses for other receivables	445,478.41	(2,756.83
Impairment loss on contract assets	(10,156.80	) 63,603.00
	<u>2,397,239.39</u>	<u>10,541,916.77</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

58. Asset impairment loss

	2024	2023
Inventory valuation loss	12,234,095.85	17,341,157.47
Reversed impairment loss on contract assets	3,852,915.41	(124,060.08 )
Impairment loss for goodwill	8,217,037.61	-
Total	<u>24,304,048.87</u>	<u>17,217,097.39</u>

59. Gains and losses on disposal of assets

	2024	2023
Gain/(loss) on disposal of fixed assets	<u>5,496,048.68</u>	<u>716,995.85</u>
Total	<u>5,496,048.68</u>	<u>716,995.85</u>

60. Non-operating income

	2024	2023	Recognized in exceptional gains and losses of 2024
Penalty income	63,263.69	229,338.58	63,263.69
Equity compensation	-	1,686,462.38	-
Litigation compensation	950,000.00	-	950,000.00
Others	<u>5,216,742.83</u>	<u>4,058,840.21</u>	<u>5,216,742.83</u>
Total	<u>6,230,006.52</u>	<u>5,974,641.17</u>	<u>6,230,006.52</u>

61. Non-operating expenses

	2024	2023	Recognized in exceptional gains and losses of 2024
Donations	372,152.23	450,624.37	372,152.23
Penalty expense	100,987.20	14,800,942.90	100,987.20
Loss on disposal of non-current assets	2,205.15	23,374.33	2,205.15
Others	<u>318,470.64</u>	<u>877,433.58</u>	<u>318,470.64</u>
Total	<u>793,815.22</u>	<u>16,152,375.18</u>	<u>793,815.22</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

62. Income tax expenses

	2024	2023
Current income tax expenses	168,833,714.71	194,787,159.35
Deferred tax expenses	24,990,429.22	(6,389,006.63 )
Total	<u>193,824,143.93</u>	<u>188,398,152.72</u>

Reconciliation between income tax expenses and gross profit is as follows:

	2024	2023
Gross profit	733,942,410.23	658,736,734.34
Income tax calculated at applicable tax rates (Note 1)	110,091,361.53	98,810,510.15
Different tax rates for specific provinces or enacted by local authority	65,102,485.56	53,504,528.96
Adjustment to current income tax in previous periods	871,757.84	482,708.87
Supplementary income tax paid by overseas subsidiaries (Note 2)	-	40,581,711.74
Over-deduction for R&D	(7,853,681.39 )	(10,372,245.63 )
Expenses not deductible for tax	10,434,065.31	9,450,693.56
Effect of utilization of deductible temporary differences or deductible losses not recognized as deferred tax assets of previous periods	-	(17,795,959.35 )
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets of current year	<u>15,178,155.08</u>	<u>13,736,204.42</u>
Income tax expenses	<u>193,824,143.93</u>	<u>188,398,152.72</u>

Note 1: The provision for income tax of the Group was recognized based on the estimated taxable income to be derived from mainland China and applicable tax rate. Taxable income derived from other jurisdictions shall be taxed based on applicable tax rate in accordance with the current laws, interpretations and conventions in the country/jurisdiction where the Group operates.

Note 2: Fosber Group, a subsidiary of the Group, reached a tax settlement with the Italian Revenue Agency in October 2023 and paid taxes owed.

V. Notes to the Consolidated Financial Statements (cont'd)

63. Earnings per share

	2024	2023
	RMB/share	RMB/share
Basic earnings per share		
Continuing operations	0.43	0.36
Diluted earnings per share		
Continuing operations	0.43	0.36

Basic earnings per share is computed by dividing the net profit attributable to ordinary shareholders of the Company for the period by the weighted average number of ordinary shares in issue.

In the calculation of diluted earnings per share, the numerator shall be determined based on the net profit attributable to ordinary shareholders of the Company for the period after adjusting the following factors: the interest of diluted potential ordinary shares that have been recognized as expenses in the period; gains or expenses that will be incurred when the diluted potential ordinary shares are converted; and the income tax impact related to the above adjustments.

In the calculation of diluted earnings per share, the denominator shall be the sum of: weighted average number of ordinary shares of the Company in issue adopted in the calculation of basic earnings per share; and weighted average number of ordinary shares created assuming conversion of potentially dilutive ordinary shares into ordinary shares.

In calculating the weighted average number of ordinary shares created upon conversion of potentially dilutive ordinary shares into ordinary shares, potentially dilutive ordinary shares issued in previous periods are assumed to have been converted at the beginning of the current period, whereas potentially dilutive ordinary shares issued in the current period are assumed to have been converted on the date of issue.

Calculations of basic and diluted earnings per share are as follows:

	2024	2023
Earnings		
Net profit attributable to ordinary shareholders of the Company for the year		
Continuing operations	<u>500,578,449.68</u>	<u>433,240,237.43</u>
Shares		
Weighted average number of ordinary shares in issue of the Company	1,175,417,191.33	1,202,048,618.00
Diluting effect—weighted average number of ordinary shares	<u>898,243.37</u>	<u>-</u>
Adjusted weighted average number of ordinary shares in issue of the Company	<u><u>1,176,315,434.70</u></u>	<u><u>1,202,048,618.00</u></u>

V. Notes to the Consolidated Financial Statements (cont'd)

## Notes to the Financial Statements (Cont'd)

Expressed in Renminbi Yuan

## 64. Notes to cash flow statement line items

## (1) Cash related to operating activities

	2024	2023
Cash generated from other operating activities		
Government grants	12,870,707.26	17,630,633.82
Interest income	34,472,003.89	35,811,051.77
Current accounts and others	9,822,499.27	5,369,286.45
Guarantee deposit received	2,494,430.48	1,674,968.57
Deposits	380,227.29	2,600,000.00
	<u>60,039,868.19</u>	<u>63,085,940.61</u>
Total		
Cash used in other operating activities		
Selling expenses in cash	107,900,992.58	167,635,219.01
Administrative expenses in cash	124,881,822.94	122,829,444.94
R&D expenses in cash	9,040,134.88	18,407,566.42
Security deposits	-	2,145,000.00
Letter of guarantee paid	1,524,841.60	1,821,640.29
Tax penalties and interest paid by overseas subsidiaries	-	14,800,942.90
Current accounts and others	14,708,484.36	15,800,877.30
	<u>258,056,276.36</u>	<u>343,440,690.86</u>
Total		

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

64. Notes to cash flow statement line items (Cont'd)

(2) Cash related to investing activities

	2024	2023
Cash received relating to significant investing activities		
Disposal/redemption of financial assets held for trading	1,547,245,820.06	2,665,803,265.78
Total	<u>1,547,245,820.06</u>	<u>2,665,803,265.78</u>
Cash payments relating to significant investing activities		
Purchase of financial assets held for trading	1,655,620,603.60	2,581,570,596.21
Purchase of equity investments	101,688,362.11	50,000,000.00
Increase in capital of associates	-	20,000,000.00
Total	<u>1,757,308,965.71</u>	<u>2,651,570,596.21</u>
	2024	2023
Cash generated from other investing activities		
Investment deposit	42,435,000.00	-
Total	<u>42,435,000.00</u>	<u>-</u>
Cash used in other investing activities		
Investment deposit	49,631,872.01	-
Total	<u>49,631,872.01</u>	<u>-</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

