

Stock Code: 601231

Abbreviated Name: USI

Convertible Bond Code:113045

Abbreviated Name: USI Convertible Bond

Universal Scientific Industrial (Shanghai) Co., Ltd.

2024 Annual Report

Note: 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.

Important Notice

I. The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of the Company hereby assure that the content set out in the annual report is truthful, accurate and complete, and contains no misrepresentations, misleading statements or material omissions, and are individually and collectively responsible for the content set out therein.

II. Absent directors

Position of absent director	Name of absent director	Reason for absence	Name of trustee
Independent Director	Jiangdong Huang	Important Work Schedule Conflict	Yongtao Cang

III. Deloitte Touche Tohmatsu Certified Public Accountants LLP has issued a standard unqualified audit report for the Company.

IV. Jeffrey Chen, person in charge of the Company, Xinyu Wu, person in charge of accounting, and Yuh-Huah Chern, person in charge of the accounting firm (accountant in charge) declare that the financial report in the annual report is truthful, accurate and complete.

V. The proposal of profit distribution for the reporting period deliberated and approved by the Board of Directors

USI intends to distribute a dividend of RMB 2.3 yuan (tax included) for every 10 shares on the basis of the total share capital on the registration date of equity distribution minus the number of shares in its special repurchase account, without giving bonus shares or capitalizing capital reserves, and all the remaining undistributed profits will be carried forward for distribution in the following years.

The Company's Profit Distribution Plan for 2024 was deliberated and approved at the Seventeenth Meeting of the Sixth Session of the Board of Directors of the Company, and it still needs to be deliberated at the Company's 2024 Annual General Meeting of Shareholders.

VI. Risk disclosure for forward-looking statements

Applicable Not Applicable

This report involves forward-looking statements such as future plans, and does not constitute a material commitment of the Company to investors. Investors are requested to pay attention to investment risks.

VII. Are there any funds occupied by controlling shareholder or other related parties for non-operational purposes?

No

VIII. Is there any external guarantee in violation of the prescribed decision-making process?

No

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

No

X. Major risk disclosure

The major risks facing the Company are described in “Possible Risks” of “Discussion and Analysis of Corporate Development in the Future” in this report.

XI. Others

Applicable Not Applicable

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Catalog of files for reference	Accounting statements signed and sealed by the person in charge of the Company, the person in charge of accounting and the person in charge of the accounting firm
	Original audit report sealed by the accounting firm and signed and sealed by certified public accountants
	Original copies of all documents and announcements of the Company publicly disclosed in newspapers designated by CSRC during the reporting period

Section I Definitions

I. Definitions

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

The Company, the Group, USI, or the listed company	Universal Scientific Industrial (Shanghai) Co., Ltd.
SSE	Shanghai Stock Exchange
USIE	USI Enterprise Limited, the controlling shareholder of the Company, registered in Hong Kong
Universal Scientific Industrial Co., Ltd.	Universal Scientific Industrial Co., Ltd., a company listed on the Taiwan Stock Exchange with the stock code 2350, which terminated its listing on June 17, 2010
ASE Technology Holding	ASE Technology Holding Co., Ltd., a company listed on the Taiwan Stock Exchange with the stock code 3711
ASE Inc.	Advanced Semiconductor Engineering, Inc., formerly listed on the Taiwan Stock Exchange with the stock code 2311 and delisted in 2018.
ASE Shanghai	ASE (Shanghai) Inc., a subsidiary of ASE Inc. in which it holds 100% shares
UGT	Universal Global Technology Co., Limited, a subsidiary of the Company in which the Company holds 100% shares, registered in Hong Kong
UGT Shanghai, Jinqiao Subsidiary, Jinqiao Factory	Universal Global Technology (Shanghai) Co., Ltd., a subsidiary of the Company in which the Company holds 100% shares
USI Shenzhen, Shenzhen Subsidiary, Shenzhen Factory	USI Electronics (Shenzhen) Co., Ltd., a subsidiary of the Company in which the Company holds 100% shares
UGT Kunshan, Kunshan Subsidiary, Kunshan Factory	Universal Global Technology (Kunshan) Co., Ltd., a wholly-owned subsidiary of the Company
UGE	Universal Global Electronics Co., Ltd., a subsidiary of the Company in which the Company holds 100% shares
UGT Huizhou, Huizhou Subsidiary, Huizhou Factory	Universal Global Technology (Huizhou) Co., Ltd., a subsidiary of the Company in which the Company holds 100% shares
UGSI	Universal Global Scientific Industrial Co., Ltd., registered in Taiwan, a subsidiary of the Company in which the Company holds 100% shares
USI Vietnam, Vietnam Subsidiary, Vietnam Factory	Universal Scientific Industrial Vietnam Company Limited, a subsidiary of the Company in which the Company holds 100% shares
FAFG	Financière AFG, a simplified joint stock company established and validly existing under the laws of France and a subsidiary of the Company in which the Company holds 100% shares
AFG	Asteelflash Group, a simplified joint stock company established and validly existing under the Laws of France. It is a subsidiary of FAFG in which FAFG holds 100% shares. Since January 1, 2022, it has been merged into its parent company FAFG.
FAFG Suzhou, Suzhou Factory	Asteelflash (Suzhou) Co., Ltd., a subsidiary of FAFG in which FAFG holds 100% shares
USI Poland, Poland Factory	Formerly known as Chung Hong Electronics Poland SP.Z. O.O; the Company completed the acquisition of 100% of its equity on June 22, 2020, and it was renamed Universal Scientific Industrial Poland Sp.z o.o.

Memtech	Memtech International Ltd., which was listed on the Singapore Stock Exchange in 2004, and was delisted on August 22, 2019. The Company indirectly holds 42.23% of its equity.
Hirschmann	Hirschmann Car Communication Holding S.a.r.l., a limited liability company established in Luxembourg, is headquartered in Germany and has production sites in Germany, Hungary and China. USI and Ample Trading completed the acquisition of 100% of its shares in October 2023.
EMEA	Abbreviation for Europe, the Middle East, and Africa
APAC	Abbreviation for the Asia-Pacific region
Americas	North and South America
EMS	Electronic Manufacturing Services, the services provided by manufacturers for electronic brand owners, such as manufacturing, procurement, partial design and logistics
ODM	Original Design and Manufacturer
DMS	Design and Manufacturing Services
D(MS) ²	An acronym for DMS combined with Miniaturization and Solution
SMT	Surface Mount Technology, a new generation of electronic assembly technology, which compresses traditional electronic components into components that are tens of times smaller than their original volume and realizes high-density, highly reliable, miniaturized and low-cost assembly of electronic products, as well as automated production. The process for assembling components onto printed (or other) substrates is called SMT process, and the associated assembly equipment is called SMT equipment.
PCB	Printed Circuit Board, known as the “cornerstone” of electronic products. A large number of electronic parts used in electronic products are embedded on PCBs of different sizes. In addition to fixing parts, the main function of PCBs is to provide circuit connections between various parts.
SiP	System in Package; multiple functional wafers, including processors and memory wafers, are integrated into a package according to the application scenarios, the number of package substrate layers and other factors, so as to achieve a basic package scheme with complete functions
CAGR	Compound Annual Growth Rate
YoY	Year Over Year
The reporting period or current period	January 1, 2024 to December 31, 2024

Section II Company Profile and Key Financial Indicators

I. Company profile

Name in Chinese	Universal Scientific Industrial (Shanghai) Co., Ltd.
Abbreviation in Chinese	USI
Name in English	Universal Scientific Industrial (Shanghai) Co., Ltd.
Abbreviation in English	USISH
Legal representative	Jeffrey Chen

II. Contact

	Secretary of the Board of Directors	Securities affairs representative
Name	Jinpeng Shi	Chao Feng
Address	F/5, Building B, 169 Shengxia Road, Pudong New Area, Shanghai	F/5, Building B, 169 Shengxia Road, Pudong New Area, Shanghai
Tel.	021-58968418	021-58968418
Fax	021-58968415	021-58968415
Email	Public@usiglobal.com	Public@usiglobal.com

III. Basic information

Registered address	1558 Zhangdong Road, Integrated Circuit Industrial Zone, Zhangjiang Hi-tech Park, Shanghai
Change record of registered address	None
Office address	F/5, Building B, 169 Shengxia Road, Pudong New Area, Shanghai
Zip code of office address	201203
Website	www.usiglobal.com
Email	Public@usiglobal.com

IV. Information disclosure and place at which the report is available

Names and websites of press media on which the Company discloses its annual report	Shanghai Securities News, China Securities Journal, and Securities Times
Website of the stock exchange on which the Company discloses its annual report	www.sse.com.cn
Annual report available at	Securities Department of the Company

V. The Company's stocks

The Company's Stocks				
Stock class	Listed on	Abbreviated Name	Stock Code	Former Abbreviated Name
A-share	Shanghai Stock Exchange	USI	601231	None
Corporate bonds convertible into the Company's A shares	Shanghai Stock Exchange	USI Convertible Bond	113045	None

VI. Other related information

Domestic accounting firm hired by the Company	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office address	F/30, 222 East Yan'an Road, Shanghai
	Names of accountants who give their signatures	Yuan Shouqing, and Hu Ke

Sponsor organization that performs the duty of continuous supervision during the reporting period	Name	Haitong Securities Co., Ltd.
	Office address	888 South Zhongshan Road, Shanghai
	Names of sponsor representatives who give their signatures	Zhang Zihui, and Chen Hengrui
	Period of continuous supervision	April 2, 2021 to December 31, 2022

Note: As the Company has not used up the raised funds or completed the conversion of the convertible bonds, the sponsor will continue to perform its responsibility of continuous supervision over the use of the raised funds.

VII. Key accounting data and financial indicators in the past three years

(I) Key accounting data

Unit: yuan Currency: RMB

Key accounting data	2024	2023		YoY (%)	2022
		Before Adjustment	After Adjustment		
Revenue	60,690,651,098.10	60,791,909,537.87	60,791,909,537.87	-0.17	68,516,075,963.26
Net profits attributable to shareholders of the listed company	1,652,482,815.41	1,947,846,866.12	1,947,846,866.12	15.16	3,059,967,081.20
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	1,450,740,530.12	1,779,078,630.35	1,779,078,630.35	18.46	3,010,200,488.88
Net cash flows from operating activities	4,210,266,611.54	6,823,435,492.62	6,823,435,492.62	38.30	3,435,196,255.50
	End of 2024	End of 2023		YoY (%)	End of 2022
		Before Adjustment	After Adjustment		
Net assets attributable to shareholders of the listed company	17,934,523,876.88	16,993,068,434.84	16,990,407,623.67	5.54	15,749,394,179.86
Total assets	39,998,030,835.37	39,404,295,828.93	39,306,382,898.66	1.51	38,574,464,731.16

(II) Key financial indicators

Key financial indicators	2024	2023		YoY (%)	2022
		Before Adjustment	After Adjustment		
Basic EPS (yuan/share)	0.76	0.89	0.89	-14.61	1.40
Diluted EPS (yuan/share)	0.75	0.87	0.87	-13.79	1.35
Basic EPS net of non-recurring gains/losses (yuan/share)	0.66	0.81	0.81	-18.52	1.38
Weighted average ROE (%)	9.52	12.02	12.02	Down 2.50 pct.	21.43
Weighted average ROE net of non-recurring gains/losses (%)	8.36	10.98	10.98	Down 2.62 pct.	21.08

