

Company code: 688700
Technology

Company abbreviation: Dongwei



Kunshan Dongwei Technology Co., Ltd.

ANNUAL REPORT 2023

Important Note:

I. The board of directors, board of supervisors, directors, supervisors, and senior executives of our Company shall guarantee the authenticity, accuracy, and completeness of the contents without false record, misleading statement, or major omission in the annual report, and shall undertake the joint and several legal liability.

II. The company has no profit while listing and not realized profit yet

☐Yes ☒No

III. Significant risk tips

The Company has elaborated in detail in this report on the various risks that the Company may face during the business process and the corresponding measures. Please refer to "IV. Risk Factors" in "Section 3 Management Discussion and Analysis" of this report.

IV. All directors of the Company attended the board meeting.

V. ShineWing Certified Public Accountants issued a standard unqualified audit report for the Company.

VI. Liu Jianbo serving as the person in charge of the Company, Zhou Xiangrong serving as the chief accountant officer, and Zhang Zuqing serving as the person in charge of accounts (accountant in charge) make the statement that the authenticity, accuracy, and completeness of the financial report in the annual report shall be guaranteed.

VII. The profit distribution plan or the plan for the conversion of capital reserve into share capital for the reporting period approved by the board of directors

The Company intends to distribute profits and transfer capital on the basis of the total share capital registered on the registration date of equity distribution less the shares in the Company's special securities account for buybacks. As of the disclosure date of this report, the total share capital of the Company is 229,632,000 shares, and the total number of shares in the repurchase special securities account is 400,800 shares, that is, 229,231,200 shares are used as the basis for the calculation of cash dividends and transfers. The Company intends to pay a cash dividend of 2.50 yuan (including tax) to all shareholders for every 10 shares, and intends to transfer 3 shares to all shareholders for every 10 shares with the capital reserve fund. Based on this calculation, the total proposed cash dividend is 57,307,800.00 yuan (including tax). The profit distribution amount accounts for 37.85% of the net profit attributable to shareholders of listed companies in the company's 2023 consolidated statement. The Company intends to transfer 68,769,360 shares, which will increase the total share capital of the Company to 298,401,360 shares.

The company will not issue bonus shares this year. If during the period from the date of disclosure of this announcement to the registration date of the implementation of equity distribution, the base of the Company's total share capital minus the shares in the Company's special account for buyback changes, the Company intends to maintain the distribution ratio unchanged and adjust the total cash dividend accordingly; At the same time, the conversion ratio per share is maintained unchanged, and the total amount of transferred capital is adjusted, and the specific adjustment will be announced separately. The above profit distribution and capital reserve fund conversion plan has been reviewed and approved at the 17th meeting of the second Board of Directors and the 14th meeting of the second Board of Supervisors of the Company, and the profit distribution plan shall be implemented after the review and approval of the 2023 annual general meeting of shareholders of the company.

VIII. Are there any important matters such as special arrangements for corporate governance

☐ Applicable ☒ Not applicable

IX. Risk statement for forward-looking statements

☒ Applicable ☐ Not applicable

The future plans, development strategies and other forward-looking statements of the Company covered in this report do not constitute a substantial commitment of the company to investors. The investors shall be advised to pay attention to the investment risks.

X. Whether there is any non-operating capital occupation by the controlled shareholder and its related parties?

No

XI. Whether is there any external guarantee provided in violation of the prescribed decision-making procedures?

No

XII. Whether there are more than half of the directors who cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company?

No

XIII. Others

☐ Applicable ☒ Not applicable

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Catalogue of reference documents	The financial statements signed and sealed by the legal person in charge of the company, the person in charge of accounting work, and the person in charge of the accounting department (accounting officer).
	The original of the audit report containing the seal of the accounting firm and signed and sealed by the certified public accountant.
	The original copy of the Company's 2023 annual report signed by the Company's responsible person
	The original copies of all company documents and announcements publicly disclosed on the website designated by China Securities Regulatory Commission during the reporting period.

Section I. Definitions

I. Definitions

The following words herein shall have the following meanings unless the context otherwise requires:

Interpretations of common words		
the Company, Dongwei Technology, Kunshan Dongwei	Means	Kunshan Dongwei Technology Co., Ltd.
Fangfang Yuanyuan	Means	Kunshan Fangfang Yuanyuan Enterprise Management Center (Limited partnership), a shareholder of the Company
Jiayue Jiayue	Means	Kunshan Jiayue Jiayue Enterprise Management Center (Limited partnership), a shareholder of the Company
Suzhou International Development	Means	Suzhou International Development Equity Investment Fund Management Co., Ltd. - Suzhou International Development Xinxing Phase II Venture Capital Partnership (Limited partnership), a shareholder of the Company
Ningbo Yuxi	Means	Kunshan Lingfenmu Investment Enterprise (Limited partnership) - Ningbo Yuxi Investment Management Partnership (Limited partnership), a shareholder of the Company
Kunshan Yuqiaohe	Means	Kunshan Yuqiaohe Investment Management Co., Ltd. - Kunshan Yuqiaohe Yongji Venture Capital Partnership (Limited partnership), a shareholder of the Company
Guangde Dongwei	Means	Guangde Dongwei Technology Co., Ltd., a wholly-owned subsidiary
Dongguan Dongwei	Means	Dongguan Dongwei Technology Co., Ltd., a wholly-owned subsidiary
Changshu Dongwei	Means	Changshu Dongwei Technology Co., Ltd., a wholly-owned subsidiary
Shenzhen Dongwei	Means	Shenzhen Kunshan Dongwei Technology Co., Ltd., a wholly-owned subsidiary
Thailand Dongwei	Means	Dongwei Technology (Thailand) Co., Ltd. (20% shares held by Kunshan Dongwei and 80% by Guangde Dongwei)
Electroplating	Means	The process of applying a layer of metal on the surface of a conductive body using the principle of electrolysis.
VCP	Means	In the full name of “Vertical Continuous Plating”, the vertical continuous plating equipment is used for copper plating on PCB, and the electroplating production line adopting the vertical continuous electroplating technology.
PCB	Means	In the full name of “Printed Circuit Board”, the printed circuit board is not only the support of the electronic components, but also the carrier of electrical connection of electronic components.
Rigid board	Means	The printed circuit board made of rigid substrate.
MSAP	Means	Modified semi-additive process
Flexible board	Means	The printed circuit board made of flexible substrates.
Rigid-flexible board	Means	The printed circuit board made of both rigid and flexible substrates.
High-frequency board	Means	The printed circuit board made of special high-frequency materials (e.g. polytetrafluoroethylene, etc.).
HDI	Means	High Density Interconnector is a kind of circuit board with relatively high line distribution density and using micro-blind buried via technology.
Packaging substrate	Means	IC packaging substrate is a key carrier to provide electrical connection between the chip and the printed circuit board,

		and can play the role of protection, support and heat dissipation.
Special substrate board	Means	The printed circuit board made of special substrates.
Electroplating uniformity	Means	The uniformity of plating distribution is the key indicator to measure the electroplating effect. The smaller the difference between the thickest and thinnest value of electroplating layer is, the better the electroplating effect is.
Throwing power (TP)	Means	In the full name of “Throwing Power”, it is the deep hole plating capacity, i.e. the ratio of the average copper thickness in the hole and the average copper thickness on the surface of the printed circuit board; the higher the value is, the closer the thickness of the plating layer in the hole and the thickness of the copper plating layer on the surface is, the better the electroplating effect is
Sheet-by-sheet	Means	Sheet-by-sheet is a production method by which the flexible boards are fed by sheets, subject to surface processing and treatment, and then discharged.
Reel-to-reel	Means	Reel-to-reel is a production method by which the flexible boards are rolled out from the cylindrical material coil, subject to surface processing and treatment, and then rolled into a cylinder.
Prismark	Means	American Prismark Partners LLC, an authoritative advisory and market investigation institution in the printed circuit board industry.
PP	Means	Polypropylene
PVC	Means	Polyvinyl chloride
PET	Means	Polyethylene terephthalate
Aspect ratio	Means	The ratio of the board thickness to the hole diameter in the printed circuit board, also known as the thickness to diameter ratio; the higher the value is, the more difficult it is to plate copper in the hole by electroplating.
Etching	Means	The technique used to remove materials by chemical reaction or physical impact.
Electrolytic etching	Means	The technique used to remove metal by electrolysis on the basis of the principle of anodic dissolution of metal in a liquid with tap water or salt water as the main etching subject
Chemical etching	Means	The technique used to remove the protective film in the area to be etched with the exposure plating after development, and to remove the metal by chemical dissolution and corrosion action of the chemical solution contacted during the process of etching.
GDR	Means	Global Depositary Receipts

Section II. Profile of Company and Main Financial Indicators

I. Basic information of the Company

Name of company in Chinese	Kunshan Dongwei Technology Co., Ltd.
Abbreviation of company in Chinese	Dongwei Technology
Name of company in English	Kunshan Dongwei Technology Co., Ltd.
Abbreviation of the name of company in foreign language	Not applicable
Company Legal representative	Liu Jianbo
Registered address	No. 505, Dongding Road, Bacheng Town, Kunshan City
Historical change of company registered address	East of Dongding Road, Bacheng Town, Kunshan City is changed to No. 505, Dongding Road, Bacheng Town, Kunshan City
Business address	No. 505, Dongding Road, Bacheng Town, Kunshan City
Zip code of company's office address	215300
Company website	www.ksdwgroup.com
Email	DW10798@ksdwgroup.com

II. Contact person and contact information

	Secretary of the Board of Directors (domestic representative for information disclosure)	Securities affairs representative
Name	Xu Peipei	Luo Cui
Address	No. 505, Dongding Road, Bacheng Town, Kunshan City	No. 505, Dongding Road, Bacheng Town, Kunshan City
Tel.	0512-57710500	0512-57710500
Fax	0512-57710500	0512-57710500
Email	DW10798@ksdwgroup.com	DW10798@ksdwgroup.com

III. Information disclosure and preparation place

The name and website of the media where the company discloses the annual report	China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times,
URL of the stock exchange where the company discloses its annual report	http://www.sse.com.cn
Preparation place of the company's annual report	No. 505, Dongding Road, Bacheng Town, Kunshan City

IV. Overview of the Company's shares/depositary receipts

(I) Corporate stock profile

☒Applicable ☐Not applicable

Corporate stock profile				
Class of Stock	Stock exchange and board on which the stock is listed	Abbreviation of stock	Code of stock	Stock abbreviation before change
RMB ordinary shares (Share A)	Sci-Tech Innovation Board of Shanghai Stock Exchange	Dongwei Technology	688700	Not applicable

(II) Overview of the Company's depositary receipts

√Applicable □Not applicable

Overview of the Company's depositary receipts					
Types of securities	Conversion ratio between depositary receipts and underlying stocks	Exchange and sector where depositary receipts are listed	Abbreviation of Depositary Receipt	Depositary Receipt Code	Abbreviation of Depositary Receipt before Change
GDR	1:2	SIX Swiss Exchange	Not applicable	KUDO	Not applicable

Depositary Institution	Name	Citibank
	Office address	388 GREENWICH STREET, NEW YORK, NEW YORK 10013, UNITED STATES OF AMERICA
	Operator:	Keith Galfo
Trusting body	Name	Bank of China Limited
	Office address	No. 1, Fuxingmen Inner Street, Beijing
	Operator:	Wang Peng

V. Other relevant information

Certified public accountant firm engaged by the company (domestic)	Name	ShineWing Certified Public Accountants (Special General Partnership)
	Office address	8/F, Block A, Fu Hua Mansion, No. 9, Chaoyangmen Beidajie, Dongcheng District, Beijing
	Name of signatory accountant	Tang Qimei, Zhang Zijian
Sponsor institution to perform the duty of consistent supervision within the report period	Name	SDIC Securities Co., Ltd. (formerly known as Essence Securities Co., Ltd.)
	Office address	Essence Financial Building, No. 119 Fuhua 1st Road, Futian Sub-district, Futian District, Shenzhen
	Name of Signatory Sponsor Representative	Zhou Pengxiang, Hu De
	Period of continuous supervision	From June 15, 2021 to December 31, 2024

VI. Major accounting data and financial indexes in the past three years**(I) Major accounting data**

Unit: yuan Currency: RMB

Major accounting data	2023	2022	Period-Over-Period Increase / Decrease (%)	2021
Operating income	909,229,904.80	1,011,726,965.10	-10.13	804,628,678.59
Net profit attributable to the shareholders of the listed company	151,427,452.93	213,317,263.59	-29.01	160,878,175.36
Net profit deducting the extraordinary profit and loss and attributable to the	135,333,036.66	200,157,360.59	-32.39	149,373,001.49

shareholders of the listed company				
Net cash flow from operating activities	-79,604,788.25	129,777,524.90	-161.34	88,970,536.94
	At the end of 2023	At the end of 2022	Period-Over-Period Final Increase / Decrease (%)	At the end of 2021
Net assets attributable to shareholders of listed companies	1,736,315,757.41	937,955,930.60	85.12	768,798,667.01
Total assets	2,481,922,259.48	1,767,708,424.92	40.40	1,492,412,212.05

(II) Main financial indexes

Main financial indexes	2023	2022	Period-Over-Period Increase / Decrease (%)	2021
Basic earnings per share (RMB / share)	0.68	0.98	-30.61	0.74
Diluted earnings per share (RMB /share)	0.68	0.98	-30.61	0.74
Basic earnings per share, net of non-recurring gains and losses (RMB /share)	0.60	0.92	-34.78	0.69
Weighted average return on net assets (%)	11.42	25.55	Decreased by 14.13%	27.48
Weighted average return on equity (%), net of non-recurring gains and losses	10.20	23.97	Decreased by 13.77%	25.77
Ratio of investment in research and development to operating income (%)	8.81	7.87	Increased by 0.94%	7.50

Notes to the major accounting data and financial indexes of the Company in the past 3 years as at the end of the reporting period

√Applicable □Not applicable

1、 The operation revenues were declined by 10.13% YoY, which is mainly ascribed to the downstream customers, which are still in destocking stage. The above influences equipment expansion demands temporarily, which finally leads to the decline of PCB revenue from equipment sector.

2、 The net profits attributable to the shareholders of listed company declined by 29.01% YoY and the net profits attributable to the shareholders of listed company after deducting non-recurring profit and loss declined by 32.39% YoY, which are ascribed to the decline of operation revenues during the reporting period and the increase of expenses.

3、 The cash flow net amount generated by business activities declined by 161.34% YoY, which is mainly caused by the decline of sales revenues and the slowdown in payment collection.

4、 The net assets and total assets belonging to the shareholders of the listed company increased by 85.12% and 40.40% YoY respectively, which is mainly caused by the Company's successful issuance of global depository receipt (GDR) in Swiss stock exchange and the increase of profits.

5、 The earnings per share declined by 30.61% YoY and the earnings per share after deducting non-recurring profit and loss declined by 34.78% YoY, which is mainly caused by the decline of the Company's operation revenues, the decline of the Company's net earnings and the conversion of capital reserves into share capital (4.8 shares per 10 shares), as well as an increase in share capital by 11.776 million shares through the issuance of global depository receipts (GDR) during the reporting period.

6、 The weighted average return on equity (ROE) declined by 14.13% YoY and the weighted average return on equity (ROE) after deducting non-recurring profit and loss declined by 13.77% YoY, which are mainly caused by the increase of net assets after the issuance of GDR.

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

(一) The differences in the net profits and the net assets attributable to shareholders of listed companies in the financial report disclosed in accordance with the International Accounting Standards and the Chinese Accounting Standards

☐ Applicable ☒ Not applicable

(二) The differences in the net profits and the net assets attributable to the shareholders of listed companies in the financial report disclosed in accordance with the Overseas Accounting Standards and the Chinese Accounting Standards

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

VIII. Main financial data by quarter of 2023

Unit: yuan Currency: RMB

	Q1 (January - March)	Q2 (April-June)	Q3 (July-September)	Q4 (October-December)
Operating income	234,318,690.14	264,570,943.97	231,916,024.46	178,424,246.23
Net profit attributable to the shareholders of the listed company	50,555,130.81	51,667,548.76	46,849,909.76	2,354,863.60
Net profit deducting the extraordinary profit and loss and attributable to the shareholders of the listed company	48,109,331.96	49,306,049.19	41,009,776.45	-3,092,120.94
Net cash flow from operating activities	26,945,080.85	-24,332,163.22	-47,898,928.40	-34,318,777.48

Note: The main reason for the decline in net profit in the fourth quarter of 2023 is that the equipment of which the revenue is recognized is mostly equipment with low gross profit margin of general hardware. Differences between quarterly data and disclosed periodic report data

☐ Applicable ☒ Not applicable

IX. Items and amounts of non-recurring gains and losses

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Items of non-recurring gains and losses	Amount in 2023	Note (if applicable)	Amount in 2022	Amount in 2021
Gains and losses from disposal of non-current assets include the written-off part of provision for asset impairment	-48,181.76	Section X - VII - 73, 75	88,566.69	249,242.82
The governmental subsidy included into current profit and loss, except for the governmental subsidy which is closely related to the Company's normal business operations, complies with regulations of national policies,	7,528,262.22	Section X - VII - 67	7,136,923.16	9,092,396.93

is owned according to established standards and exerts sustainable influence on the Company's profit and loss				
Changes in fair value recognized in profit and loss generated by financial assets and financial liability owned by non-financial enterprises and the profit and loss generated by disposing financial assets and financial liability, except for the effective hedging business related with Company's normal business operations	6,096,294.05	Section X - VII - 68, 70	7,939,648.87	4,612,922.26
Fund possession cost which are collected from non-financial enterprises and which are recorded into current profit and loss				
Profit or loss from commissioned investment or asset management				
Profit and loss from commissioned loans				
Various assets loss generated by force majeure factors, such as natural disaster				
Reversal of impairment provision of accounts receivable for independent impairment test	147,000.00	Section X - VII - 5	1,195,424.61	
Gains generated when the company's acquisition costs of subsidiaries, associates and joint ventures are less than the fair value of identifiable net asset of investee to be enjoyed at the time of investment				
Net current profit or loss of the subsidiary formed under the merger of enterprises under the same control from the beginning date to consolidated date				
Losses and gains from exchange of non-monetary assets				
Losses and gains from debt restructuring				
Non-recurring expenses generated by the non-continuation of the Company's related business activities, such as expenses for employment settlement				
Non-recurring influence generated by adjusting laws and rules of taxation, accounting, etc.				
Share payment expenses recognized by cancelling or modifying share incentive plans in one time				
The profit and loss generated by the change of fair value of employee pay payable after the vesting date (for the				

share payment in cash settlement)				
Profit and loss from changes in fair value of investment property using the fair value model for subsequent measurement				
Income generated by transactions where the trading price is obviously unfair				
Gains and losses generated by contingencies unrelated to normal business operations of the Company				
Custodian fee income from entrusted operations				
Other non-operating income and expenses, except the aforesaid items	-388,137.59	Section X - VII - 74, 75	-676,901.76	-416,093.86
Other profit and loss items in line with the definition of non-recurring gains and losses	5,597,759.47	Section X - VII - 67		
Less: Income tax impacted amount	2,838,580.12		2,523,758.57	2,033,294.28
Impacted amount of minority interests (after-tax)				
Total	16,094,416.27		13,159,903.00	11,505,173.87

The Company defines the non-recurring profit and loss items listed in the Interpretative Announcement of Company Information Disclosure for Public Securities Issuance No.1 - Non-recurring Profits and Losses (revised in 2023) as recurring profit and loss items:

☒Applicable ☐Not applicable

X. Items measured at fair value

☒Applicable ☐Not applicable

Unit: yuan Currency: RMB

Project name	Opening balance	Closing balance	Current changes	Amount of impact on current profit
Held-for-trading financial assets	212,382,756.11	253,785,545.21	41,402,789.10	6,096,294.05
Other debt investment		457,178,347.22	457,178,347.22	7,178,347.22
Receivables financing	14,283,281.00	7,357,716.16	-6,925,564.84	
Total	226,666,037.11	718,321,608.59	491,655,571.48	13,274,641.27

XI. Explanation of Performance Indicators of Accounting Standards Non-Business Enterprises

☐ Applicable ☒ Not applicable

XII. Explanation of information postpone and exemption due to national secrets, business secrets, etc.

☒Applicable ☐Not applicable

For the purpose of protecting the Company's business secrets, and according to the relevant confidentiality agreement/clause concluded by and between the Company and some customers and suppliers, the Company decides not to disclose the name of some specific suppliers and clients.

Section III. Discussion and analysis of the management

I. Discussion and analysis of operation

Since its inception, the Company has been sticking to independent R&D and innovation of high-end electroplate equipment and peripherals, laid special emphasis on technological innovation, and made R&D input constantly. The Company's R&D input rate over the past 3 years was over 7.5%. Furthermore, the Company has become a leading electroplate equipment manufacturer in the industry. The Company has been focusing on and keeps making innovation in electroplate equipment field, thus contributing to its high occupancy in domestic market, high customer recognition and strong market competence. Its vertical continuous plating machine (VCP) equipment is widely used in fields such as high efficient computers, servers, big data centers, high-end communication equipment, artificial intelligence (AI) and cloud storage. The downstream customers of the product have covered a majority of domestic first-class PCB manufacturers.

Within the reporting period, the Company made remarkable achievements in aspects such as company management enhancement, R&D of innovative products and launch of new products by focusing on its development strategies and production and operation objectives. However, due to such factors as the slow recovery for global economy, and weak demands in the PCB industry, the Company's business performance in 2023 didn't go as expected. In 2023, the Company's business revenues was RMB 909,229,900, a YoY drop of 10.13% compared with the same period of last year; the net earnings belonging to shareholders of the listed company was RMB 151,427,500, a YoY drop of 29.01% compared with the same period of last year; the net earnings belonging to shareholders of the listed company after deducting non-recurring profit and loss was RMB 135,333,000, a YoY drop of 32.39% compared with the same period of last year.

To be specific, the Company has finished the work below:

(i) Continuous input to innovation and R&D, which is aimed to foster new power that drives the Company's long-term development

Innovation and R&D play a basic role in the Company's development. Based on the future development strategy, the Company actively engages in the R&D of multiple new products, holds the belief of performance-based technological innovation and lays emphasis on the industrialization of technological achievements to form scaled production capacity, thus further enhancing its competitive edges. R&D and innovation essentially lie in talents. Instead of blindly focusing on theories and exaggerated propaganda, the Company always behaves in a down-to-earth manner and ensures every technical R&D member can create values. During the Reporting Period, the Company's R&D expenses amounted to RMB 80,128,300, accounting for 8.81% of the year's operating income. The Company has 223 research and development personnel, accounting for 17.00% of the total number of employees. In 2023, the Company applied for 90 patents in total, of which 59 were licensed, including 2 invention patents. The constant R&D input and increase of patent technologies drive the Company to always take the lead in technical field and form long-term development advantages.

(ii) The constant launch of equipment forms a new matrix of the Company's equipment and products

As for PCB, within the reporting period, the Company's first horizontal electroplating three-in-one equipment passed customer's acceptance successfully and the thick-copper product with horizontal DES line etching passed verification at the site of end user, which signifies the Company's successful attempt in exploring such markets as thick copper, thin circuit, high-level HDI and thin plates. The above completely caters the structural requirement for high-end HDI and high-speed and high-level PCB by AI, high-speed network and intelligent automobile system, etc. The Company's equipment such as ceramic electroplating and mobile VCPs are targeted at the specific market, which contributes to the constant development of market potential. In the field of general hardware, the Company's hardware continuous electroplating line has meet the requirements for environmental protection and realized safe, energy-saving, eco-friendly, high-standard and intelligent production. It can meet the criteria for "Dark Factory" with broad market prospect. In the field of new energy, the Company's silicon wafer VCP line (PV8000H) could produce products, which broke through capacity limitation in pilot scale test and achieved mass production, guiding the direction for equipment improvement in later stage and marks the Company's significant achievements in PV electroplating equipment. The successful research and manufacturing, and verification in the factory of 24-target vacuum magnetron sputtering equipment and the kickoff of the project on the research of vacuum aluminizing equipment imply that the Company is

forging towards lithium battery anode and cathode materials and equipment, thus providing integrated services for customers. Moreover, Dongguan Subsidiary can also supply various kinds of horizontal carrier equipment, including but not limited to vertical developing/ debonding/flash erosion line, inclined frame non-contact equipment and horizontal three-point non-contact equipment, etc., all of which have enriched the Company's product line.

(iii) Continuous expansion of business markets and exploration of overseas markets

Within the reporting period, the Company successfully issued GDR in June 2023, which was listed in the Swiss Exchange for circulation. As a result, the Company became the first company issuing GDR in sci-tech innovation board of Jiangsu Province and also the first one issuing GDR successfully after the release of the latest regulations on GDR. The Company used certain net amount of GDR income to explore the overseas market, consolidating the capacity expansion in the future. In November 2023, the Company set up Dongwei Technology (Thailand) Co., Ltd., which is responsible for the Company's development in the PCB industry, optimizing strategic layout and expanding overseas business. The Company plans to establish a production base in Thailand. The establishment of production base in Thailand serves as the Company first step for going global and also a key step for deepening cooperation with customers in Southeast Asia and the rest of the whole world. It can enhance the Company's overseas sales capacity, intensify the influence and penetration in key overseas area, strengthen the brand's global influence and popularity, constantly reinforce the Company's leading position in the field of global electroplating equipment and brand influence and core competitiveness.

(iv) More production bases provide new guarantee for the Company's production capacity

Within the reporting period, the Company's Guangde PCB VCP Equipment Production Expansion Project (Phase 1) was completed and the workshops were put into use. With an accumulative area of 100,000 m², the workshops can better guarantee the make-to-order for VCP equipment in the PCB field. The construction of the vacuum workshop in Dongding Road, Kunshan City was completed and put into use, which covers an area of 10,000 m², thus enhancing the Company's production capacity in the business field of new energy dramatically. The Company's high-end surface treatment equipment base in Changshu City is under construction and will be put into use in June 2024, which is expected to bring 50,000 m² workshop areas for the Company, thus better catering more orders of general hardware in the future. The Capacity Expansion Project for New Energy Equipment in Kunshan City has been in process smoothly. The Company obtained the real estate ownership certificate on April 2, 2024, which provides necessary guarantee for project implementation.

II. Principal business, business model, industry situation and R&D status of the Company during the reporting period

(I) Main business, main products or services

As the leading electroplating equipment manufacturer in the world, the Company is mainly engaged in R&D, design, manufacturing and marketing of high-end precision electroplating equipment and supporting equipment, and committed to providing the customers with efficient, environmentally friendly, intelligent high-end precision electroplating solutions. At present, the Company is manufacturing the products in the fields of PCB electroplating, general metal electroplating, and new energy electroplating; the Company occupies more than 50% of the market share in vertical continuous electroplating equipment in China. By virtue of profound technology accumulation and leading market position in the field of PCB electroplating equipment, the Company has expanded and extended its business to the field of general metal electroplating and new energy electroplating, and built a business layout covering a wide range of application fields.

The Company was listed in the sci-tech innovation board of Shanghai Stock Exchange on June 15, 2021 (stock code: 688700), and it is also the one and only domestic company listed in sci-tech innovation board that supplies pure-precision electroplating equipment and technical services. With a total of over 1,300 employees, the Company has established its production and R&D bases in Kunshan City, Jiangsu Province, Guangde City, Anhui Province and Dongguan City, Guangdong Province. It has also made layout on the establishment of production bases in Changshu City, Jiangsu Province and Bangkok, Thailand. The Company has obtained many honors, such as "National Specialized, Sophisticated, Unique and New 'Little Giant' Enterprise", "National High-tech Enterprise", "Jiangsu Specialized, Sophisticated, Unique and New Enterprise", and "Engineering and Technological Research Center for Energy-saving Eco-friendly Electroplating Equipment of Jiangsu Dongwei", as well as the honor of "First Set" equipment for many times. It has also realized many "firsts" in the industry. The subsidiary,


Guangde Dongwei, was also awarded multiple honors, such as “National Specialized, Sophisticated, Unique and New ‘Little Giant’ Enterprise”, “National High-tech Enterprise”, “Anhui’s First Set of Significant Technical Equipment”, and “Anhui Industry Design Center”.

The Company’s technology was derived from A-series VCP equipment. At the very beginning, traditional chain style was applied to the transmission system. Later, with the constant business development and intensification of innovation and R&D technology and funds, the Company changed A-series chain transmission dramatically by launching the patented steel transmission and the industry’s first B-series VCP. As a result, the new product improves the conductive uniformity and service life of equipment and lowers customers’ maintenance costs. On the basis of the steel transmission patent, the Company continues to make R&D and innovation and enrich product matrix, which finally contributes to the 5 types of VCPs at present: VCP-B series, VCP-K series, VCP-R series, mobile VCP and ceramic VCP. Besides ensuring a leading status in VCP equipment, the Company has also endeavored to explore the field of horizontal wet-process equipment. After years of technical accumulation and coordination of verification with customers, the Company has developed some mature horizontal wet-process equipment, such as horizontal electroplating three-in-one equipment and DES line (thick-copper thin-circuit etching equipment). The Company also develops other horizontal wet-process equipment actively, further enriching the matrix of horizontal wet-process equipment.



According to the traditional practice, surface treatment of hardware is realized by electroplating, which is “dirty, disorderly and bad”. However, the stereotyped situation can be totally improved by the Company’s traditional gantry electroplating equipment and hardware continuous plating line, which can meet the requirements for environmental protection and realize safe, energy-saving, eco-friendly, high-standard and intelligent manufacturing. At present the two sets of equipment have been mature, which have been verified by several customers.

The Company has constantly upgraded and updated the traditional products, explored emerging market actively and made further development on such market in all directions. Thanks to the constant R&D input and market exploration, the Company has established its core technical system highly developed by itself and profound market customer resource advantages, and finally yielded good business performance and higher growth. On the basis of its prospective layout in the new energy market, the Company has formed its first-mover advantages and leading status in terms of electroplating equipment in lithium-battery industry. At present, it is the world’s sole enterprise that achieves the mass production of coating equipment for new-energy lithium battery (also called “rolling horizontal membrane material electroplating equipment” or “water electroplating”). The Company has also made active layout in electroplating equipment of PV industry and explores the technology of replacing silver by copper actively.



Compared with 2022, the Company launched the equipment richer in category and higher in technology in 2023. The Company’s equipment in the 3 fields are as below:

Main products	Schematic Diagram	Application field	Market position/core advantage
Rigid-board vertical continuous electroplating equipment (VCP-B series)		The equipment is mainly used for consumer electronics, communication equipment, 5G base station, server/cloud storage, and aerospace	The vertical continuous electroplating equipment manufactured by the Company occupies the market share of more than 50% in China

Flexible board sheet-to-sheet vertical continuous electroplating equipment (VCP-K series)		The equipment is mainly used in the field of flexible board PCB electroplating to achieve automatic feeding and discharging production of the sheet-type flexible board. Wearable devices, smart home appliances, and communication equipment	The vertical continuous electroplating equipment manufactured by the Company occupies the market share of more than 50% in China
Flexible board reel-to-reel vertical continuous electroplating equipment (VCP-R series)		The equipment is mainly used in the field of flexible board PCB electroplating to achieve continuous electroplating production of the roll-type flexible board. Wearable devices, smart home appliances, and communication equipment	The vertical continuous electroplating equipment manufactured by the Company occupies the market share of more than 50% in China
Transfer VCP		Mainly suitable for high-level HDI products and MSAP electroplating processing, the products are used for manufacturing PCBs, carriers, SLP, BT carriers and ABF carriers.	Leading in China
Ceramic VCP		After surface metallization through physical method, ceramic electroplating method could process conductive copper and functional membrane layer using electrochemical technique. It has been extensively	Leading in China




		used such fields as chip, G3 semiconductor, electronic power, lithium battery and integrated circuit.	
Horizontal plating equipment (3-in-1)		The equipment integrating horizontal glue refuse removal, chemical copper plating, and continuous copper plating line, which is mainly used in PCB, HDI, IC carrier board, and suitable for the production equipment of high-density multi-layer boards used in consumer electronics, automotive board, 5G communication equipment, server, cloud storage, and aerospace.	Replace overseas equipment with domestic ones, fill the domestic gap; independent IPRs. It is much superior to the equipment from overseas brand in technical indexes, such as performance, service, cost performance and homogeneity and has passed verification by customers which have placed more orders.
Horizontal DES line		The Horizontal DES, thick copper thin line precision etching technology, is mainly used in PCB and HDI, and suitable for the production equipment of high-density multi-layer boards used in consumer electronics, automotive board, 5G communication equipment, server, cloud storage, and aerospace.	The thick-copper product etched by horizontal DES line has passed verification at the end user's site successfully, which leads the industry



(2) The field of general metal plating

Main products	Schematic Diagram	Application field	Market position/core advantage
Gantry electroplating equipment		The equipment is mainly used in large semiconductor cleaning, aerospace, automotive, 5G communication, 3C products, and other electroplating fields.	The Company has achieved mature development in this field. The Company has been developing the market of this product for nearly 20 years with mature and stable product technology. The Company adopts the clean production method to reduce environmental pollution, and achieve the automated, intelligent, and clean production and processing
Continuous metal electroplating equipment		It is a kind of continuous electroplating equipment widely used in electroplating production and processing of fasteners, NdFeb, electrical connectors, stamping parts, and automotive parts. The equipment is widely used in 5G communication, computer, Internet of things, automotive, electric energy, aerospace and other fields.	It is the first in the world. On the basis of traditional electroplating equipment, the revolutionary transformation and innovation are carried out to achieve outstanding advantages in yield improvement, cost reduction, manpower saving, efficiency improvement, safety, and environmental protection.

(3) New energy

Main products	Schematic Diagram	Application field	Market position/core advantage
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<p>Rolling horizontal membrane material electroplating equipment (water electroplating)</p>		<p>The equipment is mainly used in lithium power battery, energy storage battery, consumer batteries and other industries, and is also used for metallization of flexible materials in other industries. It is mostly used for metallization of negative electrode materials at the battery end (i.e. composite copper foil).</p>	<p>The initiative worldwide; the sole enterprise with mass production capacity; the product has been verified by the orders of over 20 customers</p>
<p>Magnetron sputtering rolling plating equipment</p>		<p>The equipment is mainly used in lithium power battery, energy storage battery, consumer batteries and other industries, and is also used for metallization of flexible materials in other industries. It is mostly used for metallization of negative electrode materials at the battery end (i.e. composite copper foil).</p>	<p>It is leading in China and positioned as the high-end vacuum electroplating equipment in China.</p>
<p>Sputtering evaporation winding double-sided coating equipment</p>		<p>The equipment is mainly used in lithium power battery, energy storage battery, consumer batteries, photovoltaic and other industries, and is also used for metallization of flexible materials in other industries. It is mostly used for metallization of positive electrode materials at the battery end (i.e. composite</p>	<p>It is leading in China and positioned as the high-end vacuum electroplating equipment in China.</p>

		aluminum foil).	
Silicon VCP pilot line (PV8000H)		PV battery piece metalization manual pilot line is mainly used for replacing silver paste by copper plating such as PV battery silicon chip. It can be used for the technological paths such as BC, HJT, TOPCan.	With manual feeding and blanking process, processing speed of 100 pieces per hour and excellent electroplating effect, it has been used by multiple PV enterprises
Silicon VCP mass production line		The mass production line of PV battery piece metalization is mainly used for copper plating such as PV battery silicon to replace silver paste. It can also be used for certain technical paths such as BC, HJT, TOPCan.	Full-automatic feeding and blanking, capacity of over 8,000 pieces/hr by exceeding the restrictions of pilot line; advantages such as good homogeneity and low fragment rate. The product is under verification at customers' site

(II) Main business model

1. Purchasing model:

(1) Supplier management

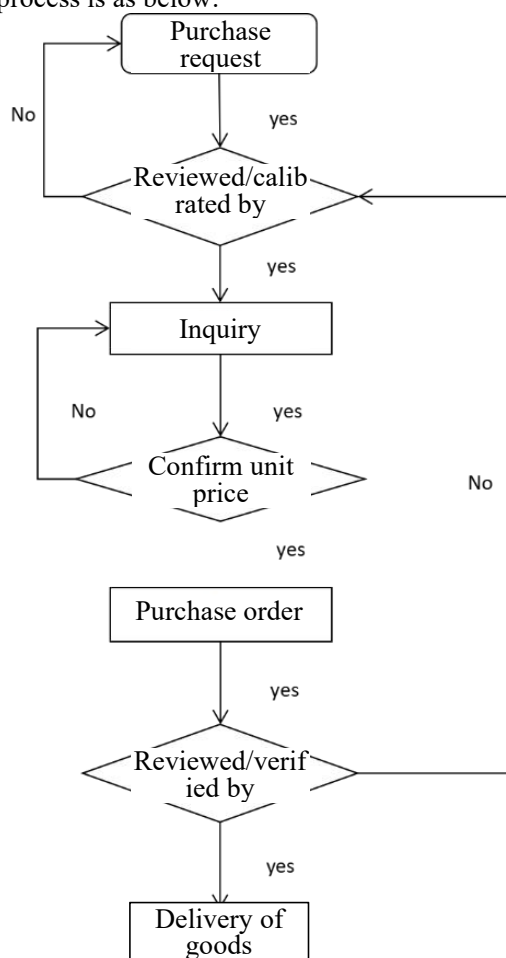
The Company has established a complete management system for eligible suppliers. The Company has formulated the Appraising Flow for New Suppliers, choose suppliers by considering such factors as product quality, supply ability, service ability and payment terms and by inquiring, comparing and bargaining prices. Based on the Company's Performance Assessment Flow for Suppliers, the Procurement Department dynamically assesses the suppliers at regular interval (per year) in raw material quality, price, delivery punctuality, services, etc., records the assessment results in the Performance Assessment Form for Suppliers, and updates the List of Eligible Suppliers accordingly. The Company shall purchase materials to be developed or used from eligible suppliers; if there is no appropriate supplier, the Assessment Record Chart for Suppliers shall prevail.

(2) Procurement flow

At present, the Company uses the procurement pattern combining procurement based on production needs and reasonable inventory. After checking the inventory for raw materials, the Production

Department will fill in the requisition based on the production plan, and the Procurement Department will purchase the raw material required. Moreover, the Company will store some commonly used standard raw materials reasonably on the basis of the previous orders and the reasonable prediction to future orders.

The raw materials procured mainly include hardware, electric equipment, structural parts, troughs, motor-generator set, manipulator, etc. Suppliers for these materials are generally manufacturers, and some electrical products are procured from Class 1 agents or dealers. A majority of standard components among these raw materials are home-made, unless otherwise specified by customers that demand exported ones. We do not simply depend on import of raw materials, so “stranglehold” will not happen. Raw materials must be procured from the most appropriate supplier included in the List of Eligible Suppliers. After the supplier sends the materials to the factory, the warehouse should make verification of the quantity. For raw and auxiliary materials, the warehouse shall notify AC Department to make acceptance. The Procurement Department should make regular assessment to suppliers on a yearly basis. The Company’s procurement process is as below:



2. Production model

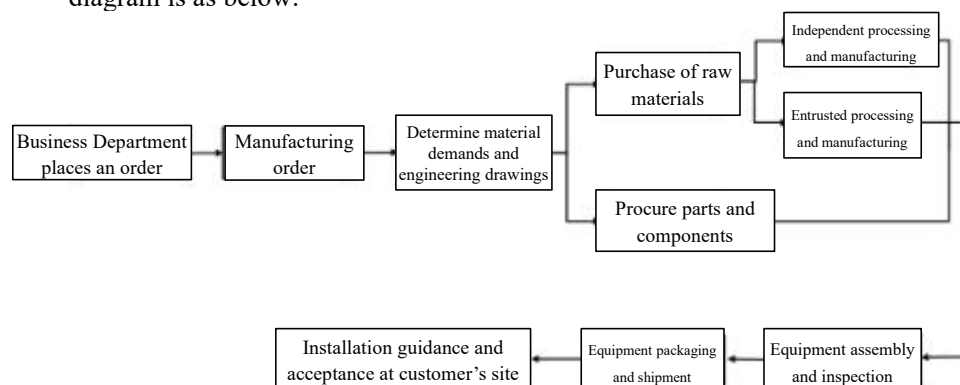
(1) Overview of production model

After years’ business practice, the Company has gradually established the production model combining make-to-order and moderate pre-production. The Company mainly uses the make-to-order model, that is to say, the formulation of production plan, procurement of raw materials, product manufacturing and installation & debugging, etc. are based on the corresponding contract order. If the customers will place orders after reasonable prediction, the Company also makes moderate pre-production as appropriate so as to shorten the delivery term. At the same time, the Company has improved production efficiency significantly by modular segmentation technology and cycle-based production technology. The Company acquires the customization materials that are commonly used but not the core part for production mainly through procuring customized parts and sometimes through consigned processing.

The Company has established a complete production management process, which supports the fast and efficient treatment of orders. Meanwhile, all business divisions can make overall arrangements to

production schedules and material management, and coordinate with relevant departments such as Production Department, Procurement Department, warehouse, etc., so as to ensure smooth and orderly manufacturing, accelerate equipment delivery speed, and improve equipment quality. The Company's production is not affected by seasons.

The production process of products in the Company's three business sectors is much similar to each other and their equipment manufacturing property follows the same rules. The main process flow diagram is as below:



(2) Production base

At present, Kunshan Headquarters is mainly responsible for R&D and sales as well as certain production tasks. Guangde Dongwei is the Company's main production base. The Company has been setting up R&D, sales and production bases constantly along with its rapid development based on customers' latest needs and adjustment of capacity layout. The details are as follows:

Company name	Company address	Ownership certificate	Land area and workshop area	Main purposes	Business Division	Major production equipment
Kunshan Dongwei Technology Co., Ltd.	No. 505, Dongding Road, Bacheng Town, Kunshan City, Jiangsu Province	Self-owned	Land: about 110 mu (including 60 mu to be developed) Workshop: about 25,000 m ²	Office, R&D, manufacturing, sales and after-sales services	Horizontal Equipment Division, New Energy Membrane Material Division, Hardware Continuous Line Division	(1) PCB field: horizontal surface treatment equipment (horizontal electroplating three-in-one and DES line, etc.); (2) General hardware field: BCP and RCP hardware continuous electroplating surface treatment equipment (3) New energy field: water electroplating, magnetron sputtering equipment and vacuum aluminizing equipment
Kunshan Dongwei Technology Co., Ltd.	No. 725, Hongyang Road, Bacheng Town, Kunshan City, Jiangsu Province	Leasing	Workshop: about 10,000 m ²	Office, R&D, manufacturing, sales and after-sales services	Gantry Business Division	(1) PCB field: equipment such as ceramic electroplating equipment and mobile VCP (vertical carrier electroplating and hole-filling equipment); (2) General hardware field: traditional gantry equipment (used for surface treatment); (3) New energy field: PV electrocoppering

						equipment
Kunshan Dongwei Technology Co., Ltd.	Bacheng Town Intelligent Robot Assembly Industrial Park at No. 1986 Donghe Road, Kunshan City, Jiangsu Province	Leasing	Workshop: about 3,271 m ²	Office, R&D, manufacturing, sales and after-sales services	Vacuum Coating Division	New energy field: vacuum magnetron sputtering equipment, vacuum aluminizing equipment, etc.
Guangde Dongwei	No. 9 Zhenye Road, Guangde Economic Development Zone, Anhui Province	Self-owned	Land: about 183 mu Workshop: about 100,000 m ²	Office, R&D, manufacturing, sales and after-sales services	VCP Division (East China)	PCB field: VCPs such as B-series VCP, K-series VCPs and R-series VCPs; New energy field: water electroplating
Changshu Dongwei	East to the Planned Liuzhou Road and North to Suzhou Road, Changfu Sub-district, Changshu City, Jiangsu Province	Self-owned	Land: 100 mu workshop: about 51,000 m ² (under construction, expected to put into use in the middle of 2024)	Office, R&D, manufacturing, sales and after-sales services	Hardware Continuous Line Division	General hardware field: surface treatment equipment such as hardware continuous electroplating equipment
Shenzhen Dongwei	St. George S&T Industrial Park, Northern side of Xinyu Road, Shajing Sub-district, Baoan District, Shenzhen City, Guangdong Province	Leasing	Workshop: about 1250 m ²	Office, sales and after-sales services	VCP Division (South China)	Mainly for sales, installation and after-sales services
Dongguan Dongwei	#2 Workshop, No. 19 North to Yanhe Road, Xiangxi Village, Shipai Town, Dongguan City, Guangdong Province	Leasing	Workshop: about 6500 m ²	Office, R&D, manufacturing, sales and after-sales services	Carrier Division	PCB field: horizontal carrier equipment

(3) Outsourcing

The customization materials that are commonly used but not the core part are outsourced mainly by procurement and consigned processing. The procurement of customization parts means that the Company purchases non-standard parts and components directly from the external sellers, which complete the manufacturing of such products using raw materials they procure alone based on the technical parameters and product drawing provided by the Company. The consigned processing means that the Company entrusts the outsourcing party to manufacture and process non-standard parts and components by using the raw materials and technical parameters provided by the Company after the Company's payment of processing fees, such as laser processing and paint-baking processing.

Currently, the Company's external outsourcing parties are from the industries with strong universality, mature technology, and no obvious technological difficulty, so the Company does not simply depend on the outsourcing parties.

3. Quality control

The Company is dedicated to providing customers with superior and reliable products, and it also endeavors to improve customer satisfaction constantly, so as to strengthen the Company's competence and occupy more market shares.

The Company's main quality control procedures include:

(1) Product design The Company has formulated the Process Control Programs Related with Customers, which clarifies and ensures the Company meets customer demands, and guarantees product quality by assessment, verification and confirmation procedures. The Company implements strict standards to ensure that the product design and development meet customers' demands.

(2) Material procurement. The Company has formulated the Procurement and Supply Procedures, according to which, the Company chooses suppliers and checks the materials, components, etc. supplied as per strict standards before warehouse raw materials or they enter the Company's manufacturing process. For example, to procure raw materials, the Company should choose a proper supplier from the List of Eligible Suppliers. While making delivery, the supplier must attach the Delivery Note with the goods and check the goods based on the Incoming Quality Inspection Specification.

(3) Manufacturing The Company has taken quality control measures in all key manufacturing links, and clearly defined the procedures for operation management and control of raw materials and components, process and inspection activities. The Company strictly controls production condition and carries out online and sample tests, so as to ensure only qualified products can enter the next procedure. The Company does not deliver its equipment to customers until it passes field debugging and is verified by customer. The equipment will be installed and debugged formally upon arrival at the customer's factory. The customer signs the Customer Confirmation Slip after confirming the equipment meets the technical parameter and index stipulated in the Specification,

(4) After-sales service In the warranty period, the Company provides free after-sales services. Before finishing equipment debugging or based on customer's requirement, the Company provides free operation training for the customer's operators for once, and ensures the customer's operators can operate the equipment according to the Equipment Operation Specification. The Company also provides the Equipment Operation Specification for customers' internal operation trainings. If the equipment becomes faulty and cannot work normally within the warranty period and scope of warranty, the Company will respond in time upon receiving the customer's report and solve problems within a reasonable time. After the expiration of warranty period, the Company also provides paid maintenance services for customers. Details of the maintenance shall be specified by both parties by concluding a separate agreement.

(5) Product quality assurance In general, the Company provides 1-year warranty services. The scope of warranty includes the equipment, accompanying accessories as well as the fees for supporting software, packing expenses, freight, transportation premium, fees for installation and debugging, and training fees. In addition, both parties will also specify the quality security deposit, which is 5%-10% of the contract price (the specific ratio is determined based on the specific contract).

4. Sales model

The sales model can be divided into direct selling and distribution based on the nature of customer (end user or not). The Company prioritizes direct selling, which is followed by dealership. In consideration of equipment customization, the Company needs to communicate with end users on their needs in advance. Meanwhile, the Company's business also includes certain dealership business, which however differs from the traditional one. As one of the most traditional and common sales modes, the direct-selling mode can be used for the Company's various equipment fields.

The Company's specific dealership modes are as follows: First, mode designated by end users, i.e. the Company supplies goods and services through the dealers acknowledged by end users; second, tie-in sales mode of electroplate liquid manufacturers (or traders), i.e. the dealer sells electroplate liquid to end users by tie-in sales with the Company's equipment; Third, general equipment trading mode, i.e. the Company actively seeks for cooperation with well-known eligible suppliers (dealers) for end users. The dealership mode is mainly adopted for the sales of the Company's PCB equipment.

The sales model can be divided into sales by exhibitions and face-to-face sales by the ordering way. To be specific, sales by exhibitions means the Company participates in all kinds of exhibitions and industry gatherings frequently, so as to enhance the Company's popularity, promote its new equipment and

receive orders from customers. At present, the Company has joined such associations such as China Printed Circuit Association (CPCA), Hong Kong Printed Circuit Association (HKPCA), Taiwan Printed Circuit Association (TPCA), China Surface Engineering Association (CSEA) and China Electronics Materials Industry Association (CEMIA). This mode can apply to the sales of the Company's PCB equipment, hardware surface treatment equipment, and new energy equipment.

As a manufacturer of customization equipment, the Company can directly know customer demands through face-to-face sales, which is of great significance to the Company. This sales mode applies to the Company's equipment of all kinds. In particular, the Company generally signs a cooperation framework agreement with customers cooperating in the long run and with a large order amount, and then transforms it to formal orders in batches according to customers' realities; signs the corresponding sales contract in batches and in stages, and make delivery based on the time specified in these contracts. This mode is more frequently used in the sales of the Company's new energy equipment.

The sales mode can be divided into domestic sales and export by sales regions. Currently, the Company sells its products on domestic market mainly, and export only occupies a certain proportion. Up till now, the Company has sold its equipment not only in China mainland but also many other countries and regions mainly from Europe (Germany and North Macedonia), Southeast Asia (Thailand, India, Vietnam and Malaysia), North America (Mexico), Japan, Korea and Taiwan (China). At present, the Company has exported its equipment of 3 sectors (PCB, hardware surface treatment field and new energy field), among which, the new energy coating equipment was granted the honor of "Splendid Supplier" by the Japanese TDK Group.

(III) Industry

1. The industry's development stage, basic features and main technical threshold

As one of the 4 main basic processes (heating, molding, forging and plating) in the manufacturing industry, electroplating makes metal apply to the surface of electroplated parts through current electrolysis, so as to form a metal coating. Electroplating can be divided into multiple fields such as PCB electroplating, general hardware electroplating and new energy electroplating by the downstream application scenario. To be specific, PCB electroplating is mainly used for PCB manufacturing, and grows gradually along with the development of China's electronic information industry and shift of global PCB industrial center to Asia. As an important processing link for manufacturing industries such as machinery, automobile, aviation and aerospace, general hardware electroplating plays a basic role in China's electroplating industry. New energy electroplating can be used in many fields, such as power battery and energy storage battery in lithium battery, the composite copper and aluminum foils for making anode and cathode materials in the consumer electronics battery industry, metalization of flexible materials in various industries, and copper plating such as PV battery silicon to replace silver paste.

(1) PCB electroplating equipment industry situation

① Introduction of CB electroplating equipment industry

Electroplating means applying metal or alloy layer on the surface of base material in a smooth, compact and fully connected manner through electrolysis. It excludes the process of electroless copper plating. PCB electroplating is required in PCB manufacturing. The performance and quality of PCB electroplating equipment can somewhat decide PCB integration level, electrical conductivity, signal transmission and function.

The PCB electroplating equipment mainly includes gantry electroplating equipment, VCP equipment, vertical lift electroplating equipment and horizontal electroplating equipment. PCB electroplating equipment was dominated by gantry electroplating equipment In the initial development stage of PCB industry. Along with the development of electroplating technology and the higher requirements for environmental protection, the traditional gantry electroplating equipment has been gradually replaced by VCP equipment.

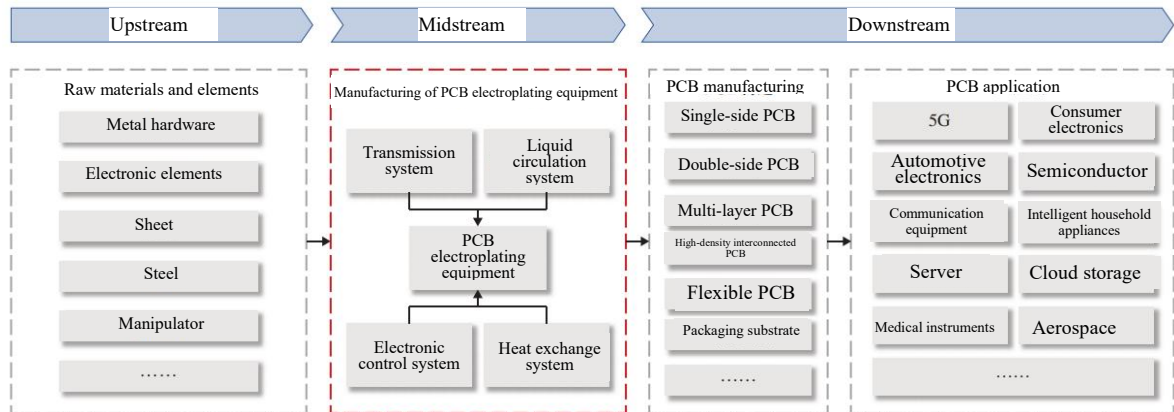
② Value chain analysis of PCB electroplating equipment industry

The upstream of PCB electroplating equipment industry is mainly composed of raw materials and components. The raw materials of PCB electroplating equipment mainly include metal hardware, electronic components, panel, rolled steel and manipulator.

The midstream of PCB electroplating equipment industry is composed of manufacturing processes of PCB electroplating equipment, including its transmission system, liquid circulation system, electronic control system and heat exchange system.

The downstream of PCB electroplating equipment manufacturing consists of PCB manufacturing and application. Electroplating, as a key step for PCB manufacturing, plays a decisive role in the final quality of PCB directly. The finished PCBs are mainly used in industries such as 5G, consumer electronics, automotive electronics, semiconductor, communication equipment, intelligent household appliances, servers, cloud storage, medical instruments and aerospace.

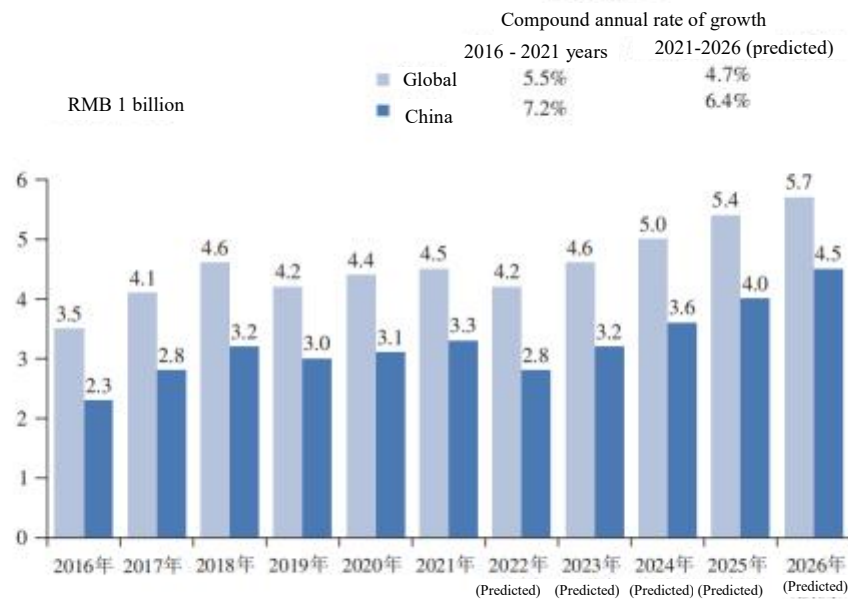
Value chain of PCB electroplating equipment industry



Document sources: China Insights Consultancy

The market scale of PCB electroplating equipment worldwide (calculated by output value) is expected to reach RMB 5.7 billion in 2026, and the compound annual rate of growth has been 4.7% since 2021. As the largest market in the world, China will see its market scale of PCB electroplating equipment (calculated by output value) reaching RMB 4.5 billion in 2026.

Market scale of global and China's PCB electroplating equipment (calculated by output value)
(2016-2026 (predicted))



Source: China Printed Circuit Association, China Insights Consultancy

VCP equipment has the advantages such as electroplating smoothness, energy saving, environmental protection and easy maintenance. It has gradually become the largest market segment in China's PCB electroplating market. China's market scale of VCP equipment (calculated by output value) is expected to reach RMB 2.4 billion in 2026, and the compound annual rate of growth is 10.0%, which exceeds the overall PCB electroplating equipment market.

Market Scale of PCB electroplating equipment in China (calculated by output value) (2016-2026 (predicted))



Source: China Printed Circuit Association, China Insights Consultancy

China's market scale of horizontal degummed copper equipment (calculated by output value) is expected to increase to RMB 1 billion in 2026. The horizontal degummed copper equipment is mainly used for degumming the non-conducting drilled PCB base material, and then applying a layer of copper through chemical method. It serves as a process before PCB electroplating. The production efficiency can be improved by using horizontal degummed copper equipment and electroplating equipment from the same manufacturer. Therefore, China's PCB electroplating equipment manufacturers launch the horizontal degummed copper equipment to seize the chance of cross-sales.

③The main market driving factor for China's PCB electroplating equipment industry

The sustainable downstream demands. PCB has been extensively applied in downstream, including 5G, consumer electronics and automotive electronics. The market scale of China's PCB industry is expected to increase from USD 43.6 billion in 2021 to USD 59.9 billion in 2026, with the compound annual rate of growth of 6.6%. The steady growth of the PCB industry drives PCB manufacturers' constant increase of investment in PCB electroplating equipment, which boosts the development of the PCB electroplating equipment industry significantly.

PCB upgrading and higher requirements for PCB electroplating equipment. PCB upgrading is mainly reflected in the higher level of system integration and higher performance. Higher requirements have been proposed for downstream equipment for product integration and multifunction. For example, in cellphone manufacturing field, PCB is designed to satisfy more complex needs, such as increasing the number of input or output ports, reducing the spacing of pin and increasing functional units. PCB manufacturers try their best to reduce PCB volume and weight, and add more functional units. These requirements pose higher demands for the precision of PCB electroplating equipment. Meanwhile, for advanced PCB, PCB electroplating equipment must be superior in transmission stability and electroplating uniformity, which promotes the upgrading and replacement of PCB electroplating equipment.

Substitution by eco-friendly equipment. In consideration of the stricter environmental protection policies, PCB manufacturers also take waste discharge of PCB electroplating equipment into consideration while procuring the equipment. The out-dated PCB electroplating equipment will be eliminated faster. PCB manufacturers' demands for eco-friendly PCB electroplating equipment (such as VCP equipment) will rise, according to predictions.

Favorable government policies. As explicitly specified in the 14th Five-year Plan for National Economic and Social Development and the Long-range Objectives Through the Year 2035, the government

encourages enterprises to adopt advanced and applicable technology, strengthen equipment replacement, and improve core competence of the manufacturing industry.

④Development tendency of China's PCB electroplating equipment industry

Replace traditional electroplating equipment by specialized ones. At present, the majority of PCB electroplating process is finished by the traditional electroplating equipment, such as gantry electroplating equipment, which has wide treatment system, and can electroplate different products via different materials and clad layers. With the continuous improvement of PCB in functions, materials and production technology, the traditional gantry electroplating equipment can no longer meet PCB production requirements in many aspects, including electroplating uniformity, uniform coverage ability, etc. It has become a tendency that PCB manufacturers start to adopt specialized electroplating equipment. For example, VCP equipment is designed specially for manufacturing PCB equipment, with a view to improving production efficiency.

Further development in standardization, integration and automation. The automation level for China's PCB electroplating equipment is relatively lower, which can be reflected by the semi-automatic operation of a large number of equipment. If the system consisting of many circuit boards is used for working, the movement of these boards needs controlling manually during the unloading process. The full-automatic PCB electroplating equipment with integrated system is easy to operate, improves productivity, and minimizes the operating costs by reducing hand labor to the fullest. In consideration of continuous pursuit for production efficiency and cost effectiveness, PCB manufacturers will use the PCB electroplating equipment with integrated system and standard quantity of copper cylinders to realize a full-automatic production line.

Equipment diversification and improvement of precision machining. The rapid development of emerging high-tech industries, such as 5G, IoT, cloud computing and high-capacity communication equipment has further expanded the application range of PCB, and gives birth to diverse requirements for PCB electroplating equipment. In addition, PCB sizes and function standards have been improved along with the frequent updating of electronics increasingly, which poses higher demands for precision machining of PCB electroplating equipment, so as to ensure the accuracy and reliability of PCB manufacturing in high-tech industries.

Environmental electroplating. Electroplating is poisonous, causes pollution (such as heavy metal) and consumes a great deal of resources (such as electric power and water). With the increase of people's environmental awareness, PCB manufacturers will improve PCB production line by using environmental-safety, low-energy and resources-saving equipment, so as to improve resource use efficiency and lower the generation of hazardous waste as much as possible. For example, VCP equipment and horizontal electroplating equipment can form an enclosed space for PCB manufacturing, saving energy by reducing thermal losses.

⑤Barrier for exploring China's PCB electroplating equipment industry

Advanced technological advantages. The PCB electroplating equipment industry is a technology-intensive industry, which combines electronic technique, mechanical technique, etc. Meanwhile, in consideration of the fast development speed of the industry, the models of PCB electroplating equipment have been updated very quickly. For maintaining competence and technological advantages, manufacturers must lay special emphasis on R&D input constantly to grasp production technology. The patented technology grasped by leading companies with years of efforts can be hardly obtained by new explorers within a short period.

Veteran technicians. Manufacturing of advanced PCB electroplating equipment entails rich R&D experience, as well as technicians who have in-depth knowledge of customer demands, product features and industry tendency. New explorers need to introduce elites to support their further development in the industry. With no well-experienced teams, they encounter difficulties in improving technical strength, which makes them hardly break through the technical barriers in a short time.

Solid capital strength. The capacity for PCB electroplating equipment has gradually become a factor that must be considered by customers when choosing equipment manufacturers. Equipment manufacturers have to invest a lot financially to expand their capacity, to establish an efficient production line. Therefore, solid capital strength is one of the barriers for new explorers.

Stable customer relations. PCB electroplating equipment exerts direct influence on PCB performance and consistency. For the sake of caution, PCB manufacturers generally check suppliers' performance very strictly, including their R&D strengths, after-sales service ability, product quality and reputation. PCB manufacturers will generally cooperate with their current equipment suppliers upon conclusion of cooperation relationship. PCB suppliers are apt to conclude long-term and steady relations with suppliers.

Therefore, the maintenance of steady partnership has also become an indispensable factor for evaluating PCB electroplating equipment manufacturers' performance.

(2) General metal electroplating industry

1) Introduction to general metal electroplating industry

In general, the general hardware electroplating equipment is used for hardware surface electroplating in large-scale manufacturing industries such as machinery and automobile. As for electroplating metal, general hardware electroplating equipment can be used for surface plating for zinc, copper, nickel, tin and gold. As for the shape of electroplating parts, general hardware electroplating equipment can be used for machining small-scale fasteners and structural parts of large-scale passenger cabin. In terms of the function of electroplating parts, general hardware electroplating equipment can be used for functional electroplating for realizing certain functional characteristics, such as electroplating parts with corrosion protection and electrical conductivity, and also for decorative electroplating for realizing decorative characteristics for metal materials of electroplating parts.

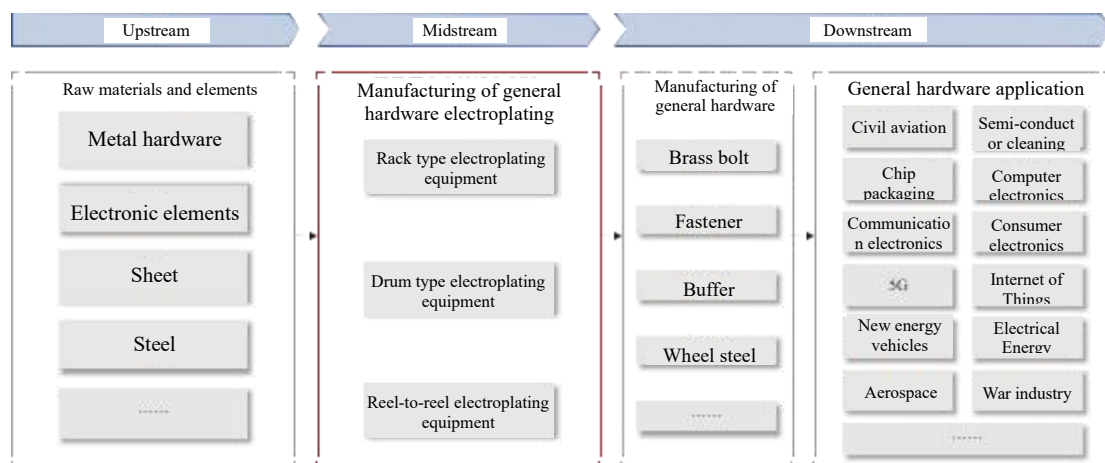
② Value chain analysis of the general hardware electroplating equipment industry

The upstream of the general hardware electroplating equipment industry is mainly composed of metal hardware, electronic components, panel and steel. The upstream of the general hardware electroplating equipment industry is relatively mature, which restricts the large fluctuation of price of raw materials for general hardware electroplating equipment.

The midstream of the general hardware electroplating equipment industry consists of the manufacturing of general hardware electroplating equipment using different electroplating methods (including rack plating equipment, barrel plating equipment and reel-to-reel electroplating). General hardware electroplating equipment supports customization based on the specific applications, such as gold plating, nickel plating, copper plating, zinc plating, silver plating and tin plating.

The downstream of the general hardware electroplating equipment manufacturing industry includes the manufacturing and application of general metal. The general hardware electroplating equipment makes metal coating apply to objects such as steel bolts, fasteners, bumpers and rims. As a key step for general metal manufacturing, electroplating directly decides the final quality of hardware. Finished hardware is used in fields such as civil aviation, semiconductor cleaning, 3C, 5G communication, NEVs, chip packaging, IoT, automobile, electric energy, aerospace and military.

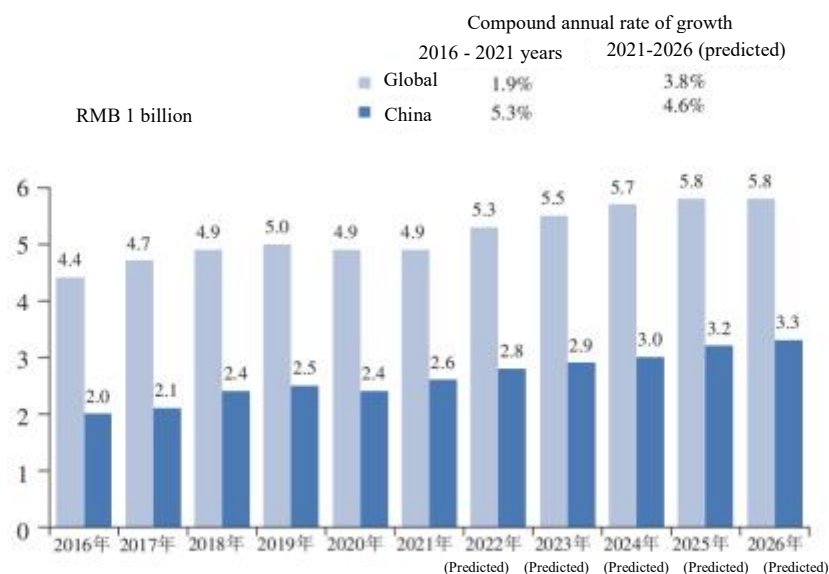
Industry value chain of general hardware electroplating equipment



Document sources: China Insights Consultancy

The market scale of global general hardware electroplating equipment is expected to increase to RMB 5.8 billion in 2026 once calculated as per output value. The market scale of China's general hardware electroplating equipment is expected to further increase to RMB 3.3 billion in 2026 once calculated as per output value.

Market scale of the world's and China's general hardware electroplating equipment calculated by yield (2016-2026 (predicted))



Document sources: China Insights Consultancy

③The main market driving factor for China's general hardware electroplating equipment industry

Constant growth of electroplating demands in manufacturing industry. The growth of the general hardware electroplating equipment industry is closely related with the development of China's manufacturing industry. Constant steady development of China's manufacturing industry. According to the data from National Bureau of Statistics and China Insights Consultancy, the value added for China's secondary industry is expected to reach RMB 60.7 trillion in 2026. The fixed investments in the manufacturing industry are mainly used for constructing production plants and purchasing production equipment.

Equipment upgrading caused by the intensified regulatory policies on environmental protection. The traditional general hardware electroplating equipment requires a number of manufacturing techniques and consumes a large variety of raw materials. The discharged waste water, waste gas and solid waste contain a number of heavy metal substances and acid gas. To address the pollution in the traditional general hardware electroplating industry, the regulatory authorities continue to strengthen their regulation to manufacturers' environmental protection performance, and take enforcement activities such as requesting the manufacturers that don't comply with environmental standards to shut down business or make rectification within the time specified. According to the Implementation Plan for Carbon Peak in Industry Sector released by the Ministry of Industry and Information Technology of the People's Republic of China, National Development and Reform Commission and Ministry of Ecology and Environment of the People's Republic of China in July 2022, the manufacturers are required to comprehensively enhance the level of cleaner production, and urge the industries such as electroplating, steel and building materials to implement systematic reform of cleaner production in aspects such as energy conservation, water conservation, material conservation, pollution and carbon reduction, etc.

④Development tendency of China's general hardware electroplating equipment industry

Higher level of electroplating automation and intelligence Most of China's general hardware electroplating equipment was semi-automatic in the past, when a large amount of workers had to work on electroplating, leading to relatively lower production precision and production efficiency. Any slight deviation of parameters or reaction conditions for general hardware electroplating process will adversely influence the consistency of finished products, resulting in a low yield. Therefore, higher level of electroplating automation and intelligence will become a key tendency for the development of China's general hardware electroplating equipment industry.

The adoption rate for functional electroplating solutions is higher. Demands for better performance and more functions to hardware from machinery and auto manufacturers pose higher requirements to general hardware electroplating process. Functional electroplating solutions can be finished through more advanced methods, thus improving component electrical conductivity, and abrasive and corrosion

resistance. More functional electroplating solutions will be used based on the demands from downstream industries.

Improved process control. The precision of general hardware electroplating equipment highly influences hardware performance and consistency. Electroplating process shall be monitored, inspected and controlled at a microscopic level to realize reproducible result for finished products in thickness, hardness and weldability. Therefore stricter control and higher detection precision stand for the development tendency of general hardware electroplating equipment.

⑤ Barriers for exploring China's general hardware electroplating equipment industry

Technical capacity. Certain technical threshold has been set for the general hardware electroplating equipment industry, because the specific process entails different specialties such as machinery, automatic control and electrochemistry. The general hardware electroplating equipment needs to satisfy various specifications, so any problems in any links such as power, anode, cathode, auxiliary devices will lead to defects of the finished products. New explorers can hardly break this technical barrier in a short period.

Extensive operation scale. Since the general hardware electroplating equipment production is an asset-oriented industry, general hardware electroplating manufacturers have to invest heavily on capacity construction. Large-scale production is generally supported and maintained by a large amount of capital, so investments needed for large-scale production capacity mean a typical barrier for new explorers. For new enterprises, especially those in initial stage, it is generally difficult to ensure enough capital required for expanding production scales in a short time, making them face the barrier of scale expansion.

