

**Goertek Inc.**

**Annual Report 2024**

**Goertek**

**March 2025**

# Annual Report 2024

## Section I Important Notes, Contents and Interpretations

The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of the Company guarantee that the information presented in this report is true, accurate, and complete, free from false statements, misrepresentations and material omissions, and will undertake individual and joint legal liabilities.

Jiang Bin, the person in charge of the Company, and Li Yongzhi, the person in charge of accounting and the accounting department (accounting supervisor) guarantee that the financial report in this annual report is authentic, accurate, and complete.

All directors have attended the board meeting to review the annual report.

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

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

The profit distribution proposal considered and approved by the Board of Directors of the Company is as follows: based on the total share capital registered on the record date of equity distribution minus the repurchased shares in the Company's specific securities repurchase account, the Company will distribute a cash dividend of RMB 1.50 (tax inclusive) per 10 shares to all the shareholders, with no bonus shares and no conversion of capital surplus into share capital.

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## **Directory of Reference Files**

- (1) Financial statements signed and sealed by the Company's person in charge, the chief accountant, and the person in charge of accounting department (accounting supervisor);
- (2) The originals of the 2024 annual report and its abstract signed by the Company's person in charge;
- (3) The originals of the auditor's report with the seal of Zhongxi CPAs (Special General Partnership) and the signature and seal of the certified public accountants;
- (4) The originals of all company documents and announcements publicly disclosed in media designated by the China Securities Regulatory Commission (CSRC) during the reporting period.

## Interpretations

Terms	Refers to	Content of interpretation
Company, the Company, Goertek Inc.	Refers to	Goertek Inc.
Goertek Group	Refers to	Goertek Group Co., Ltd., Controlling shareholder of the Company
Goertek Microelectronics	Refers to	Goertek Microelectronics Inc. controlled subsidiary of the Company
ODM	Refers to	Original Design and Manufacturing
JDM	Refers to	Joint Design and Manufacturing
Micro speaker	Refers to	The micro electro-acoustic components that transform electrical signal into an acoustic signal, generate driving forces through the magnetic line cutting of the voice coil in a magnetic field, to drive the diaphragm vibration, which then pushes the air for sound. Compared with the micro receiver, it's characterized by a higher power, wide frequency response and high fidelity, which is generally used for playing sound.
MEMS	Refers to	Based on micron/nano technology, Micro Electro Mechanical System (MEMS) is a technology developed for designing, processing, manufacturing, measuring, and controlling micron/nano materials. MEMS can integrate mechanical components, optical systems and electric control systems of driving components into a whole unit of microsystem, featured with miniaturization, intelligence, multi-function, high integration and being suitable for mass production.
Speaker module	Refers to	The acoustic component composed of one or several micro speakers and other electronic devices, which are assembled together through an injection molded housing.
Smart wearable devices	Refers to	A portable device that can be worn or carried directly, or integrated into the user's clothes or accessories.
Virtual Reality/VR	Refers to	A computer simulation system that can generate a simulation environment where users can experience virtual situations.
Mixed Reality/MR	Refers to	A new visual environment that can integrate the real and virtual situations, where users, the real world, and virtual digital objects can coexist and interact in real time.
Augmented Reality/AR	Refers to	A technology that skillfully integrates virtual information with the real world. By making extensive use of multimedia, 3D modeling, real-time tracking and registration, intelligent interaction, sensing, and other technical means, it applies the computer-generated text, images, 3D models, music, video, and other virtual information to the real world after simulation. These two kinds of information complement each other to achieve "augmentation" of the real world.
AI Smart Glasses	Refers to	A wearable device that integrates AI technology, incorporating speakers, microphones, cameras, chips, storage, communication modules, and display modules into traditional glasses. It provides users with an AI assistant experience through intelligent interaction methods, such as voice and vision, and offers functions such as audio, photography, and wireless communication.
Smart Wireless Earphones	Refers to	The new types of smart wireless earphones represented by TWS (True Wireless Stereo) earphones connect the left and right earphones with smart phones or other terminal devices through Bluetooth technology to form an independent stereo system, which realizes touch control, voice control, body information collection, and other functions by adding various sensors.

Terms	Refers to	Content of interpretation
Microsystem module	Refers to	Also known as System in Package(SiP) packaging module at the system level, it integrates multiple chips and passive components into the same package through advanced packaging technologies such as 3D packaging, to form a module with whole or main functions of an electronic system, so as to realize the optimal combination of performance, volume, weight, and other indicators. It is a versatile next-generation microelectronics technology.
Sensor	Refers to	A detection device that is capable of feeling the measured information, and able to transform the information into electrical signals or other required forms of information for output based on certain rules, in order to meet the requirements of information transmission, processing, storage, display, recording and control.
Micro-display	Refers to	A technology that displays images or video information through tiny display units. This technology typically uses semiconductor manufacturing processes to integrate display devices onto a very small chip or substrate, achieving high resolution, high contrast, high brightness, and low power consumption.
Micro-nano Optical Devices	Refers to	Optical devices based on microstructured materials have significant advantages over traditional optical devices in terms of lightweight, integration, and the application of perceptive technology.
GPS	Refers to	Goertek Production System. It is a comprehensive operation system that integrates automation, information communication, artificial intelligence, green and low-carbon technologies. It aims to promote manufacturing transformation and upgrading, optimize the management and cooperation mode of the whole chain, and improve the core competitiveness of the company and the happiness of employees.
AR HUD	Refers to	A product that combines AR (Augmented Reality) technology with a Head-Up Display (HUD) system. By projecting key data, such as driving information, navigation instructions, and traffic alerts, in the form of virtual images directly onto the windshield in front of the driver, it can create a blended effect of reality and virtuality, allowing the driver to conveniently access the necessary information while keeping their focus on the road.
<i>Company Law</i>	Refers to	<i>Company Law of the People's Republic of China</i>
<i>Securities Law</i>	Refers to	<i>Securities Law of the People's Republic of China</i>
<i>Articles of Association</i>	Refers to	<i>Articles of Association of Goertek Inc.</i>
RMB, RMB 10,000, RMB 100,000,000	Refers to	yuan (RMB), ten thousand yuan (RMB), hundred million yuan (RMB)
Reporting period	Refers to	January 1, 2024 to December 31, 2024
Same period of the previous year	Refers to	January 1, 2023 to December 31, 2023
End of the reporting period	Refers to	December 31, 2024
Beginning of the period, beginning of the year	Refers to	January 1, 2024

## Notes:

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

## Section II Company Information and Financial Highlights

### I. Company Information

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

### II. Contacts and Contact Information

	Board Secretary	Securities Affairs Representative
Name	Xu Dapeng	Xu Yanqing
Contact address	268 Dongfang Road, High-tech Industrial Development District, Weifang	268 Dongfang Road, High-tech Industrial Development District, Weifang
Tel.	0536-3055688	0536-3055688
Fax	0536-3056777	0536-3056777
E-mail	<a href="mailto:ir@goertek.com">ir@goertek.com</a>	<a href="mailto:ir@goertek.com">ir@goertek.com</a>

### III. Media for Information Disclosure and Place of the Report

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

#### IV. Changes in Registration

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

#### V. Other Relevant Information

Accounting firm engaged by the Company

Name of the accounting firm	Zhongxi CPAs (Special General Partnership)
Business address of the accounting firm	Room 1101, F11, No. 11, Chongwenmenwai Street, Dongcheng District, Beijing
Names of accountants signing the report	Du Yeqin, Zhang Shuli

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

Applicable  Not applicable

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

Applicable  Not applicable

#### VI. Key Accounting Data and Financial Indicators

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

Yes  No

	2024	2023	YoY change	2022
Revenue (RMB)	100,953,848,156.08	98,573,902,273.14	2.41%	104,894,324,162.26
Net profit attributable to shareholders of the Company (RMB)	2,665,044,826.06	1,088,076,730.88	144.93%	1,749,181,131.83
Net profit attributable to shareholders of the Company excluding non-recurring gains and losses (RMB)	2,393,206,176.65	859,926,918.87	178.30%	1,627,378,630.73
Net cash flow from operating activities (RMB)	6,200,452,181.84	8,151,888,243.38	-23.94%	8,317,113,364.68
Basic earnings per share (RMB)	0.79	0.32	146.88%	0.52
Diluted earnings per share (RMB)	0.78	0.32	143.75%	0.52
Weighted average return on net assets	8.46%	3.59%	4.87%	6.17%
	End of 2024	End of 2023	YoY change	End of 2022
Total assets (RMB)	82,706,773,086.83	73,744,409,441.15	12.15%	77,176,355,467.91
Net assets attributable to shareholders of the Company (RMB)	33,186,335,842.73	30,810,590,551.00	7.71%	29,491,882,199.49

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

Yes  No

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

Yes  No



## VII. Differences in Accounting Data between Domestic and Overseas Accounting Standards

### 1. Differences in net profits and net assets in the financial reports disclosed according to international and Chinese accounting standards

Applicable  Not applicable

During the reporting period, there is no difference in net profits and net assets in the financial reports disclosed pursuant to international and Chinese accounting standards.

### 2. Differences in net profits and net assets in the financial reports disclosed according to overseas and Chinese accounting standards

Applicable  Not applicable

During the reporting period, there is no difference in net profits and net assets in the financial reports disclosed pursuant to overseas and Chinese accounting standards.

## VIII. Key Quarterly Financial Indicators

Unit: RMB

	The first quarter	The second quarter	The third quarter	The fourth quarter
Revenue	19,311,868,351.19	21,070,445,175.29	29,263,552,701.56	31,307,981,928.04
Net profit attributable to shareholders of the Company	379,545,536.73	845,526,229.42	1,120,142,875.99	319,830,183.92
Net profit attributable to shareholders of the Company excluding non-recurring gains and losses (RMB)	275,495,406.41	908,618,562.28	861,935,824.78	347,156,383.18
Net cash flow from operating activities	1,534,517,201.91	939,435,085.68	185,997,335.24	3,540,502,559.01

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

Yes  No

## IX. Non-recurring Gains and Losses

Applicable  Not applicable

Unit: RMB

Item	2024	2023	2022	Explanation
Gains and losses on disposal of non-current assets (including the write-off portion of the provision for asset impairment)	-85,999,752.59	-123,882,680.16	122,922,237.61	Mainly for the loss on scrapping fixed assets
Government grants included in the current profits and losses (except for those that are closely related to the normal business operations of the Company, comply with national policy regulations, are enjoyed according to established standards, and have a continuous impact on the Company's gains and losses)	196,923,255.19	331,548,590.64	351,383,799.43	Mainly special funds for enterprise innovation and development and other government grants

Profits and losses from changes in the fair value of financial assets and liabilities, and from the disposal of financial assets and liabilities, held by non-financial enterprises, except for effective hedging businesses related to the normal operating business of the Company.	112,020,093.46	-26,138,756.91	-367,080,970.87	Mainly for changes in fair value of equity investments held by the Company and the investment income from foreign exchange derivatives
Other non-operating income and expenditures other than those mentioned above	12,014,095.20	28,631,472.04	15,710,102.76	
Other profit and loss items that meet the definition of non-recurring profit and loss	62,609,433.16	66,527,741.91	42,288,231.23	Mainly for investment income from products such as certificates of deposit
Less: Impact of income tax	18,834,375.42	35,531,401.22	26,114,589.64	
Impact of minority interests (after tax)	6,894,099.59	13,005,154.29	17,306,309.42	
Total	271,838,649.41	228,149,812.01	121,802,501.10	--

Details of other gains and losses that meet the definition of non-recurring gains and losses:

Applicable  Not applicable

Mainly for investment income from products such as certificates of deposit

Note for the definition of non-recurring gains and losses set out in the *Explanatory Announcement No. 1 on Information Disclosure for Companies with Public Offerings of Securities - Non-recurring Gains and Losses*, as recurring gains and losses.

Applicable  Not applicable

The Company did not classify any item of the non-recurring gains and losses listed in the *Explanatory Announcement No. 1 on Information Disclosure for Companies with Public Offerings of Securities - Non-recurring Gains and Losses*, as recurring gains and losses in the reporting period.

## Section III Management Discussion and Analysis

### I. The Situation of the Industry during the Reporting Period

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

The consumer electronics industry has gradually entered the post-mobile era. Global smartphone product sales growth remains weak. Emerging smart hardware products, represented by VR/AR, smart wireless earphones, smart wearable devices, and smart home devices, have become new growth points in the consumer electronics industry. However, the growth rate of some emerging smart hardware products has slowed in recent years due to factors such as global macroeconomic fluctuations, insufficient end-user demand, and a lack of hardware technology innovation. Major enterprises in the global technology and consumer electronics industry are actively exploring new technological breakthroughs and industry development opportunities.

Generative AI technologies, such as Large Language Model (LLM) and Multimodal Large Language Model (MLLM), continued to develop in 2024. New LLM are continuously emerging, with modeling capabilities evolving rapidly and being adopted across various fields, including technology, art, education, healthcare, and entertainment, driving efficiency improvements and intelligent transformations in related industries. The combination of AI technology and smart hardware products is expected to open up new industry development spaces, providing industry manufacturers with a new round of development opportunities. On the one hand, the integration of AI technology with smartphone products is deepening, with leading enterprises actively developing AI smartphones that facilitate the deployment of LLM on the device side and possess multimodal capabilities. The AI capabilities of smartphones are gradually evolving from single applications to cross-application collaboration, cross-device collaboration, and end-cloud collaboration, promising consumers a more efficient and convenient intelligent experience suitable for diverse scenarios. This brings new development momentum to smartphones, the core hardware products of the consumer electronics industry, and subsequently drives the development of related smart hardware products, such as smart wireless earphones, smart wearable devices, and smart home devices, as well as related precision component products. On the other hand, the rapid development of AI technology injects new vitality into the development of emerging smart hardware products. There is an urgent need for AI technology to be integrated into consumer terminal devices to continuously acquire vast amounts of natural data to promote the evolution of Large Language Model, establish consumer usage stickiness, and innovate and close the business model loop. This demand has given rise to a variety of new usage scenarios and product forms for emerging smart hardware products, such as AI smart glasses and AR devices that can call upon AI Large Language Model technology in real-time to provide consumers with personal intelligent assistant experiences. These products have developed rapidly in 2024 and gained widespread market attention, also driving innovation and development in related technologies such as optics, micro-displays, sensors, advanced materials, and advanced packaging. Moreover, generative AI technology has shown great potential in the field of content creation, promising to significantly improve the efficiency and cost of content creation in industries such as entertainment and gaming. It also brings imaginative possibilities for the future development of smart hardware that relies heavily on content, such as VR and gaming consoles.

According to statistics from the well-known consulting firm IDC, the worldwide shipments of smartphones in 2024 totaled approximately 1.24 billion units, representing a year-on-year increase of about 6.1%. This indicates a recovery in the overall market, which has also led to a recovery in the precision components market. Notably, products related to AI voice interaction, such as acoustic sensors, have shown a clear trend of technological upgrading and an increase in the amount of product value. Similarly, according to IDC, the worldwide shipments of smart wearable devices in 2024 totaled approximately 190 million units, a slight year-on-year decrease of about 1.3%, with the overall market remaining stable. The worldwide shipments of TWS earphones totaled approximately 280 million units, representing a year-on-year increase of about 14% and demonstrating a healthy growth trend. Against the backdrop of a moderate recovery in consumer electronics terminal demand, along with the implementation of AI technology on terminal devices and the ongoing iteration of hardware and software technologies, such as intelligent interaction and health monitoring, the aforementioned smart hardware products are expected to continue to maintain steady growth in the future.

According to IDC, the worldwide shipments of VR, MR, and AR devices in 2024 totaled approximately 7.6 million units, representing a year-on-year increase of about 12%. Among them, the market size of VR/MR devices is showing signs of growth once again. With

the development of generative AI technology, future content creation efficiency is expected to be improved significantly, and the continuous enrichment of content will strongly support the long-term development of VR and MR devices. AR devices and the derivative AI smart glasses emerged as the most popular products in the market in 2024. Among these, AI smart glasses demonstrated particular promise, becoming a highly promising new product in both the consumer electronics and metaverse industries. According to statistics from the well-known consulting firm Counterpoint Research, the worldwide shipments of AI smart glasses grew by 210% year-on-year in 2024, surpassing 2 million units for the first time. AI smart glasses have unique advantages in user data collection and human-computer interaction, and are expected to become an important carrier for the implementation of AI LLM technology on the device side. This has led to sustained interest and investment from numerous well-known companies, underscoring their substantial market potential. At the same time, while the hardware technology and application scenarios of AR devices are still in the process of maturing, the industry's leading enterprises have been actively promoting their release, accelerating the speed of technology iteration of related optics, displays, communications, and new materials. As a result, the maturity of the products is improving, and it is anticipated that this will usher in a new round of rapid development in the coming years.

Facing the new trend of the integration of AI technology and emerging smart hardware products, as well as new opportunities in industries such as consumer electronics and the metaverse, the Company will make every effort to respond actively. Leveraging its existing advantages, the Company will invest in research and development, explore new technological directions for emerging products, and continuously consolidate its core competitiveness. The Company will engage in long-term strategic cooperation with leading industry clients and actively expand its business in emerging smart hardware and related precision components, thereby promoting the sustainable and healthy development of the Company's business.

## II. The Company's Main Business during the Reporting Period

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

The Company's main business divides into three segments including precision components business, smart audio device business and smart hardware business. The precision components business focuses on acoustics, optics, microelectronics, structural components, and other precision components. The related products include micro speaker/receiver, speaker module, haptic component (actuator), wireless charging device, antenna, VR/MR optical devices and modules, AR optical devices, micro-nano optical devices, 3D structured light modules, AR optical device modules, AR HUD modules, MEMS acoustic sensors, other MEMS sensors, SiP, precision structural parts, etc. The above-mentioned products are widely applied in devices such as smartphones, tablets, smart wireless earphones, VR, MR, AR, AI smart glasses, smart wearable devices, smart home devices, and automotive electronics devices. Smart audio device business focuses on providing products related to audio, voice interaction, AI, and other technologies. The main products include smart wireless earphones, smart speakers, etc. Smart hardware business focuses on providing products related to entertainment, health and home security. The main products include VR, MR, AR, smart wearable devices, gaming consoles and accessories, smart home devices, etc.

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

During the reporting period, the Company won multiple honors, including being ranked the 6th in the 2024 Top 100 Electronic Components Enterprises of China, 18th in the 2024 Top 100 Competitive Enterprises in China's Electronics Information Industry, 65th in the 2024 Top 500 Private Enterprises in China, and First Prize of Shandong Science and Technology Progress Award, iF Design Award, International Design Excellence Awards (IDEA), etc.

### III. Analysis of Core Competitiveness

#### 1. Industry-leading precision and intelligent manufacturing capabilities

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

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

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

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

During the reporting period, the Company and its subsidiaries applied for 2,663 patents, including 2,236 invention patents. A total of 1,830 patents have been granted, including 1,387 invention patents. As of December 31, 2024, the Company and its subsidiaries have totally applied for 34,872 patents, including 4,362 foreign patent applications and 20,132 invention patent applications; a total of 21,735 patents have been granted, including 8,196 invention patents.

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

Facing the complex macroeconomic situation of domestic and overseas, the management of the Company actively carries out strategic innovation and transformation. While continuing to consolidate the core competitive advantages in conventional business, the Company firmly grasps the innovation opportunities of next-generation smart hardware products, AI technology, and metaverse in the technology and consumer electronics industry. Relying on high-value client resources and good client relationships worldwide, the Company, oriented by the market and technology, continues to expand the consumer electronics and automotive electronics business in areas such as smart wireless earphones, VR, MR, AR, AI smart glasses, smart wearable devices, smart gaming consoles, smart home devices, and AR HUDs.

In response to the trend of AI technology, the Company is actively exploring the application of AI algorithms, LLM, and MLLM in production, manufacturing, and management, further enhancing the intelligence level of production and the informatization level of management operations, thereby consolidating the Company's industry position and core competitiveness. The Company optimizes the allocation of strategic resource, supports strategic product development, continues strengthening and further utilizing the client resource advantages by closely following the world-class customers, in an effort to transform the needs of high-value clients into an inexhaustible driving force for the Company's sustainable development.

#### 4. Excellent core management team

Although the Company experiences a rapid and sound development, the core management team keeps a steady and efficient style as always. Facing the challenges and demands of next-generation smart hardware products in the post-mobile era such as rapid development, high quality, high precision manufacturing, short delivery cycle, and complex client certification process, the core management team promptly responds to the market and makes changes and innovations continuously, to keep and enhance the

Company's capabilities of strategic management, operation, R&D, precision and intelligent manufacturing. The Company attaches importance to and promotes the internationalization, specialization and rejuvenation of its core management team, and actively brings in senior management talents and professionals from many international leading enterprises. At the same time, the Company has strengthened the echelon of its talent team, more and more young talents grow up into the Company's core management team through training and practice. The Company boasts a management team with both experience and vitality that continues to promote the Company's stable and fast development in the future.

## IV. Analysis of Main Business

### 1. Overview

During the reporting period, the Company, by adhering to the product strategy of "Precision Components + Smart Hardware", served the leading enterprises in the global technology and consumer electronics industry, actively promoted the development of precision components (acoustics, optics, microelectronics, structural parts, etc.) and emerging smart hardware business (VR/MR/AR, AI smart glasses, smart wireless earphones, smart wearable devices, smart home devices, etc.). At the same time, the Company has enhanced its business development within the automotive electronics sector, focusing on areas such as MEMS sensors and augmented reality heads-up display (AR HUD) modules. In the field of intelligent manufacturing, the Company is actively building the Goertek Production System (GPS), applying advanced AI technology to enhance the intelligence and informatization level of production, and constructing a future-oriented intelligent manufacturing model with Goertek characteristics, thus continuously consolidating the Company's core competitiveness as a manufacturing enterprise.

During the reporting period, the terminal demand in the consumer electronics industry recovered driven by new technologies such as AI. With the recovery of industry demand, the Company's precision components business, smart audio devices business, and sub-product lines in the smart hardware sector, including VR, MR, and smart wearable devices, all progressed smoothly. The integration of AI technology and smart hardware products has driven performance upgrades in products such as acoustic sensors within the Company's precision components business, leading to an increase in product value and profitability. The sales of the Company's VR and MR devices saw significant year-on-year growth, while the overall business of smart wireless earphones and smart wearable devices maintained healthy growth, with improvements in revenue scale and profitability. Affected by the normal decline in sales in the mid to late stage of the product life cycle, the operating income of some smart hardware projects with relatively low gross margins declined, which constrained the overall revenue growth of the Company but had a positive impact on the overall business gross margin structure. At the same time, the Company has made significant progress in strengthening its lean operations and improving profitability. Ultimately, with a slight increase in overall revenue scale, the Company's profitability level significantly improved compared to the previous reporting period.

During the reporting period, the Company's management team, based on the Company's client strategy, worked actively to promote continuous improvement in client-oriented awareness and client service capabilities. As a result, the Company's client cooperation relationships remained stable. In terms of internal operational management, the Company continued to promote efforts to improve operational management, maintaining high efficiency in internal decision-making processes. The Company also actively explored the application of big data and AI technology in internal operational management, continuously enhancing the digitalization and informatization levels of the Company's operations. These efforts have established a solid management and operational foundation for the Company's long-term future development.

During the reporting period, the Company achieved revenue of RMB 100,953.85million, with a 2.41% YoY increase. The Company realized a net profit attributable to shareholders of listed companies of RMB 2,665.04 million, with a 144.93% YoY increase. The Company's operating costs amounted to RMB 89,759.39million, with a 0.01% YoY increase.

During the reporting period, the total amount of the Company's selling expenses, general and administrative expenses, research and development expenses, and financial expenses was RMB 7,772.68 million, with a 0.33% YoY decline.

During the reporting period, the Company invested RMB 4,569.38 million in R&D, accounting for 4.53% of the revenue and 13.77% of the latest audited net assets attributable to the shareholders of listed companies.

During the reporting period, the net cash flow from operating activities of the Company was RMB 6,200.45 million, with a 23.94% YoY decline.

## 2. Revenue and cost

### (1) Composition of revenue

Unit: RMB

	2024		2023		YoY change
	Amount	Proportion in revenue	Amount	Proportion in revenue	
Total of revenue	100,953,848,156.08	100%	98,573,902,273.14	100%	2.41%
Classified by industry					
Electronic components	98,545,585,814.34	97.61%	95,885,691,189.51	97.27%	2.77%
Other business income	2,408,262,341.74	2.39%	2,688,211,083.63	2.73%	-10.41%
Classified by product					
Precision components	15,050,929,866.12	14.90%	12,991,833,787.27	13.18%	15.85%
Smart audio device	26,296,149,936.78	26.05%	24,185,269,052.84	24.54%	8.73%
Smart hardware	57,198,506,011.44	56.66%	58,708,588,349.40	59.56%	-2.57%
Other business income	2,408,262,341.74	2.39%	2,688,211,083.63	2.73%	-10.41%
Classified by region					
Domestic	9,379,102,600.90	9.29%	7,180,017,243.40	7.28%	30.63%
Overseas	91,574,745,555.18	90.71%	91,393,885,029.74	92.72%	0.20%
Classified by sales mode					
Direct selling	100,398,975,571.86	99.45%	98,164,328,961.68	99.58%	2.28%
Distribution	554,872,584.22	0.55%	409,573,311.46	0.42%	35.48%

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

 Applicable  Not applicable

Unit: RMB

	Revenue	Operating cost	Gross profit margin	YoY change (%) of revenue	YoY change (%) of operating cost	YoY change (%) of gross profit margin
Classified by industry						
Electronic components	98,545,585,814.34	87,572,307,509.64	11.14%	2.77%	0.28%	2.21%
Classified by product						
Precision components	15,050,929,866.12	11,813,778,081.46	21.51%	15.85%	14.37%	1.02%
Smart audio device	26,296,149,936.78	23,806,494,507.31	9.47%	8.73%	5.55%	2.73%
Smart hardware	57,198,506,011.44	51,952,034,920.87	9.17%	-2.57%	-4.57%	1.90%
Classified by region						
Domestic	7,431,287,003.70	6,729,030,381.85	9.45%	27.29%	25.08%	1.60%
Overseas	91,114,298,810.64	80,843,277,127.79	11.27%	1.18%	-1.35%	2.27%

	Revenue	Operating cost	Gross profit margin	YoY change (%) of revenue	YoY change (%) of operating cost	YoY change (%) of gross profit margin
Classified by sales mode						
Direct selling	97,991,075,276.04	87,111,509,252.31	11.10%	2.63%	0.16%	2.19%
Distribution	554,510,538.30	460,798,257.33	16.90%	36.85%	30.49%	4.05%

If the statistical caliber of the Company's main business data has been adjusted in the reporting period, adjusted statistics of main business are based on the caliber at the end of the reporting period of last year.

Applicable  Not applicable

### (3) Whether the Company's revenue from physical products sales is greater than the revenue from providing services

Yes  No

Classification of industry	Item	Unit	2024	2023	YoY change
Electronic components industry	Sales volume	Ten thousand PCS	495,967.23	428,520.45	15.74%
	Output volume	Ten thousand PCS	503,833.02	425,166.92	18.50%
	Inventory volume	Ten thousand PCS	46,388.60	38,522.81	20.42%

Reasons for changes in the relevant data over 30% year-on-year

Applicable  Not applicable

### (4) Fulfillment of major sales contracts and major procurement contracts signed by the Company as of the reporting period

Applicable  Not applicable

### (5) Composition of operating cost

Classification of industry

Unit: RMB

Classification of industry	Item	2024		2023		YoY change
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Electronic components	Direct materials	76,426,496,813.47	87.27%	76,130,381,986.14	87.18%	0.39%
	Direct labor expenses	3,893,957,684.38	4.45%	4,052,203,462.29	4.64%	-3.91%
	Manufacturing expenses	7,251,853,011.79	8.28%	7,143,465,552.32	8.18%	1.52%

### (6) Whether there is any change in consolidation scope during the reporting period

Yes  No

During the reporting period, the Company established 12 subsidiaries, including Shanghai Goertek Technology Development Co., Ltd., Qingdao Goertek Alpha Pixels Technology Co., Ltd., Chengdu Goertek Technology Co., Ltd., Xi'an Goertek Shijie Technology Co., Ltd., Goertek Starshine (Qingdao) Inc., Goertek Electronics Vietnam Co., Ltd., Goertek Optical Technology (Hong Kong) Holdings Co., Limited, Goertek Optical Technology (Hong Kong) Co., Limited, Goermicro Technology Development Company Limited, Qingdao MicroSense Intelligent Technology Co., Ltd., Goertek Singapore Pte. Ltd., and GMI Semiconductor Sdn. Bhd.

During the reporting period, the Company deregistered 2 subsidiaries, namely Hefei 3D OptoLink Technology Co., Ltd. and Jiaxing Guochao Optoelectronics Technology Co., Ltd.



**(7) Significant changes or adjustments in the Company's business, products or services during the reporting period**

Applicable  Not applicable

**(8) Major clients and suppliers**

Major clients of the Company

Total sales amount from top five clients (RMB)	89,410,283,784.17
Proportion of total sales from top five clients to total annual sales	88.57%
Proportion of sales from related parties among top five clients to total annual sales	0.00%

Information of top five clients

No.	Name of clients	Sales amount (RMB)	Proportion in total annual sales amount
1	Client 1	32,266,332,556.06	31.96%
2	Client 2	28,367,523,997.92	28.10%
3	Client 3	19,736,962,740.32	19.55%
4	Client 4	4,677,129,312.56	4.63%
5	Client 5	4,362,335,177.31	4.32%
Total	--	89,410,283,784.17	88.57%

Other information of major clients

Applicable  Not applicable

Major suppliers of the Company

Total purchase amount from top five suppliers (RMB)	34,473,499,479.54
Proportion of total purchase amount from top five suppliers to total annual purchase amount	42.91%
Proportion of purchase amount from related parties among top five suppliers to total annual purchase amount	0.00%

Information of top five suppliers

No.	Name of supplier	Purchase amount (RMB)	Proportion in total annual purchase amount
1	Supplier 1	15,806,990,923.89	19.68%
2	Supplier 2	8,916,840,340.87	11.10%
3	Supplier 3	5,930,418,795.12	7.38%
4	Supplier 4	1,948,577,549.33	2.43%
5	Supplier 5	1,870,671,870.33	2.33%
Total	--	34,473,499,479.54	42.91%

Other information of major suppliers

Applicable  Not applicable

### 3. Expenses

Unit: RMB

	2024	2023	YoY change	Note of significant change
Selling expenses	619,834,481.67	528,150,303.42	17.36%	No significant change
General and administrative expenses	2,200,022,715.70	2,202,814,353.55	-0.13%	No significant change
Financial expenses	70,707,836.97	351,775,148.64	-79.90%	Mainly because of the increase in interest income and exchange income due to exchange rate fluctuations during the reporting period.
Research and development expenses	4,882,112,487.52	4,715,969,451.42	3.52%	No significant change

### 4. R&D Investment

 Applicable  Not applicable

Name of major R&D project	Purpose of project	Status of project	Objectives	Expected benefits to future development of the Company
R&D project of micro speaker module	Develop micro speaker module products suitable for next-generation smart hardware with high sensitivity, low distortion, large amplitude, waterproof, and dustproof features.	In progress	Collaborate with major customers to iterate smart hardware products and meet technical requirements, complete R&D of a number of micro speaker module products, and achieve mass production and application on customer products.	Continuously consolidate the Company's competitive advantage and market share in the field of acoustic precision components.
R&D project of MEMS sensor and SiP	To develop MEMS sensors and SiP products applied to next-generation smart hardware and automotive electronics.	In progress	To complete the R&D, verification, application, and mass production of MEMS sensors and SiP featuring AI smart voice interaction, adapterization and noise reduction, signal transmission, and status monitoring, used in the field of smart hardware and automotive electronics	The project facilitates the Company's business expansion in the field of MEMS sensors and SiP, and further enhances the Company's comprehensive strength in the field of MEMS.
R&D project of VR/MR/AR precision optical components and modules	Develop the precision optical components and module products by using emerging optical technologies such as "Pancake" folded-lightpath lenses and optical waveguide technology, and promote their application in VR/MR/AR devices.	In progress	Complete the R&D and mass production of optical lens and module products for a new generation of all-in-one VR/MR devices, and improve the ability of comprehensive solutions of optical devices and light engines for AR devices.	The project helps enhance the Company's competitive advantage and market share in the field of VR/MR/AR precision optical components and modules, promote the Company's ability to provide customers with customized VR/MR/AR optical solutions, and improve the Company's vertical integration ability and profitability in the field of VR/MR/AR.

Name of major R&D project	Purpose of project	Status of project	Objectives	Expected benefits to future development of the Company
R&D project of AI smart glasses optical components and modules	Develop high-performance, integrated, and lightweight optical devices and module products for AI smart glasses products that combine technologies such as optical waveguides and micro-displays with traditional eyeglass lenses.	In progress	In response to the demand for AI smart glasses products, develop high-performance, integrated, and lightweight product solutions that merge traditional eyeglass lenses with optical waveguides and micro-display technologies, and achieve their application in terminal AI smart glasses products.	This will help enhance the Company's vertical integration capability and overall competitiveness in AI smart glasses products, thereby enhancing the Company's business expansion capability and profitability in this field.
R&D project of AR optical modules	To develop micro projection modules for AI smart glasses, AR, AR-HUD, and so on, and promote its application in consumer electronics, automotive electronics, etc.	In progress	To complete the design, technical verification and commercial application of related micro projection modules, and develop micro projection module solutions for consumer electronics and automotive electronics	Enhance the competitiveness of the Company in AI smart glasses, and AR optical modules, and extend the Company's capabilities in optical modules to the field of automotive electronics
R&D project of all-in-one VR/MR Head Mounted Display(HMD)	Develop lightweight all-in-one VR/MR HMD products featured with a high-definition display, precise motion tracking, and other features.	In progress	Cooperate with our customer to complete R&D, validation, and mass production of a number of new-generation all-in-one VR/MR HMD products based on the latest chip platform	The project helps consolidate the Company's competitive advantage and market share in the field of VR/MR.
R&D project of smart wireless earphones	Develop a new generation of smart wireless earphones	In progress	Cooperate with our customer to complete R&D, validation, and mass production of a number of new-generation smart wireless earphones	It helps consolidate the Company's competitive advantage and market share in the field of smart wireless earphones.
R&D project of smart wearable devices for sport and health related applications	Develop a new generation of smart wearable devices with functions of independent communication, health monitoring features and etc.	In progress	Cooperate with our customer to complete R&D, validation, mass production of a new generation of smart watches and smart bands	Consolidate the Company's competitive advantage and market share in smart wearable devices such as smart watches and smart bands
R&D project of smart wireless lightweight AR glasses	Develop wireless lightweight AR glasses and their main functional modules for future AR applications.	In progress	To complete the R&D and trial production of a number of AR glasses products, based on the latest chip platform, so as to develop the solution capability for AR glasses and their main functional modules	It helps to promote the Company's R&D experience and technology accumulation in the field of AR and facilitate the business expansion of the Company in AR field.

## Details of R&amp;D personnel

	2024	2023	YoY change
Number of R&D personnel	12,568	12,377	1.54%
Proportion of R&D personnel to total number of employees	15.36%	15.21%	0.15%
Education background of R&D personnel			
Bachelor	8,136	8,078	0.72%
Master	2,797	2,417	15.72%

	2024	2023	YoY change
Ph.D.	75	63	19.05%
Age structure of R&D personnel			
Below the age of 30	5,290	5,059	4.57%
Aged between 30 and 40	6,134	6,329	-3.08%
Over the age of 40	1,144	989	15.67%

The Company's investment in R&D

	2024	2023	YoY change
Amount of R&D Investment (RMB)	4,569,383,945.08	4,572,855,380.03	-0.08%
Proportion of R&D investment to revenue	4.53%	4.64%	-0.11%
Capitalized amount of R&D investment (RMB)	469,838,453.38	542,789,272.24	-13.44%
Proportion of capitalized R&D investment to R&D investment	10.28%	11.87%	-1.59%

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

Applicable  Not applicable

Reasons for significant changes in the proportion of total R&D investment in revenue compared with that of previous year

Applicable  Not applicable

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

Applicable  Not applicable

## 5. Cash flow

Unit: RMB

Item	2024	2023	YoY change
Sub-total of cash inflow from operating activities	87,061,772,095.75	80,166,508,468.96	8.60%
Sub-total of cash outflow from operating activities	80,861,319,913.91	72,014,620,225.58	12.28%
Net cash flow from operating activities	6,200,452,181.84	8,151,888,243.38	-23.94%
Sub-total of cash inflow from investing activities	16,293,851,949.50	5,194,943,904.22	213.65%
Sub-total of cash outflow from investing activities	21,539,783,874.54	12,778,336,083.57	68.56%
Net cash flow from investing activities	-5,245,931,925.04	-7,583,392,179.35	30.82%
Sub-total of cash inflow from financing activities	33,711,467,799.59	29,078,690,255.10	15.93%
Sub-total of cash outflow from financing activities	36,001,703,325.76	27,304,205,611.87	31.85%
Net cash flow from financing activities	-2,290,235,526.17	1,774,484,643.23	-229.06%
Net increase in cash and cash equivalents	-1,361,835,546.83	2,352,733,172.97	-157.88%

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

Applicable  Not applicable

The net cash flow from operating activities was RMB 6,200.45 million, a year-on-year decrease of 23.94%, mainly due to an increase in the closing balance of accounts receivable resulting from the year-on-year growth in revenue scale in the fourth quarter.

The subtotal of cash inflow from investing activities was RMB 16,293.85million, with a year-on-year increase of 213.65%; the subtotal of cash outflow in investing activities was RMB 21,539.78million, with a year-on-year increase of 68.56%; and the net cash flow from investing activities was RMB -5,245.93 million, with a year-on-year increase of 30.82%, mainly due to the increment in purchasing and the maturation of structured deposits, alongside a reduction in cash expenditures related to the acquisition and development of fixed assets and other long-term assets.

The net cash flow from financing activities was RMB -2,290.24 million, a year-on-year decrease of 229.06%, mainly due to an increase in the deposits for bills and other business transactions.

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

Applicable  Not applicable

The net cash flow from operating activities exceeded the net profit for the year by 139.74%, mainly due to non-cash items such as depreciation of fixed assets and amortization of intangible assets.

## V. Analysis of Non-Main Business

Applicable  Not applicable

Unit: RMB

	Amount	Proportion in total profit	Explanation of the cause	Whether it is sustainable
Investment income	109,040,057.77	3.93%	Mainly for the investment income from certificates of deposit of large amounts and foreign exchange derivative investments held by the Company.	No
Gains on changes in fair value	41,043,887.97	1.48%	Mainly for changes in the fair value of equity investments held by the Company.	No
Asset impairment losses	-643,065,577.73	-23.18%	Mainly for the provisions for asset impairment on certain inventories and fixed assets made by the Company.	No
Non-operating income	33,583,222.26	1.21%	Mainly for amounts the Company is unable to pay and liquidated damages collected.	No
Non-operating expenses	107,214,393.27	3.87%	Mainly the loss from the scrapping of the Company's non-current assets.	No
Other income	256,120,767.94	9.23%	Mainly for government grants included in the current profit and loss of the Company	No

## VI. Analysis of Assets and Liabilities

### 1. Major changes in asset composition

Unit: RMB

	End of 2024		Beginning of 2024		YoY change	Note of significant change
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Cash and cash equivalents	17,466,492,869.05	21.12%	14,737,312,329.71	19.98%	1.14%	Mainly due to the decrease in net cash outflow from investment activities and the increase in cash inflow due to the exercise of equity incentives

	End of 2024		Beginning of 2024		YoY change	Note of significant change
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Accounts receivable	17,881,372,031.94	21.62%	12,424,618,676.81	16.85%	4.77%	Mainly due to the increase in the closing balance of accounts receivable resulting from the year-on-year growth in revenue scale in the fourth quarter
Contract assets						
Inventory	10,478,868,878.63	12.67%	10,794,894,394.42	14.64%	-1.97%	
Investment properties						
Long-term equity investments	734,411,641.50	0.89%	760,220,882.07	1.03%	-0.14%	
Fixed assets	21,803,396,794.34	26.36%	22,305,456,354.63	30.25%	-3.89%	Mainly due to the increase in the disposal of fixed assets by the Company during the reporting period
Construction in progress	1,397,416,899.66	1.69%	2,071,280,343.55	2.81%	-1.12%	
Right-of-use assets	831,108,181.41	1.00%	615,431,849.91	0.83%	0.17%	
Short-term borrowings	7,713,280,169.91	9.33%	5,214,491,316.62	7.07%	2.26%	Mainly due to the increase in bank borrowings during the reporting period due to operational requirements
Contract liabilities	4,052,359,576.04	4.90%	3,472,638,215.20	4.71%	0.19%	
Long-term borrowings	1,341,201,983.90	1.62%	6,631,470,751.86	8.99%	-7.37%	Mainly due to the transfer of certain long-term borrowings to non-current liabilities due within one year at the end of the reporting period.
Lease liabilities	668,965,200.66	0.81%	518,159,559.63	0.70%	0.11%	
Accounts payable	21,962,224,256.37	26.55%	17,582,263,359.17	23.84%	2.71%	Mainly due to the increase in accounts payable resulting from the growth in revenue scale in the fourth quarter.
Non-current liabilities due within one year	4,923,444,540.44	5.95%	1,072,169,260.73	1.45%	4.50%	Mainly due to the transfer of certain long-term borrowings to non-current liabilities due within one year at the end of the reporting period.

Foreign assets account for a relatively high proportion

Applicable  Not applicable

Asset details	Cause of formation	Assets scale (RMB)	Location	Operation mode	Measures to ensure asset safety	Earnings	Proportion of overseas assets in the net assets of the Company	Whether there is a significant impairment risk
Goertek Technology Vina Co., Ltd.	Establishment	5,365,247,150.40	Vietnam	Production & sales	Effective internal control mechanism	Normal	16.17%	No
Other circumstances	The assets scale refers to the net assets of overseas subsidiaries. The proportion of overseas assets in the net assets of the Company refers to the proportion of the net assets of overseas subsidiaries in the net assets attributable to the shareholders of the listed company at the end of the reporting period.							

## 2. Assets and liabilities measured at fair value

Applicable  Not applicable

Unit: RMB

Item	Opening balance	Profit and loss from changes in fair value in the reporting period	Cumulative changes in fair value included in equity	Impairment accrued in current period	Purchase amount in the reporting period	Sales amount in the reporting period	Other changes	Closing balance
Financial assets								
1. Financial assets held for trading (excluding derivative financial assets)	483,215,197.26	91,494,430.64			10,602,489,796.00	10,628,530,463.95		548,668,959.95
2. Derivative financial assets	104,229,894.43	445,298,402.32					2,786,743.61	552,315,040.36
3. Investments in other equity instruments	591,269,883.71		18,350,919.30	-		3,611,010.77	-1,613,425.73	625,661,939.44
4. Other non-current financial assets	322,640,244.40	-9,039,275.08			185,903,574.96	70,000,000.00	3,218,238.00	432,722,782.28
5. Receivables financing	9,059,230.11						-349,198.22	8,710,031.89
Sub-total of financial assets	1,510,414,449.91	527,753,557.88	18,350,919.30	-	10,788,393,370.96	10,702,141,474.72	4,042,357.66	2,168,078,753.92
Total of above amounts	1,510,414,449.91	527,753,557.88	18,350,919.30	-	10,788,393,370.96	10,702,141,474.72	4,042,357.66	2,168,078,753.92
Financial liabilities	129,579,785.95	-486,709,669.91					11,309,212.87	604,980,242.99

Other changes

None

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

Yes  No

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

Item	Book value at the end of the reporting period (RMB)	Reasons for restrictions
Cash and cash equivalents	5,012,975,983.79	Mainly for the deposits for bills, guarantees, and other business transactions.
Notes receivable	113,923,842.73	Bill pledges, unconfirmed bill discounts, etc.
Intangible assets	60,553,375.19	For mortgage loan
Non-current assets due within one year	388,821,194.44	Mainly include certificates of deposits pledged for financing guarantee letters, bills, etc.
Other current assets	592,758,666.66	
Other non-current assets	731,674,555.99	
Total	6,900,707,618.80	

## VII. Analysis of Investment

### 1. Overall situation

Applicable  Not applicable

Investment amount in 2024 (RMB)	Investment amount in 2023 (RMB)	YoY change
4,129,810,663.79	8,889,964,898.25	-53.55%

### 2. Major equity investments acquired during the reporting period

Applicable  Not applicable

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

Applicable  Not applicable



#### 4. Financial asset investment

##### (1) Securities investment

Applicable  Not applicable

Unit: RMB

Security type	Security code	Security abbreviation	Initial investment cost	Accounting measurement model	Opening book value	Profit and loss from changes in fair value in the reporting period	Cumulative changes in fair value included in equity	Purchase amount in the reporting period	Sales amount in the reporting period	Profit and loss in the reporting period	Book value at the end of the reporting period	Accounting items	Source of funds
Domestic and foreign stocks	KOPN	KOPN	67,530,463.95	Fair value measurements	43,356,500.16	24,173,963.79			67,530,463.95	-19,000,471.79		Trading financial assets	Self-raised funds
Domestic and foreign stocks	2438.HK	Mobvoi	122,344,000.00	Fair value measurements	141,654,000.00		-55,578,551.41		3,611,010.77	-481,132.08	84,024,083.70	Investments in other equity instruments	Self-raised funds
Total			189,874,463.95	--	185,010,500.16	24,173,963.79	-55,578,551.41		71,141,474.72	-19,481,603.87	84,024,083.70	--	--
Date of announcement disclosure by the Board of Directors for approval of securities investment			KOPN: February 11, 2017 Mobvoi: July 24, 2015 (listed on the Hong Kong Stock Exchange in April 2024).										
Date of announcement disclosure by shareholders meeting for approval of securities investment			KOPN: March 2, 2017										

##### (2) Derivatives investment

Applicable  Not applicable

**1) Investments in derivatives for hedging during the reporting period**

☑ Applicable ☐ Not applicable

Unit: RMB 10,000

Type of derivatives investment	Amount of initial investment	Opening balance	Profit and loss from changes in fair value in the reporting period	Cumulative changes in fair value included in equity	Amount of purchase during the reporting period	Amount of sales during the reporting period	Closing balance	Proportion of investment amount in the Company's net asset at the end of the reporting period
Option	-	197,607.33	-1,135.05		104,950.64	302,557.97		
Forward	-	960,414.12	-30,171.92		4,259,145.73	3,447,044.18	1,772,515.67	53.41%
Swap	-	644,525.70	27,165.84		2,059,457.69	1,920,447.79	783,535.60	23.61%
Total	-	1,802,547.15	-4,141.13		6,423,554.07	5,670,049.95	2,556,051.27	77.02%
Description of whether the accounting policies and specific accounting principles for the Company's hedging business has changed significantly compared with that of previous reporting period	<p>The Company's derivatives transactions are calculated in accordance with <i>Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments</i>. The initial measurement is based on the fair value of the derivatives on the date of the signing of the transaction contracts, and the subsequent measurement is based on its fair value. The derivative instrument with positive fair value is recognized as an asset, while the one with negative fair value is recognized as a liability. The profits and losses generated by changes in fair value are directly recognized in current profit and loss.</p> <p>The accounting policies and specific accounting principles for the Company's derivatives have no significant change compared with that of previous reporting period.</p>							
Statement of actual profit and loss in the reporting period	The Company and its subsidiaries confirmed the profit and loss situation of derivative transactions for 2024, recognizing a fair value change loss of RMB 41.41million and investment income of RMB 76.31million, totaling a profit of RMB 34.90million.							
Statement of hedging effect	To avoid exchange rate risks in daily operations, the Company hedged against its risks through financial derivatives. The changes in the value of the financial derivatives effectively hedged the risk of changes in the existing position, and the overall hedging result is within expectations.							
Source of funds for derivatives investment	Self-raised funds							

Risk analysis and control measures for derivatives positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<ol style="list-style-type: none"> <li>1. The financial derivatives transactions carried out by the Company are for the purpose of fixing costs, avoiding and preventing risks of foreign exchange rate and interest rate, and prohibiting any risk speculation. The trading quota of the Company's financial derivatives shall not exceed the authorized quota as reviewed and approved by the Board of Directors or the general meeting of shareholders.</li> <li>2. The Company has formulated a strict management system for financial derivatives transactions, which clearly stipulates the operating principles, approval authority, responsible departments and persons, internal operating procedures, information isolation measures, internal risk reporting system and risk handling procedures, and information disclosure of financial derivatives transactions, in order to control trading risks arising therefrom.</li> <li>3. The Company shall carefully review the terms of contracts signed with qualified banks and other financial institutions, and strictly implement the risk management system to prevent legal risks.</li> <li>4. The Company's business personnel will continue to track the changes in the open market price or fair value of financial derivatives, timely assess the changes in risk exposure of financial derivatives transactions, and regularly report to the management of the Company. If any abnormal situation, inform the Board of Directors of the risk and take emergency measures accordingly.</li> <li>5. The internal audit department regularly conducts internal audit on the compliance of financial derivatives transactions.</li> </ol>
In case of changes in market price or fair value of invested derivatives during the reporting period, the analysis of fair value of the derivatives shall disclose the specific methods used and the setting of relevant assumptions and parameters	Changes in the fair value of foreign exchange derivatives are calculated based on the difference between the fair market price and the contract price in the month of the settlement date determined by the Company.
Involvement in litigation (if applicable)	None
Date of announcement disclosure by the Board of Directors for approval of the investment in derivatives	March 28, 2024
Date of announcement disclosure by shareholders meeting for approval of the investment in derivatives	May 22, 2024

**2) Investments in derivatives for speculation during the reporting period**

Applicable  Not applicable

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

**5. Use of raised funds**

Applicable  Not applicable

No use of funds in the reporting period of the Company

**VIII. Sales of Major Assets and Equities****1. Sales of major assets**

Applicable  Not applicable

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

**2. Sales of major equity**

Applicable  Not applicable

**IX. Analysis of Major Subsidiaries and Associates**

Applicable  Not applicable

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

Unit: RMB

Name of company	Type of company	Main business	Registered capital	Total assets	Net asset	Revenue	Operating profit	Net profit
Yili Precision Manufacturing Co., Ltd.	Subsidiary	Electronic component manufacturing	675,850,000	3,200,795,166.64	1,120,323,434.41	3,210,299,124.47	305,072,201.26	282,802,850.45
Goertek (Hong Kong) Co., Limited	Subsidiary	Trade investment	USD 1,000,000	25,758,433,298.73	2,512,937,310.08	76,026,030,088.56	650,816,725.92	636,082,296.46
Goertek Technology Vina Co., Ltd.	Subsidiary	Electronic component manufacturing	USD 120,000,000	9,448,722,077.44	5,365,247,150.40	20,192,780,792.39	1,437,900,861.90	1,317,606,703.46
Goertek Electronics Vietnam Co., Ltd.	Subsidiary	Electronic component manufacturing	USD 60,000,000	1,721,989,962.36	136,832,810.04	1,424,351,455.41	293,067,243.66	292,948,873.14

Acquisition and disposal of subsidiaries during the reporting period

Applicable  Not applicable

Name of company	Approach on acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and performance
Shanghai Goertek Technology Development Co., Ltd.	Newly established	No significant impact
Qingdao Goertek Alpha Pixels Technology	Newly established	No significant impact

Name of company	Approach on acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and performance
Co., Ltd.		
Chengdu Goertek Technology Co., Ltd.	Newly established	No significant impact
Xi'an Goertek Shijie Technology Co., Ltd.	Newly established	No significant impact
Goertek Starshine (Qingdao) Inc.	Newly established	No significant impact
Goertek Electronics Vietnam Co., Ltd.	Newly established	See the table above
Goertek Optical Technology (Hong Kong) Holdings Co., Limited	Newly established	No significant impact
Goertek Optical Technology (Hong Kong) Co., Limited	Newly established	No significant impact
Goermicro Technology Development Company Limited	Newly established	No significant impact
Qingdao MicroSense Intelligent Technology Co., Ltd.	Newly established	No significant impact
Goertek Singapore Pte. Ltd.	Newly established	No significant impact
GMI Semiconductor Sdn. Bhd.	Newly established	No significant impact
Hefei 3D OptoLink Technology Co., Ltd.	Cancel	No significant impact
Jiaxing Guochao Optoelectronics Technology Co., Ltd.	Cancel	No significant impact

Description of major subsidiaries and associates

None

## X. Structural Entities Controlled by the Company

Applicable  Not applicable

## XI. Outlook for the Future Development of the Company

### 1. Industry trend and competition

In recent years, the consumer electronics industry has gradually entered the post-mobile era. Influenced by global macroeconomic fluctuations, insufficient end-user demand, and a lack of hardware technological innovation, the growth rate of some emerging smart hardware products has slowed down. Major global technology and consumer electronics manufacturers are actively exploring new technological breakthroughs and industry development opportunities. At the same time, generative AI technologies, such as Large Language Model and Multimodal Large Language Model, are undergoing rapid development. The integration of AI technology with the consumer electronics industry and smart hardware products is expected to open up new avenues for industry development, bringing a new round of growth opportunities for global technology and consumer electronics manufacturers.

According to the forecast of IDC, the global shipment of smartphones is expected to reach 1.26 billion units in 2025, with approximately a 2.3% YoY increase. The CAGR of global shipment of smartphones from 2024 to 2029 is expected to be around 1.6%. As one of the core hardware products in the consumer electronics industry, smartphones serve as terminal hardware platforms that combine computing, communication, display, and intelligent interaction functions. They are also one of the core edge devices where AI technology integrates with smart hardware products. In the coming years, the integration of AI technology with smartphone products is expected to deepen continuously. Leading enterprises are likely to successively launch smartphones equipped with AI features, providing consumers with a more intelligent and efficient user experience while also generating new market demand and development momentum for smartphone products. Moreover, intelligent interaction with AI Large Language Model will become an important application scenario for smartphone products, which will also contribute to the growth in market demand for high-performance acoustic sensors, speakers, and other precision components.

According to the updated forecast of IDC, the global shipment of VR/MR devices is expected to reach 15.3 million units in 2028. The CAGR of global shipment of VR/MR devices from 2025 to 2028 is expected to be around 24%. The rapid development of generative AI technology is expected to accelerate the resolution of the current issues faced by VR and MR devices regarding software and insufficient richness of content, thereby promoting consumer demand, enhancing product usage stickiness, and better supporting

innovation and development in business models. The industry is expected to maintain healthy long-term growth through hardware upgrades and iterations, an increase in the number of end users, and the continued development of application scenarios and content.