64. Notes to cash flow statement line items (cont'd)

(3) Cash related to financing activities

	2024	2023
Cash generated from other financing activities		
Receipt of deposits related to financial instruments	107,345,506.70	397,528,875.76
Receipt of loan deposits	-	17,700,000.00
Share subscription	-	561,989.99
	<u>107,345,506.70</u>	<u>415,790,865.75</u>
Total		
Cash used in other financing activities		
Share repurchase	6,214,252.00	101,286,016.39
Payment of deposits related to financial instruments	-	199,064,994.22
Payment of loan deposits	-	17,700,000.00
Purchase of non-controlling interests	-	36,698,456.01
Payment of lease principal	24,635,982.77	23,291,683.40
	<u>30,850,234.77</u>	<u>378,041,150.02</u>
Total		

Changes in liabilities arising from financing activities:

	Opening	<u>Changes in the current year</u>		Closing
	balance	Changes in cash	Non-cash changes	balance
Short-term borrowing	370,549,972.80	(283,459,043.58	) (1,700,800.23	) 85,390,128.99
Long-term borrowings (Including current portion of long-term borrowings)	114,979,331.16	74,818,116.70	(3,085,534.33	) 186,711,913.53
Lease liabilities (Including current portion of non-current liabilities)	86,991,207.75	(24,635,982.77	) 5,712,933.41	68,068,158.39
	<u>572,520,511.71</u>	<u>(233,276,909.65</u>	<u>) 926,598.85</u>	<u>340,170,200.91</u>
Total				

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

64. Notes to cash flow statement line items (cont'd)

(4) Major non-cash transactions

	2024	2023
Non-cash additions to right-of-use assets and lease liabilities	<u>8,033,853.08</u>	<u>15,851,684.86</u>

65. Supplemental information on statement of cash flows

(1) Supplemental information on statement of cash flows

Reconciliation of net profit to net cash generated from/used in operating activities:

	2024	2023
Net profit	540,118,266.30	470,338,581.62
Add: Asset impairment allowances	24,304,048.87	17,217,097.39
Credit impairment loss	2,397,239.39	10,541,916.77
Depreciation of fixed assets	50,563,780.06	50,741,679.84
Depreciation of right-of-use assets	21,888,314.22	22,066,835.06
Amortization of intangible assets	22,662,419.14	23,060,612.28
Amortization of long-term prepaid expenses	13,172,647.86	12,487,219.53
Gain on disposal of fixed assets, intangible assets and other long-lived assets	(5,496,048.68	) (716,995.85
Loss on retirement of fixed assets	2,205.15	14,608.43
Loss and gain on changes in fair value	54,273,753.77	(47,387,905.11
Finance costs	25,875,971.23	10,697,674.87
Investment income	(1,284,823.56	) (10,707,429.16
Decrease/(increase) in deferred tax assets	21,023,342.37	(11,297,358.96
Increase in deferred tax liabilities	5,850,953.38	1,995,917.30
Decrease/(increase) in inventories	135,095,029.28	(65,829,716.73
Decrease/(increase) in operating receivables	30,910,568.58	(7,194,337.99
Decrease in operating payables	(248,524,797.35	) (27,468,741.59
Others	<u>9,722,510.21</u>	<u>38,621,080.96</u>
Net cash generated from/used in operating activities	<u>702,555,380.22</u>	<u>487,180,738.66</u>



## Notes to the Financial Statements (Cont'd)

Expressed in Renminbi Yuan

## V. Notes to the Consolidated Financial Statements (cont'd)

## 66. Monetary items in foreign currencies

## Monetary items in foreign currencies

	Original currency	Exchange rate	RMB equivalent
Cash and bank balances			
Including: USD	117,471,517.55	7.1884	844,432,256.78
EUR	46,991,803.03	7.5257	353,646,212.03
HKD	63,907.28	0.9260	59,178.14
GBP	975,626.86	9.0745	8,853,325.90
MXN	1,302,026.55	0.3499	455,579.09
Accounts receivable			
Including: USD	5,845,558.67	7.1884	42,020,213.98
EUR	83,917,326.55	7.5257	631,536,624.41
Contract assets			
Including: USD	1,765,765.74	7.1884	12,693,030.45
EUR	671,014.03	7.5257	5,049,850.29
Other receivables			
Including: EUR	2,792,617.28	7.5257	21,016,399.86
Accounts payable			
Including: EUR	54,515,529.16	7.5257	410,267,517.80
Short-term borrowings			
Including: EUR	6,409,553.63	7.5257	48,236,377.75
Current portion of non-current liabilities			
Including: EUR	6,647,618.00	7.5257	50,027,978.78
Long-term borrowings			
Including: EUR	4,214,024.65	7.5257	31,713,485.31
Lease liabilities			
Including: EUR	5,438,458.58	7.5257	40,928,207.74
Other payables			
Including: USD	577,143.00	7.1884	4,148,734.74
EUR	1,695,000.23	7.5257	12,756,063.23
Total			<u>2,517,841,036.28</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

V. Notes to the Consolidated Financial Statements (cont'd)

66. Monetary items in foreign currencies (cont'd)

Overseas business entities

The principal places of business overseas, the functional currencies and their determination basis of the major overseas business entities included in the consolidated financial statements are as follows:

Major overseas business entities	Principal place of business	Functional currency	Determination basis
Fosber Group	Italy	EUR	Settlement currency for local business activities
Fosber America	America	USD	Settlement currency for local business activities
Italy EDF	Italy	EUR	Settlement currency for local business activities
Tiruña Group	Spain	EUR	Settlement currency for local business activities

67. Leases

(1) As lessee

	2024	2023
Interest expense on lease liabilities	1,352,356.96	2,382,929.15
Short term lease expense through profit or loss adopting simplified approach	8,807,492.27	7,855,599.28
Total cash outflows related to lease	<u>33,306,127.23</u>	<u>31,319,311.36</u>

Assets leased by the Group include houses and buildings, and transportation equipment used in the course of business, the lease term of houses, buildings and machinery is usually 8 years, and the lease term of transportation equipment is usually 3 years. The lease contract does not contain terms such as renewal option, termination option and variable rent. No effect of variable rent terms on potential future cash outflows.

For the right-of-use assets, see Note V.18; for the simplified approach on short-term leases and leases of assets of low value, see Note III.26; for lease liabilities, see Note V.33&36.

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

VI. R&D expenditure

1. R&D expenditure by nature

	2024	2023
Employee benefits and equity incentive expenses	73,833,286.02	81,261,816.52
Depreciation and amortization expenses	17,393,986.62	18,194,502.36
Material expenses	5,257,081.18	13,113,046.67
Utilities	739,383.48	1,939,154.97
Assembly testing and debugging expenses	308,145.49	770,749.65
Other expenses	7,992,605.91	13,919,014.47
Total	105,524,488.70	129,198,284.64
Of which: Capitalized R&D expenses	105,524,488.70	127,566,482.42
Expensed R&D expenditure	-	1,631,802.22

2. R&D expenditures eligible for capitalization

Capitalized R&D projects are as follows:

	R&D progress	Expected completion date	Expected economic benefits generation method	Commencement point capitalization	Specific basis for commencement of capitalization
Data Platform Project	Closed on 2023/8/18	Closed on 2023/8/18	Product sales	2022/12/4	Approval of project development decision review report
IoT Platform Project	Closed on 2023/4/26	Closed on 2023/4/26	Product sales	2022/9/14	Approval of project development decision review report
Business Platform Project	Closed on 2023/4/26	Closed on 2023/4/26	Product sales	2022/5/31	Approval of project development decision review report