(3) New energy electroplating equipment industry

① Li-ion battery industry

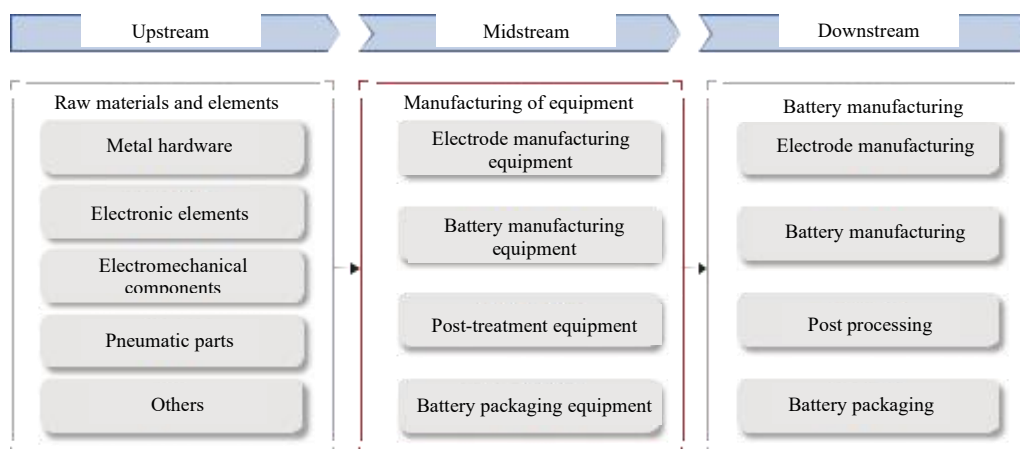
A. Introduction of equipment of composite copper foil magnetron sputtering equipment for Li-ion battery and electroplating equipment

As the cathode material of Li-ion battery, polyethylene terephthalate (PET) composite copper foil is superior to traditional copper foil in many aspects, such as security, raw material costs, energy density and service life. The equipment needed for composite copper foil electroplating in Li-ion battery mainly includes magnetron sputtering equipment and electroplating equipment.

B. Value chain analysis of magnetron sputtering equipment and electroplating equipment

The upstream of the Li-ion battery equipment industry mainly includes raw materials and components, including metal hardware, electronic components, mechanical parts and pneumatic parts. The midstream mainly includes electrode manufacturing equipment, battery manufacturing equipment, post-treatment equipment and battery packaging equipment. The electrode manufacturing equipment, such as composite copper foil magnetron sputtering equipment and electroplating equipment, and the traditional copper foil rolling equipment, are one of the most important pieces of equipment in Li-ion battery manufacturing. The downstream includes Li-ion battery manufacturing, which generally covers over 50 separate courses that can be divided into four steps: electrode manufacturing, battery manufacturing, post treatment and battery packaging.

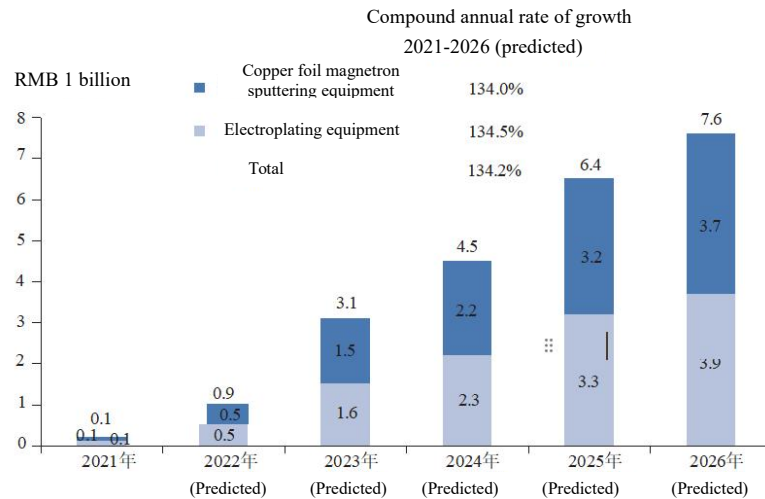
Industry value chain of Li-ion battery equipment



Document sources: China Insights Consultancy

Composite copper foil has been used in production in recent years. With the continuous improvement of composite copper foil penetrance, the global market scale of composite copper foil magnetron sputtering equipment and electroplating equipment is expected to exceed RMB 10 billion in the future.

Market scale of compound copper foil magnetron sputtering equipment and electroplating equipment in China (calculated by output value)
(2021-2026 (predicted))

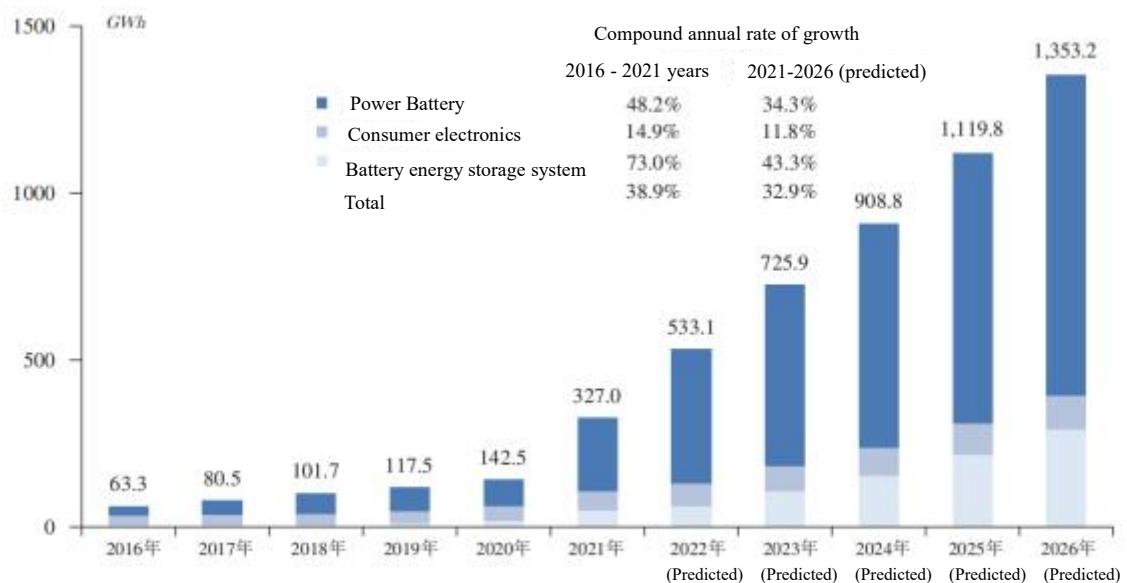


Document sources: China Insights Consultancy

C. The main market driving force for China's magnetron sputtering equipment and electroplating equipment industry

The continuous increase in penetrance of Li-ion battery composite copper foil manufacturing gives birth to new demands for composite copper foil magnetron sputtering equipment and electroplating equipment. The Li-ion battery is mainly applied to electric automobile, consumer electronics and battery energy storage system. Shipments of China's Li-ion battery increase year by year. In consideration of the high demands from downstream industries, the shipments of China's Li-ion battery is expected to reach 1,353.2GWh in 2026.

Shipment quantity (divided by type) of Li-ion battery in China (2021-2026 (predicted))



Document sources: China Insights Consultancy

D. Constant tendency of China's magnetron sputtering equipment and electroplating equipment industry

Most accidents of NEVs in recent years are caused by thermal runaway of traction battery. Heat stability tests for traction battery have been added in the battery test items in the national standard “Electric Vehicles Traction Battery Safety Requirements” implemented on January 1, 2021. In addition, the copper used for composite copper foil under the same density area is less than 50% of that for traditional copper foil. Furthermore, it entails a shorter production process and is more eco-friendly. Therefore, Li-ion battery manufacturers will gradually replace traditional copper foil with composite copper foil. In 2021, the penetrance of composite copper foil in the world’s and China’s Li-ion battery was less than 1%. With the development and breakthrough of production equipment and technology, the penetrance of composite copper foil in the world’s and China’s Li-ion battery is predicted to reach 25% to 30% in 2026.

E. Barriers for exploring China’s magnetron sputtering equipment and electroplating equipment industry
The manufacturing of composite copper foil magnetron sputtering equipment and electroplating equipment entails a number of technical expertise and experience. In order to produce ultra-thin composite copper foil with high uniformity, little piercing and small deformation, manufacturers of magnetron sputtering equipment and electroplating equipment must pay special attention to controlling the parameters of electroplating process. The production technology developed by leading manufacturers after years of efforts can be hardly obtained by new explorers in a short period. Hence, how to finish continuous production with constant product quality and a certain percent of pass for finished products is also a challenge for new explorers.

②PV electroplating

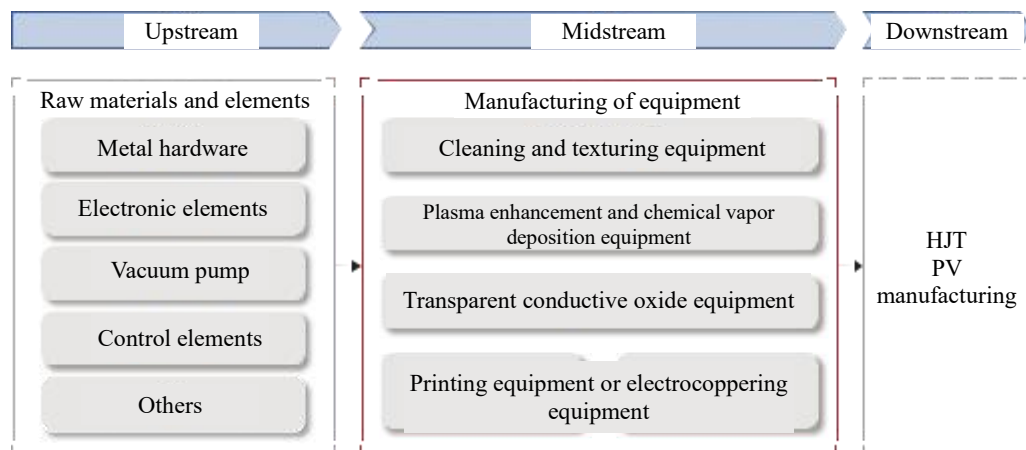
A. Introduction of PV electrocoppering equipment

At present, silver electrode serves as the main metal electrode in the PV field. Considering the high price and short supply for silver, manufacturers are actively exploring electrode techniques to replace silver by some cheap materials, such as electrocoppering technology used for heterojunction technology (HJT) PV. The electrocoppering equipment is used for electrocoppering to replace silver painted in PV products.

B. Value chain analysis of the electrocoppering equipment industry

The upstream of the PV equipment industry is mainly raw materials and components, including metal hardware, electronics, vacuum pump and control components. The midstream mainly includes cleaning and velvet-making equipment, plasma enhanced chemical vapor deposition (PECVD) equipment, transparent conductive oxides (TCO) equipment, printing equipment and electrocoppering equipment.

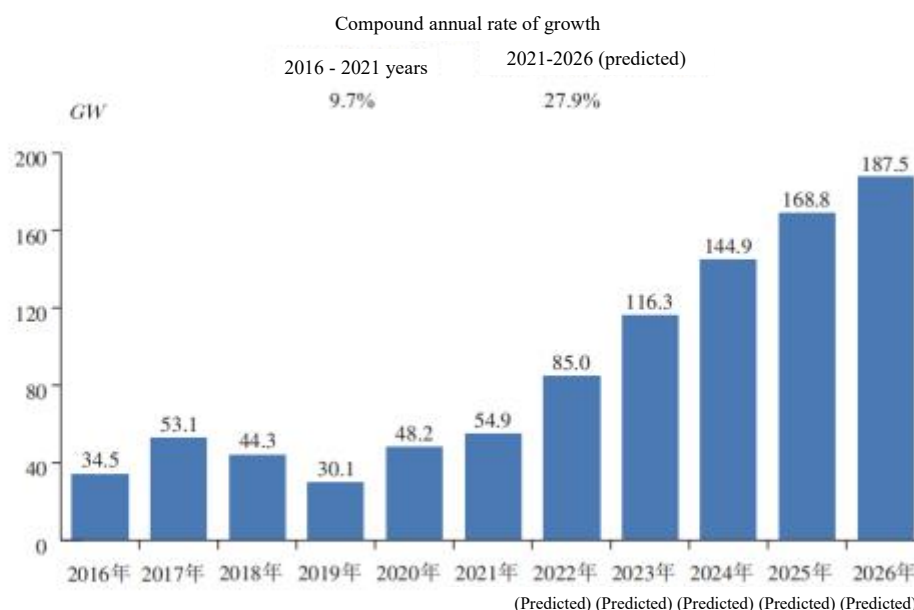
Industry value chain of the PV equipment industry



Document sources: China Insights Consultancy

C. The main market driving force and persistent trend of China’s electrocoppering equipment industry
Along with energy structure optimization, China’s PV installed capacity is on the rise constantly and is predicted to reach 187.5GW in 2026. The compound annual rate of growth has been 27.9% since 2021. At present, passivated emitter and rear contact (PERC) represent the main type of China’s PV; other types of PVs mainly include HJT, tunnel oxide passivated contact (TOPCon) and IBC.

Market scale of China's PV calculated by installed capacity (2016-2026 (predicted))



Source: China Printed Circuit Association, China Insights Consultancy

Currently, the consumption of a large number of silver paste and high price of silver are also one of the reasons for high costs of PV. Nowadays PV manufacturers are actively pondering the way of reducing silver paste consumption by process optimization or replacing silver by copper as electrodes. With the gradual improvement in output of PV copper plating equipment, the equipment will be applied in a wider scope quickly in the upcoming 5 years.

D. Barriers for Exploring China's Electrocoopering Equipment Industry

The manufacturing of PV copper plating equipment entails the knowledge from different disciplines and poses high requirements for core technicians. At present, problems such as high production cost and low qualified rate of finished products are still prominent in electrocoopering technology industry. Mature market participants are likely to establish production teams with outstanding R&D strength and rich technical experience, which, as a result, helps cultivate the capabilities of PV copper plating technology with high production efficiency.

2. Analysis of the Company's Position in the Industry and Its Changes

The Company is engaged in the special equipment manufacturing industry under the category of manufacturing industry (Industry code: C35).

The Company has constantly upgraded and updated the traditional products, explored emerging market actively and made further development on such market in all directions. Thanks to the constant R&D input and market exploration, the Company has established its core technical system highly developed by itself and profound market customer resource advantages, and finally yielded good business performance and higher growth.

(1) PCB electroplating equipment industry

The vertical continuous electroplating equipment manufactured by the Company has reached or even exceeded the technical level of similar equipment in the international market in terms of a number of key indicators, and is in a leading position in the industry. Its customers almost all cover the top 100 comprehensive PCB companies in China in 2023 (ranked by sales in 2022). Among them, the Company has formed a mature and leading market advantage in rigid plate vertical continuous electroplating equipment; The flexible board sheet-to-sheet vertical continuous electroplating equipment manufactured by the Company can reach the electroplating uniformity of $10\mu\text{m}\pm 1\mu\text{m}$ when board thickness is $36\mu\text{m}$ - $100\mu\text{m}$, and is rated as the "first (set) major equipment and key component in Jiangsu" and the "key new technology and new product promoted and applied in Jiangsu". The flexible

board reel-to-reel vertical continuous electroplating equipment manufactured by the Company can reach the electroplating uniformity of $10\mu\text{m}\pm 0.7\mu\text{m}$ when the board thickness is $24\mu\text{m}$ - $100\mu\text{m}$, and is rated as the “first major technical equipment in Anhui”.

The company's vertical continuous electroplating equipment has the characteristics of good performance, energy saving and environmental protection, simple maintenance, and high cost performance. It especially has outstanding leading advantages in key indicators such as electroplating uniformity and through-hole rate: (i) Electroplating uniformity: that is the uniformity of plating distribution is the key indicator to measure the electroplating effect. The smaller the difference between the thickest and thinnest value of electroplating layer is, the better the electroplating effect is. (ii) Throwing Power: that is, the deep hole plating capacity, the ratio of the average copper thickness in the hole and the average copper thickness on the surface of the printed circuit board; the higher the value is, the closer the thickness of the plating layer in the hole and the thickness of the copper plating layer on the surface is, the better the electroplating effect is. See the table below for the comparison between the main technical level indicators of some VCP equipment of the Company and the industry average level.

Main products	Technical indicators	Technical level of the Company	Industry average level
Rigid-board vertical continuous electroplating equipment	Plate thickness	0.1-3.0mm	0.3-2.4mm
	Uniformity	$25\mu\text{m}\pm 2.5\mu\text{m}$	$25\mu\text{m}\pm 3.5\mu\text{m}$
	Throwing power	Aspect ratio 8:1, TP \geq 85% (used with electroplate liquid)	Aspect ratio 8:1, TP \geq 70% (used with electroplate liquid)
Rigid-board vertical continuous electroplating equipment (pulse type)	Plate thickness	0.1-8.0mm	2.3-4mm
	Uniformity	$25\mu\text{m}\pm 2.5\mu\text{m}$	$25\mu\text{m}\pm 3\mu\text{m}$
	Throwing power	Aspect ratio 20:1, TP \geq 95% Aspect ratio 16:1, TP \geq 110% (used with electroplate liquid)	Aspect ratio 20:1, TP \geq 75% Aspect ratio 16:1, TP \geq 90% (used with electroplate liquid)
Flexible board sheet-to-sheet vertical continuous electroplating equipment	Plate thickness	36-100 μm	50-200 μm
	Uniformity	$10\mu\text{m}\pm 1\mu\text{m}$	$10\mu\text{m}\pm 1.5\mu\text{m}$
	Throwing power	Layer \leq 2L, TP \geq 150% Layer 2-4L, TP \geq 120% Layer > 4L, TP \geq 100% (used with electroplate liquid)	Layer \leq 2L, TP \geq 120% Layer 2-4L, TP \geq 100% Layer > 4L, TP \geq 90% (used with electroplate liquid)
Flexible board reel-to-reel vertical continuous electroplating equipment	Plate thickness	24-100 μm	36-100 μm
	Uniformity	$10\mu\text{m}\pm 0.7\mu\text{m}$	$10\mu\text{m}\pm 1.2\mu\text{m}$
	Throwing power	Over 130% (used with electroplate liquid)	Over 110% (used with electroplate liquid)

In addition to electroplating uniformity and throwing power, the Company's VCP equipment has certain advantages in such fields as stability, yield, production speed, energy conservation and consumption reduction, etc., which cannot be separated from its series of R&D technologies.

Item	Importance	Company technical solution	Product performance	Market position
Stability	The stable performance of equipment can guarantee production efficiency. With a complex structure and design, the special	VCP technology, steady state drive and uniform current conduction system technology, operating system design and integration technology	VCP equipment with VCP process are featured by simple structure, good durability and high stability	VCP is superior to vertical lift electroplating equipment in terms of stability, making it competitive on the market

	electroplating equipment is apt to faults. The more stable products are well received by downstream customers			
Yield	PCB manufacturers have higher requirements for electroplating yield	VCP technology, steady state transmission and uniform current conduction technology	The yield of VCP equipment can reach nearly 100%	Its competitiveness on the market has been verified by downstream customers
Production speed	According to the requirements of large PCB manufacturers, electroplating equipment must be designed with a high line speed, thus improving PCB production capacity	Vertical continuous plating technology, functional trough side sealing and water-retaining technology	The average speed of the sheet-to-sheet VCP equipment is 1.5-2 m/min. The speed of reel-to-reel VCP equipment can reach 3 m/min because manipulator is not required for grabbing materials loaded	Meet downstream customers' needs with market competitiveness
Energy conservation and consumption reduction	Along with industrial upgrading, the transformation of electroplating equipment toward cleanliness becomes an inevitable trend. The electroplating equipment that can save energy and reduce consumption also save enterprises' manufacturing cost	Functional trough side sealing and water-retaining technology, automated clean production technology	The amount of waste water, waste gas and solid waste decline significantly, so is the consumption of water, electricity and copper ball	It conforms to the industry's development trend with competitiveness on the market

With a focus on the segmented market of PCB industry, the Company makes layout on the electroplating process of ceramic substrates by virtue of its advantages in vertical technology and develops ceramic VCPs. The VCPs have been verified by many customers, which contributes to the Company's operating income increase continuously. The ceramic substrate has a wide range of applications and prospects in semiconductor, electronic power system, lithium battery industry, IC, and LED. At present, the most primitive trough-type equipment is still being used for ceramic electroplating; due to the poor uniformity, the need of brush grinding by 10-30 μ m after electroplating, and the impossible automation, such equipment cannot meet the requirements of scientific and technological progress. The vertical continuous ceramic electroplating equipment introduced by the Company has the advantages of excellent uniformity and fully automated production, improving the production efficiency to a great extent.

In the face of the increasing technical requirements of circuit boards in the industry, the Company lays emphasis on the electroplating equipment in the fine circuit field by complying with the latest development trend of the industry, and has developed the transfer VCPs, which have been certainly applied to HDI and Msap, and are well received by customers. The upgrade of chip

manufacturing and packaging technology corresponds to the requirements of the first-level packaging for lighter and thinner carrier board and finer line, with the minimum line width/spacing of $8\mu\text{m}/8\mu\text{m}$. For a long time, the equipment used for electroplating processing of MSAP carrier board has been monopolized by Japanese enterprises, Korean enterprises and Taiwan enterprises. With its tireless deep cultivation in the field of PCB, the Company has accumulated a wealth of experience and technology in equipment development and manufacturing; therefore, the equipment launched by the Company has more advanced process capability, more stable and reliable performance, and better cost performance.

On the basis of maintaining a leading status in VCP equipment industry, the Company has also endeavored to explore the field of horizontal wet-process equipment. After years of technical accumulation and coordination of verification with customers, the Company has developed some mature horizontal wet-process equipment, such as horizontal electroplating three-in-one equipment and DES line (thick-copper thin-circuit etching equipment). At the same time, Dongguan Subsidiary, which is engaged in the wet-process equipment in the IC carrier field, has received orders from customers in succession.

The Company has gradually explored and stood out in high-end horizontal wet-process equipment field: The successful development of horizontal electroplating three-in-one equipment has filled the domestic gap and broken the monopoly of overseas brands. The successful verification of DES line terminal makes it play a key role in the field of thick copper thin line. The Company's first horizontal electroplating three-in-one equipment passed customer's acceptance successfully and the thick-copper product with horizontal DES line etching passed verification at the site of end user, which signifies the Company's successful attempt in exploring such markets as thick copper, thin circuit, high-level HDI and thin plates. The above completely caters the structural requirement for high-end HDI and high-speed and high-level PCB by AI, high-speed network and intelligent automobile system, etc.

(2) General metal electroplating equipment industry

In the field of general metal electroplating industry, environmental protection, energy saving and safety have always been the problems to be solved and optimized. The Company has been committed to assisting customers to achieve energy saving, emission reduction, consumption reduction and clean production, and improve the level of automation, safety, intelligence. The Company will apply the successful experience gained in the field of PCB electroplating to the field of general metal electroplating continuously, and provide more environmentally friendly, energy-saving and safety solutions for general metal electroplating constantly.

The Company has focused on the automation and intelligent upgrading of gantry electroplating equipment constantly. Within the reporting period, the Company maintained a steady quantity of orders and explored the business to industrial control, medical treatment, etc., enlarging the application fields of equipment gradually. In terms of gantry electroplating equipment, the Company's core competitive advantage is to solve the problems in cost reduction, safety and environmental protection for customers, provide the customers with high-quality comprehensive solutions, and assist the customers to achieve cost reduction and efficiency improvement, safety, and environmental protection during the process of production by extending other industry technologies to traditional surface treatment to continuously extends the application field of equipment.

Through constant innovation and upgrading of products, the Company has developed and manufactured the world's first continuous hardware electroplating line, which has been verified by customers and can be widely applicable in hardware surface treatment of various industries and fields. Furthermore, the Company has achieved multiple breakthroughs through the product. Compared with the traditional hardware electroplating line, the Company's continuous hardware electroplating line has yielded breakthroughs in many aspects: First, breakthrough in environmental protection. Eradicate the traditional "dirty, disorderly and bad" production scenario, reduce exhaust gas significantly, realize automatic loading and unloading as well as safe, energy-saving, eco-friendly, high-standard and intelligent production. It can meet the criteria for "Dark Factory. Secondly, breakthrough in continuous production Patent-grade conveying technology can be matched with open drum to realize high production efficiency or with rack plating products to realize rack plating production. Full visualization and continuous production can help ensure the consistency of electroplating products. Thirdly, breakthrough in application scenarios. On the basis of the application scenarios that traditional automotive parts apply, the product can also be applied to some sophisticated fields such as aerospace, military, etc. and realize electroplating which is high in both efficiency and quality. The rack plating line can be used for surface treatment of NEV radiators, electronic components, semiconductors, etc. Fourthly, breakthrough in high-end new materials. They can be used for the surface

treatment of G3 rare earth permanent magnet NdFeB, with broad market prospect. It is applicable to such fields as new energy vehicles (NEVs), wind power generation, medical equipment, consumer electronics, new transportation, intelligent home, artificial intelligence (AI), etc.

(3) New energy electroplating equipment industry

With its profound technology accumulation and leading market position in the field of PCB electroplating equipment, the Company has expanded its business to the field of new energy, forming a first-mover advantage in the field of new energy electroplating.

Lithium-ion battery equipment end: The Company is still the world's one and only enterprise that has realized large-scale mass production of composite copper foil equipment. With obvious first-mover advantages of equipment, the Company has made layout on composite aluminum foil equipment actively, to make a difference in anode and cathode materials and equipment of composite current collectors. The Company's new energy water electroplating equipment, as the very first product of this field in the world, can be widely applicable in the metallization of flexible materials in the fields of power batteries, new materials, conductive glass, 3C batteries, flexible circuit boards, energy storage batteries, etc. At present, it is mainly used for manufacturing the composite copper foil of lithium battery cathode materials. The equipment is compatible to PP, PET and PI, whatever the type of base film. At present, the company has supplied products to more than 20 customers, and its target customers include new energy vehicle manufacturers, battery (power battery, energy storage battery, consumer battery) manufacturers, crude copper foil material manufacturers, and new material production companies, etc. As the very process before coating, the Company's magnetron sputtering equipment can be well matched with the new energy water electroplating equipment to establish an integrated composite copper foil production line. In addition, the Company is focusing on anode material composite aluminum foil equipment, and also attaches importance to the anode and cathode materials and equipment of composite current collectors to provide integrated professional services for customers.

As for PV equipment, the Company has taken the lead in the field of PV copper electroplating. With years of technical accumulation in vertical path, the Company has actively explored copper silver substitution technology. To be specific, it has completed the delivery of G3 PV copper electroplating equipment, which passes verification at customer's site. At present, the delivered G3 equipment is mainly used for metallization of HJT PV cells. The Company is also working with other customers on the metallization of TOPcon and BC PV cells. At the same time, the Company is also actively developing new electrocoppering equipment that can greatly reduce costs, so as to help PV enterprises reduce costs and increase the efficiency of PV cell production from equipment end.

3. Development of New Technologies, New Industries, New Formats and New Models within the Reporting Period and Future Development Trends

(1) PCB field: Higher technical requirements, which drive the continuous expansion of downstream application scenarios and investment layout with large development potential

The development of PCB technology is mainly reflected in aspects of miniaturization, high-level, flexibility and intelligence. Miniaturization: It means PCBs should be fitted with more components, a smaller size, higher precision and fine functions along with the miniaturization and diversification of consumer electronics. High-level: It means PCB must be fitted with more layers and more complex structure, as POB must work at a high frequency and speed, and bear more sophisticated functions with the high-speed and high-frequency development of computers and servers in the era of 5G and AI. Flexibility: It means PCB must be flexible, flexible and reliable enough to adapt to different shapes and spaces with the rise of emerging applications such as wearable devices and flexible displays. Intelligence: It means PCB must be fitted with stronger data processing capabilities, intelligent control capabilities and higher level of integration and intelligence with the development of the Internet of Things (IoT), intelligent vehicles, etc., to achieve interconnection and automated management between devices.

1) Investment in PCB industry becomes very popular in Southeast Asia; about 30 enterprises have made layout or implemented projects in Thailand

In 2023, 37 electronic circuit enterprises in the world announced that they would set up factories through investment in Southeast Asia and Thailand was their first choice. The total investment exceeds RMB 18 billion. Among them, 25 electronic circuit industry-related enterprises in the mainland China make investment in Southeast Asia, most of which are large listed private enterprises, whose investment accounts for about 80% of the total global investment.

As of the end of October 2023, only 6 of the top 25 PCB manufacturers in the world as announced by the well-known market research institute 「N.T.Information」 in 2022 had not invested any PCB-related projects in Southeast Asia. Of the 25 enterprises, 9 had set up their factories or proposed investment plans in Thailand, 5 in Vietnam, and 6 in Malaysia respectively.

As of the end of March 2024, 41 enterprises listed on Shanghai Stock Exchange, Shenzhen Stock Exchange, Hong Kong Exchanges and Clearing Limited and Beijing Stock Exchange were specialized in PCB manufacturing. Among them, 18 enterprises had set up factories or proposed investment plans in Thailand, 1 in Vietnam, and 1 in Malaysia respectively. In addition to PCB manufacturing enterprises, many PCB industry chain enterprises also have made their layout in Southeast Asia. For example, the upstream and downstream manufacturers of the industry chains such as FSQuality, Aohong Electronics, Nanya New Materials, Avary Holding, Kinwong and Guangdong Dtech Technology Co., Ltd. have declared their investment and factory setup in Southeast Asia in succession, such as Thailand.

In order to undertake the development of PCB industry, optimize strategic layout and expand overseas business, the Company established Dongwei Technology (Thailand) Co., Ltd., planned to establish its production base in Thailand and made special announcement on November 24, 2023. The establishment of production base in Thailand serves as the Company first step for going global and also a key step for deepening cooperation with customers in Southeast Asia and the rest of the whole world. It can enhance the Company's overseas sales capacity, intensify the influence and penetration in key overseas area, strengthen the brand's global influence and popularity, constantly reinforce the Company's leading position in the field of global electroplating equipment and brand influence and core competitiveness.

2) Automotive electronics, intelligence and networking drive the growth of automotive PCBs, which also poses higher technical requirements for PCB manufacturing

The continuous progress and intelligent development of automotive electronics also drive the demand for automotive PCBs. According to data in chinaidr.com, the value of automotive electronics has gradually risen from 15% of compact cars to 65% of pure electric cars. 30 PCB products have been applied in a medium and high-end model. The demand for automotive PCB products has increased significantly. The automotive field is one of the PCB downstream market segments with the fastest growth speed. According to Prismark data, the PCB market size in automotive electronics was USD 8.728 billion in 2021 and is expected to grow to USD 12.772 billion in 2026, when CAGR will reach 7.91%.

Driven by a variety of disruptive trends such as electrification, intelligence and networking, the demand for mid-to-high-end PCBs continues to rise in the fields of ADAS (Advanced Driver Assistance System), smart cockpit, powertrain electrification, and automotive electronic functional architecture. Featured by integration, multifunction, high efficiency, etc., ECU will promote the demand for related high-end automotive boards. The requirements for complexity, performance and reliability will also rise continuously. The traditional automotive boards mainly with less than 6 layers will be gradually upgraded to multi-layer, high-order HDI, high-frequency and high-speed.

Compared with consumer PCBs, automotive PCBs have to satisfy higher technical requirements and reliability requirements. Specifically, automotive electronic PCBs have more rigid requirements for operating environment, temperature and durability, and their working life can be 15 years, while that of general consumer PCBs is shorter than 5 years.

The difference between automotive electronics PCB and general consumer electronics PCB

Item	Automotive electronics PCB	Consumer electronics PCB
Operating temperature	-40 to 80°C, withstanding a variety of high and low temperature cycles	0-40°C
Operating environment	High temperature and high-salt resistance	No requirements generally
Service life	More than 15 years	Several months to 5 years
Durability	Able to withstand vibration of various frequencies for at least 100,000 times; impact and fatigue tests of various loads; long-term energization and repeated start-stop.	No requirements generally

Domestic leading PCB enterprises have applied the Company's horizontal electroplating three-in-one equipment to the production of automotive PCB. After years of technical accumulation, equipment

optimization, production verification and customer feedback, the equipment has reached the performance of the international brands' horizontal electroplating equipment of the same type monopolizing the domestic market in terms of such technical indicators as electroplating uniformity, efficiency, etc., and even is superior to the latter in some technical aspects. Based on the equipment's excellent technical indicators, the Company received more orders from the leading enterprise recently, which also communicated with the Company on the procurement plan of the equipment in 2024. Automotive electronics, intelligence and networking stand for the industry's development trend, under which, horizontal electroplating three-in-one equipment surely occupy a certain market share thanks to its excellent performance in quality, signal, weather resistance and stability.

3) Horizontal electroplating technology is the inevitable “product” for the development of multilayer PCBs with high density, high precision and high aspect ratio

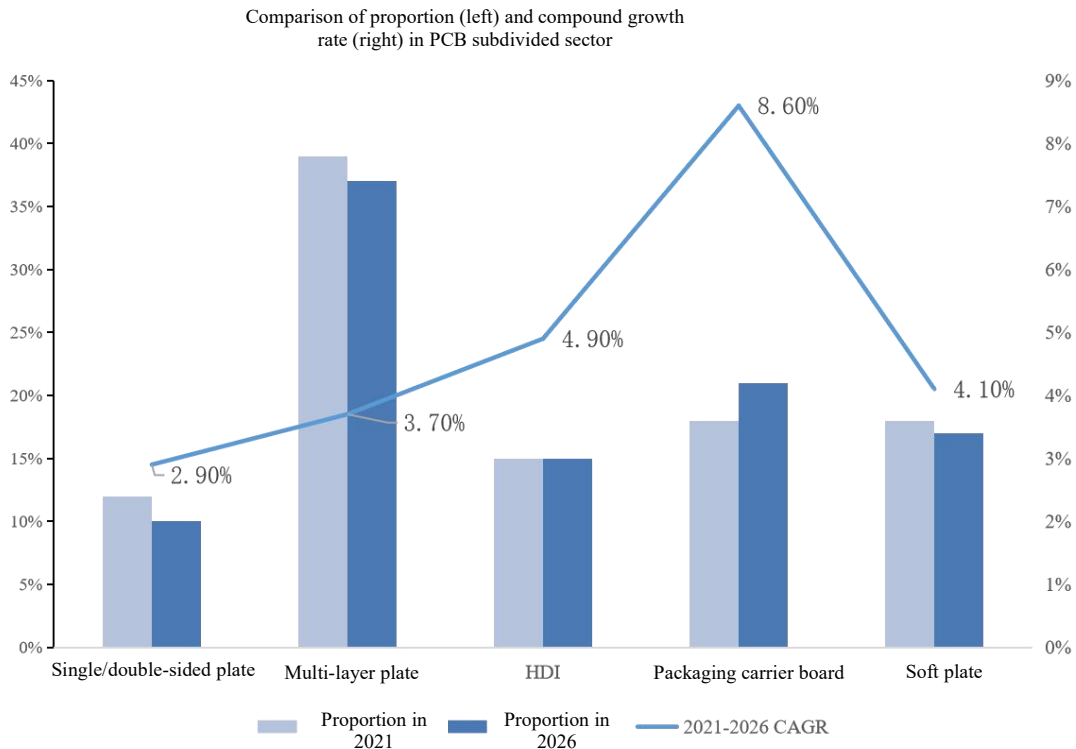
With the fast development of global electronic information technology and the intensified evolvement of such application scenarios as 5G, AI, cloud computing, big data, etc., higher requirements have been posed for PCB performance, such as high frequency, high speed, high voltage, heat resistance, low loss, etc., which gives birth to the strong demand for PCBs featured by large size, high layer count, high order HDI and high frequency and high speed. Under the context above, the conception and design of circuit pattern, including micro holes, narrow pitch and fine wires, are used for PCB design, which increases the difficulties of PCB manufacturing technology and makes the horizontal electroplating technology superior to conventional vertical electroplating technology which cannot meet the technical requirements of high quality and high reliability interconnection holes.

Horizontal electroplating technology inherits and is developed based on the vertical electroplating technology. The key of this technology is to manufacture a compatible and complementary horizontal electroplating system, which can make the electroplating solution with high dispersion ability show better function than vertical electroplating method under the improved power supply mode and other auxiliary devices. Some technical issues still exist in designing and developing horizontal electroplating systems. However, the use of horizontal electroplating systems means significant progress for printed circuit industry.

At present, the horizontal electroplating technology is mainly monopolized by foreign manufacturers. In comparison, the domestic technology is still immature. After years of exploration in horizontal technology, rounds of equipment adjustment and verification at customers' production lines, the Company's horizontal electroplating three-in-one equipment has become mature and the Company has also realized volume production of it. In addition to electroplating, the Company has also underlined other horizontal wet processes. At present, it has also established mature DES lines (thick-copper thin-circuit etching equipment), whose etching effect has been verified by end customers.

4) Technology and capital support IC carrier manufacturers, which will bring extensive potential of substitution by domestic products.

IC carrier has become the fastest growing fine molecule industry in PCB industry. According to statistics, the scale of global IC packaging substrate industry reached USD 14.2 billion in 2021, with a YoY growth of nearly 40%. It is estimated that it will reach USD 21.4 billion (about RMB 147.4 billion) in 2026, and the CAGR of IC carrier will be 8.6% from 2021 to 2026.



The upgrade of chip manufacturing and packaging technology corresponds to the requirements of the first-level packaging for lighter and thinner carrier board and finer line, with the minimum line width/spacing of 5μm/8μm. Such fine circuit requirements cannot be satisfied by the current HDI process. There are two kinds of IC carrier manufacturing processes, SAP (semi-additive method) and MSAP (modified semi-additive method), which are used to produce products with line width/line spacing less than 25μm and more complicated process flow.

Both thin HDI and MSAP pose extremely high requirements for electroplating processing. For example: Contact is forbidden in the whole process of plate surface to avoid damaging dry film and extremely fine lines; no product deformation is required during processing; requirements for electroplating uniformity are higher; good pretreatment effect, and compatible with more solutions or support more configuration choices.

The Company's hole filling electroplating equipment can provide the perfect solution for both thin HDI and MSAP process. The Company provides HVCP equipment services for HDI products: No leakage, good hole filling effect and outstanding electroplating uniformity. The Company provides MVCP equipment service for MSAP products, which runs well according to customer's verification. Its performance far exceeds customers' expectations. In addition, the Company also established Dongguan Subsidiary to explore the field of IC carrier equipment. Various types of equipment, such as vertical non-contact equipment (development line/stripping line/flash etching line), inclined frame non-contact equipment and horizontal three-point non-contact equipment have been launched.

(2) Hardware surface treatment: The Company's hardware continuous electroplating provides customers with more eco-friendly, energy-saving and safe solutions

The traditional general hardware electroplating equipment requires a number of manufacturing techniques and consumes a large variety of raw materials. The discharged waste water, waste gas and solid waste contain a number of heavy metal substances and acid gas. To address the pollution in the traditional general hardware electroplating industry, the regulatory authorities continue to strengthen their regulation to manufacturers' environmental protection performance, and take enforcement activities such as requesting the manufacturers that don't comply with environmental standards to shut down business or make rectification within the time specified. According to the Implementation Plan for Carbon Peak in Industry Sector released by the Ministry of Industry and Information Technology of the People's Republic of China, National Development and Reform Commission and Ministry of Ecology and Environment of the People's Republic of China in July 2022, the manufacturers are required to comprehensively enhance the level of cleaner production, and urge the industries such as electroplating, steel and building materials to implement systematic reform of cleaner production in aspects such as energy conservation, water conservation, material conservation, pollution and carbon reduction, etc.

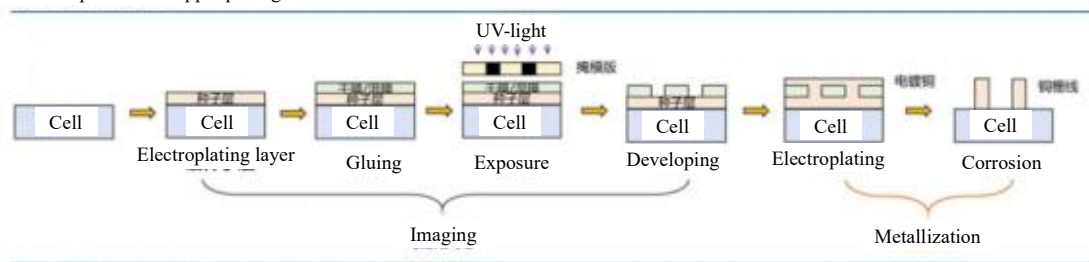
The Company has been committed to assisting customers to achieve energy saving, emission reduction, cost reduction and efficiency improvement, cleaner production, and improvement of automation, safety, and intelligent production levels. The Company has applied the successful experience obtained in the field of PCB electroplating to the field of general hardware electroplating, made R&D input constantly, carried out technological innovation, and continuously upgraded equipment to provide more eco-friendly, energy-saving and safe solutions for general hardware electroplating. The Company carried out revolutionary transformation and innovation on the basis of the traditional electroplating equipment, develop and manufacture the first continuous metal electroplating equipment in the world, which have significant advantages in yield improvement, cost reduction, manpower saving, efficiency enhancement, safety, and environmental protection, and coincide with the customer needs and the industrial development trend, showing the obvious technical advantage.

(3) New energy field:

1) Electrocoppering can help PV industry reduce cost and increase efficiency. Few or even no use of silver is an inevitable trend in the development of PV industry in the future.

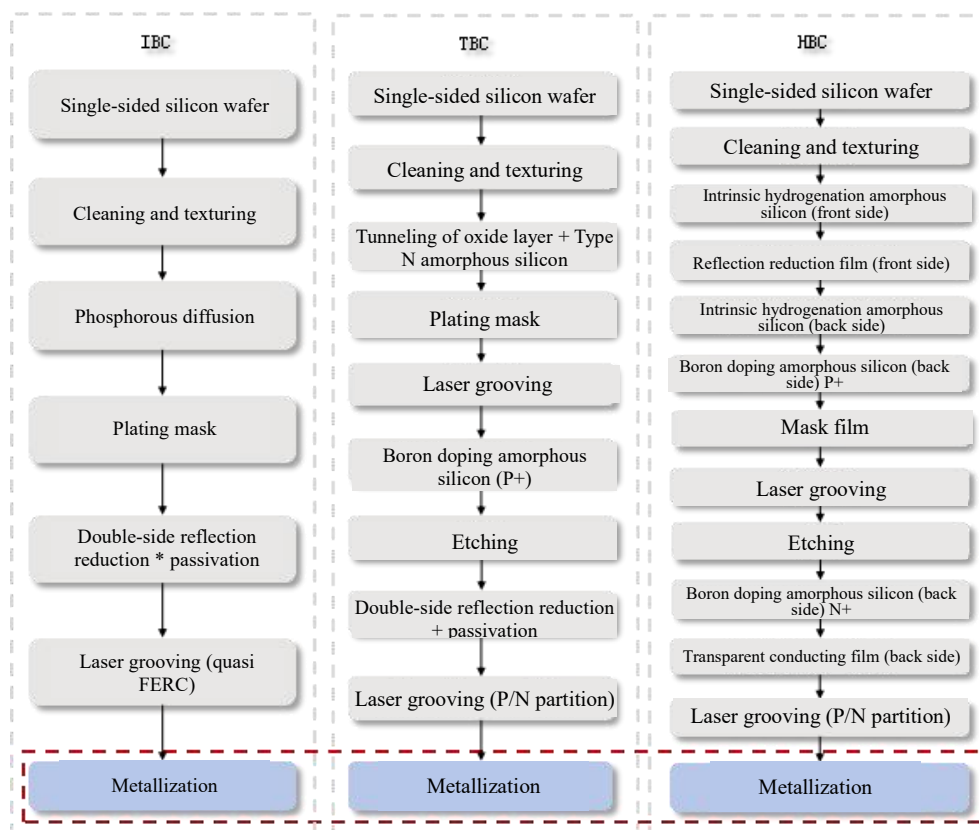
Electrocoppering is a typical way for realizing cost reduction and efficiency increase. From the perspective of grid line composition, the grid line obtained by copper plating is pure copper with a resistivity of about $2\mu\Omega\cdot\text{cm}$. The silver paste used in screen printing technology has a higher grid line resistivity (about $5\mu\Omega\cdot\text{cm}$) due to the mixing of organic matters. Therefore, the current transport efficiency of copper grid line is higher. In terms of process, patterning technology is adopted for electrocoppering, which can achieve lower line width, reduce shading area and improve efficiency compared with screen printing. From the perspective of cost, the price of metal raw material silver is two orders of magnitude higher than that of copper. The cost can be reduced dramatically if silver grid line can be replaced by the copper one.

Overall process of copper plating



Source: 2022 HUT Technology Forum, drawn by SINOLINK Securities

Metallization plays a key role in cost reduction and efficiency increase, whatever the traditional mature PERC technology or the current fast-growing TOPCON and HJT technologies. For BC batteries with complex process, high costs of labor, equipment and materials, electrocoppering is highly potential in cost and process. In the long run, fewer or even no use of silver is an inevitable trends in the development of PV cells in the future.



In the exclusive interview with the Great Country Craftsmanship and Glory programs from CCTV recently, the chairman of Guodian Investment New Energy Technology Co., Ltd. said: “High-efficiency crystalline silicon heterojunction cells are believed ‘the most competitive next-generation PV cell technology’ in the industry. Compared with the relatively mature crystalline silicon PV technology (PERC) on the market, crystalline silicon heterojunction cells have higher photoelectric conversion efficiency, higher double-sided power generation efficiency, lower attenuation rate, simpler preparation process steps, etc.” However, the bottleneck of traditional silver-grid-line crystalline silicon heterojunction battery technology at present includes the followings: High consumption of silver paste by the silver-grid-line heterojunction battery and high production cost; in comparison, the copper grid line has more advantages in cost and material electrical conductivity. As the most representative next-generation new high-efficiency crystalline silicon battery technology, copper grid heterojunction (C-HJT) battery technology is expected to welcome large-scale breakthrough under the promotion of the state’s “14th Five-Year Planning” policy.

Within the reporting period, the Company completed the shipment of silicon wafer VCP production line (heterojunction technology path) and entered trial production, which was carried out at SDIC New Energy Technology (Longgang) Co., Ltd. At present, the Company has also actively maintained close cooperation with PV enterprises on other technology paths. In terms of the technology of replacing silver by copper, the Company has been actively exploring other process paths to reduce costs and increase efficiency.

2) Safety is a factor that must be emphasized in the development of NEV industry. Composite current collectors are beneficial to improving safety.

Composite current collector (hereinafter specifically referred to “polymer metal composite foil”, namely: General term of composite copper foil, composite aluminum foil) is a new type of current collector material, which is of “sandwich” structure: The inner layer is a polymer layer (such as PP, PET and PI), and metal (such as copper, aluminum) is added to the top and bottom of the polymer material. Featured by high safety, high specific capacity, high cycle life and low cost, it has obvious advantages in improving battery safety and specific energy density.

High safety: The polymer material in the middle layer can prevent thermal runaway. If the power battery is mechanically deformed by extrusion, thermal runaway will happen, because of the contact between anode and cathode caused by the internal diaphragm of battery, and the internal short circuit between the plates. How composite current collector solves thermal runaway: ① Cut off the contact between anode

and cathode: The middle insulating resin layer, which is non-conductive with large resistance, can improve the short-circuit resistance of battery when short-circuit occurs under any abnormal conditions, thus lowering the short-circuit current and the heat generated by short circuits significantly to finally improve battery safety; ② Point breaking: The conductive layer is thin so if any abnormality occurs, such as nail penetration, the local conductive network will be cut off to prevent internal short circuit occurring to many electrochemical devices. It means limiting the damage of electrochemical devices caused by nail penetration to the puncture site only so as to form a "point break" only, thus avoid affecting electrochemical devices from working normally.

High specific volume: The composite current collector is lighter in weight and can effectively improve the energy density of cell significantly. As the carriers of electron transport for cathode and anode materials, the current collector fails to provide capacity during battery charge and discharge. In addition, the density of aluminum foil and copper foil is relatively large. In other words, the "dead mass" in the battery cannot increase energy density. The weight ratio of current collector in lithium batteries is second only to anode and cathode, of which copper foil current collector accounts for 8.1%, aluminum foil current collector for 6.9%, both of which are higher than 15% after summing. Compared with traditional copper foil, composite copper foil saves material cost by nearly 40%, light weight by 60% and energy density by 5-10%. Since the density of aluminum is lower than that of copper, the weight reduction effect of composite aluminum foil is slightly lower than that of composite copper foil.

High cycle life: The copper foil surface is smooth and flat with a relatively small contact area while the copper foil is a metal material; however, battery is generally a non-metallic material. The two kinds of materials have poor contact compatibility and interface contact resistance is large, resulting in the reduction of charge and discharge performance of battery. The polymer layer of the composite current collector further reduces the reaction between the copper foil current collector and lithium and forms a dense protective layer, thereby weakening the formation of lithium dendrites, improving lithium electrochemical deposition caused by planar lithium metal plating significantly, and stabilizing the cycle of lithium metal anodes further.

Low cost: Polymer material can lower the cost by replacing the copper materials which are high in cost. The cost of lithium copper foil accounts for 8%-10% in lithium batteries while that of copper metal accounts for about 83% in traditional lithium copper foil. Compared with composite copper foil, copper metal accounts for only about 44% of the cost of composite copper foil, and the polymer material cost of the intermediate layer is much lower than copper metal. The comprehensive cost of composite copper foil is expected to lower further once large-scale production is realized in the future. Compared with traditional aluminum foil current collector, the composite aluminum foil requires higher evaporation aluminum plating process cost, which implies a low possibility of lowering the cost of composite aluminum foil.

There are three main production processes for composite copper foil: ① One-step method: All wet (chemical plating) or all dry (magnetron sputtering and vacuum evaporation); ② Two-step method: Magnetron sputtering + water electroplating; ③ Three-step method: Magnetron sputtering + vacuum evaporation + water electroplating. However, two-step method, namely: Magnetron sputtering + water electroplating, is mainly used for the present production process. As the one and only enterprise in the world that has realized volume production of water electroplating, the Company has finished nearly 100 orders from more than 20 customers, with obvious advantages in the industry. At the same time, the Company can also provide magnetron sputtering equipment for customers, for which, it strives for providing integrated services. Within the reporting period, the Company delivered a special magnetron sputtering equipment in partnership with Beijing-based colleges and universities, to explore the application of the equipment in new scenarios.

Production process of composite aluminum foil mainly includes vacuum evaporation. At present, the Company is also focusing on vacuum aluminizing equipment, trying to occupy certain market share in anode and cathode composite materials. When this report was announce, the Company's vacuum aluminizing equipment had been assembled and was undergoing onsite verification test.

(IV) Core technology and R&D progress

1. Core technologies and their advancements as well as changes during the reporting period

In terms of technological innovation and R&D, based on R&D, design, and manufacturing of special PCB electroplating equipment, the Company strengthens R&D and application of technical achievements; in terms of technical advancement and maturity of manufacturing process, the Company

establishes the core technology system of vertical continuous electroplating, owns a number of patented technologies with a number of core technologies at the advanced level at home and abroad. The Company takes the leading position in the industry in terms of electroplating uniformity, throwing power (TP), and other key indicators. At the same time, the Company strengthens the application of core technologies in other fields, expands application channels, and increases R&D investment in PCB electrolytic etching machine, roll-type horizontal copper plating wire, and vertical continuous wafer electroplating machine, which have become more core technology advantages and new business growth points of the Company.

In terms of R&D input, the Company has increased its R&D expenses year by year, mainly including salaries of R&D personnel, R&D material expenses, depreciation and amortization expenses, etc. From 2021 to 2023, the Company's R&D expenses accounted for more than 7% of its operating revenue, which means a high level.

In terms of the R&D team, the core R&D team of the Company has years of research experience in the fields of machinery, chemical industry, automation, and information technology, explores and innovates the practical technology formed in practice constantly, achieves automation and intelligence gradually, and the performance of the equipment has been recognized and fully affirmed by many users.

In terms of the transformation of technological achievements, the Company extends the application of vertical continuous electroplating technology in the field of PCB to the special equipment for new energy materials, including the research and development and manufacturing of lithium and special photovoltaic equipment, and achieves a number of research and development technology results, and forms independent and initiative technologies and models. The R&D team of the Company continues to carry out substantial technological innovations in new energy plating equipment, photovoltaic equipment, gantry equipment, and high-end IC carrier board equipment, forming a new profit growth point for the Company.

Since the establishment, the Company has always been adhering to independent research and development and innovation of high-end electroplating equipment and its supporting equipment. From the perspective of research and development technology, with the profound technology accumulation in the field of PCB electroplating equipment, the Company achieves good performance in electroplating uniformity, throwing power, and other indicators, and can provide customers with the electroplating solutions with high stability, high yield, high wire speed, energy saving and consumption reduction, and high cost performance; from the perspective of manufacturing technology, with the modular segmentation technology and the cycle-based production technology, it is possible to shorten the manufacturing cycle of the Company's products effectively, and improve the market competitiveness of the Company significantly. All the core technologies of the Company are self-developed without cooperation with individuals and other organization in research and development, covering multiple links of product manufacturing, and involving the products in the three major business fields of the Company. During the reporting period, the Company has the following key core technologies:

SN	Technical Name	Introduction to technologies	Information about the applied business area		
			PCB electroplating	General metal plating	New energy electroplating
1	Vertical continuous electroplating technology	A PCB board electroplating method independently developed by the Company includes a number of our core technologies such as steady-state transmission and uniform current conduction system technology, functional trough side sealing and water-retaining technology, and high-aspect-ratio board electroplating technology, by which the entire electroplating process of PCB in the sealed trough body can be completed with a set of transmission system, so as to improve the stability of the electroplating equipment significantly.	√	√	√

		It is the key to improve the uniformity and yield of PCB electroplating			
2	Steady-state transmission and uniform current conduction system technology	This technology makes use of the fully closed steel strip wire, new fixture, and take-up and discharging system to reduce the swinging and stretching of plated parts in the process of transmission, so as to achieve the more stable process of transmission and more uniform distribution of current, and improve the electroplating effect significantly.	√	√	√
3	Automated clean production technology	By this technology, the closed production line, the liquid disturbance device, the electroplating solution circulation device or the continuous barrel plating device is used together with the automation technology, so as to reduce the adverse impact of the electroplating process on the environment while improving the safety of production	√	√	√
4	Functional trough side sealing and water-retaining technology	The technology cuts off the liquid connection between the electroplating trough and the front and back treatment section by the unique design of sealing and water-retaining device, avoiding cross-contamination between liquids, so as to maintain the stability of the electroplating solution concentration, extend the service life of the electroplating solution, improve the electroplating quality, and reduce the cost of production	√	√	√
5	High-aspect-ratio board electroplating technology	By this technology, the electroplating solution spray system is upgraded, the nozzle distribution, nozzle flow rate, and the distance from the nozzle to the electroplated board surface, the distance between the cathode and the anode is reduced, and the uniformity and the throwing power of the electroplating in the hole are effectively improved in combination with the pulse current	√	√	

6	Operating system design and integration technology	The equipment operation and management system developed independently by the Company can be operated easily and connected with the enterprise information management system, and can be used for real-time feedback and analysis of the production data	√	√	√
7	Anode box core bubble removal device technology	This is an anode box component, anode component, and horizontal plating production line developed independently by the Company, overcoming the defect in the original technology that the bubbles generated by the insoluble anode are prone to adhere to the membrane surface to be plated and uneasy to remove	√		√
8	New fixture technology/Double-sided magnetic electroplating clip technology (The springs are available in the market)	By this technology, a fixture and a double-sided clamp conveying device are generated, overcoming the defects in the original technology that the fixture cannot be applied to the steel belt in the horizontal electroplating line to clamp the parts to be plated and the double-sided steel belt cannot keep synchronous operation for a long time	√		√
9	Anode partitioned and segmented independent power supply source technology	The Company divides into multiple sheets of anode along the width direction of the board, each small sheet of anode supplies current separately; adjust the current of each sheet of anode independently according to the test result, and adjust the thickness of the plating layer on the membrane surface, so as to guarantee the electroplating uniformity of the plating on the membrane, and solve the defect of inconsistent magnitude of current in various areas of the single sheet of anode along the width direction of the membrane	√		√

State Science and Technology Awards

☐ Applicable ☒ Not applicable

Identification as a national SRDI “little giant” enterprise, and “single champion” in manufacturing industry

☒ Applicable ☐ Not applicable

Title of identification	Year of identification	Product name
National SRDI “little giant” enterprise	2022	Intelligent environment-friendly vertical continuous electroplating equipment (Kunshan Dongwei Technology Co., Ltd.)
National SRDI “little giant” enterprise	2022	Continuous vertical electroplating line (Guangde Dongwei Technology Co., Ltd.)

2. Research and development results achieved during the reporting period

As of December 31, 2023, the company has 303 patents, including 33 inventive patents, 269 utility model patents, 1 industrial design patent and 43 computer software copyrights. From January to December 2023, the Company applied for 90 new patents (including 27 patents for invention), 15 authorized patents and added 15 registered software copyrights.

List of intellectual property rights acquired during the reporting period

	New increase in current year		Accumulated quantity	
	Number of applications for patent	Number of patents granted)	Number of applications for patent	Number of patents granted)
Patent for invention	27	2	186	33
Utility Model Patent	63	57	324	269
Industrial design patent	0	0	3	1
Software copyright	0	15	43	43
Others	0	0	12	12
Total	90	74	568	358

Note: "Number of applications" refers to the number of patents, which are still valid and under examination by the intellectual property registration authority after eliminating abandoned and invalid applications. The "number of patents obtained" in the cumulative number excludes the patents which are invalid within the reporting period.

3. R&D Investment Schedule

Unit: RMB

	Current year	Previous Year	Amplitude of variation (%)
Expensed R&D investment	80,128,297.71	79,645,786.70	0.61
Capitalized R&D investment			
Total R&D investment	80,128,297.71	79,645,786.70	0.61
Ratio of total investment in research and development to operating income (%)	8.81	7.87	Increased by 0.94%
Proportion of R&D investment capitalization (%)			

Reasons for significant changes in total R&D investment as compared to the previous year

☐ Applicable ☒ Not applicable

Explanation on the reasons for the significant change in the proportion of R&D investment capitalization and its rationality

☐ Applicable ☒ Not applicable

4. Current research projects

☒ Applicable ☐ Not applicable

Unit: RMB

SN	Project name	Estimated total investment scale	Amount of investment within this period	Accumulative amount of investment	Progress or phased outcomes	Objectives to be achieved	Technical level	Specific application prospect
1	Research and development of conductive ultra-thin reel-type horizontal plating line for the double-sided fixture	18,000,000.00	4,028,851.31	16,998,455.98	Closure	The thickness of copper on plates surface is $1\pm 0.1\mu\text{m}$ and the current density is 3ASD	It is the first in the industry	Thin-film photoelectric material, 5G shielding material, and power battery cathode composite copper foil, and other fields.
2	Research and development of vertical continuous silicon electroplating machine	14,000,000.00	2,852,115.53	13,506,325.69	Closure	The traditional printing process of silver paste is replaced by electroplated copper tin	It is the first in the industry	Reduce the manufacturing cost of photovoltaic silicon wafers and improve the photoelectric conversion efficiency effectively
3	Msap development + copper plating + film removal + etching integrated online equipment	15,000,000.00	1,795,772.54	14,963,146.94	They have been verified and passed technical review, and are under customer's acceptance.	R value ± 3 microns	Leading in the industry	It is used in lifting type hole filling and substrate-like carrier board process

4	Research and development of environment-friendly intelligent high-speed continuous barrel plating line	17,000,000.00	5,388,639.21	16,631,444.77	It has been used in stamping parts and general fasteners of automotive parts industry, fully realizing environmental protection, intelligent and efficient production, and comprehensively improving product quality.	The time of barrel plating is shortened by 20%; the whole process is automated, so as to reduce the operator, and save energy and water	Leading in the industry	The surface treatment in fasteners, NdFeB permanent magnet and rare earth industry, and passive components (resistor, capacitor, inductor) industry.
5	Research and development of horizontal continuous copper plating line (sheet-to-sheet pulse rectifier equipment)	18,000,000.00	6,600,658.47	15,200,301.70	Volume production of the equipment was officially realized on October 1, 2023.	Stable transmission, electroplating uniformity, with electroplating quality satisfactory to the customer, fill in the blank in China, and break the monopoly of foreign enterprises.	Leading in the industry	Widely used in PCB production.
6	Development of horizontal continuous tin plating line	11,500,000.00	2,976,922.51	7,688,038.08	After preliminary testing, the rectification has been completed. At present, the Company is negotiating on the test schedule with the chemical	The Company has developed the horizontal continuous tin plating equipment which can replace the chemical tin plating, and the processing time of functional trough is	Leading in the industry	Widely used in PCB production.

					supplier. The test results will be verified by the customer.	reduced by more than 50%		
7	Research and development of roll-type vertical continuous developing copper wire	16,000,000.00	6,353,605.66	13,706,292.00	Customer installs the equipment on site, getting prepared for subsequent product testing	Solve the problem of high resolution and fast response of the touch screen and the high defect rate in the production of new process materials, replace the equipment imported from Europe and Japan	It is first in China and leading in the world	3C, on-board touch screen
8	Research and development of vacuum magnetron plating equipment for lithium battery composite copper membrane	22,000,000.00	5,520,749.60	16,020,942.32	Closure	Reach the first-class level in China	Leading in the industry	Lithium battery cathode composite copper foil and other fields
9	Research and development of a new environment-friendly single-sided board production process	25,000,000.00	585,734.73	1,904,941.75	The products made by this new process have passed customers' certifications. The product performance can	The process flow is shortened, and the copper can be recycled directly on the line, so as to reduce the amount of solution and cleaning water to a	Leading at home and abroad	It is intended to be widely used for manufacturing of circuit board in the field of PCB in the near future (promotion and application of new equipment and new process).

					be compared with the original products made by the traditional circuit board process.	great extent, improve the working environment in the workshop greatly, and explore a feasible and new way for green development of PCB production.		
10	Research and development of horizontal DES line	10,000,000.00	4,474,038.19	9,069,253.73	This equipment has been installed at customer's site and passed chemical test. The suction tool combination and nozzle arrangement of etching section have been adjusted to verify the process capability of the equipment.	The Company has developed a horizontal etching machine that can produce fine lines, and save more than 30% of energy	Leading in the industry	Widely used in PCB production.
11	Research and development of the vertical continuous electroplating equipment with the capacity of 8000 wafers/hour	10,000,000.00	2,142,812.03	2,229,442.84	Commission at customer's site has been basically completed and small volume production is in process.	Production capacity of 8000 wafers/hour, fragmentation rate <1%, energy saving and environmental protection, automatic photovoltaic electroplating equipment.	Pioneering	Photovoltaic cells with copper instead of silver.

12	Research and development of automatic precision feeding and discharging machine for photovoltaic silicon wafer electroplating	7,000,000.00	1,398,071.92	1,484,702.73	Commission at customer's site has been basically completed and small volume production is in process.	Feeding accuracy $\leq \pm 0.1\text{mm}$; energy saving and environmental protection, automatic feeding and discharging equipment	Pioneering	Photovoltaic cells with copper instead of silver.
13	Research and development of special rack for photovoltaic silicon wafer electroplating	5,000,000.00	1,459,676.93	1,547,529.74	Commission at customer's site has been basically completed and small volume production is in process.	High precision, high stability, pinch accuracy $\leq \pm 0.1\text{mm}$.	Pioneering	Photovoltaic cells with copper instead of silver.
14	Research and development of double-sided transmission non-contact copper plating equipment	6,000,000.00	4,097,615.87	4,097,615.87	The design of the product is completed and the prototype is being manufactured	$3 \pm 0.15\mu$, current density 8ASD	It is first in China and leading in the world	3C, onboard touch screen, photoelectric COF material, and lithium battery composite copper foil
15	R&D of horizontal split transmission	10,000,000.00	1,439,695.42	1,439,695.42	The first draft of the original design model has been completed, and equipment should run to verify the stability and maintenance and the feasibility of production in	Break through the traditional conveying design for horizontal line in the industry: With more stable conveying performance and simpler and more convenient maintenance, it can,	Leading in the industry	Widely used in PCB production.

					batches.	compared with traditional structure, lower wearing by 50%.		
16	R&D of Double-sided Aluminizing Equipment for Composite Aluminum Foil Magnetron Evaporation	17,000,000.00	3,115,496.79	3,115,496.79	It has entered the assembly & commissioning phase	Reach the first-class level in China	The highest level in the industry	Many fields such as lithium battery cathode composite aluminum foil
17	R&D of universal electroplating equipment	20,000,000.00	1,470,995.76	1,470,995.76	It is under the initial directional research stage. As of December 31, 2023, the project had been in the feasibility study stage of conductive cloth direction. Equipment for experiments in this test direction has been prepared.	Mass production of prototype equipment has been realized.	1. Not limited by plated area; 2. Not limited by conductive position; 3. Electroplating can reduce chemical contamination caused by other processes; 4. This electroplating method is initiative worldwide.	Universal plating is used to replace most of the surface treatment methods such as tin spraying, tin melting, silver melting and gold melting. The production process is clean and eco-friendly, and can reduce environmental pollution and the production cost of surface treatment in the PCB industry. The electroplating equipment boasts better comprehensive performance and a wider range of application.

18	R&D of Electroplating Equipment for PV BC Panel	20,000,000.00	1,289,600.86	1,289,600.86	Collect market information and customers' demands. The Company is in business negotiation with a leading customer in the industry	The Company has developed set of automatic electroplating equipment with high precision and high stability, which can be used for realizing large production of silicon wafer VCP equipment.	Pioneering	Photovoltaic cells with copper instead of silver.
19	R&D of Adjustable Suspension Transmission System	10,500,000.00	1,021,692.01	1,021,692.01	Completion of Phase 1 Concept Test	Reduce the existing weight by 80%	First in China	Vertical line continuous electrocoppering is applied for contact friction transmission.
20	Research and development of vertical continuous plating line of pure copper anode	7,750,000.00	917,969.50	7,530,545.76	Horizontal line development has been completed, and mass production for the equipment has been started at the customer end. Achieve R&D goals and technical level.	$8:1 \leq AR \leq 12:1$ Current Density $\geq 3.5 \text{ ASD}$, $TP \geq 90\%$ $2:1 < AR \leq 20:1$ Current Density $\geq 2.5 \text{ ASD}$, $TP \geq 75\%$	1. The phosphorus copper ball and the cupric oxide powder are not used as the so as to reduce the cost of the anode; 2. The dust pollution caused by anode mud and cupric oxide powder generated by phosphorus copper ball is prevented; 3. The anode does not release oxygen, thus reducing the cost. The anode is suitable for	It is suitable for through-hole, blind-hole circuit board VCP electroplating equipment, with excellent deepening plating ability to meet the market demand

							through-hole and blind-hole circuit board VCP plating equipment, and has excellent deep plating capabilities to meet market demand. The service life of anode is prolonged by decomposition of additive.	
21	Research and development of new VCP unclamping washing and drying section	6,050,000.00	1,298,136.57	5,089,595.33	Continue to conduct testing and improvement of the functions.	1. To achieve the fully automatic process of feeding and discharging; 2. To improve the cleanliness and dryness on the board surface and in the whole; 3. To extend the shelf life of the circuit board	This project can solve the problem of oxidation and drying on the board surface effectively, reach the industry-leading level, and is the upgrade version of online drying of vertical continuous electroplating.	To guarantee the quality of the plated board in order to meet the broad market demand
22	Research and development of vertical continuous	7,000,000.00	1,924,743.35	4,033,849.14	Continue to conduct testing and improvement of the functions.	To improve the thinner copper in the dense area of BGA hole effectively, and	Leading in China	In the field of BGA board electroplating in IC carrier board.

	electroplating line of PCBBGA board					increase the TP value to approximately 80%.		
23	Research and development of PCB vertical continuous electroplating line	5,500,000.00	1,726,076.44	3,428,897.89	Continue to conduct testing and improvement of the functions.	It is possible to manufacture products continuously and simultaneously: The vertical height of the board 38"-49"; if the thickness of plating is 25μm, R value ±5μm; the transmission runs smoothly, the steel strip is flat and straight, the board surface is not stretched or falls within the range as required; the production speed is 0.5-3.0 m/min and adjustable.	Leading in China	The production testing of PCB board in large size (vertical height 38"-49") in special fields.
24	Research and development of vertical continuous electroplating line for PCB board in large size	7,550,000.00	1,748,327.05	6,431,989.49	The whole line has been installed and is under debugging.	It is possible to manufacture products continuously and simultaneously: The vertical height of the board 30"-50"; if the thickness of plating is 25μm, R value ±4μm; the transmission runs	Leading in China	The Company developed an energy-saving and environmentally-friendly vertical continuous electroplating line that can produce 30"-50" circuit boards, improving the efficiency of production, reducing the cost of production, and increasing the utilization rate of the

						smoothly, the steel strip is flat and straight, the board surface is not stretched or falls within the range as required; the production speed is 0.5-3.0 m/min and adjustable.		substrate.
25	Research and development of PCB electroless nickel immersion gold continuous line	6,600,000.00	2,486,022.08	4,854,143.82	The prototype has been debugged and is in the trial run stage. Chemical test will be carried out.	To improve the uniformity of electroless nickel immersion gold, achieve automated production, and reduce the costs of water and electricity.	Leading in China	The traditional gantry production is transformed to VCP vertical continuous production, so as to improve efficiency.
26	Research and development of semiconductor film metal electroplating technology	10,000,000.00	2,155,795.70	2,720,404.34	All functions of prototype have been tested and are under chemical test.	The metal uniformity, throwing power, inner hole diameter less than 10μm (high aspect ratio), and hole filling capacity of the electroplating membrane can meet the customer requirements.	Fill in the gap in China	The homemade semiconductor electroplating membrane metal equipment replaces imported electroplating metal equipment and challenges the highly difficult semiconductor electroplating membrane equipment.

27	Research and development of hole filling technology for the circuit board with high aspect ratio	8,900,000.00	2,127,507.40	2,667,109.96	Drawing integration and preliminary testing have been completed. The prototype is under manufacturing and will be tested upon manufacturing.	1. The whole equipment is fully automated; 2. The uniformity and throwing power of the PCB plating meet the customer requirements; 3. Copper is removed without hole breakout, and the problem in yield of product is solved fundamentally.	Leading in China	It is possible to solve the problem of bubble residue in the hole of the high-aspect-ratio circuit board, so as to reduce or even eliminate the products caused by hole breakout in the production process of the circuit board. It is solve the problem of scrapping, so as to improve the efficiency of production, reduce the cost of production to a great extent, increase the yield of circuit board, and better meet the requirements for environmental protection.
28	Research and development of non-contact copper plating technology for composite copper foil	12,000,000.00	3,774,665.10	5,221,071.07	Drawing integration and preliminary testing have been completed. The prototype is under manufacturing and will be tested upon manufacturing.	In order to achieve the non-contact electroplating mass production of composite copper foil, compared with electrolytic copper foil, the composite copper foil has three advantages, including low cost, high safety, and high energy density.	Fill in the gap in China	1. The automated production process is continuous and uninterrupted; 2. The electroplating uniformity and the plating binding force of the composite copper foil meet the customer requirements; 3. The problems such as low production efficiency and low product yield of composite copper foil have been solved fundamentally.