Explanation of the Company's key accounting data and financial indicators in the past three years at the end of the reporting period

Applicable Not Applicable

None

VIII. Accounting data differences under domestic and overseas accounting standards

(I) Differences in net profits and net assets attributable to shareholders of the listed company in the financial report disclosed under international accounting standards and Chinese accounting standards

Applicable Not Applicable

(II) Differences in net profits and net assets attributable to shareholders of the listed company in the financial report disclosed under overseas accounting standards and Chinese accounting standards

Applicable Not Applicable

(III) Explanation of differences between Chinese accounting standards and overseas accounting standards

Applicable Not Applicable

IX. Key financial data by quarter for 2024

Unit: yuan Currency: RMB

	Q1 (Jan – Mar)	Q2 (Apr – Jun)	Q3 (Jul – Sep)	Q4 (Oct – Dec)
Revenue	13,491,928,720.52	13,893,681,673.09	16,621,097,158.49	16,683,943,546.00
Net profits attributable to shareholders of the listed company	334,683,660.30	449,720,127.00	512,525,041.64	355,553,986.47
Net profits attributable to shareholders of the listed company net of non-recurring gains/losses	286,600,179.96	315,218,801.67	452,580,701.73	396,340,846.76
Net cash flows from operating activities	1,146,121,777.94	351,742,514.06	500,647,286.74	2,211,755,032.80

Explanation for differences between the quarterly data and formerly disclosed data in periodic reports

Applicable Not Applicable

X. Non-recurring profit or loss

Applicable Not Applicable

Unit: yuan Currency: RMB

Items of non-recurring gains/losses	2024	Notes (if applicable)	2023	2022
Gains and losses on disposal of non-current assets, including the write-off of asset impairment provisions	5,101,711.12	See Note (VII) 68, 73, 75	5,463,221.02	2,724,930.03
Government grants recognized in profit or loss (other than grants which are closely related to the	39,593,697.06	See Note (XI) 3	71,813,784.39	56,144,655.78

Company's business, have a lasting impact on the Company's profits and losses and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)				
Profit or loss on changes in the fair value of financial assets and financial liabilities and investment income on disposal of financial assets and financial liabilities held by non-financial companies, other than those used in the effective hedging activities relating to normal operating business	177,139,794.65	See Note (VII) 68, 70	106,839,747.09	96,937,973.50
Write-back of provisions for receivables impairment subject to separate impairment tests	6,111,269.30		0.00	0.00
One-time costs incurred by enterprises due to the fact that the relevant business activities are no longer sustainable, such as expenses for relocating employees	-708,810.03		-3,701,028.03	-65,435,485.39
The impact of one-time adjustment of current profit and loss in accordance with tax, accounting and other laws and regulations	0.00		0.00	-49,852,343.57
Other non-operating income or expenses other than the above	-16,235,503.49	See Note (VII) 74, 75	12,916,711.91	22,281,394.77
Less: tax effects	9,611,574.91		24,950,729.58	13,033,613.18
Effects attributable to minority interests (After tax)	-351,701.59		-386,528.97	919.62
Total	201,742,285.29		168,768,235.77	49,766,592.32

Explanations for significant amount of extraordinary gain or loss items identified by the Company but not listed in the “Explanatory Announcement No.1 for Public Company Information Disclosures – Extraordinary Gains or Losses”, and recurring gain or loss items identified by the Company which are listed as extraordinary gain or loss items in the “Explanatory Announcement No.1 for Public Company Information Disclosures – Extraordinary Gains or Losses”.

Applicable Not Applicable

XI. Items measured at fair value

Applicable Not Applicable

Unit: yuan Currency: RMB

Item	Opening amount	Closing balance	Change in the current period	Impact on profit of the current period
Financial assets held for trading	245,558,007.22	42,291,303.91	-203,266,703.31	188,169,883.71
Other equity instruments	38,935,237.58	22,769,795.62	-16,165,441.96	0.00
Other non-current	193,994,862.05	201,093,233.84	7,098,371.79	-13,975,107.74

financial assets				
Derivative financial liabilities	-173,872.64	-4,775,306.67	-4,601,434.03	2,945,018.68
Total	478,314,234.21	261,379,026.70	-216,935,207.51	177,139,794.65

XII. Others

Applicable Not Applicable

Section III Management Discussion and Analysis

I. Discussion and Analysis of Corporate Operations

USI is a global leader in electronic design and manufacturing services as well as a leader in the field of SiP (System-in-Package) technology. The Company has 30 production and service locations across four continents of Asia, Europe, Americas, and Africa, and offers customer diversified electronic products with D(MS)² product services: Design, Manufacturing, Miniaturization, Industrial Software and Hardware Solutions, and Material Procurement, Logistics and Maintenance Services.

(I) An overview of the Company's performance in 2024

In 2024, AI technology and computing power investment continued to be the focus of global scientific and technological development. The intelligent upgrade of consumer electronic products had a relatively mild driving effect on market demand. The demand for industrial products gradually picked up. The European and American automotive industries were facing a complex business environment in transition. Factors such as US dollar interest rates, geopolitics, and supply chain restructuring deeply affected the global and regional supply and demand conditions, and the economic boom required a longer recovery period.

The Company's revenue in 2024 decreased by 0.17% year-on-year, essentially unchanged. In response to the global supply chain restructuring and customers' demands for localized manufacturing, the Company completed the construction of new plants in Mexico and Poland as scheduled, served the expansion of overseas production capacity, merger with Hirschmann and responded to the pressure of customer supply chain price reduction, etc., which also caused the increase of the Company's operating costs. The Company achieved operating profit of RMB 1.87 billion in 2024, a decrease of 14.01% YoY, resulting in a corresponding decrease in total profit and net profit attributable to shareholders of the listed company.

(II) Changes in revenue

The Company realized total revenue of RMB 60.69 billion in 2024, down 0.17% from the previous year. Revenue from automotive electronics products increased by 16.24% YoY, while cloud and storage products saw a 13.35% increase. Conversely, revenue from communication products decreased by 3.36%, consumer electronics products by 0.27%, industrial products by 12.82%, and medical electronics products by 11.21%.

Changes in revenue by product category reflect changes in the global economy and end-market demand. The revenue of communication products and consumer electronics products decreased slightly YoY due to the sales volume of important customers; the revenue of industrial products decreased YoY due to customer destocking and gradual recovery in demand; automotive electronics products mainly achieved YoY growth due to the Company's merger with Hirschman in 2024; the revenue growth of cloud and storage products benefited from the significant growth in demand for server products driven by AI.

(III) Changes in expenses and profits

Affected by the increase in material cost rate and the decrease in exchange-related gains, the Company's gross profit margin in 2024 was 9.49%, a decrease of 0.09 percentage points YoY, and the operating profit margin was 3.09%, a decrease of 0.50 percentage points YoY, and the Company achieved an operating profit of RMB 1.87 billion in 2024, a decrease of 14.01% YoY.

In 2024, the total amount of the Company's selling expenses, administrative expenses, research and development expenses, and financial expenses was RMB 4.00 billion, showing a YoY increase of RMB 424 million, with a growth rate of 11.86%. Among them: administrative expenses increased by RMB 155 million YoY, with a growth rate of 12.76%. Research and development expenses increased by RMB 100 million YoY, with a growth rate of 5.55%. Selling expenses increased by RMB 68 million YoY, with a growth rate of 19.94%. Financial expenses increased by RMB 101 million YoY, showing a relatively large increase, mainly due to the increase in the net foreign exchange losses in 2024. The selling expenses, administrative expenses, and research and development expenses of the Company all showed varying degrees of growth. The main reason is that the financial data of Hirschmann was consolidated into the Company's financial statements throughout 2024.

Affected by the YoY decline in operating profit, the Company achieved a total profit of RMB 1.85 billion in 2024, showing a decrease of 15.34%; the net profit attributable to the shareholders of the company was RMB 1.65 billion, showing a decrease of 15.16%.

(IV) Key results of work in 2024

1. Continuous investment in overseas production capacity

The Company's global manufacturing footprint continued to expand in 2024 with new plants in Poland and Mexico, which were put into operation in 2024. In November 2024, the Company announced a partnership with Tech Mahindra, a leading global technology consulting and digital solutions provider, to establish the Company's first Engineering Offshore Development Center (ODC) in Bangalore, India, dedicated to providing scalable solutions, reducing time to market and driving technological innovation to meet customers' evolving needs.

In order to promote the optimization of the global operation management process, integrate the global operation capabilities, and match the process of the Company's global layout, on the basis of establishing the Digital Transformation Center, the Company will continue to recruit talents with different professional backgrounds within the Company in 2024, aiming at the pain points of the operation process, combining with external experts, evaluating and adopting suitable digital tools to optimize the workflow, and building a cross-departmental communication platform to improve work efficiency.

2. Strengthen the supply chain serving global manufacturing

The Company has developed local suppliers in each region to increase the proportion of localized supply, reduce transportation time and costs, and enhance supply flexibility and response speed; proactively cultivated domestic suppliers with competitive advantages in raw materials, as well as equipment suppliers for production, testing, and automation; leveraged scale and efficiency advantages to serve clients with sizable demand; and additionally, continuously improved global supply chain operations, inventory management, process and system optimization, and sustainability management.

3. Advance smart manufacturing capabilities

The Company's global manufacturing facilities increased their smart manufacturing rating by 0.34 stars to reach 3.07 stars. Over the year, automation initiatives reduced costs by millions of dollars, with the development of 6 new universal automation platforms and the completion of 54 digital automation modules (including 6 AI modules). Moving forward, the Company's automation enhancements will focus on new projects for key clients, aiming to lower automation equipment costs and deployment timelines through centralized procurement and improved internal assembly capabilities.

4. Accelerate digital transformation

By addressing digital needs in R&D and management, the Company leveraged technologies such as AI applications to continuously refine workflows and employee performance. For instance, the Digital Transformation Center (DTC) brings together talent from diverse professional backgrounds within the Company. Focusing on critical operational pain points identified through internal assessments, the DTC collaborates with internal and external experts to evaluate and deploy tailored digital tools. Partnering with the corporate IT department, it optimizes workflows and establishes cross-departmental communication platforms via dedicated projects, driving measurable efficiency gains.

5. Prudent inventory control and sound operation

The Company actively controlled inventory, which was reduced from RMB 8.32 billion at the end of 2023 to 7.75 billion at the end of 2024, and the amount of working capital occupied has been significantly reduced.

6. Launch of the SiP Dual-Engine Technology Platform

The Company has continued to invest in miniaturization solutions. The Miniaturization Innovation R&D Center (MCC) has introduced the groundbreaking SiP Dual-Engine Technology Platform, which leverages transfer molding based high density integration to meet demands for large-scale, highly integrated, and ultra-compact modules. By adopting the Vacuum Printing Encapsulation (VPE) process, the platform achieves encapsulation without requiring custom molds, significantly shortening development cycles.

Beyond the SiP Dual-Engine Technology Platform, MCC's capabilities extend to integrating heterogeneous components into complex modules. Equipped with comprehensive design services and dedicated production facilities, the company's development team provides end-to-end support from product conceptualization to mass production, ensuring the successful implementation of advanced system integration.

7. ESG performance hits another milestone

For a long time, the Company has been adhering to the concept of sustainable management, practicing the four strategic axes of "low-carbon mission, recycling, social integration, and value co-creation", and integrating the concept of sustainable development into the Company's strategy.