According to the updated forecast of IDC, the global shipment of AR devices is expected to reach 6.9 million units in 2028. The CAGR of global shipment of AR devices from 2025 to 2028 is expected to be around 78%. Under the active investment and promotion of leading industry enterprises, the pace of hardware technology innovation for AR devices is accelerating, with clearer technical solution routes and continuously improving product maturity, which is likely to see a new round of rapid development in the coming years. At the same time, AI smart glasses represent one of the most popular smart hardware product innovation directions in the global technology and consumer electronics industry. AI smart glasses have unique advantages in user data collection and human-computer interaction, and are expected to become an important carrier for the implementation of AI Large Language Model technology on the device side. This has led to sustained interest and investment from numerous well-known companies. Compared to AR devices, AI smart glasses focus more on AI assistant scenarios, with a simpler product definition and more mature technical solutions. The AI smart glasses products, which primarily feature intelligent voice interaction and image recognition, have already reached a significant global market size and are expected to experience explosive growth in the next three years. As technologies such as optics, micro-displays, and SiP continue to mature, future AI smart glasses products are expected to incorporate image display and visual interaction functions, providing consumers with a more comprehensive AI assistant experience and potentially driving long-term, rapid growth in the AI smart glasses market.

According to the forecast of IDC, the global shipment of TWS earphones is expected to reach 300 million units in 2025, with approximately a 6.8% YoY increase. The CAGR of global shipment of TWS earphones from 2025 to 2028 is expected to be around 4%. With the continued penetration of AI Large Language Model technology into smartphone products, the usage scenarios for intelligent voice interaction are expected to continue to increase. Smart wireless earphones, as one of the key hardware devices for intelligent voice interaction, are likely to benefit from this trend. Additionally, driven by product form innovation and the optimization of features such as spatial audio, health monitoring, and sports tracking, the shipments of smart wireless earphones are projected to experience steady growth in the future.

According to the forecast of IDC, the global shipment of smart wearable devices is expected to reach 195 million units in 2025, with approximately a 1.1% YoY increase. The CAGR of global shipment of smart wearable devices from 2025 to 2028 is around 0.4%. The global market for smart wearable devices presents significant opportunities for substantial growth. For millions of people around the globe who has hypertension, diabetes, and sub-health issues, high precision and reliable health monitoring technologies, especially precise electrocardiogram monitoring, blood pressure monitoring, and non-invasive blood sugar monitoring technologies, are currently the focus of innovation of the industry. Breakthroughs in the technologies of the above fields are expected to bring dramatic growth to smart wearable devices before long.

Overall, the rapid development of AI technology will inject new vitality into the development of emerging smart hardware products. The implementation of AI technology on terminal devices will also give rise to a more diverse array of emerging smart hardware product forms and usage scenarios. Leading global technology and consumer electronics enterprises are actively investing resources in related fields and continuously launching emerging smart hardware products equipped with AI technology. With the drive of the industry and the recovery of the macroeconomy and consumer electronics sector, emerging smart hardware products are expected to continue to develop healthily in the future. This will promote performance improvements and market demand growth for related products such as acoustics, optics, sensors, SiP, micro-display devices, haptic devices, and precision structural components, thereby bringing new development opportunities for the Company. In light of this development opportunity, the Company will make every effort to respond proactively by leveraging its existing advantages, investing in research and development, and exploring new technological directions for emerging products. The Company will continue to strengthen its core competitiveness, establish long-term strategic partnerships with leading industry clients, and actively expand its emerging smart hardware and related precision component businesses to promote the Company's sustained and healthy development.

From the perspective of industry competition, the global technology and consumer electronics industry still presents a centralized trend. Well-known enterprises with strong competitiveness and brand awareness demonstrate clear competitive advantages by possessing a large number of technologies, talents, funds, brands, and industrial ecosystem resources. These enterprises are committed to enhancing their investments in emerging technologies, including smart hardware and AI. It is anticipated that they will maintain their leadership in technological innovation and product development within the consumer electronics sector. Concurrently, in the global competition for AI LLM technology, some emerging enterprises and startups are actively investing, developing, and launching numerous high-performance technologies and products. These innovations have the potential to become a new force driving global industry technological progress and changing the industry landscape. The Company will closely monitor the trends and developments of these manufacturers.

From the perspective of industry supply chain layout, on one hand, China still has advantages in terms of political/economic environment, infrastructure, industrial foundation management/technical talent resources, and other aspects. The overall

competitiveness of electronic manufacturers in China is improving, and they undertake the demand for manufacturing services of the global supply chain. On the other hand, considering the complicated international political and economic environment, some enterprises faced the challenges of setting up a global supply chain, which needs to be tackled prudently in a scientific manner.

## 2. Strategy for future development

Looking into the future, the Company will actively respond to the national call for the in-depth implementation of the innovation-driven development strategy, optimizing and upgrading the industrial structure, enhancing the leading role of technological innovation, and accelerating the development of a modern industrial system, capitalize on industrial opportunities in the post-mobility era by closely monitoring the advancements and applications of AI technology, and diligently observe the developmental trends of cutting-edge technologies, including 6G, IoT. The Company will continue to strengthen its development in the field of next-generation smart hardware products and related precision components, constantly consolidate the strategic cooperation with world-class clients, and fulfill the economic and social responsibilities of the enterprises, thus achieving stable and healthy growth of the Company's value in return for shareholders.

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

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

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

(4) Constantly improve corporate governance and management, and promote the standardized and efficient internal operation. Continuously improve the internal processes and internal management system. Strengthen the awareness of lean operation, improve the level of lean operation and seek benefits from it. Being market-oriented and client-oriented, continue to push forward internal reform and innovation, and to build core competitiveness upon continuous reform and innovation activities. The Company will continuously enhance the level of digitalization and informatization of its internal operations management, and actively explore the application of big data and AI technology in enterprise operations management. Create an excellent corporate culture, undertake the core values of "client orientation, employee development, trustworthy, cooperation and mutual benefits", and earnestly fulfill the economic and social responsibilities of the enterprise, to become a respected world-class enterprise.

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

During the reporting period, the Company adhered to a client-oriented approach and a major customer strategy, leveraging the synergy between its component and integrated device businesses. The Company successfully completed important tasks such as business expansion, project delivery, and operational improvement, further consolidating its core competitiveness and industry competitive position. With the recovery of end-user demand in the consumer electronics industry, the Company's precision component business, intelligent acoustic complete machine business, and sub-segment product lines in the smart hardware sector, including VR/MR and smart wearable devices, have all progressed smoothly. Ultimately, while the overall income scale saw a slight increase, the overall level of profitability improved significantly year-over-year.

Looking ahead to 2025, with the further development of generative AI technologies such as Large Language Model and Multimodal Large Language Model, as well as the deeper integration of AI technology with emerging smart hardware products, the end-user demand for global consumer electronics products is expected to continue to grow. High-performance precision component products suitable for AI smart hardware, as well as smartphones, smart wireless earphones, AI smart glasses, MR, AR, smart wearable devices, and smart home devices equipped with richer AI features, are expected to see further development. Based on the integration of established competitive advantages in the fields of precision components and smart hardware products, the Company will closely

monitor and actively seize new opportunities arising from the convergence and development of emerging smart hardware and AI technologies. The management and the staff of the Company will continue to implement our strategy and to achieve business objectives, so as to return the investors with good business performance and continuous growth of the value of the Company.

(1) Adhere to the strategy and grasp development opportunities

The Company will seize the emerging opportunities arising from the integration of AI technology and emerging smart hardware products by adhering to the "precision components + smart hardware" strategy and utilizing the synergy between the components and integrated device business. On the one hand, the Company will continue to strengthen its research and development of technologies and products in fields such as acoustics, optics, microelectronics, and precision structural components, thereby enhancing the Company's future-oriented core competitiveness in the precision component field. On the other hand, the Company will actively seek opportunities in emerging smart hardware projects and expand the application of its self-developed precision component products, including acoustics, optics, micro-displays, sensors, SiP, and precision structural components in related projects. By integrating the core capabilities in precision manufacturing and intelligent manufacturing, the Company will continuously enhance its solution capabilities and profitability.

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

Follow the development plan of strategic clients, the Company will carry out corresponding business, technology R&D, product plans, and capacity plans. Focusing on the future product needs of strategic clients, the Company will conduct forward-looking technology and product research and development, and build capabilities for future-oriented overall solutions. The Company works with strategic client in their business schedules and provides industry-leading full-process R&D and manufacturing services. The Company will continuously enhance its ability to serve strategic clients, strengthen client loyalty through high-level service, consolidate strategic partnerships, and achieve mutual benefits cooperation with clients.

(3) Empower business expansion and create new opportunities

While consolidating existing business competitive advantages, the Company will continuously develop new business directions and opportunities in response to the integration of AI technology and emerging smart hardware. The Company will actively seize new opportunities in fields such as acoustic devices, haptic devices, precision optical devices and modules, micro-display modules, sensors, SiP, AI smart glasses, MR, AR, smart wireless earphones, smart wearable devices, and smart home devices. Additionally, the Company will continue to expand the application of its precision component products in the automotive electronics sector, and create new business growth points around the needs of leading clients in the consumer electronics and automotive electronics industries.

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

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

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

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

(6) Effectively control risks and maintain healthy operation

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

4. The demand and planning of fund

The Company maintains a healthy asset and liability structure, and obtained a good long-term cooperative relationship with banks and other major financial institutions. In 2025, the Company will continue to improve the management of cash, optimize payment terms, control capital expenditure, and enhance the efficiency of funds. The Company will carefully evaluate various financing tools to optimize the asset-liability ratio and debt structure. The Company will also carefully manage financial derivatives trading activities with strict standards, to actively avoid liquidity risks, foreign exchange risks, and interest risks, and with all the measures above, to thus provide stable and sufficient financial support to the development of the Company.

5. Future risks

(1) Macroeconomic risks



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

(2) Operational risks

① Risks of relatively concentrated clients

The competitive pattern of global technology and consumer electronics industry, along with the Company's business model and key account strategy, determined a relatively concentrated client structure. As a result, the business income from a few core clients accounts for a large proportion of the Company's overall revenue. Although the aforementioned clients are all leading global industry enterprises with significant competitive advantages and market positions, and have maintained long-term stable cooperative relationships with the Company, if major clients experience fluctuations in their business activities due to various factors, or if the cooperative relationship between the clients and the Company changes, it may bring corresponding fluctuations and risks to the Company's business.

② Risks of exchange rate fluctuation

The export business accounts for a high proportion of the Company's overall revenue. At the same time, the Company also imports a considerable number of raw materials, equipments and other products from overseas. These import and export businesses are primarily settled in US dollars. Although the Company has adopted appropriate risk hedging tools, the significant fluctuation of foreign exchange rates may still bring certain exchange rate risks to the Company.

③ Risks of loss of core technical talents

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

(3) Risks of management

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

## XII. Reception, Research, Communication, Interview and Other Activities during the Reporting Period

Applicable  Not applicable

Reception time	Reception place	Type of communication	Type of attendees	List of attendees	Main content of discussion and information provided	Index of related information
April 8, 2024	The Company	Other	Other	Investors participated in the Company's performance presentation meeting of 2023	The Company's overall operation and business development	The record of investor relations activities on April 8, 2024 issued by CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )

Reception time	Reception place	Type of communication	Type of attendees	List of attendees	Main content of discussion and information provided	Index of related information
May 7, 2024 - May 9, 2024	Brokerage Strategy Conference	Other	Institutional Investors	Institutional investors include JPMorgan Asset Management, Huachuang Securities, GF Fund Management, AEGON-INDUSTRIAL Fund Management, Bank Of Communications Schroder Fund Management, China Asset Management, and China Merchants Fund Management.	The Company's overall operation and business development	The record of investor relations activities from May 7, 2024 to May 9, 2024, issued by CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
July 17, 2024 - July 18, 2024	The Company	Field research	Institutional Investors	Institutional investors include GF Fund Management, China Asset Management, AEGON-INDUSTRIAL Fund Management, Wanjia Asset Management, China Southern Asset Management, and Harvest Fund Management.	The Company's overall operation and business development	The record of investor relations activities on from July 17, 2024 to July 18, 2024, issued by CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )

### XIII. Formulation and Implementation of the Market Value Management System and Valuation Enhancement Plan

Whether the Company has established a market value management system.

Yes  No

Whether the Company has disclosed the valuation enhancement plan.

Yes  No

To further strengthen the Company's market value management, standardize the Company's market value management conducts, and protect the legitimate rights and interests of the Company, investors, and other stakeholders, the Company has formulated the *Market Value Management Rules of Goertek* in accordance with relevant laws, regulations, normative documents such as the *Company Law*, the *Securities Law*, *Regulatory Guidelines for Listed Companies No. 10 – Market Value Management*, *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange*, *Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange - Normative Operation of Listed Companies on the Main Board*, as well as the provisions of the *Articles of Association*, taking into account the actual situation of the Company. This system was deliberated and approved at the 22nd meeting of the 6th board of directors held on December 27, 2024.

In the future, the Company will strictly adhere to the relevant requirements of laws, regulations, and the market value management rules. The Company is committed to enhancing the awareness of investor returns, taking measures to protect the investors' interests, particularly those of small and medium-sized investors, conducting operations with honesty and integrity, prioritizing its main business, and maintaining stable operations. By cultivating and utilizing new quality productive forces, the Company aims to improve the operational level and quality of development, effectively manage investor relations, and improve the quality and transparency of

information disclosure. If necessary, the Company will proactively implement measures to enhance investor confidence and promote the investment value of the Company to reasonably reflect its quality.

#### **XIV. Implementation of the Action Plan for Improving Quality and Investor Returns**

Whether the Company has disclosed the Action Plan for Improving Quality and Investor Returns?

Yes  No

To protect the interests of all shareholders, the Company has formulated the Action Plan for Improving Quality and Investor Returns. The specific measures and progress made by the Company are as follows:

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

The Company's main business include precision components business, smart audio device business and smart hardware business. The Company serves the leading global clients in the technology and consumer electronics industry by providing them with vertically integrated product solutions of precision components and smart hardware, as well as related design, R&D, and manufacturing services. Driven by the mission of "A better life enriched by technology", the Company is committed to creating value for all shareholders and the society. After more than twenty years of development, the Company has built industry-leading precision manufacturing and intelligent manufacturing capabilities. In terms of internal management, the Company boasts a strong core management team that ensures efficient internal decision-making and maintains a high level of lean operations. In terms of external cooperation, the Company has long-term strategic cooperation with industry-leading clients and has stable client relationships.

Looking into the future, the Company will actively respond to the national call for the in-depth implementation of the innovation-driven development strategy, optimizing and upgrading the industrial structure, enhancing the leading role of technological innovation, and accelerating the development of a modern industrial system, capitalize on industrial opportunities in the post-mobility era by closely monitoring the advancements and applications of AI technology, and diligently observe the developmental trends of cutting-edge technologies, including 6G, IoT. The Company will continue to strengthen its development in the field of next-generation smart hardware products and related precision components, constantly consolidate the strategical cooperation with world-class clients, and fulfill the economic and social responsibilities of the enterprises, thus achieving stable and healthy growth of the Company's value in return for shareholders. The Company will always strive to create value for its shareholders while giving back to society through its actions.

##### 2. Continuously strengthen technological innovation capabilities and build industry-leading core competitiveness

Technological innovation is the driving force behind business growth. It is at the forefront of the Company's agenda. The Company attaches great importance to the integration and cultivation of outstanding talents in the fields of acoustics, optics, microelectronics, wireless communication, precision manufacturing, automation, and other sectors around the world. The Company has set up a team of technical personnel with profound technical strength and rich experience in product projects, and has made long-term cooperation with many well-known universities and scientific research institutions, which forms an open and comprehensive technology R&D platform in support of continuous innovation and R&D of technologies and products. As of December 31, 2024, the Company and its subsidiaries have totally applied for 34,872 patents, including 4,362 foreign patent applications and 20,132 invention patent applications; a total of 21,735 patents have been granted, including 8,196 invention patents.

Looking into the future, the Company will continue to invest in R&D and technological innovations centered on future strategic directions, and strengthen its technical capabilities in the fields of acoustics, optics, microelectronics, micro-display, precision manufacturing, and intelligent manufacturing. The Company will integrate the management and technical talents globally, keep bringing in high-level talents, carry out solid efforts in the selection, cultivation, motivation and retention of talents, and to support the Company's strategic implementation and business development with high-quality talent echelon. In response to the trends in AI technology, the Company will actively explore the application of AI algorithms, Large Language Model (LLMs), Multimodal Large Language Model, and other technologies in production, manufacturing, operations, and management. This strategic initiative will further enhance the level of intelligence in manufacturing and the informationization in management and operations, thereby maintaining the Company's industry position and core competitiveness.

##### 3. Continuously improve corporate governance, operational management, and lean operation levels

The Company will continue to standardize governance mechanisms, enhance corporate governance levels, improve internal control systems, and fully leverage the role of independent directors in corporate governance. These efforts will continuously solidify the foundation of internal governance. The Company will clearly define its rights and obligations, as well as those of its shareholders to prevent the abuse of shareholder rights or the exploitation of the management's dominant position that could harm the interests of minority investors. The Company will encourage the active participation of minority investors in shareholder meetings, facilitate the involvement of various types of investors in decision-making on major matters, and enhance investors' influence and satisfaction. The

Company will continue to strengthen its internal control system and enhance risk management to improve decision-making capabilities. This will create a virtuous cycle for the Company's development and provide strong protection for the legitimate rights and interests of the shareholders.

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

#### 4. Actively repurchase the Company's shares to enhance investor confidence

The Company has repurchased its shares in order to enhance investor confidence. This decision is made based on confidence in the Company's future development and recognition of its long-term value. It is intended to further improve the Company's long-term incentive mechanism, effectively aligning the interests of shareholders, the Company, and the core team.

On October 26, 2023, the Company's 6th board of directors held its tenth meeting and approved the *Proposal on the Repurchase of Company Shares through Continuous Trading Approach*. During the reporting period, the Company repurchased 29,802,246 shares through continuous trading approach via the specific securities repurchase account using its own funds. The payment amount (excluding transaction costs) was RMB 497,113,266.64. This share repurchase plan expired on October 25, 2024, with a total of 39,434,946 shares repurchased, accounting for 1.13% of the Company's total share capital at the end of the reporting period, with a payment amount of RMB 674,750,693.64 (excluding transaction fees).

#### 5. Increase cash dividends to enhance investor returns

The Company has always placed a high priority on shareholder returns, and has strictly implemented the *Shareholder Return Plan for the Next Three Years (2022-2024)*, and clarified the standard, ratio, and decision-making procedures of the distribution policy, which ensures the continuity and stability of the profit distribution policy, in order to fully protect the legitimate rights and interests of minority investors.

In 2024, the Company increased the level and frequency of its cash dividends. As a result, three profit distributions were implemented, and the total cash dividend amount exceeded RMB 850 million.

In 2025, the Company intends to execute the annual profit distribution strategy for 2024 in the following manner: based on the total share capital registered on the record date of equity distribution minus the repurchased shares in the Company's specific securities repurchase account, the Company will distribute a cash dividend of RMB 1.50 (tax inclusive) for per 10 shares to all the shareholders, as well as 0 bonus shares, and there is no conversion of capital surplus into share capital.

Going forward, the Company will maintain its investor-centric approach, strive to enhance the level of shareholder returns, fulfill the responsibilities and obligations of a listed company, and continuously practice the Action Plan for Improving Quality and Investor Returns. In addition, the Company will focus on its main business, maintain sustainable and healthy development, improve the level of corporate governance, and effectively enhance investors' return, thereby making a positive contribution to market stabilization and confidence.

## Section IV Corporate Governance

### I. Corporate Governance in Practice

The Company continuously improved the corporate governance structure, the internal management and control system, and continued to carry out corporate governance activities in strict accordance with the requirements of relevant laws, regulations, and normative documents such as the *Company Law*, the *Securities Law*, *Basic Standard for Enterprise Internal Control*, *Guidelines for the Articles of Association of Listed Companies*, *Code of Corporate Governance for Listed Companies*, *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange* as well as with the requirements of the China Securities Regulatory Commission, so as to further standardize the Company's operation and improve the level of corporate governance.

During the reporting period, the Company comprehensively reviewed relevant governance systems. Furthermore, the Company revised eight related rules, including the *Articles of Association*, *Rules of Procedure for Shareholder Meetings* and the *Management Rules for Providing Financial Assistance to External Parties*, etc. in line with the Company's actual situation and operational development needs. The Company also established the *Working System for the meetings of Independent Directors* and the *Market Value Management Rules*. By the end of the reporting period, the actual practice of corporate governance met the relevant requirements of the above laws, administrative regulations, departmental rules, and normative documents, specifically:

1. Shareholders and Shareholders' Meetings: The Company standardized the procedures for convening, holding, and voting at shareholders' meetings in strict compliance with the provisions and requirements of *Rules on Shareholders' General Meetings of Listed Companies*, the *Articles of Association*, and the *Rules of Procedure for Shareholder Meetings*. The Company enhanced the convenience for small and medium-sized shareholders to participate shareholders' meetings by offering a combination of on-site and online voting, thus ensuring that small and medium-sized shareholders can fully exercise their rights. At the same time, the Company hired lawyers to witness the shareholders' meetings on site and ensure that the convening, holding, and voting procedures of each meeting were legal and compliant, thus effectively safeguarding the legitimate rights and interests of the Company and all shareholders.

2. The Company and controlling shareholders: The Company, with independent operation autonomy, is independent of the controlling shareholders in business, personnel, assets, organizations, and finance. The Board of Directors, Board of Supervisors, and internal institutions of the Company operate independently. The controlling shareholders exercise their rights through shareholders' meetings, and there was no direct or indirect interference with the Company's operations and decision-making beyond the general meeting of shareholders.

3. Directors and the Board of Directors: The Company elects directors in strict accordance with the procedures stipulated in the *Company Law*, and the *Articles of Association*. At present, the Company has seven directors, including three independent directors, which accounts for more than one-third of all directors. The number of directors and the composition of the Board of Directors meet the requirements of laws and regulations and the *Articles of Association*. The board of directors convened board meetings and executed the resolutions of shareholders' meetings in strict accordance with *Rules of Procedure of the Board of Directors*. All directors of the Company can perform their duties, diligently attend board and shareholder meetings, actively participate in relevant training, and earnestly fulfill their obligations of honesty, integrity, diligence, and responsibility in accordance with relevant laws and regulations.

There are two specialized committees under the board of directors: the Audit Committee and the Remuneration and Assessment Committee. Each committee is responsible for key functions such as financial audit, internal control supervision, and the formulation of executive remuneration and performance assessment based on the *Articles of Association* and the authorization of the Board of Directors. They are also responsible for providing comprehensive oversight and guidance to the Company's operational management to ensure compliance and efficiency in related matters.

4. Supervisors and the Board of Supervisors: The election of supervisors was conducted in strict accordance with relevant provisions of the *Company Law* and *Articles of Association*. The current Board of Supervisors consists of three supervisors, including two employee supervisors. The number and composition of the Board of Supervisors comply with the requirements of laws and regulations. The Company's Board of Supervisors convenes supervisor meetings in strict accordance with the *Rules of Procedure of the Board of Supervisors*. All supervisors legally supervised and issued opinions for major issues, related-party transactions, financial status, performance of directors and managers to protect the legitimate rights and interests of the Company and shareholders.

5. Performance evaluation and incentive-restraint mechanisms: The Company has established a relatively complete performance evaluation and incentive-restraint mechanism, linking ESG performance, operational performance, and other indicators to the performance of senior management. The shareholder meeting is responsible for determining the remuneration of directors and supervisors. The Remuneration and Assessment Committee is responsible for formulating assessment standards for directors and senior management and implementing according to the *Implementation Rules of the Remuneration and Assessment Committee*.

During the reporting period, the Company continued to promote the implementation of employee stock ownership plans and stock option incentive plans. The initiative and motivation of senior management and the core business and technical backbones were fully mobilized to achieve a close integration of the interests of the shareholder, Company, and employee.

6. Stakeholders: The Company fully respects and protects the legitimate rights and interests of stakeholders, actively communicates and coordinates with stakeholders, to balance the interests of the Company, the shareholders, the employees, the customers, the society, and other parties, and jointly promotes the Company's development in a sound and sustainable manner.

7. Information disclosure: The Company specifically established a department, equipped with professional teams, and duly performed the disclosure obligations in strict accordance with the provisions of *Measures for the Administration of Information Disclosure of Listed Companies*, *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange*, and *Articles of Association*, and discloses information as per the law, so as to ensure that the information disclosure is true, accurate, complete, timely, fair, concise, clear, easy to read, free from false statement, misrepresentations and material omissions. All shareholders were given equal access to the information. The Company has continuously improved the *Insider Information Management Rules*, strengthened the confidentiality of insider information, maintained the fairness of information disclosure, and effectively protected the legitimate rights and interests of investors.

The Company has designated *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Daily*, and *CNINFO* (<http://www.cninfo.com.cn>) as the information disclosure media. In 2024, the Company disclosed a total of 181 announcement documents, to reveal its financial statements, operating information and other significant matters to shareholders and the public in a timely manner, ensuring transparency of information.

8. Investor relations: To better serve investors, the Company has designated Board Secretary as the person in charge of investor relations management and has assembled a professional team to handle related matters, including investor reception, holding annual performance briefings, providing online voting platforms, and participating in strategy meetings. The Company has launched a special column for investor relations on its official website and promptly answers investors' questions through interactive platforms of the Shenzhen Stock Exchange (<http://irm.cninfo.com.cn>) and the investors' hotline, which has successfully established a fair and effective communication bridge between the Company, its investors, and the public.

During the reporting period, details regarding the convening of the aforementioned meetings, the attendance of directors (including independent directors), and investor reception can be found in the relevant sections of this annual report.

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

Yes  No

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

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

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

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

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

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

4. Asset independence: The title relationship between the Company and the controlling shareholder was clear. The Company's assets were complete. The Company has an independent and complete production system, auxiliary production system, and supporting facilities, as well as land use rights, housing property rights, intellectual property rights, and other assets.

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

### III. Horizontal Competition

Applicable  Not applicable

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

### 1. General meeting of shareholders during the reporting period

Session	Type of meeting	Percentage of investor participation	Convening date	Disclosure date	Meeting resolution
The first extraordinary general meeting of shareholders in 2024	Extraordinary general meeting of shareholders	21.88%	February 1, 2024	February 2, 2024	For details, refer to the <i>Announcement of the Resolution of the 1st Extraordinary Shareholders' General Meeting in 2024</i> published by <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
General meeting of shareholders of 2023	Annual general meeting of shareholders	21.53%	May 21, 2024	May 22, 2024	For details, refer to the <i>Announcement of Resolutions of the 2023 Annual General Meeting</i> published by <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
The second extraordinary general meeting of shareholders in 2024	Extraordinary general meeting of shareholders	23.83%	July 15, 2024	July 16, 2024	For details, refer to the <i>Announcement of the Resolution of the 2nd Extraordinary Shareholders' General Meeting in 2024</i> published by <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
The 3rd Extraordinary Shareholders'	Extraordinary general meeting of shareholders	32.89%	September 30, 2024	October 8, 2024	For details, refer to the <i>Announcement of the Resolution of the 3rd</i>

Session	Type of meeting	Percentage of investor participation	Convening date	Disclosure date	Meeting resolution
Meeting in 2024					<i>Extraordinary Shareholders' General Meeting in 2024</i> published by Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily, and CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
The Fourth Extraordinary General Meeting of Shareholders in 2024	Extraordinary general meeting of shareholders	26.06%	November 19, 2024	November 20, 2024	For details, refer to the <i>Announcement of the Resolution of the 4th Extraordinary Shareholders' General Meeting in 2024</i> published by <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )

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

Applicable  Not applicable



## V. Directors, Supervisors and Senior Management

### 1. Basic Information

Name	Gender	Age	Position	Appointment status	Term start date	Term end date	Number of shares held at the beginning of the period	Number of shares increased during the period	Number of shares decreased during the period	Other increase or decrease changes	Number of shares held at the end of the period	Reason for change in shares
Jiang Bin	Male	59	Chairman	Incumbent	July 27, 2007	November 14, 2025	287,397,406				287,397,406	
Li Youbo	Male	48	Director	Incumbent	November 15, 2022	November 14, 2025						
			President	Incumbent	April 7, 2023	November 14, 2025						
Duan Huilu	Male	49	Director	Incumbent	February 4, 2016	November 14, 2025	3,474,500				3,474,500	
			Vice President	Incumbent	March 25, 2011	November 14, 2025						
Liu Yaocheng	Male	52	Director	Incumbent	May 10, 2023	November 14, 2025						
			Vice President	Incumbent	August 14, 2024	November 14, 2025						
Huang Yidong	Female	60	Independent Director	Incumbent	November 15, 2022	November 14, 2025						
Jiang Fuxiu	Male	56	Independent Director	Incumbent	November 15, 2022	November 14, 2025						
Qiu Min	Male	50	Independent Director	Incumbent	May 21, 2024	November 14, 2025						
Feng Pengbo	Male	57	Chairman of Board of Supervisors	Incumbent	November 15, 2022	November 14, 2025						
Xu Xiaofeng	Female	48	Employee representative Supervisor	Incumbent	September 17, 2013	November 14, 2025						
Wei Wenbin	Male	47	Employee representative Supervisor	Incumbent	April 27, 2021	November 14, 2025						
Gao Xiaoguang	Male	49	Vice President	Incumbent	April 12, 2012	November 14, 2025						

Name	Gender	Age	Position	Appointment status	Term start date	Term end date	Number of shares held at the beginning of the period	Number of shares increased during the period	Number of shares decreased during the period	Other increase or decrease changes	Number of shares held at the end of the period	Reason for change in shares
Liu Chunfa	Male	49	Vice President	Incumbent	October 10, 2013	November 14, 2025	864,000				864,000	
Jiang Hongzhai	Male	55	Vice President	Incumbent	October 10, 2013	November 14, 2025						
Yu Dachao	Male	47	Vice President	Incumbent	October 24, 2016	November 14, 2025						
Rao Yi	Male	42	Vice President	Incumbent	April 7, 2023	November 14, 2025						
Li Yongzhi	Male	47	Chief Financial Officer	Incumbent	January 27, 2021	November 14, 2025						
Xu Dapeng	Male	41	Board Secretary	Incumbent	April 23, 2023	November 14, 2025						
Wang Kun	Female	49	Independent Director	Resigned	November 8, 2019	May 21, 2024						
Total	--	--	--	--	--	--	291,735,906				291,735,906	--

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

Yes  No

During the reporting period, Ms. Wang Kun resigned from her position as an independent director and member of the Audit Committee of the Company's 6th board of directors for personal reasons and will no longer hold any position in the Company after her resignation.

## Changes in directors, supervisors and senior management

Applicable  Not applicable

Name	Position	Type	Date	Reason
Wang Kun	Independent Director	Resigned	May 21, 2024	Personal reason
Qiu Min	Independent Director	Elected	May 21, 2024	Elected as an independent director of the 6th Board of Directors of the Company
Liu Yaocheng	Vice President	Appointment	August 14, 2024	Job transfer

## 2. Biographical Information

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

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

Jiang Bin, male, a Chinese citizen with no foreign residency right, who was born on September 1966, holding a master's degree in business administration from Tsinghua University and bachelor's degree in electronic engineering from Beihang University. Jiang Bin is currently the board chairman of the Company; He has more than 30 years of experience in the electro-acoustic industry. Jiang Bin serves as a deputy to the 14th National People's Congress, and a standing member of the 13th Executive Committee of the All-China Federation of Industry and Commerce. He was once honored as a national model worker, a model worker in Shandong Province, a national leading entrepreneur in the electronic information industry, and an industry leader in Shandong Province. He also received the highest award in science and technology in Shandong Province, and was honored as Qilu talent.

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

Duan Huilu, male, a Chinese citizen with no foreign residency right, who was born in February 1976, with a bachelor's degree in accounting from Shandong University of Finance and Economics. Duan Huilu currently serves as the director and vice president of the Company. He joined the Company in 2001 and has held various positions, including accountant, financial manager, manager of the finance department, and chief financial officer. He has more than 20 years of experience in enterprise finance.

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

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

Jiang Fuxiu, male, a Chinese citizen with no foreign residency right, who was born in June 1969, served as a postdoctoral fellow in accounting at Guanghua School of Management, Peking University, and has a Ph.D. in economics from Nanjing University. He is currently a professor and doctoral supervisor in the Department of Finance, Business School of Renmin University of China, and a director of the Environmental, Social and Governance (ESG) Research Center of the National Academy of Development and Strategy of Renmin University of China. He also serves as an independent director of the Company and Bank of China Wealth Management

Co., Ltd. He used to serve as an independent director of Beijing Chunju Technology Co., Ltd., Northcom Group Co., Ltd., Yantai Longyuan Power Technology Co., Ltd., Utour Group Co., Datang International Power Generation Co., Ltd., etc.

Qiu Min, male, a Chinese citizen with no foreign residency right, who was born in January 1975, with a Ph.D. in Electromagnetics from the KTH Royal Institute of Technology and a Ph.D. in Condensed Matter Physics from Zhejiang University. He is currently a Guoqiang Chair Professor, and Vice President of Westlake University, where he also serve as the Dean of both the School of Engineering and the Institute of Optoelectronics at Westlake University. He is a Fellow of the Optical Society of America (OSA), a Fellow of the Society of Photo-Optical Instrumentation Engineers (SPIE), a Fellow of the Institute of Electrical and Electronics Engineers (IEEE), a Fellow of the Chinese Optical Society (COS), a Fellow and executive director of the Chinese Society for Optical Engineering (CSOE), the deputy director and member of the Micro-Nano Optics Professional Committee of the Chinese Optical Society, the vice president of the Zhejiang Optical Society, the vice president of the Zhejiang Physical Society, the topical editor for Light: Science & Applications (Springer Nature), the associate editor in engineering for Science Bulletin (Science China Press), as well as the editor-in-chief of Photonix (Springer Nature). In 2022, he was awarded the first prize of the 2021 Zhejiang Provincial Natural Science Award as the first completer. He is currently the Independent Director of the Company. He once served as the director of the State Key Laboratory of Modern Optical Instrumentation, professor in the College of Optoelectronic Science and Engineering at Zhejiang University, and an assistant professor, associate professor, and full professor at the KTH Royal Institute of Technology. He also served as an independent director of Phenix Optics Co., Ltd., a director of Hangzhou Zhuojian Information Technology Co., Ltd., and a director of Taiping Science and Technology Insurance Co., Ltd.

## (2) Members of the Supervisory Board of the Company

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

Xu Xiaofeng, a female, is a Chinese citizen with no foreign residency right, who was born in October 1977, has a bachelor's degree in electrical technology from Zhengzhou Institute of Aeronautical Industry Management and a bachelor's degree in business administration from China University of Petroleum. She is currently the supervisor of the Company. Ms. Xu joined the Company in 2001, and successively served as the assistant manager of the Quality Control Department, the Enterprise Development Department, and the Operation Department, and the head of the Company's Employee Service Center. She has rich experience in enterprise management.

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

## (3) Senior management personnel of the Company

Li Youbo (Refer to the resume above for details.)

Liu Chunfa, male, a Chinese citizen with no foreign residency right, who was born in October 1976, graduated from Lanzhou Jiaotong University majoring in mechatronics. He is currently Vice President of the Company. Liu Chunfa joined the Company in 2001. He successively served as engineer and assistant manager of the R&D department, technical manager of the technical engineering department, senior product manager, head of the manufacturing department, senior manager of the R&D department, person in charge of one of the business divisions, etc. Mr. Liu has over 20 years of experience in the field of electroacoustic components, especially in miniature micro speakers and receivers.

Jiang Hongzhai, male, a Chinese citizen with no foreign residency right, who was born in December 1970, graduated from Shandong College of Information Technology, majoring in computer application. He is currently the vice president of the Company. Mr. Jiang

used to serve as factory director of Yuefeng Electronic Technology (Dongguan) Co., Ltd., and engineer of Weifang Radio Eighth Factory. He joined the Company in 2006 and successively served as deputy general manager of the equipment department, head of the employee management department and the leader of subsidiaries' business, etc. Mr. Jiang has more than 20 years of experience in the field of precision machining, and has rich experience in administration and infrastructure, etc.

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

Gao Xiaoguang, male, a Chinese citizen with no foreign residency right, who was born in March 1976, has a master's degree in business administration from Southern Cross University, Australia. He is currently Vice President of the Company. Gao Xiaoguang joined the Company in 2001, and successively served as manager, deputy general manager of the marketing department, deputy general manager of the electroacoustic device business division, and head of the marketing system. He has rich experience in market expansion, key account operation and maintenance and human resources management, etc.

Duan Huilu (Refer to the resume above for details.)

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

Liu Yaocheng (Refer to the resume above for details.)

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

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

#### Positions held in shareholders' entities

Applicable  Not applicable

Name	Name of the shareholder entity	Position	Term start date	Term end date	Receive remuneration or allowance from shareholders' entity (Yes/No)
Jiang Bin	Goertek Group Co., Ltd.	Chairman	September 27, 2007	November 14, 2027	No
Duan Huilu	Goertek Group Co., Ltd.	Director	September 27, 2007	November 14, 2027	No
Description of incumbency in shareholders' entities	None				

#### Positions held in other entities

Applicable  Not applicable

Name	Name of other entity	Position	Term start date	Term end date	Receive remuneration or allowance from other entity (Yes/No)
Jiang Bin	Weifang Goertek Electronics Co., Ltd.	Chairman	November 23, 2004	November 22, 2025	No
Jiang Bin	Goertek Optical Technology Co., Ltd.	Chairman	April 20, 2022	April 19, 2025	No
Jiang Bin	Beijing Goertek Investment Management Co., Ltd.	Executive Director	January 22, 2016	January 21, 2025	No
Li Youbo	Goertek Starshine (Qingdao) Inc.	General Manager	October 15, 2024	October 14, 2027	No
Li Youbo	Weifang Goertek Electronic Technology Co., Ltd.	Executive Director / General Manager	November 16, 2023	November 15, 2026	No
Li Youbo	Goertek Intelligence Technology Co., Ltd.	Director	April 7, 2024	April 6, 2027	No
Duan Huilu	Beijing Goertek Investment Management Co., Ltd.	Supervisor	January 22, 2016	January 21, 2025	No
Duan Huilu	Goertek Technology Co., Ltd.	Supervisor	August 14, 2014	August 13, 2026	No
Duan Huilu	Goertek Investment Co., Ltd.	Executive Director / General Manager	December 7, 2015	December 6, 2027	No
Duan Huilu	Weifang Goertek Electronics Co., Ltd.	Director	November 23, 2004	November 22, 2025	No
Duan Huilu	Weifang Goertek Trading Co., Ltd.	Executive Director / General Manager	August 26, 2011	August 25, 2026	No
Duan Huilu	Qingdao Goertek Acoustics Technology Co., Ltd.	Executive Director / General Manager	November 15, 2023	November 14, 2026	No
Duan Huilu	Goertek (Hong Kong) Co., Limited	Director	April 24, 2013	April 23, 2025	No
Duan Huilu	Goertek Technology (Hong Kong) Co., Limited	Director	November 3, 2023	November 2, 2026	No
Duan Huilu	Qingdao Goertek Commercial Factoring Co., Ltd.	Executive Director	January 11, 2018	January 10, 2027	No
Liu Yaocheng	Goertek Optical Technology Co., Ltd.	Director	June 27, 2022	June 26, 2025	No
Liu Yaocheng	Uphoton Technology (Shaoxing) Co., Ltd.	Director	June 13, 2022	June 12, 2025	No
Liu Yaocheng	Qingdao Goertek Alpha Pixels Technology Co., Ltd.	Director / General Manager	June 27, 2024	June 26, 2027	No
Liu Yaocheng	Shanghai Goertek Technology Development Co., Ltd.	Director / General Manager	October 31, 2024	October 30, 2027	No
Liu Yaocheng	SeeYA Technology Corporation	Director	March 17, 2023	March 16, 2026	No
Liu	GravityXR Electronics and	Director	April 17, 2023	April 16, 2026	No

Name	Name of other entity	Position	Term start date	Term end date	Receive remuneration or allowance from other entity (Yes/No)
Yaocheng	Technology Co., Ltd.				
Liu Yaocheng	Qingdao Resonance Venture Capital Management Co., Ltd.	Executive Director, General Manager	February 9, 2022	February 8, 2025	No
Liu Yaocheng	Qingdao Tuopu Tanyuan Investment Partnership LP	Managing Partner	January 19, 2022	January 18, 2025	No
Liu Yaocheng	Beijing Glory Technology Co., Ltd.	Director, Manager	August 29, 2024	August 28, 2027	No
Liu Yaocheng	Jiaxing Zeray New Material Technology Co., Ltd	Director	May 8, 2024	May 7, 2027	No
Liu Yaocheng	DEEPMIRROR	Director	July 25, 2024	July 24, 2027	No
Liu Yaocheng	Helio Display Materials Limited	Director	November 4, 2024	November 3, 2027	No
Huang Yidong	Advanced Fiber Resources (Zhuhai), Ltd.	Independent Director	March 31, 2021	March 28, 2027	Yes
Jiang Fuxiu	Bank of China Wealth Management Co., Ltd.	Independent Director	April 1, 2024		Yes
Liu Chunfa	Goertek Vina Co., Ltd.	Director	January 1, 2019	December 31, 2027	No
Liu Chunfa	Shanghai Goertek Technology Co., Ltd.	Supervisor	August 7, 2014	August 6, 2026	No
Liu Chunfa	Yili Precision Manufacturing Co., Ltd.	Executive Director	November 9, 2023	November 8, 2026	No
Jiang Hongzhai	Goertek Electronics Vietnam Co., Ltd.	Director	February 22, 2024	February 21, 2027	No
Jiang Hongzhai	Weifang Goertek Communication Technology Co., Ltd.	Executive Director	June 26, 2015	June 25, 2027	No
Jiang Hongzhai	Nanning Goertek Electronics Co., Ltd.	Chairman	November 12, 2018	November 11, 2027	No
Jiang Hongzhai	Nanning Goertek Trading Co., Ltd.	Chairman	November 29, 2018	November 28, 2027	No
Jiang Hongzhai	Goertek Technology Vina Co., Ltd.	Director / General Manager	September 25, 2023	September 24, 2026	No
Jiang Hongzhai	Goertek Vina Co., Ltd.	Director / General Manager	September 22, 2023	September 21, 2026	No
Jiang Hongzhai	Goertek Precision Industry Vietnam Co., Ltd.	Director / General Manager	October 2, 2023	October 1, 2026	No
Jiang Hongzhai	Goertek Smart Technology Vina Co., Ltd.	Director / General Manager	March 15, 2023	March 14, 2026	No
Jiang Hongzhai	Dongguan Yili Precision Manufacturing Co., Ltd.	Executive Director	December 11, 2019	January 31, 2024	No
Gao Xiaoguang	Shenzhen Goertek Technology Co., Ltd.	Executive Director	October 29, 2012	October 28, 2027	No

Name	Name of other entity	Position	Term start date	Term end date	Receive remuneration or allowance from other entity (Yes/No)
Gao Xiaoguang	Shanghai Goertek Technology Co., Ltd.	Executive Director	August 7, 2014	August 6, 2026	No
Gao Xiaoguang	Goertek Electronics, Inc.	Manager	December 19, 2018	December 18, 2027	No
Gao Xiaoguang	Beijing Goertek Technology Co., Ltd.	Executive Director	November 13, 2023	November 12, 2026	No
Gao Xiaoguang	Goertek (Korea) Technology Inc.	Director	March 31, 2023	March 30, 2026	No
Rao Yi	Dongguan Yili Precision Manufacturing Co., Ltd.	Director/Manager	January 31, 2024	January 30, 2027	No
Rao Yi	Goertek Optical Technology (Hong Kong) Holdings Co., Limited	Director	March 4, 2024	March 3, 2027	No
Rao Yi	Goertek Optical Technology (Hong Kong) Co., Limited	Director	March 11, 2024	March 10, 2027	No
Rao Yi	Goertek Optical Technology Co., Ltd.	Director	April 21, 2022	April 20, 2025	No
Rao Yi	Goertek Optical Technology (Shanghai) Co., Ltd.	General Manager	February 16, 2022	February 15, 2025	No
Rao Yi	Goertek Optical Technology (Qingdao) Co., Ltd.	General Manager	June 29, 2022	June 28, 2025	No
Rao Yi	Uphoton Technology (Shaoxing) Co., Ltd.	Director	June 13, 2022	June 12, 2025	No
Rao Yi	Zhongrong Zhige Technology (Tianjin) Co., Ltd.	Executive Director	April 1, 2022	March 31, 2025	No
Li Yongzhi	Goertek Intelligence Technology Co., Ltd.	Supervisor	August 18, 2017	August 17, 2026	No
Li Yongzhi	Qingdao Goertek Commercial Factoring Co., Ltd.	Supervisor	January 11, 2018	January 10, 2027	No
Li Yongzhi	Nanning Goertek Electronics Co., Ltd.	Supervisor	November 12, 2018	November 11, 2027	No
Li Yongzhi	Nanning Goertek Trading Co., Ltd.	Supervisor	November 29, 2018	November 28, 2027	No
Li Yongzhi	Xi'an Goertek Electronic Technology Co., Ltd.	Supervisor	May 7, 2019	May 6, 2025	No
Li Yongzhi	Yishui TECO Electronics Technology Co., Ltd.	Supervisor	December 10, 2019	December 9, 2025	No
Li Yongzhi	Rongcheng Goertek Technology Co., Ltd.	Supervisor	July 15, 2020	July 14, 2026	No
Li Yongzhi	Goertek Microelectronics Inc.	Director	December 23, 2020	December 22, 2026	No
Li Yongzhi	Weifang Goertek Electronics Co., Ltd.	Supervisor	June 12, 2023	June 11, 2026	No
Li Yongzhi	Weifang Goertek Electronic Technology Co., Ltd.	Supervisor	November 16, 2023	November 15, 2026	No



Name	Name of other entity	Position	Term start date	Term end date	Receive remuneration or allowance from other entity (Yes/No)
Li Yongzhi	Goertek Investment Co., Ltd.	Supervisor	November 7, 2023	November 6, 2026	No
Feng Pengbo	Bei Ge (Weifang) Intelligent technology Co., Ltd	Chairman	August 31, 2021		No
Wei Wenbin	Weifang Goertek Communication Technology Co., Ltd.	General Manager	June 26, 2015	June 25, 2027	No
Description of incumbency in other entities	None				

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

Applicable  Not applicable

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

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

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

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

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

Proposal on the remuneration of directors:

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

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

Proposal on the remuneration of senior management of the Company:

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

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

Proposal on the remuneration of supervisors:

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

Additional explanation of the above proposal:

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

Remuneration of directors, supervisors and senior management during reporting period

Unit: RMB 10,000

Name	Gender	Age	Position	Appointment status	The total amount of pre-tax remuneration received from the Company	Remuneration from related parties (Y/N)
Jiang Bin	Male	59	Chairman	Incumbent	180.00	No
Li Youbo	Male	48	Director, President	Incumbent	144.13	No
Duan Huilu	Male	49	Director, Vice President	Incumbent	110.10	No
Liu Yaocheng	Male	52	Director, Vice President	Incumbent	163.31	No
Huang Yidong	Female	60	Independent Director	Incumbent	18.00	No
Jiang Fuxiu	Male	56	Independent Director	Incumbent	18.00	No
Qiu Min	Male	50	Independent Director	Incumbent	11.00	No
Feng Pengbo	Male	57	Chairman of Supervisory Board	Incumbent	45.24	No
Xu Xiaofeng	Female	48	Employee Supervisor	Incumbent	73.87	No
Wei Wenbin	Male	47	Employee Supervisor	Incumbent	75.39	No
Gao Xiaoguang	Male	49	Vice President	Incumbent	103.75	No
Liu Chunfa	Male	49	Vice President	Incumbent	116.92	No
Jiang Hongzhai	Male	55	Vice President	Incumbent	115.90	No
Yu Dachao	Male	47	Vice President	Incumbent	123.53	No
Rao Yi	Male	42	Vice President	Incumbent	153.91	No
Li Yongzhi	Male	47	Chief Financial Officer	Incumbent	102.99	No
Xu Dapeng	Male	41	Board Secretary	Incumbent	77.89	No
Wang Kun	Female	49	Independent Director	Resigned	7.00	No
Total	--	--	--	--	1,640.93	--

Other circumstances

Applicable  Not applicable

## VI. Performance of Directors' Duties during the Reporting Period

### 1. Board of Directors

Session	Convening date	Disclosure date	Meeting resolution
The 13th Meeting of the 6th Board of Directors	January 15, 2024	January 16, 2024	For details, refer to the <i>Announcement on the Resolution of the 13th Meeting of the 6th Board of Directors</i> and other announcements published in <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities</i>

Session	Convening date	Disclosure date	Meeting resolution
			Daily, and CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
The 14th Meeting of the 6th Board of Directors	March 27, 2024	March 28, 2024	For details, refer to the <i>Announcement on the Resolution of the 14th Meeting of the 6th Board of Directors</i> and other announcements published in <i>Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily</i> , and CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
The 15th Meeting of the 6th Board of Directors	April 24, 2024	April 25, 2024	For details, refer to the <i>Announcement on the Resolution of the 15th Meeting of the 6th Board of Directors</i> and other announcements published in <i>Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily</i> , and CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
The 16th Meeting of the 6th Board of Directors	May 22, 2024	May 23, 2024	For details, refer to the <i>Announcement on the Resolution of the 16th Meeting of the 6th Board of Directors</i> and other announcements published in <i>Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily</i> , and CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
The 17th Meeting of the 6th Board of Directors	June 27, 2024	June 28, 2024	For details, refer to the <i>Announcement on the Resolution of the 17th Meeting of the 6th Board of Directors</i> and other announcements published in <i>Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily</i> , and CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
The 18th Meeting of the 6th Board of Directors	August 14, 2024	August 15, 2024	For details, refer to the <i>Announcement on the Resolution of the 18th Meeting of the 6th Board of Directors</i> and other announcements published in <i>Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily</i> , and CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
The 19th Meeting of the 6th Board of Directors	September 13, 2024	September 14, 2024	For details, refer to the <i>Announcement on the Resolution of the 19th Meeting of the 6th Board of Directors</i> and other announcements published in <i>Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily</i> , and CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
The 20th Meeting of the 6th Board of Directors	October 23, 2024	October 24, 2024	For details, refer to the <i>Announcement on the Resolution of the 20th Meeting of the 6th Board of Directors</i> and other announcements published in <i>Securities Times, China Securities Journal, Shanghai Securities News, Securities Daily</i> , and CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )

Session	Convening date	Disclosure date	Meeting resolution
The 21st Meeting of the 6th Board of Directors	November 27, 2024	November 28, 2024	For details, refer to the <i>Announcement on the Resolution of the 21st Meeting of the 6th Board of Directors</i> and other announcements published in <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )
The 22nd Meeting of the 6th Board of Directors	December 27, 2024	December 28, 2024	For details, refer to the <i>Announcement on the Resolution of the 22nd Meeting of the 6th Board of Directors</i> published in <i>Securities Times</i> , <i>China Securities Journal</i> , <i>Shanghai Securities News</i> , <i>Securities Daily</i> , and CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> )

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

Directors' attendance at the meetings of Board of Directors and general meeting of shareholders							
Name	Number of attendance required during the reporting period (times)	Attendance in person (times)	Attendance by tele-communication (times)	Entrusted presence (times)	Absence (times)	Whether there is absence in person for two consecutive times	Attendance of the general meeting of shareholders (times)
Jiang Bin	10	9	1	0	0	No	5
Li Youbo	10	4	6	0	0	No	5
Duan Huilu	10	5	5	0	0	No	5
Liu Yaocheng	10	3	7	0	0	No	3
Wang Kun	3	1	2	0	0	No	2
Huang Yidong	10	1	9	0	0	No	3
Jiang Fuxiu	10	1	9	0	0	No	4
Qiu Min	7	0	7	0	0	No	3

Statement on absence from two consecutive meetings of the Board

None

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

Whether directors raise any objection to relevant matters of the Company

Yes  No

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

## 4. Other details on the performance of duties by directors

Whether proposals made by directors were adopted by the Company

Yes  No

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

During the reporting period, the directors of the Company carried out work in strict accordance with the provisions of *the Company Law*, *the Securities Law*, *Code of Corporate Governance for Listed Companies*, *Rules Governing the Listing of Stocks on Shenzhen Stock Exchange*, *Self-Regulatory Guidelines No. 1 for Companies Listed on Shenzhen Stock Exchange - Normative Operation of Listed Companies on the Main Board*, *Articles of Association* and *Rules of Procedure of the Board of Directors*. They fulfilled their duty of due diligence through full discussion on major governance and business matters of the Company, ensured the decision-making process

being scientific, timely, and efficient, and resolutely supervised and drove the implementation of the relevant resolutions, so as to play a positive role in the sustainable, healthy and stable development of the Company, and effectively safeguard the legitimate rights and interests of the Company and all shareholders.

During the reporting period, the Company's independent directors carried out their work in strict accordance with the *Measures for the Administration of Independent Directors of Listed Companies*, *Articles of Association*, *Rules of Procedure of the Board of Directors*, and *Independent Director Working System*. They maintained communication with other directors, senior management, and relevant personnel through on-site and remote methods to actively understand the Company's production and operating conditions as well as its financial status. Based on their professional expertise, they made positive suggestions for improving corporate governance. These suggestions effectively ensured the fairness and objectivity of board decisions, and played a positive role in perfecting the Company's supervision mechanism and governance structure, thereby safeguarding the legitimate rights and interests of the Company and all shareholders.