29	R&D of Grid Electroplating Technology for PV Module	8,060,000.00	378,281.23	378,281.23	The preliminary design scheme is under argumentation.	1. Change PV module grid circuit to electrocoppering process; 2. Realize the full-automatic production mode; 3. The process flow is further shortened, effectively reducing costs for energy conservation and environmental protection.	Fill in the gap in China	The grid circuit of PV module replaces silver paste by copper.
30	Research and development of vertical developing line	5,000,000.00	2,936,051.15	2,936,051.15	At present, the Company is dealing with structure design and the prototype will be launched by the end of October 2024.	Mass production line width/spacing 10/10um. Sample test line width/spacing 6/6um	The highest level in the industry	Packaging carrier board
31	Research and development of environment-friendly intelligent high-speed continuous barrel plating NdFeB automatic line	9,680,000.00	641,976.80	641,976.80	Clean, safe and fully automated production of phosphating process for NdFeB products in new energy industry has been completed. The production capacity has also been doubled	Improve the qualified rate of NdFeB product surface treatment and the automation and intelligence degree of equipment, and fully realize safe and clean production	A world's leading status	Special surface treatment for NdFeB and new generation rare earth permanent magnet materials
Total	/	366,090,000.00	80,128,297.71	189,319,830.96	/	/	/	/

Description

None

5. R & D staff information

Unit: 0,000 yuan Currency: RMB

Basic information		
	Amount in current period	Amount in previous period
Number of R&D personnel of the Company (person)	223	185
The proportion of R&D personnel in the total number of employees (%)	17.00	14.37
Total R&D personnel compensation	5,260.23	4,520.72
Average salary of R&D personnel	23.59	24.44

Structure of educational background of R&D personnel	
Categories	Number of people
Doctoral students	0
Postgraduate students for master's degree	2
Undergraduate	58
Junior college	109
High school and below	54
Age structure of R&D personnel	
Categories	Number of people
Below 30 (excluding 30)	56
30-40 (including 30, excluding 40)	84
40-50 (including 40, excluding 50)	60
50-60 (including 50, excluding 60)	21
60 and above	2

Reasons for major changes in the composition of R&D personnel and the impact on the Company's future development

☐ Applicable ☒ Not applicable

6. Other notes

☐ Applicable ☒ Not applicable

III. Analysis of core competitiveness during the reporting period**(I) Analysis of core competitiveness**

☒ Applicable ☐ Not applicable

1. Focus on electroplating technology and extend application scenarios

The Company keeps focused and continuous innovation in the electroplating equipment market, has developed into the leading electroplating equipment enterprise in the world, has a wealth of successful experience in a number of application fields, has developed electroplating technology for nearly 20 years, takes the lead in the industry to achieve standardized design, process-based production, and large-scale industry, and provides PCB manufacturers with the electroplating equipment product with more stable performance, more advanced technology, easier operation, and lower cost. The vertical continuous electroplating equipment manufactured by the Company occupies the market share of more than 50% in China; due to high customer recognition and strong market competitiveness, the equipment is widely used in high-efficiency computers, servers, big data centers, high-end communication equipment, artificial intelligence, cloud storage, and other fields. At the same time, by virtue of the profound technology accumulation and the leading market position in the field of PCB electroplating equipment,

the Company has expanded its business to the fields of general metal electroplating and new energy, and achieved a number of initiatives in China and in the industry.

2. Understand industry trends and build first-mover advantage

Currently, the Company is the only enterprise achieving large-scale mass production of the new energy plating equipment in China and even in the world. The Company makes business layout in advance with the industrial foresight. The new energy plating equipment manufactured by the Company is the first in the world, and widely used in power battery, new material, conductive glass, 3C battery, flexible circuit board, energy storage battery, and other fields; the main target customers include new energy vehicle manufacturers, battery (power battery, energy storage battery, consumer battery) manufacturers, crude copper foil material manufacturers, film manufacturers, etc. Due to the higher technical barrier, the first-mover advantage has been established. As the front-end equipment of copper plating, the magnetron sputtering equipment manufactured by the Company can form effective collaboration with new energy lithium electroplating equipment and photovoltaic copper plating equipment, and connect technology, production, service and other processes closely, helping the Company to create an integrated production line of lithium positive and negative equipment and photovoltaic copper electroplating equipment, and to provide the customers with integrated professional services.

3. Adhere to independent research and development, strengthen the ability to innovate

Since its establishment, the Company has been adhering to the independent research and development and innovation of high-end electroplating equipment and its supporting equipment. So far, the Company has formed a technical system with vertical continuous plating technology as the core, highly independent research and development, strong technical scalability, leading technical level, and mature manufacturing process. Furthermore, the Company has a number of patented technologies, so that it can provide efficient and mature electroplating solutions for the manufacturers of downstream PCB and other new fields. Furthermore, the Company has applied the core technology derivatively to the field of general metal electroplating and new energy electroplating, and developed several pioneering equipment at home and abroad. As of December 31, 2023, the company has 303 patents, including 33 inventive patents, 269 utility model patents, 1 industrial design patent and 43 computer software copyrights.

4. Achieve large-scale production and improve production efficiency

With advanced production philosophy and production technology, and the advantages in large-scale production and manufacturing, to provide global customers with mature and efficient electroplating solutions. The Company focuses on the improvement and solution of the pain points existing in the electroplating special equipment manufacturing industry including long manufacturing cycle and high maintenance cost. The Company has improved production efficiency significantly by modular segmentation technology and cycle-based production technology. Due to the similarity of the electroplating equipment manufacturing process in different application fields, the above-mentioned technologies can be widely used in the production of various electroplating equipment of the Company. At the same time, the Company also has the advantages in industry-leading large-scale production, which can help the Company effectively manage the costs of production and manufacturing.

5. Provide high quality service, and guarantee the customer stability

During the reporting period, the Company has the sales and after-sales service teams consisting of more than 100 experienced members, and has the ability to make reliable and timely response to customer demand and guarantee services. The Company is able to make timely response to the customer demand, and arrive at the site within the time limit as agreed for troubleshooting, so as to guarantee the stable production of the customer effectively. With high-quality products and services, the Company has established a good brand image in the industry. The Company has the customers including a great number of well-known enterprises in various fields at home and abroad, serves the frontline enterprises in electroplating and new energy industries at home and abroad, and has the highly competitive customer network and brand image. At the same time, the Company has successfully exported its products to Japan, South Korea, Europe, Southeast Asia, and other countries or regions, and established a good business cooperation system with international first-class enterprises.

6. Stable management team, joint growth and progress

The Company has a mature, stable and professional management team. They have abundant experience in the industry, serve the Company for many years, hold the shares in the Company, share a common fate with the Company, and grow together with the Company. Since the listing of the Company, no core members of the management have resigned from the Company. With profound technical background and abundant experience, the management team leads the Company to develop new market plan, implement new product research and development, establish stable partnership, and achieve leadership in the

industry. With a deep understanding of the industry and the Company, the Company's management team develops the growth and development strategy, leads the Company to consolidate its market leadership and first-mover advantage continuously, improve the Company's mission and vision, deepens business integration and expands product application fields, and improves operational efficiency and profitability.

(II) The events with serious impact on the core competitiveness of the Company during the reporting period, analysis of impact, and countermeasures

☐ Applicable ☒ Not applicable

IV. Risk factors

(I) Unprofitable risks

☐ Applicable ☒ Not applicable

(II) Risk of significant performance decline or loss

☐ Applicable ☒ Not applicable

(III) Risk of core competitiveness

☒ Applicable ☐ Not applicable

1. Risk of core technology disclosure

All kinds of products sold by the Company rely on the core technologies and research and development achievements developed and accumulated by the Company for a long time. The Company has formed a technical system with vertical continuous plating technology as the core, and is developing a number of products and technologies. These core technologies are the basis for guaranteeing the performance of the products and the further research and development of new technologies, and have a significant impact on the operation and long-term development of the Company. The Company cannot completely exclude the disclosure of relevant technology or confidential information during the process of production and operation, the inadvertent disclosure by relevant technical personnel, or the acquisition of the Company's core technologies by the competitors by illegal means, resulting in the disclosure of the Company's core technologies. If the relevant core technologies are disclosed and known and imitated by the competitors, it may have adverse impact on the market competitiveness of the Company.

2. The risk in outflow of technical talents

The Company is engaged in a talent-intensive, multi-disciplinary, and cross-field comprehensive industry, and the enterprises in the industry need a large number of experts and talents in machinery, chemical industry, electronics, electrical control, industrial design, engineering and other disciplines. The above technical personnel play a vital role in design and development of new products, control of product cost, and provision of stable and high-quality technical services. With the continuous growth of market demand and the increasingly fierce competition in the industry, the talent competition among the enterprises has been intensified gradually, and the Company is also facing the risk in outflow of technical talents. If the Company cannot strengthen the introduction, incentive and protection of technical talents continuously, there is a certain risk in outflow of technical talents.

(IV) Business risks

☒ Applicable ☐ Not applicable

1. New customer development risk

The main products of the Company are customized equipment, which has the characteristics of high price of a single equipment and long service cycle. If the same customer does not have the need for capacity expansion, technological upgrades, or process updates after purchasing the Company's products, and the possibility of repeated large-scale purchases from the Company in the short term is relatively small, the Company will face the risk of continuous development of new customers. If the Company is unable to continue developing new customers while maintaining its existing ones in the future, it may have an adverse impact on the Company's business performance.

2. Market competition risks

At present, the Company's main competitors have set up factories in Chinese Mainland, and introduced international advanced technology and manufacturing technology. The representative enterprise of the horizontal continuous electroplating process is the foreign-funded enterprise Atotech (China) Chemicals

Ltd., and its technology comes from its German factory; the representative enterprises of vertical lift electroplating technology are Commend Machinery Co., Ltd., a Taiwan-funded enterprise, UCE Group, a Hong Kong-funded enterprise, and Baolong Automatic Machinery (Shenzhen) Co., Ltd., a Hong Kong-funded enterprise, and their technologies are all from the Hong Kong and Taiwan regions. At present, competitors have also launched vertical continuous electroplating equipment in succession. If the above enterprises use their own advantages to seize the market of the Company's products, the Company will face the risk of intensified industry competition and a decrease in market share, which will further affect the Company's profitability.

(V) Financial risks

√Applicable □Not applicable

1. Risk in large inventory

At the end of the reporting period, the Company's inventory mainly consisted of raw materials, products in process, goods shipped, and goods in stock. At the end of December 2023, the amount of the Company's inventory was RMB 411,572,000, and the cumulative loss on inventory impairment was RMB 15,587,800. In the future, the further expansion of the Company's inventory size may have certain adverse impact on production and operation of the Company.

2. Risk of bad debt of accounts receivable

At the end of December 2023, the Company's accounts receivable amounted to RMB 636,011,900, and the balance of the accounts receivable with an aging of less than 1 year accounted for 53.60%. In the future, if the customer's credit status changes significantly, the company will face certain risks of bad debts of accounts receivable.

3. Risk of enterprise income tax incentives

The Company passed the review of high-tech enterprise in October 2022 and obtained the High-tech Enterprise Certificate (Certificate No.: GR202232000259). Guangde Dongwei, a subsidiary of the Company, received the "Certificate of High-tech Enterprise" (Certificate No.: GR202234002929) in October 2022. According to relevant policies and regulations, the Company is entitled to a preferential income tax rate of 15% from 2022 to 2024, and Guangde Dongwei. As a subsidiary of the Company, is entitled to a preferential income tax rate of 15% from 2022 to 2024. If there are significant adverse changes in the relevant national income tax policies or if the qualification of the Company and its subsidiary for high-tech enterprise is not re-identified successfully upon expiration of the validity period, it will have a certain adverse impact on the after-tax profits of the Company.

(VI) Industry risks

√Applicable □Not applicable

1. The Company's operation is greatly affected by the prosperity of the downstream PCB manufacturing industry

At present, the Company's products are mainly for downstream PCB manufacturers, and the market demand of the products mainly depends on the fixed asset investment scale and growth rate of downstream PCB manufacturers. If the prosperity of downstream PCB manufacturing industry declines in the future, it is expected that downstream PCB manufacturers will reduce the purchase of related electroplating equipment, thus causing a certain adverse impact on the Company's operation.

2. Risks of market development in new industries

At present, the Company has gradually expanded to other application fields of electroplating equipment, such as new energy power batteries and other downstream new industries. In the application field of new industries, due to the uncertainty of technology solution selection, different market entry barriers, and competitive landscape in different downstream application fields, the Company faces market development risks in the application field of new industries.

(VII) Risk of macro environment

√Applicable □Not applicable

The Company's core products are mainly used in the fields of PCB electroplating, general metal electroplating, special equipment for new energy power battery anode and cathode materials and photovoltaic. If the downstream industry is affected by periodic macroeconomic fluctuations or adjustment of relevant industrial policies in the future, it will have an adverse impact on the operating

performance of the Company. In recent years, global economic growth has slowed down, inflationary pressure has increased, and the strength and sustainability of the recovery of global economic and trade are still uncertain. Chinese macro economy has maintained at a basically stable level, but it is still faced with the operational risks arising from the uncertainty of macro economy.

(VIII) Risks related to depositary receipts

☐ Applicable ☒ Not applicable

(IX) Other significant risk

☐ Applicable ☒ Not applicable

V. Major operating conditions during the reporting period

The Company achieved a total operating revenue of RMB 909,229,904.80, a decrease of 10.13% compared to the same period last year. The net profit attributable to shareholders of the listed company during the reporting period was RMB 1151,427,452.93, a decrease of 29.01% compared to the same period last year. At the end of the reporting period, the total assets of the Company were RMB 2,481,922,259.48, an increase of 40.40% compared with the beginning of the reporting period; the net assets attributable to shareholders of the listed company were RMB 1,736,315,757.41, an increase of 85.12% compared to the beginning of the reporting period.

(I) Analysis of main business

1. Analysis Table of Changes in the Accounts Related to Income Statement and Cash Flow Statement

Unit: yuan Currency: RMB

Account	Amount in current period	Amount in the same period last year	Ratio of change (%)
Operating income	909,229,904.80	1,011,726,965.10	-10.13
Operating cost	529,937,642.55	588,176,670.56	-9.90
Selling and distribution expenses	72,121,961.59	68,613,783.46	5.11
General and administrative expenses	51,942,886.44	44,553,632.31	16.59
Financial expenses	-9,013,429.47	-740,767.21	Not applicable
R & D expenses	80,128,297.71	79,645,786.70	0.61
Net cash flow from operating activities	-79,604,788.25	129,777,524.90	-161.34
Net Cash Flows from Investing Activities	-585,226,035.12	-106,973,910.39	Not applicable
Net Cash Flows from Financing Activities	642,978,434.89	-45,178,792.50	Not applicable

1. Notes to reasons for the change in operating revenues: The operating revenues were declined by 10.13% YoY, which is mainly ascribed to the downstream customers, which are still in destocking stage. The above influences equipment expansion demands temporarily, which finally leads to the decline of PCB revenue from equipment sector.

2. Notes to reasons for the change in operating cost: The operating cost decreases by 9.90% on a year-on-year basis, mainly due to the decrease in operating cost as a result of the decrease in operating income.

3. Reasons for changes in sales expenses: the sales expenses increased by 5.11% year-on-year, which is mainly due to the increase in market promotion expenses, exhibition expenses, travel expenses, and other expenses incurred in expanding the market.

4. Reasons for changes in administration expenses: the administration expenses increased by 16.59% year-on-year, which is mainly due to the increase in personnel compensation and asset depreciation and amortization expenses.

5. Notes to reasons for the change in financial expense: Mainly due to the gain on foreign exchange in large amount generated by the settlement of USD fund received from the issuance of Global Depositary

Receipts (GDR) during the reporting period.

6. Notes to reasons for the change in research and development expense: The research and development expense increases by 0.61% on a year-on-year basis, mainly due to the development of new products; expand market space; the company has launched multiple new research and development projects; the introduction of high-end R&D personnel with strong professionalism by the company has led to a significant increase in the salaries of new R&D personnel and changes in social security policies, resulting in a significant increase in employee salaries.

7. Notes to reasons for the change in net cash flow from operating activities: The cash flow net amount generated by business activities declined by 161.34% YoY, which is mainly caused by the decline of sales revenues and the slowdown in payment collection.

8. Notes to reasons for the change in net cash flow from investment activities: Mainly due to the use of idle funds to purchase financial products during the reporting period.

9. Notes to reasons for the change in net cash flow from financing activities: Mainly due to the successful issuance of Global Depository Receipts (GDR) on the Swiss Stock Exchange and the receipt of GDR fund during the reporting period.

Detailed description of major changes in the Company's business type, profit composition or profit source in current period

☐ Applicable ☒ Not applicable

2. Income and cost analysis

☒ Applicable ☐ Not applicable

During the reporting period, the Company achieved a revenue of RMB 909,229,904.80, a decrease of 10.13% compared to the same period last year. The operating cost was RMB 529,937,642.55, a decrease of 9.90% compared to the same period last year.

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

Unit: yuan Currency: RMB

Main business by industry						
By industries	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease of operating income compared to last year (%)	Increase/decrease of operating cost compared to last year (%)	Increase/decrease of gross margin compared to last year (%)
Special equipment for high-end printed circuit board (PCB) electroplating	356,562,813.22	216,195,157.89	39.37	-46.80	-43.01	Decreased by 4.04%
Special equipment for general hardware surface treatment	156,206,952.26	112,987,919.37	27.67	36.28	29.31	Increased by 3.90%
Special equipment for new energy	338,039,963.96	170,486,341.99	49.57	111.79	107.55	Increased by 1.03%
Others	54,255,877.03	30,196,007.61	44.35	-15.84	-23.13	Increased by 5.29%
Total	905,065,606.47	529,865,426.86	41.46	-10.30	-9.91	Decreased by 0.25%

Main business by products						
By products	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease of operating income compared to last year (%)	Increase/decrease of operating cost compared to last year (%)	Increase/decrease of gross margin compared to last year (%)
Vertical continuous electroplating equipment	341,315,468.09	205,354,832.02	39.83	-48.81	-45.46	Decreased by 3.70%
Gantry electroplating equipment	142,916,686.78	101,847,206.33	28.74	83.87	74.16	Increased by 3.98%
Continuous metal electroplating equipment	13,290,265.48	11,140,713.04	16.17	-63.98	-61.45	Decreased by 5.51%
Horizontal surface treatment equipment	15,247,345.13	10,840,325.87	28.90	330.74	282.52	Increased by 8.96%
Roll-type horizontal membrane electroplating equipment	338,039,963.96	170,486,341.99	49.57	131.35	132.65	Decreased by 0.28%
Others	54,255,877.03	30,196,007.61	44.35	-15.84	-23.13	Increased by 5.29%
Total	905,065,606.47	529,865,426.86	41.46	-10.30	-9.91	Decreased by 0.25%
Main business by region						
By regions	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease of operating income compared to last year (%)	Increase/decrease of operating cost compared to last year (%)	Increase/decrease of gross margin compared to last year (%)
Domestic sales	838,887,051.74	493,883,263.42	41.13	-13.48	-12.65	Decreased by 0.56%
Export	66,178,554.73	35,982,163.44	45.63	68.16	58.22	Increased by 3.42%
Total	905,065,606.47	529,865,426.86	41.46	-10.30	-9.91	Decreased by 0.25%
Main business by sales model						
Sales model	Operating income	Operating cost	Gross profit margin (%)	Increase/decrease of operating income compared to last year (%)	Increase/decrease of operating cost compared to last year (%)	Increase/decrease of gross margin compared to last year (%)

Direct selling	884,238,175.72	520,224,641.16	41.17	-10.57	-9.45	Decreased by 0.73%
Distribution	20,827,430.75	9,640,785.70	53.71	3.27	-29.20	Increased by 21.22%
Total	905,065,606.47	529,865,426.86	41.46	-10.30	-9.91	Decreased by 0.25%

Notes to the main business by industry, by product, by region, and by sales model

The Company's main products include vertical continuous electroplating equipment and horizontal surface treatment equipment applied in the PCB electroplating field; gantry electroplating equipment and hardware continuous electroplating equipment applied in general hardware electroplating, rolled horizontal film electroplating equipment applied in new energy, special equipment in the photovoltaic field, and magnetron sputtering winding coating equipment. During the reporting period, the item "other" in the main business income mainly includes the income from sales of accessories related to electroplating equipment, and the revenue from maintenance and renovation. During the reporting period, the Company's product sales were mainly in the domestic market, and the main reason for the increase in foreign markets was due to an increase in demand in foreign markets. The Company's sales model is mainly direct sales, with a small proportion of distribution business.

(2). Production and Sales Analysis Table

√Applicable □Not applicable

Main products	Unit	Production	Sales volume	Inventory	Increase or decrease of production volume compared with the previous year (%)	Increase or decrease of sales volume compared with the previous year (%)	Inventory increase or decrease compared with the previous year (%)
Vertical continuous electroplating equipment	Set	68	75	50	-28.42	-36.97	-12.28
Gantry electroplating equipment	Set	21	29	13	-22.22	7.41	-38.10
Continuous metal electroplating equipment	Set	6	6	7	-73.91	-70.00	0
Horizontal surface treatment equipment	Set	4	4	5	-20.00	300.00	0
Roll-type horizontal membrane electroplating	Set	39	45	9	44.44	181.25	-40.00

equipment							
Magnetron sputtering rolling plating equipment	Set	4	0	4	300.00	Not applicable	Not applicable
Photovoltaic copper plating equipment	Set	2	0	2	0	Not applicable	Not applicable
Total		144	159	90	-20	-14.52	-14.29

Production and Sales Description

The Company's main products are vertical continuous electroplating equipment and rolled horizontal film electroplating equipment, etc. During this reporting period, the production, sales, and inventory of vertical continuous electroplating equipment decreased, while the production and sales of rolled horizontal film electroplating increased significantly.

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

☐ Applicable ☒ Not applicable

(4). Cost Analysis Table

Unit: RMB

Information by industry							
By industries	Cost component	Amount in current period	Current ratio in total costs (%)	Amount in the same period last year	Proportion in total costs in the same period last year (%)	Proportion of changes in current amount compared with the same period of last year (%)	Situation Notes
Special equipment for high-end printed circuit board (PCB) electroplating	Drect materials/direct labor/manufacturing expenses/freight	216,195,157.89	40.80	379,327,047.05	64.49	-43.01	Sales decreased in the reporting period
Special equipment for general hardware surface treatment	Drect materials/direct labor/manufacturing expenses/freight	112,987,919.37	21.32	87,377,193.60	14.86	29.31	Sales increased in the reporting period
Special equipment for new energy	Drect materials/direct labor/manufacturing expenses/freight	170,486,341.99	32.18	82,140,640.21	13.97	107.55	Sales increased in the reporting period
Others	Drect materials/direct	30,196,007.61	5.70	39,284,274.30	6.68	-23.13	Sales decreased in

	labor/manufacturing expenses/freight						the reporting period
Total		529,865,426.86	100.00	588,129,155.16	100.00	-9.91	
Information by product							
By products	Cost component	Amount in current period	Current ratio in total costs (%)	Amount in the same period last year	Proportion in total costs in the same period last year (%)	Proportion of changes in current amount compared with the same period of last year (%)	Situation Notes
Vertical continuous electroplating equipment	Direct material	152,426,908.41	74.22	299,497,482.72	79.55	-49.11	Income decreased in the reporting period
Vertical continuous electroplating equipment	Direct labor	29,347,140.05	14.29	47,779,777.28	12.69	-38.58	Income decreased in the reporting period
Vertical continuous electroplating equipment	Manufacturing costs	19,544,470.15	9.52	24,412,132.23	6.48	-19.94	Income decreased in the reporting period
Vertical continuous electroplating equipment	Freight	4,036,313.41	1.97	4,803,760.36	1.28	-15.98	Income decreased in the reporting period
Sub-total		205,354,832.02	100.00	376,493,152.59	100.00	-45.46	
Gantry electroplating equipment	Direct material	83,640,181.86	82.12	46,236,398.58	79.06	80.90	Income increased in the reporting period
Gantry electroplating equipment	Direct labor	9,124,609.10	8.96	6,858,529.89	11.73	33.04	Income increased in the reporting period
Gantry electroplating equipment	Manufacturing costs	7,781,642.47	7.64	4,293,619.36	7.34	81.24	Income increased in the reporting period
Gantry electroplating equipment	Freight	1,300,772.90	1.28	1,090,886.69	1.87	19.24	Income increased in the reporting period
Sub-total		101,847,206.33	100.00	58,479,434.52	100.00	74.16	
Continuous	Direct material	6,282,067.53	56.39	21,326,293.61	73.80	-70.54	Income

metal electroplating equipment							decreased in the reporting period
Continuous metal electroplating equipment	Direct labor	3,155,095.43	28.32	5,195,396.21	17.98	-39.27	Income decreased in the reporting period
Continuous metal electroplating equipment	Manufacturing costs	1,394,429.46	12.52	1,988,459.10	6.88	-29.87	Income decreased in the reporting period
Continuous metal electroplating equipment	Freight	309,120.62	2.77	387,610.16	1.34	-20.25	
Sub-total		11,140,713.04	100.00	28,897,759.08	100.00	-61.45	
Horizontal surface treatment equipment	Direct material	5,780,502.74	53.32	1,755,850.36	61.95	229.21	Income increased in the reporting period
Horizontal surface treatment equipment	Direct labor	3,416,547.94	31.52	724,857.06	25.58	371.34	Income increased in the reporting period
Horizontal surface treatment equipment	Manufacturing costs	1,501,946.06	13.86	330,067.78	11.65	355.04	Income increased in the reporting period
Horizontal surface treatment equipment	Freight	141,329.13	1.30	23,119.26	0.82	511.3	Income increased in the reporting period
Sub-total		10,840,325.87	100.00	2,833,894.46	100.00	282.52	
Roll-type horizontal membrane electroplating equipment	Direct material	136,120,837.09	79.85	57,618,371.28	78.62	136.25	Income increased in the reporting period
Roll-type horizontal membrane electroplating equipment	Direct labor	22,133,625.58	12.98	10,374,214.69	14.16	113.35	Income increased in the reporting period
Roll-type horizontal membrane electroplating equipment	Manufacturing costs	10,522,857.12	6.17	4,671,611.94	6.38	125.25	Income increased in the reporting period
Roll-type horizontal membrane electroplating equipment	Freight	1,709,022.20	1.00	615,174.52	0.84	177.81	Income increased in the reporting period

Sub-total		170,486,341.99	100.00	73,279,372.43	100.00	132.65	
Magnetron sputtering rolling plating equipment	Direct material			6,142,164.69	86.84		Not applicable
Magnetron sputtering rolling plating equipment	Direct labor			524,371.26	7.41		Not applicable
Magnetron sputtering rolling plating equipment	Manufacturing costs			367,376.92	5.19		Not applicable
Magnetron sputtering rolling plating equipment	Freight			39,449.54	0.56		Not applicable
Sub-total				7,073,362.41	100.00		
Photovoltaic copper plating equipment	Direct material			1,233,993.54	69.01		Not applicable
Photovoltaic copper plating equipment	Direct labor			354,840.42	19.85		Not applicable
Photovoltaic copper plating equipment	Manufacturing costs			193,245.71	10.81		Not applicable
Photovoltaic copper plating equipment	Freight			5,825.70	0.33		Not applicable
Sub-total				1,787,905.37	100.00		
Others	Direct material	20,307,983.42	67.25	32,266,356.51	82.14	-37.06	Sales of material decreased
Others	Direct labor	6,499,700.94	21.53	4,413,490.56	11.23	47.27	Maintenance and renovation increased
Others	Manufacturing costs	3,060,187.81	10.13	2,442,245.84	6.22	25.3	Maintenance and renovation increased
Others	Freight	328,135.44	1.09	162,181.39	0.41	102.33	

Sub-total		30,196,007.61	100.00	39,284,274.30	100.00	-23.13	
Total		529,865,426.86	100.00	588,129,155.16	100.00	-9.91	

Other information on cost analysis

None

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

☒Applicable ☐Not applicable

As of December 31, 2023, there were a total of five subsidiaries included in the consolidation scope of the Company. Compared with the previous year, Dongwei Technology (Thailand) Co., Ltd. was added due to the new establishment this year.

(6). Significant change in or adjustment of the business, product or service of the company within the report period

☐Applicable ☒Not applicable

(7). Main sales customers and main suppliers

A. Main sales customers of the company

☒Applicable ☐Not applicable

The sales of the top five customers were RMB 369,378,000, accounting for 40.63% of the total annual sales; In which, the sales of related parties in the sales of the top five customers were RMB 0, accounting for 0% of the total annual sales.

Top five customers of the Company

☒Applicable ☐Not applicable

Unit: 0,000 yuan Currency: RMB

SN	Client's name	Sales amount	Ratio to annual total sales amount (%)	Is there a relationship with the listed company
1	Client 1	18,888.50	20.78	No
2	Client 2	5,733.05	6.31	No
3	Client 3	4,362.91	4.80	No
4	Client 4	4,212.39	4.63	No
5	Client 5	3,740.95	4.11	No
Total	/	36,937.80	40.63	/

During the reporting period, the proportion of sales to a single customer exceeded 50% of the total, and among the top five customers, there were new customers or heavy reliance on a small number of customers

☒Applicable ☐Not applicable

There is no situation where the Company's sales to a single customer exceed 50% of its main business revenue or relies on a few customers. The Company's directors, supervisors, senior executives, core technical personnel, major affiliates, or shareholders holding more than 5% of the Company's shares do not have any relationship with the aforesaid customers. The top five customers are all domestic customers; compared with 2022, the top five customers this year are all newly added and are domestic customers.

B. Main suppliers of the company

√Applicable □Not applicable

The purchase amount of the top five suppliers was RMB 101,410,700, accounting for 22.09% of the total annual purchase amount; in which, the purchase amount of related parties in the top five suppliers was RMB 0.00, accounting for 0% of the total annual purchase amount.

Top five suppliers of the Company

√Applicable □Not applicable

Unit: 0,000 yuan Currency: RMB

SN	Name of supplier	Purchase amount	Ratio to annual total purchase amount (%)	Is there a relationship with the listed company
1	Supplier 1	3,157.57	6.88	No
2	Supplier 2	1,998.50	4.35	No
3	Supplier 3	1,990.20	4.34	No
4	Supplier 4	1,544.39	3.36	No
5	Supplier 5	1,450.41	3.16	No
Total	/	10,141.07	22.09	/

During the reporting period, the proportion of purchases from a single supplier exceeded 50% of the total, and among the top five suppliers, there were new suppliers or heavy reliance on a small number of suppliers

√Applicable □Not applicable

There is no situation where the Company's procurement proportion from a single supplier exceeds 50% of the total procurement amount or relies on a few suppliers. The Company's directors, supervisors, senior executives, core technical personnel, major affiliates, or shareholders holding more than 5% of the Company's shares do not have any relationship with the aforesaid suppliers. The top five suppliers are all domestic suppliers; compared to 2022, the top five suppliers include two new suppliers this year.

3. Expense

√Applicable □Not applicable

Unit: yuan Currency: RMB

Account	Amount in current period	Amount in the same period last year	Ratio of change (%)
Selling and distribution expenses	72,121,961.59	68,613,783.46	5.11
General and administrative expenses	51,942,886.44	44,553,632.31	16.59
Financial expenses	-9,013,429.47	-740,767.21	Not applicable
R & D expenses	80,128,297.71	79,645,786.70	0.61

Reasons for changes in sales expenses: the sales expenses increased by 5.11% year-on-year, which is mainly due to the increase in market promotion expenses, exhibition expenses, travel expenses, and other expenses incurred in expanding the market.

Reasons for changes in administration expenses: the administration expenses increased by 16.59% year-on-year, which is mainly due to the increase in personnel compensation and asset depreciation and amortization expenses.

Notes to reasons for the change in financial expense: Mainly due to the gain on foreign exchange in large amount generated by the settlement of USD fund received from the issuance of Global Depository Receipts (GDR) during the reporting period.

Notes to reasons for the change in research and development expense: The research and development expense increases by 0.61% on a year-on-year basis, mainly due to the development of new products; expand market space; the company has launched multiple new research and development projects; the introduction of high-end R&D personnel with strong professionalism by the company has led to a significant increase in the salaries of new R&D personnel and changes in social security policies, resulting in a significant increase in employee salaries.

4. Cash flow

√Applicable □Not applicable

Unit: yuan Currency: RMB

Account	Amount in current period	Amount in the same period last year	Ratio of change (%)
Net cash flow from operating activities	-79,604,788.25	129,777,524.90	-161.34
Net Cash Flows from Investing Activities	-585,226,035.12	-106,973,910.39	Not applicable
Net Cash Flows from Financing Activities	642,978,434.89	-45,178,792.50	Not applicable

Notes to reasons for the change in net cash flow from operating activities: The cash flow net amount generated by business activities declined by 161.34% YoY, which is mainly caused by the decline of sales revenues and the slowdown in payment collection.

Notes to reasons for the change in net cash flow from investment activities: Mainly due to the use of idle funds to purchase financial products during the reporting period.

Notes to reasons for the change in net cash flow from financing activities: Mainly due to the successful issuance of Global Depository Receipts (GDR) on the Swiss Stock Exchange and the receipt of GDR fund during the reporting period.

(II) Explanation of major changes in profits caused by non-core business

□ Applicable √ Not applicable

(III) Analysis of assets and liabilities

√Applicable □Not applicable

1. Assets and liabilities

Unit: RMB

Project name	Amount at the end of the period	Proportion of the closing balance in the total assets in the current period (%)	Amount at end of the previous period	Proportion of the closing balance in the total assets in the previous period (%)	Proportion of changes in current closing amount compared with the previous period (%)	Description
Monetary funds	152,687,607.75	6.15	169,409,084.36	9.58	-9.87	Note 1
Held-for-trading financial assets	253,785,545.21	10.23	212,382,756.11	12.01	19.49	Note 2
Notes receivable	44,451,627.08	1.79	60,955,950.86	3.45	-27.08	Note 3
Accounts receivable	636,011,869.72	25.63	555,556,435.73	31.43	14.48	Note 4
Receivables	7,357,716.16	0.30	14,283,281.00	0.81	-48.49	Note 3

financing						
Prepayments	18,500,844.73	0.75	21,954,214.26	1.24	-15.73	Note 5
Other receivables	4,008,301.14	0.16	5,172,335.82	0.29	-22.51	Note 6
Inventory	411,571,981.94	16.58	374,094,322.11	21.16	10.02	Note 7
Contract assets	54,845,701.38	2.21	33,225,303.11	1.88	65.07	Note 4
Other current assets	14,063,626.38	0.57	180,982.75	0.01	7,670.70	Note 8
Other debt investment	457,178,347.22	18.41				Note 9
Fixed assets	227,894,516.80	9.18	153,899,861.62	8.71	48.08	Note 10
Construction in progress	89,613,917.10	3.61	63,696,092.71	3.6	40.69	Note 11
Right-of-use asset	6,614,625.02	0.27	8,119,614.60	0.46	-18.54	Note 12
Intangible assets	73,244,026.46	2.95	72,214,802.53	4.09	1.43	Note 13
Long-term deferred expenses	1,519,251.22	0.06	2,658,284.10	0.15	-42.85	Note 14
Deferred tax assets	26,029,650.07	1.05	17,971,980.41	1.02	44.83	Note 15
Other non-current assets	2,543,104.10	0.10	1,933,122.84	0.11	31.55	Note 16
Notes payable	110,657,721.71	4.46	138,124,818.71	7.81	-19.89	Note 17
Accounts payable	253,096,278.18	10.2	248,006,672.76	14.03	2.05	Note 18
Contract liabilities	216,986,776.58	8.74	262,406,417.36	14.84	-17.31	Note 19
Employee benefits payable	45,253,367.64	1.82	41,446,227.57	2.34	9.19	Note 20
Taxes payable	10,646,141.95	0.43	15,282,071.43	0.86	-30.34	Note 21
Other payables	3,587,347.10	0.14	3,766,280.35	0.21	-4.75	Note 22
Non-current liabilities due within one year	3,084,280.72	0.12	3,101,782.04	0.18	-0.56	Note 23
Other current liabilities	53,789,316.29	2.17	73,703,026.31	4.17	-27.02	Note 24
Lease liability	3,895,713.90	0.16	5,120,025.20	0.29	-23.91	Note 25
Estimated liabilities	34,062,566.56	1.37	38,290,734.17	2.17	-11.04	Note 26
Deferred income	7,500,000.00	0.30				Note 27
Deferred tax liabilities	3,046,991.44	0.12	504,438.42	0.03	504.04	Note 28
Paid-up capital (or equity)	229,632,000.00	9.25	147,200,000.00	8.33	56.00	Note 29
Capital reserve	979,576,704.75	39.47	350,306,390.81	19.82	179.63	Note 30
Other comprehensive income	-1,940.06	0				
Surplus reserve	50,657,222.80	2.04	38,262,560.14	2.16	32.39	Note 31
Retained earnings	476,451,769.92	19.21	402,186,979.65	22.76	18.47	Note 31

Other notes

Note 1: The monetary funds decreased by 9.87% compared to the beginning of the year, which is mainly due to the purchase of wealth management, payment of construction funds, and payments to suppliers during this reporting period.

Note 2: The trading financial assets increased by 19.49% compared to the beginning of the year, mainly due to the purchase of bank financial products.

Note 3: The total balance of the notes receivable and receivable financing decreased by 31.14% compared to the beginning of the year, mainly due to the increase in the matured and endorsed bank acceptance bills.

Note 4: The total balance of accounts receivable and contract assets increased by 17.34% compared to the beginning of the year, mainly due to the slowdown in payment collection.

Note 5: The prepayments decreased by 15.73% compared to the beginning of the year, which is mainly due to changes in settlement methods and a decrease in prepayment for materials.

Note 6: Other receivables decreased by 22.51% compared to the beginning of the year, which is mainly due to the refund of deposits.

Note 7: The inventory increased by 10.02% compared to the beginning of the year, , mainly due to an increase in issued goods.

Note 8: The other current assets increased by 7670.70% compared to the beginning of the year, mainly due to the low base of the previous year, the increase in prepaid taxes, input tax to be certified, and retained tax amount.

Note 9: Other debt investments increased during the reporting period, which is mainly due to the purchase of bank certificates of deposit.

Note 10: The fixed assets increased 48.08% compared to the beginning of the year, mainly due to the fact that the newly built factory buildings and office buildings of the subsidiary Guangde Dongwei Technology Co., Ltd. were accepted and transferred to fixed assets during the reporting period.

Note 11: The construction in progress increased by 40.69% compared to the beginning of the year, which is mainly due to investments in the construction of new energy equipment expansion plants of Kunshan Dongwei and the infrastructure of high-end surface treatment equipment production bases of Changshu Dongwei.

Note 12: The right-of-use assets decreased by 18.54% compared to the beginning of the year, mainly due to depreciation and amortization of right-of-use assets during the reporting period.

Note 13: Intangible assets increased by 1.43% compared to the beginning of the year, which is mainly due to the acquisition of land-use rights during the reporting period.

Note 14: The long-term deferred expenses decreased by 42.85% compared to the beginning of the year, which is mainly due to the amortization of decoration expenses for leased plants during this reporting period.

Note 15: The deferred income tax assets increased by 44.83% compared to the beginning of the year, which is mainly due to the increase in recoverable losses, provision for bad debts and asset-related government subsidies.

Note 16: The other non-current assets increased by 31.55% compared to the beginning of the year, mainly due to an increase in prepaid equipment and other fixed asset payments.

Note 17: The notes payable decreased by 19.89% compared to the beginning of the year, mainly due to the large number of bills payable due during the reporting period.

Note 18: Accounts payable increased by 2.05% compared to the beginning of the year, which is mainly due to the increase in fixed assets.

Note 19: Contract liabilities decreased by 17.31% compared to the beginning of the year, which is mainly due to the decrease in contract prepayments.

Note 20: Payroll payable increased by 9.19% compared to the beginning of the year, which is mainly due to the increase in the number of employees of the Company and salary adjustments.

Note 21: The tax payable decreased by 30.34% compared to the beginning of the year, which is mainly due to a decrease in sales revenue, an additional 5% deduction of input tax, a decrease in value-added tax payable, and a decrease in income tax.

Note 22: The other payables decreased by 4.75% compared to the beginning of the year, mainly due to improved management, timely settlement of expenses and reduction of withheld expense.

Note 23: Non-current liabilities due within one year decreased by 0.56% compared to the beginning of the year, which is mainly due to a decrease in lease liabilities due within one year.

Note 24: The other current liabilities decreased by 27.02% compared to the beginning of the year, mainly due to the decrease in endorsed acceptance bills that have not yet expired and the amount of output tax to be transferred that has not met the value-added tax liability.

Note 25: The lease liabilities decreased by 23.91% compared to the beginning of the year, mainly due to the payment of rental for right-of-use assets.

Note 26: Estimated liabilities decreased by 11.04% compared with the beginning of the year, which is mainly due to the decrease in revenue and the decrease in provision for equipment warranty expenses.

Note 27: Deferred income increased during the reporting period, which is mainly due to the receipt of asset-related government subsidies.

Note 28: The deferred income tax liabilities increased 504.04% compared to the beginning of the year, mainly due to the difference in income accrued from financial management and depreciation of fixed assets.

Note 29: The share capital increased by 56.00% compared to the beginning of the year was mainly due to the conversion of capital reserves to additional share capital and the increase in share capital resulting from the successful issuance of Global Depository Receipts (GDR).

Note 30: The capital reserves increased 179.63% compared to the beginning of the year, mainly due to the capital stock premium received as a result of the successful issuance of Global Depository Receipts (GDR).

Note 31: The total balance of surplus reserves and undistributed profits increased by 19.68% compared to the same period of last year, mainly due to the increase in net profit during the current period.

2. Overseas assets

☒Applicable ☐Not applicable

(1) Asset size

Therein: overseas assets RMB 19,589.42 (unit: yuan, currency: RMB), accounting for 0.00079% of the total assets.

(2) Relevant explanations for the relatively high proportion of overseas assets

☐ Applicable ☒ Not applicable

3. Main assets restricted as of the end of the reporting period

☒Applicable ☐Not applicable

Item	Ending book balance	Beginning book balance	Type of restriction
Cash and bank balance	450,000.00		L/G deposit
Total	450,000.00		

4. Other notes

☐ Applicable ☒ Not applicable

(IV) Analysis of industry operation information

☒Applicable ☐Not applicable

For detailed analysis of industry operating information during the reporting period, please refer to "II. Description of the principal business, business model, industry situation and R&D status of the Company during the reporting period" in "Section 3 Management Discussion and Analysis"

(V) Analysis of investment**Overall analysis of foreign equity investment**

□ Applicable √ Not applicable

1. Significant equity investment

□ Applicable √ Not applicable

2. Significant non-equity investment

□ Applicable √ Not applicable

3. Financial assets measured at the fair value

√Applicable □Not applicable

Unit: yuan Currency: RMB

Category of asset	Opening amount	Profit or loss from changes in fair value	Accumulative change in fair value recorded in the equity	Impairment provision for the current period	Amount of purchase in current period	Sale/redemption amount in current period	Other changes	Closing amount
Held-for-trading financial assets	212,382,756.11	2,297,993.69			1,361,773,347.55	1,322,668,552.14		253,785,545.21
Receivables financing	14,283,281.00						-6,925,564.84	7,357,716.16
Other debt investment		7,178,347.22			450,000,000.00			457,178,347.22
Total	226,666,037.11	9,476,340.91			1,811,773,347.55	1,322,668,552.14	-6,925,564.84	718,321,608.59

Securities investment

□ Applicable √ Not applicable

Investment in derivatives

☐ Applicable ☒ Not applicable

4. 6. Investment in private investment fund investment

☐ Applicable ☒ Not applicable

Other notes

None

5. The specific progress of major asset restructuring and integration during the reporting period

☐ Applicable ☒ Not applicable

(VI) Sales of substantial assets and stock equity

☐ Applicable ☒ Not applicable

(VII) Analysis of main controlled companies and share participating companies

☒ Applicable ☐ Not applicable

Name	Main business	Registered capital	Total assets	Net assets	Net profit
Guangde Dongwei Technology Co., Ltd.	Mainly responsible for development, design, production and sales of vertical continuous electroplating equipment and new energy equipment	180,000,000.00 (RMB)	563,460,117.56	397,011,217.32	79,554,808.88
Shenzhen Kunshan Dongwei Technology Co., Ltd.	Mainly responsible for product sales and after-sales service in South China	5,000,000.00 (RMB)	33,716,380.76	11,448,221.51	375,192.86

Dongguan Dongwei Technology Co., Ltd.	Mainly responsible for research and development, design, production and sales of IC carrier board in PCB field.	50,000,000.00 (RMB)	12,600,341.58	7,045,298.71	-5,333,195.02
Changshu Dongwei Technology Co., Ltd.	Mainly responsible for research and development, design, production and sales of high-end hardware surface treatment equipment.	405,000,000.00 (RMB)	141,433,208.67	79,347,727.76	-1,080,227.85
Dongwei (Thailand) Technology Co., Ltd.	Mainly responsible for research and development, design, production and sales in foreign regions	5,000,000.00 (THB)	19,589.42	-155,820.40	-153,880.34

The operating income and total profit of Guangde Dongwei Technology Co., Ltd. for the reporting period were RMB 320,782,165.10 and RMB 94,343,799.00, respectively.

Item	For the year ended December 31, 2023
I. Operating income	320,782,165.10
Less: Operating costs	194,943,392.92
Tax and surcharge	3,378,372.78
Selling and distribution expenses	4,807,324.82
General and administrative expenses	10,517,435.62
R & D expenses	18,537,524.42
Financial expenses	-780,955.74
Including: Interest expense	3,359.58
Interest income	472,626.59
Add: Other income	5,692,151.89
Investment income (loss expressed with “-”)	418,600.47
Including: Investment income from associated enterprises and joint ventures	

Derecognized revenue from financial assets measured at amortized cost	
Net exposure hedging gains (losses expressed with “-”)	
Gain or loss from changes in fair values (loss expressed with “-”)	747,643.81
Loss from credit impairment (loss expressed with “-”)	-843,889.64
Loss from assets impairment (loss expressed with “-”)	-903,341.21
Gain on disposal of assets (loss expressed with “-”)	530.82
II. Operating profit (loss expressed with “-”)	94,490,766.42
Add: Non-operating income	1,000.00
Less: non-operating expenditure	147,967.42
III. Total profit (loss expressed with “-”)	94,343,799.00
Less: income tax expense	14,788,990.12
IV. Net profit (net loss expressed with “-”)	79,554,808.88

(VIII) Structured entities controlled by the company

☐ Applicable ☒ Not applicable

VI. Discussion and analysis of the Company's future development

(I) Industry pattern and trend

√Applicable □Not applicable

Please refer to “(III) Industry conditions.” in “II. Description of the principal business, business model, industry situation and R&D status of the Company during the reporting period” in “Section 3 Management Discussion and Analysis”

(II) Development strategy of the Company

√Applicable □Not applicable

Since its establishment, the Company has been dedicated to the research and design of electroplating equipment. The Company will continue to focus on product innovation, excellence, and refinement to achieve domestic innovation and international leadership. At the same time, the Company will take the advantages of VCP equipment as the core foundation, continue to promote the application and development of electroplating equipment in various industries, and thus achieve in-depth development in product application.

The Company intends to form strong leading advantages in multiple fields and sub industries such as PCB, hardware surface treatment, new energy, PV, energy storage, integrated circuits, etc., and build market competitiveness with efficient, intelligent, and environmentally friendly products and services, and gradually become a high-end precision electroplating equipment and technical service enterprise with international influence.

The field of PCB electroplating

Continuously strengthen research and development investment, enhance the innovation ability, and strive for innovation, excellence, and refinement. The Company's VCP equipment has already reached the leading level in multiple key indicators of electroplating technology in China, and some products have reached or exceeded the technical level of similar international equipment. In order to meet the higher requirements of the market for PCB electroplating performance, the Company will continuously improve the technical level of electroplating equipment, optimize and iterate VCP products that can meet customer needs, strive for innovation, excellence, and refinement, and further deepen the technical accumulation and first mover advantage in the field of horizontal electroplating equipment. Horizontal surface treatment equipment is a supporting equipment for the process before PCB electroplating. The Company can make full use of the synergies brought by vertical continuous electroplating equipment with high market competitiveness, and gradually increase its production, sales and market share. At the same time, we will strengthen the PCB segmentation market and actively promote the IC-substrate and ceramic-substrate electroplating equipment.

The field of general metal plating

In the field of general metal electroplating industry, environmental protection, energy saving and safety have always been the problems to be solved and optimized. The Company has been committed to assisting customers to achieve energy saving, emission reduction, consumption reduction and clean production, and improve the level of automation, safety, intelligence. The Company will apply the successful experience gained in the field of PCB electroplating to the field of general metal electroplating continuously, and provide more environmentally friendly, energy-saving and safety solutions for general metal electroplating constantly. With the further promotion of the equipment, the Company intends to achieve a market share of around 5% -10% in the future, without ruling out a larger market share.

The field of new energy electroplating

Although the Company is already a leader in the new energy coating equipment industry, it is still continuously iteratively upgrading its equipment to maintain its first mover advantage and market competitiveness. On the one hand, the iterative upgrading of equipment has gradually developed from the initial 6 copper tanks and 8 copper tanks to 12 copper tanks or even more tank bodies, with a significant increase in speed and difficulty in electroplating; on the other hand, the extension of application scenarios actively promotes the extension of application scenarios from power batteries to energy storage batteries and consumer electronic batteries, and expands the audience.

As the only enterprise in China and even in the world to achieve large-scale production of new energy coating equipment, the Company has also laid out magnetic control equipment for the process before the new energy coating. Customers can better ensure technical continuity with the matching equipment, which is conducive to ensuring a high yield of products and reducing production costs for customers. At

the same time, the Company can also provide high-quality complete installation and after-sales service, which is more conducive to the maintenance and upkeep of integrated equipment in the later stage. Previously, the third-generation PV electroplating equipment was shipped to the customer in early October 2023 and is currently being verified at the customer. At the same time, the Company is actively exploring other technologies to replace silver with copper on the device side that can achieve cost reduction and efficiency improvement.

(III) Business plan

√Applicable □Not applicable

1. Strengthen internal production management to ensure the achievement of annual objectives.

The Company will strive to overcome the impact of uncertain factors on production and operation, adhere to market and customer demand orientation, fully utilize internal and external resources, strengthen production management, improve design and R&D capabilities, improve product quality, strengthen the connection between technology and customer demands and fully utilize the Company's channel advantages to complete production and sales tasks and ensure the completion of production and operation tasks in an all-round way.

2. Strengthen the management of receivables and payables, and improve the efficiency of fund operation. Strengthen the management of receivables and payables, and improve the efficiency of fund operation to reduce the impact of macro environment and industry environment on the Company. In terms of receivables management, increase collection efforts, accelerate collection frequency, and reduce the possibility of bad debts; at the same time, shorten the cycle of contract payments and reduce the future amount of accounts receivable. In terms of payables management, strengthen sales order management, reasonably reduce expenses, and achieve income increase and expenditure reduction.

3. Further leverage the advantages of technological innovation and increase new growth points for profits. On the one hand, to ensure the technological innovation services in the Company's traditional business areas (PCB and general hardware surface treatment) and continuously upgrade products. On the other hand, actively layout the business development in the new energy (lithium battery and PV industry), keep up with market trends, and understand the latest needs of customers. The Company will actively expand new business and markets, develop new technologies and new products by taking advantage of its own technical advantages, find new profit growth points of the Company, and strive to achieve simultaneous growth of sales scale and operating profit, in order to return investors with better performance.

4. Increase investment in technology research and development, and strengthen independent intellectual property rights. In terms of technology research and development, the Company takes technological innovation as the driving force, strengthens industry-university-research cooperation, actively tracks industry R&D trends and market information feedback, and forms an efficient and timely interactive platform among market demand, R&D trends and project planning. Since its establishment, the Company has attached great importance to independent intellectual property rights, insisted on increasing continuous investment in new product research and development, and vigorously developed core technologies with independent intellectual property rights.

5. Strengthen the construction of talent team and improve the quality of employees. Based on the stage of development, the Company vigorously expands its talent team by internal training, talent introduction and other ways, and continuously improves the knowledge and professional structure of employees. Fully tap into the potential of existing human resources, conduct follow-up vocational training among employees, and improve their professional quality and skills. Strengthen the cooperation with domestic counterpart colleges and universities, and cultivate and introduce excellent talents through multiple channels.

(IV) Others

□ Applicable √ Not applicable

Section IV. Corporate Governance

I. Corporate governance

√Applicable □Not applicable

During the reporting period, the Company strictly followed the Company Law, Securities Law, and Code of Corporate Governance of Listed Companies and other laws and regulations, as well as relevant requirements of the China Securities Regulatory Commission and Shanghai Stock Exchange on corporate governance, continuously promoted standardized and procedural management, improved the level of corporate governance, fulfilled information disclosure obligations in accordance with the law, strengthened investor relation management, fully protected the legitimate rights and interests of investors, and promoted the sustainable development of the Company. The Company has established a corporate governance structure with well-defined power and responsibility, checks and balances, and an effective internal control system for supervision in accordance with the requirements for listed companies, and operated strictly in accordance with the law. The corporate governance of the Company complies with the requirements of the Company Law and relevant regulations of the China Securities Regulatory Commission. The shareholders general assembly, the board of directors and the board of supervisors of the Company can operate in accordance with the Company Law, the Securities Law and other relevant laws and regulations, as well as the Articles of Association and the internal system of the Company, and perform their respective rights and obligations according to law. The convening, holding and deliberation procedures of the previous meetings of shareholders general assembly, the meetings of the board of directors and the meetings of the board of supervisors comply with relevant laws, regulations, normative documents and the Articles of Association of the Company, without violation of laws and regulations.

Whether there is any major difference between corporate governance and laws, administrative regulations, and the provisions of the China Securities Regulatory Commission on the governance of listed companies; If any, the reason should be explained.

☐ Applicable ☒ Not applicable

II. The situations where the Company and its controlling shareholder cannot guarantee independence and maintain the ability to operate independently in terms of business, personnel, assets, organization, finance, etc.

☐ Applicable ☒ Not applicable

The circumstances where the proprietary shareholders, actual controllers and other institutions under their control are engaged in the businesses the same as or similar to those of the Company, the impact of horizontal competition or significant changes in horizontal competition on the Company, solutions taken, progress and subsequent solution plans

☐ Applicable ☒ Not applicable

Significant adverse impact on the Company from the horizontal competition of business engaged by the controlling shareholder, actual controller and other entities under their control

☐ Applicable ☒ Not applicable

III. Introduction to the shareholders general assembly

Session of meeting	Date of convening	Query index of the designated website of resolutions	Disclosure date of resolution publication	Resolution
2022 Annual Meeting of Shareholders General Assembly	4/28/2022	The “Announcement on Resolutions of General Meeting of Shareholders in 2022” (Announcement No. 2023-15) disclosed by Shanghai Stock Exchange (http://www.sse.com.cn) and Shanghai Securities News, China Securities Journal, Securities Times, and Securities Daily	4/29/2023	All the proposals have been deliberated and adopted, and no proposal was vetoed.
First Interim Meeting of Shareholders	7/10/2023	The “Announcement on Resolutions of the First Extraordinary General Meeting of Shareholders in 2023”	7/11/2023	All the proposals have been

General Assembly 2023		(Announcement No. 2023-039) disclosed by Shanghai Stock Exchange (http://www.sse.com.cn) and Shanghai Securities News, China Securities Journal, Securities Times, and Securities Daily		deliberated and adopted, and no proposal was vetoed.
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The interim meeting of shareholders general assembly held at the request of the preference shareholders whose voting rights are recovered

☐ Applicable ☒ Not applicable

Introduction to the shareholders general assembly

☒ Applicable ☐ Not applicable

All the proposals of the above-mentioned general meeting of shareholders have been deliberated and adopted, and no proposal was vetoed. The convening and holding procedures of the meeting of shareholders general assembly comply with relevant laws and regulations as well as the provisions of the Company's Articles of Association. The qualifications of the attendees and conveners of the meeting are legal and valid, and the voting procedures and results of the meeting are legal and valid.

IV. Implementation and changes in the arrangement of differences in voting rights during the reporting period

☐ Applicable ☒ Not applicable

V. Red-chip structure corporate governance

☐ Applicable ☒ Not applicable

VI. Information about directors, supervisors and senior managers**(I) Changes in shareholding and remuneration of current and outgoing directors, supervisors, senior management, and core technical personnel during the reporting period**

√Applicable □Not applicable

										Unit: share	
Name	Position	Gender	Age	Start date of term of office	Expiry date of term of office	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Changes in shares during the year	Reason of increase or decrease	Total pre-tax remuneration received from the Company during the reporting period (Unit: RMB 10,000)	Whether the compensation is paid by the affiliated party of the company
Liu Jianbo	Chairman, General Manager, Core Technical Personnel, (2023.01.01-2023.7.21) Acting Secretary of the Board of Directors	Male	45	12/29/2005	5/12/2025	47,600,000	70,448,000	22,848,000	Capital reserve transferred to equity	180.01	No
Xiao Zhiguo	Director and General Manager of Shenzhen Dongwei	Male	45	1/9/2014	5/12/2025	7,139,909	10,067,065	2,927,156	Capital reserve transferred to equity and reduction of shareholdings	214.09	No
Li Yangzhao	Director, Deputy General Manager	Male	45	10/1/2014	5/12/2025	5,334,464	7,895,007	2,560,543	Capital reserve transferred to equity	70.01	No
Nie Xiaojian	Director, Deputy	Male	48	2/17/2016	5/12/2025	4,003,009	5,924,453	1,921,444	Capital reserve	160.00	No

	General Manager								transferred to equity		
Jiang Zejun	Director, Core Technical Personnel, and Deputy General Manager of R&D Department	Male	48	12/29/2005	5/12/2025	2,491,927	3,688,052	1,196,125	Capital reserve transferred to equity	173.50	No
Shi Guowei	Director and Sales Director	Male	44	5/16/2019	5/12/2025	2,118,182	2,984,909	866,727	Capital reserve transferred to equity and reduction of shareholdings	82.44	No
Ma Jie	Independent Director	Male	68	5/13/2022	5/12/2025	0	0	0	0	10.00	No
Wang Longji	Independent Director	Male	84	5/13/2022	5/12/2025	0	0	0	0	10.00	No
Lu Huaming	Independent Director	Male	62	7/26/2019	5/12/2025	0	0	0	0	10.00	No
Zhong Jincai	Chairman of the Board of Supervisors and Business Director	Male	49	5/4/2011	5/12/2025	1,209,091	1,750,044	540,953	Capital reserve transferred to equity and reduction of shareholdings	73.82	No
Wei Yongjun	Supervisor and Deputy General Manager of Hardware Business Unit	Male	44	3/1/2015	5/12/2025	3,905,455	5,780,073	1,874,618	Capital reserve transferred to equity	42.01	No
Zhang Zhen	Supervisor and General Manager of New Energy Business Unit	Male	46	5/13/2022	5/12/2025	160,000	236,800	76,800	Capital reserve transferred to equity	218.31	No
Zhou Xiangrong	Deputy General Manager, Chief Financial Officer	Male	61	9/1/2018	5/12/2025	720,021	1,065,631	345,610	Capital reserve transferred to equity	140.01	No
Xu Peipei	Secretary of the Board of Directors	Female	40	7/21/2023	5/12/2025	0	0	0	/	29.51	No
Total	/	/	/	/	/	74,682,058	109,840,034	35,157,976	/	1,413.71	/

Name	Main Working Experience
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Liu Jianbo	Born in August 1979, Chinese nationality, without permanent residence outside China, holding a bachelor degree, and rated as a senior engineer by the China Electronic Circuit Industry Association. From 1996 to 2001, served as a technician and production supervisor at Dongguan Youda Circuit Board Equipment Factory; from 2001 to 2005, served as the head of Kunshan Dongwei Mechanical Equipment Service Department; from 2005 to 2019, served as the Chairman and General Manager of Dongwei Limited; from 2011 to 2022, served as the Executive Director of Kunshan Dongwei Machinery Co., Ltd.; from 2013 to present, served as the Executive Director and General Manager of Guangde Dongwei; from 2014 to present, served as Executive Director and General Manager of Shenzhen Dongwei; from 2019 to present, served as the Chairman and General Manager of the Company.
Xiao Zhiguo	Born in October 1979, Chinese nationality, without permanent residence outside China, holding a bachelor degree. From 2001 to 2003, served as an engineer in the Technical Department of Dongguan Weiyu Circuit Board Co., Ltd.; from 2003 to 2013, served as the Sales Manager and Customer Service Manager of Jiahui International Industry Co., Ltd.; from 2014 to 2019, served as the Business Director and Director of Dongwei Limited; from 2019 to present, served as the Business Director and Director of the Company.
Li Yangzhao	Born in September 1979, Chinese nationality, without permanent residence outside China, technical secondary school education. From 1997 to 1999, served as a technician at Dongguan Youda Circuit Board Equipment Factory; from 1999 to 2004, served as the section chief of Jingming Machinery (Shenzhen) Co., Ltd.; from 2004 to 2014, served as the section chief and department manager of Kunshan Jingming Machinery Co., Ltd.; from 2014 to 2019, served as the Deputy General Manager of Kunshan Dongwei Machinery Co., Ltd.; from 2019 to present, served as the Director and Deputy General Manager of the Company.
Nie Xiaojian	Born in May 1976, Chinese nationality, without permanent residence outside China, college degree. From 1993 to 1997, served as a technician at the Agricultural Machinery Repair Factory in Xingan County, Jiangxi Province; from 1997 to 2002, worked as a freelancer; from 2002 to 2003, served as a technician at Wonder Kosei Metal Industry (Kunshan) Co., Ltd.; from 2003 to 2005, served as the technical director of Mechanical Equipment Service Department of Kunshan Dongwei; from 2005 to 2019, served as the Production Manager and Director of Dongwei Limited; from 2011 to 2022, served as the General Manager of Kunshan Dongwei Machinery Co., Ltd.; from 2019 to present, served as the Director and Deputy General Manager of the Company.
Jiang Zejun	Born in December 1976, Chinese nationality, without permanent residence outside China, college degree, and rated as a senior engineer by the China Electronic Circuit Industry Association. From 1998 to 2001, served as a technician at Dongguan Youda Circuit Board Equipment Factory; from 2002 to 2005, served as a technician in the Mechanical Equipment Service Department of Kunshan Dongwei; from 2005 to 2019, served as the Technical Director and Director of Dongwei Limited; from 2019 to present, served as the Deputy General Manager and Director of the Company.
Shi Guowei	Born in January 1980, Chinese nationality, without permanent residence outside China, junior high school education. From 2000 to 2004, served as the Production Manager of Changsheng Hardware Products Factory in Chang'an Town, Dongguan; from 2004 to 2006, served as a technician in the Engineering Department of Dongguan Youda Circuit Board Equipment Factory; from 2006 to 2008, served as the Deputy General Manager of the Engineering Department of Kunshan Botong Machinery Equipment Co., Ltd.; from 2008 to 2010, served as the Deputy General Manager of Sales Department of Kunshan Hongya Metal Products Factory; from 2010 to 2013, served as the General Manager of Kunshan Furuite Machinery Equipment Co., Ltd.; from 2013 to 2019, served as the Business Manager, Business Director, and Director of Dongwei Limited; from 2019 to present, served as the Business Director and Director of the Company.
Ma Jie	Born in August 1956, Chinese nationality, without permanent residence outside China, , junior high school education, and graduated from the Graduate School of the Chinese Academy of Social Sciences, majoring in business economics. From March 1975 to July 1983, served as a cadre of

	Beijing Electroplating Factory; from August 1983 to November 1983, served as the Office Director of the Beijing Electroplating Association; from December 1983 to March 2011, served as the Vice Chairman and Secretary General of the Beijing Electroplating Association; from October 2006 to present, served as the Secretary General and Chairman of the Electroplating Division of the China Surface Engineering Association; from November 2008 to present, served as the Vice Chairman, Secretary General, and Chairman of the China Surface Engineering Association; from March 2011 to present, served as the Chairman of the Beijing Surface Engineering Association; from September 2019 to present, served as Independent Director of Sanfu Tech. From May 2022 to present, served as an Independent Director of Dongwei Technology.
Wang Longji	Born in June 1940, nationality: Chinese, without permanent residency abroad, education background: junior college, senior engineer, from 1969 to 2000, successively served as a worker, workshop controller, workshop deputy director and director, technical director, production director, administrative director, and other positions in Shanghai Radio 20th Factory; from 1990 to March 2015, served as the Secretary General and Vice Chairman of the China Printed Circuit Association; from 1993 to present, served as the President and Editor in Chief of Shanghai Printed Circuit Information Magazine; from April 1993 to present, served as the Chairman of Shanghai Guanglian Information Technology Co., Ltd.; from 1997 to present, served as the Chairman of Shanghai Yingzhan Business Services Co., Ltd.; from July 2012 to August 2018, served as Independent Director of JDL Global Environmental Protection, Inc.; from October 2012 to November 2015, served as an Independent Director of Guangdong Zhengye Technology Co., Ltd.; from October 2014 to November 2020, served as an Independent Director of Jiangsu Guangxin Sensory New Materials Co., Ltd.; from December 2014 to December 2020, served as an Independent Director of Shennan Circuits Co., Ltd.; from March 2015 to present, served as Honorary Secretary of the China Printed Circuit Association; from December 2015 to July 2017, served as an Independent Director of Aoshikang Technology Co., Ltd.; from August 2017 to November 2017, served as an Independent Director of Nanya New Material Technology Co., Ltd.; from September 2017 to present, served as an Independent Director of Sichuan Inno Circuits Limited; from December 2018 to present, served as an Independent Director of Changzhou Aohong Electronics Co., Ltd.; from August 2019 to present, served as an Independent Director of Camelot Electronics Technology Co., Ltd. From November 29, 2021 to present, served as an Independent Director of Aoshikang Technology Co., Ltd.; from May 13, 2022 to present, served as an Independent Director of Dongwei Technology.
Lu Huaming	Born in April 1962, Chinese nationality, without permanent residence outside China, college degree, CPA. From 1984 to 1987, served as a section member of Kunshan Shipu Industrial Co., Ltd.; from 1987 to 1993, served as the Financial Officer of Kunshan Joint Venture Factory of Shanghai Knitting No.11 Factory; from 1993 to 1997, served as the CFO of Kunshan Kungang Knitting and Dyeing Co., Ltd.; from 1997 to 2002, served as a department director of Suzhou Xinlian Certified Public Accountants Co., Ltd.; from 2003 to present, served as the Managing Partner and Head of Suzhou Huaming United Certified Public Accountants (General Partnership); from 2019 to present, served as an Independent Director of the Company.
Zhong Jincai	Born in September 1975, Chinese nationality, without permanent residence outside China, college degree. From 1997 to 2001, taught as a teacher at Jingxi School in Sanming City; from 2001 to 2007, taught as a teacher at the 12th Middle School in Sanming City; from 2007 to 2011, worked as a freelancer; from 2011 to 2019, served as the Business Manager and Business Director of Dongwei Limited; from 2019 to present, served as the Business Director and Chairman of the Board of Supervisors of the Company.
Wei Yongjun	Born in December 1980, Chinese nationality, without permanent residence outside China, holding a bachelor degree. From 2000 to 2001, served as a technician in Dongguan Youda Circuit Board Equipment Factory; from 2001 to 2005, served as a technician in the Mechanical Equipment Service Department of Kunshan Dongwei; from 2006 to 2007, worked as a freelancer; from 2008 to 2014, served as a manager of Antecedence Control Technology (Kunshan) Co. Ltd.; from 2015 to 2019, served as the Foreign Trade Director of Kunshan Dongwei Machinery Co., Ltd.; from 2019 to

	present, served as the Business Director and Supervisor of the Company. From March 2023 to present, served as General Manager of Changshu Dongwei Technology Co., Ltd. Currently serving as the Vice Chairman of Suzhou Electroplating Association, Executive Director of Jiangsu Surface Engineering Association, Director of China Surface Engineering Association, and Vice Chairman of Electroplating Division of China Surface Engineering Association.
Zhang Zhen	Born in December 1978, Chinese nationality, without permanent residence outside China, holding a bachelor degree in engineering, graduated from Anhui Agricultural University, majoring in agricultural machinery. From 1999 to 2013, served as the factory director of Guangzhou Mingyi Electronic Machinery Co., Ltd.; from 2013 to 2015, served as the factory director of Guangzhou Mingquan Machinery Equipment Co., Ltd.; joined Dongwei on November 9, 2015 and currently serving as the General Manager of the New Energy Composite Copper Foil Department. At the same time, served as a supervisor from May 13, 2022 to May 12, 2025.
Zhou Xiangrong	Born in October 1963, Chinese nationality, without permanent residence outside China, holding a bachelor degree, senior accountant.. From 1981 to 1992, served as the accountant in charge and league secretary of Jiangyin Special Education Center School; from 1992 to 2003, served as the Deputy General Manager and Financial Manager of Jiangyin Southern Pipe Fitting Manufacturing Co., Ltd.; from 2003 to 2007, served as the Business Manager of the Work-study Program Office in Jiangyin City; from 2007 to 2009, served as the CFO of Jiangsu Huali Network Engineering Co., Ltd.; in 2009, served as the Supervisor and Audit Manager of Jiangsu Baoli Asphalt Co., Ltd.; from 2009 to 2010, served as the CFO of Jiangsu Jianye Heng'an Engineering Project Management Co., Ltd.; from 2010 to 2012, served as the CFO of Shanghai Acrel Electric Co., Ltd.; from 2013 to 2017, served as the CFO of Wuxi Xinjie Electric Co., Ltd.; From 2017 to 2018, served as the CFO of Wuxi Longda Metal Materials Co., Ltd; from 2018 to 2019, served as the Financial Director of Dongwei Limited; from 2019 to present, served as the Deputy General Manager and the Financial Director of the Company.
Xu Peipei	Born in March 1984, Chinese nationality, without permanent residence outside China, graduate degree. From July 2009 to February 2015, worked at the Board Office of Jiangsu Tongda Power Technology Co., Ltd.; from February 2015 to October 2022, served as the Secretary of the Board of Directors of Tengfei Technology Co., Ltd.; from October 2022 to July 2023, served as the securities affairs representative of the Company and Director of the Board Office; from July 2023 to present, served as the Secretary of the Company's Board of Directors.