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

VII. Interests in Other Entities

1. Interests in subsidiaries

Parent and subsidiaries

	Principal place of business	Place of registration	Business nature	Registered capita	The Company's Interest (%)	
					Direct	Indirect
Subsidiaries acquired by way of incorporation or investment						
Dongfang Precision (HK)	HK, China	HK, China	Trading	USD300,000	100.00	-
Dongfang Precision (Netherland)	Netherland	Netherland	Trading	EUR40,000	90.00	10.00
Fosber Asia	Foshan, Guangdong, China	Foshan, Guangdong, China	Manufacturing	RMB29,581.2	100.00	-
Italy QCorr	Italy	Italy	Manufacturing	EUR375,000	-	60.00
Suzhou High-Tech Zone Jinqun Business Management Partnership (Limited Partnership) *(Note 1) (“High-Tech Zone Jinqun”)	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Investment	RMB10,553,000	-	30.17
Suzhou Parsun Power Technology Co., Ltd. (“Parsun Power Technology”)	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Manufacturing	RMB10 million	-	71.14
Suzhou Baisheng International Trade Co., Ltd. (“Baisheng International”)	Suzhou, Jiangsu, China	Suzhou, Jiangsu, China	Trading	RMB3 million	-	71.14
Dongfang Digicom Data Technology Co., Ltd. (“Dongfang Digicom”)	Haikou, Hainan, China	Haikou, Hainan, China	Industrial Internet	RMB100 million	100.00	-
Dongfang Digicom Data Technology (Guangdong) Co., Ltd. (“Dongfang Digicom (Guangdong)”)	Foshan, Guangdong, China	Foshan, Guangdong, China	Industrial Internet	RMB8 million	100.00	-
Hainan Yineng Investment Co., Ltd. (“Yineng Investment”)	Haikou, Hainan, China	Haikou, Hainan, China	Investment	RMB100 million	100.00	-
Dongfang Yineng International Holdings Co., Ltd. (“Yineng International”)	Foshan, Guangdong, China	Foshan, Guangdong, China	Investment	RMB50 million	100.00	-
Tianjin Hangchuang Zhijin Investment Partnership (Limited Partnership)	Tianjin, China	Tianjin, China	Investment	RMB21 million	95.24	-

Notes to the Financial Statements (Cont'd)

Expressed in Renminbi Yuan

("Tianjin Hangchuang")

Changzhou Xincheng Investment Partnership (Limited Partnership) ("Changzhou Xincheng")	Changzhou, Jiangsu, China	Changzhou, Jiangsu, China	Investment	RMB50.6 million	-	94.86
DONGFANG PRECISION LANKE (HK) LIMITED (Note 2)	HK, China	HK, China	Investment	HKD10,000	-	100.00
Fobser Mexico (Note 2)	Mexico	Mexico	Manufacturing	MXN100,000	-	100.00

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

VII. Interests in Other Entities (cont'd)

1. Interests in subsidiaries (cont'd)

Parent and subsidiaries (cont'd)

	Principal place of business	Place of registration	Business nature	Registered capita	The Company's Interest (%)	
					Direct	Indirect
Subsidiaries acquired in business combinations not under common control						
Fosber Group	Italy	Italy	Manufacturing	EUR1.56 million	-	100.00
Fosber America	America	America	Manufacturing	USD1.10 million	-	100.00
Forsberg (Machinery) Tianjin Co., Ltd. (“Fosber Tianjin”)	Tianjin, China	Tianjin, China	Manufacturing	USD500,000	-	100.00
Parsun Power	Suzhou, China	Jiangsu, Suzhou, China	Jiangsu, Manufacturing	RMB85.3 million	7.83	63.31
Suzhou Shunyi Investment Co., Ltd. (“Shunyi Investment”)	Suzhou, China	Jiangsu, Suzhou, China	Jiangsu, Investment	RMB10 million	100.00	-
EDF	Italy	Italy	Manufacturing	EUR100,000	-	100.00
Tiruña S.L.U.	Spain	Spain	Manufacturing	EUR1.44 million	-	100.00
Tiruña FranceSARL	France	France	Manufacturing	EUR100,000	-	100.00
SCI Candan	France	France	Manufacturing	EUR10,000	-	100.00
Tiruña America	America	America	Manufacturing	USD3 million	-	100.00
Tiruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd. (“Tiruña (Guangdong)”)	Foshan, China	Guangdong, Foshan, China	Guangdong, Manufacturing	RMB50 million	100.00	-
Shenzhen Wonder Printing System Co., Ltd.	Shenzhen, Guangdong, China	Shenzhen, Guangdong, China	Manufacturing	RMB31,172,000	51.00	-
Dongguan Wonder Digital Machinery Co., Ltd. (“Wonder Digital”)	Dongguan, Guangdong, China	Dongguan, Guangdong, China	Manufacturing	RMB5 million	-	51.00

Notes to the Financial Statements (Cont'd)

Expressed in Renminbi Yuan

\*Note 1: According to the partnership agreement, the general partner of the partnership shall execute partnership affairs, and other partners shall not execute partnership affairs. As the sole general partner, the Company forms control over the partnership, which is included in the scope of consolidation of the Group.

Note 2: DONGFANG PRECISION LANKE (HK) LIMITED and Fobser Mexico are subsidiaries established in the current year.

VII. Interests in Other Entities (cont'd)

2. Interests in associates

Associates insignificant to the Group

	Principal place of business	Place of registration	Business nature	The Company's interest (%)		Accounting method
				Direct	Indirect	
Associates						
Guangdong Jaten Robot & Automation Co., Ltd.	Foshan, Guangdong, China	Foshan, Guangdong, China	Manufacturing	19.84	-	Equity method
TalleresTapre,S.L.	Spain	Spain	Manufacturing	-	20.00	Equity method
Nanjing Profeta	Nanjing, Jiangsu, China	Nanjing, Jiangsu, China	Manufacturing	15.00	5.67	Equity method

Aggregate financial information of associates insignificant to the Group

	2024	2023
Associates		
Total carrying amount of investments	113,469,148.58	117,265,884.84
Total amounts based on the Company's interests:		
Net loss	(3,722,072.85	) (2,259,252.98
Total comprehensive loss	(3,722,072.85	) (2,259,252.98

As there is no obligation to bear additional losses, the net losses incurred by the investee are recognized to the extent that the book value of the long-term equity investment and other long-term interests that substantially constitute the net investment in the investee are reduced to zero.

VIII. Government grants

1. Government grants recognized at amounts receivable

The closing balance of government grants included in other receivables was RMB6,000,000.00.

2. Liabilities related to government grants

Liabilities related to government grants as at 31 December 2024 are as follows:

	Opening balance	Increase	Recognized in other income during the year	Closing balance	Related to asset/income
Deferred income	<u>9,956,991.66</u>	<u>6,000,000.00</u>	<u>1,166,660.00</u>	<u>14,790,331.66</u>	Related to assets

3. The government grants recognised in profit or loss

	2024	2023
Government grants related to assets		
Recognised as other income	1,166,660.00	1,116,660.00
Government grants related to income		
Recognised as other income	<u>12,976,868.16</u>	<u>13,889,689.35</u>
	<u>14,143,528.16</u>	<u>15,006,349.35</u>

IX. Risks associated with financial instruments

1. Risks of financial instruments

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk. The Group's policies are summarised below.

(1) Credit risk

The Group transacts only with recognized and reputable third parties. According to the Group's policies, credit checks are needed for all customers that require transactions should be conducted by means of credit. Additionally, the Group performs continuous monitoring of the balance of accounts receivable to ensure that the Group will not face major bad debt risk. For transactions not settled in the accounting standard currency of the relevant business unit, unless specifically approved by the credit control department of the Group, the Group will not provide credit transaction conditions.

IX. Risks related to financial instruments (cont'd)

1. Risks of financial instruments (cont'd)

(1) Credit risk (cont'd)

Since the counterparties of cash and bank balances and notes receivable are banks with a good reputation and high credit rating, the credit risk of such financial instruments is low.

Other financial assets of the Group mainly include accounts receivable, other receivables and contract assets, the credit risk of which arises from counterparty default, and the maximum risk exposure is equal to the carrying value of these instruments.