The company has been recognized as a Sustainability Yearbook Member by S&P Global for four consecutive years, achieving a top 5% ranking in the Electronic Equipment, Instruments & Components industry category. The Company has been awarded the honors of "Top 1% of Chinese Enterprises in S&P Global ESG Scoring" and "Best Progress Enterprise in the Industry".

II. Industry of the Company during the Reporting Period

During the reporting period, the Company's industry was the electronics manufacturing service industry, and its products were mainly used in consumer electronics, cloud storage, industrial, automotive electronics, and medical industries. The Company's service products, business layout, and operations are characterized by modularization, diversification, and globalization.

(I) Basic situation of the industry

The EMS industry mainly provides overall electronic products and devices solutions such as design, engineering development, raw material procurement, manufacturing, logistics, testing and after-sales service for various electronic products and equipment.

Electronic manufacturing services mainly include 3C (Computer, Communication, Consumer Electronics) products, industrial, automobile, medical, transportation, energy, aerospace and other fields, among which consumer electronics occupies an important position. The growing demand for smart phones, smart wearable devices, AR/VR devices, computers and cloud, smart home and other products has driven the rapid development and continuous upgrading of chips, storage, electronic components, modules and smart manufacturing.

China has the largest market share and the most competitive supply chain in the global electronics manufacturing services industry. The rapidly increasing demand for nearshoring and friendly shoring in the global supply chain has significantly stimulated investment and capacity expansion in Mexico, South East Asia, India, Eastern Europe and other regions, and has also affected the transfer of capacity in the upstream supply chain, thus forming a new capacity scale and industrial chain cluster in the future. In addition, the impact of the US tariffs on China and Mexico will prompt the supply chain to invest in new production capacity in regions with geographical advantages, policy advantages, and cost advantages, reducing the business risks caused by the imposition of tariffs in specific regions. It will also prompt enterprises to increase investment in research and development, promote technological innovation, and increase the added value of products, reduce dependence on low-value-added manufacturing links, and enhance their competitiveness in a high-tariff environment.

(II) Industry characteristics and development trends

1. The industry has a large overall scale, with high industry concentration

In 2024, the industrial scale of the global EMS industry exceeded USD 633.2 billion, with high industry concentration. The top 10 manufacturers in the world accounted for more than 70% of the total revenue. Leading enterprises in the industry have accumulated rich customer resources and industry experience, with large assets and revenues, and maintained a relatively stable leading position.

In 2024, electronic products were still in the stage of supply chain destocking, and inventory levels are gradually returning to a reasonable range. Inflation levels in major economies around the world showed a moderate trend in 2024 as a whole. Monetary policy has shifted, and the world has entered an interest rate cut cycle. The pace of US dollar interest rate hikes has stopped and the interest rate cut channel has been opened, which has had a certain positive impact on industry demand and is expected to drive a recovery in demand for electronic products in 2025.

2. The business and competitive environment is becoming increasingly complex, and electronic manufacturing service providers are facing transformation

The trend of geopolitics and global economic and trade regionalization affects the reconstruction of the global supply chain. In order to achieve the risk management needs of supply chain diversification, some offshore outsourcing is turned to near-shore or friendly outsourcing, and demand and order adjustments change rapidly. At present, the US's imposition of tariffs on China, Mexico, Canada, and others increases the cost of the electronic manufacturing service industry, and the operating environment and competitive environment becomes more complex. Electronic manufacturing service providers are also actively transforming and upgrading, striving to play a more important role in the supply chain.

(1) Deepened cooperation and integration between downstream customers and upstream electronics manufacturing service providers

End consumer electronics brand owners, cloud service provider and other brand manufacturers no longer solely place their orders, but become more deeply involved in the production process of electronic manufacturing service providers, including technology research and development, production planning, quality control and other stages. Similarly, electronic manufacturing service providers are no longer just passively following orders, but actively participate in the brand's product planning and design, providing professional technical and process advice, thus forming a closer partnership between the two parties.

(2) Transformation to comprehensive service provider

Technological progress continues to promote the upgrading and iteration of electronic products and equipment, and the large-scale application of AI will promote the continuous development of electronic products towards intelligence, miniaturization, and high performance. This makes enterprises in the industry under greater operating pressure for a long time, and needs to continuously invest in R&D to launch new products that meet market demand; in terms of quality improvement, improve product yield and quality; in terms of cost reduction and efficiency, by introducing intelligent and automated capacity to reduce production costs and improve production efficiency. Enterprises in the industry need to actively expand new products and customer incremental demand, improve process, intelligent manufacturing and new product R&D so as to increase product added value.

Upstream electronics manufacturing service providers will shift from simple product manufacturing to providing comprehensive services. In addition to manufacturing hardware products, they will also provide full life cycle services including product design, testing, maintenance, and after-sales services to stand out in the fierce market competition.

(3) Data-driven collaborative decision-making

With the application of big data, AI, and other technologies, brand manufacturers and electronic manufacturing service providers increasingly rely on data to make decisions. By sharing data on production, sales, marketing, and other aspects, both parties can more accurately predict market demand, optimize inventory management, develop production plans, and achieve intensive supply chain management.

(4) Global layout and advantages in localized services

In order to reduce risk and improve the flexibility of the supply chain, brand manufacturers tend to cooperate with electronic manufacturing service enterprises with global layout capabilities to form a diverse supplier system. Electronic manufacturing service providers will also actively expand into the global market, establish cooperative relationships with customers in different countries and regions, and achieve the optimal allocation of resources and the integration of global supply chains.

(5) Sustainable development and green transformation

In the context of the growing global emphasis on environmental protection and sustainable development, electronic manufacturing service providers will also take responsibilities. From product design, raw material procurement, energy consumption and waste disposal in the production process, to product recycling and reuse, promote the green transformation of products to reduce the negative impact of product lifecycle on the environment.

3. AI landing side promotes the intelligent upgrade of consumer electronics

At present, AI has been widely considered to be another groundbreaking milestone of scientific and technological progress after steam engines, internal combustion engines, electricity, semiconductors and information technology, and it has become a consensus that AI can empower all walks of life. Through AI empowerment or AI+, consumer electronics products are expected to achieve new breakthroughs in interaction patterns, convenient operation, enhanced original functions, intelligent services, and ecological innovation. In addition, driven by the need for data security and cost reduction, the deployment of AI models has also begun to move from the cloud to mobile end points and edge end points.

Well-known consumer electronics brands and some new brand owners have launched AI+ consumer electronics products, such as Apple Intelligence technology on the mobile phone to show a rich and powerful intelligent application, the use of locally running generative AI model, to provide users with intelligent imaging and creation, health monitoring, call translation, meeting notes, itinerary and other functions, with a smoother interactive dialogue to complete the previous complex tools and operations to complete the task. At the same time, Apple Intelligence handles sensitive data on the device, such as voice commands, photo analysis, etc., to avoid the privacy risks posed by data uploading to the cloud and ensure the security of user data. The launch of AI Glass, AI PC, AI smart home and other products on the market has also attracted widespread attention from consumers.

In the future, people will use AI-empowered core end point devices, such as mobile phones, computers, edge servers, etc. in life scenarios such as home, work, and travel. With the help of high-bandwidth, low-latency, and easy-to-access new generation communication technologies, such as WiFi 7, UWB, mmWave, etc., to achieve seamless connection and data interoperability with smart wearable devices (such as Smart Watch, TWS headphones, XR devices, etc.) and smart Internet of Things devices such as home appliances, office equipment, etc. Based on the AI Internet of Things (AIoT) and large-scale AI models, AI is integrated with various electronic devices through active perception, intelligent analysis, and real-time interaction to provide users with intelligent, efficient, and convenient services.

4. AI computing power and data exchange demand have surged

Since ChatGPT spurred the AI boom, the iteration of generative large AI models was accelerated in 2024. There are increasingly higher demand for large AI model training and reasoning, GPU and AI servers are in short supply, and the demand for data transmission and exchange related hardware products are also greatly driven. DeepSeek has significantly lowered the threshold for the application of AI technology by providing a low-cost, high-performance AI model, which will enable more enterprises and developers to enter the AI field in the future and empower AI technology in all walks of life.

AI computing power investment not only increases the demand for hardware such as GPUs, ASICs, switches, and storage, but also drives the growth of demand for edge servers and AI acceleration cards. AI large model requires higher efficiency, lower latency data transmission and exchange, and promotes the upgrade of network infrastructure. The demand for hardware products such as high-speed optical networks, high-speed optical transceivers, HBM, high-speed network interface cards and switches, heat dissipation and server cooling systems is growing rapidly.

The rapid development of AI has also led to a significant increase in the demand for electricity, and the power supply of servers built on different chips is also being upgraded. As the infrastructure of high-performance computing and data centers, the demand for power supplies has also grown rapidly. At the same time, in the context of a significant increase in power consumption, the importance of high-efficiency server power supply has increased, on the one hand to reduce losses during the conversion process, and on the other hand, the upgrade of GPUs also requires higher power density power supply support.

5. Global economic soft landing, providing support for industrial products demand

In 2024, the global economy still faced challenges such as weak economic growth momentum, inflation, geopolitical conflicts, and frequent international trade frictions. According to the projections of the international monetary fund (IMF), the World Bank and the Organization for Economic Cooperation and Development (OECD), the global economy is expected to maintain moderate growth in 2025, but the growth rate may be lower than the pre-COVID average.

The moderate growth of the global economy will provide some support for demand for industrial products, but demand growth may be slow and regionally differentiated. The demand for industrial products in the manufacturing, infrastructure, and new energy sectors is expected to continue to grow, while the demand

in the traditional manufacturing and consumer goods sectors may be affected by economic restructuring and the policy environment.

6. European and American automakers are actively responding to competition, and the popularity of electric vehicles continues to expand

The growth rate of the global automobile market has slowed down significantly, while new energy vehicles still maintain a high growth rate. In the field of new energy vehicles, Chinese automakers have gradually gained an important share in the global market by virtue of their cost-effectiveness, advanced battery technology and rapidly developing intelligent networking capabilities. However, European and American automakers, with their advantages in branding, technology, market, and policy, still hold an important position in the global automotive market. In the future, they will accelerate technological innovation, optimize market layout, strengthen supply chain management, strengthen branding, and use environmental protection regulations, subsidy policies, and trade protection measures to compete with Chinese automakers in all aspects.

In the European and American automotive markets, carbon emission regulations and subsidy policies will continue to promote the popularity of electric vehicles. The market share of battery electric vehicles (BEVs) and hybrid electric vehicles (HEVs) will further expand, autonomous driving functions and intelligent connected services will go mainstream, and the competition between traditional automakers and Chinese automakers and new power automakers will become more intense. European automakers will continue to diversify their supply chains and reduce their reliance on a single supplier, especially for battery and chip supplies. The US government will continue to promote the return of auto parts production to North America and reduce their reliance on China's supply chain.

7. Potential business opportunities for the development of robotics and embodied intelligence

The application of industrial robots and Industry 4.0 technologies in the electronics manufacturing industry has become very common, helping to achieve production efficiency improvement, quality control optimization, intelligent logistics management, human-machine collaboration, equipment maintenance, and safety risk management. The development of service robots such as household cleaning robots and logistics distribution robots is also on the rise. The release and continuous update iterations of Optimus have led the rapid development of the entire robotics industry. Humanoid Robots and Embodied Intelligence have become the cutting-edge fields of artificial intelligence and robotics, with very broad development potential and far-reaching impact.