Other information

☐ Applicable ☒ Not applicable

(II) Incumbency of current and outgoing directors, supervisors and senior management during the reporting period

1. Posts held in the shareholder entity

√Applicable □Not applicable

Name of employee	Name of shareholder entity	Position held in institutional shareholder	Start date of term of office	Expiry date of term of office
Liu Jianbo	Fangfang Yuanyuan	Executive partner	1/24/2017	
Liu Jianbo	Jiayue Jiayue	Executive partner	3/20/2017	
Li Yangzhao	Jiayue Jiayue	Limited Partners	10/30/2020	
Explanation for posts held in the shareholder entity	Fangfang Yuanyuan and Jiayue are employee stock ownership platforms of the Company			

2. Posts held in other entity

√Applicable □Not applicable

Name of employee	Name of other entity	Posts held in other entity	Start date of term of office	Expiry date of term of office
Lu Huaming	Suzhou Huaming United Certified Public Accountants (General Partnership)	Managing Partner and Person in Charge	January 2003	-
Lu Huaming	D.MAG New Material Technology Co., Ltd.	Independent Director	March 2021	February 2024
Ma Jie	Guangzhou Sanfu New Materials Technology Co., Ltd.	Independent Director	July 2023	July 2026
Ma Jie	Guangdong XDY Environmental Protection Technology Co., Ltd.	Independent Director	June 2015	-
Ma Jie	Tianjin Exquisite Environmental Protection Technology and Surface Engineering Research Institute Co., Ltd.	Director	July 2018	-
Ma Jie	China Surface Engineering Association	Chairman	October 2019	-
Ma Jie	Electroplating Division of China Surface Engineering Association	Chairman	November 2008	-
Ma Jie	Beijing Surface Engineering Association	Chairman	December 2011	-
Wang Longji	Shanghai Printed Circuit Information Magazine	President and Editor in Chief	January 1993	-
Wang Longji	Shanghai Guanglian Information Technology Co., Ltd.	General Manager and Chairman	April 1993	-
Wang Longji	Shanghai Yingzhan Business Services Co., Ltd.	Chairman of the Board	March 2003	-
Wang Longji	Shanghai Chunyu Information Technology Co., Ltd.	Supervisor	March 2003	-
Wang Longji	China Printed Circuit Association	Honorary Secretary	March 2015	-
Wang Longji	Changzhou Aohong Electronics Co., Ltd.	Independent Director	December 2018	December 2024

Wang Longji	Camelot Electronics Technology Co., Ltd.	Independent Director	August 2019	October 2025
Wang Longji	Aoshikang Technology Co., Ltd.	Independent Director	November 2021	November 2024
Wang Longji	Sichuan Inno Circuits Limited	Independent Director	September 2017	September 2023
Notes to posts held in other entity	None			

(III) Information on remuneration of directors, supervisors, senior management, and core technical personnel

√Applicable □Not applicable

Unit: 0,000 yuan Currency: RMB

Decision-making procedures for the remuneration of directors, supervisors and senior executives	In accordance with the Articles of Association of the Company, the Remuneration and Appraisal Committee of the Company shall conduct research and review on the remuneration policies and plans for Directors and senior executives, and the remuneration plans for senior executives shall be implemented after being approved by the Board of Directors; the remuneration plan for directors and supervisors shall be approved by the Board of Directors and then submitted to the shareholders general assembly for approval before implementation.
Whether a director needs to recuse himself from the discussion of his remuneration by the board of directors	Yes
Specific information on the recommendations made by the Remuneration and Appraisal Committee or the Special Meeting of Independent Directors on the remuneration of directors, supervisors, and senior executives	On April 7, 2023, the first meeting of the second Board of Directors Compensation and Assessment Committee examined and approved the Proposal on the Compensation Plan for Non-independent Directors and Senior Executives of the Company in 2023;
Basis for determining the remuneration of directors, supervisors, and senior executives	Non-independent directors and supervisors shall receive remuneration based on their specific positions in the Company, without receiving additional compensation as directors and supervisors. Independent Directors shall receive allowances.
Actual payment for the remuneration of directors, supervisors, and senior management	The remuneration of the Company's directors, supervisors, and senior executives has been paid in accordance with relevant regulations.
At the end of the reporting period, the total remunerations obtained by all directors, supervisors and senior executives	1,413.71
Total remuneration actually received by core technical personnel at the end of reporting period	416.89

(IV) Changes in directors, supervisors, senior management, and core technical personnel of the Company

□ Applicable √ Not applicable

(V) Punishment of securities regulatory agencies in the past three years

□ Applicable √ Not applicable

(VI) Others

□ Applicable √ Not applicable

VII. Meetings of the board of directors convened during the reporting period

Session of meeting	Date of convening	Resolution
The 9th Meeting of the Second Board of Directors	4/7/2023	The following proposals were deliberated and adopted: 1. Proposal on the Work Report of General Manager of the Company in 2022; 2. Proposal on the Work Report of the Board of Directors of the Company in 2022; 3. Proposal on the Work Report of Independent Directors of the Company in 2022; 4. Proposal on the Performance Report of the Audit Committee of the Board of Directors in 2022; 5. Proposal on the Compensation Plan for Non-independent Directors and Senior Executives of the Company in 2023; 6. Proposal on the Compensation Plan for Independent Directors of the Company in 2023; 7. Proposal on the Financial Final Account Report of the Company in 2022; 8. Proposal on the Full Text and Summary of Report of the Company in 2022; 9. Proposal on the Annual Profit Distribution Plan and the Plan to Convert Capital Reserve into Share Capital in 2022; 10. Proposal on Application to Banks for Comprehensive Credit Line; 11. Proposal on the Special Report on the Deposit and Use of Raised Funds by the Company in 2022; 12. Proposal on the Self-evaluation Report of Internal Control in 2022; 13. Proposal on Engagement of Financial Audit and Internal Control Audit Institutions in 2023; 14. Proposal on Proposing the Convening of the Meeting of Shareholders General Assembly in 2022 15. Proposal on the Company's Report in the First Quarter of 2023.
The 10th Meeting of the 2nd Board of Directors	4/28/2023	Proposal reviewed and passed: Proposal on Closing the Initial Public Offering of Stocks and Permanently Supplementing Working Capital with Surplus Raised Funds
The 11th Meeting of the 2nd Board of Directors	5/12/2023	Proposal reviewed and passed: Review Report of Kunshan Dongwei Technology Co., Ltd. for the Period from January to March 2023
The 12th Meeting of the 2nd Board of Directors	5/22/2023	The following proposals were deliberated and adopted: 1. Proposal on the Company to Open a Special Account for GDR Funds Raised Overseas and Sign Relevant Agreements; 2. Proposal on Revising the Confidentiality and Archive Management System for Overseas Securities Issuance and Listing
The 13th Meeting of the 2nd Board of Directors	6/16/2023	The following proposals were deliberated and adopted: 1. Proposal on Carrying out Foreign Exchange Hedging Business; 2. Proposal on Formulating a Management System for Foreign

		Exchange Hedging Business; 3. Proposal on Using Idle Own Funds for Cash Management; 4. Proposal on Changing Registered Capital, Amending the Articles of Association and Handling Industrial and Commercial Registration of Changes; 5. Notice on Convening the First Interim Meeting of Shareholders General Assembly in 2023;
The 14th Meeting of the 2nd Board of Directors	7/21/2023	The following proposals were deliberated and adopted: 1. Proposal on the Semi-Annual Report and Summary of the Company in 2023; 2. Proposal on the Special Report on the Deposit and Use of Raised Funds by the Company in 2023; 3. Proposal on Appointment of Secretary of the Board of Directors of the Company; 4. Proposal on the Appointment of Securities Affairs Representatives of the Company;
The 15th Meeting of the 2nd Board of Directors	10/26/2023	The following proposals were deliberated and adopted: 1. Proposal on the Company's Report in the Third Quarter of 2023; 2. Proposal on Adjusting the Members of the Audit Committee of the Second Board of Directors of the Company

VIII. Performance of duties of directors

(I) Directors' Attendance of the Board Meeting and Meeting of Shareholders General Assembly

Director Name	Independent director or not	Attendance of the Board Meeting						Attendance of the meeting of shareholders general assembly
		Number of times attending the board meetings	Number of times attending in person	Times of meeting at which it is present by means of communication	Times of attendance by attorney	Absent Times	Whether it fails to attend the meeting personally twice in succession	Attendance at shareholders meetings
Liu Jianbo	No	7	7	0	0	0	No	2
Xiao Zhiguo	No	7	7	3	0	0	No	2
Li Yangzhao	No	7	7	0	0	0	No	2
Nie Xiaojian	No	7	7	0	0	0	No	2
Shi Guowei	No	7	7	0	0	0	No	2
Jiang Zejun	No	7	7	0	0	0	No	2
Lu	Yes	7	7	0	0	0	No	2

Huaming								
Wang Longji	Yes	7	7	7	0	0	No	2
Ma Jie	Yes	7	7	7	0	0	No	2

Instructions for not attending the board meeting in person for two consecutive times

☐ Applicable ☒ Not applicable

Number of board meetings held during the year	7
Of which: the number of on-site meetings	0
Number of meetings held by communication method	0
Number of meetings held combining the on-site method and communication method	7

(II) Objections raised by the director to the matters related to the company

☐ Applicable ☒ Not applicable

(III) Others

☐ Applicable ☒ Not applicable

IX. Special committees under the board of directors

☒ Applicable ☐ Not applicable

(I) Member of special committees under the board of directors

Category of special committees	Name of members
Audit Committee	Lu Huaming (Convener), Wang Longji, Nie Xiaojian (May 13, 2022 - October 26, 2023) Jiang Zejun (October 27, 2023 - May 12, 2025)
Nomination Committee	Wang Longji (Convener), Ma Jie, and Shi Guowei
Remuneration and Assessment Committee	Ma Jie (Convener), Lu Huaming, Li Yangzhao
Strategy Committee	Liu Jianbo (Convener), Wang Longji, Xiao Zhiguo, Jiang Zejun, Ma Jie

(II) During the reporting period, the audit committee convened 4 meetings.

Date of convening	Content of meeting	Important opinions and suggestions	Other performance of duties
4/7/2023	The following proposals were deliberated and adopted: 1. Proposal on the Financial Final Account Report of the Company in 2022; 2. Proposal on the Annual Profit Distribution Plan and the Plan to Convert Capital Reserve into Share Capital in 2022; 3. Proposal on the Full Text and Summary of Report of the Company in 2022; 4. Proposal on Engagement of Financial Audit and Internal Control Audit Institutions in 2023; 5. Proposal on the Company's Report in the	The Audit Committee carried out its work strictly in accordance with the Company Law, the regulatory rules of China Securities Regulatory Commission, the Articles of Association and the Rules of Procedure of the Audit Committee, and unanimously passed all proposals after full communication and discussion.	None

	First Quarter of 2023.		
6/16/2023	Proposal reviewed and passed: Proposal on Using Idle Own Funds for Cash Management;	The Audit Committee carried out its work strictly in accordance with the Company Law, the regulatory rules of China Securities Regulatory Commission, the Articles of Association and the Rules of Procedure of the Audit Committee, and unanimously passed all proposals after full communication and discussion.	None
7/21/2023	Proposal reviewed and passed: Proposal on the Semi-Annual Report and Summary of the Company in 2023;	The Audit Committee carried out its work strictly in accordance with the Company Law, the regulatory rules of China Securities Regulatory Commission, the Articles of Association and the Rules of Procedure of the Audit Committee, and unanimously passed all proposals after full communication and discussion.	None
10/26/2023	Proposal reviewed and passed: Proposal on the Company's Report in the Third Quarter of 2023;	The Audit Committee carried out its work strictly in accordance with the Company Law, the regulatory rules of China Securities Regulatory Commission, the Articles of Association and the Rules of Procedure of the Audit Committee, and unanimously passed all proposals after full communication and discussion.	None

(III) During the reporting period, the Remuneration and Appraisal Committee held one meeting

Date of convening	Content of meeting	Important opinions and suggestions	Other performance of duties
4/7/2023	Proposal on the Compensation Plan for Non-independent Directors and Senior Executives of the Company in 2023;	The Remuneration and Appraisal Committee carried out its work strictly in accordance with the Company Law, the regulatory rules of China Securities Regulatory Commission, the Articles of Association and the Rules of Procedure of the Remuneration and Appraisal Committee, and unanimously passed all proposals after full communication and discussion.	None

(IV) During the reporting period, the strategy committee convened 2 meetings.

Date of convening	Content of meeting	Important opinions and suggestions	Other performance of duties
4/7/2023	Proposal on the Financial Final Account Report of the Company in 2022;	The Strategy Committee carried out its work strictly in accordance with the Company Law, the regulatory rules of China Securities Regulatory Commission, the Articles of Association and the Rules of Procedure of the Strategy Committee, and unanimously passed all proposals after full communication and discussion.	None
9/28/2023	Proposal on Investment and Establishment of Dongwei Technology (Thailand) Co., Ltd.	The Strategy Committee carried out its work strictly in accordance with the Company Law, the regulatory rules of China Securities Regulatory Commission, the Articles of Association and the Rules of Procedure of the Strategy Committee, and unanimously passed all proposals after full communication and discussion.	None

(V) During the reporting period, the nomination committee convened 2 meetings.

Date of convening	Content of meeting	Important opinions and suggestions	Other performance of duties
3/10/2023	Proposal on Nominating Candidates for General Manager of Changshu Subsidiary	The Nomination Committee carried out its work strictly in accordance with the Company Law, the regulatory rules of the China Securities Regulatory Commission, and the Articles of Association and the Rules of Procedure of the Nomination Committee, and unanimously passed all proposals after full communication and discussion.	None
7/8/2023	Proposal on Nominating Candidates for the Board Secretary of the Company;	The Nomination Committee carried out its work strictly in accordance with the Company Law, the regulatory rules of the China Securities Regulatory Commission, and the Articles of Association and the Rules of Procedure of the Nomination Committee, and unanimously passed all proposals after full communication and discussion.	None

(VI) Objections

☐ Applicable ☒ Not applicable

X. Risks found by the Board of Supervisors in the Company

☐ Applicable ☒ Not applicable

☐ Yes ☒ No. The board of supervisors raises no objection to the matters under the supervision within the report period.

XI. Employees of the parent company and major subsidiaries at the end of the reporting period**(I) Employees**

Number of on-duty employees of parent company	680
Number of on-duty employees of main subsidiary	632
Total number of on-duty employees	1,312
Number of retired employees for which the parent company and the main subsidiary shall pay the costs and expenses	0
Composition of professions	
Type of composition of professions	Number of employees in the composition of professions
Production personnel	805
Sales personnel	129
Technicians	223
Financial personnel	23
Administrative personnel	132
Total	1,312
Education level	
Type of educational background	Number (person)
Master degree and above	7
Undergraduate	159
Junior College	342
Junior college or below	804
Total	1,312

(II) Compensation policy

√Applicable □Not applicable

The Company sets wage standards for different jobs according to the annual business objectives and business conditions, with reference to the local wage level and the situation of human resources market. In order to promote the development of the Company, increase the income of employees, constantly improve the performance appraisal method, give full play to the incentive role of salary assessment, adhere to the link between salary and individual performance, further improve the authority and effectiveness of performance assessment, fully mobilize the enthusiasm and subjective initiative of employees, and provide strong talent support and guarantee for the sustainable and healthy development of the Company. The Company links the salary of R&D personnel with the sales performance, and the unique salary plan maximizes the enthusiasm of R&D personnel.

(III) Training plan

√Applicable □Not applicable

In order to strengthen the team building of the Company, continuously improve the professional and technical level and professional quality of employees, and improve the professional level and management ability of the Company's management personnel, the Company makes training plans according to the actual needs of enterprise development. The employee trainings mainly include:

- (1) New employee orientation training and on-job training;
- (2) Vocational training;
- (3) Practical training for special types of work;
- (4) ISO9001 and GB/T29490-2013 system training;
- (5) Occupational health and safety education and training;
- (6) Professional technical training;
- (7) Family education and training.

(IV) Labor outsourcing

√Applicable □Not applicable

Total working hours of labor outsourcing	6,305 hours
Total compensation paid for labor outsourcing	RMB 226,200

XII. Profit distribution plan or the plan for capital reserve converted into share capital**(I) Formulation, implementation or adjustment of the cash dividend policy**

√Applicable □Not applicable

According to the Rules of the Shanghai Stock Exchange for the Listing of Stocks on the Science and Technology Innovation Board and the Regulatory Guidelines for Listed Companies No. 3 - Distribution of Cash Dividends of Listed Companies, the Company has made clear institutional arrangements in its Articles of Association on the basic principles, implementation conditions, decision-making procedures and mechanisms of profit distribution, especially cash dividend policies to fully protect the interests of all shareholders, especially small and medium shareholders.

(II) Special notes to the cash dividend policy

√Applicable □Not applicable

Whether conforming to the provisions of the articles of association or the requirements of the resolution of the meeting of shareholders general assembly;	√ Yes □ No
Whether the dividend standard and proportion are definite and clear;	√ Yes □ No
Whether the relevant decision-making procedure and mechanism are complete;	√ Yes □ No
Whether the independent director performs the duties and plays his due role;	√ Yes □ No
Whether the minority shareholders have the chance to express their opinions and appeals; whether their legal rights and interests are protected fully.	√ Yes □ No

(III) If it is profitable during the reporting period and the parent company's profits available for distribution to shareholders are positive, but the cash profit distribution plan of the is not proposed, the Company shall disclose the reasons in detail and the purpose and use plan of the undistributed profit.

□ Applicable √ Not applicable

(IV) Plan for profit distribution and conversion of capital accumulation fund into share equity within the reporting period

√Applicable □Not applicable

Unit: yuan Currency: RMB

Number of bonus shares distributed for every 10 shares (Share)	0
Amount of dividend distributed for every 10 shares (Including tax)	2.50
Number of converted shares for every 10 shares (Share)	0
Amount of cash dividend (Including tax)	57,307,800
Net profit in the consolidated statement of the dividend year attributable to ordinary shareholders of the listed company	151,427,452.93
Ratio to net profit in the consolidated statement attributable to ordinary shareholders of the listed company (%)	37.85
Amount included in cash dividends for repurchasing shares in cash	0
Total dividend amount (including tax)	57,307,800.00

The ratio of total dividends to net profit in the consolidated statement attributable to ordinary shareholders of the listed company	37.85
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XIII. The situation and influence of the Company's equity incentive plan, employee stock ownership plan or other employee incentives

(I) (VII) Overall situation of stock ownership incentives

☐ Applicable ☒ Not applicable

(II) The relevant incentives have been disclosed in the interim announcement and there is no progress or change in subsequent implementation

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

Employ stock ownership plan

☐ Applicable ☒ Not applicable

Other incentives

☐ Applicable ☒ Not applicable

(III) Equity incentives granted to directors, senior managers, and core technical personnel during the reporting period

1. Stock options

☐ Applicable ☒ Not applicable

2. Class I restricted stock

☐ Applicable ☒ Not applicable

3. Class II restricted stock

☐ Applicable ☒ Not applicable

(IV) Evaluation system for senior executives, and the establishment and implementation of incentive mechanisms during the reporting period

☒ Applicable ☐ Not applicable

The compensation of senior executives of the Company consists of basic salary, annual performance-based salary, job allowances, and welfare income. The Remuneration and Appraisal Committee of the Board of Directors of the Company is responsible for formulating the remuneration assessment and evaluation methods for senior executives, clarifying the assessment standards of basic remuneration and annual performance-based salary for senior executives and conducting the assessment. The compensation plan for senior executives has been reviewed and approved in accordance with the Company's Articles of Association and the Rules of Procedure for the Remuneration and Assessment Committee and other governance systems of the Company.

XIV. Internal control system construction and implementation during the reporting period

☒ Applicable ☐ Not applicable

The Company carries out internal control evaluation in accordance with the requirements of the internal control standard system and relevant regulations. The Company has set up an internal control department and formulated systems covering the Company's production safety management, quality control, R&D management, sales management, internal audit, finance and capital management, etc. The internal control system is relatively sound and can be effectively implemented.

For details, please refer to the Internal Control Evaluation Report of Kunshan Dongwei Technology Co., Ltd. in 2023 disclosed by the Company on Shanghai Stock Exchange (www.sse.com.cn) on April 27, 2024.

Description of major defects in the internal control during the reporting period

☐ Applicable ☒ Not applicable

XV. Management and control of subsidiaries during the reporting period

☒ Applicable ☐ Not applicable

During the reporting period, all subsidiaries of the Company have formulated sound articles of association, established corresponding internal organizational structure, and continuously improved the corporate governance structure and modern enterprise systems. The organizational structure has clear division of labor, sound functions, and operates in a standardized and efficient manner. During the reporting period, the Company manages the operation, investment, finance and personnel of the subsidiaries in accordance with relevant laws and regulations, the Articles of association and the internal management system, urges the subsidiaries to report major events in advance, implement audit supervision and internal control supervision and evaluation, and strictly regulate the production and operation of the subsidiaries in accordance with the law. The Company ensures the standardized, orderly, and healthy development of the subsidiaries by implementing management control over the subsidiaries. At present, the subsidiaries operate normally without any violation of relevant systems.

XVI. Explanation of the relevant situation of internal control auditor's report

☒ Applicable ☐ Not applicable

The Company hired ShineWing Certified Public Accountants (Special General Partnership) to audit the effectiveness of the Company's internal control system in 2022 and issued an internal control audit report, which has been disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 27, 2023.

Whether to disclose the internal control auditor's report: Yes

Type of opinion of internal control auditor's report: standard unqualified opinion

XVII. Rectification of self-inspection issues in the special actions on governance of listed companies

Not applicable

XVIII. Others

☐ Applicable ☒ Not applicable

Section V. Environment, Social Responsibility, and Corporate Governance

I. Statement of the Board of Directors on ESG

During the reporting period, the Company conducted standardized governance, stable operation, strictly complied with relevant laws, regulations and regulatory requirements, established and improved internal control systems internally, actively maintained relations with investors externally, and fulfilled information disclosure obligations in a true, accurate, complete, fair and timely manner. The Company attaches great importance to product quality management, passed the ISO9001 quality management system certification, strictly control the quality through comprehensive control, and continuously optimize the production process while comprehensively promoting lean production to ensure and improve product quality. The Company is committed to building a responsible supply chain, deepening supplier compliance management and establishing sustainable partnerships based on its own business characteristics. The Company has established a qualified supplier management system, carries out annual supplier investigation, evaluation and on-site audit, and carries out dynamic management of the

supplier list. In addition, the Company has established an open and transparent competition mechanism to select enterprises with reliable product quality, reasonable prices, and good reputation as suppliers through procurement bidding, inquiry and price comparison, and provide them with a fair platform to participate in competition.

The Company has always attached great importance to environmental protection, strictly abide by the relevant laws and regulations on environmental protection promulgated by the national and local governments, and carried out production and business activities in strict accordance with the relevant environmental protection requirements. The Company has fully taken into account the needs of environmental protection in terms of production process design, production equipment selection and environmental facilities setting, and has carried out precise, scientific, legal and systematic treatment of pollutants, and actively promoted pollution and carbon reduction. The Company attaches great importance to the role of talent in development, strictly abides by the Labor Law and other laws and regulations, standardizes human resource management, continuously establishes and improves training, compensation, performance, and incentive mechanisms, actively strengthens the construction of the staff team, and provides continuous knowledge and skills training for employees, which has laid the foundation for the sustainable and healthy development of the Company.

II. Environmental information

Establishment of environmental protection mechanism or not	Yes
Environmental protection investment during the reporting period (unit: RMB 0,000)	276.19

(I) Whether it is a key pollutant discharging organization published by the environmental protection authority?

☐Yes ☒No

The Company is not an enterprise in the heavy pollution industry, no toxic gases and hazardous substances are produced during the process of production and operation, and only office and domestic sewage, waste gas, noise, solid waste are produced without serious impact on the environment.

(II) Administrative penalties for environmental issues during the reporting period

None

(III) Resource and energy consumption and emissions

☒Applicable ☐Not applicable

The resources and energy consumed during the Company's operation are mainly water, electricity, etc. Therefore, the Company is not classified as high energy consuming or high emission enterprise.

1. Greenhouse gas emission

☐Applicable ☒Not applicable

2. Resource and energy consumption

☒Applicable ☐Not applicable

The Company's main energy consumption includes water and electricity. During the reporting period, the Company consumed 55,100 tons of water and 4,864Mwh of electricity.

3. Waste and pollutant emissions

☒Applicable ☐Not applicable

(1) Waste water

The waste water during the process of operation is mainly sourced from office and domestic sewage without discharge of production waste water. The domestic sewage is mainly generated by the daily life of enterprise employees, and discharged through the municipal pipeline network to Bacheng Kuncheng Water Purification Co., Ltd. for treatment. The tail water shall be treated according to the "Discharge

standard of main water pollutants for municipal wastewater treatment plant & key industries of Taihu area (DB32/1072-2018) and the Level-A standard in Table 1 of the “Discharge standard of pollutants for municipal wastewater treatment plan”, and discharged into Zhangjiagang River after reaching the standard.

(2) Exhaust gas

The exhaust gas from the operation process of the Company mainly includes the particles generated during the process of cutting, engraving and welding.

Most of the particles generated during the process of cutting and engraving of plastic sheets will settle near the machine, only a small amount of particles will enter the air, resulting in a small amount of exhaust gas. The Company shall strengthen the ventilation in the workshop, so as to meet the requirements of unorganized emissions.

The particles are generated during the process of welding of metal workpieces. The workload of processing and welding in the production and operation of the Company is less. The Company shall strengthen the ventilation in the workshop by reference to the “Progress in environmental pollution and control technology in welding workshops”, so as to meet the requirements of unorganized emissions.

(3) Noise

The noise generated during the operation process of the Company is mainly sourced from the production equipment such as lathes, drilling machines, and milling machine. The value of noise ranges from 65 to 85dB (A). After taking the noise reduction measures for the noise generated in the project such as vibration reduction, sound insulation, and distance attenuation, the value of noise at 1m away from the boundary of the Company can reach the Level-3 standard in “Emission standard for industrial enterprises noise at boundary” (GB12348-2008).

(4) Solid wastes

The solid wastes generated during the operation process of the Company mainly include scraps (metal scraps, plastic scraps) and domestic wastes. The scraps are collected and then sold, and the domestic wastes are disposed of by the environmental sanitation authorities.

Environmental management system

√Applicable □Not applicable

The Company has established a sound environmental responsibility system and environmental management system, implemented environmental protection and related laws and regulations in accordance with environmental goals, and effectively operated the environmental management system. The Company has incorporated project environmental impact assessment, “three simultaneities” procedures, and pollutant emission detection into institutionalized management.

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

Whether to take the carbon reduction measures	Yes
Reduction in discharge of carbon dioxide equivalent (Unit: ton)	730
Types of carbon reduction measures (e.g. the use of clean energy for power generation, the use of carbon reduction technology in production, research and development of new products that contribute to carbon reduction, etc.)	PV roof project

Detailed description

√Applicable □Not applicable

Guangde Dongwei Technology Co., Ltd., a wholly-owned subsidiary of the Company, completed the 800kWp distributed photovoltaic power station project, and installed photovoltaic modules on the roof of the plant, saving approximately 220 tons of standard coal and reducing approximately 730 tons of carbon dioxide every year.

(V) New technologies, products, and services in carbon reduction

□ Applicable √ Not applicable

(VI) Relevant information conducive to ecological protection, pollution prevention and control, and environmental responsibility performance

☐ Applicable ☒ Not applicable

III. Work of social responsibility

(I) Social contribution of main business and key industry indicators

Please refer to Section 3 “Management Discussion and Sharing”

(II) Types and contributions of public welfare and charitable activities

Type	Quantity	Description
External donations		
Including: capital (unit: RMB 10,000)	-	-
Materials (unit: RMB 10,000)	16.31	Donation for decoration of primary school classrooms
Public welfare projects		
Including: capital (unit: RMB 10,000)	6.01	Donation to public welfare funds and condolences for Teacher's Day and schools
Number of beneficiaries (persons)	-	-
Rural revitalization		
Including: capital (unit: RMB 10,000)	-	-
Materials (unit: RMB 10,000)	-	-
Number of employees helped (persons)	-	-

1. Public welfare and charitable activities

☒ Applicable ☐ Not applicable

1. Donated for the decoration of classroom of Bacheng Central Primary School in Kunshan City; 2. Donated materials to Kunshan Fire Brigade; 3. Purchased daily necessities and donated them to Taozhou Middle School; 4. Purchased gifts and donated them to Taozhou No.1 Primary School Education Group on Teacher's Day;

2. Efforts to consolidate and expand our achievements in poverty alleviation and rural revitalization

☐ Applicable ☒ Not applicable

Detailed description

☐ Applicable ☒ Not applicable

(III) Protection of the rights and interests of shareholder and creditor

1. The Company has fulfilled its information disclosure obligations in strict accordance with laws and regulations, submitted and disclosed information in a timely and fair manner, and ensured that all shareholders have equal opportunities to access the information of the Company. Before the Company's information is disclosed in accordance with the law, no insider shall disclose the information or use the information for insider trading.

2. The Company has established a comprehensive shareholder voting mechanism, including: 1) When major matters affecting the interests of small and medium investors are deliberated at the shareholders' general assembly, the votes of small and medium investors shall be counted separately; 2) the board of directors, independent directors, and shareholders who meet relevant regulations can solicit shareholder voting rights; 3) while ensuring the legality and effectiveness of the shareholders' general assembly, the Company provides convenience for shareholders to participate in the meeting of shareholders' general assembly by combining on-site and online voting through various ways and means.

3. The Company attaches great importance to reasonable investment reporting to investors, takes into account the Company's capital demand and the principle of sustainable development, formulates profit distribution plan, and actively rewards shareholders.

4. The Company takes the legitimate rights and interests of creditors into account in its business decisions, and actively cooperates with creditors to understand the Company's financial, operation and management situation. The Company protects the rights and interests of creditors by signing contracts and making regular payments, and strengthens timely information communication with creditors by exchange and visits, and creates an environment for fair cooperation and common development.

(IV) Protection of employee rights and interests

The Company strictly complies with the Company Law, Labor Law, Labor Contract Law, and other laws and regulations, establishes a sound human resource management system, improves salary and incentive mechanisms, and provides institutional regulations and strong protection for salary, benefits, working hours, vacation, and labor protection and other employee rights and interests through labor contract and social insurance covering all employees. The Company has established a system for selecting trade unions and employee supervisors to ensure that employees have full rights in corporate governance. The Company adheres to the principle of people-oriented, advocates a work atmosphere of freedom, openness, cooperation, and innovation, provides employees with a safe and comfortable working environment, and pays attention to their physical and mental health. In addition, the Company provides employees with diversified training and a dual-channel career development path of management and technology. The Company has established its employee stock ownership platforms, such as Fangfang Yuanyuan and Jiayue Jiayue.

Employee stock ownership

Number of employees holding shares	76
Proportion of employee holding shares to the total number of employees in the Company (%)	5.79%
Number of shares held by employees (unit: 10,000 shares)	13,268.58
Proportion of shares held by employees in the total share capital (%)	57.78%

(V) Protection of the rights and interests of suppliers, customers, and consumers

The Company attaches great importance to strategic cooperation with suppliers of the entire industry chain and established a strict procurement management system. The Company adheres to the development concept of building a sustainable and stable supply chain system, and strives to assist in improving the management capabilities and operational efficiency of enterprises in the supply chain, reducing the uncertain risk of the overall supply chain, and achieving the goal of mutual benefit and win-win cooperation. The Company also achieves stability in its own production and high-quality delivery to its customers.

The Company is committed to laying out and improving its after-sales service system, continuously enhancing its initiative and standardization, forming a sustainable after-sales service, establishing a good corporate reputation and brand image, attaching importance to listening to customer opinions and suggestions, and committed to improving and enhancing every business link. By the establishment and improvement of relevant policies and systems, in-depth customer satisfaction surveys, product knowledge popularization and customer training, and continuous improvement of the complaint and dispute handling mechanism, customer satisfaction is continuously improved and greater social value is created.

(VI) Product safety guarantee

The Company strictly implements the Production Plan Management Procedure, Material Requisition Management System, Warehouse Management System, and Production Process Control Procedure and other production rules and regulations. The Company continuously improves its production management system through ISO9001 quality management system, environmental management system, occupational health and safety management, energy management system and other certifications. The production

department has formulated clear operation standards for the production process and carried out self-inspection and inspection in the production process to ensure the quality of delivered products.

(VII) Assumption of social responsibility

√Applicable □Not applicable

The Company actively builds a safe and harmonious working environment and pays attention to the health of employees. The Company has developed and improved relevant safety regulations and manuals based on the actual situation, carried out in-depth investigation of safety hazards and governance activities, strengthened effective control in advance, and guided the safety behavior of employees. The Company regularly organizes employees to carry out physical examination every year to improve the occupational health level of employees.

IV. Other information on corporate governance

(I) Party Building

√Applicable □Not applicable

During the reporting period, there were 22 party members in the party branch of the Company. Party building is the core cornerstone and inner soul for the steady development of the Company. Comprehensive and in-depth party building management is an effective way to consolidate leadership, enhance organizational execution and combat effectiveness, promote company culture construction, enhance core competitiveness and brand image, and is also a powerful lever to enhance company cohesion. The Company attaches great importance to the construction of party organizations. With the production and operation as the center, the Company leverages the exemplary role of party members, strengthens party member learning, and promotes continuous innovation in ideology and work concepts. The Company actively carries out party building activities, integrates ideological and political work with the Company's development and construction, guides party members and employees to increase their sense of opportunity, responsibility, and mission, and improves the scientific and efficient decision-making and execution of the Company.

(II) Investor relations and protection

Type	Times	Related information
Holding of Performance Presentation Meeting	3	Annual and quarterly performance briefing meetings will be held on May 9, 2023, August 25, 2023, and November 21, 2023 through on-site and online interaction
Conduct investor relations management by new media	14	The Company communicates with investors by Tencent conference, zoom and other online means to listen to and answer investors' questions and opinions
Set up an investor relations column on the official website	√ Yes □ No	For details, please log into the website http://www.ksdwgroup.com/

Investor relations management and protection

√Applicable □Not applicable

The Company has formulated the Articles of Association to clarify the rights of shareholders in obtaining company information, enjoying investment returns, choosing company managers and participating in major decisions of the Company. In addition, the Company has formulated and adopted the Information Disclosure Management System and Investor Relations Management System to further protect the above investors' rights and clarify the specific safeguard measures, and standardize the whole process of information identification, reporting, approval and disclosure. At the same time, the Company continuously strengthens the study of regulatory documents and the communication with regulators to ensure the authenticity, accuracy, completeness, and timeliness of information disclosure and lay the foundation for protecting investors' right to know and related rights.

The Company attaches great importance to investor relations management, strengthens communication with investors through reply by telephone, email and SSE interactive platform, specific object research, performance presentation and other ways, timely understands investors' needs and market feedback, and listens to and answers investors' questions and opinions. After the disclosure of the annual, semi-annual,

and third quarter reports in 2023, members of the Company's core executive team attended the performance presentation and answered hot questions that investors were concerned about. During the reporting period, the Company received a total of 43 sessions of investment research from securities analysts, researchers, and investors by diversified research methods such as network, on-site and remote strategy meetings. The SSE Interactive Platform disclosed investor relation records 11 times, responded to 72 questions from investors, and had sincere and sufficient communication with investors.

Communication and exchange with investors through other means

☐ Applicable ☒ Not applicable

(III) Transparency of information disclosure

☒ Applicable ☐ Not applicable

The Company has strictly complied with the requirements of the Administrative Measures for the Disclosure of Information of Listed Companies and the Rules Governing the Listing of Stocks on the STAR Market of the Shanghai Stock Exchange, and has formulated the Information Disclosure Management System and Insider Information Management System to strengthen the management of information disclosure affairs, ensure the authenticity, accuracy, completeness, timeliness, and fairness of information, and safeguard the legitimate rights and interests of shareholders, especially the public shareholders.

The Company designates China Securities Journal, Shanghai Securities News, Securities Daily, Securities Times, and Shanghai Stock Exchange (www.sse.com.cn) as the newspapers and websites for information disclosure, to truthfully, accurately, and timely disclose the Company's information and ensure that all shareholders of the Company have fair access to relevant information.

The Company has established official website, official account and other we-media platforms to deliver daily news, daily business, corporate culture and employee care so that investors can further understand the Company in multiple aspects besides the information disclosure announcement and communication.

(IV) Intellectual property and information security protection

☒ Applicable ☐ Not applicable

The Company focuses on guiding, cultivating, and exploring high-value patents that can lead industry technological progress in product development, mainline production process improvement, and other technical fields; fully leverages the different advantages and roles of patents and proprietary technologies in intellectual property protection to promote the transformation of high-value patent achievements; and continues to promote the optimization and improvement of its patent management system to effectively support the technological innovation and development strategies, and further enhance the Company's core competitiveness.

(V) Participation of institutional investors in corporate governance

☒ Applicable ☐ Not applicable

During the reporting period, the Company held two meetings of shareholder general assembly, and institutional investors participated in two meetings of shareholder general assembly.

(VI) Other information on corporate governance

☐ Applicable ☒ Not applicable

Section VI. Important matters

I. Fulfillment of commitments

(I) Commitments of the Company's actual controllers, shareholders, related parties, purchasers and related companies during or last to the reporting period

☐Applicable ☐Not applicable

Commitment background	Commitment Type	Party making the commitment	Commitment Description	Time of commitment	Is there a deadline for the performance?	Term of commitment	Is it strictly implemented in time?	If it fails to perform in time, explain the specific reasons for the failure of performance.	If it fails to perform in time, explain the next plan.
Commitment related to the initial public offering	Share restriction	Liu Jianbo	(1) Within 36 months from the listing date of the Company's shares, I shall not transfer or entrust others to manage the Company's shares directly or indirectly held by me before this issue, nor shall the Company repurchase such shares; (2) If the closing price of the shares is lower than the issue price for 20 consecutive trading days within 6 months after the listing of the Company, or the closing price at the end of 6 months after the listing of the Company is lower than the issue price, the lock-up period of the Company's shares held directly or indirectly by me will be automatically extended for 6 months (the above issue price will be adjusted accordingly in the event of dividend distribution, conversion of share capital, allotment of shares and other ex-dividend and ex-right matters). (3) Except for the aforesaid lock-up period, the number of shares transferred each year during the period of serving as a director, supervisor or senior manager of the Company shall not exceed 25% of the total number of shares	Within 36 months from June 15, 2021; and 2 years after the lock-in period expires	Yes	Within 36 months from June 15, 2021; and 2 years after the lock-in period expires	Yes	Not applicable	Not applicable

			directly or indirectly held by me; within 6 months after leaving office, I will not transfer the Company's shares directly or indirectly held by me.						
Other commitments	Others	Liu Jianbo	Mr. Liu Jianbo voluntarily undertakes not to reduce his direct holdings of the Company's stocks in any way for the next 12 months from June 15, 2024, including any new shares generated during the commitment period due to conversion from capital reserve, distribution of stock dividends, rights issues, and other matters.	12 months from June 15, 2024	Yes	12 months from June 15, 2024	Yes	Not applicable	Not applicable
Commitment related to the initial public offering	Share restriction	Fangfang Yuanyuan, Jiayue Jiayue, Kunshan Depeng	Within 36 months from the listing date of the Company's shares, our institution shall not transfer or entrust others to manage the Company's shares directly or indirectly held by our institution before this issue, nor shall the Company repurchase such shares.	Within 36 months from June 15, 2021;	Yes	Within 36 months from June 15, 2021;	Yes	Not applicable	Not applicable
Commitment related to the initial public offering	Share restriction	Xiao Zhiguo, Li Yangzha o, Nie Xiaojian, Shi Guowei,	(1) Within 12 months from the listing date of the Company's shares, I shall not transfer or entrust others to manage the Company's shares directly or indirectly held by me before this issue, nor shall the Company repurchase such shares; (2) If the closing price of the shares is lower than the issue price for 20 consecutive trading days within 6 months after the listing of the Company, or the	Within 12 months from June 15, 2021; and 2 years after the lock-in period	Yes	Within 12 months from June 15, 2021; and 2 years after the lock-in period	Yes	Not applicable	Not applicable

		Jiang Zejun, Zhou Xiangrong, Qin Yifa	closing price at the end of 6 months after the listing of the Company is lower than the issue price, the lock-up period of the Company's shares held directly or indirectly by me will be automatically extended for 6 months (the above issue price will be adjusted accordingly in the event of dividend distribution, conversion of share capital, allotment of shares and other ex-dividend and ex-right matters). (3) Except for the aforesaid lock-up period, the number of shares transferred each year during the period of serving as a director, supervisor or senior manager of the Company shall not exceed 25% of the total number of shares directly or indirectly held by me; within 6 months after leaving office, I will not transfer the Company's shares directly or indirectly held by me.	expires		expires			
Commitment related to the initial public offering	Share restriction	Zhong Jincai, Wei Yongjun, Kong Qing	(1) Within 12 months from the listing date of the Company's shares, I shall not transfer or entrust others to manage the Company's shares directly or indirectly held by me before this issue, nor shall the Company repurchase such shares; Except for the aforesaid lock-up period, the number of shares transferred each year during the period of serving as a director, supervisor or senior manager of the Company shall not exceed 25% of the total number of shares directly or indirectly held by me; within 6 months after leaving office, I will not transfer the Company's shares directly or indirectly held by me.	Within 12 months from June 15, 2021; and 2 years after the lock-in period expires	Yes	Within 12 months from June 15, 2021; and 2 years after the lock-in period expires	Yes	Not applicable	Not applicable
Commitment related to the initial public	Share restriction	Zhong Jincai, Wei Yongjun, Kong	(1) Within 12 months from the listing date of the Company's shares, I shall not transfer or entrust others to manage the Company's shares directly or indirectly held by me before this issue, nor shall the Company repurchase such shares; Except for	Within 12 months from June 15, 2021; and 2	Yes	Within 12 months from June 15, 2021; and 2	Yes	Not applicable	Not applicable

offering		Qing	the aforesaid lock-up period, the number of shares transferred each year during the period of serving as a director, supervisor or senior manager of the Company shall not exceed 25% of the total number of shares directly or indirectly held by me; within 6 months after leaving office, I will not transfer the Company's shares directly or indirectly held by me.	years after the lock-in period expires		years after the lock-in period expires			
Commitment related to the initial public offering	Share restriction	Liu Jianbo, Jiang Zejun, Liu Tao	(1) Within 12 months from the listing date of the Company's shares, I shall not transfer or entrust others to manage the Company's shares directly or indirectly held by me before this issue, nor shall the Company repurchase such shares; Except for the aforesaid lock-up period, within 4 years from the expiration date of the restriction period of the Company's shares held by me, the shares transferred each year shall not exceed 25% of the total number of the shares held by me directly or indirectly in the Company, and the reduction proportion can be accumulative; within 6 months after resignation, I will not transfer the shares directly or indirectly held by me in the Company.	Within 12 months from June 15, 2021; and 2 years after the lock-in period expires	Yes	Within 12 months from June 15, 2021; and 2 years after the lock-in period expires	Yes	Not applicable	Not applicable
Commitment related to the initial public offering	Share restriction	Xie Yulong, Suzhou International Development, Ningbo Yuxi, Chen Yijun, Kunshan Yuqiao,	Within 12 months from the listing date of the Company's shares, I/our institution shall not transfer or entrust others to manage the Company's shares directly or indirectly held by me/our institution before this issue, nor shall the Company repurchase such shares.	Within 12 months from June 15, 2021; and 2 years after the lock-in period expires	Yes	Within 12 months from June 15, 2021; and 2 years after the lock-in period expires	Yes	Not applicable	Not applicable

		Li Xinggen, Zhang Weizhong, Wu Tianxiang, Anthony Tu Shihua, Shao Wenqing, Xia Mingkai, Zhang Jun, Luo Donghua, Li Shuangfang, Chen Yuan, Zhu Jinping, Xu Zhiguan, Zhang Zhen, Jiang Jinli							
Commitment related to the initial public	Share restriction	Liu Juan, Liu Wei	(1) Within 36 months from the listing date of the Company's shares, I shall not transfer or entrust others to manage the Company's shares directly or indirectly held by me before this issue, nor shall the Company repurchase such shares; (2) If the	36 months from June 15, 2021	Yes	36 months from June 15, 2021	Yes	Not applicable	Not applicable

offering			closing price of the shares is lower than the issue price for 20 consecutive trading days within 6 months after the listing of the Company, or the closing price at the end of 6 months after the listing of the Company is lower than the issue price, the lock-up period of the Company's shares held directly or indirectly by me will be automatically extended for 6 months (the above issue price will be adjusted accordingly in the event of dividend distribution, conversion of share capital, allotment of shares and other ex-dividend and ex-right matters).						
Other commitments	Others	Company, actual controller, directors and senior managers	I. Conditions for initiating measures to stabilize share price: Within three years after the listing of the Company, if the weighted average price (weighted average by number of trades on the day, excluding block trades) of the Company's shares ex-option for 20 consecutive trading days is lower than the audited net asset value per share ex-right of the Company for the previous financial year (hereinafter referred to as "initiation conditions"), the Company shall initiate the share price stabilization measures according to the rules set out below. II. Specific measures to stabilize share price: (I) Repurchase: 1. The repurchase of shares by the Company for the purpose of stabilizing the share price shall comply with the provisions of relevant laws and regulations such as the Measures on Administration of the Listed Companies' Repurchase of Public Shares (Trial) and the Supplementary Provisions on the Share Repurchase by Listed Companies by Means of Auction, and shall not cause the distribution of shares of the Company to be inconsistent with the listing conditions. 2. The Board of Directors of the	36 months from June 15, 2021	Yes	36 months from June 15, 2021	Yes	Not applicable	Not applicable

			<p>Company makes a resolution on the repurchase of shares and the directors of the Company undertake to vote in favor of such repurchase at the Board Meeting. 3. A resolution on the repurchase of shares at a meeting of shareholders general assembly of the Company shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting, and the controlling shareholders of the Company undertake to vote in favor of such repurchase at the meeting of shareholders general assembly. 4. Where the Company repurchases the shares in order to stabilize the share price, it shall meet the following conditions in addition to the requirements of relevant laws and regulations: (1) The price of shares repurchased by the Company shall not be higher than the audited net asset value per share of the previous fiscal year; (2) the aggregate amount of funds used by the Company for share repurchase shall not exceed the net amount of funds raised from the initial public offering of shares of the Company; (3) the funds used by the Company for a single time share repurchase shall not be less than RMB 5 million; (4) the Company's single repurchase of shares shall not exceed 2% of the total share capital of the Company. 5. After the announcement of the share repurchase plan by the Board of Directors of the Company, if the weighted average price of the Company's shares ex-rights (weighted average by number of trades per day, excluding block trades) exceeds the audited net asset value per share ex-rights of the Company in the previous financial year for 5 consecutive trading days, the Board of Directors of the Company shall make a resolution</p>						
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			<p>to terminate the share repurchase and will not initiate the share repurchase in the next 3 months.</p> <p>(II) The actual controller and controlling shareholder increase their shares. 1. When any of the following conditions occur, the actual controller and controlling shareholder of the Company shall increase the holding of the Company's shares on the premise of meeting the conditions and requirements of the Measures for the Administration of the Takeover of Listed Companies, Guidelines on the Conduct of Controlling Shareholders and Actual Controllers of Companies Listed on the Shanghai Stock Exchange, Guidelines for the Increase of Shares by Shareholders of a Listed Company and Their Persons Acting in Concert, and other laws, regulations and normative documents: (1) The weighted average price (weighted average by number of trades per day, excluding block trades) of the Company's shares ex-right for 10 consecutive trading days after the expiration of the implementation period of the Company's share repurchase plan is lower than the audited net asset value per share ex-right in the previous financial year; (2) The initiation conditions are triggered again within 3 months from the date of completion of the Company's share repurchase plan. 2. Where the Company's actual controller and controlling shareholder increase the shares in order to stabilize the share price, it shall meet the following conditions in addition to the requirements of relevant laws and regulations: (1) The price of shares increased is not higher than the audited net asset value per share of the previous fiscal year; (2) The total amount of a single increase in</p>							
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		<p>holdings is not less than RMB 5 million; (3) the funds used by the Company for a single time share repurchase shall not be less than RMB 5 million; (3) The number of shares in a single increase is not more than 2% of the total share capital of the Company. (III) The directors and senior managers increase their shares. 1. When any of the following conditions occur, the Company's directors (excluding independent directors) and senior managers who receive compensation from the Company shall increase the holding of the Company's shares on the premise of meeting the conditions and requirements of the Measures for the Administration of the Takeover of Listed Companies, the Rules on the Management of Shares Held by the Directors, Supervisors and Senior Management Officers of Listed Companies and the Changes Thereof, and other laws and regulations: (1) The weighted average price (weighted average by number of trades per day, excluding block trades) of the Company's shares ex-right for 10 consecutive trading days after the expiration of the implementation period of the plan for controlling shareholders to increase their shareholding is lower than the audited net asset value per share ex-right in the previous financial year; (2) The initiation conditions are triggered again within 3 months from the date of completion of the plan for controlling shareholders to increase their shareholding. 2. Where the Company's directors and senior managers increase the shares in order to stabilize the share price, it shall meet the following conditions in addition to the requirements of relevant laws and regulations: (1) The price of shares increased is not higher than the</p>							
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			<p>audited net asset value per share of the previous fiscal year; (2) The monetary funds used for increasing the holding of the Company's shares in a single time is not less than 30% of the total remuneration received by such directors and senior managers in the Company in the previous year, but no more than the total remuneration received by such directors and senior managers in the Company in the previous year. All directors and senior managers of the Company shall be jointly and severally liable for the performance of such shareholding increase obligation. 3. After the completion of shareholding increase by the directors and senior managers of the Company, if the weighted average price (weighted average by number of trades per day, excluding block trades) of the Company's shares ex-right for 20 consecutive trading days is lower than the audited net asset value per share ex-right in the previous financial year, the Company shall, in accordance with the provisions of this plan, carry out the Company's repurchase, the controlling shareholder's shareholding increase and the directors' and senior manager's shareholding increase successively. 4. If the Company hires new directors and senior managers, the Company shall require them to accept the plan and relevant measures to stabilize the Company's share price. III. Procedures for initiating measures to stabilize the share price (1) Repurchase by the Company: 1. The Board of Directors of the Company shall make a decision to repurchase the shares within 15 trading days from the date when the initiation conditions for the repurchase of the Company are triggered. 2. The Board of Directors of the</p>						
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			<p>Company shall, within 2 working days after making the resolution on share repurchase, announce the resolution of the board of directors and the share repurchase plan, and issue a notice of convening the meeting of shareholders general assembly. 3. The Company shall initiate the repurchase on the next day after the resolution of the meeting of shareholders general assembly of the Company is made, and shall complete the repurchase within 30 days after the performance of the relevant legal formalities; 4. Upon completion of the implementation of the repurchase plan, the Company shall, within 2 working days, announce the report on changes in shares of the Company, and within 10 days, cancel the repurchased shares in accordance with the law and go through the industrial and commercial change registration procedures. (II) Shareholding increase by the controlling shareholders, directors and senior managers. 1. The Board of Directors of the Company shall make an announcement of the shareholding increase within 2 trading days from the triggering date of the conditions for the above controlling shareholders, directors and senior managers to increase their shareholding. 2. The controlling shareholders, directors, and senior managers shall start the shareholding increase the next day from the date of the announcement, and shall complete the implementation within 30 days after completing relevant legal procedures. IV. Further commitment to stabilize the share price. The lock-up period of the shares held by the controlling shareholders of the Company and the directors and senior managers who hold the shares of the Company is automatically extended for 6</p>						
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			<p>months after the initial triggering of the initiation conditions. For the avoidance of ambiguity, the lock-up period of the shares held by directors and senior managers of the Company herein refers to the share lock-up period specified in the commitments made by such persons in accordance with the provisions of Article 4 (3) of the Rules on the Management of Shares Held by the Directors, Supervisors and Senior Management Officers of Listed Companies and the Changes Thereof. This plan shall be reviewed and approved by the shareholders general assembly of the Company, and shall take effect on the date when the Company completes the initial public offering of A-shares and is listed on the Star Market, and shall be valid for three years.” Commitment of the Company: Within three years after the listing of the Company, if the weighted average price (weighted average by number of trades on the day, excluding block trades) of the Company’s shares ex-right for 20 consecutive trading days is lower than the audited net asset value per share ex-right of the Company for the previous financial year, the Company shall repurchase the Company’s shares in accordance with the Plan of Kunshan Dongwei Technology Co., Ltd. to Stabilize its Share Price within Three Years after its Initial Public Offering and Listing on the Star Market. If the Company fails to implement the share price stabilization measures, it shall publicly explain the specific reasons for the failure to perform and apologize to other shareholders and public investors at the meeting of shareholders general assembly of the Company and newspapers designated by the CSRC. Liu Jianbo, the actual controller of the</p>							
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			<p>Company, promised: to vote in favor of the relevant resolutions regarding the repurchase of shares at the board meeting and meeting of shareholders general assembly in accordance with the relevant provisions of the Plan of Kunshan Dongwei Technology Co., Ltd. to Stabilize its Share Price within Three Years after its Initial Public Offering and Listing on the Star Market approved by the shareholders general assembly; and to fulfill the relevant obligations in accordance with the relevant provisions of the Plan of Kunshan Dongwei Technology Co., Ltd. to Stabilize its Share Price within Three Years after its Initial Public Offering and Listing on the Star Market. If the actual controller of the Company fails to fulfill the measures for stabilizing the share price, it shall publicly explain the specific reasons for the failure to perform and apologize to other shareholders and public investors at the meeting of shareholders general assembly of the Company and newspapers designated by the CSRC, and shall stop receiving remuneration and shareholders' dividends from the Company within five working days from the date of violation of relevant commitments. At the same time, the shares held shall not be transferred until the corresponding share price stabilization measures are taken as promised. All directors of the Company promised: to vote in favor of the relevant resolutions regarding the repurchase of shares at the board meeting and meeting of shareholders general assembly in accordance with the relevant provisions of the Plan of Kunshan Dongwei Technology Co., Ltd. to Stabilize its Share Price within Three Years after its Initial Public Offering</p>						
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			<p>and Listing on the Star Market approved by the shareholders general assembly; and to fulfill the relevant obligations in accordance with the relevant provisions of the Plan of Kunshan Dongwei Technology Co., Ltd. to Stabilize its Share Price within Three Years after its Initial Public Offering and Listing on the Star Market approved by the shareholders general assembly. If the directors of the Company fail to fulfill the measures for stabilizing the share price, it shall publicly explain the specific reasons for the failure and apologize to other shareholders and public investors at the meeting of shareholders general assembly of the Company and newspapers designated by the CSRC, and shall stop receiving remuneration and shareholders' dividends from the Company within five working days from the date of violation of relevant commitments. At the same time, the shares held shall not be transferred until the corresponding share price stabilization measures are taken as promised. All senior managers of the Company promised: to fulfill the relevant obligations in accordance with the relevant provisions of the Plan of Kunshan Dongwei Technology Co., Ltd. to Stabilize its Share Price within Three Years after its Initial Public Offering and Listing on the Star Market approved by the shareholders general assembly. If the senior managers of the Company fail to fulfill the measures for stabilizing the share price, it shall publicly explain the specific reasons for the failure and apologize to other shareholders and public investors at the meeting of shareholders general assembly of the Company and newspapers designated by the CSRC, and shall stop receiving</p>						
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			remuneration and shareholders' dividends from the Company within five working days from the date of violation of relevant commitments. At the same time, the shares held shall not be transferred until the corresponding share price stabilization measures are taken as promised.						
Other commitments	Others	The Company, actual controller	(1) I guarantee that there is no fraudulent issuance of the Company's shares in this public offering and listing on the Star Market. (2) If the Company does not meet the listing conditions, but has obtained issuance registration by fraudulent means and has been listed, the Company will initiate share repurchase procedures within 5 working days after confirmation by the China Securities Regulatory Commission and other competent departments to repurchase all new shares issued by the Company in this public offering. Liu Jianbo, the controlling shareholder and actual controller of the Company, has made the following commitments to repurchase shares issued by fraudulent means as follows: (1) I guarantee that there is no fraudulent issuance of the Company's shares in this public offering and listing on the Star Market. (2) If the Company does not meet the listing conditions, but has obtained issuance registration by fraudulent means and has been listed, I will initiate share repurchase procedures within 5 working days after confirmation by the China Securities Regulatory Commission and other competent departments to repurchase all new shares issued by the Company in this public offering.	Long term effective	No	Long term effective	Yes	Not applicable	Not applicable
Other commitments	Others	Company, actual controller,	All directors and senior manager of the Company make the following commitments: (1) not to transfer benefits to other entities or individuals for free or on unfair terms, nor to damage the interests	Long term effective	No	Long term effective	Yes	Not applicable	Not applicable

		directors and senior managers	of the Company in other ways; (2) to restrict the position-related consumption behavior of directors and senior managers; (3) not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of their duties; (4) the remuneration system formulated by the Board of Directors or the Remuneration Committee will be linked to the implementation of the Company's return filling measures; (5) the vesting conditions of the Company's equity incentives, if announced in the future, will be linked to the implementation of the Company's return filling measures. Liu Jianbo, the actual controller of the Company, makes the following commitments to the effective implementation of the Company's return filling measures in accordance with the relevant regulations of China Securities Regulatory Commission: not to interfere with the Company's operation and management activities beyond its power, and not to encroach on the Company's interests.						
Other commitments	Others	Company, actual controller, directors, supervisors and senior managers	1. Commitment to compensate for losses caused by false records, misleading statements, or significant omissions in the prospectus: (1) Commitment of the issuer: If there are false records, misleading statements or significant omissions in the prospectus, which cause losses to investors in securities trading, the Company will compensate the investors according to law. If the Company fails to fulfill the above commitments, it shall publicly explain the specific reasons for the failure and apologize to other shareholders and public investors at the meeting of shareholders general assembly of the Company and newspapers designated by the CSRC. Commitment of actual	Long term effective	No	Long term effective	Yes	Not applicable	Not applicable

			<p>controller: If there are false records, misleading statements or significant omissions in the prospectus, which cause losses to investors in securities trading, the actual controller will compensate the investors according to law. If the actual controller of the Company fails to fulfill the above commitments, it shall publicly explain the specific reasons for the failure and apologize to other shareholders and public investors at the meeting of shareholders general assembly of the Company and newspapers designated by the CSRC, and shall stop receiving remuneration or allowances and shareholders' dividends from the Company within five working days from the date of violation of relevant commitments. At the same time, the shares held shall not be transferred until the corresponding repurchase or compensation measures have been taken as promised. (3) Commitments of all directors, supervisors and senior managers of the Company: If there are false records, misleading statements or significant omissions in the prospectus, which cause losses to investors in securities trading, they will compensate the investors according to law. If the directors, supervisors and senior managers of the Company fail to fulfill the above commitments, it shall publicly explain the specific reasons for the failure and apologize to other shareholders and public investors at the meeting of shareholders general assembly of the Company and newspapers designated by the CSRC, and shall stop receiving remuneration or allowances and shareholders' dividends from the Company within five working days from the date of violation of relevant commitments. At the same time, the shares held</p>							
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			shall not be transferred until the corresponding compensation measures have been taken as promised.						
Other commitments	Others	Company, actual controllers, directors, supervisors and senior managers	<p>(1) Commitment of the issuer</p> <p>The Company will strictly perform all public commitments made by the company on the IPO and listing on the Shanghai Stock Exchange STAR Market, and actively accept social supervision. 1) If the Company fails to perform the public commitments due to reasons other than force majeure, it shall put forward new commitments (the relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations and articles of association) and accept the following restraint measures until the performance of the new commitments is completed or the corresponding remedial measures are implemented: 1) to publicly explain the specific reasons for failure and apologize to shareholders and public investors at the disclosure media designated by the shareholders general assembly, CSRC or the Shanghai Stock Exchange. 2) To reduce or suspend the remuneration or allowance of the directors, supervisors and senior managers who are personally responsible for the Company's failure to fulfill such commitments. 3) In case of any loss caused to the investors, the Company will be liable for compensation to the investors according to the determination of CSRC, Shanghai Stock Exchange or other competent authorities. 2) If the Company fails to perform the public commitments due to force majeure, it shall put forward new commitments (the relevant commitments shall be subject to relevant approval procedures in accordance with laws, regulations</p>	Long term effective	No	Long term effective	Yes	Not applicable	Not applicable

			<p>and articles of association) and accept the following restraint measures until the performance of the new commitments is completed or the corresponding remedial measures are implemented: 1) to publicly explain the specific reasons for failure and apologize to shareholders and public investors at the disclosure media designated by the shareholders general assembly, CSRC or the Shanghai Stock Exchange. 2) To study the solution to minimize the loss of investors' interests as soon as possible, and submit it to the shareholders general assembly for deliberation, in order to protect the interests of investors of the Company as much as possible.</p> <p>(2) Commitment of actual controller: Liu Jianbo, the actual controller of the Company, undertakes that: I will strictly perform all public commitments made on the Company's IPO and listing on the Shanghai Stock Exchange STAR Market, and actively accept social supervision. 1) In case of failure to perform the public commitments due to reasons other than force majeure, I will put forward new supplemental or alternative commitments and accept the following restraint measures until the performance of the new commitments is completed or the corresponding remedial measures are implemented: 1) to publicly explain the specific reasons for failure and apologize to shareholders and public investors at the disclosure media designated by the shareholders general assembly, CSRC or the Shanghai Stock Exchange; 2) not to transfer the shares of the Company. Except in cases where it is necessary to transfer shares due to succession, enforcement, reorganization of the listed company,</p>						
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			<p>or to fulfill commitments to protect the interests of investors; 3) not to receive the portion of the Company's distributed profits that belongs to me temporarily; 4) If earnings are obtained due to failure to fulfill relevant commitments, the earnings shall be owned by the Company, and the earnings shall be paid to the account designated by the Company within five working days after the earnings are obtained; 5) In case of failure to fulfill the relevant commitments and cause losses to the Company or the investors, I will compensate the Company or the investors according to law. 2) In case of failure to perform the public commitments due to force majeure, I will put forward new supplemental or alternative commitments and accept the following restraint measures until the performance of the new commitments is completed or the corresponding remedial measures are implemented: 1) to publicly explain the specific reasons for failure at the disclosure media designated by the shareholders general assembly, CSRC or the Shanghai Stock Exchange; 2) to study the solution to minimize the loss of investors' interests as soon as possible, and protect the interests of investors as much as possible. (3) Relevant commitments of shareholders holding more than 5% of the shares: Xiao Ziguang, Fang Yuanyuan and Xie Yulong, the shareholders holding more than 5% of the shares of the Company, undertake that I/this institution will strictly perform all public commitments made on the Company's IPO and listing on the Shanghai Stock Exchange STAR Market, and actively accept social supervision. 1) In case of failure to perform the public commitments due to reasons other than</p>						
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			<p>force majeure, I/this institution will put forward new supplemental or alternative commitments and accept the following restraint measures until the performance of the new commitments is completed or the corresponding remedial measures are implemented: 1) to publicly explain the specific reasons for failure and apologize to shareholders and public investors at the disclosure media designated by the shareholders general assembly, CSRC or the Shanghai Stock Exchange; 2) not to transfer the shares of the Company. Except in cases where it is necessary to transfer shares due to succession, enforcement, reorganization of the listed company, or to fulfill commitments to protect the interests of investors; 3) not to receive the portion of the Company's distributed profits that belongs to me/this institution temporarily; 4) If earnings are obtained due to failure to fulfill relevant commitments, the earnings shall be owned by the Company, and the earnings shall be paid to the account designated by the Company within five working days after the earnings are obtained; 5) In case of failure to fulfill the relevant commitments and cause losses to the Company or the investors, I/this institution will compensate the Company or the investors according to law. 2) In case of failure to perform the public commitments due to force majeure, I/this institution will put forward new supplemental or alternative commitments and accept the following restraint measures until the performance of the new commitments is completed or the corresponding remedial measures are implemented: 1) to publicly explain the specific reasons for failure at the disclosure media designated by the shareholders</p>							
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			<p>general assembly, CSRC or the Shanghai Stock Exchange; 2) to study the solution to minimize the loss of investors' interests as soon as possible, and protect the interests of investors as much as possible. (4) Commitment of all directors, supervisors and senior managers: all directors, supervisors and senior managers undertake that: I will strictly perform all public commitments made by me on the IPO and listing on the Shanghai Stock Exchange STAR Market, and actively accept social supervision. 1) In case of failure to perform the public commitments due to reasons other than force majeure, I will put forward new commitments and accept the following restraint measures until the performance of the new commitments is completed or the corresponding remedial measures are implemented: 1) to publicly explain the specific reasons for failure and apologize to shareholders and public investors at the disclosure media designated by the shareholders general assembly, CSRC or the Shanghai Stock Exchange; 2) not to transfer the shares of the Company. Except in cases where it is necessary to transfer shares due to succession, enforcement, reorganization of the listed company, or to fulfill commitments to protect the interests of investors; 3) not to receive the portion of the Company's distributed profits that belongs to me temporarily; 4) to change the position but not to request resignation; 5) apply for a reduction or suspension of remuneration or allowances; 6) If earnings are obtained due to failure to fulfill relevant commitments, the earnings shall be owned by the Company, and the earnings shall be paid to the account designated by the Company within</p>							
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			five working days after the earnings are obtained; 7) In case of failure to fulfill the public commitments in the prospectus and cause losses to investors, I will compensate the investors for the losses in accordance with the law. 2) In case of failure to perform the public commitments due to force majeure, I will put forward new commitments and accept the following restraint measures until the performance of the new commitments is completed or the corresponding remedial measures are implemented: 1) to publicly explain the specific reasons for failure and apologize to shareholders and public investors at the disclosure media designated by the shareholders general assembly, CSRC or the Shanghai Stock Exchange. 2) To study the solution to minimize the loss of investors' interests as soon as possible in order to protect the interests of investors of the Company as much as possible.						
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(II) There are profit forecasts in the Company's assets or projects, and the reporting period is still in the profit forecast period. The Company explains whether the assets or projects meet the original profit forecasts.

☐ Yes ☐ No ☒ N/A

(III) Completion of performance commitment and its impact on goodwill impairment test

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

III. Violation of guarantee

☐ Applicable ☒ Not applicable

IV. Explanation of the board of the Company on the “Non-standard Opinion Audit Report” of the CPAs

☐ Applicable ☒ Not applicable

V. Analysis and explanation of the Company on the reasons and impacts of the changes in accounting policies and accounting estimates or corrections of significant accounting errors

(一) Analysis and explanation of the Company on the reasons and impacts of the changes in accounting policies and accounting estimates

☒ Applicable ☐ Not applicable

For details, please refer to “40 Changes in Major Accounting Policies and Accounting Estimates” of “V. Major Accounting Policies and Accounting Estimates” in Section XI “Financial Reports” of this report.

(二) Analysis and explanation of the Company on the reasons and impacts of the corrections of significant accounting errors

☐ Applicable ☒ Not applicable

(三) Communication with the former certified public accountants

☐ Applicable ☒ Not applicable

(四) Approval procedures and other instructions

☐ Applicable ☒ Not applicable

VI. Appointment and dismissal of certified public accountants firm

Unit: yuan Currency: RMB

	Currently employed
Name of domestic certified public accountants firm	ShineWing Certified Public Accountants (Special General Partnership)
Remuneration for domestic certified public accountants firm	900,000.00
Auditing period of domestic certified public accountants	5
Name of certified public account of domestic certified public accountants firm	Tang Qimei, Zhang Zijian
Cumulative years of services audited by domestic certified public accountants firm	1, 2

	Name	Remuneration
Internal control audit certified public accountants	ShineWing Certified Public Accountants (Special General Partnership)	250,000.00
Financial consultant	-	-
Sponsor	-	-

Description of the appointment and dismissal of certified public accountants

☒Applicable ☐Not applicable

The Meeting of Shareholders Assembly in 2022 approved the renewal of the appointment of ShineWing Certified Public Accountants (Special General Partnership) as the audit institution for 2023.

Explanation of the replacement of the certified public accountants during the audit period

☐Applicable ☒Not applicable

Explanation of audit fee decreasing by more than 20% (inclusive) compared to the previous year

☐Applicable ☒Not applicable

VII. Delisting risk

(一) Reasons for delisting risk warning

☐Applicable ☒Not applicable

(二) The countermeasures to be taken by the Company

☐Applicable ☒Not applicable

(三) The situation and reasons for the termination of listing

☐Applicable ☒Not applicable

VIII. Matters related to the bankruptcy reorganization

☐Applicable ☒Not applicable

IX. Significant lawsuits and arbitrations

☐ The Company has major lawsuits and arbitrations during the year ☒ The Company has no major lawsuits or arbitrations during the year

X. Violating laws and regulations, punishments and rectifications of listed companies and their directors, supervisors, senior executives, controlling shareholders and actual controllers

☐Applicable ☒Not applicable

XI. Credit conditions of the Company and its controlling shareholder and actual controller during the reporting period

☐Applicable ☒Not applicable

XII. Significant related transactions

(I) Related transactions in association with routine operation

1、Matters that have been disclosed in the interim announcement and have no progress or changes in subsequent implementation

☐Applicable ☒Not applicable

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

☐Applicable ☒Not applicable

3、 Matters not disclosed in the interim announcement

☐ Applicable ☒ Not applicable

(II) Related transactions arising from the acquisition and sales of asset or equity**1、 Matters that have been disclosed in the interim announcement and have no progress or changes in subsequent implementation**

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3、 Matters not disclosed in the interim announcement

☐ Applicable ☒ Not applicable

4、 In case of performance agreement, the performance during the reporting period shall be disclosed.