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

Committee name	Members	Number of meetings held	Convening date	Meeting content	Important opinions and suggestions proposed	Performance of other duties	Specific objections (if any)
Audit committee	Wang Kun, Jiang Bin, Jiang Fuxiu	3	February 1, 2024	Reviewed and approved proposals such as <i>Special Auditor's Report on the Deposit and Use of Funds Raised in Q4 2023</i> and <i>Inspection Report on Related-Party Transactions, External Guarantees and Other Matters of the Company in the Second Half of 2023</i> , etc.	Approved	Not applicable	Not applicable
			March 16, 2024	Reviewed and approved proposals such as <i>Proposal on the Deliberation of Financial Accounts for 2023</i> and <i>Proposal on the Deliberation of Self-assessment Report on Internal Control for 2023</i> , etc.	Approved	Not applicable	Not applicable
			April 19, 2024	Reviewed and approved proposals such as <i>Proposal on the Deliberation of the Company's Quarterly Report for the First Quarter of 2024</i> , etc.	Approved	Not applicable	Not applicable
	Jiang Fuxiu, Jiang Bin, Qiu Min	2	August 2, 2024	Reviewed and approved proposals such as <i>Proposal on the Deliberation of the Company's Semi-Annual Report for 2024 and Summary Thereof</i> and <i>Inspection Report on Related-Party Transactions, External Guarantees and Other Matters of the Company in the First Half of 2024</i> .	Approved	Not applicable	Not applicable
			October 18, 2024	Reviewed and approved proposals such as <i>Proposal on the Deliberation of the Company's</i>	Approved	Not applicable	Not applicable

Committee name	Members	Number of meetings held	Convening date	Meeting content	Important opinions and suggestions proposed	Performance of other duties	Specific objections (if any)
				<i>Quarterly Report for the Third Quarter of 2024, etc.</i>			
Remuneration and assessment committee	Huang Yidong, Jiang Bin, Jiang Fuxiu	5	March 15, 2024	Reviewed and approved proposals such as <i>Proposal on Adjustment of the List of Incentive Recipients and Granted Amounts for the Reserved Granted Portion under the Company's 2021 Stock Option Incentive Plan and the Cancellation of Part of the Stock Options and Proposal on the Achievement of the Exercise Conditions for the Second Exercise Period of the Reserved Granted Portion under the Company's 2021 Stock Option Incentive Plan, etc.</i>	Approved	Not applicable	Not applicable
			April 19, 2024	Reviewed and approved <i>Proposal on Cancellation of Stock Options Granted Unexercised at the Expiration of the First Exercise Period of the Reserved Portion under the Company's 2021 Stock Option Incentive Plan.</i>	Approved	Not applicable	Not applicable
			June 21, 2024	Reviewed and approved proposals such as <i>Proposal on Cancellation of Unexercised Stock Options at the Expiration of the Second Exercise Period of the Initial Granted Portion under the Company's 2021 Stock Option Incentive Plan and Proposal on Adjustment of the Price of the Company's Stock Option Incentive Plan, etc.</i>	Approved	Not applicable	Not applicable
			August 2, 2024	Reviewed and approved proposals such as <i>Proposal on the Adjustment of the List of Incentive Recipients and Granted Number for the Initial Granted Portion under the Company's 2023 Stock Option Incentive Plan and the Cancellation of Part of the Stock Options and Proposal on the Achievement of the Exercise Conditions for the First Exercise Period of the Initial Granted Portion under the Company's 2023 Stock Option Incentive Plan, etc.</i>	Approved	Not applicable	Not applicable

Committee name	Members	Number of meetings held	Convening date	Meeting content	Important opinions and suggestions proposed	Performance of other duties	Specific objections (if any)
			November 22, 2024	Reviewed and approved <i>Proposal on Adjustment of the Exercise Price of the Company's Stock Option Incentive Plan</i> .	Approved	Not applicable	Not applicable

## VIII. Performance of the Supervisory Board

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

Yes  No

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

## IX. Personnel of the Company

### 1. Number of staff, specialty composition and educational level

Number of staff of the parent company at the end of the reporting period	24,288
Number of Staff of major subsidiaries at the end of the reporting period	57,531
Total number of staff at the end of the reporting period	81,819
Total number of staff who receive remuneration during the reporting period	81,819
Number of retired staff the Company and its major subsidiaries are required to compensate	0
Specialty composition	
Category	Number
Production staff	56,622
Sales staff	820
Technical staff	19,965
Financial staff	299
Administrative staff	4,113
Total	81,819
Educational level	
Category	Number
Ph.D.	110
Master	4,169
Bachelor	16,895
College degree	17,076
Below college degree	43,569
Total	81,819

## 2. Remuneration policy

The Company has always adhered to the cultural philosophy of "We Make, We Share, We Thrive". The Company is dedicated to building a comprehensive, co-creation and sharing, differentiated, and secure compensation and benefits system that focuses on the balance between employees' work and life, fostering a happy workplace that employees enjoy.

The Company continued to optimize the remuneration distribution mechanism for all employees. This mechanism ensures a remuneration strategy that focuses on strategic businesses, correlates with job contributions and individual performance, and reflects value differentials. In 2024, the Company has developed competitive salary and retention incentive as part of a comprehensive compensation policy for outstanding fresh graduates from top universities, thereby strengthening the attraction and reserve of excellent talent. For talents in core businesses and key positions, significant and special salary adjustments, incentive project of "moat", retention incentive, and other incentives were implemented to achieve targeted talent retention and motivation.

The Company continued to implement employee stock ownership plans and stock option incentive plans for its key business personnel, allowing them to continuously share the Company's value growth through innovative equity incentive mechanisms. In 2024, the Company's ongoing long-term incentive plans included the "Home No. 6" Employee Stock Ownership Plan, the "Home No. 7" Employee Stock Ownership Plan, the 2021 Stock Option Incentive Plan, the 2022 Stock Option Incentive Plan, and the 2023 Stock Option Incentive Plan, covering over 6,000 employees.

The Company attached great importance to enhancing employees' sense of belonging and happiness at work, advocated "allowing employees to enjoy fun in high-level work", and was committed to creating a welfare system with the characteristics of a home culture. The Company offered a variety of welfare programs for its employees, including eight categories: comfortable accommodation, education support, delightful entertainment, exclusive benefits, convenient living conditions, holiday benefits, health care, and emotional support. Additionally, the Company offered over 50 welfare sub-projects. In 2024, the Company continued to optimize diversified vacation policy, improve entertainment and health support, and hold welfare activities, such as collective weddings, child care, social networking, and family Open Day to comprehensively enhance employee welfare experiences.

## 3. Training programs

In 2024, the human resources management department deepened the integration of strategic business and talent development, closely linking major strategic projects, key operational management, and business development demands with talent cultivation. The department also continued to consolidate talent development projects in the areas of digitalization, leadership, cultural values, new employees, professional competencies, and skilled talents, gradually building a talent development system that balances strategic support and basic capability building. The continuous improvement and refinement of talent cultivation programs have led to significant advancements, including progress in cultivating digital talent, exploring international talent cultivation, and making progress in the construction of information management systems. The introduction of AI technology has also promoted management innovation. Meanwhile, various business departments worked together to achieve comprehensive expansion and development in cultivating key talents and building process resources.

In 2025, the human resources management department will adhere to the Company's operational orientations of digitalization, internationalization, and continuous improvement. This will lead to transformation and breakthroughs in training business, implementation of regional systems, deepening of business connection, innovation of training models, increase of resource construction, exploration of AI applications, and improvement of professional skills. The department will prioritize supporting and meeting business demands, rapidly assisting in the transformation and enhancement of talent capabilities, and contributing to the construction and sustainable healthy development of the Company's talent echelon.

## 4. Labor outsourcing

Applicable  Not applicable

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

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

Applicable  Not applicable

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



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

The Company was profitable during the reporting period and the parent company had positive distributable profits to shareholders, but no cash dividend distribution plan was proposed.

Applicable  Not applicable

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

Applicable  Not applicable

Number of bonus shares per 10 shares	0
Dividend per 10 shares (RMB) (tax inclusive)	1.50
Share capital base of the distribution proposal (shares)	3,451,275,889
Cash dividend amount (RMB) (tax inclusive)	517,691,383.35
Cash dividend amount distributed by other means (such as shares repurchase) (RMB)	497,113,266.64
Total cash dividends (including other means) (RMB)	1,014,804,649.99
Distributable profit (RMB)	11,449,849,963.35
Proportion of total cash dividends (including other means) in total profit distribution	100%

#### Cash dividends

If the Company is in developing stage, and there are major capital expenditure arrangements, the minimum proportion of cash dividends in profit distribution should reach at least 20%.

#### Details of the proposal for profit distribution or conversion of capital surplus into share capital

According to the auditor's report issued by Zhongxi CPAs (Special General Partnership) for the Company, the net profit attributable to the shareholders of the Company in the Company's consolidated financial statement in 2024 is RMB 2,665,044,826.06. The parent Company reports a net profit of RMB 1,404,301,670.47. The statutory surplus reserve is RMB 140,430,167.05, plus the undistributed profit at the beginning of the period and minus the actually distributed cash dividend of RMB 850,462,393.45 for the year of 2024 and the loss from the disposal of investments in other equity instruments of RMB 481,132.08, the undistributed profit in the consolidated financial statement amounts to RMB 18,712,252,682.60 and the undistributed profit of the parent Company amounts to RMB 11,449,849,963.35 as of December 31, 2024. The Company's profit available for distribution to shareholders in 2024 is RMB 11,449,849,963.35, based on the principle that profit distribution should be based on the lower of the profit available for distribution of the parent Company and the profit available for distribution of the consolidated financial statements.

In accordance with the relevant provisions of *the Company Law* and the *Articles of Association*, the Company's proposed annual profit distribution plan of 2024 is as follows: Based on the total share capital registered on the record date of equity distribution minus the repurchased shares in the Company's specific securities repurchase account and the principle of unchanged distribution ratio, the Company will distribute cash dividend of RMB 1.50 (tax inclusive) per 10 shares to all shareholders. No bonus shares will be issued,

and there is no conversion of capital surplus into share capital.

If the Company's total share capital changes due to share buybacks, the exercise of incentive stock options, material asset restructuring, cancellation of repurchased shares, share increase for refinancing, or other reasons between the disclosure date of the Company's annual profit distribution plan of 2024 and the record date of equity distribution, the Company will adjust the total distribution amount based on the principle of unchanged distribution ratio.

In accordance with the relevant provisions of the *Rules for Share Repurchase of Listed Companies*, shares in the Company's specific securities repurchase account are not entitled to participate in the distribution of profits and the conversion of capital surplus into share capital.

Up to now, there are 39,434,946 shares in the Company's specific securities repurchase account. Based on the Company's current total share capital of 3,490,710,835 shares, after deducting the shares repurchased, the resulting base of 3,451,275,889 shares is used for cash dividend calculations. The total amount of cash dividend is RMB 517,691,383.35 (tax inclusive).

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

Applicable  Not applicable

### 1. Stock option incentive plan

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

On April 16, 2021, the Company convened the 19th meeting of the 5th Board of Directors and the 14th meeting of the 5th Board of Supervisors, at which the *Proposal on the Deliberation of the 2021 Stock Option Incentive Plan (Draft) and Its Abstract of Goertek Inc.* and other related proposals were approved. The incentive participants of the 2021 Stock Option Incentive Plan are the key management and key business personnel of the Company and its wholly-owned and holding subsidiaries. The Company's 2020 annual shareholders' general meeting approved the aforementioned proposals and authorized the Board of Directors to handle matters related to the 2021 Incentive Plan.

On March 27, 2024, the Company convened the 14th meeting of the 6th Board of Directors and the 11th meeting of the 6th Board of Supervisors, and approved the *Proposal on Adjustment of the List of Incentive Recipients and Granted Amounts for the Reserved Granted Portion under the Company's 2021 Stock Option Incentive Plan and the Cancellation of Part of the Stock Options and Proposal on the Achievement of the Exercise Conditions for the Second Exercise Period of the Reserved Granted Portion under the Company's 2021 Stock Option Incentive Plan*. The Company adjusted the total number of reserved granted incentive participants of the 2021 Incentive Plan from 195 to 147. The number of reserved granted stock options was adjusted from 4,680,620 to 3,492,570, and 1,188,050 granted stock options have been canceled. The cancellation process was completed on April 10, 2024. Concurrently, the Board of Directors believed that conditions for the exercise of the second exercise period of the reserved granted portion of the 2021 Incentive Plan have been fulfilled, and the incentive participants are permitted to exercise their rights from the completion of the exercise procedures until April 19, 2025.

On April 24, 2024, the Company convened the 15th meeting of the 6th Board of Directors and the 12th meeting of the 6th Board of Supervisors, where it reviewed and approved the *Proposal on Cancellation of Stock Options Granted Unexercised at the Expiration of the First Exercise Period of the Reserved Portion under the Company's 2021 Stock Option Incentive Plan*. The Company canceled a total of 2,329,520 reserved granted stock options of the 2021 Incentive Plan which were not exercised by the expiration date, and the cancellation was completed on April 30, 2024.

On June 27, 2024, the Company held the 17th meeting of the 6th Board of Directors and the 14th meeting of the 6th Board of Supervisors, where it reviewed and approved proposals, such as the *Proposal on Adjustment of the Price of the Company's Stock Option Incentive Plan and Proposal on Cancellation of Unexercised Stock Options at the Expiration of the Second Exercise Period of the Initial Granted Portion under the Company's 2021 Stock Option Incentive Plan*. The Company adjusted the exercise price of the 2021 Incentive Plan from RMB 29.03 per share to RMB 28.93 per share and canceled a total of 15,016,130 stock options that had been granted but had expired without being exercised. The Company completed the cancellation of the aforementioned stock options on July 1, 2024.

On August 14, 2024, the Company convened the 18th meeting of the 6th Board of Directors and the 15th meeting of the 6th Board of Supervisors, at which the *Proposal on Adjustment of the Price of the Company's Stock Option Incentive Plan* was approved. The Company has adjusted the exercise price of the 2021 Incentive Plan from RMB 28.93 per share to RMB 28.88 per share.

On November 27, 2024, the Company convened the 21st meeting of the 6th Board of Directors and the 18th meeting of the 6th Board of Supervisors, at which the *Proposal on Adjustment of the Price of the Company's Stock Option Incentive Plan* was approved. The Company has adjusted the exercise price of the 2021 incentive plan from RMB 28.88 per share to RMB 28.78 per share.

As of the end of the reporting period, the reserved granted stock option of the Company's 2021 Incentive Plan was in the second exercise period.

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

On July 8, 2022, the Company convened the 31st meeting of the 5th Board of Directors and the 25th meeting of the 5th Board of Supervisors, at which the *Proposal on Deliberation of the 2022 Stock Option Incentive Plan (Draft) and Its Abstract of Goertek Inc.* and other related proposals were approved. The incentive participants of the 2022 Stock Option Incentive Plan are the key management and key business personnel of the Company and its wholly-owned and holding subsidiaries. The proposals mentioned above were approved at the shareholders' 1st extraordinary general meeting of 2022, authorizing the Board of Directors to handle relevant matters on the Company's 2022 Incentive plan.

On March 27, 2024, the Company convened the 14th meeting of the 6th Board of Directors and the 11th meeting of the 6th Board of Supervisors, where it reviewed and approved the *Proposal on the Adjustment of the List of Incentive Recipients and Granted Number for the Initial Granted Portion under the Company's 2022 Stock Option Incentive Plan and the Cancellation of Part of the Stock Options*. The Company adjusted the total number of incentive participants under the 2022 Incentive Plan from 4,800 to 3,765, adjusted the number of granted stock options from 59,279,400 to 23,994,510 and canceled 35,284,890 granted stock options. The cancellation was completed on April 10, 2024.

On June 27, 2024, the Company held the 17th meeting of the 6th Board of Directors and the 14th meeting of the 6th Board of Supervisors, where it reviewed and approved the *Proposal on Adjustment of the Price of the Company's Stock Option Incentive Plan*. The Company adjusted the exercise price of the 2022 Incentive Plan from RMB 34.14 per share to RMB 34.04 per share.

As of the end of the reporting period, the 2022 Incentive Plan was in its second vesting period.

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

On July 19, 2023, the Company convened the 7th meeting of the 6th Board of Directors and the 6th meeting of the 6th Board of Supervisors, at which the *Proposal on Deliberation of the 2023 Stock Option Incentive Plan (Draft) and Its Abstract of Goertek Inc.* and other related proposals were approved. The incentive participants of the 2023 Stock Option Incentive Plan are the key management and key business personnel of the Company and its subsidiaries. The proposals mentioned above were approved at the shareholders' 1st extraordinary general meeting of 2023, authorizing the Board of Directors to handle relevant matters on the Company's 2023 Incentive plan.

On June 27, 2024, the Company convened the 17th meeting of the 6th Board of Directors and the 14th meeting of the 6th Board of Supervisors, where it reviewed and approved proposals, such as the *Proposal on Adjustment of the Price of the Company's Stock Option Incentive Plan*, the *Proposal to Grant Reserved Stock Options to Incentive Recipients Under the 2023 Stock Option Incentive Plan*, and the *Proposal on Adjustment of the 2023 Stock Option Incentive Plan*. The Company adjusted the exercise price of the stock options from RMB 18.37 per share to RMB 18.27 per share and adjusted 2023 Incentive Plan's performance assessment indicators for fiscal years 2024-2025 and the exercisable date. The Company designated June 27, 2024 as the grant date of reserved stock options under the Company's 2023 Stock Option Incentive Plan and granted the reserved stock options to the incentive participants who are eligible to receive such grants. On July 17, 2024, the Company completed the granting and registration of reserved stock options in the 2023 Incentive Plan.

On July 15, 2024, the Company convened its second extraordinary general meeting of shareholders in 2024, where it reviewed and approved the *Proposal on Adjustment of the 2023 Stock Option Incentive Plan*, adjusting the 2023 Incentive Plan's performance assessment indicators for fiscal years 2024-2025 and the exercisable date. Jiang Fuxiu, the independent director, openly solicited voting rights for the proposals related to the 2023 Incentive Plan submitted for deliberation at the shareholders' meeting.

On August 14, 2024, the Company convened its 18th meeting of the 6th Board of Directors and the 15th meeting of the 6th Board of Supervisors, where it reviewed and approved proposals, such as the *Proposal on the Adjustment of the List of Incentive Recipients and Granted Number for the Initial Granted Portion under the Company's 2023 Stock Option Incentive Plan and the Cancellation of Part of the Stock Options*, the *Proposal on the Achievement of the Exercise Conditions for the First Exercise Period of the Initial Granted Portion under the Company's 2023 Stock Option Incentive Plan*, and the *Proposal on Adjustment of the Price of the Company's Stock Option Incentive Plan*. The Company adjusted the total number of initial granted incentive recipients of the 2023 Incentive Plan from 5,551 to 5,002, and the number of initial granted stock options from 208,990,900 to 193,646,042, and canceled 15,344,858 stock options that had been granted. The Company completed the cancellation of the aforementioned stock options on August 16, 2024. The Board of Directors believes that the exercise conditions for the first exercise period of the initial granted stock options of 2023 Incentive Plan have been achieved, and the incentive participants are permitted to exercise their rights according to the relevant provisions of

2023 Incentive Plan. The Company adjusted the exercise price of the 2023 Incentive Plan from RMB 18.27 per share to RMB 18.22 per share.

On November 27, 2024, Goertek convened the 21st meeting of the 6th Board of Directors and the 18th meeting of the 6th Board of Supervisors, at which the *Proposal on Adjustment of the Price of the Company's Stock Option Incentive Plan* was approved. The Company has adjusted the exercise price of the 2023 Incentive Plan from RMB 18.22 per share to RMB 18.12 per share.

As of the end of the reporting period, the Company's initial granted stock options of 2023 Incentive Plan were in the first exercise period, while the reserved granted stock options were in the vesting period.

For details, please refer to the relevant announcements published in *CNINFO* (<http://www.cninfo.com.cn>), *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, and *Securities Daily*.

Stock options granted to Directors and senior management

Applicable  Not applicable

Unit: share

Name	Position	Number of stock options held at the beginning of the year	Number of stock options newly granted during the reporting period	Number of exercisable stocks during the reporting period	Number of stocks exercised during the reporting period	Exercise price of stocks exercised during the reporting period (RMB/share)	Number of stock options held at the end of the reporting period	Market price at the end of the reporting period (RMB/share)	Number of restricted stocks held at the beginning of the period	Number of stocks unlocked in the current period	Number of restricted stocks newly granted during the reporting period	Grant price of restricted stocks (RMB/share)	Number of restricted stocks held at the end of the reporting period
Xu Dapeng	Board Secretary	30,100	0	30,100	0	Not applicable	0	25.81	0	0	0	Not applicable	0
Total	-	30,100	0	30,100	0	-	0	-	0	0	0	-	0

The Appraisal and incentive mechanism for senior management

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

## 2. Implementation of employee stock ownership plan

Applicable  Not applicable

All valid employee stock ownership plans during the reporting period

Participants	Number	Total shares held	Changes	Shareholding percentage	Source of funds
"Home No. 6" ESOP: Directors (excluding independent directors), supervisors, senior management, and key business personnel	843	47,150,240	<p>1. The Company convened the 17th meeting of the 6th Board of Directors and the 14th meeting of the 6th Board of Supervisors on June 27, 2024, where it reviewed and approved the <i>Proposal Regarding the Adjustment of the "Home No. 6" Employee Stock Ownership Plan</i>. It was decided that relevant terms including the performance assessment indicators of the Company for years 2024-2026, the period of restriction on trading shares, and the terms related to holders would be adjusted, while other terms remain unchanged. The proposal mentioned above was deliberated and approved by the Company at the shareholders' 2nd extraordinary general meeting in 2024.</p> <p>2. Due to reasons such as the departure of some holders, they no longer meet the eligibility criteria to participate in the Company's "Home No. 6"</p>	1.35%	self-raised

Participants	Number	Total shares held	Changes	Shareholding percentage	Source of funds
			Employee Stock Ownership Plan, resulting in changes to the total number of holders and the shares held by them.		
"Home No. 7" ESOP: Middle and senior management and key business personnel of the Company and its holding subsidiaries and other eligible employees, as determined by the Board of Directors	38	2,744,100	<p>1. On June 27, 2024, the Company convened the 17th meeting of the 6th Board of Directors and the 14th meeting of the 6th Board of Supervisors, where it reviewed and approved the <i>Proposal Regarding Adjustments to the Company's "Home No. 7" Employee Stock Ownership Plan</i>. It was decided that relevant terms including the performance assessment indicators of the Company for years 2024-2026, the period of restriction on trading shares, and the status of the holders would be adjusted, while other terms remain unchanged. The proposal mentioned above was deliberated and approved by the Company at the shareholders' 2nd extraordinary general meeting in 2024.</p> <p>2. Due to performance assessment reasons for some holders, changes have occurred in the shares held by the holders of the "Home No. 7" Employee Stock Ownership Plan.</p>	0.08%	self-raised

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

Name	Position	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Shareholding percentage
Duan Huilu, Liu Yaocheng, Xu Xiaofeng, Wei Wenbin, Gao Xiaoguang, Liu Chunfa, Jiang Hongzhai, Feng Pengbo, Yu Dachao, Li Yongzhi, Li Youbo, and Xu Dapeng	Directors, Supervisors, senior management	11,780,000	8,835,000	0.25%

Changes of asset management agency during the reporting period

Applicable  Not applicable

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

Applicable  Not applicable

During the reporting period, the Company, after the expiration of the lock-up period of "Home No. 6" ESOP and "Home No. 7" ESOP, reduced part of its shares in accordance with relevant regulations. By the end of the reporting period, the Company's "Home No. 6" ESOP held 47,150,240 shares, accounting for 1.35% of total shares, while the "Home No. 7" ESOP held 2,744,100 shares, accounting for 0.08% of total share capital.

Exercise of shareholders' rights during the reporting period

During the reporting period, the Company's Employee Stock Ownership Plan exercised shareholders' rights to participate in cash dividends for the fiscal year 2023, the first half year of 2024, and the first three quarters of 2024.

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

Applicable  Not applicable

During the reporting period, 4,520,649 shares were revoked under the "Home No. 6" ESOP due to the departure of the holders.

Changes in members of the Management Committee of the ESOPs

Applicable  Not applicable

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

Applicable  Not applicable

In accordance with the *Accounting Standard for Business Enterprises No.11 - Share-based Payments*: if an equity-settled share-based payment in exchange for services received from employees could not exercise until the completion of services for a vesting period, or until the achievement of a specified performance condition, Goertek at each balance sheet date during the vesting period recognizes the services received for the current period as related costs or expenses, and capital surplus, at amount equal to the fair value of the equity instruments at the grant date, based on the best estimate of the number of equity instruments expected to exercise. In 2024, the amortized expenses of the Company's "Home No. 6" ESOP and "Home No. 7" ESOP were RMB 197.678 million, and RMB 13.348 million respectively.

Termination of ESOP during the reporting period

Applicable  Not applicable

Explanation of other matters:

None

### 3. Other employee incentive measures

Applicable  Not applicable

## XII. Establishment and Implementation of the Company's Internal Control System during the Reporting Period

### 1. Establishment and implementation of internal control system

The Company has implemented a rigorous and effective internal control system that is tailored to its specific needs in strict accordance with the *Basic Standards for Enterprise Internal Control*, as well as relevant laws, regulations, and normative documents. The internal audit department is responsible for overseeing and assessing the implementation of this system. The Board of Directors conducts an annual self-evaluation of the Company's internal controls and discloses the *Internal Control Self-Evaluation Report*. Simultaneously, the Company engages an accounting firm to conduct an internal control audit of the Company.

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

During the reporting period, the Company did not have any material or significant deficiencies in its internal control of financial and non-financial reports. The Company has maintained effective internal control in all material respects in accordance with the requirements of the corporate internal control standard system and relevant regulations.

### 2. Details of material deficiency of internal control detected during the Reporting Period

Yes  No

## XIII. Management and Controls of Subsidiaries during the Reporting Period

Not applicable

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

### 1. Assessment of internal control

Disclosure date of the Internal Control Self-Assessment Report	March 27, 2025
Disclosure index of the Internal Control Self-Assessment Report	The <i>Goertek Inc. Self-Assessment Report on Internal Control of 2024</i> Disclosed on <i>CNINFO</i> on March 27, 2025

Proportion of the total assets of entities included in the assessment scope to the total assets of the Company's consolidated financial statements	100.00%	
Proportion of the total revenue of entities included in the assessment scope to the total revenue of the Company's consolidated financial statements	100.00%	
Deficiency Identification Standard		
Category	Financial report	Non-financial report
Qualitative criteria	<p>The qualitative standards of the assessment of internal control deficiencies in financial reporting are as follows:</p> <p>Signs of material deficiencies in financial reporting include:</p> <ol style="list-style-type: none"> <li>(1) Fraud of directors, supervisors and senior management;</li> <li>(2) Corrections of previously disclosed financial reports;</li> <li>(3) Material misstatement of current period financial statements identified by certified public accountant but not identified by the Company's internal control;</li> <li>(4) Ineffective supervision on the financial statements by the audit committee and the internal audit department.</li> </ol> <p>Signs of significant deficiencies in financial reporting include:</p> <ol style="list-style-type: none"> <li>(1) Failure to select and apply accounting policies in accordance with generally accepted accounting principles;</li> <li>(2) No anti-fraud procedures and control measures have been established;</li> <li>(3) No corresponding control mechanism has been established or implemented for the accounting treatment of unconventional or special transactions, and there is no corresponding compensatory control;</li> <li>(4) One or more deficiencies is or are existing in the control of the financial reporting process, that the prepared financial statements cannot be reasonably guaranteed to be true and complete.</li> </ol> <p>General deficiencies: other internal control deficiencies.</p>	<p>The qualitative standards of the assessment of internal control deficiencies in non-financial reporting are as follows:</p> <p>The identification of deficiencies in non-financial reports is mainly determined by the impact of deficiencies on the effectiveness of business processes and the possibility of occurrence.</p> <p>Deficiencies are defined as material deficiencies if it is highly probable that the deficiencies will happen and will seriously lower the work efficiency or effect, seriously increase the uncertainty of the effect, or make it seriously deviate from the expected goal;</p> <p>Deficiencies are defined as significant deficiencies if they are likely to happen and will significantly lower the work efficiency or effect, significantly increase the uncertainty of the effect, or make it significantly deviate from the expected goal;</p> <p>Deficiencies are defined as general deficiencies if they are less likely to happen, and will lower the work efficiency or effect, increase the uncertainty of the effect, or make it deviate from the expected goal.</p>

Quantitative criteria	<p>The quantitative standards of the assessment of internal control deficiencies in financial reporting are as follows:</p> <p>(1) If one of the following conditions is met, it can be recognized as a material deficiency:</p> <p>Potential misstatement of total profit <math>\geq</math> 5% of total profit, and amount <math>\geq</math> RMB 10 million; potential misstatement of total assets <math>\geq</math> 1% of total assets; potential misstatement of total revenue <math>\geq</math> 1% of total revenue.</p> <p>(2) If one of the following conditions is met, it can be recognized as a significant deficiency:</p> <p>3% of total profit <math>\leq</math> potential misstatement of total profit &lt; 5% of total profit; 0.5% of total assets <math>\leq</math> potential misstatement of total assets &lt; 1% of total assets; 0.5% of total revenue <math>\leq</math> potential misstatement of total revenue &lt; 1% of total revenue.</p> <p>(3) If one of the following conditions is met, it can be recognized as a general deficiency:</p> <p>Potential misstatement of total profit &lt; 3% of total profit; potential misstatement of total assets &lt; 0.5% of total assets; potential misstatement of total revenue &lt; 0.5% of total revenue.</p>	The quantitative standard of the assessment of internal control deficiencies in non-financial reporting is in accordance with the quantitative standard of deficiencies in financial reporting.
Number of material deficiencies in financial reporting		0
Number of material deficiencies in non-financial reporting		0
Number of significant deficiencies in financial reporting		0
Number of significant deficiencies in non-financial reporting		0

## 2. Auditor's Report on internal control

Applicable  Not applicable

The opinion paragraph in the auditor's report on internal control	
We believe that Goertek Inc. maintained effective internal control over financial reports in all material respects in accordance with the <i>Basic Standards for Internal Corporate Control</i> and relevant provisions on December 31, 2024.	
Disclosure of the Auditor's Report on Internal Control	Disclosed
Disclosure date of the Auditor's Report on Internal Control	March 27, 2025
Disclosure index of the Auditor's Report on Internal Control	The disclosed <i>Auditor's Report on Internal Control of Goertek Inc.</i> (Zhong Xi Special Audit No. 2025T00104) was published on <i>CNINFO</i> on March 27, 2025
Type of auditor's opinion	Standard unqualified opinion
Material deficiencies found in non-financial reporting	No

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

Yes  No

Whether the Auditor's Report on internal control is consistent with the Self-Assessment Report of the board of directors

Yes  No



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

Not applicable

## Section V Environmental and Social Responsibilities

### I. Major Environmental Issues

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

Yes  No

Policies and industry standards related to environmental protection

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

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

Administrative licenses for environmental protection

The Company obtained the registration receipt of the pollution discharge permit in accordance with the *Measures for the Management of Pollution Discharge Permits (Trial) (Revised in 2019)*. The registration number is 91370700729253432M004Y, and the certificate is valid from August 9, 2024, to August 8, 2029.

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

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

Name of the Company or subsidiaries	Types of major pollutants and particular pollutants	Name of major pollutants and particular pollutants	Type of discharge	Number of discharging ports	Locations of discharging ports	Concentration/intensity of pollutant discharged	Enforced standards of pollutant discharge	Total discharge volume	Total approved discharge volume	Discharge exceeding the standard
Yili Precision Manufacturing Co., Ltd.	Waste-water	COD; ammonia nitrogen	Intermittent discharge	1	In the plant	COD: 50mg/L; ammonia nitrogen: 5mg/L	COD: 500mg/L; ammonia nitrogen: 45mg/L	COD16.525t; ammonia nitrogen 1.545t	COD65.133t/a; ammonia nitrogen: 5.862t/a	None
Yili Precision Manufacturing Co., Ltd.	Solid waste	Hazardous waste	Indirect discharge	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	None

Treatment of pollutants

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

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

For details, see the *2024 Environmental, Social and Governance (ESG) Report of Goertek Inc.* released on "www.cninfo.com.cn" on March 27, 2025.

Environmental self-monitoring program

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

Yili Precision Manufacturing Co., Ltd. has installed online equipment for monitoring COD, ammonia nitrogen, flow rate and PH value at the main wastewater discharge outlet, which is networked with the local department of environmental protection authorities. A third-party monitoring organization shall be entrusted to conduct monitoring of waste-water, waste gas, groundwater, and soil pollutants in strict accordance with the requirements of the discharge permit and to issue an inspection report, and related information shall be disclosed as required.

Emergency response plan for unexpected environmental events

The Company, combined with the *National Environmental Emergency Response Plan* and the *Guidelines to Develop Emergency Response Plan for Environmental Pollution Accidents*, has formulated the *Environmental Emergency Response Plan of Goertek Inc.* based on various risk factors, and has reported the plan to the High-tech Branch of Weifang Municipal Ecology and Environment Bureau for recording (No. 370708-2024-043-L). Goertek also organizes relevant training and drills on a regular basis, in order to improve the emergency response ability of employees and achieve continuous improvement.

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

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

During the reporting period, the Company paid the environmental protection tax in full and in accordance with the law.

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

Applicable  Not applicable

The Company and its subsidiaries actively responded to the national strategy of "achieving peak carbon dioxide emissions by 2030 and carbon neutrality by 2060", and consistently adhere to the carbon reduction concept of reducing carbon emissions, improving energy efficiency, and adopting sustainable production methods. They set company-level emission reduction targets and implemented refined carbon emission management to contribute to the green and low-carbon development of society.

During the reporting period, the Company and its subsidiaries' manufacturing plants located in Weifang and Rongcheng in Shandong Province, Dongguan in Guangdong Province, and Bac Ninh Province in Vietnam emitted 37,104 tons of CO<sub>2</sub> equivalent in Scope 1 and 444,981 tons of CO<sub>2</sub> equivalent in Scope 2. The third-party certification authority verified in accordance with ISO 14064-1:2018 *Greenhouse Gases - Part 1: Specification with Guidance at the Organization Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals* and issued the greenhouse gas verification statement.

To reduce energy consumption during operations, the Company actively promoted energy conservation and carbon reduction efforts in accordance with the *Energy Conservation Project Management System*. During the reporting period, the Company and its subsidiaries achieved a cumulative reduction of 17,422 tons of CO<sub>2</sub> equivalent of greenhouse gas emissions through 80 energy-saving improvements such as air conditioning, air pressure, and lighting systems.

To optimize the energy structure, the Company and its subsidiaries implemented the construction of distributed photovoltaic power stations, market-oriented direct green electricity transactions, renewable energy certificate trading, and other methods to enhance the utilization of clean energy. During the reporting period, the total installed capacity of the Company's photovoltaic power stations reached 51.3 MW, and renewable electricity purchased amounted to 161,172 MWh.

Administrative penalties received for environmental issues during the reporting period

None

Other environmental information that should be disclosed

For details, see the *2024 Environmental, Social and Governance (ESG) Report of Goertek Inc.* released on "www.cninfo.com.cn" on March 27, 2025.

Other information related to environmental protection

In September 2024, Weifang Goertek Electronics Co., Ltd. passed the "Green Factory" certification in Shandong Province.

In December 2024, Goertek Inc. passed the "Waste-Free Factory" certification in Shandong Province.

In December 2024, Weifang Goertek Electronics Co., Ltd. also passed the "Waste-Free Factory" certification in Shandong Province.

## **II. Performance of Social Responsibility**

During the reporting period, while the Company was committed to achieving its own development, it has also performed well in the protection of the rights and interests of shareholders, creditors, employees, suppliers, clients and consumers, as well as in environmental protection and sustainable development, public relations and social public welfare undertakings. For details, see the *2024 Environmental, Social and Governance (ESG) Report of Goertek Inc.* released on "www.cninfo.com.cn" on March 27, 2025.

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

For details, see the *2024 Environmental, Social and Governance (ESG) Report of Goertek Inc.* released on "www.cninfo.com.cn" on March 27, 2025.

## Section VI Important Matters

### I. Fulfilment of Commitments

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

Applicable  Not applicable

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

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

Commitment matters	Commitment party	Commitment type	Commitment content	Commitment time	Commitment period	Performance of commitments
Stock option incentive commitments	The Company	Others commitments	Stock option incentive plan of 2021: The Company undertakes not to provide loans or any other form of financial assistance to any participants to obtain relevant rights and interests under this incentive plan, including guarantee for their loans	April 16, 2021	From the issuance date of the commitment to the completion of the implementation of the stock option incentive plan of 2021	Strictly fulfilled
Stock option incentive commitments	The Company	Others commitments	Stock option incentive plan of 2022: The Company undertakes not to provide loans or any other form of financial assistance to any participants to obtain relevant rights and interests under this incentive plan, including guarantee for their loans	July 8, 2022	From the issuance date of the commitment to the completion of the implementation of the stock option incentive plan of 2022	Strictly fulfilled
Stock option incentive commitments	The Company	Others commitments	Stock option incentive plan of 2023: The Company undertakes not to provide loans or any other form of financial assistance to any participants to obtain relevant rights and interests under this incentive plan, including guarantee for their loans	July 19, 2023	From the issuance date of the commitment to the completion of the implementation of the stock option incentive plan of 2023	Strictly fulfilled
Other commitments made to minority shareholders	All directors of the Company	Commitment on repurchase	This share repurchase will not impair the Company's ability to fulfill its debt obligations and its going concern.	October 26, 2023	Within 12 months following October 26, 2023, or until this repurchase closes	Fully performed
Other commitments made to minority shareholders	The Company	Others commitments	Within one month after the announcement of the termination of the spin-off and listing matter of Goertek Microelectronics Inc., no major asset restructuring matters (including the spin-off and listing) will be planned.	May 22, 2024	May 22, 2024 to June 22, 2024	Fully performed
Whether the commitments are fulfilled on time	Yes					

Commitment matters	Commitment party	Commitment type	Commitment content	Commitment time	Commitment period	Performance of commitments
If the commitments are not fulfilled within the time limit, specific reasons for the failure of complying and the work plan for the next step shall be explained in details	Not applicable					



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

Applicable  Not applicable

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

Applicable  Not applicable

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

**III. External Guarantee in Violation of Regulations**

Applicable  Not applicable

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

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

See Section X (V) 37 "Changes in significant accounting policies and accounting estimates" for details.

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

Applicable  Not applicable

During the reporting period, the Company established 12 subsidiaries, including Shanghai Goertek Technology Development Co., Ltd., Qingdao Goertek Alpha Pixels Technology Co., Ltd., Chengdu Goertek Technology Co., Ltd., Xi'an Goertek Shijie Technology Co., Ltd., Goertek Starshine (Qingdao) Inc., Goertek Electronics Vietnam Co., Ltd., Goertek Optical Technology (Hong Kong) Holdings Co., Limited, Goertek Optical Technology (Hong Kong) Co., Limited, Goermicro Technology Development Company Limited, Qingdao MicroSense Intelligent Technology Co., Ltd., Goertek Singapore Pte. Ltd., and GMI Semiconductor Sdn. Bhd.

During the reporting period, the Company deregistered 2 subsidiaries, namely Hefei 3D OptoLink Technology Co., Ltd. and Jiaxing Guochao Optoelectronics Technology Co., Ltd.

**VIII. Appointment and Dismissal of Accounting Firms**

Accounting firm currently appointed

Name of the domestic accounting firm	Zhongxi CPAs (Special General Partnership)
--------------------------------------	--

Remuneration of the domestic accounting firm (unit: RMB 10,000)	300
Consecutive audit service years of the domestic accounting firm	6
Name of certified public accountant of the domestic accounting firm	Du Yeqin, Zhang Shuli
Consecutive audit service years of certified public accountant of the domestic accounting firm	Du Yeqin has been in service for 5 years on end, and Zhang Shuli for 3 years
Name of overseas accounting firms (if any)	None
Remuneration of overseas accounting firms (unit: RMB 10,000) (if any)	0
Consecutive audit service years of overseas accounting firms (if any)	None
Names of certified public accountants of the overseas accounting firms	None
Consecutive audit service years of certified public accountants of overseas accounting firms (if any)	None

Whether to reappoint accounting firm in current period

Yes  No

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

Applicable  Not applicable

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

## IX. Delisting After the Disclosure of Annual Report

Applicable  Not applicable

## X. Bankruptcy or Reorganization Related Events

Applicable  Not applicable

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

## XI. Significant Lawsuit and Arbitration Events

Applicable  Not applicable

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

## XII. Punishment and Rectification

Applicable  Not applicable

No punishment or rectification occurred during the reporting period.

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

Applicable  Not applicable

## XIV. Significant Related Party Transactions

### 1. Related party transactions related to daily operations

Applicable  Not applicable

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

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

Applicable  Not applicable

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

## 3. Related party transactions of joint external investment

Applicable  Not applicable

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

## 4. Related party transactions of credits and liabilities

Applicable  Not applicable

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

Yes  No

Creditor's rights receivable from related parties

None

Debt due to related parties

Related parties	Relations with related party	Cause of formation	Opening balance (RMB 10,000)	Increased amount in the current period (RMB 10,000)	Amount returned in the current period (RMB 10,000)	Interest rate	Interest in the current period (RMB 10,000)	Closing balance (RMB 10,000)
Goertek Group Co., Ltd.	Controlling shareholder of the Company	Financial assistance in the same proportion to the holding subsidiary of Goertek Inc.	1,100	0	1,100	3.45%	24.67	0
Goertek Group Co., Ltd.	Controlling shareholder of the Company	Financial assistance in the same proportion to the holding subsidiary of Goertek Inc.	0	2,700	0	2.80%	28.35	2,700
Impact of related parties' debts on the Company's operating results and financial position		No significant impact						

## 5. Business with affiliated financial company

Applicable  Not applicable

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

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

Applicable  Not applicable

There was no financial company controlled by the Company.

## 7. Other significant related party transactions

Applicable  Not applicable

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

## XV. Significant Contracts and Executions

### 1. Trusteeship, contracting and leasing

#### (1) Trusteeship

Applicable  Not applicable

No trusteeship occurred during the reporting period.

#### (2) Contracting

Applicable  Not applicable

No major contracting occurred during the reporting period.

#### (3) Leasing

Applicable  Not applicable

No significant leasing occurred during the reporting period.

### 2. Significant guarantees

Applicable  Not applicable

Unit: RMB 10,000

External guarantee of the Company and its subsidiaries (excluding guarantees for subsidiaries)										
Name of guaranteed party	Disclosure date of the amount limit of the guarantee	The amount limit of the guarantee	Actual occurrence date	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the guarantee is complete	Whether guarantee for related parties
Not applicable										
The Company's guarantee to its subsidiaries										
Name of guaranteed party	Disclosure date of the amount limit of the guarantee	The amount limit of the guarantee	Actual occurrence date	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the guarantee is complete	Whether guarantee for related parties
Goertek Technology Vina Co., Ltd.	April 18, 2023	20,990.13	September 1, 2023	1,307.80	Joint liability guarantee			1 year	Yes	No
Goertek Technology Vina Co., Ltd.	December 1, 2021	345,043.20	April 1, 2023	61,767.77	Joint liability guarantee			94 months	No	No
Goertek Precision Industry Vietnam Co., Ltd.	December 1, 2021	258,782.40	April 1, 2023	0.00	Joint liability guarantee			94 months	No	No
Qingdao	April 18,	650.00	July 6, 2023	8.01	Joint			1 year	Yes	No

Goertek Horizons Technology Co., Ltd.	2023				liability guarantee					
Goertek Microelectronics Inc.	April 18, 2023	1,078.26	November 16, 2023	61.29	Joint liability guarantee			1 year	Yes	No
Goertek Technology Vina Co., Ltd.	March 28, 2024	210,620.12	July 19, 2024	14,244.86	Joint liability guarantee			1 year	No	No
Goertek Smart Technology Vina Co., Ltd.	March 28, 2024	39,679.97	July 19, 2024	853.33	Joint liability guarantee			1 year	No	No
Goertek Intelligence Technology Co., Ltd.	March 28, 2024	2,300.00	July 19, 2024	804.51	Joint liability guarantee			1 year	No	No
Goertek (Hong Kong) Co., Limited	March 28, 2024	155,988.28	July 19, 2024 November 8, 2024	1,616.23 243.94	Joint liability guarantee			1 year	No	No
Total amount of guarantee limit to subsidiaries approved during the reporting period (B1)		445,249.21		Total amount of actual guarantee to subsidiaries occurred during the reporting period (B2)		17,762.87				
Total amount of guarantee limit to subsidiaries approved at the end of the reporting period (B3)		1,049,074.81		Total balance of actual guarantee to subsidiaries occurred at the end of the reporting period (B4)		79,530.64				
The guarantee between subsidiaries										
Name of guaranteed party	Disclosure date of the amount limit of the guarantee	The amount limit of the guarantee	Actual occurrence date	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the guarantee is complete	Whether guarantee for related parties
Not applicable										
Total amount of company guarantee (namely the sum of the previous three items)										
Total amount of guarantee limit approved during the reporting period (A1+B1+C1)		445,249.21		Total amount of actual external guarantee occurred during the reporting period (A2+B2+C2)		17,762.87				
Total amount of external guarantee limit approved at the end of the reporting period (A3+B3+C3)		1,049,074.81		Total balance of actual external guarantee occurred at the end of the reporting period (A4+B4+C4)		79,530.64				
The proportion of the total amount of actual guarantee (i.e.				2.40%						

A4+B4+C4) to the net assets of the Company	
Including:	
Balance of guarantees for shareholders, actual controllers and their affiliate parties (D)	0
Balance of guarantee provided directly or indirectly to the parties with an asset-liability ratio of more than 70% (E)	2,664.68
Amount of total guarantees exceeding 50% of net assets (F)	0
Total amount of the above three kinds of guarantees (D+E+F)	2,664.68
Explanation of unexpired guarantee contracts for which there are guarantee liabilities or there is evidence showing the possibility of joint and several liability for repayment during the reporting period	None
Notes on providing external guarantees in violation of specified procedures	None

Specific description of complex guarantees

None

### 3. Entrusted management of cash assets

#### (1) Entrusted wealth management

Applicable  Not applicable

Entrusted wealth management during the reporting period

Unit: RMB 10,000

Specific type	Source	Amount	Unexpired balance	Overdue outstanding amount	Impairment amount accrued for overdue wealth management products
Bank wealth management product	Self-owned funds	250,600.00			
Total		250,600.00			

Details of high-risk entrusted wealth management with a large amount for a single item, or with low security and poor liquidity

Applicable  Not applicable

Cases of entrusted wealth management expected to be unable to recover the principal or cases that may result in impairment

Applicable  Not applicable

#### (2) Entrusted loans

Applicable  Not applicable

No entrusted loans occurred during the reporting period.

### 4. Other major contracts

Applicable  Not applicable

No other significant contracts occurred during the reporting period.

## XVI. Explanation of Other Significant Matters

Applicable  Not applicable

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

On February 27, 2025, the Company disclosed announcement related to shareholding increasing plan of its controlling shareholder, indicating that Goertek Group Co., Ltd., intends to increase its shareholding in the Company through continuous trading approach within six months from the date of the announcement, with an increase amount not less than RMB 500 million and not exceeding RMB 1 billion. Details can be found in related announcements published in *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, *Securities Daily*, and <http://www.cninfo.com.cn>. As of the date of disclosure of this report, Goertek Group Co., Ltd. has increased its shareholding in the Company by 3,568,400 shares through continuous trading approach, accounting for 0.10% of the Company's current total share capital.

## **XVII. Significant Matters Occurred to Subsidiaries of the Company**

Applicable  Not applicable

On November 10, 2020, the Company convened a board meeting and approved the plan for its subsidiary, Goertek Microelectronics, to prepare for a spin-off and listing. According to the *Announcement on the Results of the 74th Review Meeting of the GEM Listing Committee in 2022* issued by the Shenzhen Stock Exchange on October 19, 2022, Goertek Microelectronics meets the requirements for issuance, listing, and information disclosure. Considering factors such as the market environment, in order to coordinate the capital operation planning of Goertek Microelectronics, on May 22, 2024, the Company's Board of Directors reviewed and approved the *Resolution on the Termination of the Spin-off and Listing of the Subsidiary Goertek Microelectronics Inc. on the ChiNext* after sufficient communication and prudent verification with relevant parties based on the authorization from the first extraordinary general meeting of shareholders in 2021. The Resolution agreed to terminate the spin-off and listing of Goertek Microelectronics on the ChiNext of the Shenzhen Stock Exchange and to withdraw the relevant listing application documents.

On September 13, 2024, the Company held the 19th meeting of the 6th Board of Directors, which approved the Proposal of *Planning on the Spin-off of Goertek Microelectronics Inc. and Listing on the Main Board of the Hong Kong Stock Exchange* and other related proposals. The above-mentioned proposals were reviewed and approved at the Company's third extraordinary general meeting of shareholders held in 2024.

On January 20, 2025, Goertek Microelectronics submitted an application for the initial public offering of overseas listed foreign shares (H shares) and their listing on the main board of the Hong Kong Stock Exchange to the Stock Exchange of Hong Kong Limited (hereinafter referred to as "HKEX"), and published the application materials for such offering and listing on the website of HKEX ([www.hkexnews.hk](http://www.hkexnews.hk)).

For details, please refer to the relevant announcements published in *CNINFO* (<http://www.cninfo.com.cn>), *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, and *Securities Daily*.

## Section VII Changes in Shares and Shareholder Information

### I. Changes in Shares

#### 1. Changes in shares

Unit: share

	Before the change		Increases or decreases (+, -)					After the change	
	Number	Percentage	New shares	Bonus shares	Transferred from reserves	Other	Sub-total	Number	Percentage
I. Shares Subject to Selling Restrictions	407,160,827	11.90%						407,160,827	11.68%
1. State shareholding									
2. Shares held by state-owned corporates									
3. Shares held by other domestic shareholders	407,160,827	11.90%						407,160,827	11.68%
Including: held by domestic corporates									
held by domestic individuals	407,160,827	11.90%						407,160,827	11.68%
4. Shares held by foreign shareholders									
Including: held by foreign corporates									
held by foreign individuals									
II. Shares Without Restrictions	3,013,242,373	88.10%	69,210,155			-3,268,611	65,941,544	3,079,183,917	88.32%
1. RMB common shares	3,013,242,373	88.10%	69,210,155			-3,268,611	65,941,544	3,079,183,917	88.32%
2. Domestic listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total Number of Shares	3,420,403,200	100.00%	69,210,155			-3,268,611	65,941,544	3,486,344,744	100.00%



## Reasons for changes in shares

Applicable  Not applicable

## (1) Cancellation of Remaining Repurchased Shares in 2021

On February 24, 2021, the Company issued the *Announcement of Goertek Inc. Regarding the Results of Share Repurchase and Changes in Shares*, stating that it had cumulatively repurchased 59,929,533 shares with a specific securities repurchase account through continuous trading approach. Among them, 56,660,922 shares have been used for the Company's "Home No. 6" and "Home No. 7" Employee Stock Ownership Plans, while the remaining 3,268,611 shares were not used for Employee Stock Ownership Plans or equity incentive plans. In accordance with relevant regulations, the Company completed the cancellation of the remaining shares on February 23, 2024, resulting in a corresponding reduction of the Company's share capital by 3,268,611 shares.

## (2) Exercise of Reserved Granted Portion of the 2021 Stock Option Incentive Plan in the Second Exercise Period

On March 27, 2024, the Company convened the 14th meeting of the 6th Board of Directors and the 11th meeting of the 6th Board of Supervisors, which approved the *Proposal on the Achievement of the Exercise Conditions of Initial Granted Stock Options for the Second Exercise Period in the 2021 Stock Option Incentive Plan*. Incentive recipients who meet the exercise conditions may exercise stock options during the second exercise period by means of voluntary exercise. The actual exercise period is from April 20, 2024, to April 19, 2025. During the reporting period, the exercise of rights by some incentive recipients led to an increase in the Company's share capital by 8,600 shares.

## (3) Exercise for the First Exercise Period of the Initial Granted Portion of the 2023 Stock Option Incentive Plan

On August 14, 2024, the Company convened the 18th meeting of the 6th Board of Directors and the 15th meeting of the 6th Board of Supervisors, which approved the *Proposal on the Achievement of the Exercise Conditions for the First Exercise Period of the Initial Granted Portion under the Company's 2023 Stock Option Incentive Plan*. Incentive recipients who meet the exercise conditions may exercise stock options during the first exercise period by means of voluntary exercise. The actual exercise period is from August 28, 2024, to August 27, 2025. During the reporting period, the exercise of rights by some incentive recipients led to an increase in the Company's share capital by 69,201,555 shares.

## Approval of changes in shares

Applicable  Not applicable

## (1) Cancellation of Remaining Repurchased Shares in 2021

The Company convened the 13th meeting of the sixth Board of Directors on January 15, 2024, and the first extraordinary general meeting of shareholders in 2024 on February 1, 2024. They reviewed and approved the *Proposal to Cancel a Portion of the Company's Repurchased Shares*, agreeing to cancel the remaining 3,268,611 shares, which will correspondingly reduce the Company's capital. The relevant cancellation procedures have been completed.

## (2) Exercise of Reserved Granted Portion of the 2021 Stock Option Incentive Plan in the Second Exercise Period

On March 27, 2024, the Company held the 14th meeting of the 6th Board of Directors and the 11th meeting of the 6th Board of Supervisors, which approved the *Proposal on the Achievement of the Exercise Conditions of Initial Granted Stock Options for the Second Exercise Period in the 2021 Stock Option Incentive Plan*, among others. The Board of Directors approved that the exercise conditions had been met. 147 incentive recipients with reserved grants may exercise stock options during the second exercise period by means of voluntary exercise.

## (3) Exercise for the First Exercise Period of the Initial Granted Portion of the 2023 Stock Option Incentive Plan

On August 14, 2024, the Company convened the 18th meeting of the 6th Board of Directors and the 15th meeting of the 6th Board of Supervisors, which approved the *Proposal on the Achievement of the Exercise Conditions for the First Exercise Period of the Initial Granted Portion under the Company's 2023 Stock Option Incentive Plan* among others. The Board of Directors approved that the exercise conditions had been met. 5,001 incentive recipients may exercise stock options during the first exercise period by means of voluntary exercise.

## Ownership transfer of changes in shares

Applicable  Not applicable

## (1) Cancellation of Remaining Repurchased Shares in 2021

On February 23, 2024, the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. confirmed that the cancellation conducted by the Company had been completed.