Robots need to integrate and use a wide variety of electronic devices, ranging from microcontrollers, sensors, motor drivers, power management modules, communication modules to machine vision, artificial intelligence and machine learning accelerators. Together, these components form the core system of the robot, enabling it to perform complex motion control, environmental awareness, data processing, and human-machine interaction functions. The development of robotics is inseparable from the foundation support of high-performance, low-power, and intelligent electronic devices, which will also create a huge increase in demand in the future.

(III) Periodic, regional and seasonal characteristics of the industry

1. Periodicity of industry development

The development of the EMS industry has a great cyclical relationship with downstream industries, and the electronic products industry is closely related to the macroeconomic situation. The demand for electronic products is influenced by factors such as the macroeconomic environment, economic cycles, consumer preferences, and technological innovation. When the economy is booming, the market demand for electronic products is large and the growth rate is high, which drives the production and sales of the EMS industry; when the economy is in a downturn, the purchasing power of consumers and enterprises declines, the demand for products decreases, and the production and sales volume of industries decreases.

2. Regional characteristics of industry

The global EMS industry rose in Europe and America, and then gradually shifted to Southeast Asia, Taiwan and Chinese mainland. At present, China, Southeast Asia, India, Mexico, Eastern Europe have become the regional centers of low-cost manufacturing in the EMS industry. The current trend of "economic and trade regionalization" and "localization" manufacturing is conducive to the development

of low-cost manufacturing centers in the region, but the Asia-Pacific supply chain represented by the Chinese mainland still has the advantages of "industrial clusters" and "low cost".

3. Seasonal characteristics of industry operation

Affected by traditional consumption patterns, orders from consumer electronics brand customers tend to concentrate in the second half of the year, resulting in certain degree of seasonality in the shipment and revenue of the EMS industry. The first and second quarters of each year are the traditional off-season, and the second half of the year begins to enter the peak sales season. After climbing to the peak of shipments month by month, it normally declines.

(IV) Competitive position of the Company in the industry

The Company is a world-renowned manufacturer in the EMS industry. In 2023, USI ranked 12th among global EMS providers, with top-ranking annual revenue growth rate and net operating margin in the industry. The Company is an industry leader in SiP miniaturization technology, leading the industry in many business segments.

III. Core Business during the Reporting Period

(I) Key Products and Solutions

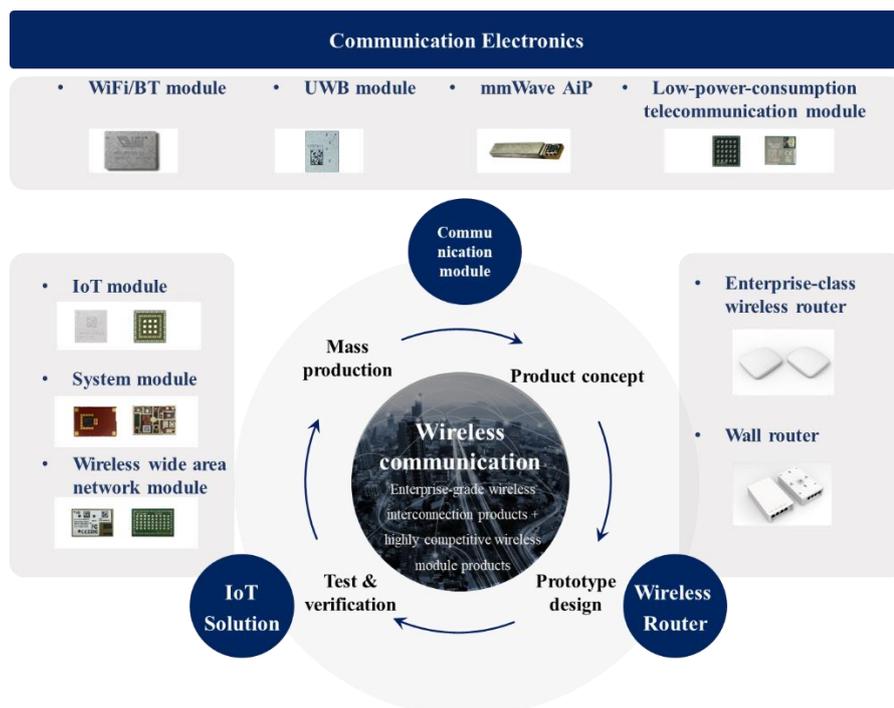
As a world-leading electronic DMS manufacturer, by providing brand customers with more value-added design, manufacturing and related services, the Company participates more in developing industry-wide application solutions, and enhances the manufacturing value added of products and overall services. In the future, following the core concept of creating value for customers, the Company will attach more importance to Solutions, Design, and Services, strive to expand the base of high-quality customers and strengthen partnership with them, gradually transform the Company from a manufacturing service provider to a total solution provider and comprehensive service provider.

					
Design	Intelligent Manufacturing	Miniaturization	Supply Chain Management	Quality System	After-sales Service
Sound and acoustics Industrial mobile products Radio frequency and antennas Telematics Power module Electrical design Quality verification design Computer terminal Network products Information storage equipment Automotive electronic components Electric vehicle powertrain Mechanical capability RF & antennas design...	Prototyping Automated production Lights-out factory Industry 4.0 IT architecture Global manufacturing sites ...	XY Area Reduction Encapsulation Shielding System in Package Antenna on Package Wafer-in, Module-Out ...	Material procurement Supplier quality management Green supply chain ...	International standard certification QA laboratory Automotive-grade certification ...	Global service network eRMA system ...

1. Wireless communication products

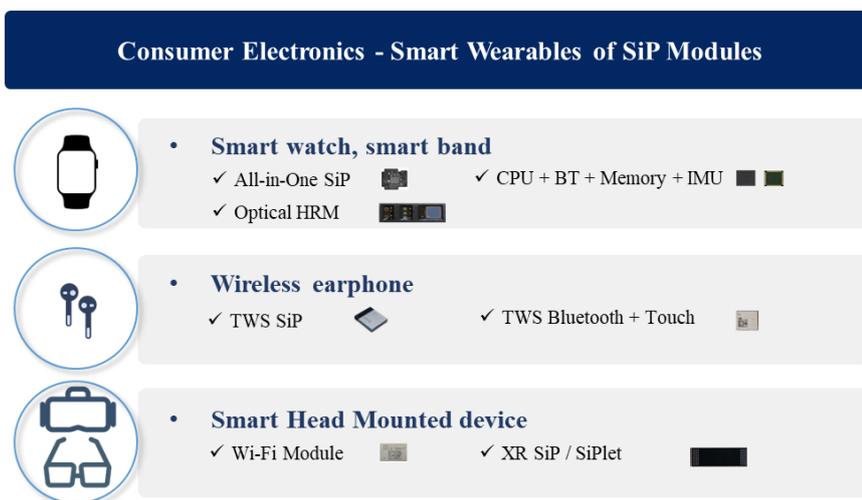
In the field of wireless communication, the Company, with a strong design and manufacturing team, provides customers with design, verification manufacturing and related services for enterprise-class wireless interconnection products and highly competitive wireless module products by collaborating with the world's leading wireless communication chip companies. From product concept, prototype design, testing and verification to mass production, the company's R&D team and management system, offers customers with a suitable R&D schedule and reliable quality assurance to meet customer needs, achieve rapid product launches, and enhance customers' competitive advantages.

Wireless communication products mainly include wireless communication System-in-Package (SiP) modules, system-level Internet of Things (IoT) modules, wireless routers, etc.



2. Consumer electronics

The Company is the industry's leading manufacturer of smart wearable SiP modules. As smart wearables tend to be "light, thin, short and small", the system in package (SiP) technology has become the key to providing highly integrated and miniaturized designs. Since 2013, the Company has been committed to the miniaturization and highly integrated development of SiP modules related to wearables, including new advanced packaging technologies such as partition shielding, selective plastic packaging, film plastic packaging, selective sputtering, shape cutting, dry ice cleaning and SMT 3D screen printing. At present, smart wearable SiP modules include smart watch SiP module, true wireless earbuds (TWS) module, and optical heart rate module. On smart headsets such as XR (VR/AR/MR) and smart glasses, the Company's products include WiFi modules, multi-function integrated or function-specific SiP modules.



In addition to smart wearable SiP modules, consumer electronics products also involve SiPlet modules, video devices, connection devices, mainly including X-Y bar control board, miniLED display control, timing control board, smart stylus, smart tablet, electromagnetic sensing board, etc.

3. Industrial products

With sophisticated professionals in product R&D and design, project management, manufacturing and logistics support, the Company is committed to the industrial product market such as Point of Sale(POS),

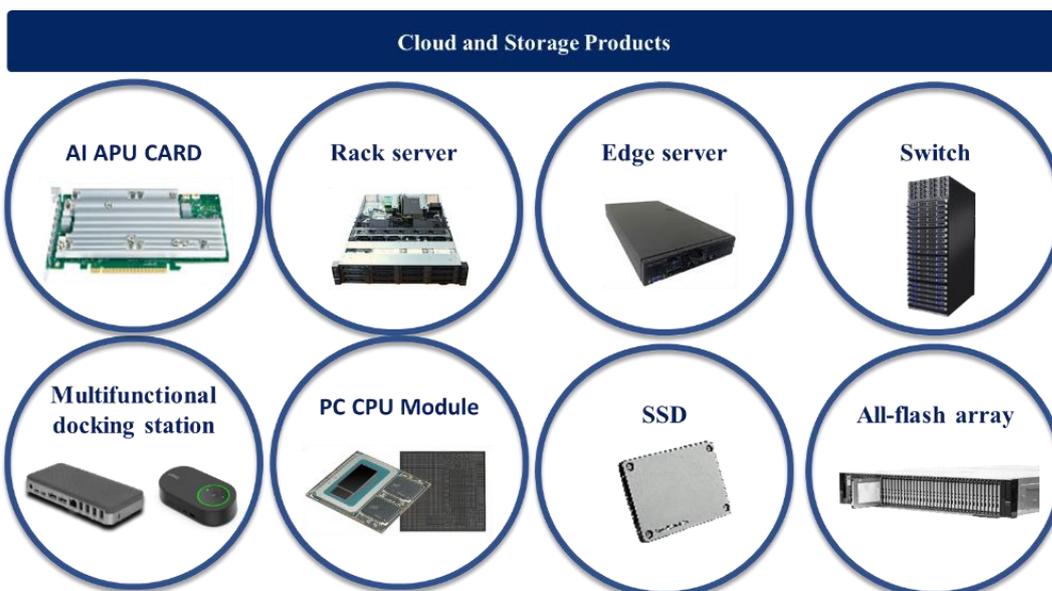
Smart Handheld Device(SHD), smart fleet dash cam, factory automation control module, etc. The Company provides customers with the most cost-effective, optimized design and a full package of solutions with a strict quality control process, meeting their needs from mass production, diversified production, to customized production. With the development of global carbon neutrality, the Company has increased its green energy products serving energy storage and photovoltaics.



4. Cloud and storage products

The Company’s motherboard products include motherboards for servers and workstations, AI Card, and CPU modules for laptops, etc. The Company’s computer peripheral products are mainly devices that connect laptops to peripherals, such as docking station and dongle. The server related products manufactured by the Company are widely used in cloud computing, data centers, edge computing and other fields. The Company continues to introduce new generation technologies such as DDR5 and PCIe-G5 with the service model of Join Design Manufacture (JDM) in producing Standard Rackmount Server and Edge Server.