☐ Applicable ☒ Not applicable

(III) Significant related transactions for joint foreign investment**1、 Matters that have been disclosed in the interim announcement and have no progress or changes in subsequent implementation**

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3、 Matters not disclosed in the interim announcement

☐ Applicable ☒ Not applicable

(IV) Related credit and debt transaction**1、 Matters that have been disclosed in the interim announcement and have no progress or changes in subsequent implementation**

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

3、 Matters not disclosed in the interim announcement

☐ Applicable ☒ Not applicable

(V) Financial transactions between the Company and related financial companies, holding financial companies of the Company, and related parties

☐ Applicable ☒ Not applicable

(VI) Others

☐ Applicable ☒ Not applicable

XIII. Major contracts and performance thereof

(I) Trusteeship, contracting and leasing matters

1、 Trusteeship

☐ Applicable ☒ Not applicable

2、 Contracting

☐ Applicable ☒ Not applicable

3、 Leasing

☐ Applicable ☒ Not applicable

(II) Guarantees

□ Applicable √ Not applicable

(III) Entrusted others to manage the cash assets**1. Entrusted financial management****(1) Overall situation of entrusted financial management**

√Applicable □Not applicable

Unit: yuan Currency: RMB

Type	Sources of funds	Amount incurred	Unexpired balance	Overdue outstanding amount
Bank financial management	Idle fundraising	90,000,000.00		
Bank financial management	Idle GDR funds	1,178,308,680.55	550,308,680.55	
Bank financial management	Own Fund	543,464,667.00	150,169,791.67	

Other situations

□ Applicable √ Not applicable

(2) Single entrusted financial management

√Applicable □Not applicable

Unit: yuan Currency: RMB

Trustee	Type of entrusted asset management	Amount of entrusted financing	Start date of entrusted asset management	Termination date of entrusted asset management	Sources of funds	Use of invested funds	Is there any restriction	Confirmation mode of remuneration	Annualized rate of return	Expected return (if any)	Actual gains or losses	Amount not yet due	Overdue outstanding amount	Whether it has gone through legal procedures	Whether there is the entrusted financing plan in the future	Provision for impairment of assets (if any)
Shanghai	Bank financing	10,000,000.0	6/18/2021	6/18/2024	Own Fund	Banks	No	As agreed	3.75			10,000,000.0		Yes	Yes	

Pudong Development Bank Kunshan Sub-branch	al products	0						in the Contract				0				
Shanghai Pudong Development Bank Kunshan Sub-branch	Bank financial products	10,000,000.00	6/18/2021	6/18/2024	Own Fund	Banks	No	As agreed in the Contract	3.75			10,000,000.00		Yes	Yes	
Shanghai Pudong Development Bank Kunshan Sub-branch	Bank financial products	10,169,791.67	10/27/2021	5/14/2024	Own Fund	Banks	No	As agreed in the Contract	3.75			10,169,791.67		Yes	Yes	
China CITIC Bank Kunshan	Bank financial products	10,000,000.00	2/20/2023	2/20/2026	Own Fund	Banks	No	As agreed in the Contract	3.10			10,000,000.00		Yes	Yes	

an Sub-br anch	ts							ct								
China CITIC Bank Kunsh an Sub-br anch	Bank financi al produc ts	10,000 ,000.0 0	3/8/20 23	3/8/20 26	Own Fund	Banks	No	As agreed in the Contra ct	3.10			10,000 ,000.0 0		Yes	Yes	
China CITIC Bank Kunsh an Sub-br anch	Bank financi al produc ts	20,000 ,000.0 0	3/20/2 023	3/20/2 026	Own Fund	Banks	No	As agreed in the Contra ct	3.10			20,000 ,000.0 0		Yes	Yes	
Shang hai Pudon g Develo pment Bank Kunsh an Sub-br anch	Bank financi al produc ts	100,00 0,000. 00	6/30/2 023	6/30/2 026	GDR funds	Banks	No	As agreed in the Contra ct	3.10			100,00 0,000. 00		Yes	Yes	
Shang hai Pudon g Develo pment Bank	Bank financi al produc ts	200,00 0,000. 00	7/4/20 23	7/4/20 26	GDR funds	Banks	No	As agreed in the Contra ct	3.10			200,00 0,000. 00		Yes	Yes	

Kunshan Sub-branch																
China CITIC Bank Kunshan Sub-branch	Bank financial products	100,000,000.00	7/13/2023	7/13/2026	GDR funds	Banks	No	As agreed in the Contract	3.00			100,000,000.00		Yes	Yes	
Shanghai Pudong Development Bank Kunshan Sub-branch	Bank financial products	16,000,000.00	10/9/2023	4/9/2024	GDR funds	Banks	No	As agreed in the Contract	1.55% or 2.6% or 2.80%		208,000.00	16,000,000.00		Yes	Yes	
Bank of Ningbo Suzhou Branch	Bank financial products	20,000,000.00	10/13/2023	1/10/2024	Own Fund	Banks	No	As agreed in the Contract	1.00%-2.95%		143,863.01	20,000,000.00		Yes	Yes	
Shanghai Pudong Development Bank	Bank financial products	50,000,000.00	11/27/2023	5/27/2024	GDR funds	Banks	No	As agreed in the Contract	1.55% or 2.55% or 2.75%			50,000,000.00		Yes	Yes	

Bank Kunshan Sub-branch																
China CITIC Bank Kunshan Sub-branch	Bank financial products	10,188,680.55	12/19/2023	5/19/2026	GDR funds	Banks	No	As agreed in the Contract	3.25			10,188,680.55		Yes	Yes	
Jiangsu Kunshan Rural Commercial Bank Kunshan Chengbei Sub-branch	Bank financial products	20,120,000.00	12/21/2023	6/21/2024	GDR funds	Banks	No	As agreed in the Contract	1.30% or 2.8% or 3.0%			20,120,000.00		Yes	Yes	
China Merchants Bank Kunshan Sub-branch	Bank financial products	33,000,000.00	12/21/2023	1/21/2024	GDR funds	Banks	No	As agreed in the Contract	1.48% or 2.7% or 2.9%		78,115.07	33,000,000.00		Yes	Yes	
China	Bank	21,000	12/26/	1/26/2	GDR	Banks	No	As	1.48%		42,805	21,000		Yes	Yes	

Merchants Bank Kunshan Sub-branch	financial products	,000.00	2023	024	funds			agreed in the Contract	or 2.4% or 2.6%		.48	,000.00				
Bank of Ningbo Suzhou Branch	Bank financial products	20,000,000.00	12/29/2023	3/28/2024	Own Fund	Banks	No	As agreed in the Contract	1.00%-2.85%		137,424.66	20,000,000.00		Yes	Yes	
Jiangsu Suzhou Rural Commercial Bank Guangde Sub-branch	Bank financial products	40,000,000.00	11/10/2023	2/10/2024	Own Fund	Banks	No	As agreed in the Contract	1.35% or 2.44% or 3.24%		246,005.48	10,000,000.00		Yes	Yes	

Other situations

☐ Applicable ☒ Not applicable

(3) Impairment provision for entrusted financial management

☐ Applicable ☒ Not applicable

2. Entrusted loan

(1) Overall situation of entrusted loans

☐ Applicable ☒ Not applicable

Other situations

☐ Applicable ☒ Not applicable

(2) Single entrusted loan

☐ Applicable ☒ Not applicable

Other situations

☐ Applicable ☒ Not applicable

(3) Impairment provision for entrusted loan

☐ Applicable ☒ Not applicable

3. Other situations

☐ Applicable ☒ Not applicable

(IV) Other major contracts

☐ Applicable ☒ Not applicable

XIV.Explanation on the progress of using the raised funds

√Applicable □Not applicable

(I) Overall usage of raised funds

√Applicable □Not applicable

Unit: RMB

Source of raised funds	Time for raising funds to be in place	Total amount of raised funds	Including: Over-raised funds	Net funds raised after deducting issue expenses	Total amount of investment committed for raised fund	Total committed investment amount of raised funds after adjustment (1)	Accumulated total amount of raised funds invested as of the end of the reporting period (2)	Accumulated investment progress as of the end of the reporting period (%) (3)=(2)/(1)	Amount invested this year (4)	Proportion of amount invested this year (%) (5)=(4)/(1)	Total amount of raised funds of which the use is changed
IPO	June 9, 2021	346,288,000.00		294,049,940.83	570,440,000.00	294,049,940.83	192,524,314.58	65.47	13,263,547.70	4.51	
Others	June 13, 2023	749,344,798.72		711,817,284.31	711,817,284.31	711,817,284.31	92,223,284.65	12.96	92,223,284.65	12.96	

(II) Details of investment projects with raised funds

√Applicable □Not applicable

Unit: RMB

Project name	Nature of project	Whether it involves the change in investment	Source of raised funds	Time for raising funds to be in place	Whether to use over-raised funds	Total committed investment amount of project	Total investment amount of raised funds after	Amount invested this year	Accumulated total amount of raised funds	Accumulated investment progress as of the	Date of bringing the project to the intend	Accepted or not	Is the investment progress in line with the	Specific reasons for not meeting the plan	Benefits achieved this year	Realized benefits or R&D results of the	Whether there is the significant change in	Amount saved
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		ment purpo se				t raised funds	adjust ment (1)		invest ed as of the end of the report ing perio d (2)	end of the report ing perio d (%) (3)= (2)/(1)	ed condit ions for use		plann ed progr ess			projec t	the feasib ility of the projec t, if yes, please explai n the specif ic situati on.	
Expa nsion of PCB vertic al contin uous electr oplating equip ment (Phase I)	Produ ction constr uction	No	IPO	June 9, 2021	No	303,9 80,00 0.00	150,0 00,00 0.00	13,26 3,547. 70	104,7 91,76 2.42	69.86	April 2023	Yes	Yes	Not applic able	Put into produ ction	Put into produ ction	No	45,20 8,237. 58
Horiz ontal equip ment indust rializa	Produ ction constr uction	No	IPO	June 9, 2021	No	116,7 60,00 0.00	90,00 0,000. 00		52,58 9,839. 95	58.43	June 2022	Yes	Yes	Not applic able	Put into produ ction	Put into produ ction	No	37,41 0,160. 05

tion constr uction projec t																		
R & D center constr uction projec t	Resea rch and devel opme nt	No	IPO	June 9, 2021	No	69,70 0,000. 00	54,04 9,940. 83		35,14 2,712. 21	65.02	June 2022	Yes	Yes	Not applic able	Not applic able	Not applic able	No	18,90 7,228. 62
Reple nishin g the worki ng fund	Opera tions Mana geme nt	No	IPO	June 9, 2021	No	80,00 0,000. 00												
Total						570,4 40,00 0.00	294,0 49,94 0.83	13,26 3,547. 70	192,5 24,31 4.58	65.47								101,5 25,62 6.25

(III) Changes or termination of fundraising during the reporting period

☐ Applicable ☒ Not applicable

(IV) Other information on the use of raised funds during the reporting period**1、 Up-front investment and displacement of the project in which the raised fund is invested**

√Applicable □Not applicable

On July 5, 2021, the 16th Meeting of the First Board of Directors and the 15th meeting of the First Board of Supervisors of the Company examined and approved the Proposal on the Company's Use of Raised Funds to Replace Self-raised Funds for Pre-invested Investment Projects with Raised Funds, agreeing that the Company should use the raised funds of RMB 64,209,096.22 to replace the pre-invested investment projects with raised funds of RMB 57,095,700.00 and the self-raised funds that have paid for the issue expenses of RMB 7,113,396.22. This matter has been verified by ShineWing Certified Public Accountants (Special General Partnership) with the Verification Report on Pre-investment of Raised Funds Investment Project with Self-raised Funds of Kunshan Dongwei Technology Co., Ltd. (No. 2021GZAA70487). The independent directors and sponsor institutions have respectively issued independent opinions and verification opinions agreeing to the above matters. Due to the address change of the Company's "PCB Vertical Continuous Plating Equipment Expansion (Phase I) Project", the land transfer fee of RMB 12,000,060.00 previously paid has been returned to the Company's fundraising account in 2021. As of December 31, 2023, the Company has essentially replaced the previously invested funds of RMB 52,209,032.84.

2、 The idle raised fund used to replenish the working fund temporarily

□ Applicable √ Not applicable

3、 Cash management of idle raised funds and investment in related products

√Applicable □Not applicable

Unit: 0,000 yuan Currency: RMB

Deliberation Date of the Board of Directors	Effective review limit for raising funds for cash management	Starting date	End date	Cash management balance at the end of the reporting period	Does the maximum balance during the period exceed the authorized limit
June 16, 2023	85,000	June 16, 2023	June 15, 2024	55,030.87	No

Other notes

None

4、 Permanent replenishment of working capital or repayment of bank loans with over-raised funds

□ Applicable √ Not applicable

5、 Others

□ Applicable √ Not applicable

XV. Other significant events that have a significant impact on investors' value judgments and investment decisions

□ Applicable √ Not applicable

Section VII. Change in Shares and Shareholders

I. Changes in equity

(i) Statement of Changes in Shares

1、Description of changes in shares

Unit: share

	Before this change		Increase (+) decrease (-) in current period					After this change	
	Quantity	Proportion (%)	Issuance of new shares	Bonus shares	Shares converted from reserves	Others	Sub-total	Quantity	Proportion (%)
I. Shares with restrictions on sales	57,852,290	39.30			27,769,099	-2,723,200	25,045,899	82,898,189	36.10%
1. State holdings									
2. State-owned legal person holdings									
3. Shares held by other domestic funded enterprises	57,852,290	39.30			27,769,099	-2,723,200	25,045,899	82,898,189	36.10%
Including: Shares held by domestic non-state legal person	10,252,290	6.96	0	0	4,921,099	-2,723,200	2197899	12,450,189	5.42%
Shares held by domestic natural persons	47,600,000	32.34			22,848,000		22,848,000	70,448,000	30.68%
4) Shares held by foreign funded enterprises									
Including: Shares held by foreign legal persons									
Shares held by foreign natural persons									
II. Tradable shares with unrestricted conditions	89,347,710	60.70	11,776,000		42,886,901	2,723,200	57,386,101	146,733,811	63.90%
1. RMB ordinary shares	89,347,710	60.70	11,776,000		42,886,901	2,723,200	57,386,101	146,733,811	63.90%

2.Domestic listing foreign shares									
3. Overseas listing foreign shares									
4. Others									
C. Total number of shares	147,200,000	100.00	11,776,000		70,656,000		82,432,000	229,632,000	100.00

2、 Description of changes in shares

√Applicable □Not applicable

On May 19, 2023, the Company implemented the plan to convert capital reserve into share capital for 2022, distributed a cash dividend of RMB 0.44 per share (including tax) based on a total share capital of 147,200,000 shares, and transferred 0.48 shares per share to all shareholders by capital reserves. A total of RMB 64,768,000 in cash dividends was distributed, with an increase of 70,656,000 shares. The total share capital after this distribution is 217,856,000 shares. For details, please see the Announcement on the Implementation Results of Annual Equity Distribution in 2022 and Share Offering (Announcement No.: 2023-021) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on May 19, 2023.

On June 8, 2023, the newly added A-shares of domestic underlying securities corresponding to the GDR issued this time were registered and deposited with CSDC Shanghai Branch. The number of newly added underlying A-shares listed this time is 11,776,000 shares, which were listed on the Shanghai Stock Exchange on June 13, 2023. After the listing of the newly added underlying A-shares, the total share capital of the Company was changed to 229,632,000 shares. For details, please refer to the “Suggestive Announcement on the Listing and Change of New Underlying A-shares Corresponding to the Issuance of GDR” (Announcement No. 2023-028) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on June 10, 2023.

On June 15, 2023, the Company made its initial public offering of restricted shares of strategic placement, which were listed and circulated by Essence Securities Investment Co., Ltd., a wholly-owned subsidiary of Essence Securities Co., Ltd. The corresponding number of shares is 2,723,200 shares (including the shares increased through the implementation of conversion of capital reserve during the restriction period). For details, please refer to the Announcement on Listing and Circulation of Restricted Shares of Partial Strategic Placement in Initial Public Offering of Shandong Dongwei Technology Co., Ltd. (Announcement No.: 2023-023) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on June 8, 2023.

3、 The impact of changes in shares on earnings per share, net asset value per share and other financial indicators for the most recent year and the most recent period (if any)

√Applicable □Not applicable

During the reporting period, the Company implemented the capital reserve conversion plan 2022 and issued GDR, increasing the total share capital of the Company from 147,200,000 to 229,632,000 shares. The above share capital changes have caused the corresponding changes in the Company's earnings per share and net asset value per share in 2023. If the calculation is based on 147,200,000 shares before the change in share capital, the basic earnings per share and net asset value per share in 2023 were RMB 1.03 and RMB 7.11 respectively; based on 229,632,000 shares after the change, the basic earnings per share and net asset value per share for 2023 were RMB 0.68 and RMB 4.68, respectively.

4、 Other contents to be disclosed as the company thinks necessary or the securities regulatory institution required

□ Applicable √ Not applicable

(I) Changed in restricted shares

√Applicable □Not applicable

Unit: share

Name of shareholder	Number of restricted shares at the beginning of the year	Number of restricted shares unlocked in the year	Number of restricted shares increased in the year	Number of restricted shares at the end of the year	Cause for restriction on sales	Date of unlocking of restriction on sales
Essence Securities Investment Co., Ltd.	2,723,200	2,723,200	0	0	Restriction on sales of shares of strategic	6/15/2023

					placement in initial public offering	
Total	2,723,200	2,723,200			/	/

II. Issuance and listing of securities

(I) Securities issuance as of the reporting period

√Applicable □Not applicable

Unit: Share, Currency: USD

Stocks and their derivatives Types of securities	Date of issuance	Issuance price (or interest rate)	Number of shares issued	Date of listing	Number of shares approved for transaction in market	Termination date of transaction
DR						
GDR	June 7, 2023	17.80	11,776,000	June 13, 2023	11,776,000	Not applicable

Explanation of the securities issuance as of the reporting period (please specify separately the bonds with different interest rates within the duration):

√Applicable □Not applicable

During the reporting period, the Company implemented the capital reserve conversion plan 2022 and issued GDR, increasing the total share capital from 147,200,000 shares to 229,632,000 shares

(II) Changes in the total number of the Company's shares, shareholder structure and liabilities structure

√Applicable □Not applicable

On May 19, 2023, the Company implemented the plan to convert capital reserve into share capital for 2022, transferred 0.48 share to all shareholders with capital reserve based on the total share capital of 147,200,000 shares, and increased 70,656,000 shares. The total share capital after this distribution was 217,856,000 shares. For details, please see the Announcement on the Implementation Results of Annual Equity Distribution in 2022 and Share Offering (Announcement No.: 2023-021) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on May 19, 2023.

On June 8, 2023, the newly added A-shares of domestic underlying securities corresponding to the GDR issued this time were registered and deposited with CSDC Shanghai Branch. The number of newly added underlying A-shares listed this time is 11,776,000 shares, which were listed on the Shanghai Stock Exchange on June 13, 2023. After the listing of the newly added underlying A-shares, the total share capital of the Company was changed to 229,632,000 shares. For details, please refer to the “Suggestive Announcement on the Listing and Change of New Underlying A-shares Corresponding to the Issuance of GDR” (Announcement No. 2023-028) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on June 10, 2023.

III. Shareholders and actual controller

(I) Total number of shareholders

Total number of ordinary shareholders at the end of the reporting period (accounts)	9,961
Total number of ordinary shareholders at the end of the last month prior to the disclosure date of the annual report	10,847
Total number of preference shareholders (accounts) whose voting rights were recovered as of the end of the reporting period	Not applicable
Total number of preference shareholders whose voting rights were recovered at the end of the last month prior to the disclosure date of the annual report	Not applicable

(account)	
Total number of shareholders holding special voting shares as of the end of the reporting period (accounts)	Not applicable
Total number of shareholders holding special voting shares at the end of the last month prior to the disclosure date of the annual report (account)	Not applicable

Number of holders of depositary receipts

√Applicable □Not applicable

Total number of holders of depositary receipts as of the end of the reporting period (accounts)	0
Total number of depositary receipt holders at the end of the last month prior to the disclosure date of the annual report (account)	0

(II) The top ten shareholders and number of shares held by the top ten tradable shareholders (or shareholders with unlimited sales) at the end of the reporting period

Unit: share

Shareholdings of the top ten shareholders (excluding shares lent through refinancing)							
Name of shareholder (Full Name)	Increase or decrease during the reporting period	Number of shares held at the end of the period	Proport ion (%)	Number of the held shares with the restrictions on sales	Pledging, marking or freezing		Sharehold er Nature
					Share Status	Quantit y	
Liu Jianbo	22,848,000	70,448,000	30.68	70,448,000	None	0	Domestic natural person
Xiao Zhiguo	2,927,156	10,067,065	4.38	0	None	0	Domestic natural person
Kunshan Fangfang Yuanyuan Enterprise Management Center (Limited partnership)	3,106,699	9,578,989	4.17	9,578,989	None	0	Others
Li Yangzhao	2,560,543	7,895,007	3.44	0	None	0	Domestic natural person
Nie Xiaojian	1,921,444	5,924,453	2.58	0	None	0	Domestic natural person
Wei Yongjun	1,874,618	5,780,073	2.52	0	None	0	Domestic natural person
Xie Yulong	-497,954	5,026,775	2.19	0	None	0	Domestic natural person
Bank of Communications Co., Ltd. - HSBC Jintrust Low Carbon Pioneer Stock Securities Investment Fund	1,840,638	4,582,934	2.00	0	None	0	Others
Hong Kong Securities Clearing Company Ltd.	3,064,098	3,746,722	1.63	0	None	0	Overseas legal person

Jiang Zejun	1,196,125	3,688,052	1.61	0	None	0	Domestic natural person
Shares held by top 10 shareholders without restriction on sales							
Name of shareholder	Number of tradable shares held in unrestricted conditions	Type and quantity of shares					
		Categories			Quantity		
Xiao Zhiguo	10,067,065	RMB ordinary shares			10,067,065		
Li Yangzhao	7,895,007	RMB ordinary shares			7,895,007		
Nie Xiaojian	5,924,453	RMB ordinary shares			5,924,453		
Wei Yongjun	5,780,073	RMB ordinary shares			5,780,073		
Xie Yulong	5,026,775	RMB ordinary shares			5,026,775		
Bank of Communications Co., Ltd. - HSBC Jintrust Low Carbon Pioneer Stock Securities Investment Fund	4,582,934	RMB ordinary shares			4,582,934		
Hong Kong Securities Clearing Company Ltd.	3,746,722	RMB ordinary shares			3,746,722		
Jiang Zejun	3,688,052	RMB ordinary shares			3,688,052		
Shi Guowei	2,984,909	RMB ordinary shares			2,984,909		
Chen Yijun	2,682,067	RMB ordinary shares			2,682,067		
Repurchase account among the top ten shareholders	Not applicable						
Explanation of the above shareholders' entrusting, accepting and waiver of voting rights	Not applicable						
Notes to relationship or concerted action of the above shareholders	Liu Jianbo holds 0.77% of the capital contribution of Fangfang Yuanyuan and serves as the executive partner. Liu Wei, the limited partner of Fangfang Yuanyuan, is the younger brother of Liu Jianbo's spouse, Liu Juan.						
Preferred shareholders and shareholdings with recovered voting rights	Not applicable						

Lending of shares by the top ten shareholders through the refinancing business

☐ Applicable ☒ Not applicable

Changes in the top ten shareholders compared to the previous period

☒ Applicable ☐ Not applicable

Unit: share

There is no changes in the top ten shareholders compared to the previous period					
Name of Shareholder (Full Name)	Shareholder s newly added/withd rawn during this reporting period	Number of shares lent through refinancing and not yet repaid at the end of the period		The number of shares held in the ordinary account and credit account of shareholders, as well as the number of shares lent through refinancing and not returned at the end of the period	
		Total amount	Proportion (%)	Total amount	Proportion (%)
BARCLAYSBANKP LC	Exit				

Hainan Evolution Private Equity Fund Management Co., Ltd. - Evolution - Pingxuan Private Equity Securities Investment Fund	Exit				
Bank of Communications Co., Ltd. - HSBC Jintrust Low Carbon Pioneer Stock Securities Investment Fund	Additional	0	0	4,582,934	2.00
Hong Kong Securities Clearing Company Ltd.	Additional	0	0	3,746,722	1.63

Shareholding Quantity and Restriction Conditions of the Top Ten Restricted Shareholders

√Applicable □Not applicable

Unit: share

SN	Name of Restricted Shareholder	Number of the held shares with the restrictions on sales	Tradable conditions of restricted shares		Restricted conditions
			Tradable time	Newly added tradable shares	
1	Liu Jianbo	70,448,000	6/15/2024	0	Initial public offering of restricted shares
2	Fangfang Yuanyuan	9,578,989	6/15/2024	0	Initial public offering of restricted shares
3	Jiayue Jiayue	2,871,200	6/15/2024	0	Initial public offering of restricted shares
Notes to relationship or concerted action of the above shareholders		<p>Liu Jianbo holds 0.77% of the capital contribution of Fangfang Yuanyuan and serves as the executive partner. Liu Wei, the limited partner of Fangfang Yuanyuan, is the younger brother of Liu Jianbo's spouse, Liu Juan.</p> <p>Liu Jianbo holds 2.58% of the capital contribution of Jiayue Jiayue and serves as the executive partner. Liu Juan, the limited partner of Jiayue Jiayue, is the spouse of Liu Jianbo.</p>			

Remarks: Mr. Liu Jianbo voluntarily undertakes not to reduce his direct holdings of the Company's stocks in any way for the next 12 months from June 15, 2024, including any new shares generated during the commitment period due to conversion from capital reserve, distribution of stock dividends, rights issues, and other matters. For details, please refer to the Announcement of Kunshan Dongwei Technology Co., Ltd. on Voluntary Commitment by Actual Controller not to Reduce its Shareholding in the Company (2023-054).

Table of the top ten domestic depositary receipt holders of the Company as of the end of the reporting period

□ Applicable √ Not applicable

Participation of the top ten depositary receipt holders in the lending of depositary receipts through refinancing

□ Applicable √ Not applicable

The top ten holders of depositary receipts have changed compared to the previous period

☐ Applicable ☒ Not applicable

Holding quantity and restriction conditions of the top ten holders of restricted depositary receipts

☐ Applicable ☒ Not applicable

(III) Table of top ten shareholders with voting rights as of the end of the reporting period

☐ Applicable ☒ Not applicable

(IV) Strategic investors or general legal persons become the top 10 shareholders due to the placement of new shares/DR

☐ Applicable ☒ Not applicable

(V) Strategic allocation of initial public offering**1. Participation of senior executives and core employees in the strategic allocation of initial public offering by establishing a special asset management plan**

☐ Applicable ☒ Not applicable

2. Participation of relevant subsidiaries of the sponsor institution in the strategic allocation of initial public offering

☒ Applicable ☐ Not applicable

Unit: share					
Name of shareholder	Relationship with sponsor institution	Number of allocated stocks/depositary receipts	Tradable time	Increase / decrease within the report period	Including the number of shares/depositary receipts lent through refinancing
Essence Securities Investment Co., Ltd.	Wholly-owned subsidiary of the sponsor institution	2,723,200	6/15/2023	-1,236,000	1,487,200

IV. Controlling shareholder and actual controller**(I) Controlling shareholder****1 Legal person**

☐ Applicable ☒ Not applicable

2 Natural person

☒ Applicable ☐ Not applicable

Name	Liu Jianbo
Nationality	China
Whether the right of residence in the other countries or regions is obtained	No
Main occupation and title	Legal Representative, Chairman, General Manager

3 Special instructions for the absence of controlling shareholder of the Company

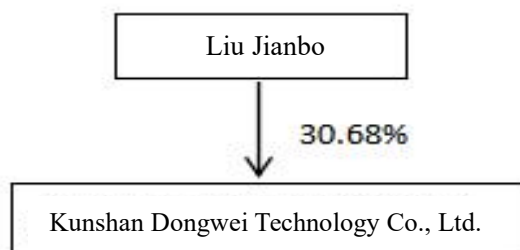
☐ Applicable ☒ Not applicable

4 Explanation of changes in controlling shareholders during the reporting period

☐ Applicable ☒ Not applicable

5 Block diagram of property rights and control relationships between the Company and the controlling shareholder

√Applicable □Not applicable



(II) Actual controller

1 Legal person

□ Applicable √ Not applicable

2 Natural person

√Applicable □Not applicable

Name	Liu Jianbo
Nationality	China
Whether the right of residence in the other countries or regions is obtained	No
Main occupation and title	Legal Representative, Chairman, General Manager
Listed companies at home and abroad, the shares of which have ever been held in the past 10 years	Not applicable

3 Special instructions for the absence of actual controller of the Company

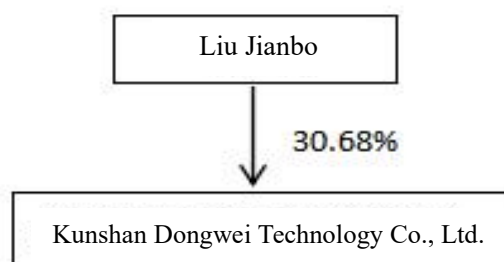
□ Applicable √ Not applicable

4 Explanation of changes in corporate control during the reporting period

□ Applicable √ Not applicable

5 Block diagram for ownership and control relationship between the company and the actual controller

√Applicable □Not applicable



6 The actual controller controls the company by means of trust or other asset management methods

☐ Applicable ☒ Not applicable

(III) Introduction of controlling shareholder and actual controller

☐ Applicable ☒ Not applicable

V. The accumulative number of shares pledged by the controlling shareholder or the largest shareholder of the Company and the persons acting in concert accounts for more than 80% of the number of shares held by them in the Company

☐ Applicable ☒ Not applicable

VI. Other legal person shareholders holding more than 10% of shares

☐ Applicable ☒ Not applicable

VII. Explanation on restrictions and reductions of shares/depositary receipts

☐ Applicable ☒ Not applicable

VIII. Implementation of share repurchase during the reporting period

☐ Applicable ☒ Not applicable

Section VIII. Relevant Conditions of Preference Shares

☐ Applicable ☒ Not applicable

Section IX. Bond-related information

I. Corporate bonds, corporate bonds and debt financing instruments of non-financial enterprises

☐ Applicable ☒ Not applicable

II. Convertible corporate bonds

☐ Applicable ☒ Not applicable

Section X. Financial Report

I. Auditor's Report

√Applicable □Not applicable

Auditor's Report

XYZH/2024SZAA8B0272

Kunshan Dongwei Technology Co., Ltd.

To All Shareholders of Kunshan Dongwei Technology Co., Ltd.:

I. OPINION

We have audited the financial statement of Kunshan Dongwei Technology Co., Ltd. (hereinafter referred to as the Company), including the consolidated and parent company's balance sheet on December 31, 2023, consolidated and parent company's income statement, consolidated and parent company's cash flow statement, consolidated and parent company's changes in owner's equity for the year then ended, and the notes to financial statements.

In our opinion, the attached financial statements are prepared, in accordance with Accounting Standards for Business Enterprises, and present fairly the consolidated and the parent company's financial position of the Company as at December 31, 2023 and the consolidated and the parent company's operating results and cash flows for the year then ended.

II. BASIS OF AUDITORS' OPINION

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

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, are of most significance in the audit of the financial statements for the current period. These matters should be dealt on the background of the audit of financial statements as a whole and the formation of audit opinions. We will not express opinions on those matters separately.

1. Revenue recognition	
KEY AUDIT MATTERS	Countermeasures in the audit

<p>The operating income of the Company in 2023 is RMB 909,229,900. For relevant information disclosure, please refer to Note III “Major Accounting Policies and Accounting Estimates - 24. Revenue Recognition Principles and Measurement Methods” and Note V “Explanation of Important Items in the Consolidated Financial Statements - 36. Operating Income and Operating Costs”.</p> <p>Due to the significant impact of the authenticity, accuracy, and completeness of operating income on the financial statements, we recognize revenue recognition as a key audit item.</p>	<p>We have mainly carried out the following procedures for revenue recognition of Dongwei Technology:</p> <ol style="list-style-type: none"> (1) To understand the key internal controls related to revenue recognition, evaluate the effectiveness of their design, and test the operational effectiveness of the relevant internal controls. (2) By reviewing sales contracts and conducting interviews with the Management, (2) analyze and evaluate whether revenue recognition policy of Dongwei Technology complies with the relevant accounting standards for enterprises; (3) Conduct substantive analysis procedures on operating income and gross margin to evaluate the rationality of fluctuations and to determine whether the changes in operating revenue are consistent with the industry; (4) Conduct sampling tests on sales revenue, verify the authenticity, accuracy, and completeness of sales revenue from the sales detailed account to supporting documents confirmed by customers such as sales contracts, shipping orders, customs declarations, installation and commissioning completion orders, and acceptance certificates; (5) Conduct a cut-off test on the sales revenue recognized before and after the balance sheet date, and verify the delivery note, customs declaration, installation and commissioning completion orders with the sales detailed account to evaluate whether the sales revenue is recognized in the appropriate accounting period; (6) According to the characteristics and nature of customer transactions, select samples to perform verification procedures to confirm the accuracy of sales and balance of accounts receivable; (7) Inquire the industrial and commercial information of major customers, identify whether they have associated relationship with Dongwei Technology, and evaluate the commercial substance and commercial
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	rationality of their transactions with Dongwei Technology.
2. Bad debt provision for accounts receivable	
KEY AUDIT MATTERS	Countermeasures in the audit
<p>The book balance of accounts receivable of Dongwei Technology as of December 31, 2023 is RMB 717,187,100. The balance of bad-debt provision is RMB 81,175,300. For relevant information disclosure, please refer to the accounting policy described in Note III “Major Accounting Policies and Accounting Estimates - 11. (4) Impairment of Financial Instruments” and Note V “Notes on Important Items in Consolidated Financial Statements 4. Accounts Receivable”.</p> <p>In case of the bad debt due to the failure to recover the accounts receivable on schedule or the impossible recovery of the accounts receivable, resulting in the significant effect on the financial statements, we recognize the provision for bad debt for the accounts receivable as the key audit item.</p>	<p>We have mainly performed the following procedures in respect of the bad-debt provision for the accounts receivable of Dongwei Technology:</p> <p>(1) To understand the accounting process of bad debt provisions for accounts receivable and evaluate its internal control;</p> <p>(2) Review the rationality and consistency of the policy of Dongwei Technology on bad debt provision for accounts receivable;</p> <p>(3) Obtain the bad debt provision for accounts receivable accrual statement of Dongwei Technology and check whether the provision method is implemented in accordance with the bad debt provision for accounts receivable policy; recalculate whether the amount of bad debt provision for accounts receivable is accurate;</p> <p>(4) Analyze and calculate the ratio between the amount of bad-debt provision and the balance of accounts receivable on the balance sheet date of Dongwei Technology, compare the previous bad debt provision with the actual amount incurred, and analyze whether the bad debt provision for accounts receivable is sufficient;</p> <p>(5) Implement the confirmation procedure for accounts receivable with large year-end balances, and evaluate the rationality of bad debt provision for accounts receivable based on the subsequent collection;</p> <p>(6) For the accounts receivable with large year-end balances or long account age, we inquire the information related to the debtor through open channels to identify whether there is any situation affecting the assessment result of the bad debt provision for the accounts receivable of Dongwei Technology.</p>

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IV. Other information

The Management of the Company (hereinafter referred to as Management) is responsible for other information. Other information includes the information contained in the Annual Report 2023 of the Company, but excludes the financial statements and our auditor's report.

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

Based on our audit of the financial statements, our responsibility is to review other information and consider whether other information is in significant disagreement with the financial statements or what we know in the process of auditing, or there seems to be a major misstatement.

Based on the work we have done, we should report the fact if we confirm that there are material misstatements in other information. In this regard, we have nothing to report.

V. MANAGEMENT'S AND GOVERNANCE'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Management of the Company is responsible for preparing the financial statements according to the Business Accounting Standards, and ensures its fair reflection of business position and designing, implementing and maintaining the internal control system related to producing of the Financial Statements to prevent the Financial Statements from major false presentation due to cheating or error.

In preparing the financial statements, the Management is responsible for assessing the continuing operations of the Company, disclosing matters relating to continuing operations (if applicable) and applying the going concern assumptions unless planned for liquidation, termination of operations or no other realistic choice.

The Governance is responsible for supervising the financial reporting process of the Company.

VI. RESPONSIBILITY OF CERTIFIED PUBLIC ACCOUNTANTS FOR AUDITING FINANCIAL STATEMENTS

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error and to issue the auditor's report that includes our opinion. The reasonable assurance shall be a high level of assurance. However, it shall not guarantee that a material misstatement can always be detected in the audit conducted in accordance with audit standards. Misstatements may be caused by fraud or error. Misstatements are considered significant if it is reasonably expected that they, alone or together, may affect the economic decisions made by the users of the financial statements based on the financial statements.

We exercise professional judgment and maintain professional skepticism throughout the audit in accordance with the audit standards. Meanwhile, we also carry out the following work:

- (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 audit opinion. The risk of failing to detect a material misstatement resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Understand the internal controls related to auditing to design appropriate audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal controls.
- (3) Evaluate the appropriateness of accounting policies chosen by the Management and the reasonableness of the estimates and related disclosures made by the Management
- (4) Draw conclusions on the appropriateness of the continuous operation assumption used by the Management. At the same time, based on the audit evidence obtained, conclusions can be drawn as to whether there are significant uncertainties in the matters or circumstances that have significant doubts about the continuing operations of the Company. If we conclude that there is significant uncertainty, we are required to remind the users of the related disclosures in the financial statements in our auditor's report; if the disclosures are inadequate, we shall express modified auditor's report. Our conclusion is based on the information available as of the date of the auditor's report. However, future events or circumstances may result in the Company not being able to continue to operate.
- (5) Evaluate the overall presentation, structure and contents of the financial statements, and access whether the financial statements fairly represented the underlying transactions and events.
- (6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company in order to express audit opinions on the financial statements. We are responsible for guiding, supervising and implementing the audit of the Group, and take full responsibility for audit opinions.

We will communicate with the Governance on the planned audit scope, timing and major audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provide the Management with a statement that we have complied with the relevant professional ethics on independence, and communicate with the Management on all relationships and other matters that may reasonably be thought to affect our independence and the related safeguards (if applicable).

From the matters communicated with the Management, we determine those matters that are of most significance in the audit of the financial statements in current period, which therefore constitute the key audit matters. We will describe these matters in the auditor's report, unless the laws and regulations prohibit the public disclosure of these matters; or in very few cases, if the negative consequences of a matter communicated in the auditor's report is reasonably expected to exceed the benefits in the public interest, we determine not to communicate such matter in the auditor's report.

ShineWing Certified Public Accountants
(Special General Partnership)

Chinese CPA:
(Engagement partner)

Chinese CPA:

Beijing, China

Apr. 25, 2024

II. Financial statements

Consolidated Balance Sheet

December 31, 2023

Prepared by: Kunshan Dongwei Technology Co., Ltd.

Unit: yuan Currency: RMB

Item	Note	December 31, 2023	December 31, 2022
Current assets:			
Cash and bank balance	VII, Notes 1	152,687,607.75	169,409,084.36
Provision of settlement fund			
Lendings to Banks and Other Financial Institutions			
Held-for-trading financial assets	VII, Notes 2	253,785,545.21	212,382,756.11
Financial derivative assets			
Notes receivable	VII, Notes 4	44,451,627.08	60,955,950.86
Accounts receivable	VII, Notes 5	636,011,869.72	555,556,435.73
Receivables financing	VII, Notes 7	7,357,716.16	14,283,281.00
Prepayments	VII, Notes 8	18,500,844.73	21,954,214.26
Premiums receivable			
Cession premiums receivable			
Provision of cession receivable			
Other receivables	VII, Notes 9	4,008,301.14	5,172,335.82
Including: Interests receivable			
Dividends receivable			
Redemptory monetary capital for sale			
Inventory	VII, Notes 10	411,571,981.94	374,094,322.11
Contract assets	VII, Notes 6	54,845,701.38	33,225,303.11
Held-for-sale assets			
Non-current assets due within one year			
Other current assets	VII, Notes 13	14,063,626.38	180,982.75
Total non-current assets		1,597,284,821.49	1,447,214,666.11
Non-current assets:			
Loans and advances issued			
Debt investment			
Other debt investment	VII, Notes 15	457,178,347.22	
Long-term accounts receivable			
Long-term equity investment			
Other equity instruments investment			
Other non-current financial assets			
Investment property			
Fixed assets	VII, Notes 21	227,894,516.80	153,899,861.62
Construction in progress	VII, Notes 22	89,613,917.10	63,696,092.71
Bearer biological assets			
Oil and natural gas assets			
Right-of-use asset	VII, Notes 25	6,614,625.02	8,119,614.60
Intangible assets	VII, Notes 26	73,244,026.46	72,214,802.53
R&D expenditure			
Goodwill			
Long-term deferred expenses	VII, Notes 28	1,519,251.22	2,658,284.10
Deferred income tax Assets	VII, Notes 29	26,029,650.07	17,971,980.41
Other non-current assets	VII, Notes 30	2,543,104.10	1,933,122.84
Total non-current assets		884,637,437.99	320,493,758.81
Total assets		2,481,922,259.48	1,767,708,424.92
Current liabilities:			
Short-term borrowings			

Borrowings from the Central Bank			
Borrowings from Banks and Other Financial Institutions			
Held-for-trading financial liabilities			
Financial derivative liabilities			
Notes payable	VII, Notes 35	110,657,721.71	138,124,818.71
Accounts payable	VII, Notes 36	253,096,278.18	248,006,672.76
Advances from customers			
Contract liabilities	VII, Notes 38	216,986,776.58	262,406,417.36
Financial assets Sold for repurchase			
Deposits from customers and interbank			
Funds received as agent of stock exchange			
Funds received as securities underwriting			
Employee benefits payable	VII, Notes 39	45,253,367.64	41,446,227.57
Taxes payable	VII, Notes 40	10,646,141.95	15,282,071.43
Other payables	VII, Notes 41	3,587,347.10	3,766,280.35
Including: Interests payable			
Dividends payable			
Fee and commission payable			
Cession insurance premiums payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	VII, Notes 43	3,084,280.72	3,101,782.04
Other current liabilities	VII, Notes 44	53,789,316.29	73,703,026.31
Total of current liabilities		697,101,230.17	785,837,296.53
Non-current liability:			
Provision for insurance contracts			
Long term borrowings			
Bonds payable			
Including: Preferred stock			
Perpetual bond			
Lease liability	VII, Notes 47	3,895,713.90	5,120,025.20
Long-term accounts payable			
Long-term employee benefits payable			
Estimated liabilities	VII, Notes 50	34,062,566.56	38,290,734.17
Deferred income	VII, Notes 51	7,500,000.00	
Deferred tax liabilities	VII, Notes 29	3,046,991.44	504,438.42
Other non-current liabilities			
Total of non-current liabilities		48,505,271.90	43,915,197.79
Total Liabilities		745,606,502.07	829,752,494.32
Owner's equity (or shareholders' equity):			
Paid-up capital (or equity)	VII, Notes 53	229,632,000.00	147,200,000.00
Other equity instruments			
Including: Preferred stock			
Perpetual bond			

Capital reserve	VII, Notes 55	979,576,704.75	350,306,390.81
Less: Treasury stock			
Other comprehensive income	VII, Notes 57	-1,940.06	
Special reserves			
Surplus reserve	VII, Notes 59	50,657,222.80	38,262,560.14
Provision for normal risks			
Retained earnings	VII, Notes 60	476,451,769.92	402,186,979.65
Total Owners' (Shareholders') Equity Attributable to Holding Company		1,736,315,757.41	937,955,930.60
Minority interests			
Total owner's equity (or shareholders' equity)		1,736,315,757.41	937,955,930.60
Total liabilities and owner's equity (or shareholders' equity)		2,481,922,259.48	1,767,708,424.92

Person in charge of the company: Liu Jianbo Chief accountant officer: Zhou Xiangrong Person in charge of accounts: Zhang Zuqing

Parent Company Balance Sheet

December 31, 2023

Prepared by: Kunshan Dongwei Technology Co., Ltd.

Unit: yuan Currency: RMB

Item	Note	December 31, 2023	December 31, 2022
Current assets:			
Cash and bank balance		123,985,184.20	115,712,869.09
Held-for-trading financial assets		213,648,613.78	192,192,633.33
Financial derivative assets			
Notes receivable		33,437,215.16	53,904,466.64
Accounts receivable	XIX, Notes 1	603,658,981.93	534,478,456.99
Receivables financing		5,896,414.38	11,295,997.42
Prepayments		16,920,660.79	20,438,906.59
Other receivables	XIX, Notes 2	3,163,324.35	4,135,213.06
Including: Interests receivable			
Dividends receivable			
Inventory		229,587,926.02	242,521,439.57
Contract assets		54,845,701.38	33,225,303.11
Held-for-sale assets			
Non-current assets due within one year			
Other current assets		6,352,423.17	
Total non-current assets		1,291,496,445.16	1,207,905,285.80
Non-current assets:			
Debt investment			
Other debt investment		457,178,347.22	
Long-term accounts receivable			
Long-term equity investment	XIX, Notes 3	279,669,223.93	211,500,000.00
Other equity instruments investment			
Other non-current financial			

assets			
Investment property			
Fixed assets		94,962,918.92	99,259,008.17
Construction in progress		28,176,492.06	423,489.63
Bearer biological assets			
Oil and natural gas assets			
Right-of-use asset		1,889,515.56	1,483,672.86
Intangible assets		10,721,640.42	8,696,492.53
R&D expenditure			
Goodwill			
Long-term deferred expenses		569,068.27	1,433,068.51
Deferred tax assets		19,614,021.01	15,270,331.54
Other non-current assets		1,674,025.00	407,997.91
Total non-current assets		894,455,252.39	338,474,061.15
Total assets		2,185,951,697.55	1,546,379,346.95
Current liabilities:			
Short-term borrowings			
Held-for-trading financial liabilities			
Financial derivative liabilities			
Notes payable		110,657,721.71	133,274,818.71
Accounts payable		253,090,609.80	257,509,638.01
Advances from customers			
Contract liabilities		189,313,783.31	254,685,592.75
Employee benefits payable		24,299,029.71	24,582,429.15
Taxes payable		2,923,812.00	10,653,327.75
Other payables		2,489,981.39	2,102,307.46
Including: Interests payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year		1,191,773.15	1,051,036.18
Other current liabilities		41,878,815.55	70,089,230.90
Total of current liabilities		625,845,526.62	753,948,380.91
Non-current liability:			
Long term borrowings			
Bonds payable			
Including: Preferred stock			
Perpetual bond			
Lease liability		817,849.95	452,375.05
Long-term accounts payable			
Long-term employee benefits payable			
Estimated liabilities		30,974,670.76	35,440,688.20
Deferred income			
Deferred tax liabilities		1,370,726.87	475,920.00
Other non-current liabilities			
Total of non-current liabilities		33,163,247.58	36,368,983.25
Total Liabilities		659,008,774.20	790,317,364.16
Owner's equity (or shareholders' equity):			
Paid-up capital (or equity)		229,632,000.00	147,200,000.00
Other equity instruments			
Including: Preferred stock			
Perpetual bond			

Capital reserve		979,576,704.75	350,306,390.81
Less: Treasury stock			
Other comprehensive income			
Special reserves			
Surplus reserve		50,657,222.80	38,262,560.14
Retained earnings		267,076,995.80	220,293,031.84
Total owner's equity (or shareholders' equity)		1,526,942,923.35	756,061,982.79
Total liabilities and owner's equity (or shareholders' equity)		2,185,951,697.55	1,546,379,346.95

Person in charge of the company: Liu Jianbo Chief accountant officer: Zhou Xiangrong Person in charge of accounts: Zhang Zuqing

Consolidated Income Statement

From January 2023 to December 2022

Unit: yuan Currency: RMB

Item	Note	For the year ended December 31, 2023	For the year ended December 31, 2022
I. Total operating income		909,229,904.80	1,011,726,965.10
Including: Operating income	VII, Notes 61	909,229,904.80	1,011,726,965.10
Interest income			
Insurance premiums earned			
Fee and commission income			
II. Total operating cost		732,902,929.74	787,128,630.71
Including: Operating costs	VII, Notes 61	529,937,642.55	588,176,670.56
Interest expenses			
Handling charges and commissions expenses			
Loan value			
Net payments for insurance claims			
Net Appropriation of Deposit for Duty			
Commissions on insurance policies			
Cession charges			
Tax and surcharge	VII, Notes 62	7,785,570.92	6,879,524.89
Selling and distribution expenses	VII, Notes 63	72,121,961.59	68,613,783.46
General and administrative expenses	VII, Notes 64	51,942,886.44	44,553,632.31
R & D expenses	VII, Notes 65	80,128,297.71	79,645,786.70
Financial expenses	VII, Notes 66	-9,013,429.47	-740,767.21
Including: Interest expense		380,253.86	163,528.64
Interest income		3,226,283.93	1,574,403.69
Add: Other income	VII, Notes 67	20,436,992.05	21,870,188.94
Investment income (loss expressed with "-")	VII, Notes 68	10,976,647.58	5,384,565.00
Including: Investment income from associated enterprises and joint ventures			
Derecognized revenue from financial assets measured at amortized cost			
Gain on foreign exchange transactions (loss expressed with "-")			
Net exposure hedging gains (losses expressed with "-")			
Gain or loss from changes in fair values (loss expressed with "-")	VII, Notes 70	2,297,993.69	3,302,533.89

Loss from credit impairment (loss expressed with “-”)	VII, Notes 71	-27,555,217.37	-12,155,469.30
Loss from assets impairment (loss expressed with “-”)	VII, Notes 72	-12,982,439.69	-7,517,943.79
Gain on disposal of assets (loss expressed with “-”)	VII, Notes 73	6,166.84	137,669.29
III. Operating profit (loss expressed with “-”)		169,507,118.16	235,619,878.42
Add: Non-operating income	VII, Notes 74	2,620.49	3,801.13
Less: non-operating expenditure	VII, Notes 75	445,106.68	552,672.11
IV. Total profit (total loss expressed with “-”)		169,064,631.97	235,071,007.44
Less: income tax expense	VII, Notes 76	17,637,179.04	21,753,743.85
V. Net profit (net loss expressed with “-”)		151,427,452.93	213,317,263.59
(I) Classification by the continuity of operation			
1. Net profit from continuing operations (net loss expressed with “-”)		151,427,452.93	213,317,263.59
2. Net profit from discontinued operations (net loss expressed with “-”)			
(II) Classification by ownership attribution			
1. Net profit attributed to shareholders of parent company (net loss expressed with “-”)		151,427,452.93	213,317,263.59
2. Minority interests (net loss expressed with “-”)			
VI. After-tax net income of other comprehensive incomes		-1,940.06	
(I) After-tax net income of other comprehensive incomes attributable to owners of parent company		-1,940.06	
1. Other comprehensive income which cannot be reclassified into profit or loss			
(1) Re-measure changes in defined benefit plans			
(2) Other comprehensive income that cannot be transferred to profit or loss under the equity method			
(3) Changes in fair value of other equity instruments investment			
(4) Changes in fair value of the company's own credit risk			
2. Other comprehensive income which can be reclassified into profit or loss		-1,940.06	
(1) Other comprehensive income that can be transferred to profit or loss under the equity method			
(2) Changes in fair value of other debt investments			
(3) Amount of financial assets reclassified into other comprehensive income			
(4). Provision for credit impairment of			

other debt investments			
(5) Cash flow hedge reserve			
(6) Translation difference in foreign currency financial statements	VII, Notes 76	-1,940.06	
(7) Others			
(II) After-tax net income of other comprehensive incomes attributable to minority shareholders			
VII. Total comprehensive income		151,425,512.87	213,317,263.59
(I) Total comprehensive income attributable to owners of parent company		151,425,512.87	213,317,263.59
(II) Total comprehensive income attributable to minority shareholders			
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/Share)		0.68	0.98
(II) Diluted earnings per share (RMB/Share)		0.68	0.98

In case of business merger under the same control in the current period, the net profit realized by the merged party before the merger is: RMB 0, and the net profit realized by the merged party in the previous period is: RMB 0.

Person in charge of the company: Liu Jianbo Chief accountant officer: Zhou Xiangrong Person in charge of accounts: Zhang Zuqing

Parent Company Income Statement

From January 2023 to December 2022

Unit: yuan Currency: RMB

Item	Note	For the year ended December 31, 2023	For the year ended December 31, 2022
I. Operating income	XIX, Notes 4	890,844,098.30	976,032,398.13
Less: Operating costs	XIX, Notes 4	603,793,762.86	633,847,575.02
Tax and surcharge		3,822,541.29	3,258,097.80
Selling and distribution expenses		67,328,682.69	65,595,814.76
General and administrative expenses		76,027,988.68	72,694,289.85
R & D expenses		58,012,745.34	58,449,335.75
Financial expenses		-8,424,032.05	-483,583.97
Including: Interest expense		110,726.21	49,441.06
Interest income		2,672,284.39	1,170,824.08
Add: Other income		14,741,840.16	17,748,965.78
Investment income (loss expressed with "-")	XIX, Notes 5	60,527,271.04	3,221,693.05
Including: Investment income from associated enterprises and joint ventures		-30,776.07	
Derecognized revenue from financial assets measured at amortized cost			
Net exposure hedging gains (losses expressed with "-")			
Gain or loss from changes in fair values (loss expressed with "-")		1,550,349.88	3,112,411.11
Loss from credit impairment (loss expressed with "-")		-26,134,635.07	-13,781,458.98
Loss from assets impairment (loss		-11,912,309.03	-7,304,567.87

expressed with “-”)			
Gain on disposal of assets (loss expressed with “-”)		7,059.26	543.65
II. Operating profit (loss expressed with “-”)		129,061,985.73	145,668,455.66
Add: Non-operating income		1,620.43	3,801.13
Less: non-operating expenditure		280,627.47	409,911.36
III. Total profit (loss expressed with “-”)		128,782,978.69	145,262,345.43
Less: income tax expense		4,836,352.07	14,264,728.98
IV. Net profit (net loss expressed with “-”)		123,946,626.62	130,997,616.45
(I) Net profit from continuing operations (net loss expressed with “-”)		123,946,626.62	130,997,616.45
(II) Net profit from discontinued operations (net loss expressed with “-”)			
V. After-tax net income of other comprehensive incomes			
(I) Other comprehensive income which cannot be reclassified into profit or loss			
1. Re-measure changes in defined benefit plans			
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
3. Changes in fair value of other equity instruments investment			
4. Changes in fair value of the company's own credit risk			
(II) Other comprehensive income which can be reclassified into profit or loss			
1. Other comprehensive income that can be transferred to profit or loss under the equity method			
2. Changes in fair value of other debt investments			
3. Amount of financial assets reclassified into other comprehensive income			
4. Provision for credit impairment of other debt investments			
5. Cash flow hedge reserve			
6. Translation difference in foreign currency financial statements			
7. Others			
VI. Total comprehensive income		123,946,626.62	130,997,616.45
VII. Earnings per share:			
(I) Basic earnings per share (RMB/Share)			
(II) Diluted earnings per share (RMB/Share)			

Person in charge of the company: Liu Jianbo Chief accountant officer: Zhou Xiangrong Person in charge of accounts: Zhang Zuqing

Consolidated Cash Flow Statement
From January 2023 to December 2022

Unit: yuan Currency: RMB

Item	Note	For the year ended December 31, 2023	For the year ended December 31, 2022
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		657,719,616.07	798,717,205.51
Net increase from customer deposits and interbank deposits			
Net increase from borrowings from the central bank			
Net increase in funds borrowed from other financial institutions			
Cashed received from original insurance contract premiums			
Net cash received from re-guarantee business			
Net increase from insured deposits and investments			
Cash from collection of interest, charges and commissions			
Net increase in deposit funds			
Net increase in capital for repurchase			
Net cash received from acting sale of securities			
Refund of tax and levies		8,318,758.14	18,314,727.92
Other cash received relating to operating activities	VII, Notes 78 (1)	19,460,244.74	9,279,018.84
Sub-total of cash inflow from operating activities		685,498,618.95	826,310,952.27
Cash paid for goods and services		425,251,636.83	374,736,845.89
Net increase in client loans and advances			
Net increase in central bank deposits and interbank deposits			
Cash paid for compensation for original insurance contract			
Net increase in lendings to banks and other financial institutions			
Cash paid for interest, charges and commissions			
Cash paid for policy dividend			
Cash paid to and on behalf of employees		224,166,696.69	189,550,790.41
Cash paid for taxes and surcharges		71,458,098.48	78,371,760.78
Other cash paid relating to operating activities	VII, Notes 78 (1)	44,226,975.20	53,874,030.29
Sub-total of cash outflow from operating activities		765,103,407.20	696,533,427.37

Net cash flow from operating activities		-79,604,788.25	129,777,524.90
II. Cash flows generated by investment activities:			
Cash received from return of investments	VII, Notes 78 (2)	1,319,397,403.12	1,089,063,833.33
Cash received from investment income		7,069,449.38	7,021,044.26
Loss from disposal of fixed assets, intangible assets and other long-term assets		73,587.00	232,412.00
Net cash collected			
Net cash received from disposal of subsidiaries and other business entities			
Other cash received relating to investment activities			
Sub-total of cash inflow from investment activities		1,326,540,439.50	1,096,317,289.59
Cash paid for purchase of fixed assets, intangible assets and other long-term assets		99,993,127.07	157,619,505.54
Cash paid for investment	VII, Notes 78 (2)	1,811,773,347.55	1,045,671,694.44
Net increase in loans pledged			
Net cash paid for the acquisition of subsidiaries and other business entities			
Other cash paid relating to investment activities			
Sub-total of cash outflow from investment activities		1,911,766,474.62	1,203,291,199.98
Net Cash Flows from Investing Activities		-585,226,035.12	-106,973,910.39
III. Cash flows generated by financing activities:			
Cash received from investment absorption		726,750,007.91	
Including: Cash received by subsidiaries from minority shareholders			
Cash received from borrowings			
Other cash received relating to financing activities			
Sub-total of cash inflow from financing activities		726,750,007.91	
Cash paid for debt repayment			
Cash paid for distribution of dividends and profits or payment of interest		64,768,000.00	44,160,000.00
Including: dividends and profit paid by subsidiaries for minority shareholders,			
Other cash paid relating to financing activities	VII, Notes 78 (3)	19,003,573.02	1,018,792.50
Sub-total of cash outflow from financing activities		83,771,573.02	45,178,792.50
Net Cash Flows from Financing		642,978,434.89	-45,178,792.50

Activities			
IV. Impact of exchange rate changes on cash and cash equivalents		4,680,911.87	852,425.49
V. Net increase in cash and cash equivalents		-17,171,476.61	-21,522,752.50
Add: Cash and cash equivalents at the beginning of the period		169,409,084.36	190,931,836.86
VI. Balance of cash and cash equivalents at ending of period		152,237,607.75	169,409,084.36

Person in charge of the company: Liu Jianbo Chief accountant officer: Zhou Xiangrong Person in charge of accounts: Zhang Zuqing

Parent Company Cash Flow Statement

From January 2023 to December 2022

Unit: yuan Currency: RMB

Item	Note	For the year ended December 31, 2023	For the year ended December 31, 2022
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		627,363,782.31	768,228,829.42
Refund of tax and levies		7,963,666.10	18,314,727.92
Other cash received relating to operating activities		7,477,567.94	4,433,802.36
Sub-total of cash inflow from operating activities		642,805,016.35	790,977,359.70
Cash paid for goods and services		555,657,416.57	506,648,565.74
Cash paid to and on behalf of employees		130,905,949.52	98,236,843.81
Cash paid for taxes and surcharges		41,809,126.79	43,475,261.19
Other cash paid relating to operating activities		35,823,027.92	38,949,403.31
Sub-total of cash outflow from operating activities		764,195,520.80	687,310,074.05
Net cash flow from operating activities		-121,390,504.45	103,667,285.65
II. Cash flows generated by investment activities:			
Cash received from return of investments		1,099,397,403.12	889,455,374.20
Cash received from investment income		55,850,013.75	5,587,222.33
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		60,500.00	42,412.00
Net cash received from disposal of subsidiaries and other business entities			
Other cash received relating to investment activities			
Sub-total of cash inflow from investment activities		1,155,307,916.87	895,085,008.53
Cash paid for purchase of fixed assets, intangible assets and other long-term assets		35,480,764.80	28,017,380.53

Cash paid for investment		1,639,973,347.55	942,171,694.44
Net cash paid for the acquisition of subsidiaries and other business entities			
Other cash paid relating to investment activities			
Sub-total of cash outflow from investment activities		1,675,454,112.35	970,189,074.97
Net Cash Flows from Investing Activities		-520,146,195.48	-75,104,066.44
III. Cash flows generated by financing activities:			
Cash received from investment absorption		726,750,007.91	
Cash received from borrowings			
Other cash received relating to financing activities			
Sub-total of cash inflow from financing activities		726,750,007.91	
Cash paid for debt repayment			
Cash paid for distribution of dividends and profits or payment of interest		64,768,000.00	44,160,000.00
Other cash paid relating to financing activities		17,066,862.68	269,932.50
Sub-total of cash outflow from financing activities		81,834,862.68	44,429,932.50
Net Cash Flows from Financing Activities		644,915,145.23	-44,429,932.50
IV. Impact of exchange rate changes on cash and cash equivalents		4,443,869.81	852,425.49
V. Net increase in cash and cash equivalents		7,822,315.11	-15,014,287.80
Add: Cash and cash equivalents at the beginning of the period		115,712,869.09	130,727,156.89
VI. Balance of cash and cash equivalents at ending of period		123,535,184.20	115,712,869.09

Person in charge of the company: Liu Jianbo Chief accountant officer: Zhou Xiangrong Person in charge of accounts: Zhang Zuqing

Consolidated Statement of Changes in Equity
From January 2023 to December 2022

Unit: yuan Currency: RMB

Item	For the year ended December 31, 2023													
	Owners' Equity Attributable to Holding Company												Minor ity interes ts	Total owners' equity
	Paid-up capital (or equity)	Other equity instruments			Capital reserve	Less: Treas ury stock	Other comprehen sive income	Speci al reserv es	Surplus reserve	Provisi on for normal risks	Retained earnings	Othe rs	Sub-total	
I. Closing balance of previous year	147,200,00 0.00				350,306,39 0.81				38,262,26 4.06		402,167,82 4.11		937,936,478. 98	937,936,478. 98
Add: Change in accounting policies									296.08		19,155.54		19,451.62	19,451.62
Correction of prior errors														
Others														
II. Opening balance of current year	147,200,00 0.00				350,306,39 0.81				38,262,56 0.14		402,186,97 9.65		937,955,930. 60	937,955,930. 60
III. Amount of increase or decrease in current period (decrease expressed with "-")	82,432,000. 00				629,270,31 3.94		-1,940.06		12,394,66 2.66		74,264,790. 27		798,359,826. 81	798,359,826. 81
(I) Total comprehen							-1,940.06				151,427,45 2.93		151,425,512. 87	151,425,512. 87

sive income															
(II) Capital contribution and reduction from owners	11,776,000.00				699,926,313.94								711,702,313.94		711,702,313.94
1. Ordinary shares invested by the owner	11,776,000.00				699,926,313.94								711,702,313.94		711,702,313.94
2. Capital contribution from holders of other equity instruments															
3. Amount of share-based payment added to owners' equity															
4. Others															
(III) Profit distribution									12,394,662.66		-77,162,662.66		-64,768,000.00		-64,768,000.00
1. Appropriation of surplus reserves									12,394,662.66		-12,394,662.66				
2. Appropriation of general risk															

provision															
3. Distribution to owners (shareholders)											-64,768,000.00		-64,768,000.00		-64,768,000.00
4. Others															
(IV) Internal carry-forward of shareholders' equity	70,656,000.00				-70,656,000.00										
1. Capital reserve transferred to paid-in capital (or equity)	70,656,000.00				-70,656,000.00										
2. Surplus reserve transferred to paid-in capital (or equity)															
3. Surplus reserve for making up losses															
4. Carry-over retained earnings for changes in defined benefit															

plan															
5. Carry-over retained earnings for other comprehensive income															
6. Others															
(V) Special reserve															
1. Withdrawal in current period															
2. Use in current period															
(VI) Others															
IV. Closing balance of current period	229,632,00 0.00				979,576,70 4.75		-1,940.06		50,657,22 2.80		476,451,76 9.92		1,736,315,75 7.41		1,736,315,75 7.41

Item	For the year ended December 31, 2022														
	Owners' Equity Attributable to Holding Company													Minor ity inter ests	Total owners' equity
	Paid-up capital (or equity)	Other equity instruments			Capital reserve	Less: Treasu ry stock	Other comprehen sive income	Speci al reserv es	Surplus reserve	Provisi on for normal risks	Retained earnings	Othe rs	Sub-total		
I. Closing balance of previous year	147,200,00 0.00				350,306,39 0.81				25,162,79 8.49		246,129,47 7.71		768,798,66 7.01		768,798,66 7.01
Add: Change in															

accounting policies															
Correction of prior errors															
Others															
II. Opening balance of current year	147,200,00 0.00				350,306,39 0.81				25,162,79 8.49		246,129,47 7.71		768,798,66 7.01		768,798,66 7.01
III. Amount of increase or decrease in current period (decrease expressed with "-")									13,099,76 1.65		156,057,50 1.94		169,157,26 3.59		169,157,26 3.59
(I) Total comprehensive income											213,317,26 3.59		213,317,26 3.59		213,317,26 3.59
(II) Capital contribution and reduction from owners															
1. Ordinary shares invested by the owner															
2. Capital contribution from holders of other equity instruments															
3. Amount of															

share-based payment added to owners' equity															
4. Others															
(III) Profit distribution								13,099,761.65		-57,259,761.65		-44,160,000.00		-44,160,000.00	
1. Appropriation of surplus reserves								13,099,761.65		-13,099,761.65					
2. Appropriation of general risk provision															
3. Distribution to owners (shareholders)										-44,160,000.00		-44,160,000.00		-44,160,000.00	
4. Others															
(IV) Internal carry-forward of shareholders' equity															
1. Capital reserve transferred to paid-in capital (or equity)															
2. Surplus reserve transferred to paid-in capital (or equity)															

3. Surplus reserve for making up losses															
4. Carry-over retained earnings for changes in defined benefit plan															
5. Carry-over retained earnings for other comprehensive income															
6. Others															
(V) Special reserve															
1. Withdrawal in current period															
2. Use in current period															
(VI) Others															
IV. Closing balance of current period	147,200,000.00				350,306,390.81				38,262,560.14		402,186,979.65		937,955,930.60		937,955,930.60

Person in charge of the company: Liu Jianbo Chief accountant officer: Zhou Xiangrong Person in charge of accounts: Zhang Zuqing

Parent Company Statement of Changes in Equity
From January 2023 to December 2022

Unit: yuan Currency: RMB

Item	For the year ended December 31, 2023										
	Paid-up capital (or equity)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Total owners' equity
		Pref erre d stoc k	Perpetual bond	Oth ers							
I. Closing balance of previous year	147,200,000.00				350,306,390.81				38,262,264.06	220,290,367.16	756,059,022.03
Add: Change in accounting policies									296.08	2,664.68	2,960.76
Correction of prior errors											
Others											
II. Opening balance of current year	147,200,000.00				350,306,390.81				38,262,560.14	220,293,031.84	756,061,982.79
III. Amount of increase or decrease in current period (decrease expressed with "-")	82,432,000.00				629,270,313.94				12,394,662.66	46,783,963.96	770,880,940.56
(I) Total comprehensive income										123,946,626.62	123,946,626.62
(II) Capital contribution and reduction from owners	11,776,000.00				699,926,313.94						711,702,313.94
1. Ordinary shares invested by the owner	11,776,000.00				699,926,313.94						711,702,313.94
2. Capital contribution from holders of other equity instruments											
3. Amount of share-based payment added to owners' equity											
4. Others											
(III) Profit distribution									12,394,662.66	-77,162,662.66	-64,768,000.00
1. Appropriation of surplus reserves									12,394,662.66	-12,394,662.66	

2. Distribution to owners (shareholders)										-64,768,000.00	-64,768,000.00
3. Others											
(IV) Internal carry-forward of shareholders' equity	70,656,000.00				-70,656,000.00						
1. Capital reserve transferred to paid-in capital (or equity)	70,656,000.00				-70,656,000.00						
2. Surplus reserve transferred to paid-in capital (or equity)											
3. Surplus reserve for making up losses											
4. Carry-over retained earnings for changes in defined benefit plan											
5. Carry-over retained earnings for other comprehensive income											
6. Others											
(V) Special reserve											
1. Withdrawal in current period											
2. Use in current period											
(VI) Others											
IV. Closing balance of current period	229,632,000.00				979,576,704.75				50,657,222.80	267,076,995.80	1,526,942,923.35

Item	For the year ended December 31, 2022										
	Paid-up capital (or equity)	Other equity instruments			Capital reserve	Less: Treasury stock	Other comprehensive income	Special reserves	Surplus reserve	Retained earnings	Total owners' equity
		Preferred stock	Perpetual bond	Others							
I. Closing balance of previous year	147,200,000.00				350,306,390.81				25,162,798.49	146,555,177.04	669,224,366.34
Add: Change in accounting policies											
Correction of prior errors											
Others											
II. Opening balance of current year	147,200,000.00				350,306,390.81				25,162,798.49	146,555,177.04	669,224,366.34

III. Amount of increase or decrease in current period (decrease expressed with "-")									13,099,76 1.65	73,737,85 4.80	86,837,616 .45
(I) Total comprehensive income										130,997,6 16.45	130,997,61 6.45
(II) Capital contribution and reduction from owners											
1. Ordinary shares invested by the owner											
2. Capital contribution from holders of other equity instruments											
3. Amount of share-based payment added to owners' equity											
4. Others											
(III) Profit distribution									13,099,76 1.65	-57,259,76 1.65	-44,160,00 0.00
1. Appropriation of surplus reserves									13,099,76 1.65	-13,099,76 1.65	
2. Distribution to owners (shareholders)										-44,160,00 0.00	-44,160,00 0.00
3. Others											
(IV) Internal carry-forward of shareholders' equity											
1. Capital reserve transferred to paid-in capital (or equity)											
2. Surplus reserve transferred to paid-in capital (or equity)											
3. Surplus reserve for making up losses											
4. Carry-over retained earnings for changes in defined benefit plan											
5. Carry-over retained earnings for other comprehensive income											
6. Others											
(V) Special reserve											
1. Withdrawal in current											

period											
2. Use in current period											
(VI) Others											
IV. Closing balance of current period	147,200,000.00				350,306,390.81				38,262,560.14	220,293,031.84	756,061,982.79

Person in charge of the company: Liu Jianbo Chief accountant officer: Zhou Xiangrong Person in charge of accounts: Zhang Zuqing

III. Basic information of the Company

1. Company Overview

√Applicable □Not applicable

Kunshan Dongwei Technology Co., Ltd. (hereinafter referred to as the “Company”, “the Company” or “Dongwei Technology”), formerly known as Kunshan Dongwei Machinery Co., Ltd., obtained the “Enterprise Legal Person Business License *registration number 3205832114100) issued by Suzhou Kunshan Administration for Industry and Commerce on December 29, 2005. The registration number is 3205832114100. The company's registered capital is RMB 500,000.00, of which Liu Jianbo contributed RMB 265,000.00, accounting for 53.00%, Jiang Zejun contributed RMB 37,500.00, accounting for 7.50%, Chen Shihua contributed RMB 30,000.00, accounting for 6.00%, Li Yangzhao contributed RMB 30,000.00, accounting for 6.00%, Cheng Yipeng contributed RMB 30,000.00, accounting for 6.00%, Wei Yongjun contributed RMB 25,000.00, accounting for 5.00%. Li Saiping contributed RMB 22,500.00, accounting for 4.50%, Nie Xiaojian contributed RMB 20,000.00, accounting for 4.00%, Dong Wenzhe contributed RMB 15,000.00, accounting for 3.00%, Li Yinggao contributed RMB 15,000.00, accounting for 3.00%, and Li Xinggen contributed RMB 10,000.00, accounting for 2.00%.

According to the resolution of the Company's shareholders assembly on June 19, 2006, Liu Jianbo transferred its 3.00% equity of the Company to Chen Yijun. The equity transfer was registered with the industrial and commercial authorities on July 5, 2006.

According to the resolution of the Shareholders General Assembly on January 30, 2007, the company name was changed to “Kunshan Dongwei Electroplating Equipment Technology Co., Ltd.”. The name change was registered with the industrial and commercial authorities on February 9, 2007.

According to the resolution of the Company's shareholders assembly on July 13, 2007, Dong Wenzhe transferred its 3.00% equity of the Company to Dai Hongyan. The equity transfer was registered with the industrial and commercial authorities on July 30, 2007.

According to the resolution of the Company's shareholders assembly on August 8, 2007, Li Saiping transferred its 4.50% equity of the Company to Liu Jianbo, Jiang Zejun, Chen Shihua, Li Yangzhao, Cheng Yipeng, Wei Yongjun, Nie Xiaojian, Dai Hongyan, Li Yinggao, Chen Yijun and Li Xinggen. After the equity transfer, Liu Jianbo contributed RMB 261,780.00, accounting for 52.37%, Jiang Zejun contributed RMB 39,267.00, accounting for 7.85%, Chen Shihua contributed RMB 31,413.50, accounting for 6.28%, Li Yangzhao contributed RMB 31,413.50, accounting for 6.28%, Cheng Yipeng contributed RMB 31,413.50, accounting for 6.28%, Wei Yongjun contributed RMB 26,178.00, accounting for 5.24%, Nie Xiaojian contributed RMB 20,942.50, accounting for 4.19%, Dai Hongyan contributed RMB 15,707.00, accounting for 3.14%, Li Yinggao contributed RMB 15,707.00, accounting for 3.14%, Chen Yijun contributed RMB 15,707.00, accounting for 3.14%, and Li Xinggen contributed RMB 10,471.00, accounting for 2.09%. The equity transfer was registered with the industrial and commercial authorities on August 16, 2007.

According to the resolution of the Company's shareholders assembly on September 9, 2007, Jiang Zejun, Chen Shihua, and Dai Hongyan respectively transferred their 7.85%, 6.28%, and 3.14% equity of the Company to Liu Jianbo, Li Yangzhao, Cheng Yipeng, Wei Yongjun, Nie Xiaojian, Li Yinggao, Chen Yijun, and Li Xinggen, and each shareholder was transferred according to their shareholding ratio. After the equity transfer, shareholder Liu Jianbo contributed RMB 316,455.60, accounting for 63.30%, Li Yangzhao contributed RMB 37,974.55, accounting for 7.59%, Cheng Yipeng contributed RMB 37,974.55, accounting for 7.59%, Wei Yongjun contributed RMB 31,645.55, accounting for 6.33%, Nie Xiaojian contributed RMB 25,316.55, accounting for 5.06%, Li Yinggao contributed RMB 18,987.60, accounting for 3.80%, Chen Yijun contributed RMB 18,987.60, accounting for 3.80%, and Li Xinggen contributed RMB 12,658.00, accounting for 2.53%. The equity transfer was registered with the industrial and commercial authorities on October 16, 2007.