## (2) Exercise of Reserved Granted Portion of the 2021 Stock Option Incentive Plan in the Second Exercise Period

According to the *2021 Stock Option Incentive Plan of Goertek Inc. (Draft)*, the exercise period of the Second Exercise Period of the Reserved Granted Portion of the 2021 Stock Option Incentive Plan is from April 20, 2024, to April 19, 2025. China Securities

Depository and Clearing Co., Ltd. will handle the corresponding stock changes in conjunction with the incentive recipients exercising their rights during the aforementioned exercise period.

### (3) Exercise for the First Exercise Period of the Initial Granted Portion of the 2023 Stock Option Incentive Plan

According to the *2023 Stock Option Incentive Plan of Goertek Inc. (Draft) (Revised)*, the exercise period of the First Exercise Period of the Initial Grant of the 2023 Stock Option Incentive Plan is from August 28, 2024, to August 27, 2025. China Securities Depository and Clearing Co., Ltd. will handle the corresponding stock changes in conjunction with the incentive recipients exercising their rights during the aforementioned exercise period.

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

Applicable  Not applicable

During the reporting period, the cancellation of some repurchased shares, the exercise of stock options for 2021 Incentive Plan and 2023 Incentive Plan affected basic earnings per share and diluted earnings per share, but did not have a significant impact.

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

Applicable  Not applicable

## 2. Changes in restricted shares

Applicable  Not applicable

Unit: share

Name of shareholder	Number of restricted shares in opening period	Increased in reporting period	Decreased in reporting period	Number of restricted shares in closing period	Type for restricted shares	Unlock date
Jiang Bin	215,548,054			215,548,054	Restricted shares of senior executives	Unlock 25% of shares held per annum
Jiang Long	187,758,898			187,758,898		
Duan Huilu	2,605,875			2,605,875		
Jia Jun'an	600,000			600,000		
Liu Chunfa	648,000			648,000		
Total	407,160,827			407,160,827	--	--

## II. Issuance and Listing of Securities

### 1. Securities issuance (excluding preferred stocks) during the reporting period

Applicable  Not applicable

Name of the stock and its derivative securities	Issue Date	Issuance price (or interest rate)	Quantity of issuance	Listing date	Number of stocks permitted to be listed and traded	Transaction termination date	Disclosure index	Disclosure date
Stocks								
Goertek Inc. (2021 Stock Option Exercise)	-	RMB 28.78/share	8,600	-	8,600	-	<i>Announcement of Goertek Inc. on the Adoption of a Voluntary Exercise Mode for the Second Exercise Period of the Reserved Granted Portion of the 2021 Stock Option Incentive Plan</i>	November 18, 2024

Goertek Inc. (2023 Stock Option Exercise)	-	RMB 18.22 per share, RMB 18.12 per share	69,201,555	-	69,201,555	-	<i>Announcement of Goertek Inc. on the Adoption of a Voluntary Exercise Mode for the First Exercise Period of the Initial Granted Portion of the 2023 Stock Option Incentive Plan</i>	September 3, 2024
Convertible corporate bonds, separately-traded convertible corporate bonds, corporate bonds								
None								
Other derivative securities								
None								

Description of the issuance of securities (excluding preferred stocks) during the reporting period

(1) Exercise of Reserved Granted Portion of the 2021 Stock Option Incentive Plan in the Second Exercise Period

After being reviewed and approved by the Company's Board of Directors, the exercise conditions for the second exercise period of the 2021 Stock Option Incentive Plan have been achieved. During the reporting period, the Company's share capital increased by 8,600 shares due to the exercise of rights by some incentive recipients.

(2) Exercise for the First Exercise Period of the Initial Granted Portion of the 2023 Stock Option Incentive Plan

After being reviewed and approved by the Company's Board of Directors, the exercise conditions for the first exercise period of the 2023 Stock Option Incentive Plan have been achieved. During the reporting period, the Company's share capital increased by 69,201,555 shares due to the exercise of rights by some incentive recipients.

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

Applicable  Not applicable

In 2024, the Company's share capital increased by 69,210,155 shares due to the exercise of rights by incentive recipients, resulting in an increase of RMB 1.26 billion in the Company's cash. The cancellation of the remaining 3,268,611 shares in the specific securities repurchase account does not affect the Company's asset-liability structure. See Section VII (I), Item 1 "Changes in Shares" of this report for details.

## 3. Internal employee shares

Applicable  Not applicable

### III. Shareholders and Actual Controllers

#### 1. Number of shareholders and corresponding shareholding

Unit: share

Total of common shareholders at the end of the reporting period	335,175	Total of common shareholders at the end of the previous month before disclosure date of the annual report	305,858	Total of preference shareholders whose voting rights were restored at the end of the reporting period	0	Total of preference shareholders whose voting rights were restored at the end of the previous month before disclosure date of the annual report	0	
Shareholding of shareholders with more than 5% of shares or the top 10 shareholders (Excluding lending of shares through refinancing)								
Name of shareholder	Type of shareholder	Percentage	Total common shares held at the end of the reporting period	Increase/decrease during the reporting period	The number of common shares held with trading restrictions	The number of shares held without trading restrictions	Pledge or freeze status	
							Share status	Number
Goertek Group Co., Ltd.	Domestic non-state-owned corporation	14.56%	507,680,170			507,680,170	Not applicable	
Jiang Bin	Domestic individual	8.24%	287,397,406		215,548,054	71,849,352	Not applicable	
Jiang Long	Domestic individual	7.18%	250,345,197		187,758,898	62,586,299	Pledged	65,000,000
Hong Kong Securities Clearing Company Ltd. (HKSCC)	Overseas corporation	3.29%	114,642,500	2,114,553		114,642,500	Not applicable	
China Securities Finance Corporation Limited	Domestic General Legal Person	2.38%	83,044,011			83,044,011	Not applicable	
Goertek Inc. - Home No. 6 ESOP	Other	1.35%	47,150,240	-20,187,800		47,150,240	Not applicable	
Industrial and Commercial Bank of China Limited - Huatai-Pinebridge CSI300 Exchange-Traded Index Securities Investment Fund	Other	1.21%	42,055,393	26,119,300		42,055,393	Not applicable	

China Construction Bank Corporation - E Fund CSI300 Exchange-Traded Initiative-type Index Securities Investment Fund	Other	0.83%	28,982,903	23,981,930		28,982,903	Not applicable	
Wang Ping	Overseas natural person	0.80%	28,019,947	16,900,131		28,019,947	Not applicable	
Industrial and Commercial Bank of China Limited - China Asset Management CSI300 Exchange-Traded Index Initiative-type Securities Investment Fund	Other	0.55%	19,256,487	14,571,600		19,256,487	Not applicable	
Strategic investors or general legal entities who become the top 10 shareholders as a result of the placement of new shares	None							
Explanation of the association of the above shareholders or their action in concert	Jiang Bin and Jiang Long are brothers. Goertek Group Co., Ltd. is controlled by Jiang Bin and Jiang Long; Goertek Inc. - Home No. 6 ESOP is the Company's ESOP; The Company does not know whether the other top ten shareholders are related or acting in concert with each other.							
Explanation on entrustment/acceptance and waiver of voting rights by the aforesaid shareholders	None							
Special notes on the existing special account of securities repurchasing in the top 10 shareholders	As of December 31, 2024, the specific securities repurchase account of Goertek Inc. holds 39,434,946 company shares, accounting for 1.13% of the Company's total share capital.							
Shareholding of the top 10 shareholders with unlimited conditions of sale (Excluding lending of shares through refinancing, and restricted shares of senior executives)								
Name of shareholder	Number of shares without sales restrictions held at the end of the reporting period	Type of shares						
		Type of shares	Number					
Goertek Group Co., Ltd.	507,680,170	Ordinary shares in RMB	507,680,170					
Hong Kong Securities Clearing Company Ltd. (HKSCC)	114,642,500	Ordinary shares in RMB	114,642,500					
China Securities Finance Corporation Limited	83,044,011	Ordinary shares in RMB	83,044,011					
Jiang Bin	71,849,352	Ordinary shares in RMB	71,849,352					
Jiang Long	62,586,299	Ordinary shares in RMB	62,586,299					
Goertek Inc. - Home No. 6 ESOP	47,150,240	Ordinary shares in RMB	47,150,240					
Industrial and Commercial Bank of China Limited - Huatai-Pinebridge CSI300 Exchange-Traded Index Securities Investment Fund	42,055,393	Ordinary shares in RMB	42,055,393					
China Construction Bank Corporation - E Fund CSI300 Exchange-Traded Initiative-type Index Securities Investment Fund	28,982,903	Ordinary shares in RMB	28,982,903					
Wang Ping	28,019,947	Ordinary shares in RMB	28,019,947					
Industrial and Commercial Bank of China Limited - China Asset Management CSI300	19,256,487	Ordinary shares in RMB	19,256,487					

Exchange-Traded Index Initiative-type Securities Investment Fund			
Explanation on association or action in concert among top 10 shareholders of shares without sales restrictions, or between top 10 shareholders of shares without sales restrictions and top 10 shareholders	Jiang Bin and Jiang Long are brothers. Goertek Group Co., Ltd. is controlled by Jiang Bin and Jiang Long; Goertek Inc. - Home No. 6 ESOP is the Company's ESOP; The Company does not know whether the other top ten shareholders are related or acting in concert with each other.		
Explanation of the top 10 common shareholders' participation in the financing and loan businesses of securities trades	At the end of the reporting period, the shares held by Goertek Group Co., Ltd., the controlling shareholder of the Company include the 150,000,000 shares held in the customer credit transaction guarantee securities account of Southwest Securities Co., Ltd. At the end of the period, Wang Ping held 28,019,947 shares of the Company through the credit securities account.		

Whether shareholders holding more than 5%, the top 10 shareholders, and the top 10 unrestricted public shareholders participating in the lending of shares through refinancing business

Applicable  Not applicable

Unit: share

Whether shareholders holding more than 5%, the top 10 shareholders, and the top 10 unrestricted public shareholders participating in the lending of shares through refinancing business								
Name of shareholder (full name)	Shareholding of the general account and credit account at the beginning of the period		Shares involved in the short sale and securities relending transactions that have not been returned at the beginning of the period		Shareholding of the general account and credit account at the end of the period		Shares involved in the short sale and securities relending transactions that have not been returned at the end of the period	
	Number in total	Proportion of total share capital	Number in total	Proportion of total share capital	Number in total	Proportion of total share capital	Number in total	Proportion of total share capital
Industrial and Commercial Bank of China Limited - Huatai-Pinebridge CSI300 Exchange-Traded Index Securities Investment Fund	15,936,093	0.47%	1,264,000	0.04%	42,055,393	1.21%	0	0.00%
China Construction Bank Corporation - E Fund CSI300 Exchange-Traded Initiative-type Index Securities Investment Fund	5,000,973	0.15%	1,492,700	0.04%	28,982,903	0.83%	0	0.00%

Any change in the top 10 shareholders and the top 10 unrestricted public shareholders compared to the previous period due to reasons related to the lending/returning of shares through refinancing business

Applicable  Not applicable

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

Yes  No

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

## 2. Particulars about the controlling shareholder

Nature of the controlling shareholder: Private corporate

Type of the controlling shareholder: Legal entity

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

Change of the controlling shareholders in the reporting period

Applicable  Not applicable

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

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

Nature of the actual controllers: Domestic individual

Type of the actual controllers: Individual

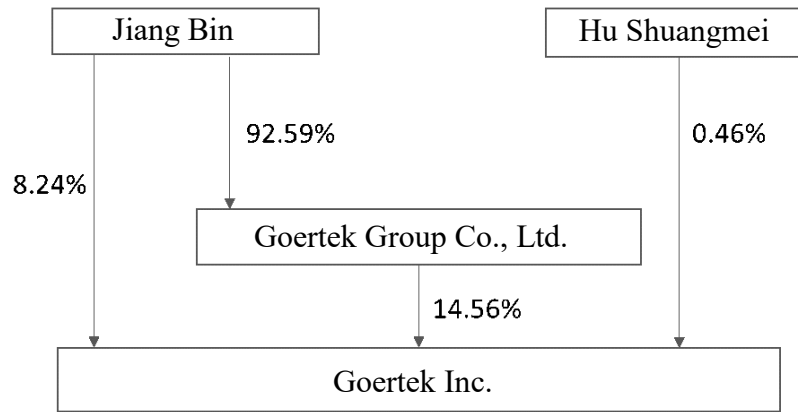
Name of the actual controller	Relationship with the actual controller	Nationality	Whether he/she has obtained the right of residence in another country or region
Jiang Bin	Himself	China	No
Hu Shuangmei	Himself	China	No
Jiang Long	Acting in concert (including agreement, relative and common control)	China	No
Main occupation and title	Jiang Bin is currently the board chairman of the Company; Jiang Long served as the senior consultant of the Company		
Information about other listed companies at home and abroad controlled in the last ten years	Goertek Inc.		

Change on the actual controllers in the reporting period

Applicable  Not applicable

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

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



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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

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

Applicable  Not applicable

**IV. Specific Implementation of Share Repurchase in the Reporting Period**

Progress of share repurchase

Applicable  Not applicable

Disclosure time of the plan	Number of shares to be repurchased (share)	Proportion of total share capital	Amount to be repurchased (RMB 10,000)	Period of proposed repurchase	Purpose of repurchase	Number of repurchases (share)	Proportion of repurchased shares to the underlying shares covered by the Stock Incentive Plan (if any)
October 27, 2023	Based on the repurchase price and the upper limit of the repurchase amount, it is estimated that approximately 27,461,749 shares can be repurchased	0.80%	50,000 (inclusive) - 70,000 (inclusive)	Within 12 months from the date on which the Board of Directors deliberates and approves the repurchase plan, but the repurchase period will expire earlier if the relevant conditions are met	For ESOP or equity incentive plan	39,434,946	

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

Applicable  Not applicable



## Section VIII Preference Shares

Applicable  Not applicable

There are no preference stocks in the reporting period.

## Section IX Bonds

Applicable  Not applicable

## Section X Financial Report

### I. Auditor's Report

Auditor's Opinion	Standard unqualified opinion
Auditor's Report Sign-off Date	March 26, 2025
Name of the audit institution	Zhongxi CPAs (Special General Partnership)
Auditor's Report Number	Zhong Xi Cai Shen No. 2025S00783
Name of the Certified Public Accountant	Du Yeqin, Zhang Shuli

### Auditor's Report

Zhong Xi Cai Shen No. 2025S00783

To all the shareholders of Goertek Inc.,

#### I. Opinion

We have audited the accompanying financial statements of Goertek Inc. (hereinafter referred to as "Goertek"), including the consolidated and Company's balance sheets as of December 31, 2024, consolidated and Company's income statements, consolidated and Company's cash flow statements, consolidated and Company's statements of changes in owner's equity, and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements have been prepared in all material aspects in accordance with the Accounting Standards for Business Enterprises, fairly reflecting the consolidated and Company's financial position as of December 31, 2024 and of the consolidated and Company's financial performance and cash flows for 2024.

#### II. Basis for Opinion

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

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

#### III. Key Audit Matters

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

##### (I) Revenue recognition

###### 1. Description of the matters

Goertek Inc. is mainly in the business of producing and selling electronic components, and for the accounting policy of revenue recognition, please refer to "27. Revenue" in "III. Significant Accounting Policies and Accounting Estimates" of notes to the financial statements. In 2024, the revenue in the consolidated financial statements of Goertek Inc. is RMB 100,953.85million.

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

###### 2. Audit measures

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

- (1) Understood, evaluated and tested the design and operation effectiveness of internal control related to revenue recognition;
- (2) Performed analytical review procedure to analyze the rationality of changes in the operating revenue and gross profits;
- (3) Identified the risk in the commodity ownership and the contractual terms related to remuneration transfer, evaluated whether the accounting policies for revenue recognition in different modes were appropriate, and evaluated whether the time point for revenue recognition of the Company was consistent with the requirements in the Accounting Standards for Business Enterprises by checking

the major sales contracts or orders, understanding the policies for receipt and return of goods, communicating with the management and other procedures;

(4) Selected samples to check the supporting documents related to revenue recognition, and executed external confirmation procedures on a sampling basis;

(5) Selected samples to reconcile the supporting documents against the product sales revenue recognized before and after the balance sheet date to evaluate whether the revenue was recognized in the appropriate accounting period.

## (II) Goodwill impairment

### 1. Description of the matters

For the provision for goodwill impairment, please refer to the financial statements "21. Impairment of Long-term Assets" in "III. Significant Accounting Policies and Accounting Estimates". As of December 31, 2024, the book value of goodwill was RMB 605.03million, which mainly resulted from the goodwill generated from the acquisition of the subsidiary Uphoton Technology (Shaoxing) Co., Ltd., which amounted to RMB 588.17million.

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

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

### 2. Audit measures

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

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

## IV. Other Information

The Management of Goertek Inc. (the Management) is responsible for Other Information. Other Information includes information covered in the 2024 Annual Report of Goertek Inc. but excludes financial statements and auditor's reports.

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

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

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

## V. Responsibilities of Management and Governance for the Financial Statements

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

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

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

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

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

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

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

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

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

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

Zhongxi CPAs (Special General Partnership)

Certified Public Accountant in China  
(Engagement partner)

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Du Yeqin

Beijing China

Certified Public Accountant in China

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Zhang Shuli

March 26, 2025

## II. Financial Statements

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

### 1. Consolidated balance sheet

Prepared by: Goertek Inc.

December 31, 2024

Unit: RMB

Item	Closing balance	Opening balance
<b>Current assets:</b>		
Cash and cash equivalents	17,466,492,869.05	14,737,312,329.71
Deposit reservation for balance		
Lending funds		
Financial assets held for trading	1,100,984,000.31	587,445,091.69
Derivative financial assets		
Notes receivable	149,898,502.69	139,468,321.29
Accounts receivable	17,881,372,031.94	12,424,618,676.81
Receivables financing	8,710,031.89	9,059,230.11
Prepayments	236,914,434.64	254,633,800.07
Premium receivable		
Reinsurance accounts receivable		
Provision of cession receivable		
Other receivables	99,984,370.19	89,261,417.90
Including: Interest receivable		
Dividends receivable		
Redemptory financial asset for sale		
Inventory	10,478,868,878.63	10,794,894,394.42
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year	388,821,194.44	494,634,708.33
Other current assets	1,627,479,062.68	509,834,064.49
<b>Total current assets</b>	<b>49,439,525,376.46</b>	<b>40,041,162,034.82</b>
<b>Non-current assets:</b>		
Loans and advances disbursed		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	734,411,641.50	760,220,882.07
Investments in other equity instruments	625,661,939.44	591,269,883.71
Other non-current financial assets	432,722,782.28	322,640,244.40
Investment properties		
<b>Fixed assets</b>	<b>21,803,396,794.34</b>	<b>22,305,456,354.63</b>

Item	Closing balance	Opening balance
Construction in progress	1,397,416,899.66	2,071,280,343.55
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	831,108,181.41	615,431,849.91
Intangible assets	3,051,389,711.82	3,280,071,024.41
Including: Data resources		
Development expense	170,050,760.76	446,804,705.86
Including: Data resources		
Goodwill	605,033,979.56	605,033,979.56
Long-term prepaid expenses	367,577,226.56	412,046,659.67
Deferred tax assets	1,673,617,312.92	1,609,355,102.73
Other non-current assets	1,574,860,480.12	683,636,375.83
Total non-current assets	33,267,247,710.37	33,703,247,406.33
Total assets	82,706,773,086.83	73,744,409,441.15
Current liabilities:		
Short-term borrowings	7,713,280,169.91	5,214,491,316.62
Borrowings from banks and other financial institutions		
Borrowing funds		
Financial liabilities held for trading	604,980,242.99	129,579,785.95
Derivative financial liabilities		
Notes payable	3,960,266,092.27	4,538,354,620.68
Accounts payable	21,962,224,256.37	17,582,263,359.17
Advances from clients		
Contract liabilities	4,052,359,576.04	3,472,638,215.20
Financial assets sold for repurchase		
Client deposits and deposits from banks and other financial institutions		
Receivings from vicariously traded securities		
Amount received from agency underwriting of securities		
Employee benefits payable	1,285,301,671.81	1,219,545,540.65
Tax payable	355,577,450.15	120,856,054.02
Other payables	96,306,705.81	87,474,942.48
Including: Interest payable		
Dividends payable		
Handling charges and commissions payable		
Dividend payable for reinsurance		
Liabilities held for sale		
Non-current liabilities due within one year	4,923,444,540.44	1,072,169,260.73
Other current liabilities	3,214,059.97	4,718,260.10

Item	Closing balance	Opening balance
Total current liabilities	44,956,954,765.76	33,442,091,355.60
Non-current liabilities:		
Provision for insurance contracts		
Long-term borrowings	1,341,201,983.90	6,631,470,751.86
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	668,965,200.66	518,159,559.63
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	517,913,990.19	519,084,658.34
Deferred tax liabilities	721,366,698.78	757,980,175.34
Other non-current liabilities	452,293,738.43	348,058,624.72
Total non-current liabilities	3,701,741,611.96	8,774,753,769.89
Total liabilities	48,658,696,377.72	42,216,845,125.49
Shareholders' equity:		
Share capital	3,486,344,744.00	3,420,403,200.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital surplus	10,293,187,264.59	8,998,372,370.61
Less: Treasury stock	674,818,183.40	278,530,746.47
Other comprehensive income	-445,220,994.00	-40,934,939.89
Specific reserve	3,012,357.93	1,551,313.67
Surplus reserve	1,805,496,771.01	1,665,066,603.96
General risk reserve	6,081,200.00	6,081,200.00
Undistributed profits	18,712,252,682.60	17,038,581,549.12
Total equity attributable to the owners of the Company	33,186,335,842.73	30,810,590,551.00
Minority interests	861,740,866.38	716,973,764.66
Total shareholders' equity	34,048,076,709.11	31,527,564,315.66
Total liabilities and shareholders' equity	82,706,773,086.83	73,744,409,441.15

Legal representative: Jiang Bin    Principal in charge of accounting: Li Yongzhi    Head of the accounting department: Li Yongzhi

## 2. Parent company balance sheet

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Cash and cash equivalents	7,149,879,508.27	7,261,479,909.89
Financial assets held for trading	177,628,577.00	43,356,500.16



Item	Closing balance	Opening balance
Derivative financial assets		
Notes receivable	100,000,000.00	118,113,089.55
Accounts receivable	6,886,317,365.30	6,598,701,135.53
Receivables financing	19,322,467.03	14,606,619.59
Prepayments	15,256,011.77	25,044,450.75
Other receivables	4,119,484,430.97	5,265,145,730.57
Including: Interest receivable		
Dividends receivable		
Inventory	1,582,215,097.26	2,635,810,098.44
Including: Data resources		
Contract assets		
Assets held for sale		
Non-current assets due within one year	358,821,194.44	494,634,708.33
Other current assets	677,367,092.72	97,125,290.56
Total current assets	21,086,291,744.76	22,554,017,533.37
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	9,179,124,798.47	9,126,400,831.64
Investments in other equity instruments		
Other non-current financial assets	187,623,367.90	212,858,392.98
Investment properties		
Fixed assets	7,548,959,971.95	8,821,843,731.49
Construction in progress	273,634,271.41	445,271,386.99
Bearer biological assets		
Oil and gas assets		
Right-of-use assets	217,909,651.02	223,664,825.78
Intangible assets	1,297,404,258.03	1,567,110,323.92
Including: Data resources		
Development expense	68,036,054.29	369,518,862.88
Including: Data resources		
Goodwill		
Long-term prepaid expenses	37,825,188.03	34,955,204.06
Deferred tax assets	775,083,130.47	808,632,854.34
Other non-current assets	912,012,437.84	536,224,536.38
Total non-current assets	20,497,613,129.41	22,146,480,950.46
Total assets	41,583,904,874.17	44,700,498,483.83
Current liabilities:		
Short-term borrowings	350,768,160.41	3,053,875,769.23
Financial liabilities held for trading		9,365,000.00
Derivative financial liabilities		
Notes payable	4,818,757,278.34	4,648,667,927.19

Item	Closing balance	Opening balance
Accounts payable	5,188,570,435.79	5,790,045,232.84
Advances from clients		
Contract liabilities	915,086,687.46	683,902,938.19
Employee benefits payable	483,374,610.26	520,368,677.52
Tax payable	83,564,268.04	28,220,254.58
Other payables	143,268,625.77	1,143,932,322.71
Including: Interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	4,245,428,792.53	380,313,974.50
Other current liabilities	455,123.77	1,280,795.69
Total current liabilities	16,229,273,982.37	16,259,972,892.45
Non-current liabilities:		
Long-term borrowings	270,000,000.00	4,894,000,000.00
Bonds payable		
Including: Preference shares		
Perpetual bonds		
Lease liabilities	214,963,508.87	222,212,481.50
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income	153,340,899.07	171,703,915.50
Deferred tax liabilities	306,612,090.55	400,038,411.93
Other non-current liabilities		
Total non-current liabilities	944,916,498.49	5,687,954,808.93
Total liabilities	17,174,190,480.86	21,947,927,701.38
Shareholders' equity:		
Share capital	3,486,344,744.00	3,420,403,200.00
Other equity instruments		
Including: Preference shares		
Perpetual bonds		
Capital surplus	8,342,856,094.74	6,909,206,304.38
Less: Treasury stock	674,818,183.40	278,530,746.47
Other comprehensive income	-12,213.99	-12,650.40
Specific reserve		
Surplus reserve	1,805,493,988.61	1,665,063,821.56
Undistributed profits	11,449,849,963.35	11,036,440,853.38
Total shareholders' equity	24,409,714,393.31	22,752,570,782.45
Total liabilities and shareholders' equity	41,583,904,874.17	44,700,498,483.83

## 3. Consolidated income statement

Unit: RMB

Item	2024	2023
I. Revenue	100,953,848,156.08	98,573,902,273.14
Including: Operating Revenue	100,953,848,156.08	98,573,902,273.14
Interest income		
Earned premium		
Total revenue from handling charges and commissions		
II. Total Operating Cost	97,810,796,274.54	97,795,818,309.31
Including: cost of sales	89,759,386,768.92	89,753,064,209.99
Interest expense		
Handling charge and commission expense		
Surrender value		
Net payments for insurance claims		
Net amount of withdrawal of insurance contract reserve		
Expenditures of policy dividend		
Amortized reinsurance expenditures		
Taxes and surcharges	278,731,983.76	244,044,842.29
Selling expenses	619,834,481.67	528,150,303.42
General and administrative expenses	2,200,022,715.70	2,202,814,353.55
Research and development expenses	4,882,112,487.52	4,715,969,451.42
Financial expenses	70,707,836.97	351,775,148.64
Including: Interest expenses	572,194,609.11	544,691,878.33
Interest income	400,653,329.10	279,661,791.52
Add: Other income	256,120,767.94	372,861,056.96
Investment income ("-" for loss)	109,040,057.77	-73,393,865.89
Including: Investment income from associates and joint ventures	-26,835,728.84	-28,435,998.08
Income recognized at the termination of financial assets measured at amortized cost	-36,419,794.69	-5,724,287.70
Exchange gains ("-" for loss)		
Net exposure hedging income ("-" for loss)		
Gains on changes in fair value ("-" for loss)	41,043,887.97	115,909,152.44
Credit impairment losses ("-" for loss)	-58,415,027.69	17,395,066.06
Asset impairment losses ("-" for loss)	-643,065,577.73	-299,625,741.31
Gains on disposal of assets ("-" for loss)	-307,473.69	-2,037,658.52
III. Operating Profit ("-" for Loss)	2,847,468,516.11	909,191,973.57
Add: Non-operating income	33,583,222.26	34,817,135.08
Less: Non-operating expenses	107,214,393.27	152,852,797.95
IV. Total Profit ("-" for Total Losses)	2,773,837,345.10	791,156,310.70
Less: Income tax expenses	187,548,219.70	-228,254,892.89
V. Net Profit ("-" for Net Loss)	2,586,289,125.40	1,019,411,203.59
(I) Classification by continuity of operations		
1. Net profit from continuing operations ("-" for net loss)	2,586,289,125.40	1,019,411,203.59

Item	2024	2023
2. Net profit from discontinued operations ("- for net loss)		
(II) Classification by ownership of the equity		
1. Net profit attributable to the shareholders of the Company	2,665,044,826.06	1,088,076,730.88
2. Minority interests	-78,755,700.66	-68,665,527.29
VI. Other comprehensive income, net of tax	-408,200,238.17	-161,476,471.40
Other comprehensive income, net of tax attributable to the shareholders of the Company	-404,286,054.11	-163,312,274.25
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss	9,082,795.67	-92,161,581.61
1. Changes in remeasurement of defined benefit plan		
2. Shares of other comprehensive income of the investee accounted for using equity method that will not be subsequently reclassified to profit or loss		
3. Changes in fair value of investments in other equity instruments	9,082,795.67	-92,161,581.61
4. Changes in fair value attributable to change in the credit risk of financial liability designated at FVPL		
5. Others		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	-413,368,849.78	-71,150,692.64
1. Shares of other comprehensive income of the investee accounted for using equity method that will be reclassified to profit or loss	436.41	-12,650.40
2. Changes in fair value of other debt investments		
3. Shares of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Effective portion of gains or losses on hedging instruments in a cash flow hedge		
6. Translation differences on translation of foreign currency financial statements	-413,369,286.19	-71,138,042.24
7. Others		
Net other comprehensive income, net of tax, attributable to minority shareholders	-3,914,184.06	1,835,802.85
VII. Total comprehensive income	2,178,088,887.23	857,934,732.19
Attributable to the shareholders of the Company	2,260,758,771.95	924,764,456.63
Attributable to minority shareholders	-82,669,884.72	-66,829,724.44
VIII. Earnings per share		
(I) Basic earnings per share	0.79	0.32
(II) Diluted earnings per share	0.78	0.32

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

Legal representative: Jiang Bin    Principal in charge of accounting: Li Yongzhi    Head of the accounting department: Li Yongzhi

#### 4. Parent company income statement

Unit: RMB

Item	2024	2023
I. Revenue	24,841,538,078.97	28,761,890,617.55
Less: Cost of sales	19,566,465,346.45	24,341,394,089.94
Taxes and surcharges	162,511,630.34	124,703,875.55
Selling expenses	350,187,302.71	388,403,329.76
General and administrative expenses	1,511,219,517.41	1,688,533,595.04
Research and development expenses	2,527,786,668.27	2,298,748,673.83
Financial expenses	-87,231,349.63	262,664,628.13
Including: Interest expenses	270,389,421.59	339,586,343.34
Interest income	223,496,061.01	135,037,374.40
Add: Other income	121,748,106.62	62,665,388.48
Investment income ("-" for loss)	468,650,734.00	2,299,697,147.05
Including: Investment income from associates and joint ventures	-14,691,875.13	-23,010,602.53
Income recognized at the termination of financial assets measured at amortized cost ("-" for loss)		-313,191.66
Net exposure hedging income ("-" for loss)		
Gains on changes in fair value ("-" for loss)	219,932,515.71	-81,515,891.85
Credit impairment losses ("-" for loss)	-3,642,953.38	4,387,353.96
Asset impairment losses ("-" for loss)	-249,965,077.81	-71,056,486.81
Gains on disposal of assets ("-" for loss)	40,819,273.41	245,214,426.66
II. Operating Profit ("-" for Loss)	1,408,141,561.97	2,116,834,362.79
Add: Non-operating income	8,339,193.19	20,530,603.91
Less: Non-operating expenses	72,055,682.20	108,467,674.06
III. Total Profit ("-" for Total Losses)	1,344,425,072.96	2,028,897,292.64
Less: Income tax expenses	-59,876,597.51	-156,407,531.88
IV. Net profit ("-" for Net Loss)	1,404,301,670.47	2,185,304,824.52
(I) Net profit from continuing operations ("-" for net loss)	1,404,301,670.47	2,185,304,824.52
(II) Net profit from discontinued operations ("-" for net loss)		
V. Other comprehensive income, net of tax	436.41	-12,650.40
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss		
1. Changes in remeasurement of defined benefit plan		
2. Shares of other comprehensive income of the investee accounted for using equity method that will not be subsequently reclassified to profit or loss		
3. Changes in fair value of investments in other equity instruments		
4. Changes in fair value attributable to change in the credit risk of financial liability designated at FVPL		
5. Others		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	436.41	-12,650.40
1. Shares of other comprehensive income of the investee accounted for using equity method that will be reclassified to profit or loss	436.41	-12,650.40

Item	2024	2023
2. Changes in fair value of other debt investments		
3. Shares of financial assets reclassified to other comprehensive income		
4. Provision for credit impairment of other debt investments		
5. Effective portion of gains or losses on hedging instruments in a cash flow hedge		
6. Translation differences on translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	1,404,302,106.88	2,185,292,174.12
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

## 5. Consolidated statement of cash flow

Unit: RMB

Item	2024	2023
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	83,445,136,080.81	75,929,642,962.84
Net increase in borrowings from banks and other financial institutions		
Net increase in borrowing from central bank		
Net increase in capital borrowed from other financial institutions		
Cash receipts from original insurance contract premium		
Net cash received from reinsurance business		
Net increase in deposits and investments from policy holders		
Cash received from for interests, fees and commissions		
Net increase in borrowing funds		
Net increase in repurchase business funds		
Net cash received from securities trading brokerage		
Refund of taxes and surcharges	1,549,152,951.97	2,261,673,960.35
Cash received relating to other operating activities	2,067,483,062.97	1,975,191,545.77
Sub-total of cash inflow from operating activities	87,061,772,095.75	80,166,508,468.96
Cash paid for goods and services	67,988,438,849.28	59,071,783,992.11
Net increase in loans and advances to clients		
Net increase in deposits with central bank and other financial institutions		
Payments of claims for original insurance		

Item	2024	2023
contracts		
Net increase in lending funds		
Cash paid for interests, fees and commissions		
Cash payments of policy dividend		
Cash paid to and on behalf of employees	8,726,656,239.35	8,776,104,462.25
Payments of taxes and surcharges	647,185,473.86	919,231,302.84
Cash paid relating to other operating activities	3,499,039,351.42	3,247,500,468.38
Sub-total of cash outflow from operating activities	80,861,319,913.91	72,014,620,225.58
Net cash flow from operating activities	6,200,452,181.84	8,151,888,243.38
II. Cash flows from investing activities		
Cash received from disposal of investments	14,866,628,432.41	4,634,462,748.31
Cash received from returns on investments	77,023,062.40	60,793,940.52
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,322,049,989.09	386,789,592.09
Net cash received from disposal of subsidiaries and other business units		2,205,000.00
Cash received relating to other investing activities	28,150,465.60	110,692,623.30
Sub-total of cash inflow from investing activities	16,293,851,949.50	5,194,943,904.22
Cash paid to acquire fixed assets, intangible assets and other long-term assets	3,634,412,755.75	6,949,791,208.28
Cash paid to acquire investments	17,893,371,118.79	5,298,074,936.07
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		457,663,281.50
Cash paid relating to other investing activities	12,000,000.00	72,806,657.72
Sub-total of cash outflow from investing activities	21,539,783,874.54	12,778,336,083.57
Net cash flow from investing activities	-5,245,931,925.04	-7,583,392,179.35
III. Cash flows from financing activities		
Cash received from capital contributions	1,260,159,248.49	
Including: Cash received from capital contributions by minority shareholders of subsidiaries		
Cash received from borrowings	27,855,466,967.04	25,573,744,456.01
Cash received relating to other financing activities	4,595,841,584.06	3,504,945,799.09
Sub-total of cash inflow from financing activities	33,711,467,799.59	29,078,690,255.10
Cash repayments of borrowings	26,975,242,473.72	23,316,046,943.91
Cash payments for distribution of dividends, profits, or cash payments for interest expenses	1,366,966,690.52	836,849,923.30
Including: Cash payments for dividends and profits to minority shareholders of the subsidiaries		
Cash payments relating to other financing activities	7,659,494,161.52	3,151,308,744.66
Sub-total of cash outflow from financing activities	36,001,703,325.76	27,304,205,611.87

Item	2024	2023
Net cash flow from financing activities	-2,290,235,526.17	1,774,484,643.23
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-26,120,277.46	9,752,465.71
V. Net Increase in cash and cash equivalents	-1,361,835,546.83	2,352,733,172.97
Add: Cash and cash equivalents at beginning of year	13,152,726,641.78	10,799,993,468.81
VI. Cash and cash equivalents at end of year	11,790,891,094.95	13,152,726,641.78

## 6. Parent company cash flow statement

Unit: RMB

Item	2024	2023
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	25,977,349,092.81	31,268,693,118.12
Refund of taxes and surcharges	638,104,683.87	965,640,380.86
Cash received relating to other operating activities	847,599,221.29	257,945,473.34
Sub-total of cash inflow from operating activities	27,463,052,997.97	32,492,278,972.32
Cash paid for goods and services	17,919,823,512.79	23,349,870,042.92
Cash paid to and on behalf of employees	3,443,521,502.80	3,681,964,108.86
Payments of taxes and surcharges	197,671,935.75	136,209,295.26
Cash paid relating to other operating activities	2,511,886,174.13	1,854,137,805.40
Sub-total of cash outflow from operating activities	24,072,903,125.47	29,022,181,252.44
Net cash flow from operating activities	3,390,149,872.50	3,470,097,719.88
II. Cash flows from investing activities		
Cash received from disposal of investments	10,591,064,015.80	3,264,003,156.55
Cash received from returns on investments	515,857,409.47	2,387,913,891.50
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,251,303,260.88	2,668,167,310.60
Net cash received from disposal of subsidiaries and other business units		
Cash received relating to other investing activities	50,654,491,774.76	40,656,843,708.32
Sub-total of cash inflow from investing activities	63,012,716,460.91	48,976,928,066.97
Cash paid to acquire fixed assets, intangible assets and other long-term assets	1,228,282,383.98	2,957,290,194.36
Cash paid to acquire investments	11,701,746,960.51	5,640,909,149.45
Net cash paid to acquire subsidiaries and other business units		
Cash paid relating to other investing activities	49,442,166,694.99	38,368,792,587.00
Sub-total of cash outflow from investing activities	62,372,196,039.48	46,966,991,930.81
Net cash flow from investing activities	640,520,421.43	2,009,936,136.16
III. Cash flows from financing activities		
Cash received from capital contributions	1,260,159,248.49	
Cash received from borrowings	8,973,754,900.01	16,889,444,099.91



Item	2024	2023
Cash received relating to other financing activities	4,279,087,094.57	10,860,975,443.26
Sub-total of cash inflow from financing activities	14,513,001,243.07	27,750,419,543.17
Cash repayments of borrowings	12,328,502,300.00	16,265,467,720.00
Cash payments for distribution of dividends, profits, or cash payments for interest expenses	1,121,029,942.79	680,133,116.84
Cash payments relating to other financing activities	5,383,650,336.62	11,831,691,300.83
Sub-total of cash outflow from financing activities	18,833,182,579.41	28,777,292,137.67
Net cash flow from financing activities	-4,320,181,336.34	-1,026,872,594.50
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-7,417,097.98	4,961,350.31
V. Net Increase in cash and cash equivalents	-296,928,140.39	4,458,122,611.85
Add: Cash and cash equivalents at beginning of year	6,408,538,205.30	1,950,415,593.45
VI. Cash and cash equivalents at end of year	6,111,610,064.91	6,408,538,205.30

## 7. Consolidated statement of changes in owner's equity

Amount of current period

Unit: RMB

Item	2024														
	Shareholders' equity attributable to the Company												Minority interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Other			Sub-total
	Preference Shares	Perpetual bonds	Other												
I. Balance at December 31, 2023	3,420,403,200.00				8,998,372,370.61	278,530,746.47	-40,934,939.89	1,551,313.67	1,665,066,603.96	6,081,200.00	17,038,581,549.12		30,810,590,551.00	716,973,764.66	31,527,564,315.66
Add: Changes in accounting policy															
Corrections of errors in previous period															
Other															
II. Balance at January 1, 2024	3,420,403,200.00				8,998,372,370.61	278,530,746.47	-40,934,939.89	1,551,313.67	1,665,066,603.96	6,081,200.00	17,038,581,549.12		30,810,590,551.00	716,973,764.66	31,527,564,315.66
III. Changes in Current Period ("-" for Decrease)	65,941,544.00				1,294,814,893.98	396,287,436.93	-404,286,054.11	1,461,044.26	140,430,167.05		1,673,671,133.48		2,375,745,291.73	144,767,101.72	2,520,512,393.45
(I) Total							-				2,665,044,826		2,260,758,771	-	2,178,088,887

Item	2024														
	Shareholders' equity attributable to the Company												Minority interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Other			Sub-total
	Preference Shares	Perpetual bonds	Other												
comprehensive income							404,286,054.11					.06	.95	82,669,884.72	.23
(II) Capital invested and reduced by owners	65,941,544.00				1,293,788,842.12	396,287,436.93							963,442,949.19	227,436,986.44	1,190,879,935.63
1. Common shares invested by owners	65,941,544.00				883,874,188.64	396,287,436.93							553,528,295.71	206,250,686.97	759,778,982.68
2. Capital contributed from other equity instrument holders															
3. Amounts of share-based payments recognized in shareholder's equity					331,566,990.51								331,566,990.51	21,186,299.47	352,753,289.98
4. Other					78,347,662.97								78,347,662.97		78,347,662.97
(III) Profit									140,430,167.			-	-		-

Item	2024														
	Shareholders' equity attributable to the Company												Minority interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Other			Sub-total
	Preference Shares	Perpetual bonds	Other												
distribution								05			990,892,560.50		850,462,393.45		850,462,393.45
1. Appropriation of surplus reserve								140,430,167.05			140,430,167.05				
2. Appropriation of general risk reserve															
3. Dividends to owners or shareholders											850,462,393.45		850,462,393.45		850,462,393.45
4. Other															
(IV) Internal carry-over of shareholders' equity											-481,132.08		-481,132.08		-481,132.08
1. Capital surplus converted															

Item	2024													
	Shareholders' equity attributable to the Company												Minority interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Other		
	Preference Shares	Perpetual bonds	Other											
into capital (or share capital)														
2. Surplus reserve converted into capital (or share capital)														
3. Surplus reserve for making up losses														
4. Carry-over undistributed profits from defined benefit plan changes														
5. Carry-over undistributed profits from other comprehensive											-481,132.08		-481,132.08	-481,132.08

Item	2024														
	Shareholders' equity attributable to the Company												Minority interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Other			Sub-total
	Preference Shares	Perpetual bonds	Other												
income															
6. Other															
(V) Specific reserve							1,461,044.26						1,461,044.26	1,461,044.26	
1. Withdrawal in current period							8,193,801.30						8,193,801.30	8,193,801.30	
2. Use in current period							-6,732,757.04						-6,732,757.04	-6,732,757.04	
(VI) Other					1,026,051.86								1,026,051.86	1,026,051.86	
IV. Balance at December 31, 2024	3,486,344,744.00				10,293,187,264.59	674,818,183.40	-445,220,994.00	3,012,357.93	1,805,496,771.01	6,081,200.00	18,712,252,682.60		33,186,335,842.73	861,740,866.38	34,048,076,709.11

Amount of previous period

Unit: RMB

Item	2023														
	Shareholders' equity attributable to the Company												Minority interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Other			Sub-total
	Preference shares	Perpetual bonds	Other												
I. Balance at December 31, 2022	3,420,403,200.00				10,280,659,251.03	2,291,973,146.75	122,377,334.36		1,446,536,121.51	6,081,200.00	16,507,798,239.34		29,491,882,199.49	765,942,754.69	30,257,824,954.18
Add: Changes in accounting policy											1,753,356.25		1,753,356.25	23,573.67	1,776,929.92
Corrections of errors in previous period															
Other															
II. Balance at January 1, 2023	3,420,403,200.00				10,280,659,251.03	2,291,973,146.75	122,377,334.36		1,446,536,121.51	6,081,200.00	16,509,551,595.59		29,493,635,555.74	765,966,328.36	30,259,601,884.10
III. Changes in Current Period ("-" for Decrease)					-1,282,286,880.42	-2,013,442,400.28	-163,312,274.25	1,551,313.67	218,530,482.45		529,029,953.53		1,316,954,995.26	48,992,563.70	1,267,962,431.56
(I) Total comprehensive							-163,312,274.25				1,088,076,730.88		924,764,456.63	-66,829,724.44	857,934,732.19

Item	2023														
	Shareholders' equity attributable to the Company												Minority interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Other			Sub-total
	Preference shares	Perpetual bonds	Other												
income															
(II) Capital invested and reduced by owners					- 1,290,364,092.98	- 2,013,442,400.28							723,078,307.30	16,911,244.29	739,989,551.59
1. Common shares invested by owners					184,101,356.18	177,655,190.77							6,446,165.41	8,649,522.87	15,095,688.28
2. Capital contributed from other equity instrument holders															
3. Amounts of share-based payments recognized in shareholder's equity					172,286,003.87								172,286,003.87	8,159,660.58	180,445,664.45
4. Other					- 1,646,751,453.03	- 2,191,097,591.05							544,346,138.02	102,060.84	544,448,198.86



Item	2023														
	Shareholders' equity attributable to the Company												Minority interests	Total shareholders' equity	
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Other			Sub-total
	Preference shares	Perpetual bonds	Other												
(III) Profit distribution								218,530,482.45			559,046,777.35	-	340,516,294.90	-	340,516,294.90
1. Appropriation of surplus reserve								218,530,482.45			218,530,482.45	-			
2. Appropriation of general risk reserve															
3. Dividends to owners or shareholders											340,516,294.90	-	340,516,294.90	-	340,516,294.90
4. Other															
(IV) Internal carry-over of shareholders' equity															
1. Capital															

Item	2023													
	Shareholders' equity attributable to the Company												Minority interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Other		
	Preference shares	Perpetual bonds	Other											
surplus converted into capital (or share capital)														
2. Surplus reserve converted into capital (or share capital)														
3. Surplus reserve for making up losses														
4. Carry-over undistributed profits from defined benefit plan changes														
5. Carry-over undistributed profits														

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

## 8. Parent company statement of changes in owner's equity

Amount of current period

Unit: RMB

Item	2024											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Other	Total shareholders' equity
		Preference shares	Perpetual bonds	Other								
I. Balance at December 31, 2023	3,420,403,200.00				6,909,206,304.38	278,530,746.47	-12,650.40		1,665,063,821.56	11,036,440,853.38		22,752,570,782.45
Add: Changes in accounting policy												
Corrections of errors in previous period												
Other												
II. Balance at January 1, 2024	3,420,403,200.00				6,909,206,304.38	278,530,746.47	-12,650.40		1,665,063,821.56	11,036,440,853.38		22,752,570,782.45
III. Changes in Current Period ("-" for Decrease)	65,941,544.00				1,433,649,790.36	396,287,436.93	436.41		140,430,167.05	413,409,109.97		1,657,143,610.86
(I) Total comprehensive income							436.41			1,404,301,670.47		1,404,302,106.88
(II) Capital invested and reduced by owners	65,941,544.00				1,432,623,738.50	396,287,436.93						1,102,277,845.57
1. Common shares invested by owners	65,941,544.00				1,093,342,148.79	396,287,436.93						762,996,255.86

Item	2024											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Other	Total shareholders' equity
		Preference shares	Perpetual bonds	Other								
2. Capital contributed from other equity instrument holders												
3. Amounts of share-based payments recognized in shareholders' equity					260,933,926.74							260,933,926.74
4. Other					78,347,662.97							78,347,662.97
(III) Profit distribution								140,430,167.05	-990,892,560.50			-850,462,393.45
1. Appropriation of surplus reserve								140,430,167.05	-140,430,167.05			
2. Dividends to owners or shareholders									-850,462,393.45			-850,462,393.45
3. Other												
(IV) Internal carry-over of shareholders' equity												
1. Capital surplus converted into												

Item	2024											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Other	Total shareholders' equity
		Preference shares	Perpetual bonds	Other								
capital (or share capital)												
2. Surplus reserve converted into capital (or share capital)												
3. Surplus reserve for making up losses												
4. Carry-over undistributed profits from defined benefit plan changes												
5. Carry-over undistributed profits from other comprehensive income												
6. Other												
(V) Specific reserve												
1. Withdrawal in current period								4,406,305.64				4,406,305.64
2. Use in current period								- 4,406,305.64				-4,406,305.64

Item	2024											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Other	Total shareholders' equity
		Preference shares	Perpetual bonds	Other								
(VI) Other					1,026,051.86							1,026,051.86
IV. Balance at December 31, 2024	3,486,344,744.00				8,342,856,094.74	674,818,183.40	-12,213.99		1,805,493,988.61	11,449,849,963.35		24,409,714,393.31

Amount of previous period

Unit: RMB

Item	2023											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Other	Total shareholders' equity
		Preference shares	Perpetual bonds	Other								
I. Balance at December 31, 2022	3,420,403,200.00				8,421,030,014.05	2,291,973,146.75			1,446,533,339.11	9,410,101,500.47		20,406,094,906.88
Add: Changes in accounting policy										81,305.74		81,305.74
Corrections of errors in previous period												
Other												
II. Balance at January 1, 2023	3,420,403,200.00				8,421,030,014.05	2,291,973,146.75			1,446,533,339.11	9,410,182,806.21		20,406,176,212.62
III. Changes in Current Period ("-" for Decrease)					-1,511,823,709.67	-2,013,442,400.28	-12,650.40		218,530,482.45	1,626,258,047.17		2,346,394,569.83

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



Item	2023											
	Share capital	Other equity instruments			Capital surplus	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	Other	Total shareholders' equity
		Preference shares	Perpetual bonds	Other								
reserve												
2. Dividends to owners or shareholders										-340,516,294.90		-340,516,294.90
3. Other												
(IV) Internal carry-over of shareholders' equity												
1. Capital reserve converted into capital (or share capital)												
2. Surplus reserve converted into capital (or share capital)												
3. Surplus reserve for making up losses												
4. Carry-over undistributed profits from defined benefit plan changes												

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

### III. Company Profile

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

As approved by the document of China Securities Regulatory Commission [2008] No. 613, the principal undertaker CITIC Securities Co., Ltd. issued 30 million common shares (Class A shares) through offline inquiry and placement in combination with online subscription, pricing, and issue, at the price of RMB 18.78 per share. The stocks of the Company were officially listed and traded on the Shenzhen Stock Exchange on May 22, 2008.

As of December 31, 2024, the registered capital is RMB 3,417,134,589, and the total number of shares issued by the Company is 3,486,344,744 shares.

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

The main business of the Company and its subsidiaries (collectively referred to as the "Group") is categorized into the industry of the manufacturing of computers, communication, and other electronic equipment, and is divided into three segments including precision components business, smart audio device business, and smart hardware business. The Company operates mainly in consumer electronics, automotive electronics, and other industries, with the main products including acoustics, optics, microelectronics, structural components, and other precision components, as well as smart hardware products such as Virtual Reality (VR)/Mixed Reality (MR)/Augmented Reality (AR), TWS, smart wearable devices, gaming console and accessories, and smart home devices.

These financial statements have been approved by the Board of Directors of the Company on March 26, 2025.

### IV. Basis for Preparing the Financial Statement

#### 1. Basis for the preparation

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

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

#### 2. Continue as a going concern

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

### V. Significant Accounting Policies and Accounting Estimates

Notes to specific accounting policies and accounting estimates:

The Group has formulated several specific accounting policies and accounting estimates with respect to revenue recognition, research and development expense, and other transactions and matters, according to the provisions of relevant Accounting Standards for Business Enterprises on the basis of the actual production and operation characteristics. For details, please refer to the descriptions in 30. "Revenue" and 23. "Intangible assets" (2) of Note V. For explanation on the major accounting judgments and estimates made by the management, please refer to 36. "Other significant accounting policies and accounting estimates" of Note V.

## 1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements have been prepared by the Group in compliance with the requirements of the Accounting Standards for Business Enterprises, and give a true and complete view of the financial status of the Company and the Group as at December 31, 2024, as well as the business performance, and cash flows and other relevant information for the year 2024. In addition, the financial statements of the Company and the Group comply in all material aspects with the requirements concerning disclosure of the financial statements and the notes specified in *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports (2023 Revision)* by CSRC.

## 2. Accounting period

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

## 3. Business cycle

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

## 4. Functional currency

RMB is the currency in the main economic environment in which the Company and its domestic subsidiaries are operated, and the Company and its domestic subsidiaries take RMB as the functional currency. Goertek (Hong Kong) Co., Limited, Goertek Technology (Hong Kong) Co., Limited, Goertek Microelectronics (Hong Kong) Co., Limited, OPTIMAS CAPITAL PARTNERS FUND LP, Goertek Microelectronics Holdings Co., Ltd., Goertek Optical Technology (Hong Kong) Holdings Co., Limited, Goertek Optical Technology (Hong Kong) Co., Limited, Goermicro Technology Development Company Limited, and Goertek Singapore Pte. Ltd. take USD as their functional currency, and all other overseas subsidiaries of the Company take the lawful currency of the country or region where their registered addresses are located as their functional currency. The currency adopted by the Group in preparing these financial statements is RMB.

## 5. Determination method and selection basis of importance standards

Applicable  Not applicable

Item	Importance standards
Significant provision for bad debts on an individual basis	The amount of single provision accounts for more than 10% of the total amount of bad debt provisions for various receivables and is more than RMB 10 million
Significant prepayments with an aging of more than one year	Prepayments with an aging of more than one year account for more than 10% of the total prepayments and the amount is more than RMB 10 million
Significant construction in progress	Single budget greater than RMB 100 million and closing balance greater than RMB 50 million
Significant goodwill	The individual amount accounts for more than 10% of the total goodwill and is greater than RMB 100 million
Significant accounts payable aged over one year	Accounts payable with an aging of more than one year account for more than 10% of the total accounts payable and the amount is more than RMB 10 million
Significant contract liabilities aged over one year	Contract liabilities with an aging of more than one year account for more than 10% of the total contract liabilities and the amount is more than RMB 10 million
Significant other payables aged over one year	Other payables with an aging of more than one year account for more than 10% of the total other payables and the amount is more than RMB 10 million
Significant investment activities	A single investment activity accounts for more than 10% of the total cash inflow or outflow related to the investment activity received or paid, and the amount is more than RMB 500 million

Item	Importance standards
Significant capitalized R&D projects	The balance of a single capitalized R&D project accounts for 10% of the total development expense and is greater than RMB 50 million
Significant non-wholly-owned subsidiaries	The total assets or revenue accounts for more than 10% of those of the Group
Significant joint ventures and associated enterprises	The value of a single investment accounts for more than 2% of the total assets of the Group and the amount is more than RMB 500 million.