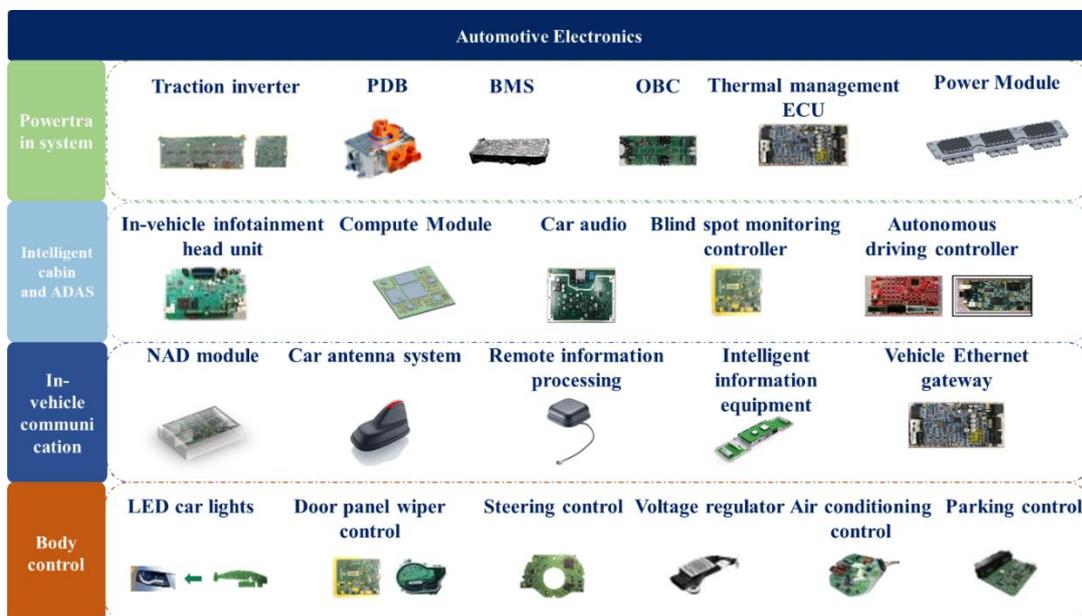
Storage and interconnection products include solid-state drives (SSD) and high-speed switches and network adapters. The Company has industry-leading R&D capabilities for new technologies, such as fibre channel, SAS, SATA, 10G ethernet, Rapid I/O and wireless broadband, etc. The Company is a leading SSD design and manufacturing partner, providing customers with services in manufacturing, hardware design, product verification and customized design of test platform. The Company currently provides motherboard and complete machine manufacturing services of high-speed switch to customers.



5. Automotive electronics

With over four decades of experience in the automotive industry, the Company is a leading DMS provider in automotive electronics.

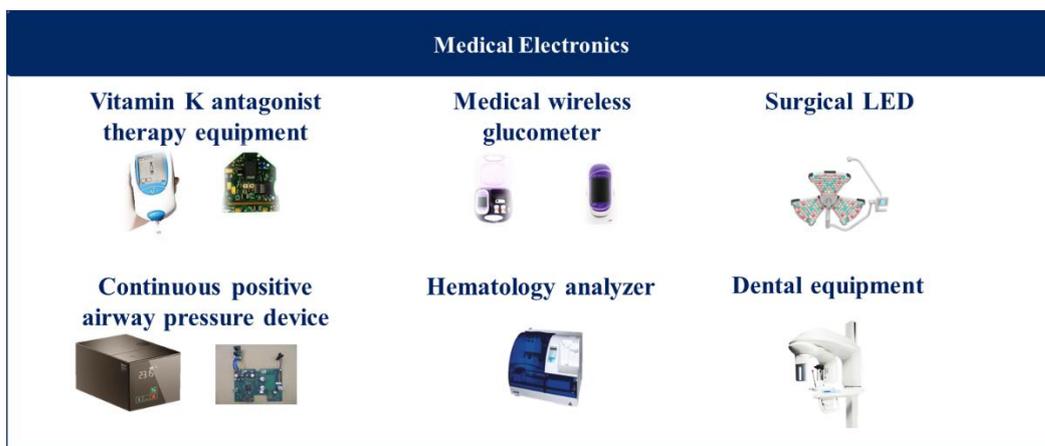
The Company’s automotive electronic products mainly include power modules, traction inverter, Battery Management System (BMS), On-Board Charger(OBC), electronic pumps, intelligent cabin, ADAS related controllers, domain controllers, vehicle NAD modules, car antenna, LED lights, and other body controllers.



Following the development trend of "electrification, intelligentization, and internetization" in automotive electronics, the Company focuses on "electrification" and invests heavily in research and development of power modules, traction inverter, BMS, OBC and other automotive power products to serve power chip manufacturers, Tier 1 suppliers and OEMs; at the same time, the Company takes into account "intelligentization" and "internetization", and expands new products and businesses in the fields of intelligent cabin, ADAS, and vehicle communications. The acquisition of Hirschmann has strengthened the Company's R&D and design capabilities in the field of automotive antennas and automotive communications.

6. Medical electronics

Medical electronic products are mainly home care and hospital analytical equipment, including vitamin K antagonist therapy equipment, medical wireless glucometer, continuous positive airway pressure device, hematology analyzer, and glucose metering device.



(II) Miniaturization design and products

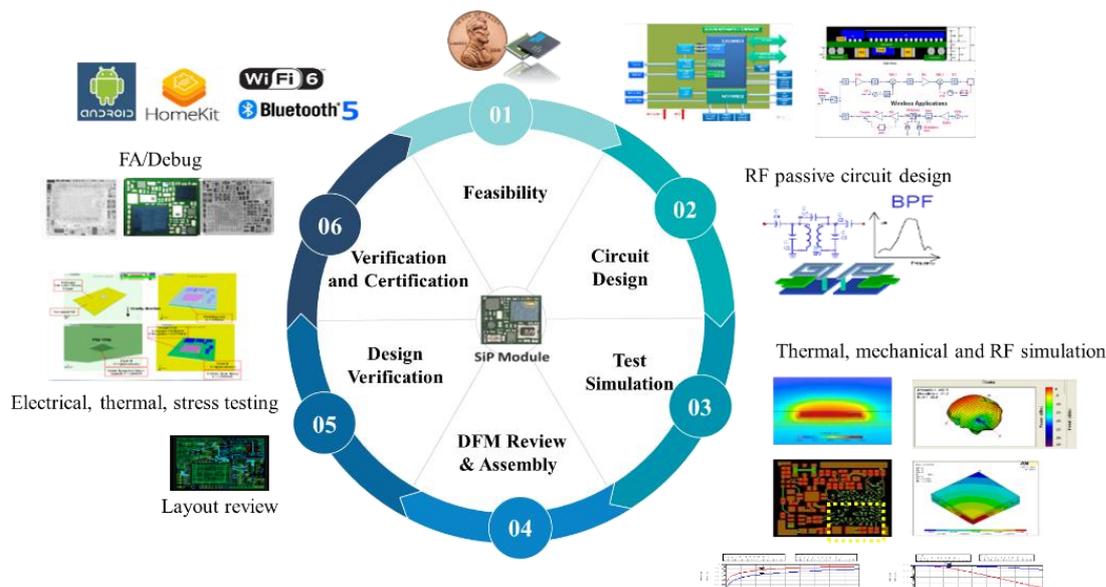
USI has a leading position in SiP miniaturization technology. SiP module is based on heterogeneous integration technology, which integrates chips and passive components into one module, effectively

reducing the area of functional modules, improving the efficiency of circuit system, and ensuring the effectiveness of electromagnetic interference shielding. Through miniaturization technology, most electronic systems, especially for mobile devices, AIoT devices, and wearables, can be reduced in size to meet market demands.

As AI moves towards new stages such as augmented work, real-time automated decision-making, and even inference-based work, as well as the significant growth of the spatial computing market related to the innovation of the meta-universe industry, smart wearable devices have ushered in new development opportunities. Not only smart watches, bracelets, TWS headphones and other traditional categories continue to iterate and upgrade, but emerging categories such as AI glasses, XR devices, and smart rings have become the new favorite of the market with their unique interaction patterns and convenience. The demand for thin, short, and highly integrated SiP modules will also be more urgent. In the future, the integrated functions of these devices will be more powerful, deeply integrating various functions such as health monitoring, voice interaction, motion tracking, spatial computing interaction, and AI intelligent assistance, and the pursuit of "light, thin, short, and small" will also reach new heights.

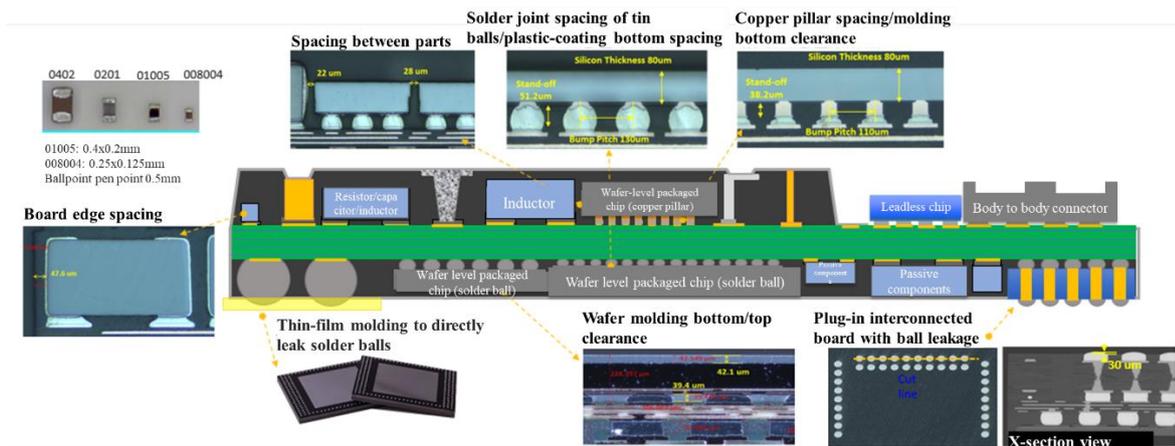
In the complex system of robots, electronic control units and communication modules are the keys to achieving precise control and efficient data transmission, but their miniaturization process faces many challenges, such as heat dissipation and lightweight issues. The Company's miniaturization technology can effectively meet these challenges. Through highly integrated design, it can not only reduce the size of the module, but also improve its reliability and stability, meeting the stringent functional requirements of robots in different application scenarios.

The Company insists on deepening the research and development field of SiP modules to maintain industry leadership. At the end of 2020, the Company set up a Miniaturization Competence Center (MCC), advancing the application and adoption of miniaturization technology and SiP Modules and serving the needs of domestic and foreign customers for miniaturized and modular products, and providing "one-stop service" from design to manufacturing.

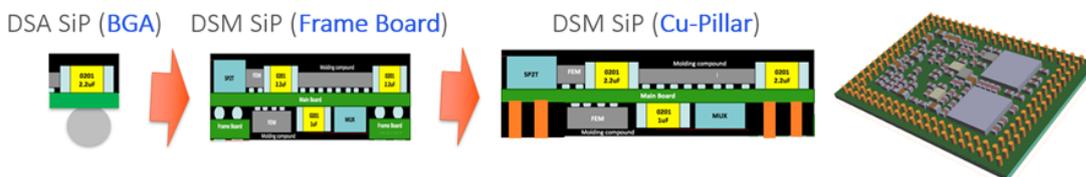


The Company continuously breaks through technical challenges in all aspects of the SiP process to meet the requirements of high stability and high integration.