According to the resolution of the Company's shareholders assembly on November 28, 2007, Li Yinggao transferred its 3.80% equity of the Company to Liu Jianbo. The equity transfer was registered with the industrial and commercial authorities on January 20, 2008.

According to the resolution of the Company's shareholders assembly on April 28, 2012, Liu Jianbo transferred his 2.00% equity of the Company to Jiang Zejun; The registered capital of the Company has been increased to RMB 3,000,000.00, and the newly increased registered capital shall be subscribed by the Company's shareholders in proportion to their shareholding. After the equity transfer and capital increase, Liu Jianbo contributed RMB 1,952,659.20, accounting for 65.10%, Li Yangzhao contributed RMB 227,847.30, accounting for 7.59%, Cheng Yipeng contributed RMB 227,847.30, accounting for

7.59%, Wei Yongjun contributed RMB 189,873.30, accounting for 6.33%, and Nie Xiaojian contributed RMB 151,899.30, accounting for 5.06%, Chen Yijun contributed RMB 113,925.60, accounting for 3.80%, Li Xinggen contributed RMB 75,948.00, accounting for 2.53%, and Jiang Zejun contributed RMB 60,000.00, accounting for 2.00%. The equity transfer was registered with the industrial and commercial authorities on May 31, 2012.

According to the resolution of the Company's shareholders assembly on October 22, 2012, Cheng Yipeng transferred its 7.59% equity of the Company to Xie Yulong. The equity transfer was registered with the industrial and commercial authorities on November 7, 2012.

According to the resolution of the Company's shareholders assembly on May 22, 2015, the Company's registered capital was increased to 10,000,000.00, and the newly added registered capital was subscribed by Liu Jianbo for RMB 3,262,569.92, Nie Xiaojian for RMB 308,401.61, Wei Yongjun for RMB 264,672.15, Li Yangzhao for RMB 462,599.06, Xie Yulong for RMB 583,427.25, Li Xinggen for RMB 63,288.36, Chen Yijun for RMB 176,758.04, Jiang Zejun for RMB 239,192.70, Zhang Weizhong for RMB 90,909.09, Shi Guowei for RMB 181,818.18, Zhong Jincai for RMB 90,909.09, Xia Mingkai for RMB 90,909.09, Liu Tao for RMB 90,909.09, Jiang Jinli for RMB 27,272.73, Li Shuangfang for RMB 27,272.73, Xiao Zhiguo for RMB 909,090.91, Tan Ruishan for RMB 100,000.00, and Luo Donghua for RMB 30,000.00. After the capital increase, Liu Jianbo contributed RMB 5,215,229.12, accounting for 52.16%, Xiao Zhiguo contributed RMB 909,090.91, accounting for 9.09%, Xie Yulong contributed RMB 811,274.55, accounting for 8.11%, Li Yangzhao contributed RMB 690,446.36, accounting for 6.90%, Nie Xiaojian contributed RMB 460,300.91, accounting for 4.60%, Wei Yongjun contributed RMB 454,545.45, accounting for 4.55%, Jiang Zejun contributed RMB 299,192.70, accounting for 2.99%, Chen Yijun contributed RMB 290,683.64, accounting for 2.91%, Shi Guowei contributed RMB 181,818.18, accounting for 1.82%, Li Xinggen contributed RMB 139,236.36, accounting for 1.39%, Tan Ruishan contributed RMB 100,000.00, accounting for 1.00%, Zhang Weizhong contributed RMB 90,909.09, accounting for 0.91%, Zhong Jincai contributed RMB 90,909.09, accounting for 0.91%, Xia Mingkai contributed RMB 90,909.09, accounting for 0.91%, Liu Tao contributed RMB 90,909.09, accounting for 0.91%, Luo Donghua contributed RMB 30,000.00, accounting for 0.30%, Li Shuangfang contributed RMB 27,272.73, accounting for 0.27%, Zhu Jinping contributed RMB 20,000.00, accounting for 0.20%, Jiang Jinli contributed RMB 27,272.73, accounting for 0.27%, and Li Shuangfang contributed RMB 27,272.73, accounting for 0.27%. The equity capital increase was registered with the industrial and commercial authorities on June 4, 2015.

According to the resolution of the Company's shareholders assembly on May 6, 2017, Liu Jianbo, Nie Xiaojian, Wei Yongjun, Li Yangzhao, Xie Yulong, Shi Guowei, Li Xinggen, Chen Yijun, Jiang Zejun, Xia Mingkai, Liu Tao, Jiang Jinli, Xiao Zhiguo, and Tan Ruishan transferred equity to 9 people (companies) including Kunshan Fangfang Yuanyuan Enterprise Management Center (Limited Partnership), Kunshan Jiayue Jiayue Enterprise Management Center (Limited Partnership), Chen Yuan and Tu Shihua. After the equity transfer, Liu Jianbo contributed RMB 4,760,000.02, accounting for 47.60%, Xiao Zhiguo contributed RMB 813,990.91, accounting for 8.14%, Kunshan Fangfangyuan Enterprise Management Center (Limited Partnership) contributed RMB 647,229.10, accounting for 6.47%, Xie Yulong contributed RMB 586,374.55, accounting for 5.86%, Li Yangzhao contributed RMB 533,446.36, accounting for 5.33%, Wei Yongjun contributed RMB 414,545.45, accounting for 4.15%, Nie Xiaojian contributed RMB 400,300.91, accounting for 4.00%, Shi Guowei contributed RMB 281,818.18, accounting for 2.82%, Jiang Zejun contributed RMB 249,192.70, accounting for 2.49%, Chen Yijun contributed RMB 240,683.64, accounting for 2.41%, Zhong Jincai contributed RMB 150,909.09, accounting for 1.51%, Li Xinggen contributed RMB 119,236.36, accounting for 1.19%, Kunshan Jiayue Jiayue Enterprise Management Center (Limited Partnership) contributed RMB 114,000.00, accounting for 1.14%, Chen Yuan contributed RMB 100,000.00, accounting for 1.00%, Zhang Weizhong contributed RMB 90,909.09, accounting for 0.91%, Liu Tao contributed RMB 80,909.09, accounting for 0.81%, Wu Tianxiang contributed RMB 74,500.00, accounting for 0.75%, Tu Shihua contributed RMB 70,000.00, accounting for 0.70%, Shao Wenqing contributed RMB 60,000.00, accounting for 0.60%, Xia Mingkai contributed RMB 50,909.09, accounting for 0.51%, Zhang Jun contributed RMB 40,000.00, accounting for 0.40%, Luo Donghua contributed RMB 30,000.00, accounting for 0.30%, Li Shuangfang contributed RMB 27,272.73, accounting for 0.27%, Zhu Jinping contributed RMB 20,000.00, accounting for 0.20%, Xu Zhiguang contributed RMB 20,000.00, accounting for 0.20%, Jiang Jinli contributed RMB 17,272.73, accounting for 0.17%, and Zhang Zhen contributed RMB 6,500.00, accounting for 0.07%. The equity transfer was registered with the industrial and commercial authorities on August 18, 2017.

According to the resolution of the Company's shareholders assembly on February 25, 2019, Chen Yuan transferred its 0.80% equity of the Company to Kunshan Jiayue Jiayue Enterprise Management Center (Limited Partnership). The equity transfer was registered with the industrial and commercial authorities on February 27, 2019.

According to the resolution of the Shareholders General Assembly of the limited company on April 30, 2019, the limited company was changed into a joint stock company limited as a whole. The shareholding ratio of each shareholder remained unchanged before and after the change. Based on the audited and evaluated net assets of the limited company as of February 28, 2019, the shares held by the shareholders were converted into the share capital of the joint stock company limited based on the proportion of each shareholder's equity in the limited company. After the application for change, the registered capital of the Company was RMB 100,000,000.00, and the company name was changed to Kunshan Dongwei Technology Co., Ltd.

On June 12, 2019, in accordance with the resolutions of the Company's meeting of the shareholders assembly and the revised articles of association, the Company applied to increase its registered capital by RMB 1,733,333.00, in which, Zhang Zhen subscribed RMB 135,000.00, Zhou Xiangrong subscribed RMB 800,000.00, Qin Yifa subscribed RMB 798,333.00, and the changed registered capital was RMB 101,733,333.00. The equity change was registered with the industrial and commercial authorities on July 11, 2019.

On July 26, 2019, in accordance with the resolutions of the Company's meeting of the shareholders assembly and the revised articles of association, the Company applied to increase its registered capital by RMB 8,666,667.00, in which, Suzhou International Development Xinxing Phase II Venture Capital Partnership (Limited partnership) subscribed RMB 4,000,000.00, Ningbo Yuxi Investment Management Partnership (Limited partnership) subscribed RMB 333,334.00, Kunshan Yuqiao Yongji Venture Capital Partnership (Limited partnership) subscribed RMB 1,333,333.00 yuan, and the registered capital after the change was RMB 110,400,000.00. Of which: Liu Jianbo contributed RMB 47,600,000.00, accounting for 43.12% of the registered capital after the change; Xiao Zhiguo contributed RMB 8,139,909.00, accounting for 7.37% of the registered capital after the change; Kunshan Fangfang Yuanyuan Enterprise Management Center (Limited Partnership) contributed RMB 6,472,290.00, accounting for 5.86% of the registered capital after the change; Xie Yulong contributed RMB 5,863,746.00, accounting for 5.31% of the registered capital after the change; Li Yangzhao contributed RMB 5,334,464.00, accounting for 4.83% of the registered capital after the change; Wei Yongjun contributed RMB 4,145,455.00, accounting for 3.75% of the registered capital after the change; Nie Xiaojian contributed RMB 4,003,009.00, accounting for 3.63% of the registered capital after the change; Shi Guowei contributed RMB 2,818,182.00, accounting for 2.55% of the registered capital after the change; Jiang Zejun contributed RMB 2,491,927.00, accounting for 2.26% of the registered capital after the change; Chen Yijun contributed RMB 2,406,836.00, accounting for 2.18% of the registered capital after the change; Zhong Jincai contributed RMB 1,509,091.00, accounting for 1.37% of the registered capital after the change; Li Xinggen contributed RMB 1,192,364.00, accounting for 1.08% of the registered capital after the change; Kunshan Jiayue Jiayue Enterprise Management Center (Limited Partnership) contributed RMB 1,940,000.00, accounting for 1.76% of the registered capital after the change; Chen Yuan contributed RMB 200,000.00, accounting for 0.18% of the registered capital after the change; Zhang Weizhong contributed RMB 909,091.00, accounting for 0.82% of the registered capital after the change; Liu Tao contributed RMB 809,091.00, accounting for 0.73% of the registered capital after the change; Wu Tianxiang contributed RMB 745,000.00, accounting for 0.67% of the registered capital after the change; Tu Shihua contributed RMB 700,000.00, accounting for 0.63% of the registered capital after the change; Shao Wenqing contributed RMB 600,000.00, accounting for 0.54% of the registered capital after the change; Xia Mingkai contributed RMB 509,091.00, accounting for 0.46% of the registered capital after the change; Zhang Jun contributed RMB 400,000.00, accounting for 0.36% of the registered capital after the change; Luo Donghua contributed RMB 300,000.00, accounting for 0.27% of the registered capital after the change; Li Shuangfang contributed RMB 272,727.00, accounting for 0.25% of the registered capital after the change; Zhu Jinping contributed RMB 200,000.00, accounting for 0.18% of the registered capital after the change; Xu Zhiguang contributed RMB 200,000.00, accounting for 0.18% of the registered capital after the change; Jiang Jinli contributed RMB 172,727.00, accounting for 0.16% of the registered capital after the change; Zhang Zhen contributed RMB 200,000.00, accounting for 0.18% of the registered capital after the change; Zhou Xiangrong contributed RMB 800,000.00, accounting for 0.72% of the registered capital after the change; Qin Yifa contributed RMB 798,333.00, accounting for 0.72% of the registered capital after the change;

Suzhou International Development Xinxing Phase II Venture Capital Partnership (Limited Partnership) contributed RMB 4,000,000.00, accounting for 3.62% of the registered capital after the change; Ningbo Yuxi Investment Management Partnership (Limited Partnership) contributed RMB 3,333,334.00, accounting for 3.02% of the registered capital after the change; Kunshan Yuqiao Yongji Venture Capital Partnership (Limited Partnership) contributed RMB 1,333,333.00, accounting for 1.21% of the registered capital after the change. The equity change was registered with the industrial and commercial authorities on July 31, 2019.

In accordance with the Reply on Approval of the Registration of Initial Public Offering of Shares of Kunshan Dongwei Technology Co., Ltd. issued by the China Securities Regulatory Commission (ZJXX [2021] No. 1585), the Company publicly offered 36.8 million ordinary shares (A shares) in June 2021, with a par value of RMB 1 per share. The stock abbreviation is “Dongwei Technology” and the stock code is “688700”. After the offering, the Company’s share capital was changed to RMB 147,200,000.

In accordance with the resolution of the Meeting of Shareholders General Assembly 2022 held on April 28, 2023 and the amended articles of association, the Company converted a total of 70,656,000 shares with a par value of RMB 1.00 per share to all shareholders through the capital reserve fund at the ratio of 4.8 shares for every 10 shares. The total increase in share capital was RMB 70,656,000.00. The total share capital of the Company increased to RMB 217,856,000.

Pursuant to the seventh meeting of the second board of directors of the Company held on December 12, 2022 and the first meeting of shareholders assembly in 2022 held on December 28, 2022, the Proposal on the Issuance of GDR by the Company and Listing on the Swiss Stock Exchange and Conversion into an Overseas Limited Liability Company and the Proposal on the Issuance of GDR by the Company and Listing on the Swiss Stock Exchange, Reply on Approval of Initial Public Offering of Global Depositary Receipts and Listing on the Swiss Stock Exchange of Kunshan Dongwei Technology Co., Ltd. issued by the China Securities Regulatory Commission on March 20, 2023 (ZJXX [2023] No. 608), the new underlying A-shares represented by the Company’s global depositary receipts (hereinafter referred to as “GDR”) will not exceed 11,776,000 shares, including securities issued due to the exercise of any over-allotment option (if any), which do not exceed 8% of the total share capital of the Company’s ordinary shares prior to this issue. On June 13, 2023 (Swiss time), the global depositary receipts (hereinafter referred to as “GDR”) issued by the Company were listed on the Swiss Stock Exchange (full name of GDR securities: Kunshan Dongwei Technology Co., Ltd. GDR, and GDR listing code: KUDO). The issue price of GDR is \$17.80 per share, and a total of 5,888,000 GDRS are issued, and the corresponding new underlying securities are 11,776,000 A-shares of the Company. After the listing of the new underlying A-shares, the total share capital of the Company was changed to 229,632,000 shares. The above equity change was registered with the industrial and commercial authorities on July 26, 2023.

The Company is located at No. 505, Dongding Road, Bacheng Town, Kunshan City, Unified Social Credit Code: 913205837820996571.

The Company is engaged in the manufacturing of special equipment.

The business scope of the Company includes technology development, technical services, technical consulting, technology transfer, and related equipment maintenance in the field of mechanical equipment; production and sales of electroplating equipment and automated production equipment; development, sales, and after-sales service of embedded software for automation control equipment; installation and maintenance of mechanical equipment; sales of equipment parts and consumables; import and export business of self-operated and agency goods and technology.

The Company’s actual controller is Liu Jianbo.

The financial statements have been approved and reported by the Board of Directors resolution on April 25, 2024.

IV. Basis of preparation of financial statements

1. Basis of preparation

The financial statements of the Group are prepared based on actual transactions and events, in accordance with the "Enterprise Accounting Standards" and its application guidelines, interpretations, and other relevant regulations issued by the Ministry of Finance (hereinafter referred to as the "Enterprise Accounting Standards"), as well as the disclosure regulations of the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") No. 15 General Provisions on Financial Reporting for Companies Issuing Securities to the Public (revised in 2023).

2. Going concern

☒Applicable ☐Not applicable

Based on the evaluation of continuous operating capacity for 12 months from December 31, 2023, the Group found no matters or circumstances that raised significant doubts about the continuous operating capacity. The financial statements are presented on a going concern basis.

V. Important accounting policies and accounting estimates

Tips for specific accounting policies and accounting estimates:

☒Applicable ☐Not applicable

The Company and its subsidiaries are mainly engaged in the research and development, design, production, and sales of high-end precision electroplating equipment and its supporting equipment. The Company and its subsidiaries have prepared and developed certain specific accounting policies and accounting estimates for transactions and events such as revenue recognition in accordance with the actual production and operation characteristics and pursuant to relevant accounting standards. For details, please refer to the description of Item 34 "Revenue recognition principles and measurement methods" of Note V.

1. Statement of compliance with accounting standards for business enterprises

The financial statements conform to the requirements of the Accounting Standards for Business Enterprises and provide a true, accurate and complete reflection of the Company's and Group's financial position, operating results and cash flows, etc. at the close of December 31, 2023.

2. Accounting period

The accounting year of the Group starts from Jan. 1 and ends at Dec. 31 of each calendar year.

3. Business cycle

☒Applicable ☐Not applicable

Normal business cycle refers to the period from the Company purchases assets for processing to it realizes cash or cash equivalents. The Group takes 12 months as a business cycle and partition criterion of the liquidity of the assets and liabilities.

4. Recording currency

The Company and its domestic subsidiaries adopt RMB as the recording currency. Dongwei Technology (Thailand) Co., Ltd., a subsidiary of the Group, determines its recording currency based on the main economic environment in which it operates. The Group converts its financial statements into RMB using the method described in V (10) "Translation of Foreign Currency Transactions and Foreign Currency Financial Statements".

5. Determination method and selection basis for the standard of materiality

√Applicable □Not applicable

The preparation and disclosure of financial statements by the Group follows the principle of materiality. The matters disclosed in the notes to the financial statements that involve the judgment of materiality standard and the determination method and selection basis of materiality standard are as follows:

Disclosures that involve the judgment of the standard of materiality	Disclosure position of this matter in the notes to these financial statements	Determination method and selection basis for the standard of materiality
significant written-off of accounts receivable	VII.5(4)	Single amount more than RMB 1 million
Important projects under construction	VII.22	Budget amount of a single project more than RMB 10 million
Significant accounts payable with an aging of over 1 year	VII.36	Single amount more than RMB 1 million
Significant contract liabilities and other payables with an aging of over 1 year	VII. 38, VII.4	Single amount more than RMB 1 million

6. Accounting treatment method of business combination under common control and non-common control

√Applicable □Not applicable

(1) Business combination under the same control

Enterprises participating in the business combination are ultimately controlled by the same party or parties before and after the merger, and the control is not temporary, this kind of business combination shall be the one under the same control.

As a merging party, the assets and liabilities acquired by the Group under the same control of the business combination shall be measured at the book value in the consolidated statement of the ultimate controller at the combination date. If the difference between the book value of the net assets and the book value of the merger consideration paid, and the adjustment of the capital reserve; if the capital reserve is not sufficient to offset, the retained earnings shall be adjusted.

(2) Business combination not under the same control

All parties participating in the merger are not ultimately controlled by the same party or the same parties before and after the merger, and it is a business merger not under the same control.

As the acquirer, the Group's identifiable assets, liabilities and contingent liabilities of the acquiree acquired in the enterprise merger not under the same control shall be measured at fair value on the acquisition date. The cost of enterprise merger shall refer to the fair value of the cash or non-cash assets, the issued or assumed liabilities, the issued equity securities which are paid by the Group to obtain control of the acquiree on the acquisition date, and the sum of the direct related expenses (for the enterprise merger achieved through multiple transactions in a step-by-step manner, the cost of the merger shall be the sum of the costs of each individual transaction). In the case that the combination cost is

higher than the share of fair value of net identifiable assets acquired from the acquiree, the balance shall be recognized as goodwill; in the event that the combination cost is less than the share of fair value of net identifiable assets acquired from the acquiree at the acquisition date, the fair value of the identifiable assets, liabilities and contingent liabilities acquired in the merger, and the combination cost shall be reviewed firstly; if the combination cost is still less than the share of fair value of net identifiable assets acquired from the acquiree, the balance shall be included in the current profits and losses.

7. Judgment criteria for control and preparation method of consolidated financial statements

☒Applicable ☐Not applicable

The consolidated scope of the consolidated financial statements of the Group shall be determined on the basis of control, which shall include the Company and all subsidiaries it controls over. The Group's criteria for determining control are that the Group has the power over the investee, enjoys a variable return by participating in the relevant activities of the investee, and has the ability to use the power over the investee to influence the amount of the return.

At the time of preparing the Consolidated Financial Statements, if the accounting policies or accounting periods adopted by the subsidiaries are inconsistent with those of the Company, the necessary adjustments shall be made to the financial statements of the subsidiaries in accordance with the accounting policies or accounting periods of the Company.

The effect of internal transactions between the Company and its subsidiaries and between subsidiaries on the consolidated financial statements shall be offset at the time of consolidation. The portion not attributable to the parent company in the subsidiary's owner's equity and the portion of minority equity in the current net profit or loss, other comprehensive income and total comprehensive income shall be presented separately in the "Minority Equity, Minority Interest Income, Other Comprehensive Income Attributable to Minority Shareholders" in the consolidated financial statements.

For the subsidiary acquired by merger of enterprises under the same control, its operating results and cash flows shall be included in the consolidated financial statements from the beginning of the current period of consolidation. In the preparation of comparative consolidated financial statements, the relevant items of the financial statements of the previous year shall be adjusted, and it shall be deemed that the reporting entity formed after the consolidation has been existing since the time when the ultimate controlling party began to control.

If the equity of the investee under the same control is obtained through multiple transactions and the final merger is formed, the handling method in the consolidated financial statements shall be supplemented in the reporting period in which the control is obtained. For example, for the shares in the invested organization under the same control acquired through multiple transactions step by step, finally resulting in the enterprise merger, the current status shall be deemed as existing for adjustment when the final controlling party starts to control when preparing the consolidated financial statements; when preparing the comparative statements, the relevant assets and liabilities of the merged party shall be consolidated into the comparative statements in the consolidated financial statements of the Group prior to the time point at which the Group and the merged party is put under the same control of the final controlling party, and the relevant item under the owner's equity in the comparative statement shall be adjusted for the net assets increased arising from such merger. In order to avoid double counting the

value of the net assets of the merged party, for the long-term equity investment held by the Group before the merger is reached, the changes in profit or loss, other comprehensive income and other net assets have been recognised between the date of obtaining the original equity and the date when the combined party and the combining party are under the final control of the same party, whichever is later, and the combination date, the retained earnings at the beginning of the period of the comparative report and the current profit and loss should be written off separately.

For the subsidiary acquired by merger of enterprises not under the same control, the operating results and cash flows shall be included in the consolidated financial statements from the date when the Group acquired the control. In the preparation of the consolidated financial statements, the financial statements of the subsidiaries shall be adjusted based on the fair values of the identifiable assets, liabilities and / or contingent liabilities determined on the acquisition date.

If the equity of the investee not under the same control is obtained through multiple transactions and the final merger is formed, the handling method in the consolidated financial statements shall be supplemented in the reporting period in which the control is obtained. For example, for the step-by-step acquisition of the equity of the investee under the same control through multiple transactions, when the merger is finally formed and the consolidated statement is prepared, the equities of the acquiree held before the purchase date shall be re-measured according to the fair value of the equities on the purchase date and the difference between the fair value and the book value shall be included in the investment revenues of the current period; the equity of the acquiree held before the relevant purchase date relates to other comprehensive income under the equity method and net profit and loss, other comprehensive income and Changes in other owners' equity other than profit distribution are transferred to investment gains and losses on the date of purchase, except for other comprehensive income arising from the remeasurement of the net benefit or net assets of the defined benefit plan.

The Group partly disposes the long-term equity investments in the subsidiaries when the control is not lost. In the consolidated financial statements, the capital premium or share premium shall be adjusted according to the difference between the disposal price and net asset share in the subsidiaries corresponding to the disposed long-term equity investments from the acquisition date or the combination date. If the capital reserve is insufficient for write-off, the retained earnings shall be adjusted.

In the event that the Group lost the control over the investee for disposal of part of the equity investments or other reasons, the remaining equity shall be re-calculated at the fair value on the date when the control is lost in the preparation of the consolidated financial statements. The difference between the sum of the consideration obtained from the disposal of equity and the fair value of the remaining shares and the share of net assets in the original subsidiary to be enjoyed from the acquisition date or the combination date shall be included into the investment profit and loss of the period when the control power is lost. Meanwhile, the goodwill shall be offset. Other comprehensive income related to the equity investment in the original subsidiary shall be transferred to the current investment profit and loss when the control power is lost.

When the Group has disposed of the equity investment in the subsidiaries step by step through multiple transactions until the loss of control, if all the transactions that dispose of the equity investment of the subsidiary until the loss of control belong to the package deal, such transactions shall be conducted accounting treatment as a transaction that disposes of the subsidiary and loses control. But, before the loss of control power, the difference between every disposal cost and the share of net assets of the subsidiary corresponding to the disposed investment shall be recognized as other comprehensive income in the consolidated financial statement and shall be included into the current investment profits and losses in the period when the control power is lost. If the Company disposes the equity investments in the subsidiary until the loss of control by multiple transactions and such transactions are package deals, accounting treatment shall be conducted for each transaction according to whether the control right is lost.

8. Classification of joint arrangement and accounting treatment method of joint operation

☒Applicable ☐Not applicable

The joint arrangements of the Group includes the joint operations and joint ventures. A joint operation refers to a joint arrangement in which the joint venture party enjoys the relevant assets of the arrangement and assumes the relevant liabilities of the arrangement; Joint ventures shall refer to the joint arrangement of which the joint venture party only enjoys the net assets.

For the project under the joint operation, the Group shall, as the joint venturing party in the joint operation, shall recognize the assets and liabilities held separately, as well as the assets and liabilities held and assumed according to the shares, and shall recognize the relevant incomes and expenses separately or according to the shares. In the event that he purchase and sale under the joint operation does not constitute the transaction in assets of the business, only the part of the profits and losses arising from such transaction attributable to the other participants in the joint operation shall be recognized.

9. Determination criteria on cash and cash equivalents

The Cash listed in the cash flow statement shall refer to the cash on hand and the deposits payable at any time. The cash equivalents referred to in the cash flow statement shall mean the short-term (no more than 3 months) investments with strong liquidity and little value change risk, which are readily convertible into known amount of cash.

10. Translation of foreign currency transaction and foreign currency statements

☒Applicable ☐Not applicable

(1) Foreign currency transactions

When the Group's foreign currency transactions are initially recognized, the foreign currency amount is translated into the recording currency amount using the exchange rate at the beginning of the month when the transaction occurs (usually refers to the middle price of the day's foreign exchange quotation announced by the People's Bank of China, the same below). On the balance sheet date, the foreign

currency monetary items are translated at the spot exchange rate on the balance sheet date. The translation difference generated shall be directly recognized in the current profit and loss, except for the exchange difference generated from special borrowings in foreign currency borrowed for the purchase or production of assets that meet the capitalization conditions and treated according to the principle of capitalization; the foreign currency non-monetary items measured at historical cost shall still be translated at the spot exchange rate on the date of transaction, without changing the amount of the recording currency; the foreign currency non-monetary items measured at fair value are translated using the spot rate on the determination date of fair value. The difference between the translated amount of the recording currency and the original amount of the recording currency shall be accounted for as changes in fair value (including exchange rate changes) and included in the current profit and loss; the capital invested by investors in foreign currency shall be converted at the spot rate on the date of transaction. There is no difference in the translation of foreign currency capital between the capital invested in foreign currency and the amount of the recording currency of the corresponding monetary item.

(2) Translation of foreign currency financial statements

When preparing consolidated financial statements, the Group translates the financial statements of overseas operations into RMB. Among them: the assets and liabilities in the foreign currency balance sheet shall be translated at the spot rate on the balance sheet date; among the items of owners' equity, except for the undistributed profits, other items shall be translated adopt the spot exchange rate on the date of transaction; The income and expense items in the income statement are translated at the average exchange rate of the month on the date of the transaction. The foreign currency translation differences arising from the above translation shall be presented in other comprehensive income. Foreign currency cash flows are translated at the average exchange rate of the month on the date of the transaction on the date of occurrence thereof. The impact of exchange rate changes on cash is presented separately in the Cash Flow Statement.

11. Financial Instruments

☒Applicable ☐Not applicable

(1) Recognition and de-recognition of financial instruments

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

If the following conditions are met, financial assets will be derecognised, that is, written off from their accounts and balance sheets: 1) The right to receive cash flows from the financial assets expires; 2) The right to receive the cash flow from financial assets is transferred, or the obligation to timely pay the full amount of the cash flow received to a third party under the "transfer agreement" is undertaken; and (a) almost all risks and rewards in the ownership of the financial assets are substantially transferred, or (b) although almost all risks and rewards in the ownership of the financial assets are neither transferred nor retained, the control over the financial assets is waived.

If the liability for a financial liability has been fulfilled, canceled or expired, the financial liability shall be de-recognized. If the existing financial liability is replaced by another financial liability with substantially different terms by the same creditor, or if the terms of the existing liability are substantially

modified, such replacement or modification shall be treated as the de-recognition of the original liability and recognition of the new liability, and the difference shall be included in the current profit and loss.

The financial assets available for sales in a conventional manner are in the accounting recognition and derecognition at the transaction date.

(2) Classification and measurement method of financial assets

The Group classifies the financial assets at initial recognition into the financial assets measured at amortized cost, the financial assets measured at fair value through other comprehensive income and the financial assets measured at fair value through current profit and loss based on the business model of the financial assets management and the contractual cash flow characteristics of the financial assets. All affected financial assets concerned are reclassified only if the Group changes the business model for managing financial assets.

When judging the business model, the Group considers the ways in which the Company evaluates and reports the performance of financial assets to key managers, the risks affecting the performance of financial assets and their management methods, and the way in which relevant business managers are paid, etc. When evaluating whether to collect contractual cash flow as the goal, the Group needs to analyze and judge the sales reasons, time, frequency, and value of the financial assets before the maturity date.

When judging the characteristics of contract cash flow, the Group needs to determine whether the contractual cash flow is paid only for principal and the interest based on the outstanding principal; when evaluating the correction of the time value of money, it is necessary to judge whether there is a significant difference compared with the benchmark cash flow, and whether the fair value of the prepayment characteristics is very small for the financial assets with prepayment characteristics; for financial assets with prepayment characteristics, it is necessary to judge whether the fair value of prepayment characteristics is very small, etc.

Financial assets are measured at fair value when initially recognized. However, if the accounts receivable or notes receivable from the sale of goods or the provision of services do not contain significant financing components or do not take into account the financing components not exceeding one year, the initial measurement shall be made according to the transaction price.

For financial assets measured at fair value through current profit and loss, the relevant transaction expenses shall be directly included in the current profit and loss; for other financial assets, the relevant transaction costs shall be included in the initially recognized amount.

The subsequent measurement of financial assets depends on their classifications:

1) Financial assets measured at amortized cost

Financial assets that meet the following conditions at the same time are classified as financial assets measured at amortized cost: ① The business model for managing the financial assets is aimed at collecting contractual cash flows. 2) According to the terms of the contract on the financial assets, the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding amount of principal. The Group's financial assets in this category mainly include: monetary funds, accounts receivable, notes receivable, and other receivables, etc.

2) Debt instrument investment measured at fair value through other comprehensive income

Financial assets that meet the following conditions at the same time are classified as financial assets measured at fair value through other comprehensive income: 1) the business model for managing the financial assets is aimed at both collecting contractual cash flows and selling such financial assets. 2)

According to the terms of the contract on the financial assets, the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding amount of principal. The interest income of such financial assets is recognized using the effective interest rate method. Except for interest income, impairment losses and exchange differences recognized as current gains and losses, the remaining changes in fair value are included in other comprehensive income. In the event of de-recognition of the financial assets, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income into current profit and loss. The Group's financial assets in this category mainly include receivables financing, etc.

3) Financial assets measured at fair value through current profit or loss

Except for above financial assets that are classified or designated as financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income, the Group classifies them as measured at fair value through current profit and loss of financial assets. Such financial assets shall be measured according to their fair value, and all changes in fair value shall be recorded into current profits and losses except those related to hedge accounting. The Group's financial assets in this category mainly include trading financial assets, etc.

In the event that the contingent consideration recognized by the Group in a business merger not under the same control constitutes a financial asset, such financial asset shall be classified as a financial asset measured at fair value through current profit or loss.

(3) Classification, recognition basis and measurement method of financial liabilities

Except for financial guarantee contracts signed, loan commitments for loans with interest rates lower than the market rate, and financial liabilities formed due to the transfer of financial assets not meeting the de-recognition conditions or continuing to be involved in the transferred financial assets, the financial liabilities of the Group are classified as follows at initial recognition: financial liabilities measured at fair value through profit or loss, and financial liabilities measured at amortized cost. For the financial liabilities measured at fair value with the changes included in current profit or loss, the related transaction costs are directly accounted into the current profit or loss. For financial liabilities measured at amortized cost, the related transaction costs are included in their amount of initial recognition.

The subsequent measurement of financial liabilities depends on their classifications:

1) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are subsequently measured at amortized cost by use of the effective interest method.

2) Financial liabilities at fair value through current profit or loss

The financial liabilities measured at fair value through current profit and loss (including derivatives that are financial liabilities), including the financial liabilities held for trading, and those designated as financial liabilities measured at fair value through current profit and loss at initial recognition. The financial liabilities held for trading (including derivative instruments belonging to a financial liability) are subsequently measured at fair value. Except those in relation to hedge accounting, all changes in fair

value are included in current profit and loss. For financial liabilities designated to be measured at fair value through current profit and loss, subsequent measurement shall be made at fair value. Except that the changes in the fair value caused by the changes in the Group's own credit risk are included in other comprehensive income, other changes in the fair value are included in the current profit and loss; if changes in the fair value caused by changes in the Group's own credit risks are included in other comprehensive income, which may cause or expand accounting mismatches in the profit and loss, the Group shall include all changes in the fair value (including the amount affected by changes in its own credit risks) in current profit and loss.

(4) Impairment of Financial Instruments

The Group recognizes loss reserves on the basis of expected credit losses for financial assets measured at amortized cost, claim investments measured at fair value through other comprehensive income, contract assets, lease receivables, loan commitments, and financial guarantee contracts.

The expected credit loss refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss shall refer to the difference between all contractual cash flows receivable from the contract by the Group, which are discounted at the original actual interest rate, and all cash flows expected to be received by the Company, that is, the present value of all cash shortages. When considering the method of measuring expected credit losses, the Group reflects the following elements: 1) the unbiased probability weighted average amount determined by evaluating a series of possible results; 2) the time value of money; 3) the reasonable and well-founded information about past events, status quo and future economic conditions that can be obtained on the balance sheet date without unnecessary additional costs or efforts.

The Group assesses the expected credit losses of financial instruments on an individual and portfolio basis. When assessing on a portfolio basis, the Group classifies financial instruments into different groups based on common credit risk features. The common credit risk characteristics adopted by the Group include: type of financial instrument, credit risk rating, debtor's geographical location, debtor's industry, overdue information, accounts receivable aging, etc.

The Group uses 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 judgments, estimates and all reasonable and supporting information, including forward-looking information, needs to be considered. When making these judgments and estimates, the Group infers the expected changes in the debtor's credit risk based on historical repayment data, and the economic policies, macroeconomic indicators, industry risks and other factors. Different estimates may affect the provision for impairment, and the actual provision for impairment may not be equal to the actual amount of impairment losses in the future.

1) Impairment test method of accounts receivable and contract assets

For receivables such as accounts receivable, notes receivable, receivables financing, contract assets and other receivables that do not contain significant financing components and are formed due to daily operating activities such as selling goods and providing services, etc., the Group uses a simplified measurement method to measure the loss provision based on the expected credit loss amount over the whole duration.

The Group recognizes the accounts receivable of specific customers as receivables with significant individual amounts. The Group conducts separate impairment tests on receivables with significant individual amounts.

For accounts receivable, except for those with significant individual amounts and credit impairment that have occurred, their credit losses are usually determined based on a portfolio of common credit risk characteristics, considering the elements that should be reflected in the measurement method of expected credit loss and referring to the experience of historical credit loss, the company prepares the comparison table of aging of accounts receivable and default loss rate, and calculates the expected credit loss on this basis. If a customer's credit risk characteristics are significantly different from other customers in the portfolio, or if the customer's credit risk characteristics undergo significant changes, for example, if the customer encounters serious financial difficulties and the expected credit loss rate of the accounts receivable from the customer is significantly higher than the expected credit loss rate in the aging and overdue range, the Group shall make provision for losses on a single item basis for the amounts receivable from this customer.

1) The combination category and determination basis of accounts receivable (and contract assets)

Based on the aging of accounts receivable (and contract assets), the nature of funds, credit risk exposure, historical collection and other information, the accounts receivable are grouped based on the similarity and correlation of credit risk characteristics. For accounts receivable (and contract assets), the Group determines that aging is the main influencing factor of its credit risk. Therefore, the Group evaluates its expected credit losses based on an aging portfolio. The Group recognizes the aging of accounts receivable according to the date of recognition of accounts receivable.

2) Combination category and determination basis of notes receivable (and contract assets)

Based on the common risk characteristics of the acceptor credit risk of notes receivable, the Group divides notes receivable into different combinations and determines the accounting estimation policy for expected credit losses: a. For bank acceptance bills issued by banks with higher credit ratings, the Group evaluates such funds as having lower credit risk and does not recognize the expected credit losses; b. For bank acceptance bills and commercial acceptance bills of banks with lower credit ratings, the expected loss rate shall be recognized and provision for losses shall be made by reference to the Group's policy on accounts receivable, and the combination of accounts receivable shall be the same.

(5) Recognition basis and measurement method of financial assets transfer

For financial asset transfer transactions, the Group has transferred almost all the risks and rewards in the ownership of the financial asset to the transferee, and the recognition of the financial asset is terminated; where almost all the risks and rewards in the ownership of the financial asset are retained, the recognition of the financial asset shall not be terminated; where almost all the risks and rewards in the ownership of the financial asset are neither transferred nor retained, and the control over the financial asset is abandoned, the recognition of the financial asset and the recognition of the assets and liabilities arising therefrom shall be terminated; if the control over the financial asset is not given up, the relevant financial asset shall be recognized according to the extent to which it continues to be involved in the transferred financial asset, and the relevant liability shall be recognized accordingly.

If the entire transfer of financial assets meets the derecognition criteria, the balance between the book value of transferred financial assets on the date of derecognition and the sum of consideration received from transfer and accumulated amount (the financial assets involved in the transfer also meet the following conditions: 1) The business model of managing this financial asset by the group is aimed at both collecting contract cash flows and selling the financial asset; 2) The contractual terms of this financial asset stipulate that the cash flows generated on a specific date are only for the payment of principal and interest based on the unpaid principal amount) due to changes in fair value originally recorded in other comprehensive income is accounted into the current profit or loss.

In the event that the partial transfer of financial assets meets the conditions for de-recognition, the book value of the whole transferred financial assets will be apportioned between the derecognized portion and the non-derecognized portion according to their respective fair values; the difference between the sum of the consideration received from the transfer and the amount corresponding to the derecognized part in the cumulative amount of changes in fair value originally included in other comprehensive income that should be allocated to the derecognized part (the financial assets involved in the transfer also meet the following conditions: 1) The business model of managing this financial asset by the group is aimed at both collecting contract cash flows and selling the financial asset; 2) The contractual terms of this financial asset stipulate that the cash flows generated on a specific date are only for the payment of principal and interest based on the unpaid principal amount), and the allocated book value of the above financial assets shall be included in current profit and loss.

In case of continued involvement by means of providing financial guarantee for the transferred financial assets, the assets resulting from the continued involvement shall be recognized according to the lower of the book value of the financial assets and the amount guaranteed. The financial guarantee amount is the maximum amount to be repaid in the consideration received.

(6) Distinction and related treatment method of financial assets and equity instruments

The Group distinguishes financial liabilities and equity instruments according to the following principles:

(1) If the Group is unable to avoid unconditionally performing a contractual obligation by delivering cash or other financial assets, the contractual obligation shall comply with the definition of financial liabilities. Some financial instruments, although not explicitly containing the terms and conditions of delivery of cash or other financial assets obligations, may indirectly form contractual obligations through other terms and conditions. (2) If a financial instrument shall or may be settled with the Group's own equity instruments, it is necessary to consider if the Group's equity instruments used to settle the instrument are the substitute for cash or other financial assets, or enable the holder of the instrument to enjoy the residual equity of the asset after the issuer deducts all liabilities. For the former case, such instrument shall be the financial liabilities of the issuer; for the latter case, the instrument shall be the equity instrument of the issuer. In the event that a financial instrument contract requires that the Group shall or may settle the financial instrument with its equity instrument, and that the amount of contractual rights or contractual obligations equals to the product by multiplying the number of equity instruments available or to be delivered by the fair value in the settlement, whether the amount of the contractual rights or contractual obligations is fixed, or is variable with the prices of the variables (including interest rate, the price of certain commodity price or certain financial instrument) other than the market price of the Group's equity instrument in whole or in part, the contract shall be classified as financial liabilities.

The Group has taken all terms and conditions between the group members and the holders of financial instruments when it classifies financial the financial instruments (or their components) in a consolidated statements. If the Group as a whole assumes the obligations to pay cash, other financial assets or make settlement in other means of causing the instrument to become a financial liability, such instrument shall be classified as a financial liability.

(7) Offset of financial assets and financial liabilities

The financial assets and financial liabilities of the Group shall be respectively listed in the balance sheet, not offsetting each other. However, if both of the following conditions are met, the net amount after offsetting shall be listed in the balance sheet: (1) The Group shall have the statutory right to offset the

recognized amount, and such statutory right is currently enforceable; (2) The Group plans to settle with net amount, or to realize the financial assets and pay off the financial liabilities.

12. Notes receivable

√Applicable □Not applicable

Determination and accounting treatment of the expected credit losses of notes receivable

√Applicable □Not applicable

The Company measures the loss provision for notes receivable at an amount equal to the expected credit loss for the entire duration. Based on the credit risk characteristics, notes receivable are divided into different portfolios:

Item	Basis for determining the portfolio
Portfolio 1: Banker's acceptance with acceptor as bank	The acceptor is a bank
Portfolio 2: Banker's acceptance with acceptor as finance company	The portfolio takes the aging as the credit risk characteristics.
Portfolio 3: commercial acceptance bills	The portfolio takes the aging as the credit risk characteristics.

For the measurement of impairment loss of this account, please refer to “(4) Impairment of Financial Instruments” in “11. Financial Instruments” in this report.

Combination category and determination basis of bad debt provision based on the combination of credit risk characteristics

√Applicable □Not applicable

Please refer to Note V (11) “Financial Instruments” to this report for details.

Method for calculating aging based on the combination of credit risk characteristics confirmed by aging

√Applicable □Not applicable

Please refer to Note V (11) “Financial Instruments” to this report for details.

Judgment criteria for individual provision for bad-debt provision based on individual provision

□ Applicable √ Not applicable

13. Accounts receivable

√Applicable □Not applicable

Determination and accounting treatment of the expected credit losses of accounts receivable

√Applicable □Not applicable

For accounts receivable that does not contain a significant financing component, the Company measures the loss provision based on the expected credit loss amount over the whole duration.

For accounts receivable, contract assets and lease receivables that contain a significant financing component, the Company chooses to always measure the loss provision based on the expected credit loss amount over the whole duration.

Except for accounts receivable and contract assets of which the credit risk is individually assessed, receivables are divided into different portfolios based on their credit risk characteristics:

Item	Portfolio determination basis
Aging portfolio	Aging of receivables as credit risk characteristics.
Related party portfolios within	Credit risk characteristics based on whether the debtor is a related party

Item	Portfolio determination basis
the scope of consolidation	within the scope of consolidation

The Company calculates the expected credit loss on accounts receivable on the balance sheet date. If the expected credit loss is greater than the carrying amount of the current impairment provision for accounts receivable, the Company will recognize the difference as an impairment loss for accounts receivable, debit the "credit impairment loss" and credit the "bad debt provision". On the contrary, the Company will recognize the difference as impairment gains and keep the opposite accounting record.

If the Company has actually incurred a credit loss and determines that the relevant accounts receivable cannot be recovered, the Company shall debit the "bad debt provision" and credit the "accounts receivable" according to the approved write-off amount. If the write-off amount is greater than the loss provision already drawn, the "credit impairment loss" shall be debited according to the difference.

On the balance sheet date, the Company makes provision for impairment of contract assets with reference to the treatment method of expected credit losses of accounts receivable.

Combination category and determination basis of bad debt provision based on the combination of credit risk characteristics

☒Applicable ☐Not applicable

Please refer to Note V (11) "Financial Instruments" to this report for details.

Method for calculating aging based on the combination of credit risk characteristics confirmed by aging

☒Applicable ☐Not applicable

Please refer to Note V (11) "Financial Instruments" to this report for details.

Judgment criteria for individual provision shall be determined for bad-debt provision based on individual provision

☒Applicable ☐Not applicable

Please refer to Note V (11) "Financial Instruments" to this report for details.

14. Receivables financing

☒Applicable ☐Not applicable

Determination and accounting treatment of the expected credit losses of receivables financing

☒Applicable ☐Not applicable

The Company endorses or discounts some bank acceptance bills in its daily fund management, both for the purpose of collecting contractual cash flows and for the sale of financial assets. Therefore, the Company reclassified these notes receivable into financial assets measured at fair value through other comprehensive income on and after January 1, 2019 and presented them as receivables financing.

The financing of receivables at the end of the year are bank acceptance bills issued by banks with higher credit ratings. The risk of this type of bill being unable to be redeemed upon maturity is minimal and the credit risk is low. The recognition is terminated upon endorsement or discounting by the Company, therefore no provision for bad debts has been made.

Combination category and determination basis of bad debt provision based on the combination of credit risk characteristics

☐Applicable ☒Not applicable

Method for calculating aging based on the combination of credit risk characteristics confirmed by aging

☐ Applicable ☒ Not applicable

Judgment criteria for individual provision for bad-debt provision based on individual provision

☐ Applicable ☒ Not applicable

15. Other receivables

☒ Applicable ☐ Not applicable

Determination and accounting treatment of the expected credit losses of other receivables

☒ Applicable ☐ Not applicable

Based on whether the credit risk of other receivables has significantly increased since the initial recognition, the Company measures the impairment loss according to the amount equivalent to the expected credit loss within the next 12 months or the whole duration. Except for other receivables of which the credit risk is individually assessed, receivables are divided into different portfolios based on their credit risk characteristics:

Item	Basis for determining the portfolio
Aging portfolio	Aging of receivables as credit risk characteristics.
Related party portfolios within the scope of consolidation	Credit risk characteristics based on whether the debtor is a related party within the scope of consolidation

For the measurement of impairment loss of this account, please refer to “(4) Impairment of Financial Instruments” in “11. Financial Instruments in this report.

Combination category and determination basis of bad debt provision based on the combination of credit risk characteristics

☒ Applicable ☐ Not applicable

Please refer to Note V (11) “Financial Instruments” to this report for details.

Method for calculating aging based on the combination of credit risk characteristics confirmed by aging

☒ Applicable ☐ Not applicable

Please refer to Note V (11) “Financial Instruments” to this report for details.

Judgment criteria for individual provision for bad-debt provision based on individual provision

☐ Applicable ☒ Not applicable

16. Inventory

☒ Applicable ☐ Not applicable

Categories of inventories, valuation methods for inventories sent out, inventory rules, and amortization methods for low-value consumables and packages.

☒ Applicable ☐ Not applicable

The Group's inventories mainly include raw materials, work in progress, stocked goods and goods sold, etc.

The inventories shall be initially measured at cost. Inventory costs include purchase costs, processing costs, and other costs. The perpetual inventory system is implemented for inventory, and the actual cost of inventory is determined using the weighted average method when received or sent out. The low-value consumption goods and packing of the Company shall be amortized by one-time write-off method.

Recognition criteria and withdrawal method of inventory revaluation reserve

☒ Applicable ☐ Not applicable

The inventories shall be measured at the lower of cost and net realizable value on the balance sheet date. The difference of inventory impairment provision shall be made and included in current profit and loss if the inventory cost is higher than the net realizable value. Net realisable value is the estimated selling price of inventories minus the estimated cost of completion, estimated selling expenses and related taxes and fees in daily activities.

Inventory depreciation provisions are accrued for the Group's inventory based on individual inventory items. When determining its net realizable value, stocked goods, products in progress, and materials used for sale directly used for sale shall be determined based on the estimated selling price of the inventory minus the estimated selling expenses and related taxes and fees; the net realizable value of material inventory held for production is determined by subtracting the estimated cost to be incurred until completion, estimated sales expenses, and related taxes from the estimated selling price of the produced goods.

Classification and determination basis of inventory depreciation reserves based on combinations, and the basis for determining the net realizable value of different categories of inventories

☐ Applicable ☒ Not applicable

Calculation method and the basis for determining the net realizable value of inventory based on inventory age

☐ Applicable ☒ Not applicable

17. Contract assets

☒ Applicable ☐ Not applicable

Recognition method and standard of contract assets

☒ Applicable ☐ Not applicable

Contractual assets shall mean that the Group has transferred goods to a customer and have the right to receive the consideration, and the right depends on other factors than the passage of time. In the event that the Group sells two clearly distinguishable goods to a customer and thus has the right to receive the payment because one of the goods has been delivered, but the payment depends on the delivery of another kind of goods, the Group shall take the right to collection right as a contractual asset.

Determination and accounting treatment of the expected credit losses of contract assets

☒ Applicable ☐ Not applicable

For the determination method and accounting treatment of expected credit loss of contract assets, please refer to “11. Financial Instruments - (4) Impairment of Financial Instruments.”

Combination category and determination basis of bad debt provision based on the combination of credit risk characteristics

☒ Applicable ☐ Not applicable

Please refer to Note V (11) “Financial Instruments” to this report for details.

Method for calculating aging based on the combination of credit risk characteristics confirmed by aging

☒ Applicable ☐ Not applicable

Please refer to Note V (11) “Financial Instruments” to this report for details.

Judgment criteria for individual provision shall be determined for bad-debt provision based on individual provision

☐ Applicable ☒ Not applicable

18. Held-for-sale non-current assets or disposal group

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

Recognition criteria and presentation methods for discontinued operations

☒ Applicable ☐ Not applicable

Discontinued operations shall refer to the component of the Group that can be separately distinguished and meet any one of the following conditions, which has been disposed of or classified as holding for sale: (1) this component represents an independent primary business or a separate primary business area; (2) this component is part of an associated plan to be disposed of for an independent primary business or a separate primary business area; (3) the component is a subsidiary acquired for resale.

In the income statement, the Group added the items “Net profit from continuing operations” and “Net profit from discontinued operations” under “Net profit” in the income statement to reflect the profit and loss related to continuing operations and discontinued operations respectively with on a net after-tax basis. The profit and loss related to discontinued operations shall be presented as the profit and loss of discontinued operations, and the profit and loss of discontinued operations shall cover the entire reporting period, not only the reporting period after discontinued operations are recognized.

19. Long-term equity investment

☒ Applicable ☐ Not applicable

The long-term equity investments of the Group include the investments in subsidiaries, associates and joint ventures.

(1) Judgment for major impact and joint control

The Group's equity investments with which the investor has significant influence on investee, namely the equity investments in associates. Significant influence refers to that the Group has the right to participate in the decision-making on financial and operating policies of the investee, but cannot control or jointly control the preparation of the policies together with other parties. When the Company directly or indirectly owns more than 20% but less than 50% of the voting rights of the invested entity through its subsidiaries, it is generally considered to have a significant impact on the invested entity, unless there is clear evidence that the Group cannot participate in the production and operation decisions of the invested entity or form control over the invested entity.

The equity investment in a joint venture in which the Group exercises joint control with other joint venture parties over the invested entity and has the right to the net assets of the invested entity. Common control refers to the common control over a certain arrangement in accordance with the relevant agreement, and the related activities of the arrangement must be decided by the unanimous consent of participants who share the control power. The Group's judgment on joint control is based on the collective control of the arrangement by all participants or groups of participants, and the

decision-making of the relevant activities of the arrangement shall be unanimously agreed by the participants who collectively control the arrangement.

(2) Accounting treatment method

The Group initially measures long-term equity investments acquired at the initial investment cost.

For long-term equity investments acquired through a business combination under the same control, the initial investment cost shall be the share of the book value of the net assets of the merged party acquired on the merger date in the consolidated statements of the ultimate controller; if the net asset book value of the merged party on the merger date is negative, the initial investment cost shall be determined at zero.

For the long-term equity investments acquired in business merger not under the same control, the cost of combination shall be the initial investment cost.

Except for long-term equity investments formed through business merger, the initial investment cost of long-term equity investments acquired by making cash payment shall be based on the actual purchase price paid and the expenses, taxes, and other necessary expenses directly related to the acquisition of long-term equity investments; the initial cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued;

The Company's investments in subsidiaries shall be accounted for by the cost method in individual financial statements. The long-term equity investment accounted for using the cost method shall be calculated as per the initial investment cost. The book value of the costs of long-term equity investments shall be increased as per the fair value of the costs paid and the related transaction costs incurred in the additional investment. The cash dividends or profits declared by the investee to be distributed shall be recognized as the current investment income as per the amount due.

The investment of the Group in associates and joint ventures shall be accounted for by the equity method. When the equity method is used, if the initial investment cost of a long-term equity investment is greater than the share of the fair value of the net identifiable assets of the invested entity at the time of investment, the book value of the long-term equity investment shall not be adjusted; if the initial investment cost of a long-term equity investment is less than the share of the fair value of the net identifiable assets of the invested entity, the difference is adjusted to increase the book value of the equity investment and is included in the profit or loss of the period in which the investment was acquired.

For long-term equity investments accounted for using the equity method for subsequent measurement, during the holding period, the book value of the long-term equity investment is adjusted to increase or decrease accordingly with changes in the owner's equity of the invested entity. When the share of the net profit and loss of the invested entity is recognized, the net profit of the invested entity shall be recognized after adjustment by offsetting the portion of unrealized internal transaction gains and losses attributable to the Group in proportion to the proportion to which it is entitled arising from transactions with associates and joint ventures that do not constitute business (fully recognized if the loss of internal transaction is an asset impairment loss) during the accounting policy and accounting period of the Group based on the fair value of identifiable assets of the invested entity when the investment is acquired. The Group recognizes the net loss incurred by the investee to the extent that the long-term equity investment and other long-term equity that substantially constitutes the net investment of the investee are reduced to zero (except that the Group bear the additional loss obligation).

In the disposal of the long-term equity investment, the difference between the book value and the actual purchase price shall be included in the current profits.

For long-term equity investments accounted for adopting the equity method, the relevant other comprehensive income previously accounted for adopting the equity method shall be accounted for on the same basis as the invested entity's direct disposal of related assets or liabilities when the equity

method is terminated. For the owner's equity recognized due to changes in other owner's equity of the investee other than net profit and loss, other comprehensive income and profit distribution, it shall be fully transferred to the current investment income when the equity method is terminated.

If the residual equity after the disposal of part of the equity is still accounted for by the equity method, the relevant other comprehensive income originally accounted for by the equity method shall be accounted for on the same basis as the direct disposal of the relevant assets or liabilities by the invested entity and shall be carried forward in proportion; the owner's equity recognized due to changes in the owner's equity of the invested party other than net profit and loss, other comprehensive income, and profit distribution shall be carried forward proportionally to the current investment income.

If the joint control or significant influence on the investee is lost after the disposal of part of the equity, the remaining equity after disposal shall be accounted for in accordance with the Accounting Standards for Business Enterprises No. 22- Recognition and Measurement of Financial Instruments (C.K. [2017] No. 7). The difference between the fair value and book value of the remaining equity on the date of loss of joint control or significant impact shall be included in the current profit and loss.

If the control over the investee for the disposal of part of the long equity investment, the remaining equity after the disposal that may impose common control or significant influence on the investee shall be accounted for by the equity method; the difference between the book value of disposed equity and the disposal consideration shall be included in investment income and shall be deemed to have been adjusted by the equity method as acquired; for the remaining equity after the disposal may not impose common control over or significant influence on the investee, accounting treatment shall be carried out in accordance with the Accounting Standards for Business Enterprises No. 22- Recognition and Measurement of Financial Instruments (Accounting [2017] No. 7); the difference between the book value of the disposed equity and the disposal consideration shall be included in the income investment; the difference between the fair value and book value on the date that control ceases shall be included in the current profit and loss.

In the event that the transactions disposing the equity step-by-step to the loss of control are not a package deal, each transaction shall be accounted for separately. If the transactions belong to a package deal, the transactions shall be accounted for as a transaction disposing the subsidiary and losing the control. Before the loss of control, the difference between every disposal cost and the book value of long-term equity investment corresponding to the disposed equity shall be recognized as other comprehensive income and then will be included into the current profit and loss on loss of control when the control right is lost.

20. Investment property

Not applicable

21. Fixed assets

(1). Recognition conditions

☒Applicable ☐Not applicable

The Group's fixed assets shall refer to the tangible assets held for the producing goods, providing service or leasing or operating management with a service life more than 1 accounting year. Fixed assets are only recognized if the economic benefits associated with the fixed assets are likely to flow into the Group and their costs can be reliably measured. The fixed assets of the Group include buildings and constructions, machinery equipment, transportation equipment, office equipment, electronic equipment, fixed asset decoration, and others.

(2). Depreciation methods

√Applicable □Not applicable

Except for the fixed assets which have been fully depreciated and still remain in use and the land separately priced, all the fixed assets shall be depreciated by the Group. The depreciation shall be made by the straight-line method. The classified depreciation life, expected net residual value and depreciation rate of the Group's fixed assets are as follows:

Category	Depreciation methods	Depreciable life (year)	Residual value rate (%)	Annual depreciation rate (%)
Houses and buildings	Straight-line method	20-30	5	3.17-4.75
Machinery equipment	Straight-line method	10	5	9.5
Transportation Equipment	Straight-line method	5	5	19
Office equipment	Straight-line method	5	5	19
Electronic equipment	Straight-line method	5	5	19
Decoration of fixed assets	Straight-line method	3-10	-	10.00-33.33
Others	Straight-line method	May 3	5	19.00-31.67

The Group reviews the estimated useful life, estimated net residual value and depreciation method of fixed assets at the end of the year. If a change occurs, it is treated as a change in accounting estimate.

22. Construction in progress

√Applicable □Not applicable

The cost of the construction in progress shall be determined according to the actual construction expenditures, including the necessary construction expenditures during the construction period, the capitalized borrowing costs and other related expenses before the construction is ready for the intended use.

The construction in progress shall be carried forward to fixed assets as per the estimated value according to the construction budget, construction cost and actual cost from the date the when it reaches the intended use; the depreciation shall be made from the following month; the original value of the fixed assets shall be adjusted after the final account for completion. The construction-in-progress shall be transferred into fixed assets when it is ready for the intended use.

The construction in progress shall be transferred to fixed assets when it reaches the intended use, and the standards are as follows:

Item	Standards for carrying forward fixed assets
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Houses and buildings	The main construction project has been substantially completed and has reached the intended use
Decoration of fixed assets	The decoration project has been substantially completed and has reached the intended use

23. Borrowing costs

☒Applicable ☐Not applicable

Where the borrowing costs incurred to an enterprise can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets. Other borrowing costs shall be recorded into the current profits and losses. The assets eligible for capitalization determined by the Group include the borrowing costs of fixed assets, investment real estate and inventories that need more than one year of acquisition and construction or production activities to reach the expected serviceable or marketable status. Capitalization begins when asset expenditures have occurred, borrowing costs have occurred, and the acquisition and construction or production activities necessary to make the assets reach the expected serviceable or marketable status have started; When the purchased or produced assets that meet the capitalization conditions reach their intended usable or saleable status, the capitalization shall be ceased, and the borrowing expenses incurred thereafter shall be included in current profit and loss. In case of over 3 months' abnormal interruption of the asset eligible for capitalization in the construction or production, the capitalization of borrowing costs shall be suspended until the restart of the construction or production activities.

During each accounting period during the capitalization period, the Group recognizes the capitalized amount of borrowing costs using the following method: for special borrowings, the capitalized amount shall be determined according to the actual interest expenses incurred in the current period, after deducting the interest income obtained from depositing the unused loan funds in the bank or the investment income obtained from temporary investment; for general borrowings, the capitalized amount shall be determined based on the weighted average of the excess of accumulated asset expenditures over the portion of special borrowings multiplied by the capitalization rate of the occupied general borrowings. The capitalization rate shall be determined based on the weighted average interest rate of general borrowings.

24. Biological assets

☐ Applicable ☒ Not applicable

25. Oil and natural gas assets

☐ Applicable ☒ Not applicable

26. Intangible assets

(1). **Useful life and determination basis, estimation, amortization method or review procedure**

☒Applicable ☐Not applicable

The intangible assets of the Group include land use rights, non-patented technologies, patent rights and software usage rights,, which shall be measured at the actual cost as acquired. for the purchased intangible assets, the actual price paid and other relevant expenses shall be taken as the actual costs; The actual cost of the intangible assets invested by the investor shall be recognized according to the value agreed in the investment contract or agreement; for the unfair value agreed upon in the investment contract or agreement, it shall be determined at fair value. However, for intangible assets acquired from the acquired party in a merger not under the same control but not recognized in its financial statements, the intangible assets shall be recognized and measured at fair value in the initial recognition.

The land use right shall be averagely amortized during the transfer period from the date of transfer; software usage rights shall be evenly amortized during shorter of the estimated service life, the benefit period specified in contract and the effective period stipulated by law. The amortization amount shall be included in the relevant asset cost and current profit and loss according to its benefit object. The estimated service life and amortization method of intangible assets with a finite service life are reviewed at the end of each year. Any change shall be treated as changes in accounting estimates.

(2). Scope of collection and related accounting treatment of R&D expenditure

☒Applicable ☐Not applicable

The collection scope of R&D expenditure of the Group includes salaries of R&D personnel, direct investment expenses, depreciation and deferred expenses, design expenses, equipment debugging expenses, commissioned R&D expenses, etc.

The Group classified the expenditures for internal R&D items into research phase expenditures and development phase expenditures according to their nature and whether the intangible assets ultimately formed by research and development activities have great uncertainty. The expenditures in the research stage shall be included in current profit and loss as incurred, and expenditures in the development stage shall be capitalized when all the following conditions are met: the Group assesses that it is technically feasible to complete the intangible asset so that it can be used or sold; intangible asset is expected to bring economic benefits to the Group; the Group has sufficient technical, financial and other resources to complete the development of the intangible asset and has the ability to use or sell the intangible asset; the expenditures attributable to the development stage of the intangible asset can be reliably measured. Development stage expenses that do not meet the capitalization conditions are recognized in the current profit and loss when incurred.

27. Long-term Asset Impairment

☒Applicable ☐Not applicable

The Group will inspect the long-term equity investment, fixed assets, construction in progress, right-of-use assets, intangible assets with limited service lives and other items on each balance sheet date. When there is any indication of impairment, the Group shall conduct an impairment test. For goodwill, intangible assets with uncertain useful lives, and development expenses that have not yet reached their

intended usable state, impairment tests are conducted at the end of each year, regardless of whether there are signs of impairment.

Impairment of non-current assets other than financial assets (excluding goodwill)

In the impairment test, the Group determines the recoverable amount based on the higher of the net amount of the fair value of the asset less the disposal cost and the present value of the expected future cash flows of the asset. After the impairment test, if the book value of the asset exceeds its recoverable amount, the difference shall be recognized as impairment loss.

The Group estimates its recoverable amount based on individual assets; if it is difficult to estimate the recoverable amount of the single asset, the recoverable amount of the asset group shall be recognized based on the asset group which the asset belongs to. The identification of an asset group is based on whether the main cash inflow generated by the asset group is independent of the cash inflow of other assets or asset groups.

The net amount of the fair value after deducting the disposal expense shall be recognized by deducting the incremental cost directly attributable to the disposal of the asset with the reference to the sales agreement price of the similar assets in the fair trade or the observable market price. When estimating the present value of future cash flow, the Management shall estimate the expected future cash flow of the asset or asset group, and choose the appropriate discount rate to determine the present value of the future cash flow. See Note V.11 Financial Instruments for details.

Once the above asset impairment loss is recognized, it will not be reversed in the future accounting periods.

28. Long-term deferred expenses

☒Applicable ☐Not applicable

The long-term deferred expenses of the Group include the decoration expenses of leased fixed assets, mold expenses and other expenses that have been paid by the Group but should be apportion in the current period and subsequent periods for a period of more than one year. These expenses are amortized evenly over the beneficial period. If the long-term deferred expenses cannot benefit the later accounting period, the amortized value of the unamortized project shall be transferred to the current profits and losses.

29. Contract liabilities

☒Applicable ☐Not applicable

Contract liabilities reflect the obligation of the Group to transfer goods to and from customers in consideration of the customer's consideration. Before the Group transfers the goods to the customer, if the customer has already paid the contract consideration or the Group has obtained the unconditional right to receive the contract consideration, At the early stage of the customer's actual payment and due payment, the contract liability is recognized according to the amount received or receivable.

30. Employee benefits

(1). Accounting treatment method of short-term benefits

☒Applicable ☐Not applicable

Short-term compensation mainly includes wages, bonuses, allowances and subsidies, employee benefits, medical insurance premium, maternity insurance premium, industrial injury insurance premium, housing

provident fund, labor union expenditure, employee education fund and non-monetary benefits, etc. During the accounting period in which the employee provides services to the Company, the actual short-term remuneration shall be recognized as a liability, and included in the current profit or loss or relevant asset cost according to beneficiaries.

(2). Accounting treatment method of post-employment benefits

√Applicable ☐Not applicable

Post-employment benefits mainly include basic endowment insurance premiums and unemployment insurance premiums, which are classified into defined contribution plan according to the risks and obligations assumed by the Company. For the defined contribution plan, the deposits paid to the individual entities in accordance with the services provided by the employees in the accounting period on the balance sheet date are recognized as liabilities, and are included in the current profit and loss or related asset costs according to the beneficiaries.

(3). Accounting treatment method of the termination benefits

√Applicable ☐Not applicable

Termination benefits: termination of employment relationship with employees before the employment contracts or to encourage employees to accept voluntary redundancy compensation proposal, the employee compensation liabilities from the termination benefits shall be recognized and included in current profit and loss on the earlier of (i) the date when the Group cannot unilaterally withdraw the termination benefits provided for the plan on the termination of labor relationship or the redundancy proposal, and (ii) the date when the Group recognizes the costs related to the reorganization of the termination benefits. If, however, the dismissal benefits are not expected to be fully paid within twelve months after the end of the annual reporting period, it is required to be treated in accordance with other long-term employee benefits.

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

√Applicable ☐Not applicable

If other long-term employee benefits provided by the Group to the employees are in line with the defined contribution plan, it is necessary to perform accounting treatment according to the defined contribution plan; otherwise, the accounting treatment is carried out according to the defined benefit plan.

31. Estimated liabilities

√Applicable ☐Not applicable

When the business activities related to external guarantees, discount of commercial acceptance bills, pending litigation or arbitration, product quality assurance and other contingencies meet all the following conditions, the Group shall recognize them as liabilities: (1) such obligation is the Group's present obligation; (2) the performance of the obligation may lead to the outflow of economic interests; (3) the amount of the obligation can be measured reliably.

The estimated liabilities shall be initially measured according to the best estimates of the expenses required to perform the relevant present obligations as well as the risks, uncertainties, currency time values and other factors related to contingencies. The Group reviews the current best estimate and adjusts the book value of estimated liabilities on the balance sheet date.

32. Share-based payments

☐ Applicable ☒ Not applicable

33. Preferred stocks outstanding, perpetual bonds and other financial instruments.

☐ Applicable ☒ Not applicable

34. Income**(1). Disclosure of accounting policies adopted for revenue recognition and measurement by business type**

☒ Applicable ☐ Not applicable

The Group shall recognize the income after it has fulfilled its performance obligations in the Contract, that is, when the customer obtains the control of the relevant goods or services. Obtaining control over relevant goods or services means being able to direct the use of the goods or the provision of the services and obtain almost all economic benefits from them.

Where the Contract includes two or more performance obligations, it shall, at the beginning of the Contract, allocate the transaction price to each individual performance obligation according to the relative proportion of the individual sales price of the goods or services promised by each individual performance obligation, and measure the income according to the transaction price allocated to each individual performance obligation.

The transaction price is the expected amount of consideration to be collected for the transfer of goods or services to customers, excluding payments received on behalf of third parties. The transaction price recognized does not exceed the amount that the accumulated revenue is likely to not be significantly reversed when the relevant uncertainty is eliminated. As a liability, the amount that is expected to be refunded to the customer shall not be included in the transaction price. Where there is a significant financing component in the Contract, the transaction price shall be determined based on the amount payable in cash when the customer obtains the control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized using the effective interest method during the term of the Contract. On the effective date of the Contract, if it expects that the interval between the date when the customer obtain the control over the purchase of goods or services and the date of the payment of the price is not more than one year, the major financing components existing in the Contract will not be taken in to consideration.

If any of the following conditions is met, the performance obligation shall be performed within a certain period of time; otherwise, the performance obligation shall be performed at a certain time point: the customer obtains and consumes the economic benefits brought by the performance of obligation by the Group while the Group is performing the obligation; the customer can control the goods under construction during the Group's performance; the goods produced by the Group during the performance of the contract have irreplaceable uses, and the Group is entitled to receive payment for the part of the performance accumulated to the date during the entire contract period.

For the performance obligations performed during a certain period of time, it shall recognize the income according to the progress of the performance during the period. If the progress of the performance cannot be reasonably determined, and the costs incurred are expected to be compensated, the income shall be recognized according to the amount of costs incurred, until the progress of the performance can be reasonably determined.

For performance obligations fulfilled at a certain point in time, the Group usually recognizes revenue at the point when control of the goods is transferred to the purchaser, taking into account the following factors: the current collection right of the commodity, the transfer of the main risks and rewards of the ownership of the commodity, the transfer of the legal ownership of the commodity, the transfer of the physical assets of the commodity, and the customer's acceptance of the commodity.

The Group's right to receive the consideration of the goods or services transferred to the customer shall be presented as contract assets. The contract assets shall be depreciated based on the expected credit losses. The right to unconditionally receive consideration from the customer shall be presented as receivables. The obligation to transfer goods or services to the customer after the consideration has been received or receivable from the customer shall be presented as contract liabilities.

The specific accounting policies related to the Group's principal activities for generating revenue are described below:

(1) For goods that require installation and commissioning, when the goods are shipped out or declared for export, when the installation and debugging of the goods are completed according to the contract agreement and the customer's acceptance documents are obtained after the goods are shipped or declared for export, the control of the goods is transferred, and the Group recognizes sales revenue at that time point;

(2) For goods that do not require installation and commissioning, when the products are transferred to the other party or declared for export according to the contract, the control of the products is transferred, and the Group recognizes the sales revenue at this point.

(2). Similar businesses adopting different business models involve different revenue recognition and measurement methods

☐ Applicable ☒ Not applicable

35. Contract cost

☒ Applicable ☐ Not applicable

(1) Method for determining the amount of assets related to contract costs

The assets related to contract costs of the Group include contract performance costs and contract acquisition costs. Based on their liquidity, contract performance costs are presented respectively in inventory and other non-current assets, and contract acquisition costs are presented respectively in other current assets and other non-current assets.

The contract performance costs, that is, the costs incurred by the Group for the performance of the contract, which are not within the scope of relevant standards and regulations for inventory, fixed assets, or intangible assets and meets the following conditions simultaneously, shall be recognized as an asset as the contract performance costs: Such costs are directly related to a current or anticipated contract, including direct labor costs, direct materials costs, manufacturing costs (or similar expenses), the costs specified to be borne by the customer, and other costs incurred solely for the contract; such costs increased the resources of the Group for the fulfillment of performance obligations in the future; such costs are expected to be recovered.