The Group transacts only with recognized and reputable third parties, so no collateral is required. Credit risk concentration is managed by customer/counterparty, geographic region and industry. Because the customer base of accounts receivable of the Group is widely dispersed in different departments and industries, there is no major credit risk concentration within the Group. The Group does not hold any collateral or other credit enhancement on the balance of accounts receivable.

Criteria for judging significant increases in credit risk

The Group assesses whether or not the credit risk of the relevant financial instruments has increased significantly since the initial recognition at each balance sheet date. The Group's main criteria for determining significant increase in credit risk are that the number of days past due exceed 30 days, or one or more of the following indicators have changed significantly: significant adverse changes in the operating environment of the debtor, internal and external credit ratings, and actual or expected operating results.

Definition of credit-impaired financial assets

The Group's main criterion for determining that credit impairment has occurred is that the number of days past due exceeds 90 days. However, in some cases, if internal or external information indicates that the contract amount may not be recovered in full before considering any credit enhancements held, the Group will also consider that credit impairment has occurred.

The credit impairment on a financial asset may be caused by the combined effect of multiple events and may not be necessarily due to a single event.

(2) Liquidity risk

The Group aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Group finances its working capital requirements through a combination of funds generated from operations and other borrowings.

IX. Risks Associated with Financial Instruments (cont'd)

1. Financial instrument risks (cont'd)

(2) Liquidity risk (cont'd)

The maturity profile of financial liabilities based on undiscounted contractual cash flow is summarized as follows:

2024

	Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Total
Short-term borrowings	9,755,080.06	23,831,227.65	52,806,765.73	-	-	86,393,073.44
Notes payable	-	-	144,137,609.00	-	-	144,137,609.00
Accounts payable	-	-	687,235,330.65	-	-	687,235,330.65
Other payables	-	-	117,617,259.50	-	-	117,617,259.50
Derivative financial liabilities	-	-	206,216,239.00	-	-	206,216,239.00
Current portion of non-current liabilities	4,201,388.07	9,729,436.94	72,224,493.34	-	-	86,155,318.35
Long-term borrowings	-	-	-	123,995,771.10	16,343,486.62	140,339,257.72
Lease liabilities	-	-	-	47,666,801.96	-	47,666,801.96
Other current liabilities	-	-	41,832,335.71	-	-	41,832,335.71
Other non-current liabilities	-	-	-	7,573,539.20	-	7,573,539.20
	<u>13,956,468.13</u>	<u>33,560,664.59</u>	<u>1,322,070,032.93</u>	<u>179,236,112.26</u>	<u>16,343,486.62</u>	<u>1,565,166,764.53</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

IX. Risks Associated with Financial Instruments (cont'd)

1. Financial instrument risks (cont'd)

(2) Liquidity risk (cont'd)

2023

	Within 1 month	1-3 months	3 months-1 year	1-5 years	Over 5 years	Total
Short-term borrowings	47,649,929.46	21,673,776.48	305,994,589.47	-	-	375,318,295.41
Notes payable	-	-	152,433,276.09	-	-	152,433,276.09
Accounts payable	-	-	737,544,841.42	-	-	737,544,841.42
Other payables	-	-	126,415,425.61	-	-	126,415,425.61
Financial liabilities held for trading	-	-	115,900,827.21	-	-	115,900,827.21
Current portion of non-current liabilities	2,457,366.02	4,392,084.31	52,417,329.88	-	-	59,266,780.21
Long-term borrowings	-	-	-	84,490,564.27	836,642.77	85,327,207.04
Lease liabilities	-	-	-	65,861,441.32	-	65,861,441.32
Other current liabilities	-	-	25,837,473.39	-	-	25,837,473.39
Other non-current liabilities	-	-	-	22,418,854.80	-	22,418,854.80
	<u>50,107,295.48</u>	<u>26,065,860.79</u>	<u>1,516,543,763.07</u>	<u>172,770,860.39</u>	<u>836,642.77</u>	<u>1,766,324,422.50</u>

IX. Risks Associated with Financial Instruments (cont'd)

1. Financial instrument risks (cont'd)

(3) Market Risk

Interest rate risk

The Group's exposure to risk of changes in market interest rates relates primarily to the Group's long-term liabilities with floating interest rates.

The sensitivity analysis of interest rate risks is set out in the following table, reflecting the impact of reasonable and probable change in interest rates on net profit or loss (through the impact on floating rate loans) and other comprehensive income (net of tax) assuming that other variables remain constant

2024

	Increase/ (decrease) in points	in basis	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income net of tax	Increase/ (decrease) in total equity
Loans	0.50		(761,230.54 )	-	(761,230.54 )
Loans	(0.50	)	761,230.54	-	761,230.54

2023

	Increase/ (decrease) in points	in basis	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income net of tax	Increase/ (decrease) in total equity
Loans	0.50		(435,630.76 )	-	(435,630.76 )
Loans	(0.50	)	435,630.76	-	435,630.76

Exchange rate risk

The Group is exposed to trading exchange rate risks. Such exposures arise from sales or purchases by business units in currencies other than the units' functional currencies.

The sensitivity analysis of exchange rate risks is set out in the following table, reflecting the impact of reasonable and probable change in the exchange rates of EUR and USD on net profit or loss and other comprehensive income (net of tax) assuming that other variables remain constant.

IX. Risks Associated with Financial Instruments (cont'd)

1. Financial instrument risks (cont'd)

(3) Market Risk (cont'd)

Exchange rate risk (cont'd)

2024

			Increase/ (decrease) in foreign currency exchange rate (%)	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income net of tax	Increase/ (decrease) in total equity
RMB appreciation against EUR	2.00	(23,749,786.71	) -	(23,749,786.71	)	
RMB depreciation against EUR	(2.00	) 23,749,786.71	-	23,749,786.71		
RMB appreciation against USD	2.00	(16,119,960.12	) -	(16,119,960.12	)	
RMB depreciation against USD	(2.00	) 16,119,960.12	-	16,119,960.12		

2023

			Increase/ (decrease) in foreign currency exchange rate (%)	Increase/ (decrease) in net profit or loss	Increase/ (decrease) in other comprehensive income net of tax	Increase/ (decrease) in total equity
RMB appreciation against EUR	2.00	(6,940,212.28	) -	(6,940,212.28	)	
RMB depreciation against EUR	(2.00	) 6,940,212.28	-	6,940,212.28		
RMB appreciation against USD	2.00	(10,011,216.17	) -	(10,011,216.17	)	
RMB depreciation against USD	(2.00	) 10,011,216.17	-	10,011,216.17		

IX. Risks Associated with Financial Instruments (cont'd)

2. Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments in the light of changes in economic conditions and in the risk profiles of relevant assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during 2024 and 2023.

3. Transfer of financial assets

Transfer method	Nature of transferred financial assets	Amount transferred	of Derecognition financial assets	Judgment basis for derecognition
Notes discounted/endorsed	Notes receivable	57,105,722.02	Not derecognised	Retained the substantial risks and rewards, which include default risks relating to such endorsed/discouted notes
Notes endorsed	Receivables financing	<u>20,397,758.07</u>	Derecognised	Transferred substantially all risks and rewards relating to the derecognised notes
		<u>77,503,480.09</u>		

Financial assets derecognised as a result of the transfer are as follows:

	Transfer method	Amount of derecognised financial assets	Gains or losses related to derecognition
Notes receivable	Receivables financing	<u>20,397,758.07</u>	<u>-</u>

IX. Risks Associated with Financial Instruments (cont'd)

3. Transfer of financial assets (cont'd)

Financial assets already transferred but not wholly derecognized

On 31 December 2024, the carrying value of the bank acceptance notes (BAs) discounted by the Group was RMB25,560,751.24 (31 December 2023: RMB20,461,553.62). The Group believed that the Group retained almost all their risks and rewards, including the risk of default associated therewith, so the Group continued to confirm them and recognise in full its and related bank borrowings. After the discounting, the Group will no longer reserve the right to use them, including the right to sell, transfer, or pledge them to other third parties. On 31 December 2024, the carrying amount of bank borrowings recognised by the Group amounted to RMB25,560,751.24 (31 December 2023: RMB20,461,553.62).