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

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

### (1) Business combination of enterprises under common control

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

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

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

### (2) Business combination of enterprises not under common control

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

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

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

down, the difference will be recognized in the profit or loss for current period. In addition to the above condition, the deferred tax assets recognized in connection with the combination of enterprises shall be recognized in the profit or loss for current period.

If the business combination of enterprises not under common control is realized step by step through multiple transactions, whether such transactions fall within a "package deal" shall be judged according to the standards for judgment of "package deal" in the *Notice by the Ministry of Finance of Issuing the Interpretation No. 5 of the Accounting Standards for Business Enterprises (Finance and Accounting [2012] No. 19)* and Article 51 of the *Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements* (see 7 (2) of Note V). If they fall within "package deal", see the description in the previous paragraphs of this part and 18. "Long-term equity investments" of Note V for accounting treatment. If they do not fall within "package deal", relevant accounting treatment shall be distinguished for individual financial statements and consolidated financial statements:

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

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

## **7. Criteria for judging control and method for preparing the consolidated financial statement**

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

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

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

### **(2) Method for preparing the consolidated financial statements**

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

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

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

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

more than the shareholders' equity owned by the minority shareholders in such subsidiaries at the beginning of the period, the minority interests shall be offset.

If the control of the previous subsidiaries is lost due to disposal of some equity investments or for any other reasons, the remaining equity shall be re-measured at fair value on the date when control is lost. The difference between the sum of consideration received from disposal of equity and the fair value of the remaining equity, and the Company's share of the previous subsidiaries' net assets calculated at the previous shareholding proportion from the acquisition date, shall be recognized in investment income in the period when control is lost. Other comprehensive income related to the equity investment of the previous subsidiaries shall be conducted on the same basis as the direct disposal of related assets or liabilities by the acquired parties when the control is lost (Except for the change caused by the re-measurement of net liabilities or net assets of the defined benefit plan in the previous subsidiary, the remaining part shall be converted into investment income for current period). Thereafter, such remaining equity shall be subject to subsequent measurement according to the *Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments* or *Accounting Standards for Business Enterprises No. 22 - Confirmation and Measurement of Financial Instruments* and other relevant regulations. For details, please refer to 18. "Long-term equity investments" of Note V or 10. "Financial instruments" of Note V.

If the Group disposes of the equity investment of the subsidiaries step by step through multiple transactions until it loses the control thereof, it is necessary to determine whether such transactions fall within "a package deal". The multiple transactions shall be taken as a "package deal" for accounting treatment, if the terms, conditions, and economic impacts of the transactions undertaken to dispose of the equity investment of the subsidiaries meet one or more of the following conditions: ① these transactions are entered into at the same time or with their impacts on each other considered; ② a complete business result may be achieved only when these transactions when taken as a whole; ③ one transaction depends on at least one of the other transactions; ④ one transaction is not economical on its own, but it is economical when considered together with other transactions. If they do not fall within a "package deal", each of them shall be subject to accounting treatment according to the principles applicable to "Partial disposal of the long-term equity investments in the subsidiaries without losing control" (for details, please refer to (2) ④ of 18 of Note V) and "Loss of control of the previous subsidiaries due to disposal of some equity investments or for any other reasons", as appropriate. If the transactions taken to dispose of the equity investment in the subsidiaries until loss of control are recognized as "package deal", these transactions shall be subject to accounting treatment as one transaction in which the subsidiaries are disposed and the control is lost. However, the difference between the price for each disposal before the control is lost and share of such subsidiaries' net assets as a result of disposal of investment, shall be recognized in other comprehensive income in the consolidated financial statements, and be included in profit or loss for the period when the control is lost.

## 8. Criteria for determining cash and cash equivalents

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

## 9. Foreign currency business and foreign currency statement translation

### (1) Conversion method of foreign currency transaction

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

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

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

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

### (3) Translation method of foreign currency financial statements

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

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

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

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

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

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

## 10. Financial instruments

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

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

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

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

#### ① Financial assets measured at amortized cost

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

#### ② Financial assets measured at fair value with changes recorded in other comprehensive income

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



impairment losses or gains, exchange gains and losses and interest income calculated by the effective interest method shall be included in current profits and losses.

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

### ③ Financial assets measured at fair value through profit or loss

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

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

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

### ① Financial liabilities measured at fair value with changes recorded in the current profits and losses

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

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

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

### ② Other financial liabilities

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

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

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

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

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

If the partial transfer of financial assets meets the conditions for derecognition, the carrying value of the transferred financial assets is apportioned between the derecognized part and the non-derecognized part according to their respective relative fair values, and the difference between the sum of the transfer consideration received and the change in fair value originally recognized in other

comprehensive income and apportioned to the de-recognition component and the aforesaid attributed carrying value will be recognized in current profits and losses.

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

#### (4) Derecognition of financial liabilities

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

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

#### (5) Offset of financial assets and financial liabilities

When the Group has the legal right to offset the recognized financial assets and financial liabilities, which is enforceable for the time being, and the Group plans to settle on a netting basis or capitalize financial assets and serve financial liabilities, any net amount from netting of financial assets and financial liabilities shall be included in the balance sheet. Otherwise financial assets and financial liabilities shall be included separately in the balance sheet and shall not offset each other.

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

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

#### (7) Equity instruments

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

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

## 11. Impairment of financial assets

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

#### (1) Method for recognizing provision for impairment

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

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

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

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

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

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

(3) Grouping method for assessing the expected credit risks

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

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

(4) Accounting treatment methods for impairment of financial assets

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

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

① Notes receivable

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

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

② Accounts receivable

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

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

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

### ③ Other receivables and factoring receivables

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

### ④ Receivables financing

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

Depending on their credit risk characteristics, receivables financing are classified into different portfolios:

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

## 12. Notes receivable

For further details, please see this Note V 10. "Financial instruments" and 11. "Impairment of financial assets".

## 13. Accounts receivable

For further details, please see this Note V 10. "Financial instruments" and 11. "Impairment of financial assets".

## 14. Receivables financing

For further details, please see this Note V 10. "Financial instruments" and 11. "Impairment of financial assets".

## 15. Other receivables

For further details, please see this Note V 10. "Financial instruments" and 11. "Impairment of financial assets".

## 16. Contract assets

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

Please refer to Note V 11. "Impairment of financial assets" for details of the method for determining and accounting the expected credit loss of contract assets.

## 17. Inventory

### (1) Classification of inventory

Inventory types include among others raw materials, goods in stock, revolving materials and unfinished in process.

### (2) Valuation methods of inventory acquired and sold

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

### (3) Determination method of the net realizable value of inventory and calculation method of depreciation allowance

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

On the balance sheet date, inventory is measured at cost or net realizable value (whichever is lower). If the net realizable value is lower than its cost, the Group will make provision for inventory depreciation. The provision for decline in the value of inventories is generally made at the difference between an inventory item's cost and its net realizable value. For the inventory with a large quantity and relatively

low unit price, the inventory depreciation allowance is accrued based on the inventory category; for inventories associated with product series manufactured and sold in the same area, with the same or similar end use or purpose, and are difficult to be measured separately from other items, the depreciation allowances are consolidated and accrued. For raw materials with a large quantity and low unit price, the provision of inventory depreciation is generally made according to the time the inventory has been kept.

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

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

(5) Amortization method of revolving materials

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

## 18. Long-term equity investments

Long-term equity investments in this part refer to the long-term equity investments through which the Group has control, joint control or significant influence over investee. The long-term equity investments through which the Group does not have control, joint control or significant influence over investee, is taken as a financial asset at fair value recorded in current profits and losses. If it is non-trading, the Group can choose to designate it as a financial asset at fair value recorded in other comprehensive income at initial recognition. For details about the relevant accounting policy, please see this Note V 10. "Financial instrument".

Joint control refers to the Group's common control of an arrangement in accordance with relevant agreement, and the relevant activities of the arrangement must be unanimously agreed by the participants sharing the control before a decision can be made. Significant influence refers to the Group's right to participate in the decision-making of an invested entity's financial and operational policies, but not to control or jointly control the formulation of these policies with other parties.

(1) Determination of investment cost

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

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

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

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

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

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

① Long-term equity investments calculated by cost method

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

② Long-term equity investments accounted for by equity method

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

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

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

### ③ Acquisition of minority equity

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

### ④ Long-term equity investments disposal

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

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

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

When the Group reduces its ownership interest but the Group continues to use the cost method for long-term equity investments, for the other comprehensive income recognized by the Group using equity method prior to the control over the investee or under financial instrument recognition and measurement standard, other comprehensive income previously recorded as shareholder's equity is subject to the accounting treatment applicable to the assets or liabilities related to direct disposal of the invested entity and is transferred to current profits and losses in proportion. Then the other changes in shareholders' equity recognized by the Group using equity method, not arising from the change of the net profits and loss, other comprehensive income or profit distribution of the invested entity, are reclassified to profit and loss in proportion.

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

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

The equity investments in the subsidiary is disposed of step by step by the Group through multiple transactions until the control is lost. The aforementioned transactions, if belong to package transactions, are disposed as one transaction for disposal of the equity investments of the subsidiary and loss of control. The difference between the price of each disposal before the control is lost and the

carrying value of long-term equity investments related to the disposed equity are recorded in other comprehensive income, and then transferred to the profit or loss of the current period when the control is lost.

## 19. Investment properties

Measurement of investment property

Measurement by cost method

Depreciation or amortization method

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

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

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

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

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

## 20. Fixed assets

### (1) Recognition criteria

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

### (2) Depreciation methods

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

Depreciation of a fixed asset shall be withdrawn within its useful life by straight-line method starting from the next month after it reaches the intended serviceable state.

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

### (3) Explanation of other matters

The subsequent expenditure related to the fixed assets will be included in the cost of the fixed assets when the economic benefits in connection therewith are likely to flow in and costs can be measured reliably; the book value of the replaced part will be derecognized. Other subsequent expenses related to the intangible assets are recognized in profit or loss for the period in which it is incurred.



When fixed assets in a disposal state or when no economic benefits can be expected through use or disposal thereof, such fixed assets will be derecognized. The income from disposal of the fixed assets through sale, transfer, scrapping or damage with the book value thereof and relevant taxes deducted is included in the current profit or loss.

At the end of each year, the Group shall at least review the useful life, estimated net salvage value, and depreciation method of fixed assets, and any changes will be treated as changes in accounting estimates.

## 21. Construction in progress

The cost of construction in progress is determined at the actual construction expense, including various construction expenditures incurred during the period of construction, capitalized borrowing costs and other related expenses before the project reaches the predetermined conditions for use. Where the fixed assets constructed have reached the predetermined usable state, but the final account for the completed project has not yet been handled, they are transferred into the fixed assets according to the estimated value in accordance with the project budget, cost, or actual cost. Equipment to be installed will be transferred to fixed assets once it reaches the predetermined usable state. Equipment that requires installation and debugging will also be transferred to fixed assets after reaching the predetermined usable state.

The specific standards and time for the conversion of the Company's various categories of construction in progress to fixed assets:

Category	Standards and time for the conversion to fixed assets
Buildings	(1) The main construction project and supporting works have been substantially completed; (2) The construction works have met the intended design requirements, and acceptance has been completed by the survey, design, construction, and supervision units; (3) Acceptance by external departments such as fire safety and planning has been completed; (4) If the construction project has reached the predetermined usable state but the final settlement has not been processed, it shall be transferred to fixed assets based on the estimated value according to the actual construction cost from the date it reaches the predetermined usable state.
Machines and equipment that require installation and commissioning	(1) Relevant equipment and other supporting facilities have been installed; (2) The equipment has been debugged and can maintain normal and stable operation for a period of time; (3) The production equipment can stably produce qualified products for a period of time; (4) The equipment has been accepted by asset management personnel and users.

## 22. Borrowing costs

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

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

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

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

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

## 23. Intangible assets

### (1) Service life and its determination basis, estimation situation, amortization method, or review procedures

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

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

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

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

The amortization method for intangible assets with limited service life is as follows:

Category	Estimated useful life	Amortization method	Basis
Land-use right	37-50 years	Straight-line method	Duration of registration of property right
Non-patent technology	2-10 years	Straight-line method	Expected years of economic benefits
Patent right	7-10 years	Straight-line method	Expected years of economic benefits
Trade mark	5 years	Straight-line method	Expected years of economic benefits
Software	3-10 years	Straight-line method	Expected years of economic benefits

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

### (2) Scope of research and development expenditure and related accounting treatment

The Group classifies all costs directly related to the conduct of research and development activities as research and development expenditure. These expenditure include employee remuneration, direct input costs, depreciation expenses, design costs, and amortization of intangible assets.

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

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

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

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

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

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

- ① It is technically feasible to complete such an intangible asset so that it will be available for use or for sale;
- ② There is the intention to complete the intangible asset for use or sale;
- ③ The intangible asset can produce economic benefits, including there is evidence that the products produced using the intangible asset have a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there exists usage for the intangible asset;
- ④ There is sufficient support in terms of technology, financial resources, and other resources in order to complete the development of the intangible asset, and there is the capability to use or sell the intangible asset;
- ⑤ The expenditures attributable to the development stage of the intangible asset can be measured reliably.

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

## 24. Impairment of long-term assets

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

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

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

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

## 25. Long-term prepaid expenses

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

## 26. Contract liabilities

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

## 27. Employee remuneration

### (1) Accounting treatment of short-term remuneration

The employee remuneration of the Group mainly includes short-term employee remuneration, post-employment benefits, dismissal welfare, and other long-term employee benefit. Including:

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

### (2) Accounting treatment of post-employment benefits

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

### (3) Accounting treatment of dismissal welfare

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

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

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

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

## 28. Provisions

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

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

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

## 29. Share-based payment

### (1) Accounting treatment of share-based payment

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

① Equity-settled share-based payment

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

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

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

② Share-based payment settled in cash

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

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

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

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

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

(3) Accounting treatment for share-based payment transactions involving our group and shareholders or actual controllers of the Company

For share-based payment transactions involving the Group and shareholders or actual controllers of the Company, if one of the settling enterprises and the enterprise receiving the service is inside the Group and the other is outside the Group, the accounting treatment in the consolidated financial statements of the Group shall be conducted as follows:

① If the settling enterprise settles with its own equity instruments, the share-based payment transaction shall be treated as an equity-settled share-based payment; Otherwise, it shall be treated as a cash-settled share-based payment.

If the settling enterprise is an investor in the service-receiving enterprise, the share-based payment transaction shall be recognized as a long-term equity investments of the service-receiving enterprise based on the fair value of the equity instruments granted at the grant date or the fair value of the liability assumed to be assumed. In addition, capital reserves (other capital reserves) or liabilities shall be recognized.

② If the service-receiving enterprise has no settlement obligation or grants its own equity instruments to its employees, the share-based payment transaction shall be treated as an equity-settled share-based payment; If the service-receiving enterprise has a settlement

obligation and grants its employees an instrument other than its own equity instruments, the share-based payment transaction shall be treated as a cash-settled share-based payment.

For share-based payment transactions occurring between enterprises within the Group, if the service-receiving enterprise and the settling enterprise are not the same entity, the recognition and measurement of the share-based payment transaction in the individual financial statements of the service-receiving enterprise and the settling enterprise shall be handled in accordance with the above principles.

### 30. Revenue

Disclose the accounting policies adopted for revenue recognition and measurement according to the type of business

Revenue is defined as the total inflow of economic benefits arising from the Group's ordinary activities that would result in an increase in shareholders' equity. It is not related to the capital invested by shareholders. If a contract between the Group and a customer meets the following conditions, revenue is recognized when the customer obtains control over the goods (including services, the same as below): The parties to the contract have authorized the contract and undertaken to perform their obligations; The contract defines the rights and obligations of the parties about transfer of the goods or provision of the services; The contract contains payment terms about the proposed transferred goods; The contract is commercial substance, which means that the performance of the contract would change the risks, time distribution or amount of the future cash flows of the Group; and The consideration to which the Group is entitled for transferring the goods to the customer is very likely to be recovered. Among them, obtaining the control right of related goods refers to the ability to dominate the use of the goods and obtain almost all the economic benefits.

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

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

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

#### Specific methods for product sales revenue recognition

The sales business of the Group is divided into domestic sales and overseas sales. Both domestic and overseas sales of the Group have a general model and a VMI model, with specific sales revenue recognition policies as follows:

##### ① Domestic sales

###### A. General sales mode

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

###### B. VMI sales mode

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

② Overseas sales

A. General sales mode

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

B. VMI sales mode

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

Different operating modes in the same kind of business involve different revenue recognition methods and measurement methods

None

### 31. Contract costs

Contract costs include incremental costs incurred to obtain the contract and costs of contract performance.

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

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

The assets related to contract costs are amortized on the same basis as the revenue recognition of goods related to the assets, and are recorded in the current profits and losses. However, if the amortization period for the asset does not exceed one year, the asset shall be recorded in current profits and losses at the time of occurrence.

In case the book value of assets related to contract costs is higher than the difference between the two items below, the Company will accrue the impairment provision for the extra part, and recognize that part as an impairment loss:

- ① Estimated residual consideration to be obtained by the Group from the transfer of commodities or services related to the assets;
- ② The costs expected to be incurred for the transfer of the relevant goods or services.

If the impairment provision for the above assets is subsequently reversed, the carrying amount of the asset after reversal shall not exceed the carrying amount of the asset on the reversal date assuming no impairment provision was made.

### 32. Government grants

Government grants refer to the monetary assets and non-monetary assets obtained by the Group from the government free of charge, excluding the investment made by the government as an investor which enjoys the corresponding owner's equity. Government grants are divided into asset-related government grants and income-related government grants. Asset-related government grants refer to the government grants obtained by the Group and used for acquiring or forming long-term assets by other means. Other government grants are defined as government grants related to income. If no target of grants is specified in government documents, government grants are classified into government grants related to assets and government grants related to income as follows: (1) if the government document stipulates grants for a defined project, the grants will be divided according to the proportion of expenditures transformed into assets and expenditures recorded in expenses in the budget of the defined project, and the proportion will be reviewed at each balance sheet date and be changed if necessary; and (2) if the government document contains general statement on the purpose of grants, other than a defined project, the grants will be treated as government grants related to income. Government grants in the form of monetary assets shall be measured at the amount received or receivable. Government grants in the form of non-monetary assets shall be measured at

fair value. If the fair value cannot be reliably acquired, the government grants shall be measured at nominal amount. Government grants measured at nominal amount shall be directly recorded in the current profits and losses.

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

Asset-related government grants are recognized as deferred income, and shall be recorded in current profits and losses in stages according to a reasonable and systematic method within the service life of the relevant assets. If income-related government grants are received as compensation for related costs or losses in future periods, they are recognized as deferred income, and are recorded in current profits and losses during the period when the related costs or losses are recognized; those received as compensation for related costs or losses incurred are directly included in the profit or loss of the current period.

If a government grant contains an asset-related component and an income-related component, the two components are subject to separate accounting treatment. If it is difficult to distinguish them, the subsidy shall be classified as income-related government grants.

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

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

### 33. Deferred tax assets/liabilities

#### (1) Current income taxes

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or returned) according to the requirements of tax laws. The taxable income as a basis for the current income tax expense is calculated after appropriate adjustment is made to the pre-tax accounting profit of the reporting period according to the requirements of tax laws.

#### (2) Deferred tax assets and liabilities

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

For the temporary difference arising from the initial recognition of goodwill, the corresponding deferred income tax liability shall not be recognized. For temporary differences arising from the initial recognition of assets or liabilities in transactions other than business combinations that affect neither accounting profit nor taxable income (or deductible losses) and that its initial recognition of assets and liabilities does not result in equivalent taxable temporary differences and temporary differences, the corresponding deferred tax assets and deferred tax liabilities are not recognized. In addition, for the taxable temporary differences associated with investments in subsidiaries, associates, and joint ventures, if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, no deferred tax liability is recognized. Except for the above exceptions, the Group recognizes deferred tax liabilities arising from all other taxable temporary differences. For the deductible temporary differences associated with investments in subsidiaries, associates, and joint ventures, the corresponding deferred tax asset shall not be recognized if it is not probable that the temporary difference will reverse in the foreseeable future, or if it is not probable that taxable profits will be available in the future against which the temporary difference can be utilized. For the above exceptions, deferred tax assets for deductible temporary differences are recognized by the Group to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.



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

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

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

### (3) Income tax expenses

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

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

### (4) Income tax offset

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

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

## 34. Lease

### (1) Accounting treatment method for leasing by the lessee

Leasing refers to a contract in which the Group transfers or acquires the right to control the use of one or more identified assets for a specified period of time in exchange for or payment of consideration. On the commencement of a contract, the Group will assess whether the contract is a lease or contains the lease.

The Group acts as a lessee:

The categories of leased assets in our group mainly include buildings and structures.

#### ① Initial measurement

On the lease commencement date, the Group recognizes the right to use the leased asset during the lease term as a right-of-use asset and recognizes the present value of the unpaid lease payments as a lease liability, except for short-term leases and low-value asset leases. When measuring the present value of the lease payments, the Group uses the interest rate implicit in the lease as the discount rate, and adopts the incremental borrowing rate of the lessee as the discount rate if the interest rate implicit in the lease is not determinable.

#### ② Subsequent measurement

The Group calculates depreciation on right-of-use assets in accordance with the depreciation provisions set forth in the *Accounting Standards for Enterprises No. 4 - Fixed Assets* (see Note V 20. "Fixed assets"). If it can be reasonably determined that the ownership of the leased asset can be acquired at the end of the lease term, the Group shall depreciate the asset over its remaining service life. If the Group cannot reasonably determine that it will obtain the ownership of leased assets when the lease term expires, the right-of-use asset is depreciated over the shorter of the lease term and the remaining service life of the leased assets.

For lease liabilities, the Group calculates its interest expenses for each period of the lease term at a fixed periodic interest rate and records it in current profits and losses or related asset costs. Variable lease payments not included in the measurement of lease liabilities, when actually incurred, shall be recorded in the current profits and losses or related asset costs.

From the lease commencement date, if there is any change to the in-substance fixed payments, the estimated amount to be paid according to the residual value of the guarantee, the index or rate referred to for calculating the lease payment, the assessment results of the call option, renewal option or termination option or the actual exercise of the aforesaid options, in which cases the Group will re-measure the lease liability according to the changed lease payment and the present value, and the carrying amount of the right-of-

use asset will be adjusted accordingly. If the carrying amount of the right-of-use asset has already been reduced to zero but the lease liability is subject to further reduction, the Group recognizes the remaining amount in current profit or loss.

### ③ Short-term lease and low-value asset lease

For short-term leases (leases with a lease term not exceeding 12 months at the lease commencement date) and low-value asset leases, the Group adopts a simplified approach. Under this approach, right-of-use assets and lease liabilities are not recognized. Instead, lease payments are recognized as part of the relevant asset costs or current profit and loss on a straight-line basis or other systematic and reasonable methods over the lease term.

## **(2) Accounting treatment method for leasing by the lessor**

On commencement of the lease term, the Group will divide the lease into a financial lease and operating lease based on the substance of the transaction. A finance lease is a lease that transfers almost all the risks and rewards incidental to ownership of a leased asset. Operating lease refers to leases other than financing leases.

### ① Operating lease

The Group adopts the straight-line method in each period of the lease term, and recognizes the lease receipts arising from operating leases in rental income. The variable lease amount under an operating lease which is not included in the lease receipt is included in the profit or loss of the current period at the time of actual occurrence.

### ② Financial lease

On the commencement date of the lease term, the Group recognizes finance lease receivables and derecognizes the finance lease assets. Accounts receivable from finance leases are initially measured at the net amount of the lease investment (the sum of the unguaranteed residual value and the present value of the unreceived lease receipts discounted according to the interest rate implicit in the lease on the commencement of the lease term), and the interest income for the lease term is recognized based on a fixed periodic interest rate. Variable lease payments obtained by the Group and not included in the measurement of lease net investment shall be included in the current profits and losses when they are actually incurred.

## **35. Specific reserve**

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

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

## **36. Other significant accounting policies and accounting estimates**

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

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

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

### (1) Revenue recognition

As stated in this Note V. 30. "Revenue", the Group's revenue recognition involves the following significant accounting judgments and estimates: identification of customer contracts; estimation of the recoverability of the considerations enjoyed due to the transfer of goods to customers; identification of performance obligations in contracts; estimation of the variable consideration in a contract and the amount of accumulated recognized income that is unlikely to be significantly reversed when the relevant uncertainty is eliminated; whether there is material financing component in a contract; estimation of separate selling prices of individual performance obligations in a contract; determination on whether the performance obligation shall be performed in a time span or at a point of time; and determination of performance progress.

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

## (2) Lease

### ① Identification of a lease

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

### ② Classification of a lease

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

### ③ Lease liabilities

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

## (3) Impairment of financial assets

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

## (4) Provisions for the decline in value of inventories

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

## (5) Fair value of financial instruments

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

## (6) Impairment provision for long-term assets

For non-current assets other than financial assets, the Group will, at the balance sheet date, judges whether there is an indication of impairment. For intangible assets with an uncertain service life, the impairment test will be carried out annually and when there is an

indication of impairment. The impairment test will be carried out for non-current assets other than financial assets, when there is an indication that the carrying amount cannot be recovered.

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

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

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

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

#### (7) Depreciation and amortization

The Group depreciates and amortizes investment property, fixed assets and intangible assets over their respective service life, using the straight-line method, with their respective residual value taken into account. The Group periodically reviews the service life of assets to determine the amounts of depreciation and amortization expenses for each reporting period. The service life is determined by the Group based on its historic experience acquired on similar assets and expected technical development. For significant changes in prior estimates, depreciation and amortization expenses will be adjusted in the coming periods.

#### (8) Development expense

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

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

#### (9) Deferred tax assets

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

#### (10) Income tax

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

### 37. Changes in significant accounting policies and accounting estimates

#### (1) Significant changes in accounting policy

Applicable  Not applicable

Contents and causes of changes in accounting policy	Name of report items that are significantly affected	Amount affected
<i>Accounting Standards for Business Enterprises Interpretation No. 17</i> of the Ministry of Finance	See explanation of other matters	See explanation of other matters
<i>Accounting Standards for Business Enterprises Interpretation No. 18</i> of the Ministry of Finance		

Explanation of other matters:

On October 25, 2023, the Ministry of Finance issued *Interpretation No. 17 of the Accounting Standards for Business Enterprises* (C. K. [2023] No. 21) (hereinafter referred to as "Interpretation No. 17"), which regulates "the classification of current and non-current liabilities", "the disclosure of supplier financing arrangements", and "the accounting treatment of sale and leaseback transactions". The Company implemented this Interpretation on January 1, 2024, and the adoption of Interpretation No. 17 had no significant impact on the Company's financial statements.

On December 6, 2024, the Ministry of Finance issued the *Interpretation No. 18 of the Accounting Standards for Business Enterprises* (C. K.[2024] No. 24) (hereinafter referred to as "Interpretation No. 18"), which regulates "subsequent measurement of investment property held as a basic project under the floating charging method" and "the accounting treatment of quality guarantees that do not constitute a single performance obligation". The Company implemented this Interpretation on December 6, 2024, and the adoption of Interpretation No. 18 had no significant impact on the Company's financial statements.

## (2) Changes in significant accounting estimates

Applicable  Not applicable

## (3) Adjustments to related items of financial statements at the beginning of the current year upon initial implementation of the new accounting standards since 2024

Applicable  Not applicable

## 38. Others

None

## VI. Taxable Items

### 1. Main tax types and rates

Tax types	Taxation basis	Tax rate
VAT	Output taxes on taxable income shall be calculated at the rate of 13%, 9% and 6%, and value added taxes are calculated and paid according to the difference resulting from the deduction of the allowed deductible input tax in the period.	13%, 9%, 6%
City maintenance and construction tax	7% and 5% of actually-paid turnover tax	7%, 5%
Enterprise income tax	15%, 20%, or 25%, or (in case of an overseas subsidiary) the national or local statutory tax rate prevailing in the overseas subsidiary's jurisdiction.	15%, 20%, or 25%
Education surcharge	3% of the amount of actually-paid turnover tax	3%
Local education surcharges	2% of the amount of actually-paid turnover tax	2%

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

Name of taxpayer	Rate of income tax
Goertek Inc.	15%
Weifang Goertek Electronics Co., Ltd.	15%
Goertek Microelectronics Inc.	15%
Qingdao Goertek Microelectronics Research Institute Co., Ltd.	25%
Qingdao Goertek Intelligent Sensor Co., Ltd.	25%
Weifang Goertek Microelectronics Co., Ltd.	15%
Rongcheng Goertek Microelectronics Co., Ltd.	15%
Beijing Goertek Microelectronics Co., Ltd.	20%
Shenzhen Goertek Microelectronics Co., Ltd.	20%

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

Name of taxpayer	Rate of income tax
Rongcheng Goertek Technology Co., Ltd.	25%
Qingdao Goertek Commercial Factoring Co., Ltd.	25%
Nanning Goertek Electronics Co., Ltd.	25%
Nanning Goertek Trading Co., Ltd.	25%
Xi'an Goertek Electronic Technology Co., Ltd.	15%
Yishui TECO Electronics Technology Co., Ltd.	25%
Qingdao Resonance I Venture Capital Fund LP	-
Weifang Goertek Electronic Technology Co., Ltd.	25%
Qingdao Goertek Horizons Technology Co., Ltd.	25%
Weifang High-tech Zone Goertek Education Center	25%
Chongqing Goertek Auto Technology Co., Ltd.	15%
Shanghai Goertek Technology Development Co., Ltd.	25%
Qingdao Goertek Alpha Pixels Technology Co., Ltd.	20%
Chengdu Goertek Technology Co., Ltd.	20%
Xi'an Goertek Shijie Technology Co., Ltd.	20%
Goertek Starshine (Qingdao) Inc.	20%
Goertek Vina Co., Ltd.	20%
Goertek (Korea) Technology Inc.	Corporation tax: The tax rate shall be 9% if the income is less than KRW 200 million; 19% if the income is KRW 200 million-20 billion; 21% if the income is KRW 20 billion-300 billion; and 24% if the income is more than KRW 300 billion; Corporate local tax: 10% of the amount of corporate tax.
Goertek (Hong Kong) Co., Limited	The tax rate of 8.25% is applied to the taxable profit which does not exceed HKD 2,000,000, and the tax rate of 16.5% is applied to the part of taxable profit which exceeds HKD 2,000,000.
Goertek Technology Vina Co., Ltd.	20%
Goertek Precision Industry Vietnam Co., Ltd.	20%
Goertek Smart Technology Vina Co., Ltd.	20%
Goertek Electronics Vietnam Co., Ltd.	20%
Goertek Europe ApS	22%
Goertek Seiki Technology Co., Ltd.	Comprehensive tax rate 37.1%
Optimas Capital Partners Fund LP	-
Goertek Singapore Pte. Ltd.	17%
Goertek Electronics, Inc.	The federal tax rate for enterprise income tax is 21%, and the local enterprise income tax rate in California is 8.84%.
Goertek Technology Taiwan Co., Ltd.	20%
Goertek Technology Japan Co., Ltd.	Comprehensive tax rate 32.94%
Goertek Technology (Hong Kong) Co., Limited	16.5%

## 2. Tax incentives

(1) According to the *Announcement on Filing the First Batch of High-Tech Enterprises by the Recognition Institutions in Shandong Province in 2023* issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 18, 2023, the Company has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2023, to December 31, 2025. The enterprise income tax rate of 15% applied to the Company for the year 2024.

- (2) According to the *Announcement on Filing the Second Batch of High-Tech Enterprises by the Recognition Institutions in Shandong Province in 2023*, issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 28, 2023, three subsidiaries, Weifang Goertek Electronics Co., Ltd., Weifang Goertek Microelectronics Co., Ltd., and Weifang Lokomo Precision Industry Co., Ltd., have been recognized as a high-tech enterprise for a validity period of 3 years, and the preferential period for enterprise income tax is from January 1, 2023, to December 31, 2025. The enterprise income tax rate of 15% applied to its subsidiaries, Weifang Goertek Electronics Co., Ltd., Weifang Goertek Microelectronics Co., Ltd., and Weifang Lokomo Precision Industry Co., Ltd., for the year 2024.
- (3) According to the *Announcement on Filing the Second Batch of High-Tech Enterprises in Qingdao in 2022*, issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 6, 2023, the subsidiary Goertek Microelectronics Inc., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2022, to December 31, 2024. The enterprise income tax rate of 15% applied to the subsidiary Goertek Microelectronics Inc. for the year 2024.
- (4) According to the *Announcement on Filing the First Batch of High-Tech Enterprises in Shandong Province in 2022*, issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 4, 2023, two subsidiaries, Rongcheng Goertek Microelectronics Co., Ltd. and Yili Precision Manufacturing Co., Ltd., have been recognized as a high-tech enterprise for a validity period of 3 years, and the preferential period for enterprise income tax is from January 1, 2022 to December 31, 2024. The enterprise income tax rate of 15% applied to Rongcheng Goertek Microelectronics Co., Ltd. and Yili Precision Manufacturing Co., Ltd. for year 2024.
- (5) According to the *Announcement on Filing the First Batch of High-Tech Enterprises by the Recognition Institutions in Shandong Province in 2024* issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 2, 2025, a subsidiary, Goertek Optical Technology Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2024 to December 31, 2026. The enterprise income tax rate of 15% applied to the subsidiary, Goertek Optical Technology Co., Ltd., for year 2024.
- (6) According to the *Announcement on Filing High-Tech Enterprises by the Recognition Institutions in Zhejiang Province in 2024* issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 26, 2024, Jiaxing Uphoton Optoelectronics Technology Co., Ltd. has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2024 to December 31, 2026. The enterprise income tax rate of 15% applied to the subsidiary, Jiaxing Uphoton Optoelectronics Technology Co., Ltd. for the year 2024.
- (7) According to the *Notice on Publishing the Filings of the Third Batch of High-Tech Enterprises by the Recognition Institutions in Guangdong Province in 2024* issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 11, 2024, Dongguan Yili Precision Manufacturing Co., Ltd. a subsidiary of the Company, has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2024 to December 31, 2026. The enterprise income tax rate of 15% applies to the subsidiary, Dongguan Yili Precision Manufacturing Co., Ltd. for year 2024.
- (8) According to the *Announcement on Filing the First Batch of High-Tech Enterprises in Qingdao in 2022* issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 14, 2022, Goertek Technology Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2022 to December 31, 2024. The enterprise income tax rate of 15% applied to the subsidiary, Goertek Technology Co., Ltd., for year 2024.
- (9) According to the *Announcement on Filing the Fourth Batch of High-Tech Enterprises by the Recognition Institutions in Beijing in 2023* issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 9, 2024, a subsidiary, Beijing Goertek Technology Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2023, to December 31, 2025. The enterprise income tax rate of 15% applies to the subsidiary, Beijing Goertek Technology Co., Ltd., for year 2024.
- (10) According to the *Announcement on Filing the Third Batch of High-Tech Enterprises in Shenzhen in 2022* issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 19, 2022, a subsidiary, Shenzhen Goertek Technology Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for enterprise income tax is from January 1, 2022 to December 31, 2024. The enterprise income tax rate of 15% applied to the subsidiary, Shenzhen Goertek Technology Co., Ltd., for year 2024.
- (11) According to the *Announcement on Filing the Second Batch of High-Tech Enterprises in Guangdong Province in 2022* issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 22, 2022, Goertek Intelligence Technology Co., Ltd., a subsidiary of the Company, has been recognized as a high-tech enterprise for a validity period of



3 years, and its preferential period for enterprise income tax is from January 1, 2022 to December 31, 2024. The enterprise income tax rate of 15% applied to the subsidiary, Goertek Intelligence Technology Co., Ltd., for year 2024.

(12) According to the *Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China* (C.Z.B. S.W.Z.J. G.J.F.Z.G.G.W. Announcement No. [2020] 23) issued by the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on April 23, 2020, from January 1, 2021 to December 31, 2030, enterprise income tax will be levied at a reduced rate of 15% for encouraged industrial enterprises located in the western region. The enterprise income tax rate of 15% applied to the subsidiaries, Xi'an Goertek Electronic Technology Co., Ltd. and Chongqing Goertek Auto Technology Co., Ltd., for the year 2024.

(13) The subsidiary, Goertek (Hong Kong) Co., Limited is an entity eligible for the two-tier profit tax system. The tax rate of 8.25% is applied to the taxable profit which does not exceed HKD 2,000,000, and the tax rate of 16.5% is applied to the part of the taxable profit which exceeds HKD 2,000,000.

(14) According to 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* (Announcement No.12/2023 of the Ministry of Finance and the State Taxation Administration), from January 1, 2023, to December 31, 2027, for small and low-profit enterprises, the portion of annual taxable income not exceeding RMB 3 million shall be included in the taxable income at a rate of 25%, and enterprise income tax will be levied at the rate of 20%. The subsidiaries, Beijing Goertek Microelectronics Co., Ltd., Wuxi Goertek Microelectronics Co., Ltd., Shenzhen Goertek Microelectronics Co., Ltd., Shanghai Goertek Microelectronics Co., Ltd., Qingdao MicroSense Intelligent Technology Co., Ltd., Goertek Optical Technology (Qingdao) Co., Ltd., Uphoton Technology (Beijing) Co., Ltd., Hangzhou Uphoton Optoelectronics Technology Co., Ltd., Tianjin Uphoton Technology Co., Ltd., Nanjing Uphoton Technology Co., Ltd., Beijing Goertek Investment Management Co., Ltd., Qingdao Goertek Alpha Pixels Technology Co., Ltd., Chengdu Goertek Technology Co., Ltd., Xi'an Goertek Shijie Technology Co., Ltd., and Goertek Starshine (Qingdao) Inc., Ltd. are eligible for the aforementioned preferential tax policies.

(15) According to the laws of Vietnam, GOERTEK MICROELECTRONICS VIETNAM COMPANY LIMITED, Goertek Smart Technology Vina Co., Ltd., Goertek Electronics Vietnam Co., Ltd. and Goertek Precision Industry Vietnam Co., Ltd., the subsidiaries of the Company, enjoy tax exemption for 4 years and a 50% reduction of payable tax amounts for 9 subsequent years. The preferential CIT rate is 10% for 15 years from the first year of income generation. At the same time, starting from the first profitable year, the first to fourth years are exempt from corporate income tax, and the fifth to thirteenth years are subject to a 50% reduction in corporate income tax. If the enterprise has no taxable profit within three years from the start of tax incentive activities, the tax holiday and tax reduction period will be calculated from the fourth year of operation. The subsidiary is exempt from corporate income tax in 2024.

(16) According to the laws of Vietnam, Goertek Technology Vina Co., Ltd., a subsidiary of the Company, enjoys tax exemption for 4 years and a 50% reduction of payable tax amounts for 9 subsequent years. The preferential CIT rate is 10% for 15 years from the first year of income generation. At the same time, starting from the first profitable year, the first to fourth years are exempt from corporate income tax, and the fifth to thirteenth years are subject to a 50% reduction in corporate income tax. If the enterprise has no taxable profit within three years from the start of tax incentive activities, the tax holiday and tax reduction period will be calculated from the fourth year of operation. The halved preferential tax policy applied in 2024.

### 3. Others

None

## VII. Notes to consolidated financial statements

### 1. Cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	104,171.55	60,959.92
Bank deposits	12,314,315,531.64	13,158,606,545.21
Other monetary funds	5,152,073,165.86	1,578,644,824.58
Total	17,466,492,869.05	14,737,312,329.71
Including: Total amounts deposited abroad	1,232,148,802.12	1,235,686,922.34

Explanation of other matters:

Other monetary funds that mainly consist of various types of deposits such as notes, bonds, and funds held in the Company's securities account at the end of the period.

## 2. Financial assets held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit and loss	1,100,984,000.31	587,445,091.69
Including:		
Investment in debt instruments		3,053,700.00
Investments in equity instruments	548,668,959.95	480,161,497.26
Derivative financial assets	552,315,040.36	104,229,894.43
Total	1,100,984,000.31	587,445,091.69

## 3. Notes receivable

### (1) Notes receivable listed by classification

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance notes	149,898,502.69	139,468,321.29
Total	149,898,502.69	139,468,321.29

### (2) Classification and disclosure by bad debt provision method

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Notes receivable with bad debt provision by group	149,898,502.69	100.00%			149,898,502.69	139,468,321.29	100.00%			139,468,321.29
Including:										
Bank acceptance notes	149,898,502.69	100.00%			149,898,502.69	139,468,321.29	100.00%			139,468,321.29
Total	149,898,502.69	100.00%			149,898,502.69	139,468,321.29	100.00%			139,468,321.29

Provision for bad debts accrued on a portfolio basis: bank acceptance notes

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Bank acceptance notes	149,898,502.69	0.00	0.00%
Total	149,898,502.69	0.00	

Description for basis of determining the group:

For details, please see Note V. 11. "Impairment of financial assets".

If the provision for bad debts on notes receivable is based on the general model of expected credit losses:

Applicable  Not applicable

**(3) Accrual, recovery or return of bad debt provision in current period**

None

**(4) Notes receivable pledged at the end of the period**

Unit: RMB

Item	Amount pledged at the end of the period
Bank acceptance notes	13,923,842.73 <sup>1</sup>
Total	13,923,842.73

Note: 1 The note pledge amount is a splitting of a large denomination note into multiple bank acceptance notes in a small denomination.

**(5) Notes receivable endorsed or discounted by the Group at the end of the period and not yet due on the balance sheet date**

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance notes		100,000,000.00
Total		100,000,000.00

**(6) No notes that have been transferred to accounts receivable at the end of the period due to the non-performance of the contract of the drawer**

None

**(7) Notes receivable actually written off in the current period**

None

**4. Accounts receivable****(1) Disclosure by aging**

Unit: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	18,059,400,488.90	12,543,107,806.98
1 to 2 years	4,544,895.30	4,839,100.06
2 to 3 years	186,898.40	6,516,243.34
Over 3 years	6,748,813.47	1,281,318.57
3 to 4 years	6,348,865.09	470,416.03
4 to 5 years	318,499.98	643,084.98
Over 5 years	81,448.40	167,817.56
Total	18,070,881,096.07	12,555,744,468.95

**(2) Classification and disclosure by bad debt provision method**

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Accounts receivable for provision for bad debts accrued on a single basis	3,028,367.32	0.02%	3,028,367.32	100.00%						
Including:										
Company 1	3,028,367.32	0.02%	3,028,367.32	100.00%						
Accounts receivable	18,067,852,728.75	99.98%	186,480,696.81	1.03%	17,881,372,031.94	12,555,744,468.95	100.00%	131,125,792.14	1.04%	12,424,618,676.81

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
for provision for bad debts accrued on a portfolio basis										
Including:										
Accounts receivable aging group	17,785,746,898.57	98.42%	185,070,167.66	1.04%	17,600,676,730.91	12,496,453,228.93	99.53%	130,829,335.94	1.05%	12,365,623,892.99
Portfolio of factoring receivables	282,105,830.18	1.56%	1,410,529.15	0.50%	280,695,301.03	59,291,240.02	0.47%	296,456.20	0.50%	58,994,783.82
Total	18,070,881,096.07	100.00%	189,509,064.13	1.05%	17,881,372,031.94	12,555,744,468.95	100.00%	131,125,792.14	1.04%	12,424,618,676.81

Provision for bad debts accrued on a single basis: Unit 1

Unit: RMB

Name	Opening balance		Closing balance			
	Book balance	Bad-debt provision	Book balance	Bad-debt provision	Proportion of accrual	Reason for accrual
Company 1			3,028,367.32	3,028,367.32	100.00%	Expected as unable to recover
Total			3,028,367.32	3,028,367.32		

## Provision for bad debts accrued on a portfolio basis: accounts receivable aging portfolio

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Within 1 year	17,777,294,658.72	177,772,946.59	1.00%
1 to 2 years	1,516,527.98	454,958.40	30.00%
2 to 3 years	186,898.40	93,449.20	50.00%
Over 3 years	6,748,813.47	6,748,813.47	100.00%
Total	17,785,746,898.57	185,070,167.66	

Description for basis of determining the group:

For further details, please see Note V. 11. "Impairment of financial assets"

Provision for bad debts accrued on a portfolio basis: factoring receivables portfolio

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Undue	282,105,830.18	1,410,529.15	0.50%
Overdue 1-90 days			
Overdue 91-180 days			
Overdue 181-360 days			
Overdue more than 360 days			
<b>Total</b>	<b>282,105,830.18</b>	<b>1,410,529.15</b>	

Description for basis of determining the group:

For further details, please see Note V. 11. "Impairment of financial assets"

If the provision for bad debts on accounts receivable is based on the general model of expected credit losses:

 Applicable  Not applicable

Bad debt provision for factoring receivables accrued, reversed or recovered during the period

Bad-debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss over the next 12 months	Expected credit loss for the entire duration (credit impairment not occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance as of January 1, 2024:	296,456.20			296,456.20
The balance as of January 1, 2024 is in the current period:				
- Transferred to second stage				
- Transferred to third stage	-13,884.13		13,884.13	
- Reversed to second stage				
- Reversed to first stage				
Accrual in the current period	1,127,957.08		3,014,483.19	4,142,440.27
Current reverse				
Current resale				
Amount written off in the current period				
Other changes				
Balance as of December 31, 2024:	1,410,529.15	-	3,028,367.32	4,438,896.47

**(3) Accrual, recovery or return of bad debt provision in current period**

Provision for bad debts of the current period:

Unit: RMB

Category	Opening balance	Changes in amount of the current period				Closing balance
		Accrual	Withdrawal or write-back	Write-off	Other	
Provision for bad debts accrued on a single basis		3,028,367.32				3,028,367.32

Category	Opening balance	Changes in amount of the current period				Closing balance
		Accrual	Withdrawal or write-back	Write-off	Other	
Provision for bad debts accrued on a portfolio basis	131,125,792.14	54,737,211.70		3,510.00	-621,202.97	186,480,696.81
<b>Total</b>	<b>131,125,792.14</b>	<b>57,765,579.02</b>		<b>3,510.00</b>	<b>-621,202.97</b>	<b>189,509,064.13</b>

Among them, significant information of bad debt provision withdrawn or written back in the current period:

None

#### (4) Accounts receivable actually written off in current period

Unit: RMB

Item	Written off amount
Accounts receivable actually written off	3,510.00

Among them, information on accounts receivable significantly written off:

None

#### (5) The status of accounts receivable and contract assets in the top five of the closing balance collected according to debtors

Unit: RMB

Company name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion of total balance of accounts receivable and contract assets at the end of the period	Closing balance of allowance for bad debts on accounts receivable and impairment provision for contract assets
Company 1	4,375,471,986.38		4,375,471,986.38	24.21%	43,754,719.86
Company 2	4,059,760,774.72		4,059,760,774.72	22.47%	40,597,607.75
Company 3	3,086,494,741.13		3,086,494,741.13	17.08%	30,864,947.41
Company 4	1,491,475,297.93		1,491,475,297.93	8.25%	14,914,752.98
Company 5	804,219,440.34		804,219,440.34	4.45%	8,042,194.40
<b>Total</b>	<b>13,817,422,240.50</b>		<b>13,817,422,240.50</b>	<b>76.46%</b>	<b>138,174,222.40</b>

#### (6) Accounts receivable terminating confirmation due to transfer of financial assets at the end of the period

Unit: RMB

Transfer method of financial assets	Amount of receivables whose recognition has been stopped	Gains or losses related to derecognition
Buyout factoring	539,130,000.00	-419,765.68

### 5. Receivables financing

#### (1) Receivables financing by classification



Unit: RMB

Item	Closing balance	Opening balance
Notes receivable	8,710,031.89	9,059,230.11
Total	8,710,031.89	9,059,230.11

**(2) Classification and disclosure by bad debt provision method**

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Provision for bad debts accrued on a portfolio basis	8,710,031.89	100.00%			8,710,031.89	9,059,230.11	100.00%			9,059,230.11
Including:										
Bank acceptance notes	8,710,031.89	100.00%			8,710,031.89	9,059,230.11	100.00%			9,059,230.11
Total	8,710,031.89	100.00%			8,710,031.89	9,059,230.11	100.00%			9,059,230.11

Provision for bad debts accrued on a portfolio basis: bank acceptance notes

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Bank acceptance notes	8,710,031.89		0.00%
Total	8,710,031.89		

Description for basis of determining the group:

For further details, please see Note V. 11. "Impairment of financial assets"

If bad debt provision is accrued according to the general model of expected credit loss

None

**(3) Provision, recovery, or return of bad debt provision in the current period**

None

**(4) Receivables financing pledged at the end of the period**

None

**(5) Receivables financing endorsed or discounted by the Company at the end of the period and not yet due on the balance sheet date**

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period
Bank acceptance notes	6,741,628.18	
Total	6,741,628.18	

**(6) Receivables financing actually written off in the current period**

None

**(7) Changes in the current period of receivables financing and changes in fair value**

Unit: RMB

Item	Opening balance	Profit and loss from changes in fair value in the reporting period	Cumulative changes in fair value included in equity	Impairment accrued in current period	Purchase amount in the reporting period	Sales amount in the reporting period	Other changes	Closing balance
Receivables financing	9,059,230.11						-349,198.22	8,710,031.89

**(8) Explanation of other matters**

None

**6. Other receivables**

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	99,984,370.19	89,261,417.90
Total	99,984,370.19	89,261,417.90

**(1) Interest receivable**

None

**(2) Dividends receivable**

None

**(3) Other receivables****1) Classification of other receivables by nature of payment**

Unit: RMB

Nature of payment	Closing book balance	Opening book balance
Tax refund for export receivable	12,485,724.69	
Security deposit	48,496,384.51	49,771,093.46
Current account	6,444,475.39	14,229,621.87
Withholding and remitting social insurance and housing provident fund	57,173,463.61	51,391,844.67
Other	1,733,206.73	578,282.97
Total	126,333,254.93	115,970,842.97

**2) Disclosure by aging**

Unit: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	94,618,978.76	80,649,301.96
1 to 2 years	6,118,303.61	10,178,400.76
2 to 3 years	4,440,519.74	5,017,037.63
Over 3 years	21,155,452.82	20,126,102.62
3 to 4 years	3,675,514.27	10,157,378.27
4 to 5 years	9,755,224.64	782,527.91
Over 5 years	7,724,713.91	9,186,196.44
Total	126,333,254.93	115,970,842.97

### 3) Classification and disclosure by bad debt provision method

Applicable  Not applicable

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Provision for bad debts accrued on a single basis										
Provision for bad debts accrued on a portfolio basis	126,333,254.93	100.00%	26,348,884.74	20.86%	99,984,370.19	115,970,842.97	100.00%	26,709,425.07	23.03%	89,261,417.90
Including:										
Other receivables - credit risk portfolio	126,333,254.93	100.00%	26,348,884.74	20.86%	99,984,370.19	115,970,842.97	100.00%	26,709,425.07	23.03%	89,261,417.90
Total	126,333,254.93	100.00%	26,348,884.74	20.86%	99,984,370.19	115,970,842.97	100.00%	26,709,425.07	23.03%	89,261,417.90

Provision for bad debts accrued on a portfolio basis: other receivables - credit risk portfolio

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Other receivables - credit risk portfolio	126,333,254.93	26,348,884.74	20.86%
Total	126,333,254.93	26,348,884.74	

If bad debt provision is accrued according to the general model of expected credit loss:

Unit: RMB

Bad-debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss over the next 12 months	Expected credit loss for the entire duration (credit impairment not occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance as of January 1, 2024:	26,207,765.07		501,660.00	26,709,425.07
Balance as of January 1, 2024 in the current period				
- Transferred to second stage				
- Transferred to third stage	-20,000.00		20,000.00	

Bad-debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss over the next 12 months	Expected credit loss for the entire duration (credit impairment not occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
- Reversed to second stage				
- Reversed to first stage				
Accrual in the current period	649,448.67			649,448.67
Current reverse				
Current resale				
Amount written off in the current period			20,000.00	20,000.00
Other changes	989,989.00			989,989.00
Balance as of December 31, 2024:	25,847,224.74		501,660.00	26,348,884.74

Criteria for dividing each stage and the bad-debt reserves calculation and withdrawal proportion

For further details, please see Note V. 11. "Impairment of financial assets"

#### 4) Accrual, recovery or return of bad debt reserve in current period

Provision for bad debts of the current period:

Unit: RMB

Category	Opening balance	Changes in amount of the current period				Closing balance
		Accrual	Withdrawal or write-back	Charge-off or write-off	Other	
Provision for bad debts reserve based on aging portfolio	26,709,425.07	649,448.67		20,000.00	989,989.00	26,348,884.74
Total	26,709,425.07	649,448.67		20,000.00	989,989.00	26,348,884.74

Among them, significant amount in bad debt reserves written back or withdrawn in the current period:

None

#### 5) Other receivables actually written off in the current period

Unit: RMB

Item	Written off amount
Other receivables actually written off	20,000.00

Among them, write-off of other significant receivables:

None

#### 6) Other receivables of the 5 highest closing balance by debtor

Unit: RMB

Company name	Nature of payment	Closing balance	Aging	Ratio in the total closing balance of other receivables	Closing balance of bad debt provision
Company 1	Withholding and remitting social insurance and housing provident fund	57,173,463.61	Within 1 year	45.26%	571,734.64
Company 2	Refund of tax for export	11,524,109.29	Within 1 year	9.12%	115,241.09
Company 3	Security deposit	5,942,151.35	Over 3 years	4.70%	5,942,151.35

Company name	Nature of payment	Closing balance	Aging	Ratio in the total closing balance of other receivables	Closing balance of bad debt provision
Company 4	Earnest money	5,759,208.01	Over 3 years	4.56%	5,759,208.01
Company 5	Security deposit	5,750,720.00	Within 1 year	4.55%	57,507.20
Total		86,149,652.26		68.19%	12,445,842.29

## 7) Reported under other receivables due to centralized management of funds

None

## 7. Prepayments

### (1) Presentation of prepayments by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	179,117,151.92	75.60%	253,097,169.07	99.40%
1 to 2 years	57,797,282.72	24.40%	850,916.46	0.33%
2 to 3 years			605,114.54	0.24%
Over 3 years			80,600.00	0.03%
Total	236,914,434.64		254,633,800.07	

Explanation of reasons why prepayments aged more than 1 year with significant amount are not settled in time:

Company name	Closing balance	Reasons for no settlement in a timely manner
Company 1	56,205,204.72	Payments made in advance to relevant major suppliers to ensure the supply of key raw materials

### (2) Advance payment in the five highest closing balance by seller

Company name	Closing balance (RMB)	Percentage of the total balance of prepayment at the end of the period (%)
Company 1	159,182,320.68	67.19
Company 2	9,454,560.00	3.99
Company 3	4,860,468.56	2.05
Company 4	4,000,000.00	1.69
Company 5	3,471,799.50	1.47
Total	180,969,148.74	76.39

## 8. Inventory

Whether the Company needs to comply with disclosure requirements of real estate industry

No

### (1) Inventory classification

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Inventory provision or provision for impairment of contract performance cost	Book value	Book balance	Inventory provision or provision for impairment of contract performance cost	Book value
Raw materials	4,144,196,623.67	116,145,737.92	4,028,050,885.75	5,294,238,418.73	126,412,070.17	5,167,826,348.56
Products in process	1,405,943,985.47	22,258,003.80	1,383,685,981.67	1,175,295,870.64	3,985,092.59	1,171,310,778.05
Goods in stock	4,635,256,717.16	105,879,302.13	4,529,377,415.03	4,120,631,607.08	82,093,360.33	4,038,538,246.75
Revolving materials	537,754,596.18		537,754,596.18	417,219,021.06		417,219,021.06
Total	10,723,151,922.48	244,283,043.85	10,478,868,878.63	11,007,384,917.51	212,490,523.09	10,794,894,394.42

**(2) Data resources recognized as inventory**

None

**(3) Inventory provision or provision for impairment of contract performance cost**

Unit: RMB

Item	Opening balance	Increased amount in the current period		Decreased amount in the current period		Closing balance
		Accrual	Other	Write-back or resale	Other	
Raw materials	126,412,070.17	246,837,780.51		255,598,814.15	1,505,298.61	116,145,737.92
Products in progress	3,985,092.59	29,551,289.65		11,128,665.13	149,713.31	22,258,003.80
Goods in stock	82,093,360.33	124,801,684.61		100,210,198.22	805,544.59	105,879,302.13
Total	212,490,523.09	401,190,754.77		366,937,677.50	2,460,556.51	244,283,043.85

Provision for inventory obsolescence accrued on a portfolio basis

Unit: RMB

Portfolio name	End of the period			Beginning of the period		
	Closing balance	Falling price reserves	Calculation and withdrawal proportion of falling price reserves	Opening balance	Falling price reserves	Calculation and withdrawal proportion of falling price reserves
Inventory age portfolio	8,216,929,847.58	130,374,194.59	1.59%	8,999,461,128.51	145,516,023.37	1.62%
Total	8,216,929,847.58	130,374,194.59	1.59%	8,999,461,128.51	145,516,023.37	1.62%

Accrual standard on provision for inventory obsolescence accrued on a portfolio basis

For the accrual standard of provision for inventory obsolescence based on inventory age portfolio, please refer to Note V, 17(3).