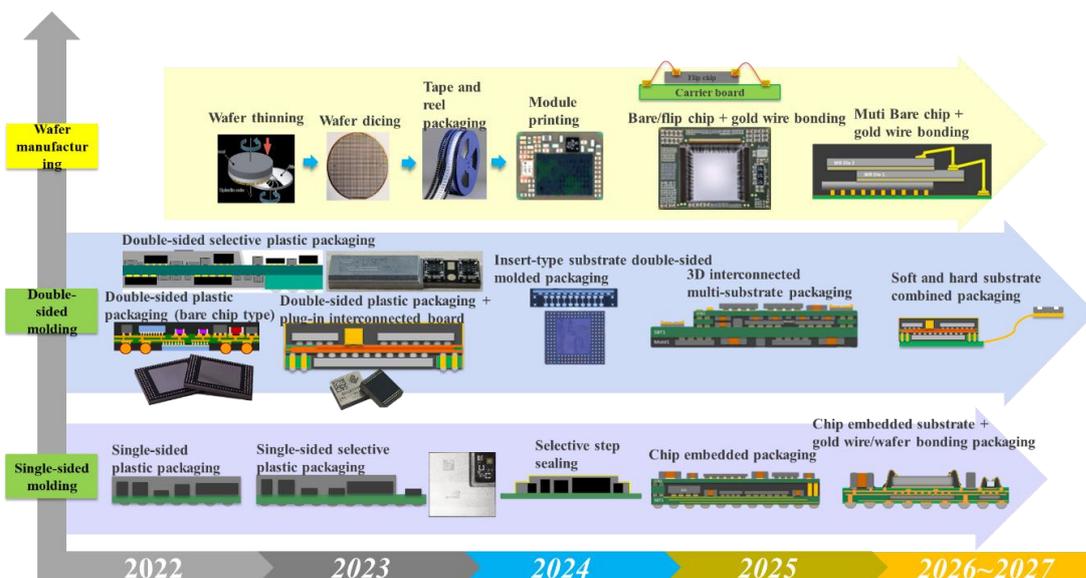
- (1) Horizontally, the minimum device should be 0.25mm * 0.125mm, the minimum part spacing design center value should be 20 microns, and the distance from the plate edge should be 45 microns, which requires higher requirements for parts, production equipment, and process control.
- (2) Vertically, to achieve a design value of 40 microns for the top clearance of the molding and 40 microns for the bottom clearance of the plastic seal, there are also extremely high requirements for the selection of plastic sealing materials, process parameters and process control.



(3) Selective plastic sealing, plug-in interconnection, film-assisted molding to directly leak solder balls, and the use of copper columns instead of BGA balls to achieve high-density connection interfaces provide diverse support for SiP interconnection and subsequent processes.



The design and manufacturing ability of miniaturized products is one of the core competitiveness of the Company, and the Company will strive to expand the application and market of miniaturized modules. In terms of single-sided plastic sealing, it can currently be fully plastic-sealed or selectively plastic-sealed, and can also be selectively stepped plastic-sealed. In the future, sandwich biscuit-type multi-board stacking packaging and chip-embedded substrate combination gold wire/wafer bonding packaging will be developed. In terms of double-sided plastic sealing, plug-in interconnection has been introduced, and 3D structure and soft and hard board combination will be developed in the future to further reduce product size. The Company will introduce the front-end process of wafer manufacturing, including wafer thinning, scribing and tape packaging. In combination with the current SiP process, Wafer-In-Module-Out can be realized. It has also successfully developed its own double-sided molding module for wafer combination gold wire bonding.



The MCC Miniaturization Innovation R&D Center has launched a ground-breaking SiP dual-engine technology platform, which meets the needs of large-scale, highly integrated and ultra-miniaturized modules through high-density integration technology based on Transfer Molding. At the same time, the highly elastic technology centered on Vacuum Printing Encapsulation provides an innovative method for module packaging. Through liquid sealing printing in a vacuum chamber without the need for custom molds, the development cycle can be greatly shortened. Therefore, this innovative solution can be quickly modular designed for different market applications.

The SiP dual-engine technology platform can provide highly flexible system packaging solutions such as small sample and large quantity or large sample and small quantity. The platform can provide the most suitable solutions based on customer needs to improve product quality.

The capabilities of the MCC Miniaturization Innovation R&D Center are not limited to the SiP dual-engine technology platform, but also cover the integration of various heterogeneous components into complex modules. The Company's development team has a full range of design services and dedicated production equipment, which can provide customers with seamless services from product concept to mass production, ensuring mass production in complex system integration Items, and providing a solid guarantee for the final performance and reliability of the product.

IV. Analysis of core competitiveness during the reporting period

Applicable Not Applicable

As a large design and manufacturing service provider in the field of electronic products, the Company has the following core competitive advantages:

(I) Prominent position in the industry and standardized corporate governance

The Company is a world-renowned manufacturer in the EMS industry. In the global ranking of EMS providers, the Company ranked 12th in revenue scale in 2023, with its annual revenue growth rate and net operating margin of main business ranking top in the industry. The Company is a leading manufacturer in many business segments and an industry leader in SiP miniaturization technology, with a prominent position in the industry.

The Company attaches great importance to internal control and corporate governance, strictly abides by the requirements of laws and regulations, and follows the relevant regulatory requirements of the Shanghai Stock Exchange as well as the Taiwan Stock Exchange and the New York Stock Exchange where its parent company ASE Technology Holding Co., Ltd is listed. The Company has been awarded the A-level rating on information disclosure by the Shanghai Stock Exchange for six consecutive years, and has won a series of honors in the field of business operation and corporate governance.

December 2021	Entitled one of the 7 th "Top 10 Examples of Pudong Headquarters Economy", awarded "2021 Excellent Investor Relations" by China Fund News, awarded the 2021 Excellent CSR Report by GoldenBee, and "Best Information Disclosure Award" in the 5 th Excellent IR Evaluation by Roadshow China
February 2022	Included in S&P Global Sustainability Yearbook 2022, ranking top 10%
April 2022	Won the silver medal in the EcoVadis sustainability evaluation in 2022
May 2022	Won "Investor Relations Gold Award 2021 – Earnings Call Innovation Award"
September 2022	Awarded a BBB rating in TCFD Rating of Chinese Listed Companies, highest among participating Chinese listed companies in 2022
December 2022	Won 2022 Best Practices of Board of Directors' Office Award by China Association for Public Companies, and "ESG Pioneer Enterprise" in the 2022 CLS ESG Award
February 2023	Included in S&P Global Sustainability Yearbook for two consecutive years, ranking top 10%
May 2023	Won four major awards of "2022 Investor Relations Gold Award"
September 2023	Won the "Top 100 Shanghai Enterprises in 2023 (32 nd)" and "Top 100 Shanghai Emerging Industry Enterprises in 2021 (8 th)" issued by the Shanghai Enterprise Confederation
November 2023	Won Best ESG Practices of Listed Companies in 2023, and Best Practices of 2022 Earnings Call issued by China Association for Public Companies
February 2024	Included in S&P Global Sustainability Yearbook for three consecutive years, winning the highest CSA score in the Electronic Equipment, Instruments & Components Industry across the world
July 2024	Honored for two consecutive years with the distinction of Top 1% in S&P Global ESG Score among Chinese enterprises and Most Improved Company in the Industry.
July 2024	The MSCI ESG Rating has been upgraded from BB to BBB.
November 2024	Won 2024 Best Practices of Board of Directors/Board of Directors' Office Award by China Association for Public Companies
December 2024	Achieved Bronze Medal in the EcoVadis Sustainability Assessment.

(II) Global layout and advantages in localized services

The trend of global economic and trade regionalization affects the reconstruction of the global supply chain. In order to achieve the risk management needs of supply chain diversification, some offshore outsourcing turns to near-shore or friendly outsourcing. Facing the trend of the industrial supply chain, the Company has launched a globalization strategic landscape: in 2018, USI acquired the Polish facility; in 2020, the Company acquired FAFG, the second largest EMS company in Europe, and has ever since continued to integrate; in 2021, the Vietnam Facility started mass production; by 2022, the Company's second factory in Nangang started production, by 2024 the Company's second factory in Guadalajara, Mexico, and the second building of the Poland factory were successively put into production. In recent years, the proportion of the Company's overseas factories' revenue to the total revenue has been continuously increasing. By adopting a new operating model of "global platform, localized service", the Company promotes sustainable and sound growth.

Through its global layout, the Company not only globalizes its business cooperation and production bases, but also focuses on the global market and integrates global resources to become a more international company. At present, the Company has 30 manufacturing sites in 12 countries or regions including Chinese mainland, Taiwan, Vietnam, the United States, Mexico, France, Germany, the United Kingdom, the Czech Republic, Poland, Tunisia, and Hungary. To meet customers' differentiated needs, the Company provides global customers with diversified manufacturing service solutions based on localized operating systems in North America, Europe, Asia Pacific and North Africa, and forms a competitive advantage in global operations and differentiated services.



(III) Diversified business areas and rich product portfolio

The Company not only has the comprehensive strength of professional design and manufacture of electronic products (covering electronic components, spare parts and complete machines) and system assembly, but also has the advantages of strategic selection of sub-sectors and integration of products. The Company has a diversified and balanced product portfolio covering five major fields of communication electronics, consumption electronics, cloud and storage products, industrial and medical electronics, and automotive electronics. The Company attaches great importance to studying and judging industry development trends, and is able to respond quickly to changes in market demand and adjust its product portfolio more flexibly according to changes in customer demand.

(IV) Focus on automation and intelligent manufacturing

As a global leader in electronic design and manufacturing, the Company has been taking "intelligent manufacturing" as one of its important business strategies. The Company uses Industry 4.0 automation technology to realize the intelligent manufacturing roadmap. At present, technologies that have been introduced include internal automation equipment communication network supporting 4G and 5G, Automatic Material Handling Systems (AMHS), fully automated manipulator testing unmanned workshop, and real-time production equipment status monitoring platform with remote access dashboard; AI technology has been applied to the management of key production equipment, production systems and product inspection systems. The Company will continue to comprehensively enhance the intelligent manufacturing capacity and automation level of its regional manufacturing sites in Asia, Europe, and North America. It plans to upgrade all factories that have been introduced into Industry 4.0 by an average of 0.34 star by 2025, and to have five off-light factories by 2028 to achieve fully automated production.

(V) Product innovation driven by R&D

The Company always attaches great importance to technology research and development, and continues to increase investment in research and development. From 2022 to 2024, the Company's R&D investment was RMB 2.03 billion, 1.81 billion, and 1.91 billion respectively. As of the end of 2024, the Company had an R&D team of 2,930 employees, and obtained 754 patents and 240 potential patents under application.

The Company is a global leader in SiP technology. It has integrated a number of advanced technologies with the miniaturized and multifunctional SiP, such as high-density SMT part design (40um pitch), 150um pitch WLCSP packaging and filling technology, double layer stacking technology of passive components, more complex double-sided packaging technology with more connectors, double-sided special-shaped selective electromagnetic shielding, etc. In addition, in response to the high-performance computing needs of AI computing, the Company has in-depth cooperation with international IC manufacturers to develop high-efficiency Power SiP with 3D structure to meet the energy-saving and carbon-reducing needs of AI applications in the context of huge energy consumption.