On 31 December 2024, the carrying value of the BAs endorsed by the Group to suppliers for the settlement of accounts payable was RMB31,544,970.78 (31 December 2023: RMB5,375,919.77). The Group believed that the Group retained almost all their risks and rewards, including the risk of default associated therewith, so the Group continued to confirm them and the settled accounts payable associated therewith in full amount. After the endorsement, the Group will no longer reserve the right to use them, including the right to sell, transfer, or pledge them to other third parties. On 31 December 2024, the carrying value of the accounts payable settled with them totaled RMB31,544,970.78 (31 December 2023: RMB5,375,919.77).

Transferred financial assets that have been wholly derecognized but continue to be involved

On 31 December 2024, the carrying value of the BAs endorsed by the Group to suppliers for the settlement of accounts payable was RMB20,397,758.07 (31 December 2023: RMB13,508,608.93). On 31 December 2024, their maturity date varied from one to 12 months. As stipulated in the Negotiable Instruments Law, if the accepting bank refuses to pay, their holders have the right to recourse from the Group ("continue to be involved"). The Group believed that the Group had transferred almost all their risks and rewards, so the Group derecognized the carrying value of them and the settled accounts payable associated therewith. The maximum loss and undiscounted cash flows from continuing involvement and repurchase were equal to their carrying value. The Group believed that it was insignificant to continue to involve in fair value.

In 2024, the Group did not confirm the gains or losses on the transfer day. The Group had no income or expenses recognized in the current year and cumulatively due to continued involvement in derecognized financial assets. Endorsements occurred roughly evenly during the year.

X. Disclosure of Fair Values

1. Assets and liabilities measured at fair value

2024

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
Continuous measurement of fair value				
Financial assets held for trading	788,649,332.18	-	-	788,649,332.18
Derivative financial assets	2,755,081.17	-	-	2,755,081.17
Receivables financing	-	16,303,982.64	-	16,303,982.64
Other non-current financial assets	31,258,001.96	-	508,191,586.67	539,449,588.63
Other non-current assets	-	10,579,534.25	-	10,579,534.25
	<u>822,662,415.31</u>	<u>26,883,516.89</u>	<u>508,191,586.67</u>	<u>1,357,737,518.87</u>

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
Continuous measurement of fair value				
Derivative financial liabilities	-	-	206,216,239.00	206,216,239.00
Other non-current liabilities	1,282,812.01	-	5,679,384.78	6,962,196.79
	<u>1,282,812.01</u>	<u>-</u>	<u>211,895,623.78</u>	<u>213,178,435.79</u>

X. Disclosure of Fair Values (cont'd)

1. Assets and liabilities measured at fair value (cont'd)

2023

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
Continuous measurement of fair value				
Financial assets held for trading	651,289,983.88	6,283.88	-	651,296,267.76
Derivative financial assets	31,329,174.69	-	-	31,329,174.69
Receivables financing	-	9,365,344.07	-	9,365,344.07
Other non-current financial assets	31,420,551.63	-	429,857,708.04	461,278,259.67
Other non-current assets	-	10,248,630.14	-	10,248,630.14
	<u>714,039,710.20</u>	<u>19,620,258.09</u>	<u>429,857,708.04</u>	<u>1,163,517,676.33</u>

	Input applied in the measurement of fair value			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
Continuous measurement of fair value				
Derivative financial liabilities	-	-	115,900,827.21	115,900,827.21
Other non-current liabilities	-	-	22,418,854.80	22,418,854.80
	<u>-</u>	<u>-</u>	<u>138,319,682.01</u>	<u>138,319,682.01</u>

2. Level 1 fair value measurement

The fair value of the listed equity instrument investment is determined based on the market quotation.

X. Disclosure of Fair Values (cont'd)

3. Level 2 fair value measurement

In a fair transaction, the fair value of financial assets and financial liabilities is determined by the amount of voluntary asset exchange or debt redemption between the parties to the transaction, rather than the amount in the case of force sale or liquidation.

The fair value of receivable financing and other equity investment is determined by the discounted future cash flow method, the fair value is similar to their carrying value.

The fair value of long-term receivables and long- and short-term borrowings is determined by the discounted future cash flow method, where the market yield of other financial instruments with similar contract terms, credit risks and remaining maturity serves as the discount rate. On 31 December 2024, the result of the self-default risk assessment of long- and short-term borrowings was not significant.

4. Level 3 fair value measurement

The fair values of unlisted equity investments have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the Group to determine comparable listed companies based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value multipliers and P/E multipliers, for each comparable company identified. They are adjusted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The Group believes that the estimated fair values resulting from the valuation technique and the related changes in fair values are reasonable, and that they were the most appropriate values at the balance sheet date. For the fair value of investments in unlisted equity instruments, the Group estimates the potential impact of using other reasonable and possible assumptions as inputs to the valuation model.

The fair value of equity resale rights in other non-current liabilities is assessed using a binary tree model.

Below is a summary of the significant unobservable inputs to the fair value measurement of Level 3:

	Closing fair value	Valuation technique	Unobservable inputs	Range
Other non-current financial assets	11,528,170.00	Option pricing model	Volatility	47.32%
Other non-current financial assets	496,663,416.67	Comparison approach	Liquidity discount	11.00%-23.00%
Derivative financial liabilities	206,216,239.00	Discounted cash flow method	Weighted cost	average 3.04%-15.70%
Other non-current liabilities	5,679,384.78	Discounted cash flow method	Weighted cost	average 11.00-13.00%

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

X. Disclosure of Fair Values (cont'd)

5. Reconciliation in fair value measurement

Reconciliation of continuous fair value measurements categorized within Level 3 of the fair value hierarchy:

2024

	Opening balance	Total current gains Through profit	Purchase	Sale	Settlement	Closing balance	Change in unrealized gains for the period of assets held at end of period through profit or loss
Other non-current financial assets	429,857,708.04	15,556,100.63	77,777,778.00	(15,000,000.00 )	-	508,191,586.67	12,303,849.44

	Opening balance	Transfer to derivative financial liabilities	Total current gains and losses		Closing balance	Change in unrealized losses for the period of liabilities held at end of period through profit or loss
			Through loss	Through other comprehensive income		
Derivative financial liabilities	115,900,827.21	81,974,773.81	8,340,637.98	-	206,216,239.00	8,340,637.98
Other non-current liabilities	22,418,854.80	(81,974,773.81 )	67,698,121.27	(2,462,817.48 )	5,679,384.78	67,698,121.27
	138,319,682.01	-	76,038,759.25	(2,462,817.48 )	211,895,623.78	76,038,759.25

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

X. Disclosure of Fair Values (cont'd)

5. Reconciliation in fair value measurement (cont'd)

2023

	Opening balance	Transfer to Level 3	Total current gains		Purchase	Closing balance	Change in unrealized gains for the period of assets held at end of period through profit or loss
			Through profit	Through other comprehensive income			
Other non-current financial assets	<u>206,108,182.37</u>	<u>99,633,064.36</u>	<u>66,334,382.51</u>	<u>857,856.70</u>	<u>56,924,222.10</u>	<u>429,857,708.04</u>	<u>66,334,382.51</u>