Note: The Company's individual provision for inventory obsolescence: The book balance at the end of the period was RMB

2,506,222,074.90, with a provision for inventory obsolescence of RMB 113,908,849.26. The book balance at the beginning of the period was RMB 2,007,923,789.00, with a provision for inventory obsolescence of RMB 66,974,499.72.

#### (4) Explanation of the closing balance of inventory containing the capitalized amount of borrowing costs

None

#### (5) Explanation of amortization amount of contract performance cost in current period

None

### 9. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
Certificate of deposit of large amount	358,821,194.44	494,634,708.33
Guarantee deposit	30,000,000.00	
Total	388,821,194.44	494,634,708.33

#### (1) Debt investments that mature within one year

Applicable  Not applicable

#### (2) Other debt investments that mature within one year

Applicable  Not applicable

### 10. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Input tax retained for VAT	418,805,679.49	330,575,153.58
Input tax to be verified and to be deducted	245,124,511.75	82,547,638.67
Advance payment of enterprise income tax	26,071,641.51	81,283,426.42
Certificate of deposit of large amount	904,138,083.33	
Other	33,339,146.60	15,427,845.82
Total	1,627,479,062.68	509,834,064.49

### 11. Investments in other equity instruments

Unit: RMB

Name of project	Closing balance	Opening balance	Gains included in other comprehensive income in the current period	Losses included in other comprehensive income in the current period	Gains included in other comprehensive income at the end of the current period	Losses included accumulated in other comprehensive income at the end of the current period	Dividend income recognized in the current period	Reasons for designation of financial assets at fair value through other comprehensive income
Item 1	397,123,388.03	287,540,812.75	104,314,424.19		55,906,332.92			Non-trading equity instrument
Item 2	84,024,083.70	141,654,000.00		55,578,551.41		55,578,551.41		Non-trading equity

Name of project	Closing balance	Opening balance	Gains included in other comprehensive income in the current period	Losses included in other comprehensive income in the current period	Gains included in other comprehensive income at the end of the current period	Losses included accumulated in other comprehensive income at the end of the current period	Dividend income recognized in the current period	Reasons for designation of financial assets at fair value through other comprehensive income
								instrument
Item 3	18,691,855.90	20,000,000.00		1,308,144.10		1,308,144.10		Non-trading equity instrument
Item 4	59,963,319.92	50,000,000.00	9,963,319.92		9,963,319.92			Non-trading equity instrument
Item 5	9,528,885.53	35,413,500.00		26,168,031.46		26,168,031.46		Non-trading equity instrument
Item 6	56,330,406.36	56,661,570.96		1,165,845.17		1,165,845.17		Non-trading equity instrument
Total	625,661,939.44	591,269,883.71	114,277,744.11	84,220,572.14	65,869,652.84	84,220,572.14		

Derecognition in the current period

Unit: RMB

Name of project	Cumulative gains transferred to retained earnings	Cumulative losses transferred to retained earnings	Reasons for derecognition
Item 2		481,132.08	Equities sold

Disclose investments in non-trading equity instruments of the period by item

Unit: RMB

Name of project	Dividend income recognized	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to undistributed profits	Reasons for designation of financial assets at fair value through other comprehensive income	Reasons for other comprehensive income transferred to undistributed profits
Item 1		55,906,332.92			Non-trading equity instrument	
Item 2			56,059,683.49	-481,132.08	Non-trading equity instrument	Equities sold
Item 3			1,308,144.10		Non-trading equity instrument	
Item 4		9,963,319.92			Non-trading equity instrument	
Item 5			26,168,031.46		Non-trading equity instrument	
Item 6			1,165,845.17		Non-trading equity instrument	



**12. Long-term equity investments**

Unit: RMB

Invested entity	Opening balance (book value)	Opening balance of impairment provision	Increase or decrease in the current period								Closing balance (book value)	Closing balance of impairment provision
			Investment addition	Investment reduction	Recognized investment gain and loss under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends or profits declared	Provision for impairment	Other		
I. Joint Venture												
II. Affiliated enterprises												
Joint ventures	760,220,882.07				- 26,835,728.84	436.41	1,026,051.86				734,411,641.50	
Sub-total	760,220,882.07				- 26,835,728.84	436.41	1,026,051.86				734,411,641.50	
Total	760,220,882.07				- 26,835,728.84	436.41	1,026,051.86				734,411,641.50	

The recoverable amount is determined based on the net of fair value less disposal costs.

Applicable  Not applicable

The recoverable amount is determined based on the present value of estimated future cash flow.

Applicable  Not applicable

**13. Other non-current financial assets**

Unit: RMB

Item	Closing balance	Opening balance
Financial assets classified as measured at fair value with changes recorded in current profits and losses		
Including: Debt instrument investment		
Investments in equity instruments	418,003,302.41	322,640,244.40
Derivative financial assets		
Mixed instrument investment	14,719,479.87	
Total	432,722,782.28	322,640,244.40

**14. Fixed assets**

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	21,803,396,794.34	22,305,456,354.63
Liquidation of fixed assets		
Total	21,803,396,794.34	22,305,456,354.63

**(1) Overview of fixed assets**

Unit: RMB

Item	Houses and buildings	Production equipment	Test equipment	Office equipment	Transportation equipment	Total
I. Original book value:						
1. Opening balance	11,442,765,337.22	21,058,184,980.38	2,939,374,764.18	697,933,149.06	21,256,702.42	36,159,514,933.26
2. Amount increased in current period	1,250,386,165.61	2,034,579,160.07	487,851,430.71	78,971,181.94	2,486,730.63	3,854,274,668.96
(1) Purchase		1,301,881,557.42	241,736,505.87	82,962,339.91	2,541,538.32	1,629,121,941.52
(2) Transfer from construction in progress	1,312,888,406.64	888,853,894.30	258,958,698.73			2,460,700,999.67
(3) Increase in business mergers						
(4) Impact of difference from translation of statements in foreign currency	-63,285,753.08	-156,156,291.65	-12,843,773.89	-3,991,157.97	-54,807.69	-236,331,784.28
(5) Provisional estimate adjustment	783,512.05					783,512.05
3. Amount decreased in current period	402,998,846.26	1,003,164,866.04	422,131,471.47	22,291,043.65	1,395,819.25	1,851,982,046.67
(1) Disposal or scrapping	387,230,410.53	962,136,191.69	356,312,955.81	22,291,043.65	1,395,819.25	1,729,366,420.93
(2) Transfer to construction in progress		41,028,674.35	65,818,515.66			106,847,190.01
(3) Provisional estimate adjustment	15,768,435.73					15,768,435.73
4. Closing balance	12,290,152,656.57	22,089,599,274.41	3,005,094,723.42	754,613,287.35	22,347,613.80	38,161,807,555.55
II. Accumulated depreciation						
1. Opening balance	1,975,017,721.84	9,585,481,875.18	1,248,234,698.47	470,038,899.78	14,921,019.54	13,293,694,214.81
2. Amount increased in current period	385,260,178.00	2,096,957,752.37	305,507,836.63	82,744,762.31	1,520,134.37	2,871,990,663.68
(1) Accrual	390,456,819.29	2,136,737,169.48	308,287,210.36	84,640,562.12	1,540,020.11	2,921,661,781.36
(2) Impact of	-5,196,641.29	-39,779,417.11	-2,779,373.73	-1,895,799.81	-19,885.74	-49,671,117.68

Item	Houses and buildings	Production equipment	Test equipment	Office equipment	Transportation equipment	Total
difference from translation of statements in foreign currency						
3. Amount decreased in current period	13,592,093.12	333,332,766.45	185,181,243.72	19,075,487.19	1,128,762.66	552,310,353.14
(1) Disposal or scrapping	13,592,093.12	318,847,946.99	172,237,781.34	19,075,487.19	1,128,762.66	524,882,071.30
(2) Transfer to construction in progress		14,484,819.46	12,943,462.38			27,428,281.84
4. Closing balance	2,346,685,806.72	11,349,106,861.10	1,368,561,291.38	533,708,174.90	15,312,391.25	15,613,374,525.35
III. Impairment provision						
1. Opening balance		551,593,070.50	6,850,837.43	1,920,455.89		560,364,363.82
2. Amount increased in current period		224,727,037.79	17,103,793.61			241,830,831.40
(1) Accrual		224,770,079.41	17,104,743.55			241,874,822.96
(2) Impact of difference from translation of statements in foreign currency		-43,041.62	-949.94			-43,991.56
3. Amount decreased in current period		55,686,766.14	1,051,708.70	420,484.52		57,158,959.36
(1) Disposal or scrapping		55,686,766.14	1,051,708.70	420,484.52		57,158,959.36
4. Closing balance		720,633,342.15	22,902,922.34	1,499,971.37		745,036,235.86
IV. Book value						
1. Closing book value	9,943,466,849.85	10,019,859,071.16	1,613,630,509.70	219,405,141.08	7,035,222.55	21,803,396,794.34
2. Opening book value	9,467,747,615.38	10,921,110,034.70	1,684,289,228.28	225,973,793.39	6,335,682.88	22,305,456,354.63

**(2) Fixed assets temporarily idle**

Unit: RMB

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Notes
Buildings	671,191,063.98	89,460,986.84		581,730,077.14	
Production equipment	804,865,588.66	179,925,954.40	613,600,733.28	11,338,900.98	

Item	Original book value	Accumulated depreciation	Impairment provision	Book value	Notes
Measuring equipment	37,510,469.66	17,644,026.56	19,769,072.20	97,370.90	
Office equipment	1,513,567,122.30	287,030,967.80	633,369,805.48	593,166,349.02	

**(3) Fixed assets leased out through operating leases**

Unit: RMB

Item	Closing book value
Buildings	533,066,064.25
Production equipment and other equipment	459,372,451.13
Total	992,438,515.38

**(4) Overview of the fixed assets for which certificates of title to be obtained**

Unit: RMB

Item	Book value	Reasons for not obtaining the certificate of title
9# Factory building	131,467,134.45	Property rights certificate under processing
83# Factory building	50,433,378.85	Property rights certificate under processing
5# Office building	17,504,970.84	Property rights certificate under processing
23# Apartment	2,376,886.92	Property rights certificate under processing
Total	201,782,371.06	

**(5) Impairment testing of fixed assets** Applicable  Not applicable

The recoverable amount is determined based on the net of fair value less disposal costs.

 Applicable  Not applicable

Unit: RMB

Item	Book value	Recoverable amount	Impairment amount	Determination of fair value and cost of disposal	Key parameters	Basis for determining key parameters
Machinery and equipment	243,151,272.36	1,276,449.40	241,874,822.96	Market Approach	Market Price, Disposal Costs	1. Fair value is based on market price or the market price of similar and comparable assets. 2. Disposal costs refer to relevant taxes and fees related to the disposal of assets
Total	243,151,272.36	1,276,449.40	241,874,822.96			

The recoverable amount is determined based on the present value of estimated future cash flow.

 Applicable  Not applicable**(6) Liquidation of fixed assets**

None

**15. Construction in progress**

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	1,359,277,841.73	2,014,541,273.09
Construction materials	38,139,057.93	56,739,070.46
Total	1,397,416,899.66	2,071,280,343.55

**(1) Overview of construction in progress**

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Equipment to be installed	668,183,310.03		668,183,310.03	853,544,230.09		853,544,230.09
Infrastructure construction	138,194,880.68		138,194,880.68	94,544,059.28		94,544,059.28
80# Factory building	128,224,538.27		128,224,538.27	70,498,165.12		70,498,165.12
Sporadic projects	84,422,222.32		84,422,222.32	92,314,664.82		92,314,664.82
A3 factory building	57,853,025.99		57,853,025.99	45,591,287.12		45,591,287.12
C7 factory building	55,813,526.84		55,813,526.84	49,204,958.23		49,204,958.23
A2 factory building	50,057,057.35		50,057,057.35			
A1 factory building	49,096,180.09		49,096,180.09			
B1 factory building	35,916,877.46		35,916,877.46			
Qingdao 2# Office building	32,737,064.37		32,737,064.37			
B6 factory building	25,089,291.21		25,089,291.21			
C6 factory building	21,912,349.66		21,912,349.66			
78# Factory building	7,697,938.03		7,697,938.03	5,870,826.50		5,870,826.50
IT Room	4,079,579.43		4,079,579.43			
A8 factory building				81,270,534.70		81,270,534.70
C8 factory building				73,918,047.41		73,918,047.41
A5 factory building				69,865,450.61		69,865,450.61
A1 Power Center				61,274,301.68		61,274,301.68
B4 factory building				90,019,857.17		90,019,857.17
A2 Carport				52,070,864.72		52,070,864.72
83# Factory building				47,193,044.87		47,193,044.87
5# Office building				16,549,975.01		16,549,975.01
C Power Center				12,648,040.32		12,648,040.32
A7 factory building				82,278,754.04		82,278,754.04
A6 factory building				59,116,843.41		59,116,843.41
B5 factory building				69,399,452.46		69,399,452.46
B3 factory building				87,367,915.53		87,367,915.53
Total	1,359,277,841.73		1,359,277,841.73	2,014,541,273.09		2,014,541,273.09

**(2) Increase or decrease of significant construction in progress in current period**

Unit: RMB

Name of project	Budget amount	Opening balance	Increased amount in the current period	Amount transferred to fixed assets in current period	Other amount decreased in current period	Closing balance	Proportion of total project input to budget	Project progress	Accumulated amount of interest capitalization	Including: Amount of interest capitalization in current period	Interest capitalization rate for current period	Source of funds
80# Factory building	187,000,000.00	70,498,165.12	57,726,373.15			128,224,538.27	68.57%	70.00%				Other
A3 factory building	116,508,000.00	45,591,287.12	13,945,629.40		1,683,890.53	57,853,025.99	49.66%	60.00%				Other
C7 factory building	119,543,340.00	49,204,958.23	8,367,195.37		1,758,626.76	55,813,526.84	46.69%	60.00%				Other
A2 factory building	150,803,730.00		50,500,825.59		443,768.24	50,057,057.35	33.19%	40.00%				Other
<b>Total</b>	<b>573,855,070.00</b>	<b>165,294,410.47</b>	<b>130,540,023.51</b>		<b>3,886,285.53</b>	<b>291,948,148.45</b>						

**(3) Provision for impairment of construction in progress in current period**

None

**(4) Impairment testing of construction in progress** Applicable  Not applicable**(5) Construction materials**

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Construction materials	38,139,057.93		38,139,057.93	56,739,070.46		56,739,070.46
<b>Total</b>	<b>38,139,057.93</b>		<b>38,139,057.93</b>	<b>56,739,070.46</b>		<b>56,739,070.46</b>

**16. Bearer biological assets****(1) Bearer biological assets with cost measurement mode** Applicable  Not applicable**(2) Impairment testing of bearer biological assets with cost measurement mode** Applicable  Not applicable**(3) Bearer biological assets with fair value econometric mode** Applicable  Not applicable**17. Oil and gas assets** Applicable  Not applicable

**18. Right-of-use assets****(1) Situation of the right-of-use assets**

Unit: RMB

Item	Houses and buildings	Other	Total
I. Original book value			
1. Opening balance	880,961,125.40	229,830.81	881,190,956.21
2. Amount increased in current period	405,162,157.48		405,162,157.48
(1) New leases in the current period	412,674,877.83		412,674,877.83
(2) Business combination			
(3) Impact of difference from translation of statements in foreign currency	-7,512,720.35		-7,512,720.35
3. Amount decreased in current period	50,972,499.44		50,972,499.44
(1) Disposal	50,972,499.44		50,972,499.44
4. Closing balance	1,235,150,783.44	229,830.81	1,235,380,614.25
II. Accumulated depreciation			
1. Opening balance	265,755,091.79	4,014.51	265,759,106.30
2. Amount increased in current period	188,890,620.21	36,130.56	188,926,750.77
(1) Accrual	193,852,745.73	36,130.56	193,888,876.29
(2) Impact of difference from translation of statements in foreign currency	-4,962,125.52		-4,962,125.52
3. Amount decreased in current period	50,413,424.23		50,413,424.23
(1) Disposal	50,413,424.23		50,413,424.23
4. Closing balance	404,232,287.77	40,145.07	404,272,432.84
III. Impairment provision			
1. Opening balance			
2. Amount increased in current period			
(1) Accrual			
3. Amount decreased in current period			
(1) Disposal			
4. Closing balance			
IV. Book value			
1. Closing book value	830,918,495.67	189,685.74	831,108,181.41
2. Opening book value	615,206,033.61	225,816.30	615,431,849.91

**(2) Impairment testing of the right-of-use assets**
 Applicable  Not applicable

## 19. Intangible assets

### (1) Overview of intangible assets

Unit: RMB

Item	Land-use right	Patent right	Non-patent technology	Software	Trademark	Total
I. Original book value						
1. Opening balance	2,159,725,273.80	146,964,410.00	3,866,663,551.74	343,068,352.71	76,000,000.00	6,592,421,588.25
2. Amount increased in current period	-28,550,411.93		746,592,398.48	42,482,753.61		760,524,740.16
(1) Purchase				42,580,537.01		42,580,537.01
(2) Internal R&D			746,592,398.48			746,592,398.48
(3) Increase in business combinations						
(4) Impact of difference from translation of statements in foreign currency	-28,550,411.93			-97,783.40		-28,648,195.33
3. Amount decreased in current period	101,547,264.00		162,330,010.61	836,847.99		264,714,122.60
(1) Disposal	101,547,264.00		162,330,010.61	836,847.99		264,714,122.60
4. Closing balance	2,029,627,597.87	146,964,410.00	4,450,925,939.61	384,714,258.33	76,000,000.00	7,088,232,205.81
II. Accumulated amortization						
1. Opening balance	246,335,434.16	6,274,468.97	2,848,822,707.20	209,651,286.84	1,266,666.67	3,312,350,563.84
2. Amount increased in current period	47,678,072.16	20,610,726.72	764,461,123.47	48,152,943.24	15,200,000.00	896,102,865.59
(1) Accrual	49,230,120.63	20,610,726.72	764,461,123.47	48,242,077.93	15,200,000.00	897,744,048.75
(2) Impact of difference from translation of statements in foreign currency	-1,552,048.47			-89,134.69		-1,641,183.16
3. Amount decreased in current period	8,450,298.09		162,330,010.61	830,626.74		171,610,935.44
(1) Disposal	8,450,298.09		162,330,010.61	830,626.74		171,610,935.44
4. Closing balance	285,563,208.23	26,885,195.69	3,450,953,820.06	256,973,603.34	16,466,666.67	4,036,842,493.99
III. Impairment						



Item	Land-use right	Patent right	Non-patent technology	Software	Trademark	Total
provision						
1. Opening balance						
2. Amount increased in current period						
(1) Accrual						
3. Amount decreased in current period						
(1) Disposal						
4. Closing balance						
IV. Book value						
1. Book value at the end of the reporting period	1,744,064,389.64	120,079,214.31	999,972,119.55	127,740,654.99	59,533,333.33	3,051,389,711.82
2. Opening book value	1,913,389,839.64	140,689,941.03	1,017,840,844.54	133,417,065.87	74,733,333.33	3,280,071,024.41

At the end of this period, the proportion of intangible assets created through internal research and development of the Company to the balance of intangible assets is 57.74%.

## (2) Data resources determined as intangible assets

Applicable  Not applicable

## (3) Overview of land-use right without certificates of title

None

## (4) Impairment testing of intangible assets

Applicable  Not applicable

## 20. Development expense

Unit: RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Internal development expense	Increase in business mergers	Recognized as intangible assets	Transfer to current profit and loss	
Self-developed technologies for electroacoustic products	446,804,705.86	469,838,453.38		746,592,398.48		170,050,760.76

## 21. Goodwill

### (1) Original book value of goodwill

Unit: RMB

Name of the invested entity or matter forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Formed by business combinations	Other	Disposal	Other	
Goertek Electronics, Inc.	1,743,540.56					1,743,540.56
Weifang Goertek Communication Technology Co., Ltd.	15,115,644.52					15,115,644.52
Goertek Europe ApS	8,831,473.29					8,831,473.29
Uphoton Technology (Shaoxing) Co., Ltd.	588,174,794.48					588,174,794.48
<b>Total</b>	<b>613,865,452.85</b>					<b>613,865,452.85</b>

## (2) Impairment provision for goodwill

Unit: RMB

Name of the invested entity or matter forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Accrual	Other	Disposal	Other	
Goertek Europe ApS	8,831,473.29					8,831,473.29
<b>Total</b>	<b>8,831,473.29</b>					<b>8,831,473.29</b>

## (3) Information about the asset group or combination of asset groups of goodwill

Name	Composition and Basis of the Asset Group or combination of asset groups to Which It Belongs	Operating Division and Basis	Consistency with Previous Years
Uphoton Technology (Shaoxing) Co., Ltd.- System Business	Including long-term assets related to the system business operations of Uphoton Technology (Shaoxing) Co., Ltd., with cash inflows generated being largely independent of cash inflows from other assets or asset groups.	For internal management purposes, this asset group belongs to the precision components business.	Yes
Uphoton Technology (Shaoxing) Co., Ltd. - Component Business	Including long-term assets related to the component business operations of Uphoton Technology (Shaoxing) Co., Ltd., with cash inflows generated being largely independent of cash inflows from other assets or asset groups.	For internal management purposes, this asset group belongs to the precision components business.	Yes

Explanation of other matters

Composition of the asset group or combination of asset groups of important goodwill:

Unit: RMB

Composition of the asset group or combination of asset groups	Uphoton Technology (Shaoxing) Co., Ltd.- System Business	Uphoton Technology (Shaoxing) Co., Ltd. - Component Business
Book value of the asset group or combination of asset groups	52,378,960.51	149,078,579.90
Book value of goodwill allocated to this asset group or combination of asset groups	152,925,446.56	435,249,347.92
Book value of the asset group or combination of asset groups that include goodwill	205,304,407.07	584,327,927.82

Note: Method of goodwill apportionment to the asset group or combination of asset groups: The apportionment is based on the proportion of the fair value of each asset group or combination of asset groups to the total fair value of the relevant asset group or combination of asset groups.

#### (4) Specific methods for determining the recoverable amount

The recoverable amount is determined based on the net of fair value less disposal costs.

Applicable  Not applicable

The recoverable amount is determined based on the present value of estimated future cash flow.

Applicable  Not applicable

Unit: RMB

Item	Book value	Recoverable amount	Impairment amount	Forecast period duration	Key parameters of the forecast period	Key parameters of the stable period	Basis for determining the key parameters of the stable period
Uphoton Technology (Shaoxing) Co., Ltd.- System Business	205,304,407.07	222,927,400.00		7 years (from 2025 to 2031), followed by a stable period.	Revenue growth rate, discount rate <sup>1</sup>	Revenue growth rate, discount rate <sup>2</sup>	Based on the past performance of the asset group and expectations for market development.
Uphoton Technology (Shaoxing) Co., Ltd. - Component Business	584,327,927.82	638,303,300.00		7 years (from 2025 to 2031), followed by a stable period.	Revenue growth rate, discount rate <sup>3</sup>	Revenue growth rate, discount rate <sup>4</sup>	
Total	789,632,334.89	861,230,700.00					

Remarks:

1. Uphoton Technology (Shaoxing) Co., Ltd. - System Business: The product revenue forecast for 2025 is based on market sales conditions and the Company's production and sales plan by product category, with an expected revenue growth rate of 176.89%. From 2026 to 2031, the estimated revenue growth rate is between 5.99% and 168.54%, while the discount rate is 13.205%.
2. Uphoton Technology (Shaoxing) Co., Ltd. - System Business: The revenue growth rate in the stable period is 0% and the discount rate is 13.205%.
3. Uphoton Technology (Shaoxing) Co., Ltd. - Component Business: The product revenue forecast for 2025 is based on market sales conditions and the Company's production and sales plan by product category, with an expected revenue growth rate of 135.10%. From 2026 to 2031, the estimated revenue growth rate is between 6.89% and 114.45%, while the discount rate is 13.205%.
4. Uphoton Technology (Shaoxing) Co., Ltd. - Component Business: The revenue growth rate in the stable period is 0% and the discount rate is 13.205%.

Reasons for significant discrepancies between the foregoing information and the information used in previous years' impairment tests

or external information:

None

Reasons for significant discrepancies between the information used in the Company's previous years' impairment tests and the actual situation of the year

None

## (5) Performance commitment completion and corresponding goodwill impairment situation

There is performance commitment when goodwill is formed and the reporting period or the previous period of the reporting period is within the performance commitment period

Applicable  Not applicable

## 22. Long-term prepaid expenses

Unit: RMB

Item	Opening balance	Increased amount in the current period	Amortized amount in the current period	Other decreased amount	Closing balance
Expenditure on house improvement	366,977,276.54	33,217,306.18	81,014,703.75	1,322,303.93	317,857,575.04
IT project service fee	33,868,077.94	36,506,337.39	25,544,354.62	8,165.05	44,821,895.66
Design fee	4,381,029.00	518,680.27	2,468,138.10		2,431,571.17
Financing guarantee fee	6,250,000.00	750,000.00	4,541,666.66		2,458,333.34
Other	570,276.19	29,451.33	591,876.17		7,851.35
<b>Total</b>	<b>412,046,659.67</b>	<b>71,021,775.17</b>	<b>114,160,739.30</b>	<b>1,330,468.98</b>	<b>367,577,226.56</b>

## 23. Deferred tax assets/liabilities

### (1) Deferred tax assets not offset

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	143,628,975.01	24,177,569.09	187,791,490.61	29,792,145.97
Unrealized profit from intra-group transactions	979,902,150.39	170,237,500.96	1,131,161,206.27	188,180,881.90
Deductible loss	8,037,120,227.11	1,257,849,925.00	7,949,926,507.37	1,253,526,618.03
Government grants	79,705,626.84	13,595,397.46	123,854,596.87	20,310,571.81
Financial assets held for trading - changes in fair value of equity instrument	599,094,647.11	98,845,541.48	97,304,476.36	15,034,908.60
Temporary differences of fixed assets	35,034,933.57	5,255,240.04	38,356,112.38	5,753,416.86
Lease liabilities	538,997,523.83	117,320,296.73	630,560,463.73	96,756,559.56
Advance payment for factoring business	2,540,682.67	635,170.67		
<b>Total</b>	<b>10,416,024,766.53</b>	<b>1,687,916,641.43</b>	<b>10,158,954,853.59</b>	<b>1,609,355,102.73</b>

**(2) Deferred tax liabilities not offset**

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Asset appreciation after business combination not involving enterprises under common control	214,282,338.95	35,836,053.80	251,185,339.82	41,487,520.22
Changes in the fair value of derivative financial instruments	552,247,360.34	87,858,549.32	104,229,894.43	17,197,932.59
Difference in time point for recognition of interest income of factoring business	5,836,382.08	1,459,095.52	5,935,766.66	1,483,941.67
Difference between the book value of fixed assets and their tax bases	2,510,836,299.47	446,327,317.74	3,454,994,983.11	596,025,479.50
Financial assets held for trading - changes in fair value of equity instrument	56,623,367.90	8,493,505.19	47,858,392.97	7,178,758.95
Right-of-use assets	830,782,037.83	155,691,505.72	615,431,849.91	94,606,542.41
<b>Total</b>	<b>4,170,607,786.57</b>	<b>735,666,027.29</b>	<b>4,479,636,226.90</b>	<b>757,980,175.34</b>

**(3) Deferred tax assets or liabilities presented in net amount after offsetting**

Unit: RMB

Item	Amount of deferred tax assets and liabilities mutually offset at the end of the period	Closing balance of deferred tax assets or liabilities after offsetting	Amount of deferred tax assets and liabilities mutually offset at the beginning of the period	Opening balance of deferred tax assets or liabilities after offsetting
Deferred tax assets	14,299,328.51	1,673,617,312.92		1,609,355,102.73
Deferred tax liabilities	14,299,328.51	721,366,698.78		757,980,175.34

**(4) Details of unrecognized deferred tax assets**

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	2,194,524,181.06	1,368,219,823.12
Deductible loss	2,484,134,842.82	987,684,531.31
Government grants	270,483,447.14	201,469,460.92
Intra-group transaction	421,204,796.22	355,291,930.95
Lease liabilities	408,989,822.79	14,603,113.98
<b>Total</b>	<b>5,779,337,090.03</b>	<b>2,927,268,860.28</b>

**(5) Deductible loss of unrecognized deferred tax assets will expire in the following years**

Unit: RMB

Year	Closing balance	Opening balance	Notes
2024		18,696,741.06	
2025	38,992,037.06	55,803,979.86	
2026	92,712,000.00	100,932,581.25	
2027	124,300,130.51	132,003,790.64	
2028	211,774,431.14	226,015,025.30	
2029	570,656,537.68	34,117,796.46	
2030	40,430,198.27	40,430,198.27	
2031	33,727,365.38	163,633,635.10	
2032	145,949,988.44	164,201,128.77	
2033	57,317,581.45	51,849,654.60	
2034 and beyond	1,168,274,572.89		
Total	2,484,134,842.82	987,684,531.31	

#### 24. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Prepayment for long-term assets	195,782,708.85		195,782,708.85	150,258,931.39		150,258,931.39
Certificates of deposit issued by banks	1,737,898,965.71		1,737,898,965.71	998,012,152.77		998,012,152.77
Guarantee deposit	30,000,000.00		30,000,000.00	30,000,000.00		30,000,000.00
The portion due within one year (Note VII. 9)	-388,821,194.44		-388,821,194.44	-494,634,708.33		-494,634,708.33
Total	1,574,860,480.12		1,574,860,480.12	683,636,375.83		683,636,375.83

#### 25. Assets with restricted ownership or right to use

Unit: RMB

Item	End of the period				Beginning of the period			
	Book balance	Book value	Type of restriction	Restriction situations	Book balance	Book value	Type of restriction	Restriction situations
Cash and cash equivalents	5,012,975,983.79	5,012,975,983.79	Pledged	Mainly deposits for handling bills, letters of guarantee, etc.	1,456,289,098.94	1,456,289,098.94	Pledged	Mainly deposits for handling bills, letters of guarantee, etc.
Notes receivable	113,923,842.73	113,923,842.73	Pledged	Bill pledges, unconfirmed bill discounts, etc.	100,866,907.03	100,866,907.03	Pledged	Bill pledges, unconfirmed bill discounts, etc.
Intangible assets	61,897,657.63	60,553,375.19	Mortgage	For mortgage loan	61,897,657.63	61,897,657.63	Mortgage	For mortgage loan

Non-current assets due within one year	388,821,194.44	388,821,194.44	Pledged	Mainly for pledging large-denomination deposits, issuing financing guarantees, notes and so on	453,106,027.78	453,106,027.78	Pledged	Mainly for pledging large-denomination deposits, issuing financing guarantees, notes and so on
Other current assets	592,758,666.66	592,758,666.66	Pledged					
Other non-current assets	731,674,555.99	731,674,555.99	Pledged		533,377,444.44	533,377,444.44	Pledged	
<b>Total</b>	<b>6,902,051,901.24</b>	<b>6,900,707,618.80</b>			<b>2,605,537,135.82</b>	<b>2,605,537,135.82</b>		

## 26. Short-term borrowings

### (1) Types of Short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Pledge borrowings		
Mortgage borrowings		
Secured borrowings	101,014,894.49	191,949,621.83
Credit borrowings	7,512,265,275.42	4,922,541,694.79
Discounted borrowings	100,000,000.00	100,000,000.00
<b>Total</b>	<b>7,713,280,169.91</b>	<b>5,214,491,316.62</b>

Explanation of the types of Short-term borrowings:

The year-end balance of the guaranteed loan is RMB 101,014,894.49, consisting of RMB 100,000,000.00 of principal and RMB 1,014,894.49 of interest. The loan is secured by a guarantee provided by Goertek Group

### (2) Short-term borrowings that are overdue and not repaid

None

## 27. Financial liabilities held for trading

Unit: RMB

Item	Closing balance	Opening balance
Financial liabilities held for trading	604,980,242.99	129,579,785.95
Including:		
Derivative financial liabilities	604,980,242.99	129,579,785.95
<b>Total</b>	<b>604,980,242.99</b>	<b>129,579,785.95</b>

## 28. Notes payable

Unit: RMB

Type	Closing balance	Opening balance
Commercial acceptance notes	70,000,000.00	30,000,000.00
Bank acceptance notes	3,766,921,742.97	4,223,514,820.18
Domestic letter of credit	123,344,349.30	284,839,800.50
<b>Total</b>	<b>3,960,266,092.27</b>	<b>4,538,354,620.68</b>

The amount of notes payable due and unpaid at the end of this period is RMB 0.00.

## 29. Accounts Payable

### (1) Presentation of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Material cost and others	20,606,964,237.50	16,626,231,694.18
Payment for equipment	789,803,137.19	234,749,834.37
Payment for construction projects	565,456,881.68	721,281,830.62
<b>Total</b>	<b>21,962,224,256.37</b>	<b>17,582,263,359.17</b>

### (2) Important accounts payable aged above 1 year or overdue

None

## 30. Other payables

Unit: RMB

Item	Closing balance	Opening balance
Other payables	96,306,705.81	87,474,942.48
<b>Total</b>	<b>96,306,705.81</b>	<b>87,474,942.48</b>

### (1) Interest payable

None

### (2) Dividends payable

None

### (3) Other payables

#### 1) Presentation of other payables by nature of payment

Unit: RMB

Item	Closing balance	Opening balance
Current accounts payable	52,875,646.83	30,601,293.49
Employee benefits payable	2,528,015.07	2,959,471.15
Margin and deposit payable	40,903,043.91	53,914,177.84
<b>Total</b>	<b>96,306,705.81</b>	<b>87,474,942.48</b>

#### 2) Other important payables aged above 1 year or overdue

None

## 31. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Advance payment received for products	4,052,359,576.04	3,472,638,215.20
<b>Total</b>	<b>4,052,359,576.04</b>	<b>3,472,638,215.20</b>



## 32. Employee benefits payable

### (1) Presentation of employee benefits payable

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term payroll	1,214,890,196.49	8,496,738,944.61	8,426,327,469.29	1,285,301,671.81
II. Post-employment benefits—defined contribution plans	180,397.56	683,130,395.15	683,310,792.71	
III. Termination benefits	4,474,946.60	16,546,686.09	21,021,632.69	
Total	1,219,545,540.65	9,196,416,025.85	9,130,659,894.69	1,285,301,671.81

### (2) Presentation of short-term payroll

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Salaries, bonuses, allowances and subsidies	1,207,315,382.67	7,488,695,610.38	7,413,119,592.43	1,282,891,400.62
2. Employee welfare fee		421,031,413.42	421,031,413.42	
3. Social insurance premium	113,563.67	309,431,695.14	309,545,258.81	
Incl.: Medical insurance premium	103,895.38	284,799,300.51	284,903,195.89	
Work injury insurance premium	7,399.07	23,974,334.44	23,981,733.51	
Maternity insurance premium	2,269.22	658,060.19	660,329.41	
4. Housing provident fund	30,300.00	258,748,513.70	258,764,702.87	14,110.83
5. Labor union expenditure and employee education expenses	7,430,950.15	18,831,711.97	23,866,501.76	2,396,160.36
Total	1,214,890,196.49	8,496,738,944.61	8,426,327,469.29	1,285,301,671.81

### (3) Presentation of defined contribution plans

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic endowment insurance premium	174,372.34	653,843,811.46	654,018,183.80	
2. Unemployment insurance premium	6,025.22	29,286,583.69	29,292,608.91	
Total	180,397.56	683,130,395.15	683,310,792.71	

Explanation of other matters:

The Group contributes to mandatory pension program and unemployment benefit programs established by government authority. Under these programs, the Group makes monthly contributions to these programs at certain percentages according to the social insurance contribution base for 2024. Except the above monthly contributions, the Group is not under other payment obligations. Corresponding expenditures are recorded in the current profits and losses, or related asset costs when incurred.

**33. Tax payable**

Unit: RMB

Item	Closing balance	Opening balance
VAT	16,078,207.99	20,391,817.39
Enterprise income tax	212,212,744.22	29,601,348.32
Personal income tax	74,590,634.96	13,907,551.43
City maintenance and construction tax	6,711,168.43	4,043,865.01
Education surcharges	2,401,322.71	816,335.64
Local education surcharges	1,677,581.81	732,968.31
Housing property tax	18,691,456.42	22,511,435.33
Land use tax	3,200,462.36	6,287,778.70
Stamp duties tax	18,914,484.44	21,505,223.06
Other taxes	1,099,386.81	1,057,730.83
Total	355,577,450.15	120,856,054.02

**34. Non-current liabilities due within one year**

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	4,638,235,268.67	945,537,351.58
Lease liabilities due within one year (Notes VII, 37)	285,209,271.77	126,507,675.26
Long-term employee benefits payable due within one year		124,233.89
Total	4,923,444,540.44	1,072,169,260.73

**35. Other current liabilities**

Unit: RMB

Item	Closing balance	Opening balance
VAT payable—tax on items to be resold	3,214,059.97	4,718,260.10
Total	3,214,059.97	4,718,260.10

**36. Long-term borrowings****(1) Types of long-term borrowings**

Unit: RMB

Item	Closing balance	Opening balance
Mortgage borrowings	106,119,838.88	150,213,125.00
Secured borrowings	2,090,077,963.83	3,269,566,929.13
Credit borrowings	3,783,239,449.86	4,157,228,049.31
Long-term borrowings due within one year (Note VII, 34)	-4,638,235,268.67	-945,537,351.58
Total	1,341,201,983.90	6,631,470,751.86

Description of types of long-term borrowings:

The period-end balance of secured borrowing is RMB 2,090,077,963.83, consisting of RMB 2,095,490,093.84 principle and RMB - 5,412,130.01 adjusted interest. A part of the amount, RMB 1,480,000,000.00, is secured by a guarantee provided by Goertek Group and the remaining is secured by a guarantee provided by its subsidiaries.

Explanation of other matters, including interest rate range:

The interest rate range for long-term borrowings is 2.20%-6.29% on December 31, 2024. (2.40%-7.21% on December 31, 2023).

### 37. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease payment	1,040,151,234.91	718,922,935.00
Plus: Unrecognized financing fees	-85,976,762.48	-74,255,700.11
Lease liabilities due within one year (Notes VII, 34)	-285,209,271.77	-126,507,675.26
Total	668,965,200.66	518,159,559.63

### 38. Deferred income

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Cause of formation
Government grants	519,084,658.34	83,689,225.00	84,859,893.15	517,913,990.19	See Note XI "Government Grants"
Total	519,084,658.34	83,689,225.00	84,859,893.15	517,913,990.19	-

### 39. Other non-current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Equity of other partners of the fund company	452,293,738.43	348,058,624.72
Total	452,293,738.43	348,058,624.72

### 40. Share capital

Unit: RMB

	Opening balance	Increase or decrease in the change (+, -)					Closing balance
		New shares	Bonus shares	Transferred from reserves	Other	Sub-total	
Total shares	3,420,403,200	69,210,155			-3,268,611	65,941,544	3,486,344,744

Explanation of other matters:

The Company's stock options under the 2021 and 2023 Incentive Plan are currently in the exercise period. Due to employees' exercise of the right, the Company issued 69,210,155 Class A Shares to the incentive targets.

The Company has a remaining 3,268,611 shares from its share repurchase that have not been used for the stock incentive plan or employee stock ownership plan, and the three-year holding period is about to expire. The Company convened the 13th meeting of the sixth Board of Directors on January 15, 2024, and the first extraordinary general meeting of shareholders in 2024 on February 1, 2024, where it reviewed and approved the *Proposal to Cancel a Portion of the Company's Repurchased Shares*. The proposal stipulates that the Company will cancel the remaining 3,268,611 shares deposited in the repurchase specific securities account at the conclusion of the three-year holding period, thereby reducing the Company's registered capital accordingly.

As of December 31, 2024, the 65,000,000 shares of the Company held by the controlling shareholders and their persons acting in concert have been pledged to China Merchants Securities Co., Ltd. for a period from June 1, 2023 to May 30, 2025, representing 1.86% of total shares of the Company.

#### 41. Capital surplus

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (Share capital premium)	8,044,733,215.98	1,938,825,750.55	307,526,292.04	9,676,032,674.49
Other capital surplus	953,639,154.63	332,593,042.37	669,077,606.90	617,154,590.10
Total	8,998,372,370.61	2,271,418,792.92	976,603,898.94	10,293,187,264.59

Explanation of other matters, including the increase and decrease in the current period and explanation of reasons for changes:

- ① The capital reserve - share premium increased by RMB 1,938,825,750.55 this period. Reasons for the increase: (1) stock option exercises, which increased the share premium by RMB 1,190,949,093.49; (2) the employee stock ownership plan and stock option unlock, which transferred RMB 669,077,606.90 from other capital reserves to share premium; (3) due to individual performance evaluation, the actual share of unlocked shares granted to the grantees of the Company's "Home No. 6" Employee Stock Purchase Plan was less than the target share of unlocked shares. As a result, the sale price of the corresponding share increased the capital surplus - equity premium by RMB 78,347,662.97; (4) changes of shareholding of subsidiaries Dongguan Yili Precision Manufacturing Co., Ltd. and Jiaxing Guochao Optoelectronics Technology Co., Ltd., which increased the capital reserve by RMB 451,387.19.
- ② The capital reserve - share premium decreased by RMB 307,526,292.04 during the reporting period. Reasons for the decrease: (1) The remaining shares of the Company's repurchased shares were not used in the Stock Incentive Plan or the Employee Stock Ownership Plan and the three-year holding period was about to expire, so the remaining shares were canceled and the share premium was reduced by RMB 97,606,944.70; (2) changes of shareholding of subsidiaries Goertek Microelectronics Inc. and Qingdao Resonance I Venture Capital Fund LP which reduced the capital reserve by RMB 209,919,347.34.
- ③ The capital reserve - other capital reserves increased by RMB 332,593,042.37 this period, mainly due to (1) share-based payments amounting to RMB 331,566,990.51; (2) the impact of changes in other owner's equity in invested entities under the equity method, which increased by RMB 1,026,051.86.
- ④ Capital reserve – other capital reserve decreased by RMB 669,077,606.90 for the current period, and all belonged to the employee stock ownership plan and stock option unlocking, with other capital reserve of RMB 669,077,606.90 being transferred into equity premium.

#### 42. Treasury stock

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Shares of the Company repurchased for employee stock programs or stock option incentives	278,530,746.47	497,162,992.63	100,875,555.70	674,818,183.40
Total	278,530,746.47	497,162,992.63	100,875,555.70	674,818,183.40

Explanation of other matters, including the increase and decrease in the current period and explanation of reasons for changes:

As of December 31, 2024, there were 39,434,946 treasury stock, representing 1.13% of the total share capital of the Company.

(1) Treasury stock stocks repurchase situation for the current period

At the 10th meeting of the 6th Board of Directors of the Company held on October 26, 2023, the *Proposal on the Plan to Re-purchase Shares of the Company through Centralized Bidding* and other related proposals was deliberated and adopted, approving the Company to repurchase its own shares at a price of no more than RMB 25.49/share for employee stock programs or equity incentives through centralized bidding, where the total amount of funding for share repurchase shall be no less than RMB 500 million and no more than RMB 0.7 billion. The proposals shall be implemented no later than the end of 12 months after they were reviewed and adopted by the

Board of Directors of the Company. As of the end of the period, the Company repurchased a total of 29,802,246 shares, and this share repurchase plan has been completed.

(2) Transferred treasure stock for the current period

The Company has a remaining 3,268,611 shares from its share repurchase that have not been used for the stock incentive plan or employee stock ownership plan, and the three-year holding period is about to expire. The Company convened the 13th meeting of the sixth Board of Directors on January 15, 2024, and the first extraordinary general meeting of shareholders in 2024 on February 1, 2024, where it reviewed and approved the *Proposal to Cancel a Portion of the Company's Repurchased Shares*. The proposal stipulates that the Company will cancel the remaining 3,268,611 shares deposited in the repurchase specific securities account at the conclusion of the three-year holding period, thereby reducing the Company's treasure stock accordingly.

### 43. Other comprehensive income

Unit: RMB

Item	Opening balance	2024						Closing balance
		Amount incurred before income tax in the current period	Less: Recorded in other comprehensive income for the previous period and transferred in profit or loss for the current period	Less: Recorded in other comprehensive income for the previous period and transferred in undistributed profits for the current period	Less: Income tax expenses	Amount after tax attributable to the parent company	Attributed after tax to minority shareholders	
I. Other comprehensive income that cannot be reclassified into profit and loss	43,034,531.24	30,057,171.97				9,082,795.67	20,974,376.30	-33,951,735.57
Including: Changes in the fair value of other equity instruments	43,034,531.24	30,057,171.97				9,082,795.67	20,974,376.30	-33,951,735.57
II. Other comprehensive income that will be reclassified into profit and loss	2,099,591.35	412,890,617.25				413,368,849.78	478,232.53	411,269,258.43
Including: other comprehensive income that can be reversed through profit and loss under the equity method	-12,650.40	436.41				436.41		-12,213.99

Difference from translation of financial statements in foreign currency	2,112,241.75	-	412,891,053.66			413,369,286.19	478,232.53	-	411,257,044.44
Total other comprehensive income	40,934,939.89	-	382,833,445.28			404,286,054.11	21,452,608.83	-	445,220,994.00

Explanation of other matters, including the adjustment of the effective part of cash flow hedging gains and losses into the initially recognized amount of the hedged item:

- ① Other comprehensive income that cannot be reclassified into profit and loss: Under the item of changes in the fair value of other equity instruments, RMB 20,974,376.30 is attributable to minority shareholders after tax, of which RMB 24,075,769.10 is the equity of other partners of the fund company. The statement is presented in other non-current liabilities.
- ② Other comprehensive income that will be reclassified into profit and loss: Under the item of difference from translation of financial statements in foreign currency, RMB 478,232.53 is attributable to minority shareholders after tax. Of which, RMB 1,291,023.79 is the equity of other partners of the fund company. The statement is presented in other non-current liabilities.

#### 44. Specific reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Safety production expenses	1,551,313.67	8,193,801.30	6,732,757.04	3,012,357.93
Total	1,551,313.67	8,193,801.30	6,732,757.04	3,012,357.93

#### 45. Surplus reserve

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserve	1,665,066,603.96	140,430,167.05		1,805,496,771.01
Total	1,665,066,603.96	140,430,167.05		1,805,496,771.01

Explanation of surplus reserve, including the increase and decrease in the current period and explanation of reasons for changes:

According to *Company Law* and *Articles of Association*, the Company allocates 10% of net profits to the statutory surplus reserve. The Company does not need to allocate further amounts if the cumulative amount of the statutory surplus reserve reaches more than 50% of the registered capital.

#### 46. General risk reserve

Item	Opening balance (RMB)	Increase in the current period	Decrease in the current period	Closing balance (RMB)
Reserve for risks in financing factoring business	6,081,200.00			6,081,200.00

Note: According to *Notice by the General Office of the China Banking and Insurance Regulatory Commission of Strengthening the Supervision and Administration of Commercial Factoring Enterprises (YBJBF [2019] No. 205)*, the Group allocates 1% of the closing balance of financing factoring business to the provision for risks.

**47. Undistributed profits**

Unit: RMB

Item	2024	2023
Undistributed profits at the end of last period before adjustment	17,038,581,549.12	16,507,798,239.34
Total undistributed profits at the beginning of the adjustment period (increase+, decrease-)		1,753,356.25
Undistributed profits at the beginning of the period after adjustment	17,038,581,549.12	16,509,551,595.59
Plus: net profit attributable to the owner of the parent company in the current period	2,665,044,826.06	1,088,076,730.88
Less: Withdrawal of statutory surplus reserve	140,430,167.05	218,530,482.45
Withdrawal of any surplus reserve		
Appropriation of general risk reserve		
Common stock dividends payable	850,462,393.45	340,516,294.90
Common stock dividends converted to share capital		
Add: Disposal of investments in other equity instruments	-481,132.08	
Undistributed profits at the end of the period	18,712,252,682.60	17,038,581,549.12

Details of the adjustment of the undistributed profits at the beginning of the period:

- 1). The undistributed profit affected by the retroactive adjustment in accordance with *Accounting Standards for Business Enterprises* and its related new regulations at the beginning of the period is RMB 0.00.
- 2). The undistributed profit affected by the change of accounting policy at the beginning of the period is RMB 0.00.
- 3). The undistributed profit affected by the correction of major accounting errors at the beginning of the period is RMB 0.00.
- 4). The undistributed profit affected by the change of combination scope caused by the common control at the beginning of the period is RMB 0.00.
- 5). The undistributed profit affected by other adjustments at the beginning of the period is RMB 0.00.

**48. Revenue and cost of sales**

Unit: RMB

Item	2024		2023	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business	98,545,585,814.34	87,572,307,509.64	95,885,691,189.51	87,326,051,000.75
Other business	2,408,262,341.74	2,187,079,259.28	2,688,211,083.63	2,427,013,209.24
Total	100,953,848,156.08	89,759,386,768.92	98,573,902,273.14	89,753,064,209.99

Whether the lower of the audited net profit before and the audited net profit after deducting non-recurring profits and losses is negative

Yes  No

Breakdown of the revenue and cost of sales:

Unit: RMB

Classification of contracts	Division 1		Total	
	Revenue	cost of sales	Revenue	cost of sales
Business Type				
Including:				
Electronic components	98,545,585,814.34	87,572,307,509.64	98,545,585,814.34	87,572,307,509.64
Other business income	2,408,262,341.74	2,187,079,259.28	2,408,262,341.74	2,187,079,259.28

As per Product Classification				
Precision components	15,050,929,866.12	11,813,778,081.46	15,050,929,866.12	11,813,778,081.46
Smart audio device	26,296,149,936.78	23,806,494,507.31	26,296,149,936.78	23,806,494,507.31
Smart hardware	57,198,506,011.44	51,952,034,920.87	57,198,506,011.44	51,952,034,920.87
Other business income	2,408,262,341.74	2,187,079,259.28	2,408,262,341.74	2,187,079,259.28
By business regions				
Including:				
Domestic	9,379,102,600.90	8,502,078,394.19	9,379,102,600.90	8,502,078,394.19
Overseas	91,574,745,555.18	81,257,308,374.73	91,574,745,555.18	81,257,308,374.73
By sales channel				
Including:				
Direct selling	100,398,975,571.86	89,298,248,810.35	100,398,975,571.86	89,298,248,810.35
Distribution	554,872,584.22	461,137,958.57	554,872,584.22	461,137,958.57
Total	100,953,848,156.08	89,759,386,768.92	100,953,848,156.08	89,759,386,768.92

#### 49. Taxes and surcharges

Unit: RMB

Item	2024	2023
City maintenance and construction tax	78,180,147.00	46,734,999.87
Education surcharge	27,507,986.59	14,688,215.43
Housing property tax	80,510,788.10	77,267,139.98
Land use tax	3,206,159.64	20,383,547.91
Vehicle and vessel use tax	28,453.49	30,785.06
Stamp duties tax	68,080,467.43	71,773,016.90
Local education surcharges	21,068,467.00	12,871,438.36
Other	149,514.51	295,698.78
Total	278,731,983.76	244,044,842.29

Explanation of other matters:

For the details on calculation and payment standards of taxes and surcharges, please see Note VI. Tax.