(VI) Long-term adherence to sustainable management

In face of a complex and ever-changing business environment, corporate resilience has increasingly become a part of the core competitiveness for a company to achieve sustainable operations. Highly resilient companies can cope with a variety of unpredictable dynamic changes, recover quickly from crises, and survive and thrive in adversity. USI not only focuses on risk control and crisis management, but also

pays attention to forging resilience in corporate strategy, organizational system, operating system, cultural development, and technological innovation.



The Company always takes "be the most reliable provider for electronic design and manufacturing service" as its vision, and according to the United Nations Sustainable Development Goals (SDGs), it focuses on the four dimensions of its Sustainability Strategy, i.e. Low Carbon, Circular, Collaborative and Inclusive, strengthens employees' awareness of SDGs, and cooperates with partners and communities to promote economic growth and enhance productivity through sustainable development.

The Company has been constantly improving the career planning, performance appraisal and incentive mechanism of employees, providing a platform for the development of talents, a channel for more outstanding talents to join and a powerful talent guarantee for the Company to achieve its development goals. The Company has established a long-term and effective employee incentive mechanism to improve the cohesion of employees and enterprise competitiveness, and ensure its long-term and stable development. Since 2019, the Company has launched employee stock ownership plans and stock option incentive plans according to operational needs. As of the end of March 2024, the Company has launched three stock option incentive plans, granting a total of 59.45 million stock options with 21,327,708 shares exercised by employees, and six employee stock ownership plans, transferring a total of 11,576,197 shares from treasury shares to the plans.

While operating steadily, the Company takes the mission of "creating value for shareholders and sharing growth with shareholders". In order to fully protect the interests of shareholders and enhance investor confidence, the Company has continuously launched share repurchase plans, repurchasing 13,037,477, 16,042,278, 9,356,317 and 6,740,400 shares in 2019, 2021, 2022 and 2024 respectively. As of the end of 2024, the Company has achieved a cumulative net profit of RMB 17.41 billion, and a cumulative cash dividend (including the 2024 dividend plan) of RMB 5.89 billion since its listing, with an average cash payout ratio of 33.81%.

V. Main business operations during the reporting period

In 2024, the company achieved operating revenue of RMB 60.69 billion, representing a year-on-year decrease of 0.17% compared to RMB 60.79 billion in 2023. Specifically, revenue from cloud and storage products increased by 13.35% YoY, while automotive electronics saw a 16.24% YoY growth. However, revenue from medical electronics declined by 11.21% YoY, communication products decreased by 3.36%

YoY, consumer electronics fell by 0.27% YoY, and industrial products dropped by 12.82% YoY. The primary reasons for these revenue changes were: (1) the growth in cloud and storage products was driven by recovering industry demand and the development of new technologies; (2) the increase in automotive electronics revenue was primarily due to the consolidation of Hirschmann Automotive Communication's financial statements; and (3) the decline in industrial products was attributed to weaker downstream demand.

The total sales, administrative, R&D and financial expenses of the Company in 2024 were RMB 4.00 billion, an increase of RMB 424 million or 11.86% over RMB 3.58 billion in 2023.

Regarding profitability, the company achieved an operating profit of RMB 1.87 billion, a 14.01% YoY decrease from RMB 2.18 billion in 2023. Total profit stood at RMB 1.85 billion, down 15.34% YoY from RMB 2.19 billion in 2023. Meanwhile, net profit attributable to shareholders was RMB 1.65 billion, reflecting a 15.16% YoY decline compared to RMB 1.95 billion in 2023.

(I) Main business analysis

1. Analysis of changes in related items in income statement and cash flow statement

Unit: yuan Currency: RMB

Item	2024	2023	Change (%)
Revenue	60,690,651,098.10	60,791,909,537.87	-0.17
Operating costs	54,929,613,226.02	54,965,846,694.81	-0.07
Sales expenses	409,346,671.29	341,284,448.91	19.94
Administrative expenses	1,370,514,447.54	1,215,427,939.02	12.76
Financial expenses	312,651,073.77	212,029,208.10	47.46
R&D expenses	1,907,549,706.46	1,807,204,128.27	5.55
Net cash flows from operating activities	4,210,266,611.54	6,823,435,492.62	-38.30
Net cash flow from investment activities	-1,195,865,276.84	-1,428,897,187.20	N/A
Net cash flow from financing activities	-1,762,974,531.62	-1,836,253,228.36	N/A

Reasons for changes in financial expenses: Mainly due to the decrease in net foreign currency exchange gains in the current period.

Reasons for changes in net cash flows from operating activities: the second half of 2022 marked a peak in revenue, resulting in a larger amount of receivables collected during the same period last year. In the current period, the collection of receivables has proceeded normally, and the Company has continued to strengthen inventory management, ensuring stable inflows from operating activities.

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

Applicable Not Applicable

2. Revenue and cost analysis

Applicable Not Applicable

In the current period, the Company's revenue from its main businesses decreased by 0.19% over the same period last year, and costs incurred by its main business decreased by 0.06% over the same period last year. The specific analysis is as follows:

(1). Main business by sector, product, region and by sales mode

Unit: yuan Currency: RMB

Main business by product						
Product	Revenue	Operating costs	Gross profit margin (%)	Revenue YoY (%)	Operating cost YoY (%)	Gross profit margin YoY (%)
Communication electronics	21,066,324,772.56	19,461,280,894.30	7.62	-3.36	-3.19	Down 0.16 pct.
Consumer electronics	19,202,788,679.81	17,619,172,017.93	8.25	-0.27	-0.62	Up 0.32 pct.
Industrial products	7,118,040,087.74	6,286,188,145.15	11.69	-12.82	-10.22	Down 2.56 pct.
Cloud and storage	6,096,580,972.15	5,012,146,620.93	17.79	13.35	10.92	Up 1.80 pct.

products						
Automotive electronics	5,971,513,470.61	5,496,881,090.19	7.95	16.24	16.40	Down 0.13 pct.
Medical electronics	333,877,608.87	318,805,428.38	4.51	-11.21	-9.13	Down 2.18 pct.
Others	825,549,686.98	733,478,629.02	11.15	33.22	36.64	Down 2.22 pct.
Total	60,614,675,278.72	54,927,952,825.90	9.38	-0.19	-0.06	Down 0.12 pct.
Main business by region						
Region	Revenue	Operating costs	Gross profit margin (%)	Revenue YoY (%)	Operating cost YoY (%)	Gross profit margin YoY (%)
Chinese Mainland	37,492,004,411.17	33,890,679,627.82	9.61	0.07	-0.12	Up 0.18 pct.
Other regions in APAC	18,790,824,079.76	17,102,093,097.28	8.99	-3.47	-4.10	Up 0.60 pct.
Europe	5,209,224,311.89	4,592,624,471.53	11.84	4.45	4.55	Down 0.09 pct.
Others	5,113,405,075.70	5,014,856,020.15	1.93	14.19	19.48	Down 4.34 pct.
Inter-segment offsetting	-5,990,782,599.80	-5,672,300,390.88	5.32	5.72	5.15	Up 0.51 pct.
Total	60,614,675,278.72	54,927,952,825.90	9.38	-0.19	-0.06	Down 0.12 pct.

Explanation of the main business by sector, product, region and sales mode
None

(2). Analysis of production and sales volume

Applicable Not Applicable

Main products	Production volume	Sales volume	Inventory	Production YoY (%)	Sales volume YoY (%)	Inventory YoY (%)
Communication electronics	494,349,638.00	494,330,915.00	25,271,373.00	-3.89	-4.82	0.07
Consumer electronics	445,860,953.00	443,180,616.00	9,566,165.00	48.74	47.19	38.93
Industrial products	20,254,930.00	20,296,037.00	564,723.00	-17.87	-18.56	-6.79
Cloud and storage products	15,374,820.00	15,402,295.00	880,245.00	-1.47	-1.35	-3.03
Automotive electronics	95,371,066.00	94,910,453.00	8,064,877.00	-1.31	2.91	6.06
Medical electronics	892,874.00	903,678.00	15,476.00	-2.11	-0.82	-41.11
Others	8,039,238.00	8,042,543.00	91,617.00	23.52	24.32	-3.48
Total	1,080,143,519.00	1,077,066,537.00	44,454,476.00	12.70	12.12	7.44

Explanation of production and sales volume

The revenue from consumer electronic products reduced by 0.27% YoY in 2024, and the number of low unit price products sold increased significantly YoY.

(3). Performance of major procurement contracts and major sales contracts

Applicable Not Applicable

(4). Cost analysis

Unit: yuan Currency: RMB

Cost analysis by product							
Product	Cost item	2024	Percentage in total cost (%)	Amount in the same period last year	Percentage in total cost (%)	YoY (%)	Note
Communication electronics	Raw materials	17,964,667,546.66	92.31	18,574,689,443.39	92.40	-3.28	
	Labor and others	1,496,613,347.64	7.69	1,528,635,944.73	7.60	-2.09	
Consumer electronics	Raw materials	16,411,791,453.95	93.15	16,449,923,460.54	92.79	-0.23	
	Labor and	1,207,380,563.98	6.85	1,278,524,049.76	7.21	-5.56	

	others						
Cloud and storage products	Raw materials	4,310,088,572.15	85.99	3,892,924,586.58	86.15	10.72	
	Labor and others	702,058,048.78	14.01	625,887,283.82	13.85	12.17	
Industrial products	Raw materials	4,964,292,613.31	78.97	5,754,547,710.27	82.19	-13.73	
	Labor and others	1,321,895,531.84	21.03	1,247,148,340.34	17.81	5.99	
Automotive electronics	Raw materials	4,174,217,256.15	75.94	3,730,517,985.44	78.99	11.89	
	Labor and others	1,322,663,834.04	24.06	992,037,939.26	21.01	33.33	
Medical electronics	Raw materials	230,364,256.39	72.26	248,859,541.67	70.93	-7.43	
	Labor and others	88,441,171.99	27.74	101,986,951.41	29.07	-13.28	
Others	Raw materials	541,613,669.73	73.84	340,650,856.57	63.46	58.99	
	Labor and others	191,864,959.29	26.16	196,136,120.68	36.54	-2.18	
Total	Raw materials	48,597,035,368.34	88.47	48,992,113,584.46	89.19	-0.81	
	Labor and others	6,330,917,457.56	11.53	5,970,356,630.00	10.86	6.04	

Explanation of other aspects of cost analysis
None

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

Applicable Not Applicable

(6). Major changes or adjustments in the business, products or services of the Company during the reporting period

Applicable Not Applicable

(7). Major customers and major suppliers

A. Main customers of the Company

Applicable Not Applicable

The sales to the top five customers amounted to RMB 32.12 billion, accounting for 52.93% of the total annual sales; among the top five customers, the sales to related parties amounted to 0 RMB, accounting for 0% of the total annual sales.

During the reporting period, the proportion of sales to a single customer exceeded 50% of the total, and there were new customers among the top 5 customers or heavy dependence on a few customers.

Applicable Not Applicable

B. Main suppliers of the Company

Applicable Not Applicable

The purchase amount from the top five suppliers was RMB 26.07 billion, accounting for 51.22% of the total purchase amount; among the top five suppliers, the purchase amount from related parties was 0 yuan, accounting for 0% of the total purchase amount.

During the reporting period, the proportion of purchases from a single supplier exceeded 50% of the total, and there were new suppliers among the top 5 suppliers or heavy dependence on a few suppliers.