	Opening balance	Transfer to Level 3	Transfers to derivative financial liabilities	Total current gains and losses		Settlement	Closing balance	Change in unrealized losses for the period of liabilities held at end of period through profit or loss
				Through profit or loss	Through other comprehensive income			
Derivative financial liabilities	57,022,555.58	-	115,900,827.21	1,263,227.49	-	(58,285,783.07 )	115,900,827.21	-
Other non- current liabilities	<u>135,097,666.07</u>	<u>1,298,626.48</u>	<u>(115,900,827.21 )</u>	<u>759,283.68</u>	<u>1,164,105.78</u>	<u>-</u>	<u>22,418,854.80</u>	<u>759,283.68</u>
	<u>192,120,221.65</u>	<u>1,298,626.48</u>	<u>-</u>	<u>2,022,511.17</u>	<u>1,164,105.78</u>	<u>(58,285,783.07 )</u>	<u>138,319,682.01</u>	<u>759,283.68</u>

X. Disclosure of Fair Values (cont'd)

5. Reconciliation in fair value measurement (cont'd)

In the continuous fair value measurement at Level 3, gains and losses through profit or loss relating to financial assets and non-financial assets is analyzed as follows:

2024

	Gains and losses relating to financial assets	Gains and losses relating to non-financial assets
Total gains through profit or loss	15,556,100.63	-
Change in unrealized gains for the period of assets held at end of period through profit or loss	12,303,849.44	-

2023

	Gains and losses relating to financial assets	Gains and losses relating to non-financial assets
Total losses through profit or loss	66,334,382.51	-
Change in unrealized losses for the period of assets held at end of period through profit or loss	66,334,382.51	-

X. Disclosure of Fair Values (cont'd)

5. Reconciliation in fair value measurement (cont'd)

In the continuous fair value measurement at Level 3, gains and losses through profit or loss relating to financial assets and non-financial assets is analyzed as follows:

2024

	Gains and losses relating to financial liabilities	Gains and losses relating to non-financial liabilities
Total losses through profit or loss	76,038,759.25	-
Change in unrealized losses for the period of assets held at end of period through profit or loss	76,038,759.25	-

2023

	Gains and losses relating to financial liabilities	Gains and losses relating to non-financial liabilities
Total losses through profit or loss	2,022,511.17	-
Change in unrealized losses for the period of assets held at end of period through profit or loss	759,283.68	-

6. Transfers between levels of fair value measurement

Fair value hierarchy transition

In 2024, the Group used Level 3 valuation techniques to value some other non-current financial assets for which observable inputs could not be reliably obtained. There was no transfer of fair values of other non-current assets from Level 2 to Level 3 disclosures during the year (in 2023, the fair values of some other non-current financial assets were transferred from Level 2 to Level 3 disclosures during the year, with the amount transferred of RMB99,633,064.36).

XI. Relationships and Transactions with Related Parties

1. Controlling Shareholder

	Relationship with the Company	Interest in the Company (%)
Tang (individual)	Zhuolin One of the Company's controlling shareholders and actual controllers	21.44
Tang (individual)	Zhuomian One of the Company's controlling shareholders and actual controllers	7.95

The ultimate controllers of the Company are Tang Zhuolin and Tang Zhuomian.

2. Subsidiaries

See Note VII.1.

3. Associates

See Note VII.2.

4. Other related parties

	Relationship with the Company
Tang Zhuolin	Chairman
Qiu Yezhi	Director and General Manager
Xie Weiwei	Director and Deputy General Manager
Chen Huiyi	Chairman of the Supervisory Committee
Zhao Xiuhe	Employee Supervisor
He Baohua	Supervisor
Li Ketian	Independent Director
Feng Zhidong*	Independent Director
Liu Da*	Independent Director
Tu Haichuan	Independent Director
Feng Jia	Director and Board Secretary
Shao Yongfeng	Chief Financial Officer and Vice President

\*Liu Da resigned as an independent director of the Company in August 2024, and Feng Zhidong served as an independent director of the Company starting from August 2024.

XI. Relationships and Transactions with Related Parties (cont'd)

5. Related party transactions

(1) Salary of key management

	2024	2023
Salary of key management	<u>10,630,077.80</u>	<u>13,157,851.82</u>

Note: The salary of key management does not include the expenses recognized for share-based payment.

XII. Share-based Payments

Equity instruments

On 21 March 2022, the Company convened the Board of Directors, where the Proposal on Granting Restricted Shares to Awardees was approved, and the Board of Directors agreed to grant stock options to 7 qualified senior managers and core technicians, and agreed to grant the right to purchase shares at RMB1 within the exercise validity period when the corresponding performance assessment objectives are met within the lifting period. The maximum period shall not exceed 60 months from the date of completion of registration of the first grant of some restricted shares to the date when all restricted shares granted to the incentive objects are lifted or repurchased and cancelled.

On 9 October 2024, the Company convened the Board of Directors, where the 2024 Employee Stock Ownership Plan of Guangdong Dongfang Precision Science & Technology Co., Ltd. was approved, and the Board of Directors agreed to grant stock options to 53 qualified senior managers and core technicians, and agreed to grant the right to purchase shares at RMB2.64 within the exercise validity period when the corresponding performance assessment objectives are met within the lifting period. The duration of the employee stock ownership plan is 48 months.

The equity instruments granted are as follows:

	Granted in the year		Exercised in the year		Unlocked in the year		Expired in the year	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Sales personnel	1,440,000.00	3,801,600.00	-	-	-	-	30,000.00	30,000.00
Management personnel	16,930,000.00	44,695,200.00	-	-	-	-	200,000.00	200,000.00
R&D personnel	2,110,000.00	5,570,400.00	-	-	-	-	-	-
Production personnel	850,000.00	2,244,000.00	-	-	-	-	60,000.00	60,000.00
	<u>21,330,000.00</u>	<u>56,311,200.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>290,000.00</u>	<u>290,000.00</u>

XII. Share-based Payments (cont'd)

Equity-settled share-based payments

2024

Determination method of fair value of equity instruments at grant date	Based on the share price on the grant date minus the grant price
Important parameters of fair value of equity instruments at grant date	Share price at grant date, grant price
Basis for determining the number of vested equity instruments	Make the best estimate of the number of vested employees based on the latest information such as turnover rate and substandard rate
Reasons for significant difference between current year's estimate and prior year's estimate	None
Accumulated amount of equity-settled share-based payment included in capital reserve	9,695,168.88

Share-based payment expenses incurred during the year are as follows:

	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
Sales personnel	1,046,675.14	-
Management personnel	6,137,084.26	-
R&D personnel	758,802.55	-
Production personnel	313,968.75	-
	<u>8,256,530.70</u>	<u>-</u>

### XIII. Commitments and Contingent Events

#### 1. Significant commitments

	2024	2023
Capital commitments	<u>58,000,411.49</u>	<u>-</u>

#### 2. Contingent Events

As at the balance sheet date, the Group had no contingent events which were required to be disclosed.

### XIV. Events after the Balance Sheet Date

As at the balance sheet date, the Group had no events after the balance sheet date which were required to be disclosed.