The cost of contract acquisition, which is the expected recovery of the incremental costs incurred by the Group in obtaining the contract, is recognized as an asset as the cost of contract acquisition. If the amortization period of the asset does not exceed one year, the Group shall recognize it in current profit or loss as incurred. Incremental cost refers to costs that would not occur without acquiring a contract, such as sales commissions. Except for the incremental costs that are expected to be recoverable, the expenditures (such as the travel expenses incurred regardless of whether the contract is obtained or not) of the Group shall be included in current profit and loss as incurred, but those specified to be borne by the customer shall not be included in.

(2) Amortization of assets related to contract costs

The Group's assets related to the contract costs shall be amortized on the same basis as the recognition of the income from the goods related to the assets, and shall be included in current profit and loss.

(3) Impairment of assets related to contract costs

If the book value of the Group's assets related to contract costs is higher than the difference between the following two items, the Group will make impairment provisions for the excess and recognize it as asset impairment losses: 1) the remaining consideration that the enterprise expects to obtain from the transfer of goods related to the asset; 2) the estimated cost to be incurred for the transfer of the relevant goods.

36. Government subsidies

☒Applicable ☐Not applicable

Government subsidies shall be recognized when the requirements attached thereto can be met and the government subsidies are receivable. The government subsidies which are monetary assets shall be measured in accordance with the amount received; for the subsidies paid according to fixed quota standards, or when there is conclusive evidence at the end of the year that it can meet the relevant conditions stipulated in the financial support policy and is expected to receive financial support funds, it shall be measured according to the amount receivable; the government subsidies which are non-monetary assets shall be measured at fair value. If the fair value cannot be obtained reliably, it shall be measured at the nominal amount (RMB 1.00).

The Group's government subsidies include the asset-related government subsidies and income-related government subsidies. The asset-related government subsidies shall mean the government subsidies obtained by the Group for the construction of long-term assets or otherwise method forming the long-term assets; the income-related government subsidies shall refer to the government subsidies other than the asset-related government subsidies. In the event that the subsidy object is not clearly specified in the government document, and that the Group has difficulty to make judgment according to the above-mentioned distinction principle, it shall be classified as income-related government subsidy in whole.

Government subsidies related to assets shall be offset against the book value of the relevant assets or recognized as deferred income (recognized by the enterprise in one way). Government subsidies related to assets recognized as deferred income shall be included in the current profit or loss evenly by installments within the service life of the relevant assets. If the related assets are sold, transferred, abandoned or damaged before the end of the service life, the undistributed balance of the deferred income shall be transferred to the profit and loss of the asset disposal period.

The income-related government subsidies used as compensation for the relevant expenses or losses in subsequent period shall be recognized as deferred income, and shall be included in the current profits and losses or offset against the relevant costs (recognized by the enterprise in one way) during the period when the relevant cost expenses or losses are recognized. The government subsidies related to the daily activities shall be included in other gains or offset the related costs and expenses in accordance with the nature of the economic business. The government subsidies that are unrelated to the daily activities shall be included in the non-operating income and expense.

If the Group obtains interest discounts for policy-based preferential loans, it shall distinguish between two situations where the government allocates interest discount funds to the lending bank and the government directly allocates interest discount funds to the Group, and the accounting treatment shall be carried out in accordance with the following principles: (1) In the event that the department of finance pays the interest subsidy to the lending bank, and then the lending bank provides the loan to the Group at the policy-based preferential interest rate, the amount of the received borrowings shall be the entry value of the borrowings; the borrowing expenses shall be calculated according to the loan principal and the policy-based preferential interest rate (or use the fair value of the borrowings as the entry value, and calculate the borrowing expenses by the effective interest method. The difference between the actual amount received and the fair value of the borrowings shall be recognized as deferred income. The deferred income shall be amortized using the effective interest method over the duration of the borrowings, and the related borrowing costs shall be offset; (2) if the department of finance directly

disburse the interest subsidies to the Group, the relevant interest subsidies shall be used to offset the borrowing cost.

37. Leasing

√Applicable □Not applicable

Judgment basis and accounting treatment to simplify the accounting of short-term lease and low-value asset lease as a lessee

√Applicable □Not applicable

(1) Identification of lease

On the beginning date of the contract, the Group shall evaluate whether the contract is a lease or includes a lease. If a party to the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, the contract is a lease or includes a lease.

When a contract contains multiple separate leases at the same time, the Group will split the contract and conduct accounting treatment for each separate lease. If both the leased and non-leased parts are included in the contract, the Group will split the leased and non-leased parts for accounting treatment.. Each lease part shall be accounted for in accordance with the lease standards, and the non-lease part shall be accounted for in accordance with other applicable accounting standards for enterprises. However, if a contract includes embedded derivative that should be split, the Group will not consolidated them with the leased portion for accounting treatment.

(2) The Group as a lessee

1) Recognition of lease

Except for short-term leases and low-value asset leases, the Group recognizes right-of-use assets and lease liabilities for leases on the commencement date of the lease period.

The right-of-use asset refers to the right of the Group as the lessee to use the leased assets during the lease term, and is initially measured at cost. This cost includes: 1) the initial measurement amount of the lease liability; 2) the lease payment amount paid on or before the start date of the lease term minus the amount related to the lease incentive already enjoyed; 3) the initial direct costs incurred; 4) costs expected to be incurred for dismantling and removing the leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state stipulated in the lease terms, except those incurred for the production of inventories. If the Group remeasures the lease liabilities in accordance with the relevant provisions of the lease standards, the book value of the right of use assets shall be adjusted accordingly.

The Group depreciates the right of use assets adopting the straight-line method based on the expected consumption of economic benefits related to the right of use assets. If it can be reasonably determined that the ownership of leased assets can be obtained at the expiration of the lease term, the fixed assets shall be depreciated within the remaining service life of the leased assets; if it cannot be reasonably determined that the ownership of leased assets can be obtained at the expiration of the lease term, the fixed assets shall be depreciated within the shorter of the lease term and the remaining service life of the leased assets. The depreciation amount provisioned is included in the cost or current profit and loss of the relevant assets based on the purpose of the right to use asset.

The Group initially measures lease liabilities based on the present value of the unpaid lease payments at the beginning date of the lease term. The lease payment amount includes: 1) the fixed payment amount and substantial fixed payment amount, deducting the amount related to lease incentives; 2) the variable lease payments depending on index or ratio; 3) the Group reasonably determines the exercise price of the purchase option when exercising it; 4) the lease term reflects the amount to be paid when the Group

exercises the option to terminate the lease; 5) the estimated amount to be paid based on the remaining value of the guarantee provided by the Group.

When calculating the present value of lease payments, the Group uses the incremental borrowing rate as the discount rate because it is unable to determine the interest rate implicit in the lease. The Group calculates the interest expense of the lease liability during each period of the lease term according to a fixed periodic interest rate, and includes it in the current profit and loss, except for those that should be capitalized.

After the commencement of the lease term, the Group increases the carrying amount of the lease liability when it recognizes the interest on the lease liability; and reduces the carrying amount of lease liability when making lease payments. In case of the change in the substantial fixed payment, the change in the amount payable estimated by guaranteed residual value, the change in the index or ratio used to determine the amount of lease payment, and the change in the evaluation results or actual exercises of the call option, renewal option or termination option, the Group re-measures the lease liabilities at the present value of the lease payment after such changes.

2) Lease change

Lease change refers to the change of lease scope, lease consideration and lease term beyond the terms of the original contract, including increasing or terminating the right to use one or more leased assets, extending or shortening the lease term specified in the contract, etc. The effective date of the lease change refers to the date when both parties reach an agreement on the lease change.

If the lease is changed and the following requirements are met at the same time, the Group will regard the lease change as a separate lease for accounting treatment: 1) the lease change expands the lease scope or extends the lease term by adding the use right of one or more leased assets; 2) the increased consideration is equivalent to the amount adjusted according to the conditions of the contract.

If the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Group will apportion the consideration of the changed contract in accordance with the relevant provisions of the lease standards and re determine the lease term after the change; the revised discount rate is adopted to discount the changed lease payment to re measure the lease liability. With regard to the impact of the above lease liability adjustment, the Group makes accounting treatment under the following circumstances: 1) if the lease change causes the lease scope to be reduced or the lease period is shortened, the lessee shall reduce the book value of the right-of-use asset, and records the gains or losses related to the partial termination or complete termination of the lease into the current profits and losses. 2) If the lease liabilities are remeasured due to other lease changes, the lessee shall adjust the book value of the right to use assets accordingly.

3) Short term leases and low value asset leases

The Group chooses not to recognize the right to use assets and lease liabilities for short-term leases with a lease term of no more than 12 months and low value asset leases with a lower value when the single leased asset is a new asset. The Group will include the lease payment amount of short-term lease and low-value asset lease into the relevant asset cost or current profit and loss according to the straight-line method or other systematic and reasonable methods during each period of the lease term.

Classification criteria and accounting treatment methods for the lease as a lessor

☒Applicable ☐Not applicable

The Group, as a lessor, classifies a lease as a finance lease if it substantially transfers almost all of the risks and rewards associated with the ownership of the leased asset, and classifies other lease as an operating lease.

1) Financial lease

On the starting date of the lease term, the Group recognizes the financial lease receivables for the financial lease and terminates the recognition of the financial lease assets. When the Group initially measures the financial lease receivables, the net lease investment is used as the entry value of the financial lease receivables.

The net lease investment is the sum of the unguaranteed residual value and the present value of the lease receipts that have not been received on the start date of the lease term discounted at the implicit interest rate of the lease. The Group calculates and recognizes the interest income during each period of the lease term based on a fixed periodic interest rate. The variable lease payment collected by the Group which is not included in the measurement of the net lease investment is recorded into the current profits and losses when actually occurring.

2) Operating lease

During each period of the lease term, the Group uses the straight-line method to recognize the lease receipts from operating leases as rental income.

The initial direct expenses incurred by the Group related to the operating lease shall be capitalized to the cost of the leased object asset and included in the current profit and loss by stages on the same recognition basis as the rental income during the lease term. The variable lease payments obtained by the Group related to the operating lease and not included in the lease receipt shall be recorded into the current profits and losses when actually occurring.

If there is a change in the operating lease, the Group will treat it as a new lease for accounting treatment from the effective date of the change, and the amount of the advance or the amount of the lease receivables related to the lease before the change shall be regarded as the receipt of the new lease.

38. Deferred income tax assets/deferred income tax liabilities

☒Applicable ☐Not applicable

The deferred income tax assets and deferred income tax liabilities of the Group shall be recognized based on the difference between the tax basis of the assets and liabilities and their book value, as well as the temporary difference arising from the difference between the tax basis and their book value of items that have not been recognized as assets and liabilities but can be determined according to tax laws.

The Group recognizes deferred income tax liabilities for all taxable temporary differences except: (1) Temporary differences arise from the initial recognition of goodwill or the initial recognition of assets or liabilities arising from non-business combinations that do not affect accounting profits or taxable income (or deductible losses); (2) For taxable temporary differences related to investments in subsidiaries, associates, and joint ventures, the Group is able to control the timing of the reversal of temporary differences, and such temporary differences are likely not to be reversed in the foreseeable future.

The Group, with future taxable income that is likely to be obtained for offsetting deductible temporary differences, deductible losses and tax deductions as the limit, recognizes deferred income tax assets for deductible temporary differences, deductible losses, and tax deductions arising except for the following circumstances: (1) The temporary differences arise from the initial recognition of assets or liabilities arising from non-business combination transactions that affect neither accounting profit nor taxable income (or deductible losses); (2) Deductible temporary differences related to investments in subsidiaries, associates, and joint ventures that cannot simultaneously meet the following conditions: temporary differences are likely to be reversed in the foreseeable future and taxable income to offset the deductible temporary differences is likely to be obtained in the future.

The Group shall recognize deferred income tax assets for all unused deductible losses to the extent it is likely that sufficient taxable income will be available to offset deductible losses. The Management uses a large amount of judgment to estimate the time and amount of future taxable income, combined with tax planning strategies, to determine the amount of deferred income tax assets that should be recognized, resulting in uncertainty.

On the balance sheet date, the deferred income tax assets and deferred income tax liabilities shall be measured in accordance with the applicable tax rate of the period when the assets are expected to be recovered or the liabilities are expected to be liquidated.

39. Other significant accounting policies and accounting estimates

☐ Applicable ☒ Not applicable

40. Changes in significant accounting policies and accounting estimates

(1). Changes in significant accounting policies

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Content and reasons of accounting policy changes	Name of importantly affected report items	Affected amount
See notes for details	Total assets (consolidated)	19,451.62
	Including: deferred tax assets (consolidated)	19,451.62
	Total Shareholders' Equity (consolidated)	19,451.62
	Including: surplus reserve (consolidated)	296.08
	Retained earnings (consolidated)	19,155.54
	Total net profit (consolidated)	19,451.62
	Including: income tax expense (consolidated)	-19,451.62
	Total assets (parent company)	2,960.76
	Including: deferred tax assets (parent company)	2,960.76
	Total Shareholders' Equity (parent company)	2,960.76
	Including: surplus reserve (parent company)	296.08
	Retained earnings (parent company)	2,664.68
	Total net profit (parent company)	2,960.76
	Including: income tax expense (parent company)	-2,960.76

Description of the content and reasons of accounting policy changes

On November 30, 2022, the Ministry of Finance issued the Interpretation No. 16 of the Accounting Standards for Business Enterprises (CK [2022] No. 31, hereinafter referred to as Interpretation No. 16), which stipulates that, for a single transaction that is not a business combination, that does not affect accounting profits or the amount of taxable income (or deductible loss) upon the occurrence of a transaction, and the initially recognized assets and liabilities result in an equal amount of taxable temporary differences and deductible temporary differences, as for the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in a transaction, the enterprise shall, in accordance with the Accounting Standards for Business Enterprises No. 18—Income Tax and other relevant provisions, respectively recognize the corresponding deferred income tax liabilities and deferred income tax assets upon the occurrence of the transaction. For the above transactions that occur between the beginning of the earliest period for which the above

provisions are first applied to the presentation of the financial statements and the implementation date of this Interpretation, the enterprise shall adjust the cumulative impact to the opening retained earnings and other relevant items of financial statement of the earliest period for the presentation of the financial statements in accordance with the above provisions. The above regulations on accounting treatment shall be implemented from January 1, 2023.

Description of name and amount of affected report items

Affected items	December 31, 2022 (from Jan. 2022 to Dec. 2022) (consolidated)		
	Before the adjustment	Amount of adjustment	After the adjustment
Total assets	1,767,688,973.30	19,451.62	1,767,708,424.92
Including: deferred tax assets	17,952,528.79	19,451.62	17,971,980.41
Total Shareholders' Equity	937,936,478.98	19,451.62	937,955,930.60
Including: surplus reserve	38,262,264.06	296.08	38,262,560.14
Retained earnings	402,167,824.11	19,155.54	402,186,979.65
Total net profit	213,297,811.97	19,451.62	213,317,263.59
Including: income tax expense	21,773,195.47	-19,451.62	21,753,743.85

(Continued)

Affected report items	December 31, 2022 (from Jan. 2022 to Dec. 2022) (parent company)		
	Before the adjustment	Amount of adjustment	After the adjustment
Total assets	1,546,376,386.19	2,960.76	1,546,379,346.95
Including: deferred tax assets	15,267,370.78	2,960.76	15,270,331.54
Total Equity Interests	756,059,022.03	2,960.76	756,061,982.79
Including: surplus reserve	38,262,264.06	296.08	38,262,560.14
Retained earnings	220,290,367.16	2,664.68	220,293,031.84
Total net profit	130,994,655.69	2,960.76	130,997,616.45
Including: income tax expense	14,267,689.74	-2,960.76	14,264,728.98

(2). **Changes in major accounting estimates**

☐ Applicable ☒ Not applicable

(3). **The first implementation of the new accounting standards or the interpretations from 2023 involves the adjustment of the financial statements at the beginning of the first implementation year**

☐ Applicable ☒ Not applicable

41. Others

☐ Applicable ☒ Not applicable

VI. Taxes**1. Major taxes and tax rates**

Major taxes and tax rates

☒ Applicable ☐ Not applicable

Tax categories	Tax basis	Tax rate
VAT	Taxable sales	Output tax is calculated for taxable income at the rate of 13% and 6%, and VAT is levied according to the difference after the deduction of the deductible input VAT.
Consumption tax	-	-
Business tax	-	-
Urban maintenance and construction tax	Turnover tax payable	Paid on the basis of 7% and 5% of turnover tax actually paid.
Enterprise income tax		See table below.
Education surcharge	Turnover tax payable	Paid on the basis of 3% of turnover tax actually paid.
Local education surcharge	Turnover tax payable	Paid on the basis of 2% of turnover tax actually paid.

If there are taxpayers with different enterprise income tax rates, the information shall be disclosed

☒ Applicable ☐ Not applicable

Name of taxpayers	Income tax rate (%)
Kunshan Dongwei Technology Co., Ltd.	15
Guangde Dongwei Technology Co., Ltd. (hereinafter referred to as "Guangde Dongwei")	15
Shenzhen Dongwei Technology Co., Ltd. (hereinafter referred to as "Shenzhen Dongwei")	20
Dongguan Dongwei Technology Co., Ltd. (hereinafter referred to as "Dongguan Dongwei")	20
Changshu Dongwei Technology Co., Ltd. (hereinafter referred to as "Changshu Dongwei")	25
Dongwei (Thailand) Technology Co., Ltd. (hereinafter referred to as "Dongwei Thailand")	15, 20

2. Tax incentives

☒ Applicable ☐ Not applicable

According to the provisions of the "Notice on VAT Policies for Software Products (CS [2011] No. 100) issued by the Ministry of Finance and the State Taxation Administration and the "Notice on Issuing Several Policies to Further Encourage the Development of the Software Industry and Integrated Circuit Industry (GF [2011] No. 4) issued by the State Council, for the sales of self-developed and produced software products by the Company, after levying VAT at a statutory tax rate of 13%, the actual tax burden exceeding 3% will be subject to a policy of immediate collection and refund.

(2) Enterprise income tax:

In accordance with the Announcement of the Ministry of Finance and the State Taxation Administration on Clarifying the Value-Added Tax Reduction and Exemption Policies for Small-Scale Value-Added Tax Taxpayers and Other Policies (CZBSWZJGG [2023] No. 1), Announcement of the Ministry of Finance and the State Taxation Administration on the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (CZBSWZJGG [2023] No. 6) and other relevant regulations, from January 1, 2023 to December 31, 2024, the annual taxable income of a small low-profit enterprise that is not more than RMB 1 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%; from January 1, 2022 to December 31, 2024, the annual taxable income of a small low-profit enterprise that is more than RMB 1 million but is no more than RMB 3 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%

In accordance with the Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households (CZBSWZJGG [2023] No. 12), the taxable income of a small low-profit enterprise shall be calculated at the reduced rate of 25%, and the policy of payment of enterprise income tax at the rate of 20% shall continue to be implemented until December 31, 2027. From January 1, 2023 to December 31, 2027, a small-scale VAT taxpayer, a small low-profit enterprise, or an individual industrial and commercial household may be subject to one-half reduced resource tax (excluding water resource tax), urban maintenance and construction tax, property tax, urban land use tax, stamp tax (excluding securities trading stamp tax), farmland occupation tax, educational surtax, or local education surcharges.

3. Others

☐ Applicable ☒ Not applicable

VII. Notes to consolidated financial statement

In the data to be disclosed in the following financial statements, unless otherwise stated, the beginning of year refers to January 1, 2023, the end of year refers to December 31, 2023, the current year refers to January 1, 2023 to December 31, 2019, and the previous year refers to January 1, 2022 to December 31, 2019, and the currency unit is RMB.

1、Monetary funds

☒ Applicable ☐ Not applicable

Item	Closing balance	Unit: yuan Currency: RMB
		Opening balance
Cash on hand	22,070.70	10,008.30
Cash in bank	152,215,537.05	169,399,076.06
Other cash and bank balance	450,000.00	
Deposits with financial companies		
Total	152,687,607.75	169,409,084.36
Including: total amount deposited overseas	1,515.12	

Other notes

Note: For specific information on restricted funds at the end of the year, please refer to the relevant content of Note VII. 31 Assets with restricted ownership or the right to use In addition, there are no other funds that are restricted in use because of mortgage, pledge or freeze, and that are kept abroad with repatriation restricted.

2、Held-for-trading financial assets

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance	Specify the reasons and basis
Financial assets measured at fair value through current profit or loss	253,785,545.21	212,382,756.11	/
Including:			
Financial management product	253,785,545.21	212,382,756.11	/
2. Specified financial assets measured at fair value through profit or loss			
Including:			
Total	253,785,545.21	212,382,756.11	/

Other notes:

□ Applicable √ Not applicable

3、Financial derivative assets

□ Applicable √ Not applicable

4、Notes receivable**(1). List of notes receivable by categories**

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Bank acceptance	42,220,483.08	58,480,950.86
Acceptance bills of financial companies	2,535,920.00	2,000,000.00
Trade acceptance		1,000,000.00
Provision for bad debts	-304,776.00	-525,000.00
Total	44,451,627.08	60,955,950.86

(2). Pledged notes receivable by the company at the end of the period.

□ Applicable √ Not applicable

(3). The closing notes receivable endorsed or discounted by the Company not matured at the balance sheet date

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Closing amount derecognized	Closing amount not derecognized
Bank acceptance		34,852,035.70

Acceptance bills of financial companies		1,535,920.00
Total		36,387,955.70

(4). Disclosure by classification of bad debt accrual methods

√Applicable □Not applicable

Unit: yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book Value	Book balance		Provision for bad debts		Book Value
	Amount	Proportion (%)	Amount	Additions proportion (%)		Amount	Proportion (%)	Amount	Additions proportion (%)	
Accrued bad-debt provision by individual										
Including:										
Accrued bad-debt provision by portfolio	44,756,403.08	100	304,776.00	0.68	44,451,627.08	61,480,950.86	100.00	525,000.00	0.85	60,955,950.86
Including:										
Bank Acceptance Bill	42,220,483.08	94.33			42,220,483.08	58,480,950.86	95.12			58,480,950.86
Acceptance bills of financial companies	2,535,920.00	5.67	304,776.00	12.02	2,231,144.00	2,000,000.00	3.25	225,000.00	11.25	1,775,000.00
Commercial acceptance bills						1,000,000.00	1.63	300,000.00	30.00	700,000.00
Total	44,756,403.08	/	304,776.00	/	44,451,627.08	61,480,950.86	/	525,000.00	/	60,955,950.86

Accrued bad-debt provision by individual:

☐ Applicable ☒ Not applicable

Accrued bad-debt provision by portfolio:

☒ Applicable ☐ Not applicable

Items of combined provision: acceptance bills of financial companies

Unit: yuan Currency: RMB

Name	Closing balance		
	Notes receivable	Provision for bad debts	Additions proportion (%)
Within 1 year	1,000,000.00		
1-2 years	780,000.00	78,000.00	10
2-3 years	755,920.00	226,776.00	30
3-4 years			
Total	2,535,920.00	304,776.00	12.02

Bad-debt provision withdrawn by combination

☐ Applicable ☒ Not applicable

The provision for bad debts is made according to the general model of expected credit losses

☐ Applicable ☒ Not applicable

Classification basis and bad-debt provision ratio for each stage

Please refer to Note V (11) "Financial Instruments" to this report for details.

Explanation of the significant changes in the book balance of accounts receivable for which the provision for loss has changed in the current period:

☐ Applicable ☒ Not applicable

(5). Bad debt provision

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Category	Opening balance	Amount changed in current period				Closing balance
		Provision	Recovered or reversed	Write-off	Other changes	
Bad debt provision for acceptance bills of financial companies	225,000.00	79,776.00				304,776.00
Bad debt provision for commercial acceptance bills	300,000.00	-300,000.00				
Total	525,000.00	-220,224.00				304,776.00

Of which: the bad debt provision recovered or reversed with important amount in the current period:

☐ Applicable ☒ Not applicable

Other notes:

None

(6). Notes receivable with actual written-off during the current period

☐ Applicable ☒ Not applicable

Including: significant written-off of notes receivable:

☐ Applicable ☒ Not applicable

Write-off instructions of notes receivable:

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable**5、Accounts receivable****(1). Disclosed by aging**☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year		
Including: Subitems within 1 year		
Within 1 year	384,422,833.31	416,942,384.64
Within 1 year in subtotal	384,422,833.31	416,942,384.64
1-2 years	232,534,223.88	158,188,775.28
2-3 years	76,514,600.81	24,837,765.82
More than 3 years		
3-4 years	15,246,611.15	2,356,986.27
4-5 years	1,729,252.24	1,651,272.69
More than 5 years	6,739,606.27	5,231,336.21
Total	717,187,127.66	609,208,520.91

(2). Disclosure by classification of bad debt accrual methods☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book Value	Book balance		Provision for bad debts		Book Value
	Amount	Proportion (%)	Amount	Additions proportion (%)		Amount	Proportion (%)	Amount	Additions proportion (%)	

Accrued bad-debt provision by individual	9,353,975.17	1.30	5,789,975.17	61.90	3,564,000.00	9,603,975.17	1.58	5,914,975.17	61.59	3,689,000.00
Including:										
Client 1	834,419.23	0.12	834,419.23	100		834,419.23	0.14	834,419.23	100.00	
Client 2	7,128,000.00	0.99	3,564,000.00	50	3,564,000.00	7,128,000.00	1.16	3,564,000.00	50.00	3,564,000.00
Client 3	1,391,555.94	0.19	1,391,555.94	100		1,391,555.94	0.23	1,391,555.94	100.00	
Client 4						250,000.00	0.04	125,000.00	50.00	125,000.00
Accrued bad-debt provision by portfolio	707,833,152.49	98.70	75,385,282.77	10.65	632,447,869.72	599,604,545.74	98.42	47,737,110.01	7.96	551,867,435.73
Including:										
Aging portfolio	707,833,152.49	98.70	75,385,282.77	10.65	632,447,869.72	599,604,545.74	98.42	47,737,110.01	7.96	551,867,435.73
Total	717,187,127.66	/	81,175,257.94	/	636,011,869.72	609,208,520.91	/	53,652,085.18	/	555,556,435.73

Accrued bad-debt provision by individual:

√Applicable □Not applicable

Unit: yuan Currency: RMB

Name	Closing balance			
	Book balance	Provision for bad debts	Additions proportion (%)	Reasons for withdrawal
Client 1	834,419.23	834,419.23	100	Not expected to be recovered
Client 2	7,128,000.00	3,564,000.00	50	Expected unrecoverable in part
Client 3	1,391,555.94	1,391,555.94	100	Not expected to be recovered
Total	9,353,975.17	5,789,975.17	61.90	/

Description of accrued bad-debt provision by individual:

□ Applicable √ Not applicable

Accrued bad-debt provision by portfolio:

√Applicable □Not applicable

Portfolio accrual items: aging portfolio

Unit: yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Additions proportion (%)
Within 1 year (inclusive)	384,422,833.31	19,221,141.67	5.00
1-2 years	232,534,223.88	23,253,422.39	10.00
2-3 years	76,514,600.81	22,954,380.24	30.00
3-4 years	8,118,611.15	4,059,305.58	50.00
4-5 years	1,729,252.24	1,383,401.79	80.00
More than 5 years	4,513,631.10	4,513,631.10	100.00
Total	707,833,152.49	75,385,282.77	10.65

Bad-debt provision withdrawn by combination:

□ Applicable √ Not applicable

The provision for bad debts is made according to the general model of expected credit losses

□ Applicable √ Not applicable

Classification basis and bad-debt provision ratio for each stage

Please refer to Note V (11) "Financial Instruments" to this report for details.

Explanation of the significant changes in the book balance of accounts receivable for which the provision for loss has changed in the current period:

□ Applicable √ Not applicable

(3). Bad debt provision

√Applicable □Not applicable

Unit: yuan Currency: RMB

Category	Opening balance	Amount changed in current period				Closing balance
		Provision	Recovered or reversed	Write-off	Other changes	
Individual provision for bad debts	5,914,975.17	125,000.00	147,000.00	103,000.00		5,789,975.17
Portfolio	47,737,110.01	27,648,172.76				75,385,282.77

provision for bad debts						
Total	53,652,085.18	27,773,172.76	147,000.00	103,000.00		81,175,257.94

Of which: the bad debt provision recovered or reversed with important amount in the current period:

☒Applicable ☐Not applicable

Unit: yuan Currency: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Withdrawal mode	Basis and rationality for determining the proportion of provision for bad debts
Client 4	147,000.00	Recovery of partial payment for goods	Wire transfer	Partial recovery was expected and actually realized after negotiation
Total	147,000.00	/	/	/

Other notes:

None

(4). Accounts receivable actually written off in the current period

☒Applicable ☐Not applicable

Unit: yuan Currency: RMB

Item	Amount written-off
Accounts receivable actually written-off	103,000.00

Including: significant written-off of accounts receivable

☒Applicable ☐Not applicable

Unit: yuan Currency: RMB

Name of entity	Nature of accounts receivable	Amount written-off	Reason for written-off	Write-off procedures fulfilled	Whether the payment is generated by related-party transactions
Client 4	Equipment maintenance funds	103,000.00	Not expected to be recovered	Approved on the meeting of general manager office	No
Total	/	103,000.00	/	/	/

Write-off notes for accounts receivable:

☐Applicable ☒Not applicable

(5). Top five accounts receivable and contract assets for closing balance collected by the debtor:

☒Applicable ☐Not applicable

Unit: yuan Currency: RMB

Name of entity	Accounts receivable balance at the end of period (%)	Balance of contract assets at the end of the period	Balance of accounts receivable and contract assets at the end of the period	Proportion in total balance of accounts receivable and contract assets at the end of period (%)	Closing balance of bad debts reserve
Client 1	64,572,000.00	21,344,000.00	85,916,000.00	11.09	4,322,800.00
Client 2	39,283,905.00		39,283,905.00	5.07	1,964,195.25

Client 3	26,075,315.71		26,075,315.71	3.36	6,577,093.98
Client 4	24,170,870.70		24,170,870.70	3.12	1,259,817.29
Client 5	20,720,000.00	2,380,000.00	23,100,000.00	2.98	1,596,000.00
Total	174,822,091.41	23,724,000.00	198,546,091.41	25.62	15,719,906.52

Other notes

None

Other notes:

☐ Applicable ☒ Not applicable**6、Contract assets****(1). Profile of contract assets**☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value
Sales contract payment	57,732,317.24	2,886,615.86	54,845,701.38	34,989,792.75	1,764,489.64	33,225,303.11
Total	57,732,317.24	2,886,615.86	54,845,701.38	34,989,792.75	1,764,489.64	33,225,303.11

(2). The amount and reason for the significant change in the book value during the reporting period☐ Applicable ☒ Not applicable**(3). Disclosure by classification of bad debt accrual methods**☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book Value	Book balance		Provision for bad debts		Book Value
	Amount	Proportion (%)	Amount	Additions proportion (%)		Amount	Proportion (%)	Amount	Additions proportion (%)	
Accrued bad-debt provision by individual										
Including:										
Accrued bad-debt provision by portfolio	57,732,317.24	100.00	2,886,615.86	5.00	54,845,701.38	34,989,792.75	100.00	1,764,489.64	5.04	33,225,303.11
Including:										
Sales contract payment	57,732,317.24	100.00	2,886,615.86	5.00	54,845,701.38	34,989,792.75	100.00	1,764,489.64	5.04	33,225,303.11
Total	57,732,317.24	/	2,886,615.86	/	54,845,701.38	34,989,792.75	/	1,764,489.64	/	33,225,303.11

Accrued bad-debt provision by individual:

☐ Applicable ☒ Not applicable

Description of accrued bad-debt provision by individual:

☐ Applicable ☒ Not applicable

Accrued bad-debt provision by portfolio:

☒ Applicable ☐ Not applicable

Portfolio accrual items: sales contract payment

Unit: yuan Currency: RMB

Name	Closing balance		
	Contract assets	Provision for bad debts	Additions proportion (%)
Sales contract payment	57,732,317.24	2,886,615.86	5.00
Total	57,732,317.24	2,886,615.86	5.00

Bad-debt provision withdrawn by combination

☐ Applicable ☒ Not applicable

The provision for bad debts is made according to the general model of expected credit losses

☐ Applicable ☒ Not applicable

Classification basis and bad-debt provision ratio for each stage

Please refer to Note V (11) "Financial Instruments" to this report for details.

Explanation of the significant changes in the book balance of contract assets for which the provision for loss has changed in the current period:

☐ Applicable ☒ Not applicable

(4). Provision for bad debts of contract assets in the current period

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Provision for the current period	Recovered or reversed in current period	Write-off/verification in current period	Cause
Sales contract payment	1,122,126.22			Refer to the treatment method for expected credit losses of accounts receivable to make provision for impairment
Total	1,122,126.22			/

Of which: the bad debt provision recovered or reversed with important amount in the current period:

☐ Applicable ☒ Not applicable

Other notes:

None

(5). Contract assets written off in this period

☐ Applicable ☒ Not applicable

Major contract assets written off

☐ Applicable ☒ Not applicable

Explanation of written-off contract assets

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

7、Receivables financing

(1) Classification and presentation of receivables financing

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Notes receivable	7,357,716.16	14,283,281.00
Including: Bank acceptance bill	7,357,716.16	14,283,281.00
Total	7,357,716.16	14,283,281.00

(2) Company's pledged receivables financing at the end of the period:

☐ Applicable ☒ Not applicable

(3) The Company's closing accounts receivable financing endorsed or discounted not matured at the balance sheet date

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing amount derecognized	Closing amount not derecognized
Bank Acceptance Bill	34,016,441.26	
Total	34,016,441.26	

(4) Disclosure by classification of bad debt accrual methods

☐ Applicable ☒ Not applicable

Accrued bad-debt provision by individual:

☐ Applicable ☒ Not applicable

Description of accrued bad-debt provision by individual:

☐ Applicable ☒ Not applicable

Accrued bad-debt provision by portfolio:

☐ Applicable ☒ Not applicable

The provision for bad debts is made according to the general model of expected credit losses

☐ Applicable ☒ Not applicable

Classification basis and bad-debt provision ratio for each stage

Not applicable

Explanation of the significant changes in the book balance of receivables financing for which the provision for loss has changed in the current period:

☐ Applicable ☒ Not applicable

(5) Bad debt provision

☐ Applicable ☒ Not applicable

Of which: the bad debt provision recovered or reversed with important amount in the current period:

☐ Applicable ☒ Not applicable

Other notes:

The financing of receivables at the end of the year are bank acceptance bills issued by banks with higher credit ratings. The risk of this type of bill being unable to be redeemed upon maturity is minimal and the credit risk is low. The recognition is terminated upon endorsement or discounting by the Company, therefore no provision for bad debts has been made.

(6) Receivables financing with actual write-off in the current period

☐ Applicable ☒ Not applicable

Including: significant written-off of receivables financing

☐ Applicable ☒ Not applicable

Explanation of write-off:

☐ Applicable ☒ Not applicable

(7) Changes in increase and decrease of receivables financing and changes in fair in the current period:

☒ Applicable ☐ Not applicable

Project name	Opening balance	Closing balance	Current changes	Changes in fair value
Receivables financing	14,283,281.00	7,357,716.16	-6,925,564.84	
Total	14,283,281.00	7,357,716.16	-6,925,564.84	

(8) Other notes:

☐ Applicable ☒ Not applicable

8、Prepayments

(1). Prepayments are listed by aging

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	16,577,715.29	89.61	20,876,726.63	95.09
1-2 years	1,923,129.44	10.39	1,077,487.63	4.91
Total	18,500,844.73	100.00	21,954,214.26	100.00

Notes on the reason for the non-timely settlement of the advance payment with important amount aging more than 1 year:

None

(2). Top five advance payments for the closing balance per the objects of advance payment

☒ Applicable ☐ Not applicable

Name of entity	Closing balance	Proportion in total closing balance of prepayments (%)
Entity I	3,690,883.14	19.95
Entity II	2,216,249.61	11.98

Entity III	1,409,464.83	7.62
Entity IV	1,296,000.00	7.01
Entity V	1,218,000.00	6.58
Total	9,830,597.58	53.14

Other notes

None

Other notes

☐ Applicable ☒ Not applicable

9、 Other receivables

Listed by item

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Interests receivable		
Dividends receivable		
Other receivables	4,008,301.14	5,172,335.82
Total	4,008,301.14	5,172,335.82

Other notes:

☐ Applicable ☒ Not applicable

Interests receivable

(1). Classification of interests receivable

☐ Applicable ☒ Not applicable

(2). Significant overdue interest

☐ Applicable ☒ Not applicable

(3). Disclosure by classification of bad debt accrual methods

☐ Applicable ☒ Not applicable

Accrued bad-debt provision by individual:

☐ Applicable ☒ Not applicable

Description of accrued bad-debt provision by individual:

☐ Applicable ☒ Not applicable

Accrued bad-debt provision by portfolio:

☐ Applicable ☒ Not applicable

(4). The provision for bad debts is made according to the general model of expected credit losses

☐ Applicable ☒ Not applicable

Classification basis and bad-debt provision ratio for each stage

Not applicable

Explanation of the significant changes in the book balance of interests receivable for which the provision for loss has changed in the current period:

☐ Applicable ☒ Not applicable

(5). Bad debt provision

☐ Applicable ☒ Not applicable

Of which: the bad debt provision recovered or reversed with important amount in the current period:

☐ Applicable ☒ Not applicable

Other notes:

None

(6). Interests receivable with actual written-off in the current period

☐ Applicable ☒ Not applicable

Major interests receivable written off

☐ Applicable ☒ Not applicable

Explanation of write-off:

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

Dividends receivable

(1). Dividends receivable

☐ Applicable ☒ Not applicable

(2). Important dividends receivable aging over 1 year

☐ Applicable ☒ Not applicable

(3). Disclosure by classification of bad debt accrual methods

☐ Applicable ☒ Not applicable

Accrued bad-debt provision by individual:

☐ Applicable ☒ Not applicable

Description of accrued bad-debt provision by individual:

☐ Applicable ☒ Not applicable

Accrued bad-debt provision by portfolio:

☐ Applicable ☒ Not applicable

(4). The provision for bad debts is made according to the general model of expected credit losses

☐ Applicable ☒ Not applicable

Classification basis and bad-debt provision ratio for each stage

Not applicable

Explanation of the significant changes in the book balance of dividends receivable for which the provision for loss has changed in the current period:

☐ Applicable ☒ Not applicable

(5). Bad debt provision

☐ Applicable ☒ Not applicable

Of which: the bad debt provision recovered or reversed with important amount in the current period:

☐ Applicable ☒ Not applicable

Other notes:

None

(6). Dividends receivable actually written off in the current period

☐ Applicable ☒ Not applicable

Major dividends receivable written off

☐ Applicable ☒ Not applicable

Explanation of write-off:

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

Other receivables**(1). Disclosed by aging**

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year		
Including: Subitems within 1 year		
Within 1 year	2,209,461.12	4,278,296.72
Within 1 year in subtotal	2,209,461.12	4,278,296.72
1-2 years	1,731,720.00	180,218.00
2-3 years	23,218.00	258,100.00
More than 3 years		
3-4 years	265,025.00	1,528,575.47
4-5 years	1,010,000.00	4,000.00
More than 5 years	9,550.00	14,550.00
Provision for bad debts	-1,240,672.98	-1,091,404.37
Total	4,008,301.14	5,172,335.82

(2). Classification by nature of fund

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Nature of fund	Ending book balance	Beginning book balance
Deposit and margin	4,191,128.00	4,837,332.28
Employee reserve fund	412,927.15	782,389.75
Others	644,918.97	644,018.16
Provision for bad debts	-1,240,672.98	-1,091,404.37
Total	4,008,301.14	5,172,335.82

(3). Information of bad-debt provision

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance as of January 1, 2023	1,091,404.37			1,091,404.37
Balance on January 1, 2023 in the current period				
--Transfer to the stage 2				
--Transfer to the stage 3				
--Transfer back to the stage 2				
--Transfer back to the stage 1				
Provision for the current period	149,268.61			149,268.61
Reversed in current period				
Written off in current period				
Write-off in this period				
Other changes				
Balance as of December 31, 2023	1,240,672.98			1,240,672.98

Classification basis and bad-debt provision ratio for each stage

Please refer to Note V (11) "Financial Instruments" to this report for details.

Explanation of the significant changes in the book balance of other receivables for which the provision for loss has changed in the current period:

☐ Applicable ☒ Not applicable

The amount of provision for bad debts in the current period and the basis for assessing whether the credit risk of financial instruments has significantly increased:

☐ Applicable ☒ Not applicable

(4). Bad debt provision

√Applicable □Not applicable

Unit: yuan Currency: RMB

Category	Opening balance	Amount changed in current period				Closing balance
		Provision	Recovered or reversed	Write-off	Other changes	
Accrued bad-debt provision by portfolio	1,091,404.37	149,268.61				1,240,672.98
Total	1,091,404.37	149,268.61				1,240,672.98

Import reversed or recovered amount from non-performing debt during the period:

□ Applicable √ Not applicable

Other notes

None

(5). Other accounts receivable with actual write-off during the period.

□ Applicable √ Not applicable

Including: significant written-off of accounts receivable:

□ Applicable √ Not applicable

Explanation for Write-off of other accounts receivable:

□ Applicable √ Not applicable

(6). Top five other accounts receivable for closing balance collected by the debtor.

√Applicable □Not applicable

Unit: yuan Currency: RMB

Name of entity	Closing balance	Proportion in total closing balance of other receivables (%)	Nature of fund	Aging	Provision for bad debts Closing balance
Entity I	1,010,000.00	19.24	Deposit and margin	4-5 years	808,000.00
Entity II	500,000.00	9.53	Deposit and margin	1-2 years	50,000.00
Entity III	500,000.00	9.53	Deposit and margin	Within 1 year	25,000.00
Entity IV	430,650.00	8.20	Deposit and margin	Within 1 year, 1-2 years	42,682.50
Entity V	300,000.00	5.72	Deposit and margin	Within 1 year	15,000.00
Total	2,740,650.00	52.22	/	/	940,682.50

(7). Included in other receivables for centralized fund management

□ Applicable √ Not applicable

Other notes:

□ Applicable √ Not applicable

10、 Inventory**(1). Inventory classification**

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Inventory depreciation reserve / depreciation reserve for contract performance costs	Book value	Book balance	Inventory depreciation reserve / depreciation reserve for contract performance costs	Book value
Raw materials	72,883,148.86	2,586,538.12	70,296,610.74	61,069,273.56	270,206.23	60,799,067.33
Work in progress	40,591,386.51		40,591,386.51	39,447,889.52		39,447,889.52
Stocked goods	98,381,099.75	4,422,094.66	93,959,005.09	82,950,065.98	4,780,822.86	78,169,243.12
Reusable materials						
Consumable biological assets						
Contract performance cost						
Goods shipped	215,304,106.20	8,579,126.60	206,724,979.60	198,739,081.21	3,060,959.07	195,678,122.14
Total	427,159,741.32	15,587,759.38	411,571,981.94	382,206,310.27	8,111,988.16	374,094,322.11

(2). Inventory depreciation reserve and the depreciation reserve for contract performance costs

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Opening balance	Amount of increase in current period		Amount of decrease in current period		Closing balance
		Provision	Others	Reversals or written-off	Others	
Raw materials	270,206.23	2,316,331.89				2,586,538.12
Work in progress						
Stocked goods	4,780,822.86	468,849.15		827,577.35		4,422,094.66
Reusable materials						
Consumable biological assets						
Contract performance cost						

Goods shipped	3,060,959.07	9,075,132.43		3,556,964.90		8,579,126.60
Total	8,111,988.16	11,860,313.47		4,384,542.25		15,587,759.38

Reasons for inventory revaluation reserve for reversal or write-off in current period

☒Applicable ☐Not applicable

Item	Basis of inventory revaluation reserve for additions	Reasons for write-off of inventory revaluation reserve in current year
Goods shipped	Net realizable value lower than book value	Sold this year
Stocked goods	Net realizable value lower than book value	Sold this year

Provision for inventory depreciation reserve by combination

☐Applicable ☒Not applicable

Standard for provision of inventory depreciation reserve by combination

☐Applicable ☒Not applicable

(3). Capitalized amount of borrowing costs contained in the closing balance of inventories and its calculation standard and basis

☐Applicable ☒Not applicable

(4). Description of the current amortization amount of contract performance costs

☐Applicable ☒Not applicable

Other notes

☐Applicable ☒Not applicable

11. Held-for-sale assets

☐Applicable ☒Not applicable

12. Non-current assets due within one year

☐Applicable ☒Not applicable

Debt investment due within one year

☐Applicable ☒Not applicable

Other debt investments due within one year

☐Applicable ☒Not applicable

Other explanations for non-current assets maturing within one year

None

13. Other current assets

☒Applicable ☐Not applicable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Contract acquisition cost		
Return cost receivable		
Prepaid taxes, input tax to be	14,063,626.38	180,982.75

certified, and retained tax amount		
Total	14,063,626.38	180,982.75

Other notes

None

14. Debt investment**(1). Debt investment**☐ Applicable ☒ Not applicable

Changes in provision for impairment of debt investments in the current period

☐ Applicable ☒ Not applicable**(2). Important debt investment at the end of the period**☐ Applicable ☒ Not applicable**(3). Withdraw of impairment provision**☐ Applicable ☒ Not applicable

Classification basis and provision ratio of depreciation reserve for each stage:

Not applicable

Explanation of the significant changes in the book balance of debt investments for which the provision for loss has changed in the current period:

☐ Applicable ☒ Not applicable

The amount of provision for impairment in the current period and the basis for assessing whether the credit risk of financial instruments has significantly increased:

☐ Applicable ☒ Not applicable**(4). Debt investments written off in current period**☐ Applicable ☒ Not applicable

Major debt investments written off

☐ Applicable ☒ Not applicable

Explanation of write-off debt investments:

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable**15. Other debt investment****(1). Other debt investment**☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Open ing balan ce	Accr ued intere st	Interest adjust ment	Chan ges in fair value in curre nt perio	Closing balance	Cost	Accumul ative changes in fair value	Accumula ted impairme nt provisions recognize d in other comprehe	Rema rks
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				d				nsive income	
Certific ates of deposit					457,178,3 47.22	450,000,0 00.00	7,178,34 7.22		
Total					457,178,3 47.22	450,000,0 00.00	7,178,34 7.22		/

Changes in provision for impairment of other debt investments in the current period

☐ Applicable ☒ Not applicable

(2). **Other important debt investment at the end of the period**

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing balance					Opening balance				
	Book value	Coupo n rates of interest	Actual interest rate	Expiration date	Ove rdu e prin cipal	B oo k va lu e	Cou pon rate s of inte rest	A ct ua l in te re st ra te	Ex pir ati on dat e	Ov erd ue prin cipal
Certificate s of deposit	10,000,000.00	3.10%	3.10%	2/20/2026						
Certificate s of deposit	10,000,000.00	3.10%	3.10%	3/8/2026						
Certificate s of deposit	20,000,000.00	3.10%	3.10%	3/20/2026						
Certificate s of deposit	100,000,000.00	3.10%	3.10%	6/30/2026						
Certificate s of deposit	200,000,000.00	3.10%	3.10%	7/4/2026						
Certificate s of deposit	100,000,000.00	3.00%	3.00%	7/13/2026						
Certificate s of deposit	10,000,000.00	3.25%	3.25%	5/19/2026						
Total	450,000,000.00	/	/	/			/	/	/	

(3). **Withdraw of impairment provision**

☐ Applicable ☒ Not applicable

Classification basis and provision ratio of depreciation reserve for each stage:

Not applicable

Explanation of the significant changes in the book balance of other debt investments for which the

provision for loss has changed in the current period:

☐ Applicable ☒ Not applicable

The amount of provision for impairment in the current period and the basis for assessing whether the credit risk of financial instruments has significantly increased:

☐ Applicable ☒ Not applicable

(4). Other debt investments written off in current period

☐ Applicable ☒ Not applicable

Other major debt investments written off

☐ Applicable ☒ Not applicable

Explanation of other write-off debt investments:

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

16. Long-term accounts receivable

(1). Long-term accounts receivable

☐ Applicable ☒ Not applicable

(2). Disclosure by classification of bad debt accrual methods

☐ Applicable ☒ Not applicable

Accrued bad-debt provision by individual:

☐ Applicable ☒ Not applicable

Description of accrued bad-debt provision by individual:

☐ Applicable ☒ Not applicable

Accrued bad-debt provision by portfolio:

☐ Applicable ☒ Not applicable

(3). The provision for bad debts is made according to the general model of expected credit losses

☐ Applicable ☒ Not applicable

Classification basis and bad-debt provision ratio for each stage

Not applicable

Explanation of the significant changes in the book balance of long-term accounts receivable for which the provision for loss has changed in the current period:

☐ Applicable ☒ Not applicable

The amount of provision for bad debts in the current period and the basis for assessing whether the credit risk of financial instruments has significantly increased

☐ Applicable ☒ Not applicable

(4). Bad debt provision

☐ Applicable ☒ Not applicable

Of which: the bad debt provision recovered or reversed with important amount in the current period:

☐ Applicable ☒ Not applicable

Other notes:

None

(5). Long-term receivables actually written off in the current period

☐ Applicable ☒ Not applicable

Major long-term receivables written off

☐ Applicable ☒ Not applicable

Write-off instructions of long-term receivables:

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

17. Long-term equity investment

(1). Long-term equity investments

☐ Applicable ☒ Not applicable

(2). Impairment test of long-term equity investments

☐ Applicable ☒ Not applicable

Other notes

None

18. Other equity instruments investment

(1). Investment in other equity instruments

☐ Applicable ☒ Not applicable

(2). Explanation of de-recognition in current period

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

19、 Other non-current financial assets

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

20、 Investment property

Measurement mode of investment property

Not applicable

(1). Impairment test of investment property measured at cost

☐ Applicable ☒ Not applicable

21、 Fixed assets**Listed by item**

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Fixed assets	227,894,516.80	153,899,861.62
Disposal of fixed assets		
Total	227,894,516.80	153,899,861.62

Other notes:

☐ Applicable ☒ Not applicable

Fixed assets**(1). Fixed assets**

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Houses and	Machinery	Transportation	Office and	Decoration of	Others	Total
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	buildings	equipment	Equipment	electronic equipment	fixed assets		
I. Original book value							
1. Opening balance	87,697,158.49	47,630,356.60	11,368,185.52	11,673,034.03	26,468,960.44	1,498,933.11	186,336,628.19
2. Amount of increase in current period	64,575,390.82	6,672,830.50	749,001.61	1,994,554.88	16,956,086.58	674,880.00	91,622,744.39
(1) Purchase	107,590.92	6,672,830.50	749,001.61	1,994,554.88	5,196,404.21	674,880.00	15,395,262.12
(2) Transferred from construction in progress	64,467,799.90				11,759,682.37		76,227,482.27
3. Amount of decrease in current period		216,001.84	267,115.20	108,482.86			591,599.90
(1). Disposal or retirement		216,001.84	267,115.20	108,482.86			591,599.90
4. Closing balance	152,272,549.31	54,087,185.26	11,850,071.93	13,559,106.05	43,425,047.02	2,173,813.11	277,367,772.68
II. Accumulated depreciation							
1. Opening balance	12,243,775.05	8,993,442.44	5,009,794.89	3,625,265.77	1,983,691.48	580,796.94	32,436,766.57
2. Amount of increase in current period	5,409,578.58	4,587,244.55	1,573,040.21	2,105,172.29	3,517,953.34	319,534.15	17,512,523.12
(1) Additions	5,409,578.58	4,587,244.55	1,573,040.21	2,105,172.29	3,517,953.34	319,534.15	17,512,523.12
3. Amount of decrease in current period		179,247.53	216,712.16	80,074.12			476,033.81
(1). Disposal or retirement		179,247.53	216,712.16	80,074.12			476,033.81
4. Closing balance	17,653,353.63	13,401,439.46	6,366,122.94	5,650,363.94	5,501,644.82	900,331.09	49,473,255.88
III. Impairment provision							
1. Opening balance							
2. Amount of increase in current period							
(1) Additions							
3. Amount of decrease in current period							
(1). Disposal or retirement							
4. Closing balance							
IV. Book value							
1. Ending book value	134,619,195.68	40,685,745.80	5,483,948.99	7,908,742.11	37,923,402.20	1,273,482.02	227,894,516.80
2. Beginning book value	75,453,383.44	38,636,914.16	6,358,390.63	8,047,768.26	24,485,268.96	918,136.17	153,899,861.62

(2). Fixed assets temporarily idle

☐ Applicable ☒ Not applicable

(3). Fixed assets leased-out through operating lease

☐ Applicable ☒ Not applicable

(4). Fixed asset requiring the collection of certificate of title

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Book value	The reason for not completing the certificate of title
Expansion of PCB vertical continuous electroplating equipment (Phase I) of Guangde Dongwei Technology Co., Ltd.	62,426,319.66	Under approval by relevant departments
Total	62,426,319.66	

(5). Impairment test of fixed assets

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

Disposal of fixed assets

☐ Applicable ☒ Not applicable

22. Construction in progress**Listed by item**

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
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Construction in progress	89,613,917.10	63,696,092.71
Construction materials		
Total	89,613,917.10	63,696,092.71

Other notes:

☐ Applicable ☒ Not applicable

Construction in progress

(1). Profile of construction in progress

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
PCB Vertical Continuous Electroplating Equipment Expansion (Phase I) Project (Plant Construction) of Guangde Dongwei Technology Co., Ltd.				59,140,157.44		59,140,157.44
New Energy Equipment Expansion Workshop (Factory Construction) of Kunshan Dongwei Technology Co., Ltd.	28,176,492.06		28,176,492.06	423,489.63		423,489.63
Hhigh-end Surface Treatment Equipment Production Base of Changshu Dongwei	61,437,425.04		61,437,425.04	4,132,445.64		4,132,445.64
Total	89,613,917.10		89,613,917.10	63,696,092.71		63,696,092.71

(2). Changes to important construction in process in current period

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Project name	Budget	Opening Balance	Amount of increase in current period	Amount transfers to fixed assets in current period	Amount of other decreases in current period	Ending Balance	Proportion of accumulated project input in budget (%)	Project progress	Cumulative amount of interest capitalization	Including: amount of interest capitalization of current period	Proportion of interest capitalization in current period (%)	Sources of funds
PCB Vertical Continuous Electroplating Equipment Expansion (Phase I) Project (Plant Construction) of Guangde Dongwei Technology Co., Ltd.	80,000,000.00	59,140,157.44	17,087,324.83	76,227,482.27			95.28	Completed				Fund raising
New Energy Equipment Expansion Workshop ((Vacuum Division Factory Building Construction)) of Kunshan Dongwei Technology Co., Ltd.	70,000,000.00	423,489.63	27,753,002.43			28,176,492.06	40.25	Incomplete				Own Fund
Hhigh-end Surface Treatment Equipment Production Base of Changshu Dongwei	81,000,000.00	4,132,445.64	57,304,979.40			61,437,425.04	75.85	Incomplete				Own Fund
Total	231,000,000	63,696,092.71	102,145,306.66	76,227,482.27		89,613,917.10	/	/			/	/

(3). Construction in progress with provision for impairment during this reporting period:

☐ Applicable ☒ Not applicable

(4). Impairment test of construction in progress

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

Construction materials

(1). Construction materials

☐ Applicable ☒ Not applicable

23. Bearer biological assets

(1). Productive biological assets using cost measurement model

☐ Applicable ☒ Not applicable

(2). Impairment test of productive biological assets measured at cost

☐ Applicable ☒ Not applicable

(3). Productive biological assets using the fair value measurement model

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

24. Oil and natural gas assets

(1) Oil and gas assets

☐ Applicable ☒ Not applicable

(2) Impairment test of oil and gas assets

□ Applicable √ Not applicable

Other notes:

None

25、 Right-of-use asset**(1) Right-of-use assets**

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Houses and buildings	Total
I. Original book value		
1. Opening balance	9,403,754.09	9,403,754.09
2. Amount of increase in current period	2,340,591.41	2,340,591.41
Rented	2,340,591.41	2,340,591.41
3. Amount of decrease in current period		
4. Closing balance	11,744,345.50	11,744,345.50
II. Accumulated depreciation		
1. Opening balance	1,284,139.49	1,284,139.49
2. Amount of increase in current period	3,845,580.99	3,845,580.99
(1) Additions	3,845,580.99	3,845,580.99
3. Amount of decrease in current period		
(1) Disposal		
4. Closing balance	5,129,720.48	5,129,720.48
III. Impairment provision		
1. Opening balance		
2. Amount of increase in current period		
(1) Additions		
3. Amount of decrease in current period		

(1) Disposal		
4. Closing balance		
IV. Book value		
1. Ending book value	6,614,625.02	6,614,625.02
2. Beginning book value	8,119,614.60	8,119,614.60

(2) Impairment test of right-of-use assets

□ Applicable √ Not applicable

Other notes:

None

26、 Intangible assets**(1). Profile of intangible assets**

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Land use rights	Patent rights	Non-patented technology	Software licenses	Total
I. Original book value					
1. Opening balance	71,777,817.56	50,000.00	1,796,116.51	3,804,772.47	77,428,706.54
2. Amount of increase in current period	2,410,636.03			981,549.51	3,392,185.54
(1) Purchase	2,410,636.03			981,549.51	3,392,185.54
(2) Internal research and development					
(3) Increase caused by business merger					
3. Amount of decrease in current period					
(1) Disposal					

4. Closing balance	74,188,453.59	50,000.00	1,796,116.51	4,786,321.98	80,820,892.08
II. Accumulated amortization					
1. Opening balance	1,867,118.58	32,083.32	1,017,799.48	2,296,902.63	5,213,904.01
2. Amount of increase in current period	1,612,837.23	4,999.98	314,320.32	430,804.08	2,362,961.61
(1) Additions	1,612,837.23	4,999.98	314,320.32	430,804.08	2,362,961.61
3. Amount of decrease in current period					
(1) Disposal					
4. Closing balance	3,479,955.81	37,083.30	1,332,119.80	2,727,706.71	7,576,865.62
III. Impairment provision					
1. Opening balance					
2. Amount of increase in current period					
(1) Additions					
3. Amount of decrease in current period					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Ending book value	70,708,497.78	12,916.70	463,996.71	2,058,615.27	73,244,026.46
2. Beginning book value	69,910,698.98	17,916.68	778,317.03	1,507,869.844	72,214,802.53

At the end of the period, intangible assets which are formed through the company's internal research and development account for 0% of intangible assets balance.

(2). The Company's land use rights requiring the collection of certificate of title.

☐ Applicable ☒ Not applicable

(3) Impairment test of intangible assets

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

27、 Goodwill

(1). Original book value of goodwill

☐ Applicable ☒ Not applicable

(2). Provision for impairment of goodwill

☐ Applicable ☒ Not applicable

(3). Relevant information on the assets group or portfolio of asset groups on which the goodwill is contained

☐ Applicable ☒ Not applicable

Changes in asset group or combination of asset groups

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

(4). Specific method for determining the recoverable amount

The recoverable amount is determined at the net amount of fair value less disposal costs

☐ Applicable ☒ Not applicable

The recoverable amount is determined at the present value of estimated future cash flows

☐ Applicable ☒ Not applicable

Reasons for significant discrepancies between the aforesaid information and the information or external information used in the impairment test of the previous year

☐ Applicable ☒ Not applicable

Reasons for significant discrepancies between the information used in the Company impairment tests of the previous year and the actual situation of the current year

☐ Applicable ☒ Not applicable

(5). Performance commitments and corresponding goodwill impairment

There is a performance commitment when goodwill is formed and the reporting period or the period prior to the reporting period is within the performance commitment period

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

28. Long-term deferred expenses

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Opening balance	Amount of increase in current period	Amount of amortization in current period	Other amount of increase	Closing balance
Renovation fee (leased asset)	2,029,260.93	378,246.70	1,271,805.48		1,135,702.15
Molds	500,100.94	138,053.10	304,212.80		333,941.24
Others	128,922.23	83,833.02	163,147.42		49,607.83
Total	2,658,284.10	600,132.82	1,739,165.70		1,519,251.22

Other notes:

None

29. Deferred income tax assets/deferred income tax liabilities**(1). Deferred tax assets without offsetting**

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax Assets	Deductible temporary difference	Deferred income tax Assets
Assets impairment provision	101,658,336.26	15,336,910.59	66,071,475.55	9,961,645.53
Unrealized profits from internal transactions	7,193,383.85	1,079,007.58	11,168,114.77	1,675,217.22
Deductible losses	9,183,675.03	1,958,520.52		
Deferred income	7,500,000.00	1,875,000.00		

Estimated liabilities	34,062,566.56	5,118,858.56	38,290,734.17	5,746,663.22
Employee benefits payable	3,962,411.93	594,361.79	3,793,352.14	569,002.82
Lease liability	6,979,994.62	1,280,381.73	8,221,807.24	1,569,190.89
Total	170,540,368.25	27,243,040.77	127,545,483.87	19,521,719.68

(2). Deferred tax liability without offsetting

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax Liabilities	Taxable temporary differences	Deferred income tax Liabilities
Value-added estimation of enterprise merger under different control				
Changes in fair value of other debt investments				
Changes in fair value of other equity instruments investment				
Changes of fair value of held-for-trading financial assets	8,865,628.53	1,329,844.29	3,362,922.80	504,438.42
Differences in fixed asset depreciation	11,447,647.63	1,717,147.15		
Right-of-use asset	6,614,625.02	1,213,390.70	8,119,614.60	1,549,739.27
Total	26,927,901.18	4,260,382.14	11,482,537.40	2,054,177.69

(3). Deferred income tax assets or liabilities in net amount after offsetting

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Offsetting amount of deferred income tax assets and liabilities at the end of the period	Balance of deferred income tax assets or liabilities at the end of the period after offsetting	Amount offset of deferred income tax assets and liabilities at the beginning of the period	Balance of deferred income tax assets or liabilities after offsetting at the beginning of the period
Deferred tax assets	1,213,390.70	26,029,650.07	1,549,739.27	17,971,980.41
Deferred tax liabilities	1,213,390.70	3,046,991.44	1,549,739.27	504,438.42

(4). List of unrecognized deferred income tax assets

□ Applicable √ Not applicable

(5). Deductible losses of deferred income tax assets unrecognized will mature in the following year.

□ Applicable √ Not applicable

Other notes:

□ Applicable √ Not applicable

30. Other non-current assets

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Contract acquisition cost						
Contract performance cost						
Return cost receivable						
Contract assets						
Prepayment for equipment	2,543,104.10		2,543,104.10	1,933,122.84		1,933,122.84
Total	2,543,104.10		2,543,104.10	1,933,122.84		1,933,122.84

Other notes:

None

31. Assets with restricted ownership or the right to use

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Ending				Opening			
	Book balance	Book value	Type of restriction	Restrictions	Book balance	Book value	Type of restriction	Restrictions
Cash and	450,000.00	450,000.00	Pledge	L/G deposit				

bank balance								
Notes receivable								
Inventory								
Fixed assets								
Intangible assets								
Total	450,000.00	450,000.00	/	/			/	/

Other notes:

At the end of the year, except for the monetary funds of which the use is restricted in the above table, the Company does not have any other funds whose use is restricted due to mortgage, pledge or freezing, or which are deposited overseas and subject to repatriation restriction.

32、 Short-term borrowings

(1). Classification of short-term borrowings

☐ Applicable ☒ Not applicable

(2). Short-term borrowings overdue but outstanding:

☐ Applicable ☒ Not applicable

In which, the important outstanding short-term loans are as follows:

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

33、 Held-for-trading financial liabilities

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

34、 Financial derivative liabilities

☐ Applicable ☒ Not applicable

35、 Notes payable**(1). List of notes payable**

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Categories	Closing balance	Opening balance
Commercial acceptance bills		
Bank Acceptance Bill	110,657,721.71	138,124,818.71
Total	110,657,721.71	138,124,818.71

The total amount of unpaid notes payable at the end of the period is RMB 0. Reason for overdue payment: Nil.

36、 Accounts payable**(1). List of accounts payable**

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Material fund	214,292,681.06	236,853,928.96
Payments for project and equipment	34,419,031.59	5,982,060.34
Others	4,384,565.53	5,170,683.46
Total	253,096,278.18	248,006,672.76

(2). Significant accounts payable aged over 1 year or overdue

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

37、 Advances from customers**(1). List of advances from customers**

☐ Applicable ☒ Not applicable

(2). Significant advances from customers aged over one year.

☐ Applicable ☒ Not applicable

(3). The amount and reason for the significant change in the book value during the reporting period

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

38、 Contract liabilities**(1). Contract liabilities**

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Contract payment in advance	216,986,776.58	262,406,417.36
Total	216,986,776.58	262,406,417.36

(2). Significant contract liabilities with an aging of over 1 year:

☐ Applicable ☒ Not applicable

(3). The amount and reason for the significant change in the book value during the reporting period

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

39. Employee benefits payable**(1). List of employee benefits payable**

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Short-term remuneration	41,426,741.49	217,689,051.16	213,862,425.01	45,253,367.64
II. Post-employment benefits - defined contribution plans	19,486.08	10,911,075.85	10,930,561.93	
III. Termination benefits				
IV. Other benefits due within one year				
Total	41,446,227.57	228,600,127.01	224,792,986.94	45,253,367.64

(2). Presentation of short-term salary

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
I. Salaries, bonuses, allowances and subsidies	41,423,439.77	196,758,072.25	192,944,769.75	45,236,742.27
II. Employee welfare		11,832,353.42	11,832,353.42	
III. Social insurance premiums	3,183.72	4,749,365.36	4,752,549.08	
Including: Medical insurance premiums	2,275.75	3,751,977.84	3,754,253.59	
Work-related injury insurance premiums	215.22	660,777.59	660,992.81	
Maternity insurance premiums	692.75	336,609.93	337,302.68	
IV. Housing Provident Fund	118.00	4,286,241.00	4,286,359.00	
V. Labor union funds, employee education funds		63,019.13	46,393.76	16,625.37
VI. Short-term compensated absences				
VII. Short-term profit-sharing plan				
Total	41,426,741.49	217,689,051.16	213,862,425.01	45,253,367.64

(3). List of defined contribution plan

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
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1. Basic pension insurance premiums	18,840.08	10,578,464.96	10,597,305.04	
2. Unemployment insurance premiums	646.00	332,610.89	333,256.89	
3. Enterprise annuity payment				
Total	19,486.08	10,911,075.85	10,930,561.93	

Other notes:

☐ Applicable ☒ Not applicable

40、Taxes payable

☒ Applicable ☐ Not applicable

		Unit: yuan	Currency: RMB
Item	Closing balance	Opening balance	
VAT	3,485,493.20	7,374,802.71	
Consumption tax			
Business tax			
Enterprise income tax	5,574,587.56	6,173,350.65	
Personal Income Tax	353,279.32	342,805.79	
Urban maintenance and construction tax	204,184.63	416,936.45	
Education surcharge	109,790.49	224,489.77	
Local education surcharge	73,193.66	149,658.85	
Stamp duty	162,503.23	155,653.26	
Property tax	407,472.36	234,536.82	
Land use taxes	230,420.42	186,866.34	
Water conservancy construction fund	23,613.76	22,960.14	
Others	21,603.32	10.65	
Total	10,646,141.95	15,282,071.43	

Other notes:

None

41、Other payables

(1). Listed by item

☒ Applicable ☐ Not applicable

		Unit: yuan	Currency: RMB
Item	Closing balance	Opening balance	

Interests payable		
Dividends payable		
Other payables	3,587,347.10	3,766,280.35
Total	3,587,347.10	3,766,280.35

Other notes:

☐ Applicable ☒ Not applicable

(2) . Interests payable

Classification presentation

☐ Applicable ☒ Not applicable

Overdue significant interest payable:

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

(3) . Dividends payable

Classification presentation

☐ Applicable ☒ Not applicable

(4) . Other payables

Other payables presented by nature of fund

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Accrued expenses	2,141,033.32	3,716,279.73
Others	1,446,313.78	50,000.62
Total	3,587,347.10	3,766,280.35

Significant other payables aged over 1 year or overdue

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

42、Held-for-sale liabilities

☐ Applicable ☒ Not applicable

43、Non-current liabilities due within one year

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Long-term loan due within one year		
Bonds payable maturing within one year		
Long-term payables due within one year		
Lease liabilities due within one year	3,084,280.72	3,101,782.04
Total	3,084,280.72	3,101,782.04

Other notes:

None

44、Other current liabilities

Other current liabilities

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Short-term bonds payable		
Payment for return payable		
Endorsed acceptance bill that has not yet expired	36,387,955.70	49,504,616.60
The amount of pending changerover output tax that does not meet the value-added tax obligation	17,401,360.59	24,198,409.71
Total	53,789,316.29	73,703,026.31

Increasing or decreasing of short-term bonds payable

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

45、 Long term borrowings**(1). Classification of long-term borrowings**

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

46、 Bonds payable**(1). Bonds payable**

☐ Applicable ☒ Not applicable

(2). Bonds payable: (Excluding preferred stocks, perpetual bonds, and other financial instruments classified as financial liabilities)

☐ Applicable ☒ Not applicable

(3). Explanation of convertible corporate bonds

☐ Applicable ☒ Not applicable

Accounting treatment and judgment basis for equity transfer

☐ Applicable ☒ Not applicable

(4). Description of other financial instruments divided into financial liabilities

Basic statement preferred stocks outstanding at the end of the period, perpetual bonds and other financial instruments.

☐ Applicable ☒ Not applicable

Statement of changes in preferred stocks outstanding at the end of the period, perpetual bonds, and other financial instruments.

☐ Applicable ☒ Not applicable

Statement of basis of other financial instruments divided as financial liabilities:

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

47、 Lease liability

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Undiscounted amount of lease payments payable	7,503,149.36	8,966,978.91
Less: Unrecognized financing costs	523,154.74	745,171.67
The part due within one year	3,084,280.72	3,101,782.04
Total	3,895,713.90	5,120,025.20

Other notes:

None

48、 Long-term accounts payable**Listed by item**

□ Applicable √ Not applicable

Other notes:

□ Applicable √ Not applicable

Long-term accounts payable**(1). Long-term payables listed based on nature of fund**

□ Applicable √ Not applicable

Special payables**(1). Special payables listed based on nature of fund**

□ Applicable √ Not applicable

49、 Long-term employee benefits payable

□ Applicable √ Not applicable

50、 Estimated liabilities

□Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Opening balance	Closing balance	Causes
External guarantee			
Pending litigation			
Product quality assurance	38,290,734.17	34,062,566.56	Product after-sales service during warranty period
Restructuring obligations			
The onerous contracts to be executed			
Payment for return payable			
Others			
Total	38,290,734.17	34,062,566.56	/

Other notes, including related significant assumptions about important projected liabilities and interpretation of estimation:

None

51、Deferred income

Details of deferred proceeds

☒Applicable ☐Not applicable

Unit: yuan Currency: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance	Causes
Government subsidies		7,500,000.00		7,500,000.00	Government subsidies related to assets
Total		7,500,000.00		7,500,000.00	/

Other notes:

☐ Applicable ☒ Not applicable

52、Other non-current liabilities

☐ Applicable ☒ Not applicable

53、Equity

☒Applicable ☐Not applicable

Unit: yuan Currency: RMB

	Opening balance	Increase (+) decrease (-) in current period					Closing balance
		Issuance New share	Bonus shares	Provident fund Stock conversion	Others	Sub-total	
Total number of shares	147,200,000.00	11,776,000.00		70,656,000.00		82,432,000.00	229,632,000.00

Other notes:

(1) In accordance with the resolution of the Meeting of Shareholders General Assembly in 2022 held by the Company on April 28, 2023 and the amended articles of association, the Company converted a total of 70,656,000 shares with a par value of RMB 1.00 per share to all shareholders through the capital reserve fund at the ratio of 4.8 shares for every 10 shares. After this increase, the share capital increased by RMB 70,656,000.00 and the capital reserve reduced by RMB 70,656,000.00.