#### 50. General and administrative expenses

Unit: RMB

Item	2024	2023
Employee benefits	1,214,180,410.70	1,378,056,739.51
Share-based apportioned payment	226,233,694.12	123,216,341.40
Office expenses	124,376,341.65	150,877,872.27
Consulting fees	139,157,208.02	101,711,188.82
Depreciation cost	121,760,834.33	123,107,194.98
Amortization of intangible assets	103,221,179.79	77,773,070.95
Recruitment and training fees	32,940,278.91	28,411,122.33
Rental	13,562,954.48	13,213,201.57
Entertainment expenses	39,931,530.17	32,629,383.74
Travel expenses	34,498,480.16	24,076,778.72



Item	2024	2023
Security expenses	38,746,591.02	33,212,938.64
Property insurance	11,374,008.26	11,593,701.38
Other	100,039,204.09	104,934,819.24
<b>Total</b>	<b>2,200,022,715.70</b>	<b>2,202,814,353.55</b>

## 51. Selling expenses

Unit: RMB

Item	2024	2023
Employee benefits	456,730,979.35	384,050,131.79
Share-based apportioned payment	23,908,479.89	16,712,392.29
Rental	1,510,770.81	5,501,255.44
Sales commission	13,029,519.39	14,212,724.06
Insurance expenses	12,147,635.78	15,520,423.96
Entertainment expenses	30,107,643.14	23,518,137.66
Travel expenses	35,830,730.04	27,461,090.78
Office expenses	21,124,158.84	22,905,403.44
Depreciation cost	18,132,437.60	15,677,618.00
Other	7,312,126.83	2,591,126.00
<b>Total</b>	<b>619,834,481.67</b>	<b>528,150,303.42</b>

## 52. Research and development expenses

Unit: RMB

Item	2024	2023
Employee benefits	2,435,505,872.20	2,284,730,251.52
Direct input cost	999,319,580.06	1,119,216,253.90
Amortization of intangible assets	784,505,601.75	686,732,187.64
Depreciation cost	234,335,890.89	220,771,853.79
Share-based apportioned payment	84,752,120.36	44,742,283.43
Design fees	94,128,678.10	76,956,945.55
Other expenses	249,564,744.16	282,819,675.59
<b>Total</b>	<b>4,882,112,487.52</b>	<b>4,715,969,451.42</b>

## 53. Financial expenses

Unit: RMB

Item	2024	2023
Interest expenses	572,194,609.11	544,691,878.33
Interest income	-400,653,329.10	-279,661,791.52
Exchange gains and losses	-115,270,882.48	-10,282,609.82
Other	14,437,439.44	97,027,671.65
<b>Total</b>	<b>70,707,836.97</b>	<b>351,775,148.64</b>

**54. Other income**

Unit: RMB

Sources of other income	2024	2023
Government grants	196,876,242.50	331,548,590.64
Tax benefit included	53,573,394.07	36,245,618.91
Return of individual tax handling fee, etc.	5,671,131.37	5,066,847.41
Total	256,120,767.94	372,861,056.96

**55. Gains on changes in fair value**

Unit: RMB

Sources of gains on changes in fair value	2024	2023
Financial assets held for trading	536,792,832.96	8,036,980.76
Including: Gains on changes in fair value of derivative financial instruments	445,298,402.32	-82,278,125.54
Financial liabilities held for trading	-486,709,669.91	77,483,472.73
Other non-current financial assets	-9,039,275.08	30,388,698.95
Total	41,043,887.97	115,909,152.44

**56. Investment income**

Unit: RMB

Item	2024	2023
Return on long-term equity investments measured by the equity method	-26,835,728.84	-28,435,998.08
Investment income from disposal of long-term equity investments		24,822,113.27
Investment income from disposal of financial assets held for trading	70,976,205.49	-142,047,909.35
Investment income from products such as certificates of deposit	101,319,375.81	85,249,228.88
Income recognized at the termination of financial assets measured at amortized cost	-36,419,794.69	-5,724,287.70
Other		-7,257,012.91
Total	109,040,057.77	-73,393,865.89

**57. Credit impairment losses**

Unit: RMB

Item	2024	2023
Credit impairment losses on bad debts of accounts receivable	-57,765,579.02	19,420,684.72
Credit impairment losses on bad debts of other receivables	-649,448.67	-2,025,618.66
Total	-58,415,027.69	17,395,066.06

**58. Asset impairment losses**

Unit: RMB

Item	2024	2023
I. Loss on inventory falling price and impairment loss of contract performance cost	-401,190,754.77	-299,626,936.00
II. Loss on impairment of fixed assets	-241,874,822.96	
III. Loss on impairment of contract assets		1,194.69
Total	-643,065,577.73	-299,625,741.31

**59. Gains on disposal of assets**

Unit: RMB

Source of income from disposal of assets	2024	2023
Gains on disposal of fixed assets	-403,379.46	-7,467,928.73
Income from disposal of intangible assets		2,600,000.00
Income from disposal of right-of-use assets	95,905.77	2,830,270.21
Total	-307,473.69	-2,037,658.52

**60. Non-operating income**

Unit: RMB

Item	2024	2023	Amount recorded in current non-recurring profits and losses
Gains from damage and liquidation of non-current assets		21,927.79	
Government grants unrelated to the daily activities of enterprises	47,012.69		47,012.69
Other	33,536,209.57	34,795,207.29	33,536,209.57
Total	33,583,222.26	34,817,135.08	33,583,222.26

Explanation of other matters:

Non-operating income - other incomes that are mainly unpayable amounts and liquidated damages collected, etc

**61. Non-operating expenses**

Unit: RMB

Item	2024	2023	Amount recorded in current non-recurring profits and losses
Losses from damage and liquidation of non-current assets	85,692,278.90	146,689,062.70	85,692,278.90
Donation given	3,833,756.31	3,204,356.82	3,833,756.31
Other	17,688,358.06	2,959,378.43	17,688,358.06
Total	107,214,393.27	152,852,797.95	107,214,393.27

## 62. Income tax expenses

### (1) Income tax expenses statement

Unit: RMB

Item	2024	2023
Current income tax expenses	287,703,579.00	73,435,975.15
Deferred income tax expenses	-100,155,359.30	-301,690,868.04
Total	187,548,219.70	-228,254,892.89

### (2) Adjustment process of accounting profit and income tax expenses

Unit: RMB

Item	2024
Total profit	2,773,837,345.10
Income tax expenses calculated at statutory/applicable tax rate	416,075,601.77
Impact of different tax rates applied to subsidiaries	-100,530,858.69
Impact of adjusting income tax in previous periods	3,725,590.55
Impact of non-taxable income	-4,433,282.73
Impact of non-deductible costs, expenses and losses	12,661,563.39
Impact of deductible loss of unrecognized deferred tax assets in previous period	-28,133,367.16
Impact of deductible temporary differences or deductible losses of unrecognized deferred tax assets in current period	437,709,787.10
Impact of the weighted deduction of research and development expenses	-420,795,029.49
Impact of share-based payment	-125,651,994.88
Other	-3,079,790.16
Income tax expenses	187,548,219.70

## 63. Other comprehensive income

See Note VII 43 for details.

## 64. Cash flow statement items

### (1) Cash relating to operating activities

Cash received relating to other operating activities

Unit: RMB

Item	2024	2023
Interest income	400,621,921.85	276,592,905.39
Government grants	195,752,587.04	318,295,104.60
Receivables and payables and others	1,471,108,554.08	1,380,303,535.78
Total	2,067,483,062.97	1,975,191,545.77

Cash paid relating to other operating activities

Unit: RMB

Item	2024	2023
Research and development expenses	1,334,160,699.49	1,471,298,287.84
Office expenses	145,500,500.49	173,783,275.71

Item	2024	2023
Consulting fees	117,161,125.32	101,711,188.82
Travel expenses	70,329,210.20	51,537,869.50
Entertainment expenses	70,039,173.31	56,147,521.40
Insurance expenses	23,521,644.04	27,114,125.34
Rental	15,073,725.29	18,714,457.01
Sales commission	13,029,519.39	14,212,724.06
Receivables and payables and others	1,710,223,753.89	1,332,981,018.70
<b>Total</b>	<b>3,499,039,351.42</b>	<b>3,247,500,468.38</b>

## (2) Cash relating to investing activities

Cash received relating to other investing activities

Unit: RMB

Item	2024	2023
Option premiums received	16,150,465.60	37,885,965.58
Recovery of margin of investment in foreign exchange derivative trading	12,000,000.00	72,806,657.72
<b>Total</b>	<b>28,150,465.60</b>	<b>110,692,623.30</b>

Important cash received from investing activities

Unit: RMB

Item	2024	2023
Recovery of structured deposits upon maturity	10,573,715,076.99	
Recovery of principal from time deposits upon maturity	2,229,768,495.62	3,902,853,504.00
Recovery of principal from large certificates of deposit upon maturity	1,475,800,000.00	70,000,000.00
<b>Total</b>	<b>14,279,283,572.61</b>	<b>3,972,853,504.00</b>

Cash paid relating to other investing activities

Unit: RMB

Item	2024	2023
Payment of margin of investment in foreign exchange derivative trading	12,000,000.00	72,806,657.72
<b>Total</b>	<b>12,000,000.00</b>	<b>72,806,657.72</b>

Important cash paid from investing activities

Unit: RMB

Item	2024	2023
Cash paid for purchasing structured deposits	10,558,000,000.00	
Principal deposited in time deposits	3,733,376,366.56	3,498,371,185.32
Principal for purchasing large certificates of deposit	3,118,596,844.19	390,000,000.00
<b>Total</b>	<b>17,409,973,210.75</b>	<b>3,888,371,185.32</b>

## (3) Cash relating to financing activities

Cash received relating to other financing activities

Unit: RMB

Item	2024	2023
Various securities in other currencies recovered	4,440,673,565.42	2,758,448,774.94
Proceeds from the sale of treasury shares not meeting the exercise conditions	78,347,662.97	39,355,486.02
Contributions from other partners of the fund company	49,847,000.00	188,082,000.00
Borrowings from non-financial institutions, etc.	26,941,948.42	11,000,000.00
Interest income on raised funds	31,407.25	3,068,886.13
Subscription of employee stock ownership plan		504,990,652.00
<b>Total</b>	<b>4,595,841,584.06</b>	<b>3,504,945,799.09</b>

Cash paid relating to other financing activities

Unit: RMB

Item	2024	2023
Various security deposit payments for other monetary capital	7,011,225,625.91	2,813,467,201.78
Repurchase of treasure stock	497,162,992.63	177,655,190.77
Rental payment	131,360,091.14	111,526,372.99
Repayment of borrowings from non-financial institutions and interest, etc.	15,950,662.59	14,205,910.21
Listing expense of Goermicro	3,794,789.25	2,180,318.91
Cash paid for acquisition of minority interests in subsidiaries		23,273,750.00
Financing expense paid with borrowings		9,000,000.00
<b>Total</b>	<b>7,659,494,161.52</b>	<b>3,151,308,744.66</b>

Changes in various liabilities generated from financing activities

 Applicable  Not applicable

Unit: RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Changes in cash	Non-cash changes	Changes in cash	Non-cash changes	
Short-term borrowings	5,214,491,316.62	27,607,466,967.04	354,469,964.52	25,363,148,078.27	100,000,000.00	7,713,280,169.91
Other payables - dividends payable			850,462,393.45	850,462,393.45		
Long-term borrowings (including the part due within one year)	7,577,008,103.44	248,000,000.00	283,027,841.65	2,128,598,692.52		5,979,437,252.57
Lease liabilities (including those maturing within one year)	644,667,234.89		444,517,699.82	131,360,091.14	3,650,371.14	954,174,472.43
Other non-current	348,058,624.72	49,847,000.00	54,388,113.71			452,293,738.43

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Changes in cash	Non-cash changes	Changes in cash	Non-cash changes	
liabilities						
Total	13,784,225,279.67	27,905,313,967.04	1,986,866,013.15	28,473,569,255.38	103,650,371.14	15,099,185,633.34

#### (4) Notes to cash flow reported on a net basis

None

#### (5) Significant activities and financial impacts that do not involve cash receipts and payments for the current period but may affect the Company's financial position or cash flow in the future

None

### 65. Supplementary information for cash flow statement

#### (1) Supplementary information for cash flow statement

Unit: RMB

Supplementary information	Amount of current period	Amount in previous period
1. Reconciliation of net profit to cash flow from operating activities		
Net profit	2,586,289,125.40	1,019,411,203.59
Add: Provision for impairment of assets	643,065,577.73	299,625,741.31
Credit impairment losses	58,415,027.69	-17,395,066.06
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of bearer biological assets	2,876,162,266.47	2,938,786,849.35
Depreciation of right-of-use assets	192,954,092.19	128,357,416.63
Amortization of intangible assets	896,019,467.06	775,354,156.85
Long-term prepaid expenses	114,160,739.30	226,069,725.83
Losses on disposal of fixed assets, intangible assets and other long-term assets (Use "-" for gain)	307,473.69	2,037,658.52
Loss on retirement of fixed assets (Use "-" for gain)	85,692,278.90	146,667,134.91
Loss on changes in fair value (Use "-" for gain)	-41,043,887.97	-115,909,152.44
Financial expenses (Use "-" for gain)	452,782,389.67	458,210,031.50
Investment loss (Use "-" for gain)	-145,459,852.46	60,412,565.28
Decrease in deferred tax assets (Use "-" for gain)	-64,262,210.19	-111,839,854.19
Increase in deferred tax liabilities (Use "-" for decrease)	-36,613,476.56	-190,279,710.41
Decrease in inventory (Use "-" for increase)	284,232,995.03	7,430,247,429.32
Decrease of operating receivable items (Use "-" for increase)	-5,964,502,796.08	2,106,126,474.60
Increase in operational payables (Use "-" for decrease)	3,909,499,681.99	-7,184,440,025.66
Other	352,753,289.98 <sup>1</sup>	180,445,664.45
Net cash flow generated from operating activities	6,200,452,181.84	8,151,888,243.38
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Debts transferred to capital		
Convertible corporate bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:		

Supplementary information	Amount of current period	Amount in previous period
Closing balance of cash	11,790,891,094.95	13,152,726,641.78
Less: Opening balance of cash	13,152,726,641.78	10,799,993,468.81
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net Increase in cash and cash equivalents	-1,361,835,546.83	2,352,733,172.97

Note: 1 The other RMB 352,753,289.98 results from share-based payment. For the details, please see Note XV. Share-based Payment  
4. Share-based payment expense for this period.

## (2) Net cash paid for the acquisition of subsidiaries in the current period

None

## (3) Net amount of cash received for disposal of subsidiaries in the current period

None

## (4) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	11,790,891,094.95	13,152,726,641.78
Including: Cash on hand	104,171.55	60,959.92
Bank deposits that can be used for payment at any time	11,645,703,672.76	13,030,309,956.22
Other monetary funds that can be used for payment at any time	145,083,250.64	122,355,725.64
III. Cash and cash equivalents at the end of the period	11,790,891,094.95	13,152,726,641.78

## (5) Situations where the scope of use is restricted but still listed as cash and cash equivalents

None

## (6) Monetary funds that do not belong to cash and cash equivalents

Unit: RMB

Item	Amount of current period	Amount in previous period	Reasons for not being classified as cash and cash equivalents
Bank deposits	668,611,858.88	128,296,588.99	Mainly for time deposits with maturities of more than three months and accrued interest
Other monetary funds	5,006,989,915.22	1,456,289,098.94	Usage restriction
Total	5,675,601,774.10	1,584,585,687.93	

## (7) Description of other significant activities

Supplier financing arrangements:

### ① Terms and conditions of supplier financing arrangements

As of December 31, 2024, the Group provided early payment services for individual suppliers through a supply chain financing program. According to the agreement, suppliers can transfer their accounts receivable from the Group to financial institutions to obtain early payment, and the Group has paid the financial institutions on the due date according to the original contract terms.



## ② Items presented in the balance sheet and related information

Reported items	Closing balance (RMB)
Short-term borrowings	15,850,840.53

## ③ Current period changes not involving cash receipts and disbursements

The derecognition of accounts payable, along with the recognition of short-term borrowings of RMB 78,678,729.17 in fiscal year 2024 due to supplier financing arrangements, did not involve a current change in cash receipts and disbursements.

**66. Notes on items in the change statement of owner's equity**

Explanation of the names of "other" items for adjusting the closing balance of last year and adjustment amounts:

None

**67. Foreign currency monetary items****(1) Foreign currency monetary items**

Unit: RMB

Item	Closing foreign currency balance	Converted exchange rate	Closing converted RMB balance
Monetary funds			4,745,429,993.83
Including: USD	610,825,356.52	7.1884	4,390,856,992.81
EUR	81,600.15	7.5257	614,098.25
HKD	8,658,241.57	0.92604	8,017,878.02
JPY	75,095,110.00	0.046233	3,471,872.22
KRW	1,088,992,419.00	0.004938	5,377,444.57
TWD	87,629,129.00	0.219366	19,222,851.51
VND	1,102,710,794,282.00	0.000282	310,964,443.99
DKK	6,847,109.00	1.008369	6,904,412.46
Accounts receivable			14,929,862,172.05
Including: USD	2,076,196,210.47	7.1884	14,924,528,839.34
EUR			
HKD			
JPY	24,143,690.00	0.046233	1,116,235.22
KRW	169,084,141.00	0.004938	834,937.49
TWD	5,237,231.00	0.219366	1,148,870.42
VND	7,919,466,590.00	0.000282	2,233,289.58
Long-term borrowings			306,336,930.76
Including: USD	42,615,454.17	7.1884	306,336,930.76
EUR			
HKD			
Other receivables			33,258,414.82
Including: USD	951,711.25	7.1884	6,841,281.15
EUR	960.00	7.5257	7,224.67
JPY	152,575,605.00	0.046233	7,054,027.95
KRW	96,448,000.00	0.004938	476,260.22
HKD	29,200.00	0.92604	27,040.37

Item	Closing foreign currency balance	Converted exchange rate	Closing converted RMB balance
TWD	1,747,793.00	0.219366	383,406.36
VND	65,493,525,186.85	0.000282	18,469,174.10
Short-term borrowings			374,683,376.07
Including: USD	52,123,334.27	7.1884	374,683,376.07
Accounts payable			15,951,068,968.37
Including: USD	2,164,327,478.49	7.1884	15,558,051,646.38
EUR	416,986.92	7.5257	3,138,118.46
HKD	234,000.01	0.92604	216,693.37
JPY	86,578,604.20	0.046233	4,002,788.61
KRW	467,244,341.00	0.004938	2,307,252.56
VND	1,359,404,674,048.28	0.000282	383,352,118.08
DKK	348.00	1.008369	350.91
Other payables			7,642,363.20
Including: USD	358,157.55	7.1884	2,574,579.73
JPY	21,480,413.00	0.046233	993,103.93
KRW	287,562,235.00	0.004938	1,419,982.32
TWD	2,938,148.00	0.219366	644,529.77
VND	4,944,816,251.00	0.000282	1,394,438.18
DKK	610,619.00	1.008369	615,729.27
Non-current liabilities due within one year			341,120,668.57
Including: USD	46,870,417.28	7.1884	336,923,307.58
JPY	87,367,996.09	0.046233	4,039,284.56
KRW	26,077,686.18	0.004938	128,771.61
HKD	31,645.31	0.92604	29,304.82
Lease liabilities			26,100,302.03
Including: USD	3,542,314.90	7.1884	25,463,576.43
JPY	6,221,966.70	0.046233	287,660.19
KRW	50,682,928.53	0.004938	250,272.30
HKD	106,683.42	0.92604	98,793.11

**(2) Explanation of overseas operating entities, including, the main overseas operating places, bookkeeping base currency and selection basis for important overseas operating entities, and the reasons for changes in bookkeeping base currency.**

Applicable  Not applicable

Name of the important overseas operating entity	Main location of business operation	Accounting base currency	Accounting base currency selection basis	Whether there is any change in the accounting base currency
Goertek Technology Vina Co., Ltd.	Vietnam	VND	Legal currency of the country where it is registered	No

Name of the important overseas operating entity	Main location of business operation	Accounting base currency	Accounting base currency selection basis	Whether there is any change in the accounting base currency
Goertek (Hong Kong) Co., Limited	Hong Kong	USD	Currency adopted in business receipts and payments	No
Goertek Electronics Vietnam Co., Ltd.	Vietnam	VND	Legal currency of the country where it is registered	No

## 68. Lease

### (1) The Company acts as the lessee

Applicable  Not applicable

Variable lease payments not included in the measurement of lease liabilities

Applicable  Not applicable

Rental expense for simplified treatment of short-term leases or low-value asset leases

Applicable  Not applicable

① For the information on right-of-use assets and lease liabilities, please see Note VII 18 and 37.

② Information on items recorded in current profit or loss and relevant asset costs

Item	Amount of current period	Amount in previous period
Short-term lease expense (simplified treatment applies)	66,361,239.17	32,797,509.77
Interest on lease liabilities included in financial expenses	31,948,563.01	18,846,223.92
Income derived from the sublease of the right-of-use assets	3,630,981.59	661,958.40

③ Cash outflow related to leases

Item	Category of cash flow	Amount of current period	Amount in previous period
Cash for repayment of principal and interest of lease liabilities	Cash outflow from financing activities	131,360,091.14	111,526,372.99
Payment for short-term leases and leases for low-value assets (simplified treatment applies)	Cash outflow from operating activities	66,361,239.17	32,797,509.77
Total		197,721,330.31	144,323,882.76

Situations involving sale and leaseback transactions

None

### (2) The Company acts as the lessor

Operating lease as a lessor

Applicable  Not applicable

Unit: RMB

Item	Lease income	Including: Income related to variable lease payments not included in rental receipts
Other business income	153,831,580.00	
Total	153,831,580.00	

Financial lease as a lessor

Applicable  Not applicable

Undiscounted lease receipts for each of the next five years

Applicable  Not applicable

Reconciliation table of undiscounted lease receivables and net lease investments

None

### (3) Profit or loss on sales of finance leases recognized as a producer or distributor

Applicable  Not applicable

### 69. Data resources

None

### 70. Others

None

## VIII. Research and Development Expenditures

Unit: RMB

Item	2024	2023
Employee benefits	2,622,012,895.11	2,582,668,704.22
Direct input cost	1,167,429,669.48	1,317,327,855.54
Amortization of intangible assets	786,230,183.44	686,736,441.00
Depreciation cost	278,706,582.13	261,114,008.41
Share-based apportioned payment	85,127,680.30	44,742,283.43
Design fees	104,854,459.01	79,996,429.65
Other expenses	307,589,471.43	286,173,001.41
<b>Total</b>	<b>5,351,950,940.90</b>	<b>5,258,758,723.66</b>
Including: Expensed R&D expenditure	4,882,112,487.52	4,715,969,451.42
Capitalized R&D expenditure	469,838,453.38	542,789,272.24

### 1. R&D projects eligible for capitalization

Unit: RMB

Item	Opening balance	Increased amount in the current period			Decreased amount in the current period			Closing balance
		Internal development expense	Other	Increase in business mergers	Recognized as intangible assets	Transfer to current profit and loss	Other	
Item 1		24,546,845.39						24,546,845.39
Item 2		17,590,499.33						17,590,499.33
Item 3		12,851,753.76						12,851,753.76
Item 4		11,059,135.69						11,059,135.69
Item 5	3,483,268.03	6,397,219.39						9,880,487.42
Other	443,321,437.83	397,392,999.82			746,592,398.48			94,122,039.17
<b>Total</b>	<b>446,804,705.86</b>	<b>469,838,453.38</b>			<b>746,592,398.48</b>			<b>170,050,760.76</b>

Significant capitalized R&D projects

None

**2. Significant outsourced R&D projects**

None

**IX. Change of Combination Scope****1. Business combination not under common control**

None

**2. Business combination under common control**

None

**3. Counter purchase**

None

**4. Disposal of subsidiaries**

Whether there were any transactions or events during the period in which control of the subsidiary was lost

Yes  No

Whether there is any step-by-step disposal of investment in a subsidiary through multiple transactions and loss of control in the current period

Yes  No

**5. Change of combination scope for other reasons**

Explain the changes in the combination scope caused by other reasons (such as newly established subsidiaries, liquidation subsidiaries, etc.) and relevant information:

During the reporting period, the Company established 12 subsidiaries, including Shanghai Goertek Technology Development Co., Ltd., Qingdao Goertek Alpha Pixels Technology Co., Ltd., Chengdu Goertek Technology Co., Ltd., Xi'an Goertek Shijie Technology Co., Ltd., Goertek Starshine (Qingdao) Inc., Goertek Electronics Vietnam Co., Ltd., Goertek Optical Technology (Hong Kong) Holdings Co., Limited, Goertek Optical Technology (Hong Kong) Co., Limited, Goermicro Technology Development Company Limited, Qingdao MicroSense Intelligent Technology Co., Ltd., Goertek Singapore Pte. Ltd., and GMI Semiconductor Sdn. Bhd.

During the reporting period, the Company deregistered 2 subsidiaries, namely Hefei 3D OptoLink Technology Co., Ltd. and Jiaxing Guochao Optoelectronics Technology Co., Ltd.

**6. Others**

None

**X. Interests in Other Entities****1. Interests in subsidiaries****(1) Composition of the Group**

Name of subsidiary	Registered capital	Main location of business operation	Registration place	Business nature	Percentage		Acquisition method
					Direct	Indirect	
Weifang Goertek Electronics Co., Ltd.	RMB 1,802,201,925	Weifang	Weifang	R&D, production & sales	77.99%	22.01%	Business combination under common control:
Goertek	RMB	Qingdao	Qingdao	R&D,	83.40%		Establishment

Name of subsidiary	Registered capital	Main location of business operation	Registration place	Business nature	Percentage		Acquisition method
					Direct	Indirect	
Microelectronics Inc.	612,438,891			production & sales			
Qingdao Goertek Microelectronics Research Institute Co., Ltd.	RMB 100,000,000	Qingdao	Qingdao	R&D, production & sales		83.40%	Establishment
Qingdao Goertek Intelligent Sensor Co., Ltd.	RMB 500,000,000	Qingdao	Qingdao	R&D, production & sales		83.40%	Establishment
Weifang Goertek Microelectronics Co., Ltd.	RMB 500,000,000	Weifang	Weifang	R&D, production & sales		83.40%	Business combination not involving enterprises under common control
Rongcheng Goertek Microelectronics Co., Ltd.	RMB 300,000,000	Rongcheng	Rongcheng	R&D, production & sales		83.40%	Establishment
Beijing Goertek Microelectronics Co., Ltd.	RMB 5,000,000	Beijing	Beijing	Sales		83.40%	Establishment
Shenzhen Goertek Microelectronics Co., Ltd.	RMB 5,000,000	Shenzhen	Shenzhen	R&D and sales		83.40%	Establishment
Wuxi Goertek Microelectronics Co., Ltd.	RMB 5,000,000	Wuxi	Wuxi	R&D		83.40%	Establishment
Shanghai Goertek Microelectronics Co., Ltd.	RMB 10,000,000	Shanghai	Shanghai	R&D		83.40%	Establishment
Goertek Microelectronics Holdings Co., Ltd.	USD 22,903,500	Hong Kong	Hong Kong	Investment		83.40%	Establishment
Goertek Microelectronics (Hong Kong) Co., Limited	USD 500,000	Hong Kong	Hong Kong	Trade		83.40%	Establishment
Goertek Microelectronics Corporation	USD 1,000,000	USA	USA	R&D and sales		83.40%	Establishment
Goertek Microelectronics Korea Co., Ltd.	KRW 300,000,000	Korea	Korea	R&D and sales		83.40%	Establishment
Goertek Microelectronics Vietnam Company Limited	VND 487,494,000,000	Vietnam	Vietnam	Production & sales		83.40%	Establishment
GMI Technology	EUR 50,000	Austria	Austria	R&D and		83.40%	Establishment

Name of subsidiary	Registered capital	Main location of business operation	Registration place	Business nature	Percentage		Acquisition method
					Direct	Indirect	
GmbH				sales			
GMI Semiconductor Sdn. Bhd.	MYR 4,000,000	Malaysia	Malaysia	Production & sales		83.40%	Establishment
Goermicro Technology Development Company Limited	USD 500,000	Hong Kong	Hong Kong	R&D and sales		83.40%	Establishment
Qingdao MicroSense Intelligent Technology Co., Ltd.	RMB 10,000,000	Qingdao	Qingdao	R&D, production & sales		83.40%	Establishment
Weifang Goertek Trading Co., Ltd.	RMB 50,000,000	Weifang	Weifang	Import and export trade	100.00%		Establishment
Yishui Goertek Electronics Co., Ltd.	RMB 30,000,000	Yishui	Yishui	Production & sales	100.00%		Establishment
Yili Precision Manufacturing Co., Ltd.	RMB 675,850,000	Weifang	Weifang	Production & sales	78.69%	21.31%	Establishment
Weifang Goertek Communication Technology Co., Ltd.	RMB 10,500,000	Weifang	Weifang	Production & sales		100.00%	Business combination not involving enterprises under common control
Goertek Optical Technology Co., Ltd.	RMB 981,960,745	Weifang	Weifang	Production & sales	61.10%		Business combination not involving enterprises under common control
Goertek Optical Technology (Qingdao) Co., Ltd.	RMB 100,000,000	Qingdao	Qingdao	R&D, production & sales		61.10%	Establishment
Goertek Optical Technology (Shanghai) Co., Ltd.	RMB 100,000,000	Shanghai	Shanghai	R&D, production & sales		61.10%	Establishment
Uphoton Technology (Shaoxing) Co., Ltd.	RMB 213,988	Shaoxing	Shaoxing	R&D and sales		61.10%	Business combination not involving enterprises under common control
Uphoton Technology (Beijing) Co., Ltd.	RMB 10,000,000	Beijing	Beijing	R&D		61.10%	Business combination not involving enterprises under common control
Jiaxing Uphoton Optoelectronics Technology Co., Ltd.	RMB 250,000,000	Jiaxing	Jiaxing	R&D, production & sales		61.10%	Business combination not involving enterprises under common control

Name of subsidiary	Registered capital	Main location of business operation	Registration place	Business nature	Percentage		Acquisition method
					Direct	Indirect	
Shaoxing UPhoton Precision Technology Co., Ltd.	RMB 115,000,000	Shaoxing	Shaoxing	R&D, production & sales		61.10%	Business combination not involving enterprises under common control
Hangzhou UPhoton Optoelectronics Technology Co., Ltd.	RMB 45,000,000	Hangzhou	Hangzhou	R&D and sales		61.10%	Business combination not involving enterprises under common control
Tianjin UPhoton Technology Co., Ltd.	RMB 20,000,000	Tianjin	Tianjin	R&D and sales		61.10%	Business combination not involving enterprises under common control
Nanjing UPhoton Technology Co., Ltd.	RMB 10,000,000	Nanjing	Nanjing	R&D and sales		61.10%	Business combination not involving enterprises under common control
Dongguan Yili Precision Manufacturing Co., Ltd.	RMB 180,000,000	Dongguan	Dongguan	R&D, production & sales		61.10%	Establishment
Goertek Optical Technology (Hong Kong) Holdings Co., Limited	USD 1,000,000	Hong Kong	Hong Kong	Investment		61.10%	Establishment
Goertek Optical Technology (Hong Kong) Co., Limited	USD 500,000	Hong Kong	Hong Kong	Trade		61.10%	Establishment
Goertek Technology Co., Ltd.	RMB 950,000,000	Qingdao	Qingdao	R&D	100.00%		Establishment
Beijing Goertek Technology Co., Ltd.	RMB 10,000,000	Beijing	Beijing	R&D	100.00%		Business combination under common control:
Qingdao Goertek Acoustics Technology Co., Ltd.	RMB 20,000,000	Qingdao	Qingdao	R&D and trading	100.00%		Establishment
Shenzhen Goertek Technology Co., Ltd.	RMB 50,000,000	Shenzhen	Shenzhen	R&D and design	100.00%		Business combination under common control:
Shanghai Goertek Technology Co., Ltd.	RMB 10,000,000	Shanghai	Shanghai	R&D	100.00%		Establishment
Nanjing Goertek Technology Co., Ltd.	RMB 50,000,000	Nanjing	Nanjing	R&D	100.00%		Establishment
Weifang Lokomo	RMB 50,000,000	Weifang	Weifang	Production &	100.00%		Business



Name of subsidiary	Registered capital	Main location of business operation	Registration place	Business nature	Percentage		Acquisition method
					Direct	Indirect	
Precision Industry Co., Ltd.				sales			combination under common control:
Goertek Investment Co., Ltd.	RMB 100,000,000	Shanghai	Shanghai	Investment	100.00%		Establishment
Beijing Goertek Investment Management Co., Ltd.	RMB 50,000,000	Beijing	Beijing	Investment asset management		100.00%	Establishment
Olive Smart Hardware Investment Center LP	RMB 300,000,000	Qingdao	Qingdao	Investment		100.00%	Establishment
Goertek Intelligence Technology Co., Ltd.	RMB 350,000,000	Dongguan	Dongguan	R&D, production & sales	100.00%		Establishment
Rongcheng Goertek Technology Co., Ltd.	RMB 2,100,000,000	Rongcheng	Rongcheng	R&D, production & sales	100.00%		Establishment
Qingdao Goertek Commercial Factoring Co., Ltd.	RMB 50,000,000	Qingdao	Qingdao	Commercial factoring	100.00%		Establishment
Nanning Goertek Electronics Co., Ltd.	RMB 80,000,000	Nanning	Nanning	R&D, production & sales	100.00%		Establishment
Nanning Goertek Trading Co., Ltd.	RMB 10,000,000	Nanning	Nanning	Trade		100.00%	Establishment
Xi'an Goertek Electronic Technology Co., Ltd.	RMB 8,000,000	Xi'an	Xi'an	R&D	100.00%		Establishment
Yishui TECO Electronics Technology Co., Ltd.	RMB 145,000,000	Yishui	Yishui	R&D, production & sales		100.00%	Establishment
Qingdao Resonance I Venture Capital Fund LP	RMB 878,790,000	Qingdao	Qingdao	Investment	45.52%		Establishment
Weifang Goertek Electronic Technology Co., Ltd.	RMB 2,070,000,000	Weifang	Weifang	Production & sales		100.00%	Establishment
Qingdao Goertek Horizons Technology Co., Ltd.	RMB 100,000,000	Qingdao	Qingdao	Production & sales	100.00%		Establishment
Weifang High-tech Zone Goertek Education Center	RMB 300,000	Weifang	Weifang	Education and training	100.00%		Establishment
Chongqing Goertek Auto Technology Co., Ltd.	RMB 10,000,000	Chongqing	Chongqing	R&D, production & sales	100.00%		Establishment
Shanghai Goertek Technology Development Co.,	RMB 100,000,000	Shanghai	Shanghai	R&D and trading	100.00%		Establishment

Name of subsidiary	Registered capital	Main location of business operation	Registration place	Business nature	Percentage		Acquisition method
					Direct	Indirect	
Ltd.							
Qingdao Goertek Alpha Pixels Technology Co., Ltd.	RMB 50,000,000	Qingdao	Qingdao	R&D, production & sales	100.00%		Establishment
Chengdu Goertek Technology Co., Ltd.	RMB 5,000,000	Chengdu	Chengdu	R&D and trading	100.00%		Establishment
Xi'an Goertek Shijie Technology Co., Ltd.	RMB 5,000,000	Xi'an	Xi'an	R&D and trading	100.00%		Establishment
Goertek Starshine (Qingdao) Inc.	RMB 20,000,000	Qingdao	Qingdao	R&D and trading	100.00%		Establishment
Goertek Vina Co., Ltd.	USD 40,000,000	Vietnam	Vietnam	Production & sales	98.00%	2.00%	Establishment
Goertek (Korea) Technology Inc.	KRW 1,535,135,000	Korea	Korea	R&D and trading	100.00%		Establishment
Goertek (Hong Kong) Co., Limited	USD 1,000,000	Hong Kong	Hong Kong	Trade investment		100.00%	Establishment
Goertek Technology Vina Co., Ltd.	USD 120,000,000	Vietnam	Vietnam	Production & sales		100.00%	Establishment
Goertek Precision Industry Vietnam Co., Ltd.	USD 100,000,000	Vietnam	Vietnam	Production & sales		100.00%	Establishment
Goertek Smart Technology Vina Co., Ltd.	USD 90,000,000	Vietnam	Vietnam	Production & sales		100.00%	Establishment
Goertek Electronics Vietnam Co., Ltd.	USD 60,000,000	Vietnam	Vietnam	Production & sales		100.00%	Establishment
Goertek Europe ApS	DKK 1,000,000	Denmark	Denmark	Sales services		100.00%	Establishment
Goertek Seiki Technology Co., Ltd.	JPY 80,000,000	Japan	Japan	R&D, production & sales		100.00%	Establishment
Optimas Capital Partners Fund LP	USD 56,488,691.9	Hong Kong	Hong Kong	Investment		76.92%	Establishment
Goertek Singapore Pte. Ltd.	USD 10,000,000	Singapore	Singapore	R&D, investment, and trading		100.00%	Establishment
Goertek Electronics, Inc.	USD 100,000	USA	USA	R&D and trading	100.00%		Business combination not involving enterprises under common control
Goertek Technology Taiwan Co., Ltd.	TWD 28,899,000	Taiwan	Taiwan	Trade	100.00%		Establishment
Goertek Technology Japan Co., Ltd.	JPY 50,000,000	Japan	Japan	R&D and trading	100.00%		Establishment
Goertek Technology (Hong Kong) Co.,	USD 1,000,000	Hong Kong	Hong Kong	Trade investment		100.00%	Establishment

Name of subsidiary	Registered capital	Main location of business operation	Registration place	Business nature	Percentage		Acquisition method
					Direct	Indirect	
Limited							

Explanation of the shareholding ratio in subsidiaries different from the voting ratio:

None

Basis for holding half or less of the voting power but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

The Company holds less than half of the voting rights in Qingdao Resonance I Venture Capital Fund LP, but it has the ability to dominate the relevant activities of Qingdao Resonance I Venture Capital Fund LP, thus including it in the scope of consolidation.

Basis for controlling important structured entities included in the combination scope:

None

Basis for determining whether a company is an agent or a principal:

None

Explanation of other matters:

None

## **(2) Important non-wholly-owned subsidiary**

None

## **(3) Main financial information of major non-wholly-owned subsidiaries**

None

## **(4) Major restrictions on using the Group's assets and paying off the Group's debts**

None

## **(5) Financial support or other support provided to structured entities included in consolidated financial statements**

None

## **2. The share of owner's equity in the subsidiary has changed and still controls the transactions of the subsidiary**

### **(1) Explanation of changes in the share of owner's equity in subsidiaries**

① In May and December 2024, the subsidiary Qingdao Resonance I Venture Capital Fund LP received unilateral capital increases from minority shareholders, with a total increase amount of RMB 121,210,000 and a total paid-in capital of RMB 49,847,000. After the completion of the above capital increase, the Company's shareholding in Qingdao Resonance I Venture Capital Fund LP changed from 52.80% to 45.52%, resulting in a total reduction of capital reserve by RMB 3,217,273.18.

② In November 2024, the subsidiary Goertek Microelectronics Inc. conducted a conversion of capital reserve to share capital, and the Company, along with its controlling shareholder Goertek Group Co., Ltd. and Song Qinglin, chairman and general manager of Goertek Microelectronics Inc., all waived their rights to participate in this conversion. Upon completion of this transaction, the Company's equity in Goertek Microelectronics Inc. was changed from 87.75% to 83.40%. This transaction reduces the capital reserve by RMB 206,702,074.16.

③ In February 2024, the subsidiary Dongguan Yili Precision Manufacturing Co., Ltd. was changed to a wholly-owned subsidiary of the Company's subsidiary Goertek Optical Technology Co., Ltd. After the completion of this transaction, the Company's shareholding in Dongguan Yili Precision Manufacturing Co., Ltd. changed from 100.00% to 61.10%, resulting in an increase in capital reserve of RMB 420,110.70.

④ In August 2024, the subsidiary Jiaxing Guochao Optoelectronics Technology Co., Ltd. was changed to a wholly-owned subsidiary of the Company's subsidiary Goertek Optical Technology Co., Ltd. After the completion of this transaction, the Company's

shareholding in Jiaxing Guochao Optoelectronics Technology Co., Ltd. changed from 42.77% to 61.10%, resulting in an increase in capital reserve of RMB 31,276.49.

**(2) The impact of transactions on minority owner's equity and the equity attributable to the parent company**

Unit: RMB

	Qingdao Resonance I Venture Capital Fund LP	Goertek Microelectronics Inc.	Dongguan Yili Precision Manufacturing Co., Ltd.	Jiaxing Guochao Optoelectronics Technology Co., Ltd.
Purchase cost/disposal consideration				
—Cash	49,847,000.00			
—Fair value of non-cash assets				
Total purchase cost/disposal consideration	49,847,000.00			
Less: The net asset share of a subsidiary calculated according to the proportion of the equity acquired/disposed	53,064,273.18	206,702,074.16	-420,110.70	-31,276.49
Difference	-3,217,273.18	-206,702,074.16	420,110.70	31,276.49
Including: Adjustment of capital reserve	-3,217,273.18	-206,702,074.16	420,110.70	31,276.49
Adjusted surplus reserve				
Undistributed profits after adjustment				

**3. Rights and interests in joint venture arrangements and associated enterprises**

**(1) Important joint ventures and associated enterprises**

None

**(2) Main financial information of important joint ventures**

None

**(3) Main financial information of important associated enterprises**

None

**(4) Summary of financial information of unimportant joint ventures and associates**

Unit: RMB

	Closing balance/amount incurred in current period	Opening balance/amount incurred in previous period
Joint ventures:		
Total book value of investment		
The total of the following items calculated according to the shareholding ratio		
Associated enterprises:		
Total book value of investment	734,411,641.50	760,220,882.07
The total of the following items calculated		

according to the shareholding ratio		
—Net profit	-26,835,728.84	-28,435,998.08
—Other comprehensive income	436.41	-12,650.40
—Total comprehensive income	-26,835,292.43	-28,448,648.48

**(5) Statement of important restrictions on the ability of joint ventures or associates to transfer capital to the Company**

None

**(6) Excess losses incurred by joint ventures or associated enterprises**

None

**(7) Unrecognized commitments related to the investment in joint ventures**

None

**(8) Contingent liabilities related to the investment in joint ventures or associates**

None

**4. Important joint operation**

None

**5. Rights and interests in structured entities not included in consolidated financial statements**

Explanation of structured entities not recorded in the consolidated financial statements:

None

**6. Others**

None

**XI. Government Grants**

**1. Government subsidies recognized based on receivable amounts at the end of the reporting period**

Applicable  Not applicable

Reasons for not receiving the expected amount of government subsidies at the anticipated time

Applicable  Not applicable

**2. Liability items involving government subsidies**

Applicable  Not applicable

Unit: RMB

Accounting items	Opening balance	Amount of new subsidies in current period	Amount included in non-operating income of the current period	Amount transferred in other income in the current period	Other variations in the current period	Closing balance	Asset-related/income-related
Special funding	469,487,246.87	83,689,225.00		70,482,642.35		482,693,829.52	Asset-related

Accounting items	Opening balance	Amount of new subsidies in current period	Amount included in non-operating income of the current period	Amount transferred in other income in the current period	Other variations in the current period	Closing balance	Asset-related/income-related
for corporate innovation, technical transformation and industrial upgrading							
Awards and subsidies for public leasehold houses	37,029,843.95			1,809,683.28		35,220,160.67	Asset-related
Subsidies for R&D projects, etc.	12,567,567.52			12,567,567.52			Income-related
<b>Total</b>	<b>519,084,658.34</b>	<b>83,689,225.00</b>		<b>84,859,893.15</b>		<b>517,913,990.19</b>	

### 3. Government subsidies included in current profit and loss

Applicable  Not applicable

Unit: RMB

Accounting items	2024	2023
Other income - directly included	112,016,349.35	239,774,534.60
Other income - Deferred income transferred in	84,859,893.15	91,774,056.04
Non-operating income	47,012.69	
<b>Total</b>	<b>196,923,255.19</b>	<b>331,548,590.64</b>

## XII. Risks Related to Financial Instruments

### 1. Various risks arising from financial instruments

The major financial instruments of the Group include equity investments, accounts receivable, borrowings and accounts payable, etc. For details on the financial instruments, please see this Note VII. Relevant Items. Risks related to the financial instruments and the Group's risk management policy used for reducing these risks is stated as follows. The Group's management manages and monitors these exposures to ensure that these risks are controlled within a limited scope.

The Group analyzes the reasonableness of risk variables and the impact of potential changes on current loss or profit or shareholder's equity using sensitivity analysis techniques. As risk variables rarely change in isolation, and the correlation between any two of the risk variables will have a great effect on the final impact amount of a certain risk variable, the following disclosures are made assuming that each variable changes in isolation.

#### (I) Risk management goals and policies

The Group's risk management aims to reach appropriate balancing between risks and benefits, to minimize the negative impact of risks on the Group's operating results, and to maximize the interests of shareholders and other equity investors. Based on these risk management goals, the Group's basic strategy for risk management is to determine and analyze various risks faced by the Group, establish an appropriate risk tolerance bottom line and conduct risk management, and supervise various risks in a timely and reliable manner to control the risks within a limited scope.

## 1. Market risk

### (1) Exchange rate risk

Exchange risk refers to the risk of loss due to exchange rate change. The Group's exposure to exchange mainly involves USD. Except that the Company and its subsidiaries purchase and sell in USD, EUR, JPY, VND, DKK, HKD, TWD and KRW, other main business of the Group is measured and settled in RMB. As of December 31, 2024, the foreign currency monetary items of the Company are detailed in Note VII. 67. Except that the assets or liabilities, part trading financial assets, part financial liabilities held for trading, some investments in other equity instruments, some other non-current financial assets, and some other non-current assets mentioned in the table are foreign currency balances, the Group's assets and liabilities are mainly recorded in RMB. The exchange risks arising from the assets and liabilities denominated in foreign currencies may have an impact on the operating results of the Group.

The Group closely monitors the impact of exchange rate changes on the Group's exchange risks. The Company has large volume of export sales, and needs to import some raw materials. Some equipment for research, development, production and testing of the Company also needs to be purchased from abroad. The Company's export sales and imported raw materials are mainly settled in USD. The depreciation of USD and the appreciation of RMB will reduce the procurement cost of imported raw materials, but adversely affect the competitiveness of the Company's products in overseas markets. Considering the import of raw materials and export of products, the appreciation of RMB against USD will affect the Company's profitability to some extent.

Exchange rate risk sensitivity analysis:

When other variables remain unchanged, the possible reasonable changes in USD currency rate may have the following effects on current profits and losses, as well as shareholder's equity:

Unit: RMB

Item	Change in exchange rate	2024		2023	
		Impact on net profit	Impact on shareholder's equity	Impact on net profit	Impact on shareholder's equity
USD	3% appreciation against RMB	64,758,442.82	61,834,110.57	-51,954,213.77	-53,372,215.77
USD	3% depreciation against RMB	-64,758,442.82	-61,834,110.57	51,954,213.77	53,372,215.77

### (2) Interest rate risk

The Group's interest rate risk arises primarily from long-term bank loans and other long-term interest-bearing debts. Floating-rate financial liabilities expose the Group to cash flow interest rate risk, while fixed-rate financial liabilities expose the Group to fair value interest rate risk. The Group determined the relative proportion of fixed-rate and floating-rate contracts based on the prevailing market conditions. As of December 31, 2024, the Group's long-term interest-bearing debts were mainly floating-rate contracts denominated in USD or RMB, including RMB 3,064,000,000 and USD 85,927,000 (as of December 31, 2023: RMB 3,645,000,000 and USD 225,000,000).

The Group continuously monitors the interest rate levels. An increase in interest rates will raise the cost of newly incurred interest-bearing debts and the Group's outstanding interest expenses on floating-rate interest-bearing debts, significantly adversely affecting the Group's financial performance. Management will make timely adjustments based on the latest market conditions, which may include arrangements for interest rate swaps to reduce interest rate risk.

As of December 31, 2024, if the borrowing rate calculated at floating interest rate increases or decreases by 50 base points with other factors unchanged, the net profit of the Group will decrease or increase by about RMB 12,890,000 (December 31, 2023: Net profit will decrease or increase by approximately RMB 25,193,000).

### (3) Other price risks

None

## 2. Credit risk

As of December 31, 2024, the maximum credit risk exposure that may cause the Group's financial loss resulted from the loss in the Group's financial assets caused by the counterparty's failure to perform its contractual obligations.

In order to reduce credit risk, the Group sets up a team to determine the credit limit, conduct credit approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. Additionally, the Company cooperates with commercial insurance institutions to insure for high-risk customers, so as to reduce the risk of bad debts from credit sale. In addition, the Group reviews the recovery of each individual receivable on each balance sheet date to ensure that adequate bad debt

provision is made for unrecoverable amounts. Therefore, the Group's management believes that the credit risk undertaken by the Group has been greatly reduced.

The Group has put in place necessary policies to ensure that all its customers have good credit records.

The Group's non-cash monetary funds are mainly deposited with financial institutions with good credit. The management believes that there is no significant credit risk, and it is expected that the default of counterparty will not cause significant losses to the Group.

(1) There is no overdue and undepreciated amount in the Group's receivables;

(2) The analysis of financial assets with individual impairment involves the judgment on the factors to be considered in the impairment of the financial assets

None

### 3. Liquidity risk

When managing liquidity risk, the Group maintains and monitors cash and cash equivalents the management deems sufficient to meet the Group's business needs and reduce the impact of cash flow fluctuations. The management of the Group monitors the use of bank borrowings and ensure the compliance with borrowing agreements.

The Group uses bank borrowings and equity instruments as its main sources of funds. As of December 31, 2024, the unused bank credit line of the Group was RMB 48.758 billion (December 31, 2023: RMB 40.933 billion).

#### (II) Transfer of financial assets

1. Transferred financial assets with termination of recognition that have not yet matured

Items	Transfer method	Amount derecognized (RMB)	Gains or losses related to derecognition (RMB)
Receivables financing	Notes endorsed, discount	6,741,628.18	
Accounts receivable	Buyout factoring	539,130,000.00	-419,765.68

2. The amount of assets and liabilities formed by transferring financial assets and continuing to be involved

Items	Transfer method of assets	The amount of assets formed by continuing to be involved (RMB)	The amount of liabilities formed by continuing to be involved (RMB)
Notes receivable	Notes discount	100,000,000.00	100,000,000.00

## 2. Hedging

(1) The Company conducts hedging activities for risk management.

Applicable  Not applicable

Item	Corresponding risk management strategies and objectives	Qualitative and quantitative information on the hedged risks	Economic relationship between the hedged items and related hedging instruments	Effective achievement of expected risk management objectives	Impact of corresponding hedging activities on risk exposure.
Exchange rate risk	Locking in the exchange rate risk of foreign currency assets and foreign currency liabilities held by the Company	Exchange rate fluctuations lead to corresponding foreign exchange gains and losses on the foreign currency assets and liabilities held by the Company	There is an economic relationship between the hedged item and the hedging instrument. This economic relationship causes the values of the hedging instruments and hedged items to change in opposite directions due to facing the same hedged risk.	The expected risk management objectives can be achieved.	Exchange rate risk

(2) The Company conducts qualified hedging activities and applies hedge accounting.

None



**(3) The Company engages in hedging activities for risk management purposes and expects to achieve its risk management objectives, but has not applied hedge accounting.**

Applicable  Not applicable

Item	Reasons for not applying hedge accounting	Impact on financial statements
Exchange rate risk	The Company has not yet designated any hedging instruments or hedged items in light of the Company's current business situation and a comprehensive assessment of the costs and benefits.	Gains and losses on derivative financial instruments are recognized directly in the accounts of gains and losses on changes in fair value and investment income.

**3. Financial assets****(1) Classification of transfer method**

Applicable  Not applicable

Unit: RMB

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets	Derecognition situation	Basis for determining derecognition
Notes discount, endorsement	Receivables financing	6,741,628.18	Derecognition	Transfer of risk premium
Buyout factoring	Accounts receivable	539,130,000.00	Derecognition	Transfer of risk premium
Notes discount	Notes receivable	100,000,000.00	Recognition not terminated	
Total		645,871,628.18		

**(2) Financial assets derecognized due to transfer**

Applicable  Not applicable

Unit: RMB

Item	Transfer method of financial assets	Amount of financial assets with termination of recognition	Gains or losses related to derecognition
Receivables financing	Notes discount, endorsement	6,741,628.18	
Accounts receivable	Buyout factoring	539,130,000.00	-419,765.68
Total		545,871,628.18	-419,765.68

**(3) Financial assets resulting from ongoing involvement in asset transfers**

Applicable  Not applicable

Unit: RMB

Item	Transfer method of assets	The amount of assets formed by continuing to be involved	The amount of liabilities formed by continuing to be involved
Notes receivable	Notes discount	100,000,000.00	100,000,000.00
Total		100,000,000.00	100,000,000.00

**XIII. Disclosure of Fair Value****1. The closing fair value of assets and liabilities measured at fair value**

Unit: RMB

Item	Fair value of closing			
	The first level of fair	The second level of	The third level of fair	Total

	value measurement	fair value measurement	value measurement	
I. Continuous fair value measurement	-	-	-	-
(I) Financial assets held for trading		552,315,040.36	548,668,959.95	1,100,984,000.31
1. Financial assets measured at fair value through profit and loss		552,315,040.36	548,668,959.95	1,100,984,000.31
(1) Equity instrument investment			548,668,959.95	548,668,959.95
(2) Derivative financial assets		552,315,040.36		552,315,040.36
(II) Investments in other equity instruments	84,024,083.70		541,637,855.74	625,661,939.44
(III) Receivables financing			8,710,031.89	8,710,031.89
(IV) Other non-current financial assets			432,722,782.28	432,722,782.28
Total assets consistently measured at fair value	84,024,083.70	552,315,040.36	1,531,739,629.86	2,168,078,753.92
(V) Financial liabilities held for trading		604,980,242.99		604,980,242.99
Derivative financial liabilities		604,980,242.99		604,980,242.99
Total liabilities continuously measured at fair value		604,980,242.99		604,980,242.99
II. Non-continuous fair value measurement	-	-	-	-

## 2. Determination basis for the market price of continuous and non-continuous first-level fair value measurement items

The closing price at the end of the year is used as the basis for determining the market price of the shares of foreign-listed companies held by the Company.

## 3. Qualitative and quantitative information on the valuation techniques and important parameters used in continuous and non-continuous second-level fair value measurement items

Directly or indirectly observable input values of related assets or liabilities except first-level inputs.