### XV. Other Significant Matters

#### 1. Segment reporting

##### Operating segment

For management purposes, the Group is divided into business units based on products and services. The Group has the following three reporting segments:

##### 2024

Item	Domestic entities	Overseas entities	Offset	Total
Operating revenue	1,804,447,341.61	3,183,988,056.18	(210,579,795.10)	) 4,777,855,602.69
Cost of sales	1,229,922,542.40	2,309,319,259.60	(198,745,975.06)	) 3,340,495,826.94
Total assets	5,958,531,935.65	2,916,263,443.33	(1,346,218,382.00)	) 7,528,576,996.98
Total liabilities	1,423,006,980.80	1,535,189,236.35	(653,963,081.87)	) 2,304,233,135.28

##### 2023

Item	Domestic entities	Overseas entities	Offset	Total
Operating revenue	1,844,474,037.62	3,175,318,828.12	(274,055,543.91)	) 4,745,737,321.83
Cost of sales	1,223,773,222.26	2,441,116,898.08	(226,865,366.43)	) 3,438,024,753.91
Total assets	5,747,082,095.93	3,273,503,656.86	(1,482,363,182.77)	) 7,538,222,570.02
Total liabilities	1,392,010,817.81	2,244,942,800.45	(832,939,017.58)	) 2,804,014,600.68

XVI. Notes to Major Items in the Company Financial Statements

1. Account Receivable

By aging

	2024	2023
Within 1 year	233,762,914.62	190,721,565.80
1-2 years	3,910,580.71	454,811.38
2-3 years	341,011.00	357,849.03
3-4 years	357,849.03	456,982.47
4-5 years	152,470.04	-
Over 5 years	1,250,400.00	2,477,303.19
	<u>239,775,225.40</u>	<u>194,468,511.87</u>
Less: allowances for doubtful accounts receivable	<u>3,650,066.15</u>	<u>4,106,865.59</u>
	<u><u>236,125,159.25</u></u>	<u><u>190,361,646.28</u></u>

(2) By method of provision for bad debts

2024

	Gross amount		Allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable for which allowances are established individually	1,250,400.00	0.52	1,250,400.00	100.00	-
Accounts receivable for which allowances are established by group with similar credit risk characteristics	<u>238,524,825.40</u>	<u>99.48</u>	<u>2,399,666.15</u>	<u>1.01</u>	<u>236,125,159.25</u>
	<u><u>239,775,225.40</u></u>	<u><u>100.00</u></u>	<u><u>3,650,066.15</u></u>		<u><u>236,125,159.25</u></u>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

1. Account Receivable (cont'd)

By method of provision for bad debts (cont'd)

2023

	Gross amount		Allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Accounts receivable for which allowances are established individually	2,477,303.19	1.27	2,477,303.19	100.00	-
Accounts receivable for which allowances are established by group with similar credit risk characteristics	191,991,208.68	98.73	1,629,562.40	0.85	190,361,646.28
	<u>194,468,511.87</u>	<u>100.00</u>	<u>4,106,865.59</u>		<u>190,361,646.28</u>

As at 31 December 2024, accounts receivable for which allowances are established individually are as follows:

	2024			Reason for allowance	2023	
	Gross amount	Allowance	ECL (%)		Gross amount	Allowance
Customer 1	-	-	-		939,000.00	939,000.00
Customer 2	641,600.00	641,600.00	100.00	Customer's inability to settle the amount due	641,600.00	641,600.00
Customer 3	608,800.00	608,800.00	100.00	Customer's inability to settle the amount due	608,800.00	608,800.00
Customer 4	-	-	-		283,000.00	283,000.00
Customer 5	-	-	-		4,903.19	4,903.19
	<u>1,250,400.00</u>	<u>1,250,400.00</u>			<u>2,477,303.19</u>	<u>2,477,303.19</u>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

1. Account Receivable (cont'd)

(2) By method of provision for bad debts (cont'd)

As at 31 December 2024, accounts receivable for which provision is made for bad debts according to the combination of credit risk characteristics:

	Gross amount	Allowance	ECL (%)
Within 1 year	233,762,914.63	1,400,475.45	0.60
1-2 years	3,910,580.71	338,656.29	8.66
2-3 years	341,011.00	150,215.35	44.05
3-4 years	510,319.06	510,319.06	100.00
	<u>238,524,825.40</u>	<u>2,399,666.15</u>	

(3) Allowances

Movements in allowances for doubtful accounts receivable are as follows:

	Opening balance	Provision the year	in Recovery or reversal in the year	in Transfer	Written off in the year	Closing balance
2024	<u>4,106,865.59</u>	<u>805,703.75</u>	<u>7,396.90</u>	<u>-</u>	<u>1,255,106.29</u>	<u>3,650,066.15</u>

(4) Accounts receivable and contract assets of the top five debtors at the end of the year

	Closing balance of accounts receivable	Closing balance of contract assets	Total closing balance of accounts receivable and contract assets	As a % of the closing balance of total accounts receivable and contract assets	Total closing balance of provision for bad debts of accounts receivable and provision for impairment of contract assets
Dongfang Precision (Netherland)	119,712,562.20	-	119,712,562.20	44.17	-
Dongfang Precision (HK)	77,323,596.23	-	77,323,596.23	28.53	-
Customer 11	4,043,690.00	-	4,043,690.00	1.49	63,081.56
Fosber Aisa	3,818,415.56	-	3,818,415.56	1.41	-
Customer 12	<u>3,286,969.29</u>	<u>-</u>	<u>3,286,969.29</u>	<u>1.21</u>	<u>51,276.72</u>
	<u>208,185,233.28</u>	<u>-</u>	<u>208,185,233.28</u>	<u>76.81</u>	<u>114,358.28</u>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

Accounts receivable (cont'd)

2. Other receivables

	2024	2023
Other receivables	319,428,138.72	382,260,293.49
Dividends receivable	184,841,125.30	272,564,800.00
	<u>504,269,264.02</u>	<u>654,825,093.49</u>

Other receivables

(1) By aging

	2024	2023
Within 1 year	69,165,030.40	288,812,991.16
1-2 years	158,655,504.15	68,762,598.71
2-3 years	67,930,684.05	24,699,392.06
3-4 years	24,323,818.04	117,761.18
4-5 years	62,225.66	4,400.00
Over 5 years	445,900.96	1,018,174.92
	<u>1,155,024.54</u>	<u>1,155,024.54</u>
Less: allowances for doubtful other receivables	<u>1,155,024.54</u>	<u>1,155,024.54</u>
	<u>319,428,138.72</u>	<u>382,260,293.49</u>

(2) By nature

	2024	2023
Internal transactions with related parties	308,429,032.05	378,012,519.05
Employee loans and petty cash	1,991,026.87	1,451,110.72
Prepaid service charges	1,775,693.02	1,211,065.51
Security deposits	1,128,327.05	976,244.53
Performance compensation	500,000.00	500,000.00
Others	6,759,084.27	1,264,378.22
	<u>320,583,163.26</u>	<u>383,415,318.03</u>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

2. Other receivables (cont'd)

Other receivables (cont'd)

(3) Provision made for bad debts

2024

	Gross amount		Allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables for which allowances are established by group with similar credit risk characteristics	320,583,163.26	100.00	1,155,024.54	0.36	319,428,138.72

2023

	Gross amount		Allowance		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)	
Other receivables for which allowances are established by group with similar credit risk characteristics	383,415,318.03	100.00	1,155,024.54	0.30	382,260,293.49

As at 31 December 2024 and 31 December 2023, other receivables for which allowances for doubtful is made according to the combination of credit risk characteristics:

Movements in allowances for doubtful other receivables that are established based on the 12-month ECL and the lifetime ECL are as follows:

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Financial assets with credit impairment (lifetime ECL)	
Opening and closing balance	655,024.54	500,000.00	-	1,155,024.54

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

2. Other receivables (cont'd)

Other receivables (cont'd)

(4) Allowances

Movements in allowances for doubtful other receivables are as follows:

	Opening balance	Provision in the year	Recovery or reversal in the year	Closing balance
2024	<u>1,155,024.54</u>	<u>-</u>	<u>-</u>	<u>1,155,024.54</u>

(5) Other receivables of the top five debtors at the end of the year

	Opening balance	As a % of total other receivables	Nature	Age	Closing balance of allowance
Hainan Yineng Investment Co., Ltd.	180,631,489.86	56.34	Current account	Within 1 year; 2-3 years; 3-4years	-
Tiruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd.	55,844,984.42	17.42	Current account	Within 1 year; 1-2 years; 2-3 years; 3-4years	-
Dongfang Digicom Data Technology (Guangdong) Co., Ltd.	34,153,374.31	10.65	Current account	Within 1 year; 1-2 years; 2-3 years	-
Dongfang Digicom Data Technology Co., Ltd.	12,505,992.07	3.90	Current account	Within 1 year; 1-2 years; 2-3 years; 3-4years	-
Guangdong Fosber Intelligent Equipment Co., Ltd. ("Fosber Asia")	<u>8,529,001.61</u>	<u>2.66</u>	Current account	Within 1 year; 1-2 years	<u>-</u>
	<u>291,664,842.27</u>	<u>90.97</u>			<u>-</u>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