(2) The Company held the seventh meeting of the second board of directors of the Company on December 12, 2022 and the first interim meeting of shareholders assembly in 2022 on December 28, 2022, and passed the Proposal on the Issuance of GDR by the Company and Listing on the Swiss Stock Exchange and Conversion into an Overseas Limited Liability Company and the Proposal on the Issuance of GDR by the Company and Listing on the Swiss Stock Exchange. On March 20, 2023, China Securities Regulatory Commission issued the Reply on Approval of Initial Public Offering of Global

Depository Receipts and Listing on the Swiss Stock Exchange of Kunshan Dongwei Technology Co., Ltd. (ZJXX [2023] No. 608).

On June 13, 2023 (Swiss time), the GDRs issued by the Company were listed on the Swiss Stock Exchange. A total of 5,888,000 GDRs were issued, corresponding to 11,776,000 A-shares of the Company. The price of each GDR was USD 17.80, and the total amount of raised funds was USD 104,806,400.00, equivalent to RMB 749,344,798.72 (on June 13, 2023, the Foreign Exchange Trading Center of the People's Bank of China announced that the RMB central parity was RMB 7.1498 against the US dollar). After deducting the issue expenses of RMB 37,527,514.41 (excluding tax), the net funds raised were RMB 711,817,284.31. In addition, the Company paid the listing verification fee of RMB 114,970.37 to the Swiss Stock Exchange in August 2023. In the above GDR issuance matters, the registered capital (share capital) was increased by RMB 11,776,000.00 and the capital reserve was increased by RMB 699,926,313.94.

54、 Other equity instruments

(1). Basic statement preferred stocks outstanding at the end of the period, perpetual bonds and other financial instruments.

☐ Applicable ☒ Not applicable

(2). Statement of changes in preferred stocks outstanding at the end of the period, perpetual bonds, and other financial instruments.

☐ Applicable ☒ Not applicable

Changing status and its reason for increase or decrease of other equity instruments, and related basis of accounting treatment:

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

55、 Capital reserve

☒ Applicable ☐ Not applicable

		Unit: yuan		Currency: RMB
Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Capital premium (Equity premium)	350,306,390.81	699,926,313.94	70,656,000.00	979,576,704.75
Other capital reserves				
Total	350,306,390.81	699,926,313.94	70,656,000.00	979,576,704.75

Other description, including description of increasing or decreasing and such changes:

Refer to the explanation of changes in share capital

56、 Treasury stock

☐ Applicable ☒ Not applicable

57、 Other comprehensive income

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Opening Balance	Amount incurred in the current period						Ending Balance
		Current amount before the income tax in this period	Less: other consolidated income of prior periods are accrued to the current profit and loss	Less: other consolidated income of prior periods are accrued to the current retained earnings	Less: income tax expense	Attributed to the parent company after tax	Attributed to minority shareholders after tax	
I. Other comprehensive income which cannot be reclassified into profit or loss								
Including: Re-measure changes in defined benefit plans								
Other comprehensive income that cannot be transferred to profit or loss under the equity method								
Changes in fair value of other equity instruments investment								
Changes in fair value of the company's own credit risk								
II. Other comprehensive income which can be reclassified into profit or loss		-1,940.06				-1,940.06		-1,940.06
Including: Other								

comprehensive income that can be transferred to profit or loss under the equity method								
Changes in fair value of other debt investments								
Amount of financial assets reclassified into other comprehensive income								
Provision for credit impairment of other debt investments								
Cash flow hedge reserve								
Translation difference in foreign currency financial statements		-1,940.06				-1,940.06		-1,940.06
Total of other consolidated income		-1,940.06				-1,940.06		-1,940.06

Other explanations include the adjustment of the effective part of the hedging profit and loss of the cash flow transferring into the initial confirmed amount of the hedged item:

None

58、 Special reserves

☐ Applicable ☒ Not applicable

59、 Surplus reserve

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	38,262,560.14	12,394,662.66		50,657,222.80
Discretionary surplus reserve				

Reserve fund				
Enterprise Development Fund				
Others				
Total	38,262,560.14	12,394,662.66		50,657,222.80

"Description of surplus public reserve fund, including change of increasing or decreasing period and description of cause for change: "

According to relevant regulations, the statutory surplus reserve shall be withdrawn at 10% of the parent company's current net profit. If accumulated amount of statutory surplus reserve is more than 50% of registered capital, no withdrawal is made.

60、 Retained earnings

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Current period	Last period
Retained earnings at the end of the previous period before adjustment	402,167,824.11	246,129,477.71
Total adjusted undistributed profit at the beginning of period (increase +, decrease -)	19,155.54	
Beginning retained earnings after adjustment	402,186,979.65	246,129,477.71
Add: Net profit attributed to owners of parent company in current period	151,427,452.93	213,317,263.59
Less: Appropriation of statutory surplus reserve	12,394,662.66	13,099,761.65
Appropriation of discretionary surplus reserve		
Appropriation of general risk provision		
Common shares dividends payables	64,768,000.00	44,160,000.00
Ordinary shares dividends converted to shares		
Ending retained earnings	476,451,769.92	402,186,979.65

Details of adjustment of undistributed profits at the beginning of the period:

1. Due to the retrospective adjustment of the Accounting Standards for Business Enterprises and related new regulations, the undistributed profit at the beginning of the period was affected by RMB 19,155.54.
2. Due to change of accounting policy, the undistributed profit at the beginning of the period was affected by RMB 0.
3. Due to correction of significant account errors, the undistributed profit at the beginning of the period was affected by RMB 0.
4. Due to change of scope of consolidation under the same control, the undistributed profit at the beginning of the period was affected by RMB 0.
5. The total impact of other adjustments on the undistributed profit at the beginning of the period is RMB 0.

61、 Operating income and operating costs

(1). Situation of operating income and operating costs

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost

Main business	905,065,606.47	529,865,426.86	1,008,956,253.04	588,129,155.16
Other operations	4,164,298.33	72,215.69	2,770,712.06	47,515.40
Total	909,229,904.80	529,937,642.55	1,011,726,965.10	588,176,670.56

(2). Breakdown information of operating income and operating costs

√Applicable □Not applicable

Unit: yuan Currency: RMB

Contract classification	Amount incurred this year		Total	
	Operating income	Operating cost	Operating income	Operating cost
Goods type	909,229,904.80	529,937,642.55	909,229,904.80	529,937,642.55
Including: equipment and other main businesses	905,065,606.47	529,865,426.86	905,065,606.47	529,865,426.86
Other operations	4,164,298.33	72,215.69	4,164,298.33	72,215.69
Classified by business area	909,229,904.80	529,937,642.55	909,229,904.80	529,937,642.55
Including: domestic	843,051,350.07	493,955,479.11	843,051,350.07	493,955,479.11
Overseas	66,178,554.73	35,982,163.44	66,178,554.73	35,982,163.44
Type of Contract	909,229,904.80	529,937,642.55	909,229,904.80	529,937,642.55
Including: purchases and sales contract	909,229,904.80	529,937,642.55	909,229,904.80	529,937,642.55
Classification by time of goods transfer	909,229,904.80	529,937,642.55	909,229,904.80	529,937,642.55
Including: recognize at a certain time point	909,229,904.80	529,937,642.55	909,229,904.80	529,937,642.55
Classification by sales channel	909,229,904.80	529,937,642.55	909,229,904.80	529,937,642.55
Including: direct sales	888,402,474.05	520,296,856.85	888,402,474.05	520,296,856.85
Distribution	20,827,430.75	9,640,785.70	20,827,430.75	9,640,785.70
Total	909,229,904.80	529,937,642.55	909,229,904.80	529,937,642.55

Other notes

□ Applicable √ Not applicable

(3). Description of performance obligations

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Time for fulfilling performance obligations	Important payment terms	Nature of the goods promised to be transferred by the Company	Main responsible person or not	Amounts assumed by the Company that are expected to be refunded to customers	The types of quality assurance provided by the Company and related obligations
Domestic sales	1. Equipment sales, production line rectification, and installation: the time point when the equipment installation and commissioning are completed and finally accepted; 2. After-sales	(1) A deposit of about 30% shall be paid 3-15 days after the signing of the contract; (2) About 30% shall be paid after the equipment arrives at the designated site of the customer,	Goods	Yes		Product quality assurance

	service and sales of materials: at the time point of invoicing.	and 30% after acceptance; (3) the amount of warranty shall be 10%. The payment for equipment shall be fully made after the warranty period (usually 1 year).				
Export	After the goods are declared at customs and accepted by the customer.	(1) A deposit of about 30% shall be paid 3-15 days after the signing of the contract; (2) About 30% shall be paid after the equipment arrives at the designated site of the customer, and 30% after acceptance; (3) the amount of warranty shall be 10%. The payment for equipment shall be fully made after the warranty period (usually 1 year).	Goods	Yes		Product quality assurance
Total	/	/	/	/		/

(4). Description of allocation to remaining performance obligations

☒Applicable ☐Not applicable

At the end of the reporting period, the income corresponding to the performance obligations that have signed contracts but have not been fulfilled or have not been fulfilled is RMB 991 million, of which RMB 793 mmillion is expected to be recognized in 2024.

(5). Significant contract changes or significant transaction price adjustments

☐ Applicable ☒ Not applicable

Other notes:

None

62、Tax and surcharge

☒Applicable ☐Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
------	---------------------------------------	--

Consumption tax		
Business tax		
Urban maintenance and construction tax	2,222,457.90	2,545,168.61
Education surcharge	1,167,623.20	1,299,732.03
Resource tax		
Property tax	1,402,355.48	840,503.31
Land use taxes	956,707.27	349,336.70
Vehicle and vessel use tax	6,525.00	3,775.00
Stamp duty	942,820.91	698,966.75
Local education surcharge	778,416.50	866,488.04
Water conservancy construction fund	283,365.12	275,521.67
Others	25,299.54	32.78
Total	7,785,570.92	6,879,524.89

Other notes:

None

63、 Selling and distribution expenses

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee benefits	29,887,656.95	29,085,756.32
After-sales service costs	25,962,680.74	28,250,484.77
Business entertainment expenses	3,139,548.60	4,514,040.20
Travel expenses	3,037,027.28	3,134,612.03
Advertising and business promotion fee	4,394,330.14	1,145,638.58
Others	5,700,717.88	2,483,251.56
Total	72,121,961.59	68,613,783.46

Other notes:

None

64、 General and administrative expenses

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee benefits	30,196,092.63	26,981,397.45
Asset depreciation and amortization expenses	7,439,862.48	4,151,835.98
Service fees	2,937,929.95	3,058,302.68
Property rental fees	1,929,106.33	2,811,790.31
Vehicle fee	1,270,276.31	1,038,778.93
Administrative expenses	1,230,397.47	865,280.76
Business entertainment expenses	931,745.05	707,035.42
Travel expenses	1,071,389.40	335,886.96
Others	4,936,086.82	4,603,323.82
Total	51,942,886.44	44,553,632.31

Other notes:

None

65、 R & D expenses

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee benefits	52,602,327.14	45,207,220.43
Material fee	13,728,005.65	24,714,410.35
Asset depreciation and amortization expenses	5,572,044.72	2,971,372.88
Travel expenses	2,012,400.33	1,823,936.20
Rent	2,033,573.97	1,800,409.72
Others	4,179,945.90	3,128,437.12
Total	80,128,297.71	79,645,786.70

Other notes:

None

66、 Financial expenses

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Interest expense	380,253.86	163,528.64
Interest expenses		
Interest income	-3,226,283.93	-1,574,403.69
Exchange gains and losses	-6,197,599.10	622,557.05
Handling charges	30,199.70	47,550.79
Total	-9,013,429.47	-740,767.21

Other notes:

None

67、 Other income

√Applicable □Not applicable

Unit: yuan Currency: RMB

Classification by nature	Amount incurred in the current period	Amount incurred in the previous period
Government subsidies	7,528,262.22	7,136,923.16
Immediate levy and refund of software VAT	7,310,970.36	14,733,265.78
Input tax deduction	5,131,259.47	
Other tax deductions	466,500.00	
Total	20,436,992.05	21,870,188.94

Other notes:

None

68、 Investment income

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income accounted by equity method		
Investment income from disposal of long-term equity investment		747,450.02
Investment gains from financial assets		

held for trading during the holding period		
Dividend income from other equity instrument investments during the holding period		
Interest income from debt investment during the holding period		
Other interest income from debt investment during the holding period		
Investment gains from disposal of financial assets held for trading	3,798,300.36	
Investment gains from disposal of other equity instrument investments		
Investment gains from disposal of debt investments		
Investment gains from disposal of other debt investments		
Income from debt restructuring		
Investment income from bank financial products	7,178,347.22	4,637,114.98
Total	10,976,647.58	5,384,565.00

Other notes:

None

69、 Net exposure hedge income

☐ Applicable ☒ Not applicable

70、 Income from change in fair value

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Source of income from change in fair value	Amount incurred in the current period	Amount incurred in the previous period
Held-for-trading financial assets		
Including: Income from changes in fair value caused by derivative financial instruments		
Financial management product	2,297,993.69	3,302,533.89
Held-for-trading financial liabilities		
Investment property measured at fair value		
Total	2,297,993.69	3,302,533.89

Other notes:

None

71、 Credit impairment loss

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Bad debt loss on notes receivable	220,224.00	-115,585.44
Loss from bad debts of accounts receivable	-27,626,172.76	-11,827,973.01

Loss from bad debts of other receivables	-149,268.61	-211,910.85
Loss from debt investment impairment		
Loss from other debt investment impairment		
Loss from bad debts of long-term receivables		
Impairment losses related to financial guarantee		
Total	-27,555,217.37	-12,155,469.30

Other notes:

None

72、 Loss from assets impairment

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
I. Loss from contract assets impairment	-1,122,126.22	-652,414.08
II. Inventory falling price loss and contract performance cost impairment loss	-11,860,313.47	-6,865,529.71
III. Impairment loss on long-term equity investment		
IV. Impairment losses of investment property		
V. Impairment loss of fixed assets		
VI. Impairment losses from construction materials		
VII. Impairment losses from construction in process		
VIII. Impairment losses of bearer biological assets		
IX. Impairment losses from assets		
X. Impairment losses from intangible assets		
XI. Impairment losses from goodwill		
XII. Others		
Total	-12,982,439.69	-7,517,943.79

Other notes:

None

73、 Gains from disposal of assets

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Fixed asset disposal gains and losses	6,166.84	137,669.29
Gains from and losses on disposal of intangible assets		
Total	6,166.84	137,669.29

Other notes:

None

74、 Non-operating income

Non-operating income

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount accounted into the current non-recurring profits and losses
Total gains on disposal of non-current assets			
Including: Gains from disposal of fixed assets			
Gains from disposal of intangible assets			
Gains from exchange of non-monetary assets			
Acceptance of donations			
Government subsidies			
Compensation payments		3,800.00	
Others	2,620.49	1.13	2,620.49
Total	2,620.49	3,801.13	2,620.49

Other notes:

□ Applicable √ Not applicable

75、 Non-operating expenditure

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period	Amount accounted into the current non-recurring profits and losses
Total loss on disposal of non-current assets	54,348.60	49,102.60	54,348.60
Including: loss from disposal of fixed assets	54,348.60	49,102.60	54,348.60
Losses from disposal of intangible assets			
Losses from exchange of non-monetary assets			
External donations	273,243.95	122,011.69	273,243.95
Others	1,636.50	74,853.18	1,636.50
Fines and late fees	115,877.63	306,704.64	115,877.63
Total	445,106.68	552,672.11	445,106.68

Other notes:

None

76、 Income tax expense**(1). Index of income tax expense**

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Current income tax expense	23,152,295.68	25,137,300.06
Deferred income tax expense	-5,515,116.64	-3,383,556.21
Total	17,637,179.04	21,753,743.85

(2). Adjustment process of accounting profit and income tax expense

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period
Total profit	169,064,631.97
Income tax expense calculated as per statutory/applicable tax rates	25,359,694.80
Influence of subsidiaries applicable to different tax rates	601,727.66
Influence of adjustment of prior period income tax	603,947.29
Influence of non-taxable income	
Influence of non-deductible costs, expenses and loss	94,566.03
Influence of the deductible losses of unrecognized deferred income tax assets in previous period	
Influence of the deductible temporary differences or deductible losses of unrecognized deferred income tax assets in current period	
Impact of additional deduction of R & D expenses	-9,022,756.74
Income tax expense	17,637,179.04

Other notes:

□ Applicable √ Not applicable

77、 Other comprehensive income

√Applicable □Not applicable

For details, please refer to the relevant contents of Note VII.57: Other Comprehensive Income

78、 Item of cash flow statement**(1). Cash relating to operating activities**

Other cash received relating to operating activities

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Other government subsidy income except for tax refunds	15,028,262.22	7,136,923.16

Received bank interest	3,226,283.93	1,574,403.69
Others	1,205,698.59	567,691.99
Total	19,460,244.74	9,279,018.84

Other cash received relating to operating activities:

None

Other cash paid relating to operating activities

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Out-of-pocket expenses	40,932,299.29	51,495,039.95
Payment of deposit and margin	2,482,996.92	1,685,059.28
Payment of bank handling charges	21,937.17	19,058.64
Other current	789,741.82	674,872.42
Total	44,226,975.20	53,874,030.29

Explanation of other cash payments related to operating activities:

None

(2). Cash relating to investment activities

Cash received relating to significant investing activities

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Structured deposits	678,000,000.00	868,000,000.00
Certificates of deposit	297,932,736.12	21,063,833.33
Other financial products	343,464,667.00	200,000,000.00
Total	1,319,397,403.12	1,089,063,833.33

Cash received relating to significant investing activities

None

Cash paid relating to significant investing activities

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Structured deposits	998,120,000.00	978,000,000.00
Certificates of deposit	470,188,680.55	37,671,694.44
Other financial products	343,464,667.00	30,000,000.00
Total	1,811,773,347.55	1,045,671,694.44

Cash paid relating to significant investing activities

None

Other cash received relating to investing activities

□ Applicable √ Not applicable

Other cash paid relating to investing activities

□ Applicable √ Not applicable

(3). Cash relating to financing activities

Other proceeds relating to financing activities

☐ Applicable ☒ Not applicable

Other cash payments relating to financing activities

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Pay rent on right-of-use assets	2,818,507.84	1,018,792.50
Payment of GDR issuance expenses	16,185,065.18	
Total	19,003,573.02	1,018,792.50

Other cash paid relating to investing activities:

None

Changes in liabilities arising from financing activities

☐ Applicable ☒ Not applicable**(4). Explanation for presentation of cash flows on a net basis**☐ Applicable ☒ Not applicable**(5). Significant activities and financial impacts that do not involve current cash flows but affect the financial condition of the enterprise or may affect the cash flow of the enterprise in the future**☐ Applicable ☒ Not applicable**79. Supplemental Information of Cash Flow Statement****(1). Supplemental Information of Cash Flow Statement**☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Supplementary information	Amount in current period	Amount in previous period
1. Adjust the net profit as cash flow from operating activities:		
Net profit	151,427,452.93	213,317,263.59
Add: Asset impairment provision	12,982,439.69	7,517,943.79
Credit impairment loss	27,555,217.37	12,155,469.30
Depreciation of fixed assets, depletion of oil and natural gas assets, deprecation of bearer biological assets	17,512,523.12	10,006,073.86
Amortization of right-of-use assets	3,845,580.99	1,284,139.49
Amortization of intangible assets	2,362,961.61	1,347,687.75
Amortization of long-term deferred expenses	1,739,165.70	921,895.17
Loss from disposal of fixed assets, intangible assets and other long-term assets (gains expressed with "-")	-6,166.84	-137,669.29
Loss from retirement of fixed assets (gains expressed with "-")	54,348.60	49,102.60
Loss from changes in fair value (gains expressed with "-")	-2,297,993.69	-3,302,533.89
Financial expenses (gains expressed with "-")	-6,197,599.10	163,528.64
Investment losses (gains expressed	-10,976,647.58	-5,384,565.00

with “-”)		
Decrease in deferred tax assets (increase expressed with “-”)	-8,057,669.66	-3,600,301.47
Increase of deferred income tax liabilities (decrease expressed with “-”)	2,542,553.02	216,745.26
Decrease in inventories (increase expressed with “-”)	-44,953,431.05	-39,513,931.91
Decrease in operating receivables (increase expressed with “-”)	-116,485,526.65	-106,121,846.73
Increase in operating payables (decrease expressed with “-”)	-110,651,996.71	40,858,523.74
Others		
Net cash flow from operating activities	-79,604,788.25	129,777,524.90
2. Investment and financing activities not involved in significant cash deposit and withdrawal:		
Conversion of debt into capital		
Convertible bonds maturing within one year		
Fixed assets acquired under finance leases		
3. Net change in cash and cash equivalents:		
Cash at the end of the period	152,237,607.75	169,409,084.36
Less: Cash at the beginning of the period	169,409,084.36	190,931,836.86
Add: Cash equivalents at the end of the period		
Less: Cash equivalents at the beginning of the period		
Net increase in cash and cash equivalents	-17,171,476.61	-21,522,752.50

(2). Net cash paid for the acquisition of subsidiaries in current period
☐ Applicable ☒ Not applicable
(3). Net cash from disposal of subsidiaries in current period
☐ Applicable ☒ Not applicable
(4). Composition of cash and cash equivalents
☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
I. Cash	152,237,607.75	169,409,084.36
Including: cash on hand	22,070.70	10,008.30
Bank deposits available for payment at any time	152,215,537.05	169,399,076.06
Other monetary fund available for payment at any time		
Central bank deposits available for payment at any time		
Amount due from placements with banks and other financial institutions		

Amount call loan to banks		
II. Cash equivalents		
Including: bond investment maturing within three months		
III. Balance of cash and cash equivalents at ending of period	152,237,607.75	169,409,084.36
Including: the parent company or its subsidiaries use the restricted cash and cash equivalents		

(5). Situations where the scope of use is limited but it is still listed as cash and cash equivalents

☒Applicable ☐Not applicable

Unit: yuan Currency: RMB

Item	Amount in current period	Reasons
L/G deposit	450,000.00	Pledge
Total	450,000.00	/

(6). Monetary fund not belonging to cash and cash equivalents

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

80. Notes to the owner's equity changing statement

Explain the "other" items for adjusting the balance at the end of the previous year and the adjustment amount:

☐ Applicable ☒ Not applicable

81. Foreign currency monetary items

(1). Foreign currency monetary items

☒Applicable ☐Not applicable

Unit: RMB

Item	Closing balance in foreign currency	Exchange rate for translation	Ending amount for RMB translation Balance
Monetary funds	-	-	
Including: USD	262,012.21	7.0827	1,855,753.88
EUR	2,600,000.01	7.8592	20,433,920.08
KRW			
Accounts receivable			
Including: USD	2,963,538.40	7.0827	20,989,853.43
EUR	71,800.00	7.8592	564,290.56
KRW	20,000,000.00	0.005514	110,280.00
Long term borrowings	-	-	
Including: USD			
EUR			
HKD			

Other notes:

None

(2). The description of overseas operating entity, including the important overseas operating entity, shall disclose its main overseas operating place, account standard currency and selection basis, and the reasons of changing bookkeeping base currency shall be disclosed for reasons.

☒Applicable ☐Not applicable

Dongwei Technology (Thailand) Co., Ltd., a subsidiary of the Group, determines its recording currency based on the main economic environment in which it operates. The Group converts its financial statements into RMB using the method described in V (10) "Translation of Foreign Currency Transactions and Foreign Currency Financial Statements". For the main overseas places of business, please refer to clause IX of this report - Changes in the scope of consolidation.

82、 Leasing

(1) As a lessee

☒Applicable ☐Not applicable

Variable lease payments not included in the measurement of the lease liability

☐Applicable ☒Not applicable

Expenses of simply treated short-term leases or low-value asset leases

☒Applicable ☐Not applicable

Unit: RMB

Item	Amount incurred this year
Interest expense on lease liability	379,115.14
Short-term lease expenses with simplified treatment included in current profit and loss	1,559,720.18
Low-value asset leasing expenses (except short-term leases) with simplified treatment included in current profits and losses	
Variable lease payments not included in the measurement of the lease liability	
Including: the part generated from the sale and leaseback transaction	
Income from sublease of right-of-use assets	
Total cash outflow related to lease	4,378,228.02

Sale and leaseback transactions and judgment basis

☐Applicable ☒Not applicable

(2) As a lessor

Operating lease as a lessor

☐Applicable ☒Not applicable

Finance lease as a lessor

☐Applicable ☒Not applicable

Reconciliation sheet of undiscounted lease collection and net lease investments

☐Applicable ☒Not applicable

Undiscounted lease collection in the next five years

☐Applicable ☒Not applicable

(3) Recognition of the profit and loss of sales of finance lease as a manufacturer or distributor

☐ Applicable ☒ Not applicable

Other notes

None

83. Others

☐ Applicable ☒ Not applicable

VIII. R&D expenditure**(1). By nature of expenses**

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Employee benefits	52,602,327.14	45,207,220.43
Material fee	13,728,005.65	24,714,410.35
Asset depreciation and amortization expenses	5,572,044.72	2,971,372.88
Travel expenses	2,012,400.33	1,823,936.20
Rent	2,033,573.97	1,800,409.72
Others	4,179,945.90	3,128,437.12
Total	80,128,297.71	79,645,786.70
Including: Expensed R&D expenditure	80,128,297.71	79,645,786.70
Capitalized R&D expenditures		

Other notes:

None

(2). Development expenditure on R&D projects eligible for capitalization

☐ Applicable ☒ Not applicable

Significant capitalized R&D projects

☐ Applicable ☒ Not applicable

Provision for impairment of development expenditure

☐ Applicable ☒ Not applicable

Other notes

None

(3). Significant outsourcing research projects

☐ Applicable ☒ Not applicable

IX. Changes in the scope of consolidation**1. Combination of enterprises not under the same control**

☐ Applicable ☒ Not applicable

2. Combination of enterprises under the same control

☒ Applicable ☐ Not applicable

(1). Combination of enterprises under the same control in current period

☐ Applicable ☒ Not applicable

(2). Merger costs

☐ Applicable ☒ Not applicable

(3). The book value of assets and liabilities of the merged party at the merger date

☐ Applicable ☒ Not applicable

Other notes:

None

3、 Reverse purchase

☐ Applicable ☒ Not applicable

4、 Disposal of subsidiaries

Whether there is a transaction or event of loss of control over a subsidiary in the current period

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

Whether there are situations in which disposing the investment of subsidiaries step by step through multiple transactions and losing the right of control in the current period

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

5、 Changes in scope of consolidation for other reasons

Describe change of scope of consolidation (such as newly established subsidiaries and liquidating subsidiaries) and relevant information by other causes.

☒ Applicable ☐ Not applicable

Dongwei Technology (Thailand) Co., Ltd., a subsidiary of the Company, was established

Dongwei Technology (Thailand) Co., Ltd. (hereinafter referred to as “Thailand Dongwei”) was established on November 29, 2023. The Company holds 20% equity of Thailand Dongwei, and Guangde Dongwei Technology Co., Ltd. (hereinafter referred to as “Guangde Dongwei”), a wholly-owned subsidiary of the Company, holds 80% of the equity interest of Thailand Dongwei. Thailand Dongwei currently holds the Registration Certificate with registration number 0135566033023 issued by the Ministry of Commerce and Commercial Development Bureau of Thailand and the Bangkok Registry of Companies, with a registered capital of THB 5,000,000.00. Registered Address: No. 807/94, Village 8, Kuqu Township, Lam Luk Ka County, Pathum Thani Province, Thailand; Director: Shi Guowei. The business scope includes technology development, technical services, technical consulting, technology transfer, and related equipment maintenance in the field of mechanical equipment; production and sales of electroplating equipment and automated production equipment; development, sales, and after-sales service of embedded software for automation control equipment; installation and maintenance of mechanical equipment; sales of equipment parts and consumables; import and export business of self-operated and agency goods and technology.

6、 Others

☐ Applicable ☒ Not applicable

X. Equity in other entities**1、Equity in subsidiaries****(1). Constitution of enterprise group**

√Applicable □Not applicable

Unit: yuan Currency: RMB

Subsidiaries Name	Main region of business	Registered capital	Place of registration	Nature of business	Shareholding ratio (%)		Acquired via Method
					Direct	Indirect	
Guangde Dongwei Technology Co., Ltd.	Anhui Guangde	180,000,000	Anhui Guangde	Production base	100.00		Newly-established
Shenzhen Kunshan Dongwei Technology Co., Ltd.	Shenzhen, Guangdong	5,000,000	Shenzhen, Guangdong	After sales center	100.00		Newly-established
Dongguan Dongwei Technology Co., Ltd.	Dongguan, Guangdong	50,000,000	Dongguan, Guangdong	Production base	100.00		Newly-established
Changshu Dongwei Technology Co., Ltd.	Changshu, Jiangsu	405,000,000	Changshu, Jiangsu	Production base	100.00		Newly-established
Dongwei (Thailand) Technology Co., Ltd.	Thailand	5,000,000	Thailand	Production base	20.00	80.00	Newly-established

Explanation for the shareholding ratio of subsidiaries differs from voting rights
None

Basis for with half or less voting right but still controlling the invested body, and half and more voting right but not controlling the invested body:

None

Basis that key structural entity control is incorporated into the scope of consolidation

None

Basis for determining whether the company is an agent or a client:

None

Other notes:

The registered capital of Dongwei Technology (Thailand) Co., Ltd. is THB 5 million.

(2). Key non-wholly owned subsidiaries

□ Applicable √ Not applicable

(3). Key financial information of key non-wholly owned subsidiaries

☐ Applicable ☒ Not applicable

(4). Significant restrictions on the use of the assets and settlement of debts of the enterprise group .

☐ Applicable ☒ Not applicable

(5). Financial support or other support for the structural entity incorporated into the scope of consolidated financial statements

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

2、 Transactions with changes in the owner's equity in the subsidiary but still controlling the subsidiary:

☐ Applicable ☒ Not applicable

3、 Interests in joint ventures or associates

☐ Applicable ☒ Not applicable

4、 Important joint operations

☐ Applicable ☒ Not applicable

5、 Rights of the structural entities not incorporated into the scope of consolidated financial statements

Related explanation of the structured main body not included in the scope of the consolidated financial statements:

☐ Applicable ☒ Not applicable

6、 Others

☐ Applicable ☒ Not applicable

XI. Government subsidies**1、 Government subsidies recognized by receivables at the end of the reporting period**

☐ Applicable ☒ Not applicable

Reason for failure to receive the expected amount of government subsidies at the expected time point

☐ Applicable ☒ Not applicable

2、 Liabilities involving government subsidies

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item of financial statement	Opening balance	Increase of subsidy amount in current	Amount included in non-operating income	Other income transferred in	Other changes in the	Closing balance	Assets/incomes-related
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nt		period	in current period	the current period	curren t period		
Deferre d income		7,500,000.00				7,500,000.00	Related to assets
Total		7,500,000.00				7,500,000.00	/

3、 Government subsidy included in the current profit and loss

√Applicable □Not applicable

Unit: yuan Currency: RMB

Type	Amount incurred in the current period	Amount incurred in the previous period
Others	7,528,262.22	7,136,923.16
Total	7,528,262.22	7,136,923.16

Other notes:

None

XII. Risks related to financial instruments

1、 Risks of financial instruments

√Applicable □Not applicable

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and their other equity investors. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyse the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitor regularly and effectively these exposures to ensure the risks are monitored within a certain level.

1. Various risk management objectives and policies

(1) Market risk

Risks of exchange rate

The foreign exchange risk of the Group is mainly related to the US dollar. Except for some businesses sold in USD, EUR, and KRW, other major business activities of the Group are dominated and settled in RMB. As of December 31, 2023, except for the assets as described in the table below in US dollars, euros, and Korean won balances, the Group's assets and liabilities are all in RMB balances. The exchange rate risk arising from the assets and liabilities of these foreign currency balance may have an impact on the Group's operating results.

Item	Closing balance	Opening balance
Cash and bank balance - USD	262,012.21	118,143.10
Cash and bank balance - EUR	2,600,000.01	483,300.05
Accounts receivable - USD	2,963,538.40	804,176.00
Accounts receivable - EUR	71,800.00	
Accounts receivable - KRW	20,000,000.00	20,000,000.00

The Group closely monitors the effects of changes in the foreign exchange rates on the Group.

(2) Credit Risk

The Group manages the credit risks by portfolio. Credit risks mainly arise from monetary funds, notes receivable, accounts receivable, receivables financing and other receivables, etc.

To reduce credit risk, the Group sets up a special department to determine credit lines, conduct credit approvals, and implement other monitoring procedures to ensure that the necessary steps are taken to recover overdue claims. In addition, the Group reviews the recovery of each individual account receivable on each balance sheet date to ensure that sufficient provision is made for the bad debts. Therefore, the Group's management considers that the Group's credit risk has been significantly reduced.

The Group's working capital is deposited in banks with high credit ratings, thus the low credit risk of working capital.

The Group has adopted the necessary policies to ensure that all the sales customers have a good credit history. Except for the top five accounts receivable and contract assets, the Group has no other significant concentrated credit risks. The total amount of the top five accounts receivable and contract assets of the Group is RMB 198,108,945.61, accounting for 25.75% of the total accounts receivable and contract assets of the Company.

1) Judgment criteria for significant increase of credit risk

On each balance sheet date, the Group determines whether the credit risk of financial instruments has significantly increased since initial recognition by comparing the probability of default within the expected duration determined in the initial recognition and the probability of default within the expected duration determined on the balance sheet date. However, if the Group determines that the

financial instrument has only a low credit risk on the balance sheet date, it can be assumed that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The main criteria for the Group to judge a significant increase in credit risk are overdue days exceeding 30 days, or significant changes in one or more of the following indicators: the debtor's business environment, internal and external credit ratings, and actual or expected business results have undergone significant adverse changes. (In general, if the overdue period exceeds 30 days, it indicates that the credit risk of financial instrument has increased significantly.)

2) Definition of assets with credit impairment

In case of one or more events that adversely affect the expected future cash flow of a financial asset, the financial asset shall become a financial asset that has suffered credit impairment. The main criteria for the Group to determine credit impairment are overdue days exceeding 90 days. However, in some cases, the Group will also deem a credit impairment as having occurred if internal or external information indicates that the contractual amount may not be recovered in full before taking into account any credit enhancement held. The credit impairment of financial assets may be caused by the joint action of multiple events, but not necessarily by events that can be identified separately.

Evidence of credit impairment of financial assets includes the following observable information: Significant financial difficulties of the issuer or debtor; breach of contract by the debtor, such as default or delay in payment of interest or principal; concessions granted by the Group to the debtor for economic or contractual reasons related to the debtor's financial difficulties that would not have been made in any other circumstances; the high possibility of bankruptcy or other financial restructuring of the debtor; the disappearance of an active market for that financial asset as a result of financial difficulties of the issuer or debtor.

3) Credit risk exposure

On December 31, 2023, the biggest credit risk exposure which may cause financial loss to this Group is the non-performance of contractual obligations by the other party. This causes the loss of financial assets of this Group and the financial guarantees assumed by this Group.

Carrying amount of the financial assets recognized in the consolidated balance sheet; for the financial instruments measured at fair value, the book value reflects its risk exposure, but it is not the maximum risk exposure, and its maximum risk exposure will follow the future changes in fair value.

(3) Liquidity risk

The liquidity risk is the risk that the Group will not be able to meet its financial obligations on the maturity date. The Group adopts the approach to managing liquidity risk, that is to ensure that fund liquidity is sufficient to meet its maturity obligations, without causing unacceptable losses or damage to corporate reputation. The Group regularly analyzes the liability structure and maturity, so as to ensure the sufficient funds. The Management of this Group monitors the use of bank loans and ensures compliance with loan agreements. At the same time, the financing consultations are conducted with financial institutions, so as to maintain a certain credit line and reduce liquidity risk.

The term-to-maturity analysis of remaining undiscounted contractual obligations of financial assets and financial liabilities held by the Group is as follows:

Item	Within 1 year	1 to 2 years	2-5 years	More than 5 years	Total
Financial assets					
Cash and bank balance	152,687,607.75				152,687,607.75
Held-for-trading financial assets	253,785,545.21				253,785,545.21
Notes receivable	44,451,627.08				44,451,627.08
Accounts receivable	636,011,869.72				636,011,869.72
Receivables financing	7,357,716.16				7,357,716.16
Other receivables	4,008,301.14				4,008,301.14
Other debt investment		457,178,347.22			457,178,347.22
Financial liabilities					
Notes payable	110,657,721.71				110,657,721.71
Accounts payable	253,096,278.18				253,096,278.18
Other payables	3,587,347.10				3,587,347.10
Employee benefits payable	45,253,367.64				45,253,367.64
Non-current liabilities due within one year	3,322,096.69				3,322,096.69
Lease payments		1,665,845.58	2,515,207.09		4,181,052.67

2. Sensitivity analysis:

The Group adopts sensitive analyzing techniques to analyze reasonableness of risk variables and possible influences on current profit or loss or shareholder's equity. For any risk variants do not

change lonely, relevancy between variants has significant impacts on final influential amount from change of variants. The following assumptions are based on change of each variant alone.

Sensitivity analysis of foreign exchange risk

Assumptions for the foreign exchange risk sensitivity analysis: all hedges of net investment in overseas business and cash-flow hedge are highly effective.

Based on the above assumptions, and under the circumstance that all other variables remain the same, the after-tax influence of possible reasonable changes in the exchange rate on the current profit and loss and equity is as follows:

Item	Exchange rate changes	For the year ended December 31, 2023		For the year ended December 31, 2022	
		Impact on net profit	Impact on owner's equity	Impact on net profit	Impact on owner's equity
USD	Appreciation of 1% against RMB	228,456.07	228,456.07	64,235.84	64,235.84
USD	Depreciation of 1% against RMB	-228,456.07	-228,456.07	-64,235.84	-64,235.84
EUR	Appreciation of 1% against RMB	209,982.10	209,982.10	35,874.88	35,874.88
EUR	Depreciation of 1% against RMB	-209,982.10	-209,982.10	-35,874.88	-35,874.88
KRW	Appreciation of 1% against RMB	1,102.80	1,102.80	1,104.60	1,104.60
KRW	Depreciation of 1% against RMB	-1,102.80	-1,102.80	-1,104.60	-1,104.60

2、 Hedging

(1) The Company carries out hedging business for risk management

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

(2) The Company conducts eligible hedging business and applies hedging accounting

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

(3) The Company conducts hedging business for risk management and expects to achieve risk management goals, but has not applied hedging accounting

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

3、 Transfer of financial assets**(1) Classification of transfer mode**

√Applicable □Not applicable

Unit: yuan Currency: RMB

Transfer mode	Nature of transferred financial assets	Amount of transferred financial assets	De-recognition	Judgment basis for de-recognition
Endorsement	Notes receivable	36,387,955.70	Not derecognized	Almost all risks and rewards were retained, including the related default risks
Endorsement	Receivables financing	34,016,441.26	Derecognition	Almost all risks and rewards were transferred, including the related default risks
Total	/	70,404,396.96	/	/

(2) Financial assets de-recognized due to transfer

□ Applicable √ Not applicable

(3) Transferred financial assets continuously involved

□ Applicable √ Not applicable

Other notes

□ Applicable √ Not applicable

XIII. Disclosure of fair value**1、 Closing fair value of the assets and liabilities measured by fair value**

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Closing fair value			
	Measurement of the first level of fair value	Measurement of the second level of fair value	Measurement of the third level of fair value	Total
I. Continued fair value measurement				
(I) Held-for-trading financial assets		253,785,545.21		253,785,545.21
1. Financial assets measured at fair value through current profit or loss		253,785,545.21		253,785,545.21
(1) Debt instruments investment				
(2) Equity instruments investment				
(3) Financial derivative assets				

(4) Bank financial products		253,785,545.21		253,785,545.21
2. Specified financial assets measured at fair value through profit or loss				
(1) Debt instruments investment				
(2) Equity instruments investment				
(II) Other debt investment		457,178,347.22		457,178,347.22
(III) Other equity instruments investment				
(IV) Investment property				
1. Land use right for leasing				
2. Leasing buildings				
3. Land use right held and to be transferred after adding values				
(V) Biological assets#				
1. Consumable biological assets				
2. Bearer biological assets				
(vi) Receivables financing		7,357,716.16		7,357,716.16
Continuing total assets measured at fair value		718,321,608.59		718,321,608.59
(VI) Held-for-trading financial liabilities				
1. Financial liabilities at fair value through current profit or loss				
Wherein: issued transaction bonds				
Financial derivative liabilities				
Others				
2. Financial liabilities designated to be measured at fair value through profit or loss				
The total amount of liabilities measured constantly at fair value				
II. Non-continuing fair value measurement				
(I) Held-for-sale assets				
Non-continuing total assets measured at fair value				
Non-continuing total liabilities measured at fair value				

2、Basis for determining the measurement of market price of items through continuous and non-continuing first-level fair value

√Applicable □Not applicable

The first-level input value is unadjusted quoted price of the same assets or liabilities in the active market on the measurement date.

3、For the continuous and non-continuing measurement of second-level fair value, valuation techniques and qualitative and quantitative information with important parameters adopted.

√Applicable □Not applicable

For bank financial products held by the Group, the fair value is determined adopting the discounted cash flow model and market quotes of similar instruments as valuation techniques. The input values of valuation techniques mainly include the expected rate of return agreed in the contract; for the financing of accounts receivable of the Company, the aging of accounts receivable is within 1 year, and the difference between their fair value and amortized cost is obviously insignificant, and its amortized cost is approximated as the fair value of receivable financing.

4、For the continuous and non-continuing measurement of third-level fair value, valuation techniques and qualitative and quantitative information with important parameters adopted.

√Applicable □Not applicable

The third-level input value refers to non-observable input values of relevant assets or liabilities.

5、For the continued measurement of third-level fair value, the adjustment information between opening and closing book value and the sensitivity analysis of non-observable parameters.

□Applicable √Not applicable

6、For the continued fair value measurement item, the reason for the conversion and the policy for determining the conversion time and point if there is conversion between various levels in the current period.

□Applicable √Not applicable

7、The changes in valuation techniques in the current period and reasons of change

□Applicable √Not applicable

8、Information of fair value of financial assets and financial liabilities not measured with fair value

√Applicable □Not applicable

The financial assets and liabilities measured at amortized cost by the Group mainly include: notes receivable, accounts receivable, other receivables, notes payable, accounts payable, other payables, non-current liabilities maturing within one year, and lease liabilities. There is no significant difference between the book value and fair value of financial assets and liabilities measured at amortized cost of the Group as of December 31, 2023.

9、Others

□Applicable √Not applicable

XIV.Related parties and related party transactions**1、Parent company of the Enterprise**

□Applicable √Not applicable

2、 Information of subsidiaries of the enterprise

For the details of the Company's subsidiaries, please refer to the notes.

☒Applicable ☐Not applicable

For the details of the Company's subsidiaries, please refer to Note “IX: Rights and Interests in Other Entities”.

3、 Information on joint ventures and joint ventures of the enterprise

For important joint ventures or associates of the Company, please refer to notes.

☐ Applicable ☒ Not applicable

Other joint ventures or associates that have related party transactions with the Company in the current period or have related party transactions with the Company in the previous period and have formed a balance are as follows:

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

4、 Other related parties

☒Applicable ☐Not applicable

Name of other related parties	Relations between other related parties and the enterprise
Shi Guowei	Others

Other notes

Director Shi Guowei advanced RMB 175,409.82 for Thailand Dongwei.

5、 Related transactions**(1). Related transactions of goods purchase and sales, provision and acceptance of labor services**

Fact sheet of goods purchase / services acceptance

☐ Applicable ☒ Not applicable

Fact sheet of sale of goods / services provision

☐ Applicable ☒ Not applicable

Related transactions of goods purchase and sales, provision and acceptance of labor services

☐ Applicable ☒ Not applicable

(2). Referring to fiduciary management/ undertaking and authorizing management/entrusting statement:

The company's fiduciary management /undertaking information form:

☐ Applicable ☒ Not applicable

Statement of related deposit/ undertake

☐ Applicable ☒ Not applicable

Authorizing management/ entrusting statement of the company

☐ Applicable ☒ Not applicable

Statement of related management/entrusting

☐ Applicable ☒ Not applicable

(3). Related-party lease

The Company as a lessor:

☐ Applicable ☒ Not applicable

The Company as a lessee:

☐ Applicable ☒ Not applicable

Related-party lease

☐ Applicable ☒ Not applicable**(4). Profile of related guarantee**

The Company as the guarantor

☐ Applicable ☒ Not applicable

The company as the guaranteed party

☐ Applicable ☒ Not applicable

Profile of related guarantee:

☐ Applicable ☒ Not applicable**(5). Borrowed funds of related party**☐ Applicable ☒ Not applicable**(6). Asset transfer and debt restructuring of related parties**☐ Applicable ☒ Not applicable**(7). Remuneration of key managers**☒ Applicable ☐ Not applicable

Unit: 0,000 yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Remuneration of key managers	1,413.71	1,182.72

(8). Other related transactions☐ Applicable ☒ Not applicable**6. Accounts receivable from and payable to related parties and other unsettled items****(1). Receivables**☐ Applicable ☒ Not applicable**(2). Payables**☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Project name	Related party	Ending book balance	Beginning book balance
Other payables	Shi Guowei	175,409.82	0

(3). Other projects☐ Applicable ☒ Not applicable

7、 Commitment of related parties

☐ Applicable ☒ Not applicable

Other related parties

8、 Others

☐ Applicable ☒ Not applicable

XV. Share-based payments**1、 Equity instruments**

☐ Applicable ☒ Not applicable

Stock options or other equity instruments outstanding at the end of the period

☐ Applicable ☒ Not applicable

2、 Equity-settled share-based payments

☐ Applicable ☒ Not applicable

3、 Share payment settled by cash

☐ Applicable ☒ Not applicable

4、 Share-based payment expenses in current payment

☐ Applicable ☒ Not applicable

5、 Modification and termination of share payments

☐ Applicable ☒ Not applicable

6、 Others

☐ Applicable ☒ Not applicable

XVI. Commitments and contingencies**1、 Significant commitments**

☒ Applicable ☐ Not applicable

Important commitments and their natures and amounts on the date of balance sheet.

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Capital commitments that have been entered into but have not been recognized in the financial statements		
- Commitment for purchase and construction of long-term asset	19,562,574.96	81,000,000.00
- Commitment to investing in production base in Thailand	61,000,000.00	
Total	80,562,574.96	81,000,000.00

2、Contingencies**(1). Important contingent issues existing on the date of balance sheet**

☐ Applicable ☒ Not applicable

(2). The Company not involving key significant issues to be disclosed shall be declared.

☐ Applicable ☒ Not applicable

3、Others

☐ Applicable ☒ Not applicable

XVII. Events after the date of Balance Sheet**1、Important non-adjustment matters**

☐ Applicable ☒ Not applicable

2、Profit distribution

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Profits or dividends to be distributed	57,307,800
Declared and issued profits or dividends after review and approval	57,307,800

In 2023, the Company intends to distribute profits based on the total share capital registered on the equity registration date minus the shares in the Company's special securities account for repurchase, and distribute cash dividends of RMB 2.50 (tax inclusive) for every 10 shares to all shareholders, which needs to be submitted to the Company's meeting of general shareholders assembly 2023 for deliberation and approval before implementation.

3、Sales return

☐ Applicable ☒ Not applicable

4、Description of other events after the date of Balance Sheet

☒ Applicable ☐ Not applicable

1) Share repurchase

At the 16th meeting of the second session of the Board of Directors held on February 5, 2024, the Company deliberated and adopted the Proposal on the Plan of Repurchasing the Company's Shares through centralized Bidding Trading, agreeing that the Company would repurchase the Company's shares with its own funds through centralized bidding trading, and all the repurchased shares would be used for equity incentive or employee stock ownership plan. The repurchase price shall not exceed 70.06 yuan/share (inclusive), the total amount of repurchase funds shall not be less than 15 million yuan (inclusive) and not more than 20 million yuan (inclusive), the specific total amount of repurchase funds shall be based on the total amount of funds actually used, and the implementation period of this repurchase company's shares shall be 12 months from the date of the Board of Directors' deliberation and approval of this repurchase plan.

On February 23, 2024, the Company completed the repurchase of 400,800 shares through centralized bidding trading through the Shanghai Stock Exchange system, accounting for 0.17% of the Company's total share capital of 229,632,000 shares, with the highest repurchase price of 38.00 yuan/share, the lowest price of 37.20 yuan/share, and the average price of 37.57 yuan/share. The total amount of funds used is 15,058,235.19 yuan (excluding transaction fees such as stamp duty and transaction commission).

(2) Conversion of capital reserves into increased share capital

On the basis of the total share capital on the registration date of the implementation of equity distribution, the Company intends to convert 3 shares for every 10 shares to all shareholders at the capital reserve fund. As at December 31, 2023, the total share capital of the Company is 229,231,200 shares after deducting the total number of shares in the repurchase special securities account is 400,800 shares, and

the total proposed share capital is 68,769,360 shares, and the total share capital of the Company is increased to 298,401,360 shares after the conversion. The proposal was considered and approved by the 17th meeting of the second Board of Directors of the Company held on April 25, 2024 and is subject to submission to the 2023 Annual General Meeting of the Company for consideration.

In addition to the above balance sheet date events, the Company has no other undisclosed material balance sheet date events that should be disclosed as of the date of approval of the financial report.

XVIII. Other important matters

1、Correction of previous accounting errors

(1). Retrospective restatement method

☐ Applicable ☒ Not applicable

(2). Prospective application method

☐ Applicable ☒ Not applicable

2、Major debt restructuring

☐ Applicable ☒ Not applicable

3、Asset replacement

(1). Non-monetary asset exchange

☐ Applicable ☒ Not applicable

(2). Replacement of other assets

☐ Applicable ☒ Not applicable

4、Annual annuity plan

☐ Applicable ☒ Not applicable

5、Discontinued operations

☐ Applicable ☒ Not applicable

6、Segment information

(1). Basis of determining the reporting segment and the accounting policy

☐ Applicable ☒ Not applicable

(2). Financial information of the reporting segment

☐ Applicable ☒ Not applicable

(3). If the Company has no reporting segment or cannot disclose the total assets and liabilities of each reporting segment, the reasons shall be explained.

☐ Applicable ☒ Not applicable

(4). Other notes

☐ Applicable ☒ Not applicable

7、 Other important transactions and matters that have an impact on investors' decision making

☐ Applicable ☒ Not applicable

8、 Others

☐ Applicable ☒ Not applicable

XIX. Notes to main items in parent company financial statement**1、 Accounts receivable****(1). Disclosed by aging**

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Aging	Ending book balance	Beginning book balance
Within 1 year		
Including: Subitems within 1 year		
Within 1 year	362,703,285.88	398,442,200.85
Within 1 year in subtotal	362,703,285.88	398,442,200.85
1-2 years	220,919,022.99	154,871,672.97
2-3 years	74,683,525.79	24,321,658.59
More than 3 years		
3-4 years	15,203,381.15	2,057,773.03
4-5 years	1,613,480.00	1,618,620.85
More than 5 years	6,484,179.85	5,008,561.63
Total	681,606,875.66	586,320,487.92

(2). Disclosure by classification of bad debt accrual methods

√Applicable □Not applicable

Unit: yuan Currency: RMB

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book Value	Book balance		Provision for bad debts		Book Value
	Amount	Proportion (%)	Amount	Additions proportion (%)		Amount	Proportion (%)	Amount	Additions proportion (%)	
Accrued bad-debt provision by individual	9,353,975.17	1.37	5,789,975.17	61.90	3,564,000.00	9,603,975.17	1.64	5,914,975.17	61.59	3,689,000.00
Including:										
Client 1	834,419.23	0.12	834,419.23	100.00		834,419.23	0.14	834,419.23	100.00	0
Client 2	7,128,000.00	1.05	3,564,000.00	50.00	3,564,000.00	7,128,000.00	1.22	3,564,000.00	50.00	3,564,000.00
Client 3	1,391,555.94	0.20	1,391,555.94	100.00		1,391,555.94	0.24	1,391,555.94	100.00	0
Client 4						250,000.00	0.04	125,000.00	50.00	125,000.00
Accrued bad-debt provision by portfolio	672,252,900.49	98.63	72,157,918.56	10.73	600,094,981.93	576,716,512.75	98.36	45,927,055.76	7.96	530,789,456.99
Including:										
Aging portfolio	671,035,199.98	98.45	72,157,918.56	10.75	598,877,281.42	576,716,512.75	98.36	45,927,055.76	7.96	530,789,456.99
Related party portfolios within the scope of consolidation	1,217,700.51	0.18			1,217,700.51					

Total	681,606,875.66	/	77,947,893.73	/	603,658,981.93	586,320,487.92	/	51,842,030.93	/	534,478,456.99
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Accrued bad-debt provision by individual:

☒Applicable ☐Not applicable

Unit: yuan Currency: RMB

Name	Closing balance			
	Book balance	Provision for bad debts	Additions proportion (%)	Reasons for withdrawal
Client 1	7,128,000.00	3,564,000.00	50.00	Expected unrecoverable in part
Client 2	1,391,555.94	1,391,555.94	100.00	Not expected to be recovered
Client 3	834,419.23	834,419.23	100.00	Not expected to be recovered
Total	9,353,975.17	5,789,975.17	61.90	/

Description of accrued bad-debt provision by individual:

☐Applicable ☒Not applicable

Accrued bad-debt provision by portfolio:

☒Applicable ☐Not applicable

Portfolio accrual items: aging portfolio

Unit: yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Additions proportion (%)
Within 1 year (inclusive)	361,485,585.37	18,074,279.26	5.00
1-2 years	220,919,022.99	22,091,902.30	10.00
2-3 years	74,683,525.79	22,405,057.74	30.00
3-4 years	8,075,381.15	4,037,690.58	50.00
4-5 years	1,613,480.00	1,290,784.00	80.00
More than 5 years	4,258,204.68	4,258,204.68	100.00
Total	671,035,199.98	72,157,918.56	-

Bad-debt provision withdrawn by combination:

☐Applicable ☒Not applicable

The provision for bad debts is made according to the general model of expected credit losses

☐Applicable ☒Not applicable

Classification basis and bad-debt provision ratio for each stage

Not applicable

Explanation of the significant changes in the book balance of accounts receivable for which the provision for loss has changed in the current period:

☐Applicable ☒Not applicable

(3). Bad debt provision

☒Applicable ☐Not applicable

Unit: yuan Currency: RMB

Category	Opening balance	Amount changed in current period				Closing balance
		Provision	Recovered or reversed	Write-off	Other changes	
Single provision for bad debts	5,914,975.17	125,000.00	147,000.00	103,000.00		5,789,975.17

Combined provision for bad debts	45,927,055.76	26,230,862.80				72,157,918.56
Total	51,842,030.93	26,355,862.80	147,000.00	103,000.00		77,947,893.73

Of which: the bad debt provision recovered or reversed with important amount in the current period:

√Applicable □Not applicable

Unit: yuan Currency: RMB

Name of entity	Amount recovered or reversed	Reason for reversal	Withdrawal mode	Basis and rationality for determining the proportion of provision for bad debts
Client 4	147,000.00	Partial recovery	Wire transfer	Partial recovery was expected and actually realized after negotiation
Total	147,000.00	/	/	/

Other notes

None

(4). Accounts receivable actually written off in the current period

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount written-off
Accounts receivable actually written-off	103,000.00

Including: significant written-off of accounts receivable

√Applicable □Not applicable

Unit: yuan Currency: RMB

Name of entity	Nature of accounts receivable	Amount written-off	Reason for written-off	Write-off procedures fulfilled	Whether the payment is generated by related-party transactions
Client 4	Equipment maintenance funds	103,000.00	Not expected to be recovered	Approved on the meeting of general manager office	No
Total	/	103,000.00	/	/	/

Write-off notes for accounts receivable:

□ Applicable √ Not applicable

(5). Top five accounts receivable and contract assets for closing balance collected by the debtor:

√Applicable □Not applicable

Unit: yuan Currency: RMB

Name of entity	Accounts receivable balance at the end of period (%)	Balance of contract assets at the end of the period	Balance of accounts receivable and contract assets at the end of the period	Proportion in total balance of accounts receivable and contract assets at the end of period (%)	Closing balance of bad debts reserve
Client 1	64,572,000.00	21,344,000.00	85,916,000.00	11.62	4,322,800.00
Client 2	39,283,905.00		39,283,905.00	5.31	1,964,195.25
Client 3	25,859,916.10		25,859,916.10	3.50	6,566,324.00
Client 4	24,170,870.70		24,170,870.70	3.27	1,259,817.29
Client 5	20,720,000.00	2,380,000.00	23,100,000.00	3.12	1,596,000.00
Total	174,606,691.80	23,724,000.00	198,330,691.80	26.82	15,709,136.54

Other notes

None

Other notes:

☐ Applicable ☒ Not applicable**2、 Other receivables****Listed by item**☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing balance	Opening balance
Interests receivable		
Dividends receivable		
Other receivables	3,163,324.35	4,135,213.06
Total	3,163,324.35	4,135,213.06

Other notes:

☐ Applicable ☒ Not applicable**Interests receivable****(1). Classification of interests receivable**☐ Applicable ☒ Not applicable**(2). Significant overdue interest**☐ Applicable ☒ Not applicable**(3). Disclosure by classification of bad debt accrual methods**☐ Applicable ☒ Not applicable

Accrued bad-debt provision by individual:

☐ Applicable ☒ Not applicable

Description of accrued bad-debt provision by individual:

☐ Applicable ☒ Not applicable

Accrued bad-debt provision by portfolio:

☐ Applicable ☒ Not applicable

The provision for bad debts is made according to the general model of expected credit losses

☐ Applicable ☒ Not applicable

Classification basis and bad-debt provision ratio for each stage

Not applicable

Explanation of the significant changes in the book balance of interests receivable for which the provision for loss has changed in the current period:

☐ Applicable ☒ Not applicable

(4). Bad debt provision

☐ Applicable ☒ Not applicable

Of which: the bad debt provision recovered or reversed with important amount in the current period:

☐ Applicable ☒ Not applicable

Other notes:

None

(5). Interests receivable with actual written-off in the current period

☐ Applicable ☒ Not applicable

Major interests receivable written off

☐ Applicable ☒ Not applicable

Explanation of write-off:

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

Dividends receivable

(1). Dividends receivable

☐ Applicable ☒ Not applicable

(2). Important dividends receivable aging over 1 year

☐ Applicable ☒ Not applicable

(3). Disclosure by classification of bad debt accrual methods

☐ Applicable ☒ Not applicable

Accrued bad-debt provision by individual:

☐ Applicable ☒ Not applicable

Description of accrued bad-debt provision by individual:

☐ Applicable ☒ Not applicable

Accrued bad-debt provision by portfolio:

☐ Applicable ☒ Not applicable

The provision for bad debts is made according to the general model of expected credit losses

☐ Applicable ☒ Not applicable

Classification basis and bad-debt provision ratio for each stage

Not applicable

Explanation of the significant changes in the book balance of dividends receivable for which the provision for loss has changed in the current period:

☐ Applicable ☒ Not applicable

(4). Bad debt provision

☐ Applicable ☒ Not applicable

Of which: the bad debt provision recovered or reversed with important amount in the current period:

☐ Applicable ☒ Not applicable

Other notes:

None

(5). Dividends receivable actually written off in the current period

☐ Applicable ☒ Not applicable

Major dividends receivable written off

☐ Applicable ☒ Not applicable

Explanation of write-off:

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

Other receivables

(1). Disclosed by aging

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB		
Aging	Ending book balance	Beginning book balance
Within 1 year		
Including: Subitems within 1 year		
Within 1 year	1,889,199.21	3,354,441.18
Within 1 year in subtotal	1,889,199.21	3,354,441.18
1-2 years	1,140,000.00	15,818.00
2-3 years	15,818.00	247,100.00
More than 3 years		
3-4 years	259,025.00	1,522,575.47
4-5 years	1,010,000.00	
More than 5 years	2,550.00	2,550.00
Total	4,316,592.21	5,142,484.65

(2). Classification by nature of fund

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB		
Nature of fund	Ending book balance	Beginning book balance
Deposit and margin	3,569,398.00	4,188,662.28
Employee reserve fund	213,491.70	392,822.65

Others	533,702.51	560,999.72
Provision for bad debts	-1,153,267.86	-1,007,271.59
Total	3,163,324.35	4,135,213.06

(3). Information of bad-debt provision

√Applicable □Not applicable

Unit: yuan Currency: RMB

Provision for bad debts	Stage 1	Stage 2	Stage 3	Total
	Expected credit losses in the next 12 months	Expected credit loss for the entire duration (no credit impairment occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance as of January 1, 2023	1,007,271.59			1,007,271.59
Balance on January 1, 2023 in the current period				
--Transfer to the stage 2				
--Transfer to the stage 3				
--Transfer back to the stage 2				
--Transfer back to the stage 1				
Provision for the current period	145,996.27			145,996.27
Reversed in current period				
Written off in current period				
Write-off in this period				
Other changes				
Balance as of December 31, 2023	1,153,267.86			1,153,267.86

Classification basis and bad-debt provision ratio for each stage
Not applicable

Explanation of the significant changes in the book balance of other receivables for which the provision for loss has changed in the current period:

☐ Applicable ☒ Not applicable

The amount of provision for bad debts in the current period and the basis for assessing whether the credit risk of financial instruments has significantly increased:

☐ Applicable ☒ Not applicable

(4). Bad debt provision

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Category	Opening balance	Amount changed in current period				Closing balance
		Provision	Recovered or reversed	Write-off	Other changes	
Provision for bad debts based on aging combinations	1,007,271.59	145,996.27				1,153,267.86
Total	1,007,271.59	145,996.27				1,153,267.86

Import reversed or recovered amount from non-performing debt during the period:

☐ Applicable ☒ Not applicable

Other notes

None

(5). Other accounts receivable with actual write-off during the period.

☐ Applicable ☒ Not applicable

Including: significant written-off of accounts receivable:

☐ Applicable ☒ Not applicable

Explanation for Write-off of other accounts receivable:

☐ Applicable ☒ Not applicable

(6). Top five other accounts receivable for closing balance collected by the debtor.

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Name of entity	Closing balance	Proportion in total closing balance of other receivables (%)	Nature of fund	Aging	Provision for bad debts Closing balance
Entity I	1,010,000.00	23.40	Deposit and margin	4-5 years	808,000.00
Entity II	500,000.00	11.58	Deposit and margin	1-2 years	50,000.00
Entity III	500,000.00	11.58	Deposit and margin	Within 1 year	25,000.00
Entity IV	300,000.00	6.95	Deposit and margin	Within 1 year	15,000.00
Entity V	255,000.00	5.91	Deposit and margin	Within 1 year	12,750.00

Total	2,565,000.00	59.42	/	/	910,750.00
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(7). Included in other receivables for centralized fund management

☐ Applicable ☒ Not applicable

Other notes:

☐ Applicable ☒ Not applicable

3、Long-term equity investment

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment in subsidiaries	279,700,000.00		279,700,000.00	211,500,000.00		211,500,000.00
Investment in associates and joint ventures	-30,776.07		-30,776.07			
Total	279,669,223.93		279,669,223.93	211,500,000.00		211,500,000.00

(1). Investment in subsidiaries

☒ Applicable ☐ Not applicable

Unit: yuan Currency: RMB

Investee	Opening balance	Increase in current period	Decrease in current period	Closing balance	Amount of withdrawal of depreciation reserves in current period	Closing balance of depreciation reserves
Guangde Dongwei Technology Co., Ltd.	150,000,000.00	30,000,000.00		180,000,000.00		
Shenzhen Kunshan Dongwei Technology Co., Ltd.	5,000,000.00			5,000,000.00		
Dongguan Dongwei Technology Co., Ltd.	5,500,000.00	8,700,000.00		14,200,000.00		
Changshu Dongwei Technology Co., Ltd.	51,000,000.00	29,500,000.00		80,500,000.00		
Total	211,500,000.00	68,200,000.00		279,700,000.00		

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(2). Investment in associates and joint ventures

√Applicable □Not applicable

Unit: yuan Currency: RMB

Investment Unit	Opening Balance	Increase or decrease in current period								Ending Balance	Closing balance of depreciation reserves
		Additional investment	Reduction of investment	Investment gains and losses recognized under equity method	Adjustment of other comprehensive income	Other changes in equity	Distribution of cash dividend or profit declared	Withdrawal of depreciation reserves	Others		
I. Joint ventures											
Sub-total											
II. Associates											
Dongwei (Thailand) Technology Co., Ltd.				-30,776.07						-30,776.07	
Sub-total				-30,776.07						-30,776.07	
Total				-30,776.07						-30,776.07	

(3). Impairment test of long-term equity investments

□ Applicable √ Not applicable

Other notes:
None

4、 Operating income and operating costs**(1). Situation of operating income and operating costs**

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period		Amount incurred in the previous period	
	Income	Cost	Income	Cost
Main business	888,684,071.58	603,721,547.17	975,002,646.72	633,829,875.90
Other operations	2,160,026.72	72,215.69	1,029,751.41	17,699.12
Total	890,844,098.30	603,793,762.86	976,032,398.13	633,847,575.02

(2). Breakdown information of operating income and operating costs

√Applicable □Not applicable

Unit: yuan Currency: RMB

Contract classification	Amount incurred this year		Total	
	Operating income	Operating cost	Operating income	Operating cost
Goods type	890,844,098.30	603,793,762.86	890,844,098.30	603,793,762.86
Including: equipment and other main businesses	888,684,071.58	603,721,547.17	888,684,071.58	603,721,547.17
Other operations	2,160,026.72	72,215.69	2,160,026.72	72,215.69
Classified by business area	890,844,098.30	603,793,762.86	890,844,098.30	603,793,762.86
Including: domestic	843,268,648.31	573,181,415.22	843,268,648.31	573,181,415.22
Overseas	47,575,449.99	30,612,347.64	47,575,449.99	30,612,347.64
Type of Contract	890,844,098.30	603,793,762.86	890,844,098.30	603,793,762.86
Including: purchases and sales contract	890,844,098.30	603,793,762.86	890,844,098.30	603,793,762.86
Classification by time of goods transfer	890,844,098.30	603,793,762.86	890,844,098.30	603,793,762.86
Including: recognize at a certain time point	890,844,098.30	603,793,762.86	890,844,098.30	603,793,762.86
Classification by sales channel	890,844,098.30	603,793,762.86	890,844,098.30	603,793,762.86
Direct selling	870,016,667.55	594,152,977.16	870,016,667.55	594,152,977.16
Distribution	20,827,430.75	9,640,785.70	20,827,430.75	9,640,785.70
Total	890,844,098.30	603,793,762.86	890,844,098.30	603,793,762.86

Other notes

□ Applicable √ Not applicable

(3). Description of performance obligations

□ Applicable √ Not applicable

(4). Description of allocation to remaining performance obligations

□ Applicable √ Not applicable

(5). Significant contract changes or significant transaction price adjustments

□ Applicable √ Not applicable

Other notes:

None

5、Investment income

√Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount incurred in the current period	Amount incurred in the previous period
Long-term equity investment income accounted by cost method		
Long-term equity investment income accounted by equity method	-30,776.07	
Investment income from disposal of long-term equity investment		-1,540,410.44
Investment gains from financial assets held for trading during the holding period		
Dividend income from other equity instrument investments during the holding period		
Interest income from debt investment during the holding period		
Other interest income from debt investment during the holding period	7,178,347.22	
Investment gains from disposal of financial assets held for trading	3,379,699.89	
Investment gains from disposal of other equity instrument investments		
Investment gains from disposal of debt investments		
Investment gains from disposal of other debt investments		
Income from debt restructuring		
Investment income from bank financial products		4,762,103.49
Profit declared to be distributed by the invested entity and accounted for using the cost method	50,000,000	
Total	60,527,271.04	3,221,693.05

Other notes:

None

6、Others

□ Applicable √ Not applicable

XX. Supplementary information**1、List of non-recurring gains and losses in current period**

□Applicable □Not applicable

Unit: yuan Currency: RMB

Item	Amount	Notes
Gains and losses from disposal of non-current assets include the written-off part of provision for asset impairment	-48,181.76	Section X - VII - 73, 75
The governmental subsidy included into current profit and loss, except for the governmental	7,528,262.22	Section X - VII - 67

subsidy which is closely related to the Company's normal business operations, complies with regulations of national policies, is owned according to established standards and exerts sustainable influence on the Company's profit and loss		
Changes in fair value recognized in profit and loss generated by financial assets and financial liability owned by non-financial enterprises and the profit and loss generated by disposing financial assets and financial liability, except for the effective hedging business related with Company's normal business operations	6,096,294.05	Section X - VII - 68, 70
Fund possession cost which are collected from non-financial enterprises and which are recorded into current profit and loss		
Profit or loss from commissioned investment or asset management		
Profit and loss from commissioned loans		
Various assets loss generated by force majeure factors, such as natural disaster		
Reversal of impairment provision of accounts receivable for independent impairment test	147,000.00	Section X - VII - 5
Gains generated when the company's acquisition costs of subsidiaries, associates and joint ventures are less than the fair value of identifiable net asset of investee to be enjoyed at the time of investment		
Net current profit or loss of the subsidiary formed under the merger of enterprises under the same control from the beginning date to consolidated date		
Losses and gains from exchange of non-monetary assets		
Losses and gains from debt restructuring		
Non-recurring expenses generated by the non-continuation of the Company's related business activities, such as expenses for employment settlement		
Non-recurring influence generated by adjusting laws and rules of taxation, accounting, etc.		
Share payment expenses recognized by cancelling or modifying share incentive plans in one time		
The profit and loss generated by the change of fair value of employee pay payable after the vesting date (for the share payment in cash settlement)		
Profit and loss from changes in fair value of investment property using the fair value model for subsequent measurement		
Income generated by transactions where the trading price is obviously unfair		
Gains and losses generated by contingencies unrelated to normal business operations of the Company		
Custodian fee income from entrusted operations		
Other non-operating income and expenses, except the aforesaid items	-388,137.59	Section X - VII - 74, 75

Other profit and loss items in line with the definition of non-recurring gains and losses	5,597,759.47	Section X - VII - 67
Less: Income tax impacted amount	2,838,580.12	
Impacted amount of minority interests (after-tax)		
Total	16,094,416.27	

The Company defines the non-recurring profit and loss items listed in the Interpretative Announcement of Company Information Disclosure for Public Securities Issuance No.1 - Non-recurring Profits and Losses (revised in 2023) as recurring profit and loss items:

☐ Applicable ☒ Not applicable

Other notes

☐ Applicable ☒ Not applicable

2、Return on equity for net assets and earnings per share

☒ Applicable ☐ Not applicable

Profit during the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to the company's ordinary shareholders	11.42	0.68	0.68
Net profit attributable to the company's ordinary shareholders after the deduction of non-recurring gains and losses	10.20	0.60	0.60

3、Differences in accounting data under domestic and overseas accounting standards

☐ Applicable ☒ Not applicable

4、Others

☐ Applicable ☒ Not applicable

Chairman: Liu Jianbo

Submission date approved by the Board of Directors: April 25, 2024

Revision information

☐ Applicable ☒ Not applicable