## 4. Qualitative and quantitative information on the valuation techniques and important parameters used in continuous and non-continuous third-level fair value measurement items

Basis for determining fair value according to the value assessed under the income method and the asset-based method and the net book asset.

## 5. Adjustment information and sensitivity analysis of non-observable parameters between opening and closing book value for continuous third-level fair value measurement items

None

## 6. Conversion among different levels in the current period, reasons for conversion and the policy for determining conversion time points in continuous fair value measurement items

None

## 7. Changes in valuation techniques during the current period and reasons for changes

None

**8. Fair value of financial assets and financial liabilities not measured at fair value**

None

**9. Others**

None

**XIV. Related Parties and Related Transactions****1. Information about the parent company of the Company**

Parent company name	Registration place	Business nature	Registered capital	Shareholding ratio of the Company to the Company	Proportion of voting rights of the Company in the Company
Goertek Group Co., Ltd.	Weifang	Equity investment management, etc.	RMB 100,000,000	14.56%	14.56%

Explanation of the parent company of the Company

The Company's parent Company and final parent Company is Goertek Group Co., Ltd.

The ultimate controlling parties of the Company are Jiang Bin and Hu Shuangmei.

**2. Information on subsidiaries of the Company**

See Note X.1."Interests in subsidiaries" for details of the subsidiaries of Company

**3. Information on joint ventures and associated enterprises of the Company**

See Note X.3. "Rights and interests in joint venture arrangements and affiliated enterprises" for details of the important joint ventures or associated enterprises of the Company.

Information about other joint ventures or associated enterprises that have related transactions with the Company in the current period, or have a balance resulting from related transactions with the Company in the previous period is as follows:

Name of joint ventures and associated enterprises	Relationship with the Company
Qingdao Virtual Reality Institute Co., Ltd.	Associate of the Company
SeeYA Technology Co., Ltd.	Associate of the Company

**4. Information on other related parties**

Name of other related parties	Relationship between other related parties and the Company
Jiang Bin	Actual controller and board chairman of the Company
Hu Shuangmei	Actual controller
Jiang Long	Person acting in concert with the actual controller
Weifang Goer Farm Co., Ltd.	Business of the same actual controller
Goerlife Co., Ltd	Business of the same actual controller
Qingdao Resonance Venture Capital Management Co., Ltd.	Enterprise controlled by an affiliated natural person
Weifang Goer Property Service Co., Ltd.	Business of the same actual controller
Wemake (Qingdao) Digital Creative Technology Co., Ltd.	Business of the same actual controller
Qingdao Point Hotel Management Co., Ltd.	Business of the same actual controller
GravityXR Electronics and Technology Co., Ltd.	Enterprises with affiliated natural persons serving as directors
Jiaying Zeray New Material Technology Co., Ltd	Enterprises with affiliated natural persons serving as directors
Weifang Goer Manor Food & Beverage Co., Ltd.	Business of the same actual controller

Name of other related parties	Relationship between other related parties and the Company
Weifang Point Hotel Management Co., Ltd.	Business of the same actual controller
Weihai Goer Ecological Agriculture Co., Ltd.	Business of the same actual controller
Weifang Goerdyna Technology Co., Ltd.	Enterprise controlled by an affiliated natural person
Weifang Goertek Health Management Co., Ltd.	Business of the same actual controller
Little Bird Co., Ltd	Enterprise controlled by an affiliated natural person
Weifang Dotcom Catering Management Co., Ltd.	Enterprise controlled by an affiliated natural person
Dotcom Investment Co., Ltd.	Enterprise controlled by an affiliated natural person
Qingdao Guochuang Virtual Reality Testing Co., Ltd.	Subsidiary of a joint venture of the Company
Qingdao Qiaoshi Catering Management Co., Ltd.	Enterprise controlled by an affiliated natural person
Wemake (Weihai) Digital Creative Technology Co., Ltd.	Business of the same actual controller
Dan Audio Trading Co.,Ltd.	Enterprise controlled by an affiliated natural person
Bei Ge (Weifang) Intelligent technology Co., Ltd.	Business of the same actual controller
Qingdao Dotcom Catering Management Co., Ltd.	Enterprise controlled by an affiliated natural person
Weihai Point Hotel Management Co., Ltd.	Business of the same actual controller
Beijing Bubble Lab Co., Ltd.	Enterprise controlled by an affiliated natural person
Weifang Goer Manor Trading Co., Ltd.	Business of the same actual controller
Dynaudio (Shanghai) Co., Ltd	Enterprise controlled by an affiliated natural person
Weifang Daozao Catering Company Co., Ltd.	Actual controller of the same person for the past 12 months
Weifang Dotcom Garden Floriculture Co., Ltd.	Enterprise controlled by an affiliated natural person
Goertek Robotics Co., Ltd.	Business of the same actual controller
GoerDyna Technology Co., Ltd.	Enterprise controlled by an affiliated natural person
Wemake (Beijing) Digital Creative Technology Co., Ltd.	Business of the same actual controller
Wemake (Weifang) Digital Creative Technology Co., Ltd	Business of the same actual controller
Goerdyna Holding A/S	Enterprise controlled by an affiliated natural person
Shenzhen Goerdyna Technology Co., Ltd.	Enterprise controlled by an affiliated natural person
Weifang High-Tech Zone Zhuohe Kindergarten	Business of the same actual controller
Weifang High-Tech Zone Goer Kindergarten	Business of the same actual controller
Shandong Goer Education Group Co., Ltd.	Business of the same actual controller
Weifang High-Tech Zone Yasong Linju Kindergarten	Business of the same actual controller

Explanation of other matters:

Weifang Point Hotel Management Co., Ltd. was deregistered on December 19, 2024; Weifang Goer Manor Trading Co., Ltd. was deregistered on January 19, 2024.

## 5. Related party transactions

### (1) Related transactions involving commodity purchase, and rendering and receipt of services

Statement of purchasing goods/accepting labor services

Unit: RMB

Related parties	Related transactions	2024	Approved trading limit	Exceed the trading limit or not	2023
Weifang Goer Farm Co., Ltd.	Purchasing goods and services	37,320,556.67	85,000,000.00	Yes, but it does not exceed 0.5% of the latest audited net assets.	30,152,987.69
Goerlife Co., Ltd	Purchasing goods and services	30,002,550.67			5,740,373.09
Weifang Goer	Purchasing goods	12,830,388.87			8,537,213.68

Related parties	Related transactions	2024	Approved trading limit	Exceed the trading limit or not	2023
Property Service Co., Ltd.	and services				
Goertek Group Co., Ltd.	Purchasing goods and services	11,445,715.30			10,560,575.44
Wemake (Qingdao) Digital Creative Technology Co., Ltd.	Purchasing goods and services	5,443,242.50			388,732.33
Qingdao Point Hotel Management Co., Ltd.	Purchasing goods and services	4,997,653.93			3,420,930.82
Weifang Goer Manor Food & Beverage Co., Ltd.	Purchasing goods	2,668,788.64			2,722,466.87
Weifang Point Hotel Management Co., Ltd.	Purchasing goods and services	2,717,367.22			18,459,368.72
Weihai Goer Ecological Agriculture Co., Ltd.	Purchasing goods	2,032,066.46			1,278,997.98
Weifang Goertek Health Management Co., Ltd.	Purchasing goods and services	1,830,334.17			
Wemake (Weihai) Digital Creative Technology Co., Ltd.	Purchasing goods and services	74,191.66			160,610.11
Bei Ge (Weifang) Intelligent technology Co., Ltd.	Purchasing goods and services	58,086.04			930,387.64
Weihai Point Hotel Management Co., Ltd.	Purchasing goods	13,178.00			6,520.00
Goertek Robotics Co., Ltd.	Purchasing goods and services				6,509.43
Weifang Goer Manor Trading Co., Ltd.	Purchasing goods				9,106,065.56
Weifang Goerdyna Technology Co., Ltd.	Purchasing goods and services	1,870,577.70			1,164,161.55
Little Bird Co., Ltd	Purchasing goods	1,795,727.74			3,707,246.20
Dan Audio Trading Co.,Ltd.	Purchasing goods	66,703.80			
Dynaudio (Shanghai) Co., Ltd	Purchasing goods				154,867.26
Qingdao Resonance	Receiving labor	16,622,559.13	500,000.00	Yes, but it does not exceed 0.5% of the latest audited net assets.	

Related parties	Related transactions	2024	Approved trading limit	Exceed the trading limit or not	2023
Venture Capital Management Co., Ltd.	service				
Qingdao Virtual Reality Institute Co., Ltd.	Receiving labor service	5,720,943.39			5,978,660.00
GravityXR Electronics and Technology Co., Ltd.	Receiving labor service	2,664,900.00			
SeeYA Technology Co., Ltd.	Purchasing goods and services	4,608,299.35			
Weifang Dotcom Catering Management Co., Ltd.	Purchasing goods and services	640,714.70			1,509,999.78
Jiaxing Zeray New Material Technology Co., Ltd	Purchasing goods and services	562,151.31			
Dotcom Investment Co., Ltd.	Purchasing goods	527,670.27			1,961,849.91
Qingdao Guochuang Virtual Reality Testing Co., Ltd.	Purchasing goods	459,254.72			
Qingdao Qiaoshi Catering Management Co., Ltd.	Receiving labor service	258,491.00			
Qingdao Dotcom Catering Management Co., Ltd.	Purchasing goods	49,631.50			25,751.20
Beijing Bubble Lab Co., Ltd.	Purchasing goods	10,446.00			77,080.00
AKM Industrial Company Limited	Purchasing raw materials				45,308,209.26
Weifang Daozao Catering Company Co., Ltd.	Purchasing goods and services				90,943.71
Weifang Dotcom garden floriculture Co., Ltd.	Purchasing goods				56,865.00
Jiaxing Uphoton Optoelectronics Technology Co., Ltd.	Purchasing goods				2,982.00

The approved transaction limits in the table above can be referenced in the Company's announcement titled *Announcement on the*

Forecast of Daily Related Party Transactions in 2024 disclosed on designated information disclosure media on March 28, 2024.

Statement of sales of goods/rendering of services

Unit: RMB

Related parties	Related transactions	2024	2023
Weifang Goerdyna Technology Co., Ltd.	Sales of goods and services	129,119,994.92	69,547,848.39
Little Bird Co., Ltd	Sales of goods	5,928,705.14	18,577,049.95
Qingdao Virtual Reality Institute Co., Ltd.	Sales of goods and services	4,205,778.83	2,274,163.05
GoerDyna Technology Co., Ltd.	Rendering of service	1,899,104.88	14,695,747.58
Goerlife Co., Ltd	Sales of goods and services	1,294,670.73	794,500.99
Goertek Group Co., Ltd.	Sales of goods and services	1,067,608.65	1,969,742.55
GravityXR Electronics and Technology Co., Ltd.	Sales of goods and services	803,381.24	
Bei Ge (Weifang) Intelligent technology Co., Ltd.	Sales of goods and services	657,711.13	22,950.00
Goertek Robotics Co., Ltd.	Sales of goods	388,545.79	1,781,327.65
Qingdao Point Hotel Management Co., Ltd.	Rendering of service	150,943.40	294,339.63
Shandong Goer Education Group Co., Ltd.	Sales of goods	55,752.21	
Wemake (Weihai) Digital Creative Technology Co., Ltd.	Rendering of service	37,361.38	
Wemake (Qingdao) Digital Creative Technology Co., Ltd.	Rendering of service	30,171.00	14,000.00
Wemake (Beijing) Digital Creative Technology Co., Ltd.	Rendering of service	1,017.00	
Wemake (Weifang) Digital Creative Technology Co., Ltd	Rendering of service	1,017.00	
Jiaxing Uphoton Optoelectronics Technology Co., Ltd.	Sales of goods		928,504.68
AKM Industrial Company Limited	Sales of goods		806,403.77
Dotcom Investment Co., Ltd.	Rendering of service		252,283.71
Weifang Dotcom Catering Management Co., Ltd.	Sales of goods and services		173,954.04
Weifang Goer Manor Trading Co., Ltd.	Sales of goods		39,374.10
Dynaudio (Shanghai) Co., Ltd	Sales of goods and services		14,908.64
Goerdyna Holding A/S	Sales of goods		933.11

## (2) Related entrusted management/contracting and entrusted management/outsourcing

None

## (3) Information of related lease

The Company acts as the lessor:

Unit: RMB

Name of lessee	Type of leased assets	Lease income recognized in current period	Lease income recognized in last period
Weifang Goerdyna Technology Co., Ltd.	Building	11,912,629.15	10,454,141.23
Shenzhen Goerdyna Technology Co., Ltd.	Building	1,376,141.31	1,834,855.07
Wemake (Weihai) Digital Creative Technology Co., Ltd.	Building	641,331.97	39,633.03
Bei Ge (Weifang) Intelligent technology Co., Ltd.	Building	265,628.00	196,812.00
Goerlife Co., Ltd	Building	55,950.62	285,057.26
Dotcom Investment Co., Ltd.	Building	39,633.03	39,633.03
Weifang High-Tech Zone Zhuohe Kindergarten	Building	25,667.26	24,000.00
Weifang Goer Farm Co., Ltd.	Building	18,180.97	51,185.84
Shandong Goer Education Group Co., Ltd.	Building	9,805.31	53,175.80
Weifang Goertek Health Management Co., Ltd.	Building	5,713.27	
Goertek Group Co., Ltd.	Building	5,541.15	7,217.70
Weifang High-Tech Zone Goer Kindergarten	Building	778.76	
Weifang High-Tech Zone Yasong Linju Kindergarten	Building		209,885.71
Weifang Point Hotel Management Co., Ltd.	Building		52,283.19

The Company acts as the lessee:

Unit: RMB

Name of lessor	Type of leased assets	Rental charges for simplified treatment of short-term leases and low-value asset leases (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expenses incurred on lease liabilities		Increased right-of-use assets	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Qingdao Virtual Reality Institute Co., Ltd.	Equipment	564,889.38	564,889.38			638,325.00	638,325.00				
Goertek Group Co., Ltd.	Building	406,260.00	293,970.88			320,428.26	224,177.95				
GoerDyna Technology Co., Ltd.	Building	313,850.26				342,096.77					

**(4) Related guarantees**

The Company acts as the guarantor

Unit: RMB

Guaranteed party	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek Technology Vina Co., Ltd.	49,806,813.40	September 1, 2023	August 30, 2024	Yes
Qingdao Goertek Horizons	5,000,000.00	July 6, 2023	July 5, 2024	Yes



Guaranteed party	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Technology Co., Ltd.				
Goertek Microelectronics Inc.	10,782,600.00	November 16, 2023	November 15, 2024	Yes
Goertek Technology Vina Co., Ltd.	64,169,000.00	July 19, 2024	July 18, 2025	No
Goertek Technology Vina Co., Ltd.	38,525,070.67	July 19, 2024	July 18, 2025	No
Goertek Technology Vina Co., Ltd.	215,652,000.00	July 19, 2024	July 18, 2025	No
Goertek Technology Vina Co., Ltd.	71,884,000.00	July 19, 2024	July 18, 2025	No
Goertek Technology Vina Co., Ltd.	30,545,000.00	July 19, 2024	July 18, 2025	No
Goertek Technology Vina Co., Ltd.	3,560,000.00	July 19, 2024	July 18, 2025	No
Goertek Technology Vina Co., Ltd.	21,012,100.06	July 19, 2024	July 18, 2025	No
Goertek Technology Vina Co., Ltd.	107,826,000.00	July 19, 2024	July 18, 2025	No
Goertek Smart Technology Vina Co., Ltd.	4,101,724.19	July 19, 2024	July 18, 2025	No
Goertek Smart Technology Vina Co., Ltd.	21,565,926.68	July 19, 2024	July 18, 2025	No
Goertek Smart Technology Vina Co., Ltd.	5,137,949.01	July 19, 2024	July 18, 2025	No
Goertek Intelligence Technology Co., Ltd.	17,895,000.00	July 19, 2024	July 18, 2025	No
Goertek Intelligence Technology Co., Ltd.	625,000.00	July 19, 2024	July 18, 2025	No
Goertek (Hong Kong) Co., Limited	81,781,000.00	July 19, 2024	July 18, 2025	No
Goertek (Hong Kong) Co., Limited	17,540,000.00	July 19, 2024	July 18, 2025	No
Goertek (Hong Kong) Co., Limited	14,000,000.00	November 8, 2024	May 31, 2025	No
Goertek Technology Vina Co., Ltd.	926,516,564.15	April 1, 2023	December 15, 2026	No <sup>1</sup>
Goertek Precision Industry Vietnam Co., Ltd.	690,873,435.85	April 1, 2023	December 15, 2026	No <sup>2</sup>

Notes: 1. The subsidiary Goertek Technology Vina Co., Ltd. borrowed RMB 926,516,564.15 and repaid RMB 154,419,427.30 on June 15, 2024, and RMB 154,419,427.30 on December 15, 2024, respectively, leaving a balance of RMB 617,677,709.55 for the guarantee of the borrowing as of the end of the period.

2. The subsidiary Goertek Precision Industry Vietnam Co., Ltd. borrowed RMB 690,873,435.85 and repaid RMB 115,145,572.70 on June 15, 2024, and RMB 575,727,863.15 on July 25, 2024, respectively, leaving a balance of RMB 0.00 for the guarantee of the borrowing as of the end of the period.

The Company acts as the guaranteed party

Unit: RMB

Guarantor	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek Group Co., Ltd.	200,000,000.00	March 29, 2022	March 29, 2027	No <sup>1</sup>
Goertek Group Co., Ltd.	200,000,000.00	June 24, 2022	March 29, 2027	No
Goertek Group Co., Ltd.	200,000,000.00	July 29, 2022	July 28, 2025	No
Goertek Group Co., Ltd.	500,000,000.00	September 19, 2022	September 19, 2025	No
Goertek Group Co., Ltd.	600,000,000.00	November 20, 2023	November 16, 2028	No <sup>2</sup>
Goertek Group Co., Ltd.	194,086,800.00	December 11, 2023	June 10, 2024	Yes
Goertek Group Co., Ltd.	20,000,000.00	January 23, 2024	July 23, 2024	Yes
Goertek Group Co., Ltd.	30,000,000.00	January 29, 2024	July 28, 2024	Yes

Guarantor	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek Group Co., Ltd.	50,000,000.00	January 29, 2024	March 28, 2024	Yes
Goertek Group Co., Ltd.	30,000,000.00	February 1, 2024	August 1, 2024	Yes
Goertek Group Co., Ltd.	10,000,000.00	February 1, 2024	August 1, 2024	Yes
Goertek Group Co., Ltd.	50,000,000.00	May 28, 2024	July 25, 2024	Yes
Goertek Group Co., Ltd.	50,000,000.00	June 19, 2024	December 19, 2024	Yes
Goertek Group Co., Ltd.	50,000,000.00	July 18, 2024	October 26, 2024	Yes
Goertek Group Co., Ltd.	50,000,000.00	August 15, 2024	October 24, 2024	Yes
Goertek Group Co., Ltd.	40,000,000.00	September 19, 2024	November 21, 2024	Yes
Goertek Group Co., Ltd.	30,000,000.00	September 19, 2024	March 18, 2025	No
Goertek Group Co., Ltd.	10,000,000.00	October 16, 2024	December 26, 2024	Yes
Goertek Group Co., Ltd.	50,000,000.00	December 18, 2024	June 18, 2025	No
Goertek Group Co., Ltd.	20,000,000.00	December 18, 2024	February 20, 2025	No
Goertek Group Co., Ltd.	252,000,000.00	June 1, 2023	May 31, 2024	Yes
Goertek Group Co., Ltd.	12,000,000.00	June 14, 2023	May 31, 2024	Yes
Goertek Group Co., Ltd.	610,237,307.76	July 31, 2023	July 30, 2024	Yes
Goertek Group Co., Ltd.	50,000,000.00	September 6, 2023	September 5, 2024	Yes
Goertek Group Co., Ltd.	30,000,000.00	December 27, 2023	February 22, 2024	Yes
Goertek Group Co., Ltd.	57,507,200.00	July 25, 2024	July 24, 2025	No
Goertek Group Co., Ltd.	50,000,000.00	July 25, 2024	July 24, 2025	No
Goertek Group Co., Ltd.	215,652,000.00	July 25, 2024	July 24, 2025	No
Goertek Group Co., Ltd.	585,880,197.89	July 25, 2024	July 24, 2025	No
Goertek Group Co., Ltd.	119,000,000.00	July 25, 2024	July 24, 2025	No
Goertek Group Co., Ltd.	70,000,000.00	November 19, 2024	January 23, 2025	No

Remarks:

1. The Company borrowed RMB 200,000,000.00 and repaid RMB 22,000,000.00 on March 29, 2024, RMB 54,000,000.00 on April 20, 2024, and RMB 54,000,000.00 on September 13, 2024, respectively, leaving a balance of RMB 70,000,000.00 for the guarantee of the borrowing as of the end of the period.
2. The subsidiary Goertek Optical Technology Co., Ltd. borrowed RMB 600,000,000.00 and repaid RMB 10,000,000.00 on May 16, 2024, and RMB 80,000,000.00 on November 16, 2024, respectively, leaving a balance of RMB 510,000,000.00 for the guarantee of the borrowing as of the end of the period.

Explanation of related guarantee

None

## (5) Funds borrowed from related parties

Unit: RMB

Related parties	Borrowing amount	Starting date	Maturity date	Explanation
<b>Borrowing</b>				
Goertek Group Co., Ltd.	11,000,000.00	November 15, 2023	August 21, 2024	The annual interest rate is 3.45%, and the interest for this period is RMB 246,675.01.
Goertek Group Co., Ltd.	27,000,000.00	August 19, 2024	August 18, 2025	The annual interest rate is 2.8%, and the interest for this period is RMB 283,500.00.

**(6) Transfer of assets and debt restructuring of related parties**

Unit: RMB

Related parties	Related transactions	2024	2023
Weifang Goer Farm Co., Ltd.	Purchasing fixed assets, etc.	2,309,222.83	6,508,282.21
Weifang Point Hotel Management Co., Ltd.	Purchasing fixed assets, etc.	727,674.09	
Beijing Bubble Lab Co., Ltd.	Purchasing fixed assets, etc.	249,096.00	
Wemake (Weihai) Digital Creative Technology Co., Ltd.	Purchasing fixed assets, etc.	156,747.89	2,607,860.92
Goertek Group Co., Ltd.	Purchasing fixed assets, etc.	144,786.52	466,429.41
Bei Ge (Weifang) Intelligent technology Co., Ltd.	Purchasing fixed assets, etc.	80,000.00	3,559,740.00
Qingdao Point Hotel Management Co., Ltd.	Purchasing fixed assets, etc.	899.80	
Weifang Dotcom Catering Management Co., Ltd.	Purchasing fixed assets, etc.		7,281.42
Weifang Goerdyna Technology Co., Ltd.	Disposal of fixed assets	13,190,653.76	12,574.24
Weifang Goertek Health Management Co., Ltd.	Disposal of fixed assets	93,569.29	
Weifang Goer Manor Food & Beverage Co., Ltd.	Disposal of fixed assets	28,318.59	
Goerlife Co., Ltd	Disposal of fixed assets	126.55	
Weifang Point Hotel Management Co., Ltd.	Disposal of fixed assets		72,902.23
Weifang Goer Farm Co., Ltd.	Disposal of fixed assets		5,270.97

**(7) Remuneration of key managers**

Unit: RMB

Item	2024	2023
Remuneration of key managers	16,409,214.23	14,754,040.68

**(8) Other related transactions**

Unit: RMB

Item	Related transactions	Amount of current period	Amount in previous period
SeeYA Technology Co., Ltd.	Government subsidy collection and payment on behalf	6,500,000.00	
Jiang Long	Purchase of shares		23,273,750.00
Shareholders of Uphoton Technology (Shaoxing) Co., Ltd. related to the Company	Purchase of shares		12,267,043.01

**6. Receivables and payables of related parties****(1) Items with accounts receivable**

Unit: RMB

Name of project	Related parties	Closing balance		Opening balance	
		Book balance	Bad-debt provision	Book balance	Bad-debt provision
Accounts receivables:					
Accounts receivable	Weifang Goerdyna Technology Co., Ltd.	27,878,139.85	278,781.40	19,811,361.10	198,113.61
Accounts	Little Bird Co., Ltd	975,911.46	9,759.11	4,517,594.90	45,175.95

Name of project	Related parties	Closing balance		Opening balance	
		Book balance	Bad-debt provision	Book balance	Bad-debt provision
receivable					
Accounts receivable	Shandong Goer Education Group Co., Ltd.	63,000.00	630.00	1,064.00	10.64
Accounts receivable	GoerDyna Technology Co., Ltd.	6,761.00	67.61	1,570,053.86	15,700.54
Accounts receivable	Weifang High-Tech Zone Zhuohe Kindergarten	1,884.00	18.84		
Accounts receivable	Goertek Robotics Co., Ltd.			836,487.15	8,364.87
Accounts receivable	Goertek Group Co., Ltd.			345,666.71	3,456.67
Accounts receivable	Dotcom Investment Co., Ltd.			251,597.26	2,515.97
Accounts receivable	Goerlife Co., Ltd			123,888.38	1,238.88
Accounts receivable	Weifang High-Tech Zone Yasong Linju Kindergarten			86,400.00	864.00
Accounts receivable	Bei Ge (Weifang) Intelligent technology Co., Ltd.			25,933.50	259.34
Accounts receivable	Weifang Goer Farm Co., Ltd.			1,636.00	16.36
<b>Total</b>		<b>28,925,696.31</b>	<b>289,256.96</b>	<b>27,571,682.86</b>	<b>275,716.83</b>
<b>Prepayment:</b>					
Prepayment	Qingdao Resonance Venture Capital Management Co., Ltd.	9,454,560.00			
Prepayment	Weifang Goer Farm Co., Ltd.	4,000,000.00			
<b>Total</b>		<b>13,454,560.00</b>			

**(2) Items with accounts payable**

Unit: RMB

Name of project	Related parties	Closing book balance	Opening book balance
<b>Accounts payable:</b>			
Accounts payable	SeeYA Technology Co., Ltd.	3,301,711.73	
Accounts payable	Weifang Goer Farm Co., Ltd.	2,687,807.40	1,584,580.35
Accounts payable	Qingdao Virtual Reality Institute Co., Ltd.	1,980,142.50	1,980,142.50
Accounts payable	Goerlife Co., Ltd	1,884,205.22	615,481.70
Accounts payable	Wemake (Weihai) Digital Creative Technology Co., Ltd.	973,038.06	1,380,241.71
Accounts payable	Goertek Group Co., Ltd.	815,730.15	641,304.60
Accounts payable	Weihai Goer Ecological Agriculture Co., Ltd.	420,532.04	2,680.00
Accounts payable	Weifang Goer Manor Food & Beverage Co., Ltd.	308,942.60	37,573.87
Accounts payable	Wemake (Qingdao) Digital Creative Technology Co., Ltd.	95,044.30	
Accounts payable	Little Bird Co., Ltd	82,506.59	931,430.20
Accounts payable	Weifang Dotcom Catering Management Co., Ltd.	43,735.48	9,083.59

Name of project	Related parties	Closing book balance	Opening book balance
Accounts payable	Qingdao Point Hotel Management Co., Ltd.	26,016.77	37,894.08
Accounts payable	Bei Ge (Weifang) Intelligent technology Co., Ltd.	20,736.63	7,775.53
Accounts payable	Beijing Bubble Lab Co., Ltd.	550.00	550.00
Accounts payable	Dotcom Investment Co., Ltd.		163,401.79
Accounts payable	Weifang Goerdyna Technology Co., Ltd.		118,359.31
Accounts payable	Weifang Point Hotel Management Co., Ltd.		20,181.00
<b>Total</b>		<b>12,640,699.47</b>	<b>7,530,680.23</b>
<b>Contract liabilities:</b>			
Contract liabilities	Goertek Group Co., Ltd.	8,114.95	
Contract liabilities	Weifang Goertek Health Management Co., Ltd.	568.14	
Contract liabilities	Little Bird Co., Ltd		24,277.58
<b>Total</b>		<b>8,683.09</b>	<b>24,277.58</b>
<b>Other payables:</b>			
Other payables	Goertek Group Co., Ltd.	27,000,000.00	11,000,000.00
Other payables	Wemake (Weihai) Digital Creative Technology Co., Ltd.	302,302.36	
Other payables	Bei Ge (Weifang) Intelligent technology Co., Ltd.		28,248.00
<b>Total</b>		<b>27,302,302.36</b>	<b>11,028,248.00</b>

## 7. Commitment of related parties

None

## 8. Others

None

## XV. Share-based Payment

### 1. Overview of share-based payment

Applicable  Not applicable

Unit: RMB

Category of grant recipients	Granted in the current period		Exercised in the current period		Unlocked in the current period		Invalidated in the current period	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Production staff	3,386,600	7,433,587.00	18,531,669	4,737,947.11	14,874,782	6,738,252.33	2,874,978	-1,801,395.53
Sales staff	393,900	864,610.50	5,230,733	15,078,407.70	6,836,172	17,670,873.11	564,358	-688,853.81
Management staff	2,568,100	5,636,979.50	32,405,074	119,964,116.85	41,624,230	130,411,110.49	12,830,900	11,646,110.58
R&D staff	8,735,100	19,173,544.50	29,628,063	45,070,534.33	33,900,972	53,065,634.79	2,754,008	-5,792,091.61
<b>Total</b>	<b>15,083,700</b>	<b>33,108,721.50</b>	<b>85,795,539</b>	<b>184,851,005.99</b>	<b>97,236,156</b>	<b>207,885,870.72</b>	<b>19,024,244</b>	<b>19,928,451.53</b>

Stock options and other equity instruments outstanding at the end of the period

Applicable  Not applicable

Category of grant recipients	Stock options outstanding at the end of the period		Other outstanding equity instruments at the end of the period	
	Range of exercise prices	Remaining duration of the contract	Range of exercise prices	Remaining duration of the contract
Production staff	RMB 14/share, RMB 18.12/share, RMB 28.78/share	4 months, 6 months, 8 months, 16 months, 18 months, 20 months	RMB 1.5 /RMB 1 registered capital, RMB 2/share	9 months, 36 months
Sales staff				
Management staff				
R&D staff				

Explanation of other matters:

The exercise price for the 2023 Stock Option Incentive Plan is RMB 18.12 per share, with a remaining contract term of 8 months and 20 months;

The exercise price of the reserved portion of the 2023 Stock Option Incentive Plan is RMB 18.12 per share, with a remaining contract term of 6 months and 18 months;

The exercise price of the reserved portion of the 2021 Stock Option Incentive Plan is RMB 28.78 per share, and this option is currently in the exercise period;

The exercise price for Goertek Microelectronics Inc.'s 2020 Stock Option Incentive Plan is RMB 14 per share, with a remaining contract term of 4 months and 16 months;

The exercise price for Goertek Microelectronics Inc.'s capital increase equity incentive is RMB 2 per share, with a remaining contract term of 9 months;

The exercise price for Goertek Optical Technology Co., Ltd.'s capital increase equity incentive is RMB 1.5 per RMB 1 of registered capital, with a remaining contract term of 36 months.

## 2. Share-based payment settled with equity

Applicable  Not applicable

Unit: RMB

Determination method of the fair value of equity instruments at the date of grant	The stock option is based on the BS model, the employee stock ownership plan is based on the closing price on the date of grant, and the capital increase in equity is based on the appraised value.
Key parameters for the fair value of equity instruments at the grant date	Historical volatility, risk-free rate of return, dividend yield.
Basis for determining the quantity of equity instruments with vesting	Management's best estimate
Reason for significant difference in estimation in the current period and estimation in the last period	None
Accumulative amount of equity-settled share-based payment included in capital surplus	884,103,154.55
Total amount of share-based payment settled with equity in current period	352,753,289.98

Explanation of other matters:

None

## 3. Cash-settled payment settled in cash

Applicable  Not applicable

## 4. Expense of share-based payment in the current period

Applicable  Not applicable

Unit: RMB

Category of grant recipients	Expense of equity-settled share-based payment	Expense of share-based payment settled in cash
Production staff	17,483,435.67	
Sales staff	23,908,479.89	
Management staff	226,233,694.12	
R&D staff	85,127,680.30	
<b>Total</b>	<b>352,753,289.98</b>	

## 5. Modification and termination of share-based payment

### (1) 2023 Stock Option Incentive Plan

On June 27, 2024, the Company convened the 17th meeting of the 6th Board of Directors and the 14th meeting of the 6th Board of Supervisors, at which the *Proposal on Adjusting Matters Related to the Company's 2023 Stock Option Incentive Plan* was approved. The Board of Directors agreed that the Company should adjust the Company's performance evaluation indexes, date of exercise, and other relevant provisions of the 2023 Stock Option Incentive Plan for the years 2024-2025.

### (2) Home No. 6 ESOP

On June 27, 2024, the Company convened the 17th meeting of the 6th Board of Directors and the 14th meeting of the 6th Board of Supervisors, at which the *Proposal on Adjustment of Matters Related to the "Home No. 6" Employee Stock Ownership Plan* was approved. According to the above resolution and the authorization from the shareholders' meeting, the Board of Directors agreed to adjust the performance assessment indicators, the period of restriction on the purchase and sale of shares, and the status of holders for the years 2024-2026 set forth in the *"Home No. 6" Employee Stock Ownership Plan of Goertek Inc. (Draft) (Revised)* and its summary, as well as the *"Home No. 6" Employee Stock Ownership Plan Management Measures of Goertek Inc. (Revised)*, while other terms remain unchanged.

### (3) Home No. 7 ESOP

On June 27, 2024, the Company convened the 17th meeting of the 6th Board of Directors and the 14th meeting of the 6th Board of Supervisors, at which the *Proposal on Adjustment of Matters Related to the "Home No. 7" Employee Stock Ownership Plan* was approved. According to the above resolution and the authorization from the shareholders' meeting, the Board of Directors agreed to adjust the performance assessment indicators and the period of restriction on the purchase and sale of shares for the years 2024-2026 set forth in the *"Home No. 7" Employee Stock Ownership Plan of Goertek Inc. (Draft)* and its summary, as well as the *"Home No. 7" Employee Stock Ownership Plan Management Measures of Goertek Inc.*, while other terms remain unchanged.

## 6. Others

None

## XVI. Commitments and Contingencies

### 1. Important commitments

Important commitments on the balance sheet date

None

### 2. Contingencies

#### (1) Important contingencies on the balance sheet date

① Contingent liability arising from pending litigations and arbitrations and financial impacts therefrom

None

② Contingent liabilities arising from guarantees of debts provided to other parties, and financial impacts therefrom

As of the reporting date, except that the securities provided by the Company to its subsidiaries Goertek Technology Vina Co., Ltd., Goertek Smart Technology Vina Co., Ltd., Goertek Intelligence Technology Co., Ltd., and Goertek (Hong Kong) Co., Limited are not fulfilled as specified in Note XIV-5, there is no debt security of the Company provided to other entities.

③ Contingent liabilities related to investments in joint ventures or associates

None

④ Other contingent liabilities and financial impacts therefrom

None

**(2) The Company shall make a statement even if it does not have important contingencies to be disclosed**

There are no important contingencies to be disclosed in the Company.

**3. Others**

None

**XVII. Events after Balance Sheet Date**

**1. Important non-adjustment matters**

None

**2. Profit distribution**

Dividend to be distributed per 10 shares (RMB)	1.50
Dividend shares to be distributed per 10 shares (shares)	0
Conversion of capital surplus into share capital per 10 shares (shares)	0
Dividend per 10 shares declared after deliberation and approval (RMB)	1.50
Dividend shares per 10 shares declared after deliberation and approval (shares)	0
Conversion of capital surplus into share capital per 10 shares declared after deliberation and approval (shares)	0
Profit distribution plan	Based on the total share capital registered on the record date of equity distribution minus the repurchased shares in the Company's specific securities repurchase account, the Company will distribute the cash dividend of RMB 1.50 (tax inclusive) for every 10 shares to all the shareholders, as well as 0 bonus shares, and there is no conversion of capital surplus into share capital.

**3. Sales return**

None

**4. Explanation of other matters after the balance sheet date**

None

**XVIII. Other important matters**

**1. Correction of early accounting errors**

None

**2. Debt restructuring**

None



**3. Asset replacement**

None

**4. Annuity plan**

None

**5. Discontinued operation**

None

**6. Segment information****(1) Basis for determining reportable segments and accounting policies**

None

**(2) Financial information of reportable segments**

None

**(3) If the Company has no reportable segments, or cannot disclose the total assets and liabilities of each reportable segments, the reasons shall be explained**

The Group determines its operating segments based on its internal organizational structure, management requirements, and internal reporting system, and determines its reportable segments and discloses segment information on the basis of operating segments.

An operating segment is a component of the Group that meets all of the following conditions: (1) The component can generate income and expense in daily activities; (2) The management of the Group can regularly evaluate the operating results of such component so as to determine the allocation of resources to it and evaluate its performance; (3) The Group can obtain the accounting information of the component, such as the financial status, operating results, cash flow, etc. If two or more operating segments have similar economic characteristics and meet certain conditions, they will be combined into one operating segment.

Since over 90% of the Group's revenue and performance comes from the electronic components business, segment information was not presented.

**(4) Explanation of other matters**

None

**7. Other important transactions and matters that have an impact on investors' decisions**

None

**8. Others**

None

**XIX. Notes to Major Items in the Financial Statements of the Parent Company****1. Accounts receivable****(1) Disclosure by aging**

Unit: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	6,912,190,537.36	6,620,847,221.89
1 to 2 years	48,590.00	
2 to 3 years		780,660.09
Over 3 years	780,660.09	
3 to 4 years	780,660.09	
4 to 5 years		
Over 5 years		
Total	6,913,019,787.45	6,621,627,881.98

**(2) Classification and disclosure by bad debt provision method**

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Accounts receivable for provision for bad debts accrued on a portfolio basis	6,913,019,787.45	100.00%	26,702,422.15	0.39%	6,886,317,365.30	6,621,627,881.98	100.00%	22,926,746.45	0.35%	6,598,701,135.53
Including:										
Group by aging	2,591,547,759.02	37.49%	26,702,422.15	1.03%	2,564,845,336.87	2,254,422,300.81	34.05%	22,926,746.45	1.02%	2,231,495,554.36

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Related party group	4,321,472,028.43	62.51%			4,321,472,028.43	4,367,205,581.17	65.95%			4,367,205,581.17
Total	6,913,019,787.45	100.00%	26,702,422.15	0.39%	6,886,317,365.30	6,621,627,881.98	100.00%	22,926,746.45	0.35%	6,598,701,135.53

Provision for bad debts accrued on a portfolio basis: aging portfolio

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Within 1 year	2,590,718,508.93	25,907,185.06	1.00%
1 to 2 years	48,590.00	14,577.00	30.00%
2 to 3 years			
Over 3 years	780,660.09	780,660.09	100.00%
Total	2,591,547,759.02	26,702,422.15	

Description for basis of determining the group:

For further details, please see Note V. 11. "Impairment of financial assets"

Provision for bad debts accrued on a portfolio basis: related party portfolio

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Within 1 year	4,321,472,028.43		
1 to 2 years			
2 to 3 years			
Over 3 years			
Total	4,321,472,028.43		

Description for basis of determining the group:

For further details, please see Note V. 11. "Impairment of financial assets"

If bad-debt provision for accounts receivable is based on the general model of expected credit losses:

Applicable  Not applicable

**(3) Accrual, recovery or reversal of bad debt provision in current period**

Provision for bad debts of the current period:

Unit: RMB

Category	Opening balance	Changes in amount of the current period				Closing balance
		Accrual	Withdrawal or write-back	Write-off	Other	
Accounts receivable for provision for bad debts accrued on a portfolio basis	22,926,746.45	3,775,675.70				26,702,422.15
<b>Total</b>	<b>22,926,746.45</b>	<b>3,775,675.70</b>				<b>26,702,422.15</b>

Among them, significant information of bad debt provision withdrawn or written back in the current period:

None

**(4) Accounts receivable actually written off in current period**

None

**(5) The status of accounts receivable and contract assets in the top five of the closing balance collected according to debtors**

Unit: RMB

Company name	Closing balance of accounts receivable	Closing balance of contract assets	Closing balance of accounts receivable and contract assets	Proportion of total balance of accounts receivable and contract assets at the end of the period	Closing balance of allowance for bad debts on accounts receivable and impairment provision for contract assets
Company 1	2,157,038,783.78		2,157,038,783.78	31.20%	
Company 2	1,438,016,157.04		1,438,016,157.04	20.80%	
Company 3	1,205,008,071.98		1,205,008,071.98	17.43%	12,050,080.72
Company 4	277,975,052.91		277,975,052.91	4.02%	2,779,750.53
Company 5	223,575,293.99		223,575,293.99	3.23%	
<b>Total</b>	<b>5,301,613,359.70</b>		<b>5,301,613,359.70</b>	<b>76.68%</b>	<b>14,829,831.25</b>

**2. Other receivables**

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	4,119,484,430.97	5,265,145,730.57
<b>Total</b>	<b>4,119,484,430.97</b>	<b>5,265,145,730.57</b>

**(1) Interest receivable**

None

**(2) Dividends receivable**

None

**(3) Other receivables****1) Classification of other receivables by nature of payment**

Unit: RMB

Nature of payment	Closing book balance	Opening book balance
Current account	4,094,350,933.30	5,239,987,500.43
Security deposit	931,636.57	2,244,358.04
Withholding and remitting social insurance and housing provident fund	24,623,431.33	23,468,164.65
Total	4,119,906,001.20	5,265,700,023.12

**2) Disclosure by aging**

Unit: RMB

Aging	Closing book balance	Opening book balance
Within 1 year (including 1 year)	3,989,607,956.14	5,135,306,494.91
1 to 2 years	176,078.65	41,976.80
2 to 3 years	21,000.00	130,321,400.00
Over 3 years	130,100,966.41	30,151.41
3 to 4 years	130,100,000.00	966.41
4 to 5 years	966.41	29,185.00
Over 5 years		
Total	4,119,906,001.20	5,265,700,023.12

**3) Classification and disclosure by bad debt provision method**

Bad debt provision is accrued according to the general model of expected credit loss:

Unit: RMB

Bad-debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss over the next 12 months	Expected credit loss for the entire duration (credit impairment not occurred)	Expected credit loss for the entire duration (credit impairment has occurred)	
Balance as of January 1, 2024:	554,292.55			554,292.55
Balance as of January 1, 2024 in the current period				
Accrual in the current period	-132,722.32			-132,722.32
Balance as of December 31, 2024:	421,570.23			421,570.23

Criteria for dividing each stage and the bad-debt reserves calculation and withdrawal proportion

For further details, please see Note V. 10. "Financial Instruments" and 11. "Impairment of Financial Assets"

Significant changes in the carrying value of changes in the allowances for losses in the current period

 Applicable  Not applicable**4) Accrual, recovery or return of bad debt reserve in current period**

Provision for bad debts of the current period:

Unit: RMB

Category	Opening balance	Changes in amount of the current period				Closing balance
		Accrual	Withdrawal or write-back	Charge-off or write-off	Other	
Group by aging	554,292.55	-132,722.32				421,570.23
Total	554,292.55	-132,722.32				421,570.23

Among them, significant amount in bad debt provision written back or withdrawn in the current period:

None

#### 5) Other receivables actually written off in the current period

None

#### 6) Other receivables of the 5 highest closing balance by debtor

Unit: RMB

Company name	Nature of payment	Closing balance	Aging	Ratio in the total closing balance of other receivables	Closing balance of bad debt provision
Company 1	Current account	1,699,645,091.75	Within 1 year	41.25%	
Company 2	Current account	673,601,919.69	Within 1 year	16.35%	
Company 3	Current account	614,333,151.79	Within 1 year	14.91%	
Company 4	Current account	500,000,000.00	Within 1 year	12.14%	
Company 5	Current account	130,000,000.00	Over 3 years	3.16%	
Total		3,617,580,163.23		87.81%	

#### 7) Reported under other receivables due to centralized management of funds

None

### 3. Long-term equity investments

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Investment in subsidiaries	8,602,917,083.52		8,602,917,083.52	8,536,527,729.83		8,536,527,729.83
Investment in associated businesses and joint ventures	576,207,714.95		576,207,714.95	589,873,101.81		589,873,101.81
Total	9,179,124,798.47		9,179,124,798.47	9,126,400,831.64		9,126,400,831.64

#### (1) Investment in subsidiaries

Unit: RMB

Invested entity	Opening balance (book value)	Opening balance of impairment provision	Increase or decrease in the current period				Closing balance (book value)	Closing balance of impairment provision
			Investment addition	Investment reduction	Provision for impairment	Other		
Weifang Goertek Electronics Co., Ltd.	1,480,446,066.00		4,020,133.37				1,484,466,199.37	
Weifang Goertek Trading Co., Ltd.	50,791,528.30		342,337.51				51,133,865.81	
Yishui Goertek Electronics Co., Ltd.	30,000,000.00						30,000,000.00	
Yili Precision Manufacturing Co., Ltd.	337,791,460.95		791,459.77				338,582,920.72	
Goertek Optical Technology Co., Ltd.	604,737,095.72						604,737,095.72	
Goertek Technology Co., Ltd.	985,853,117.16		8,400,387.50				994,253,504.66	
Beijing Goertek Technology Co., Ltd.	54,576,813.63		1,724,815.84				56,301,629.47	
Qingdao Goertek Acoustics Technology Co., Ltd.	88,947,844.55						88,947,844.55	
Shenzhen Goertek Technology Co., Ltd.	81,046,989.92		256,523.53				81,303,513.45	
Shanghai Goertek Technology Co., Ltd.	29,129,941.11		2,883,206.88				32,013,147.99	
Nanjing Goertek Technology Co., Ltd.	51,291,484.20		694,933.43				51,986,417.63	
Weifang Lokomo Precision Industry Co., Ltd.	52,058,798.90		390,419.71				52,449,218.61	
Goertek Investment Co., Ltd.	84,915,886.26		3,997,968.25				88,913,854.51	

Invested entity	Opening balance (book value)	Opening balance of impairment provision	Increase or decrease in the current period				Closing balance (book value)	Closing balance of impairment provision
			Investment addition	Investment reduction	Provision for impairment	Other		
Beijing Goertek Investment Management Co., Ltd.	5,121,933.89						5,121,933.89	
Dongguan Yili Precision Manufacturing Co., Ltd.	31,319,771.88		150,000,000.00	181,319,771.88				
Goertek Vina Co., Ltd.	247,634,379.61						247,634,379.61	
Goertek (Korea) Technology Inc.	66,743,212.77						66,743,212.77	
Goertek Electronics, Inc.	204,938,128.90						204,938,128.90	
Goertek Technology Taiwan Co., Ltd.	129,098,963.28						129,098,963.28	
Goertek Technology Japan Co., Ltd.	134,228,936.73						134,228,936.73	
Goertek Seiki Technology Co., Ltd.	1,024,111.56						1,024,111.56	
Goertek Intelligence Technology Co., Ltd.	354,885,167.15		942,256.51				355,827,423.66	
Goertek Microelectronics Inc.	842,719,493.75						842,719,493.75	
Beijing Goertek Microelectronics Co., Ltd.	5,053,458.52						5,053,458.52	
Qingdao Goertek Microelectronics Research Institute Co., Ltd.	460,436.04						460,436.04	
Qingdao Goertek Intelligent Sensor Co., Ltd.	842,096.78						842,096.78	
Rongcheng Goertek Microelectronics Co., Ltd.	524,895.84						524,895.84	



Invested entity	Opening balance (book value)	Opening balance of impairment provision	Increase or decrease in the current period				Closing balance (book value)	Closing balance of impairment provision
			Investment addition	Investment reduction	Provision for impairment	Other		
Shanghai Goertek Microelectronics Co., Ltd.	2,758,811.23						2,758,811.23	
Shenzhen Goertek Microelectronics Co., Ltd.	1,206,995.30						1,206,995.30	
Weifang Goertek Microelectronics Co., Ltd.	17,208,205.72						17,208,205.72	
Wuxi Goertek Microelectronics Co., Ltd.	940,460.62						940,460.62	
Qingdao Goertek Commercial Factoring Co., Ltd.	51,651,753.50		58,768.50				51,710,522.00	
Rongcheng Goertek Technology Co., Ltd.	2,104,657,890.33		1,449,480.26				2,106,107,370.59	
Nanning Goertek Electronics Co., Ltd.	80,185,548.43		33,461.13				80,219,009.56	
Xi'an Goertek Electronic Technology Co., Ltd.	8,836,051.30		456,008.35				9,292,059.65	
Weifang High- tech Zone Goertek Education Center	300,000.00						300,000.00	
Qingdao Resonance I Venture Capital Fund LP	280,000,000.00						280,000,000.00	
Qingdao Goertek Horizons Technology Co., Ltd.	30,000,000.00		921,338.33				30,921,338.33	
Chongqing Goertek Auto Technology Co., Ltd.	2,600,000.00		7,743,131.10				10,343,131.10	

Invested entity	Opening balance (book value)	Opening balance of impairment provision	Increase or decrease in the current period				Closing balance (book value)	Closing balance of impairment provision
			Investment addition	Investment reduction	Provision for impairment	Other		
Chengdu Goertek Technology Co., Ltd.			5,239,665.20				5,239,665.20	
Qingdao Goertek Alpha Pixels Technology Co., Ltd.			50,000,000.00				50,000,000.00	
Shanghai Goertek Technology Development Co., Ltd.			6,000,000.00				6,000,000.00	
Xi'an Goertek Shijie Technology Co., Ltd.			1,362,830.40				1,362,830.40	
<b>Total</b>	8,536,527,729.83		247,709,125.57	181,319,771.88			8,602,917,083.52	

## (2) Investment in associated businesses and joint ventures

Unit: RMB

Invested entity	Opening balance (book value)	Opening balance of impairment provision	Increase or decrease in the current period								Closing balance (book value)	Closing balance of impairment provision	
			Investment addition	Investment reduction	Recognized investment gain and loss under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends or profits declared	Provision for impairment	Other			
I. Joint Venture													
II. Affiliated enterprises													
Joint ventures	589,873,101.81				- 14,691,875.13	436.41	1,026,051.86					576,207,714.95	
Sub-total	589,873,101.81				- 14,691,875.13	436.41	1,026,051.86					576,207,714.95	
<b>Total</b>	589,873,101.81				- 14,691,875.13	436.41	1,026,051.86					576,207,714.95	

The recoverable amount is determined based on the net of fair value less disposal costs.

Applicable  Not applicable

The recoverable amount is determined based on the present value of estimated future cash flow.

Applicable  Not applicable

Reasons for significant discrepancies between the foregoing information and the information used in previous years' impairment tests or external information:

None

Reasons for significant discrepancies between the information used in the Company's previous years' impairment tests and the actual situation of the year

None

## (3) Explanation of other matters

None

**4. Operating revenue and cost of sales**

Unit: RMB

Item	2024		2023	
	Revenue	Cost of sales	Revenue	Cost of sales
Main business	18,993,488,747.47	14,632,725,631.61	20,835,240,359.16	17,348,440,379.48
Other business	5,848,049,331.50	4,933,739,714.84	7,926,650,258.39	6,992,953,710.46
Total	24,841,538,078.97	19,566,465,346.45	28,761,890,617.55	24,341,394,089.94

**5. Investment income**

Unit: RMB

Item	2024	2023
Return on long-term equity investments measured by the equity method	-14,691,875.13	-23,010,602.53
Investment income from disposal of long-term equity investments	-74,786,971.88	-183,130,911.21
Investment income from disposal of financial assets held for trading	26,973,005.40	96,188,704.20
Dividend income from long-term equity investments of subsidiaries	470,771,040.21	2,337,367,940.73
Investment income from products such as certificates of deposits	60,385,535.40	74,716,107.04
Gains or losses arising from derecognized financial assets at amortized cost		-313,191.66
Income recognized at the termination of financial assets measured at amortized cost		-2,120,899.52
Other	468,650,734.00	2,299,697,147.05

**6. Others**

None

**XX. Supplementary Information****1. Statement of non-recurring profits and losses for the current period** Applicable  Not applicable

Unit: RMB

Item	Amount	Explanation
Gains or losses from disposal of non-current assets	-85,999,752.59	Mainly for the loss on scrapping fixed assets
Government grants included in the current gains and losses (except for those that are closely related to the normal business operations of the Company, comply with national policy regulations, are enjoyed according to established standards, and have a continuous impact on the Company's gains and losses)	196,923,255.19	Mainly special funds for enterprise innovation and development and other government subsidies
Gains and losses from changes in the fair value of financial assets and liabilities, and from the disposal of financial assets and liabilities, held by non-financial enterprises, except for effective hedging businesses related to the normal operating	112,020,093.46	Mainly for changes in fair value of equity investments held by the Company and the investment income from foreign exchange derivatives

business of the Company.		
Other non-operating income and expenditures other than those mentioned above	12,014,095.20	
Other profit and loss items that meet the definition of non-recurring profit and loss	62,609,433.16	Mainly for investment income from products such as certificates of deposit
Less: Impact of income tax	18,834,375.42	
Impact of minority interests (after tax)	6,894,099.59	
Total	271,838,649.41	--

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

Applicable  Not applicable

Mainly for investment income from products such as certificates of deposit

Note for the definition of non-recurring gains and losses set out in the *No. 1 Explanatory Announcement on Information Disclosure for Companies Issuance Their Securities to the Public - Non-recurring gains and losses*, as recurring gains and losses.

Applicable  Not applicable

## 2. Net assets income rate and earnings per share

Profit during the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share (RMB / share)	Diluted earnings per share (RMB / share)
Net profit attributable to ordinary shareholders of the Company	8.46%	0.79	0.78
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	7.60%	0.71	0.70

## 3. Differences in accounting data under domestic and foreign accounting standards

### (1) Differences in net profits and net assets in the financial reports disclosed pursuant to international accounting standards and Chinese accounting standards at the same time

Applicable  Not applicable

### (2) Differences in net profits and net assets in the financial reports disclosed pursuant to foreign accounting standards and Chinese accounting standards at the same time

Applicable  Not applicable

### (3) Explanation of reasons for differences in accounting data under domestic and foreign accounting standards; if the data audited by an overseas audit firm is adjusted for differences, the name of the overseas firm shall be indicated.

## 4. Others

None

**Goertek Inc.**

**Legal Representative:  
Jiang Bin**

**March 26, 2025**