3. Long-term equity investments

Long-term equity investments

	Opening balance	Opening impairment allowance	Change in the year			Closing balance	Closing impairment allowance
			Additional investmen t	Reduction in investment	Change in other equity		
Subsidiaries							
Dong Fang Precision (HK) Limited	1,856,010.00	-	-	-	-	1,856,010.00	-
Dongfang Precision (Netherland)	1,602,394.30	-	-	-	-	1,602,394.30	-
Guangdong Fosber Intelligent Equipment Co., Ltd.	114,790,763.28	-	-	-	829,892.13	115,620,655.41	-
Suzhou Shunyi Investment Co., Ltd.	340,102,843.76	(45,303,485.99)	-	-	1,754,531.25	341,857,375.01	(45,303,485.99 )
Tiruña (Guangdong) Intelligent Equipment Manufacturing Co., Ltd.	21,903,462.34	-	-	-	36,937.50	21,940,399.84	-
Dongfang Digicom Data Technology Co., Ltd.	4,718,918.74	-	-	-	-	4,718,918.74	-
Dongfang Digicom Data Technology (Guangdong) Co., Ltd.	863,440.97	-	-	-	53,296.30	916,737.27	-
Hainan Yineng Investment Co., Ltd.	102,121,575.83	-	-	-	1,318,668.75	103,440,244.58	-
EDF	1,197,730.34	-	-	-	-	1,197,730.34	-
Tianjin Hangchuang	20,000,000.00	-	-	-	-	20,000,000.00	-
Shenzhen Wonder Printing System Co.,Ltd	173,800,000.00	-	-	-	-	173,800,000.00	-
Yineng International Holdings Co., Ltd	29,278,141.13	-	-	-	-	29,278,141.13	-
	<u>812,235,280.69</u>	<u>(45,303,485.99)</u>	<u>-</u>	<u>-</u>	<u>3,993,325.93</u>	<u>816,228,606.62</u>	<u>(45,303,485.99 )</u>

Notes to the Financial Statements (Cont'd)  
Expressed in Renminbi Yuan

Associates

Guangdong Jaten Robot & Automation Co., Ltd.	87,476,726.17	-	-	938,187.48	-	88,414,913.65	-
Nanjing Profeta Intelligent Technology Co., Ltd.	<u>21,570,072.25</u>	-	-	<u>(3,382,523.39)</u>	-	<u>18,187,548.86</u>	-
	<u>921,282,079.11</u>	<u>(45,303,485.99)</u>	-	<u>(2,444,335.91)</u>	<u>3,993,325.93</u>	<u>922,831,069.13</u>	<u>(45,303,485.99)</u>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

3. Long-term equity investments (cont'd)

Impairment test of long-term equity investments

	Opening balance	Increase in the year	Decrease the year	in	Closing balance
Suzhou Shunyi Investment Co., Ltd.	(45,303,485.99 )	-	-		(45,303,485.99 )
	<u>(45,303,485.99 )</u>	<u>-</u>	<u>-</u>		<u>(45,303,485.99 )</u>

4. Operating revenue and costs

(1) Operating revenue and costs

	2024		2023	
	Revenue	Costs	Revenue	Costs (Restated)
Principal operations	486,169,708.35	273,363,807.83	449,768,458.48	261,662,356.37
Other operations	<u>22,862,863.90</u>	<u>6,255,355.36</u>	<u>50,812,763.86</u>	<u>4,488,287.82</u>
	<u>509,032,572.25</u>	<u>279,619,163.19</u>	<u>500,581,222.34</u>	<u>266,150,644.19</u>

Operating revenue is as follows:

	2024	2023
Revenue generating from contracts with customers	504,770,684.36	496,404,572.52
Rental income	<u>4,261,887.89</u>	<u>4,176,649.82</u>
	<u>509,032,572.25</u>	<u>500,581,222.34</u>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

4. Operating revenue and costs (cont'd)

(2) Breakdown of operating revenue

Breakdown of operating revenue arising from contracts with customers is as follows:

2024

Reporting segments

Principal product type

Goods	486,050,722.05
Services	12,983,947.77
Interest income	5,004,724.86
Others	731,289.68
	<hr/>
	504,770,684.36
	<hr/> <hr/>

Principal operating segment

Mainland China	105,821,156.31
Other regions	398,949,528.05
	<hr/>
	504,770,684.36
	<hr/> <hr/>

Timing of revenue recognition

Revenue recognised at a point in time	486,782,011.73
Revenue recognised over time	17,988,672.63
	<hr/>
	504,770,684.36
	<hr/> <hr/>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

4. Operating revenue and costs (cont'd)

(2) Breakdown of operating revenue (cont'd)

Breakdown of operating revenue arising from contracts with customers is as follows: (cont'd)

2023

Reporting segments

Product type

Goods	449,117,581.31
Services	28,406,255.64
Interest income	15,725,104.30
Others	3,155,631.27
	<u>496,404,572.52</u>

Principal operating segment

Mainland China	167,729,877.24
Other regions	328,674,695.28
	<u>496,404,572.52</u>

Timing of revenue recognition

Revenue recognised at a point in time	452,273,212.58
Revenue recognised over time	44,131,359.94
	<u>496,404,572.52</u>

XVI. Notes to Major Items in the Company Financial Statements (cont'd)

4. Operating revenue and costs (cont'd)

Breakdown of operating cost arising from contracts with customers is as follows:

Reporting segments

Product type

Goods	272,997,433.40
Services	2,658,289.90
Others	3,963,439.89
	<u>279,619,163.19</u>

Principal operating segment

Mainland China	78,391,774.22
Other regions	201,227,388.97
	<u>279,619,163.19</u>

Timing of revenue recognition

Revenue recognised at a point in time	276,960,873.29
Revenue recognised over time	2,658,289.90
	<u>279,619,163.19</u>

5. Investment income

	2024	2023
Income from long-term equity investments measured at equity method	(2,444,335.91	) (753,369.07
Income from financial assets held for trading	4,932,350.52	5,100,439.51
Dividends under cost method	10,200,000.00	316,721,550.00
	<u>12,688,014.61</u>	<u>321,068,620.44</u>

4

1. Schedule of exceptional gains and losses

	2024	
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	5,493,843.53	
Government grants through profit or loss (Except for government grants that are closely related to normal business, comply with national policies and regulations, enjoy according to the recognition criteria and have a sustained impact on profit and loss)	14,576,461.93	
Profit or loss from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and profit or loss from disposal of financial assets and financial liabilities, except for effective hedging business related to normal business operations	(48,502,462.17	)
Reversal of impairment provision for receivables subject to separate impairment test	7,396.90	
Non-operating income and expenses other than the above	5,438,396.45	
Subtotal of non-recurring gain or loss	<u>(22,986,363.36</u>	<u>)</u>
Income tax effects	<u>(2,057,293.09</u>	<u>)</u>
Non-controlling interests effects (net of tax)	<u>(1,119,187.16</u>	<u>)</u>
	<u><u>(26,162,843.61</u></u>	<u><u>)</u></u>

2. Return on equity (ROE) and earnings per share (EPS)

	<u>Weighted average ROE (%)</u>	<u>EPS</u>	
		Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	10.55	0.43	0.43
Net profit attributable to ordinary shareholders of the Company before exceptional gains and losses	11.10	0.45	0.45