Applicable Not Applicable

Other explanations

The sales to the Company's top five customers are as follows:

Unit: 10,000 yuan Currency: RMB

No.	Customer name	2024	Proportion (%)
1	Customer A	1,943,358.38	32.02
2	Customer B	590,801.55	9.73
3	Customer C	257,584.97	4.24
4	Customer D	234,905.80	3.87
5	Customer E	185,715.65	3.07
Total		3,212,366.35	52.93

The purchase amount of the Company's top five suppliers is as follows:

Unit: 10,000 yuan Currency: RMB

No.	Supplier name	2024	Proportion (%)
1	Supplier A	1,206,303.61	23.70
2	Supplier B	1,185,881.82	23.30
3	Supplier C	83,031.48	1.63
4	Supplier D	77,160.83	1.52
5	Supplier E	54,318.45	1.07
Total		2,606,696.18	51.22

3. Expenses

Applicable Not Applicable

Unit: yuan Currency: RMB

Name of project	2024	2023	Change	YoY	Remark
Sales expenses	409,346,671.29	341,284,448.91	68,062,222.38	19.94	
Administrative expenses	1,370,514,447.54	1,215,427,939.02	155,086,508.52	12.76	
R&D expenses	1,907,549,706.46	1,807,204,128.27	100,345,578.19	5.55	
Financial expenses	312,651,073.77	212,029,208.10	100,621,865.67	47.46	Mainly due to the decrease in net foreign currency exchange gains in the current period.
Total	4,000,061,899.06	3,575,945,724.30	424,116,174.76	11.86	

4. R&D investment

(1). Particulars of R&D investment

Applicable Not Applicable

Unit: yuan Currency: RMB

Expensed R&D investment in the current period	1,907,549,706.46
Capitalized R&D investment in the current period	0
Total R&D investment	1,907,549,706.46
Proportion of total R&D investment to revenue (%)	3.14
Proportion of capitalized R&D investment (%)	0

(2). Table of R&D personnel

Applicable Not Applicable

Number of R&D personnel in the Company	2,930
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Proportion of R&D personnel in the total number of employees of the Company (%)	13.19
Breakdown by educational background	
Educational background	Number of personnel
Doctor's degree	13
Master's degree	1,013
Bachelor's degree	1,587
Junior college	304
Senior high school and below	13
Breakdown by age	
Age	Number of personnel
Under 30 years old (excluding 30 years old)	369
30-40 years old (including 30 years old and excluding 40 years old)	1,130
40-50 years old (including 40 years old and excluding 50 years old)	1,061
50-60 years old (including 50 years old and excluding 60 years old)	358
60 years old and above	12

(3).Remark

Applicable Not Applicable

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

Applicable Not Applicable

5. Cash flow

Applicable Not Applicable

Unit: yuan Currency: RMB

Items	2024	2023	Reasons for changes
Net cash flows from operating activities	4,210,266,611.54	6,823,435,492.62	The latter half of 2022 marked a peak in revenue, which led to a substantial amount of collections from receivables in the same period last year. In the current period, the collection of receivables has been normal, and there has been a continuous strengthening of inventory management, ensuring that operating activities maintain a stable inflow.
Net cash flow from investment activities	-1,195,865,276.84	-1,428,897,187.20	Mainly due to prudent investments in fixed assets.
Net cash flow from financing activities	-1,762,974,531.62	-1,836,253,228.36	Mainly due to the payment of high cash dividends, repayment of borrowings, and repurchase of treasury shares during the period.

(II) Explanation of significant changes in profit caused by non-essential business

Applicable Not Applicable

(III) Analysis of assets and liabilities

Applicable Not Applicable

1. Assets and Liabilities

Unit: yuan Currency: RMB

Items	December 31, 2024	Proportion to total	December 31, 2023	Proportion to total	YoY	Remark
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		assets (%)		assets (%)		
Trading Financial Assets	42,291,303.91	0.11	245,558,007.22	0.62	-82.78	Mainly due to the change in the accounts receivable factoring business pattern of overseas subsidiaries during this period.
Other receivables	134,298,737.44	0.34	275,674,265.31	0.70	-51.28	Mainly due to the recovery of a significant amount of other receivables at the beginning of the period during the current period
Investments in Other Equity Instruments	22,769,795.62	0.06	38,935,237.58	0.10	-41.52	Mainly due to changes in the fair value of investments in industrial funds during the current period.
Construction in progress	364,667,733.73	0.91	641,030,985.98	1.63	-43.11	Mainly due to the gradual acceptance and transfer of factory buildings into fixed assets.
Other non-current assets	184,987,639.10	0.46	68,274,790.92	0.17	170.95	Mainly due to the expansion of overseas subsidiaries during the period, leading to an increase in prepaid project payments.
Derivative financial liabilities	4,775,306.67	0.01	173,872.64	0.00	2,646.44	Mainly due to changes in the fair value of derivative financial products during the current period.
Contractual Liabilities	542,457,418.46	1.36	348,380,131.33	0.88	55.71	Mainly due to an increase in advance payments received from customers during the period.
Non-current liabilities due within one year	193,691,444.57	0.48	3,564,025,750.56	9.04	-94.57	Mainly due to the transfer of convertible bonds into non-current liabilities.
Other non-current liabilities	11,106,077.85	0.03	3,944,775.07	0.01	181.54	Mainly due to the accrual of product quality assurance expenses.
Long-term Borrowings	29,872,115.04	0.07	47,385,951.10	0.12	-36.96	Mainly due to the repayment of long-term loans by subsidiaries.
Bond payable	3,467,944,609.76	8.67	0.00	0.00	100.00	Mainly due to the transfer of convertible bonds from current liabilities.
Estimated Liabilities	74,187,068.91	0.19	48,279,064.03	0.12	53.66	Mainly due to subsidiaries accruing product quality assurance expenses.
Treasury Stock	100,052,846.15	0.25	321,730,995.54	0.82	-68.90	Mainly due to the cancellation of shares repurchased in

						previous years.
Other comprehensive income	176,365,826.20	0.44	264,387,466.62	0.67	-33.29	Mainly due to foreign exchange translation losses arising from exchange rate fluctuations during the period.

Other explanations

None

2. Overseas assets

Applicable Not Applicable

(1) Asset size

Including: overseas assets 19,407,328,890.79 (unit: yuan; currency: RMB), accounting for 48.52% of the total assets.

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

Applicable Not Applicable

Unit: RMB 10,000 yuan

Overseas assets	Causes	Operating model	2024 Revenue	2024 Net profit
Universal Global Scientific Industrial Co., Ltd.	Establishment	Independent operation	1,187,453	31,530
Universal Global Technology Co., Limited	Establishment	Independent operation	2,212	-15,220
Universal Global Industrial Co., Limited	Establishment	Independent operation	738	637
UNIVERSAL SCIENTIFIC INDUSTRIAL VIETNAM COMPANY LIMITED	Establishment	Independent operation	359,687	14,207
Universal Scientific Industrial (France)	Establishment	Independent operation	44	-2,958
Universal Scientific Industrial De México S.A. De C.V.	Business combination under common control	Independent operation	433,686	-23,551
Universal Scientific Industrial Co., Ltd.	Business combination under common control	Independent operation	329,073	5,286

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

Applicable Not Applicable

4. Other explanations

Applicable Not Applicable

(IV) Analysis of industry business information

Applicable Not Applicable

1. In terms of communication products, Apple smart phones accounted for 19% of the global smart phone market in 2024, with sales reaching 232 million units, an decrease of 1% over that of 2023.

WW Smart Phone Estimated Market Share

	2023		2024		23'24
	Shipments	Market	Shipments	Market	YoY

	(M units)	Share%	(M units)	Share%	Growth%
Worldwide Total	1,167		1,239		6.2%
Apple	235	20%	232	19%	-1%
Samsung	227	19%	223	18%	-1%
Xiaomi	146	13%	169	14%	15%
Transsion	95	8%	107	9%	13%
OPPO	103	9%	105	8%	2%
Others	359	31%	403	33%	12%

Source: USI, Feb. 2025

2. In terms of consumer electronics products, in 2024 the wearable product shipments grew by 6.1% overall, 5.6% for earphones, 9% for watches, and augmented reality/virtual reality (AR/VR) represented by Glasses, AR HMD, VR HMD is expected to have a high CAGR in the future.

WW Wearable Market Forecast

	2023	2024	2025	2026	2027	23'24 Growth	24-27 CAGR
Total Shipment (M Units)	549	590	620	645	670	6.1%	3.2%
Earwear	338	357	371	382	389	5.6%	2.2%
Smartwatch	165	180	190	199	206	9.0%	3.5%
Wrist Band	34	36	37	35	39	7.1%	1.7%
Glasses	1.1	1.8	1.8	2.0	2.1	64%	3.9%
AR HMD	0.5	0.8	1.6	3.7	6.8	60%	71%
VR HMD	9.2	12.7	17.0	21.1	25.5	38%	19%
Others	1.3	1.6	1.7	1.8	2.0	23.1%	5.7%

Source: USI, Feb. 2025

3. In terms of cloud and storage products, the market demand for server mainboards and switches has maintained stable growth, in which AI server is expected to realize a significantly higher CAGR than the server industry average as the global demand for computing power continues to explode. By strengthening cooperation with major customers, the Company is striving for more market shares and orders.

3.1 WW Server Shipment Forecast

Server	2023	2024	2025	2026	2027	2028	23-28 CAGR
Shipments (K Units)	14,431	14,691	15,264	15,602	16,696	17,439	3.9%
YoY%	-18.3%	1.8%	3.9%	2.2%	7.0%	4.5%	

Source: USI, Feb. 2025

3.2 AI Server Shipment Forecast

AI Server	2023	2024	2025	2026	2027	23-27 CAGR
Shipments (K Units)	1,300	1,672	1,970	2,133	2,213	14.2%

Source: USI, Feb. 2025

3.3 The scale of global switch market continued to grow, among which the demand for high-speed switches was stronger. The Company currently provides complete switch manufacturing services to core customers.

Switch	2023	2024	2025	2026	2027	2028	23-28 CAGR
Revenue (\$ Billion)	33.6	35.8	38.1	40.7	43.3	45.5	6.4%
YoY%	7.5%	6.6%	6.6%	6.6%	6.6%	5.0%	

Source: USI, Feb. 2025

3.4 In terms of storage products, SSD is the important product of the Company. The growth of SSD applications in laptops and data centers maintained, and the market grew by 17.6% in 2024. The CAGR of the SSD market from 2024 to 2026 is expected to be around 17.6%.

	2023	2024	2025	2026	2027	23'24	24-27
						YoY	CAGR
Total SSD Revenue (\$ Billion)	55.7	65.5	77.0	90.5	90.5	17.6%	17.6%

Source: USI, Feb. 2025

4. In terms of industrial products, the market of smart handheld devices and POS grew by 5% in 2024 due to the recovery of logistics and warehousing demand and the recovery of retail industry.

	2023	2024	2025	2026	2027	23'24	24-27
						YoY	CAGR
Total POS Revenue (\$ Billion)	85	94	103	112	123	5%	4%

Source: USI, Feb. 2025

5. In terms of the automotive products, 2024 automotive electronics market grew by 7.0%, and the CAGR from 2024 to 2027 is expected to be 7.1%. Meanwhile, the electric vehicle market showed high growth in 2023 with sales growth of 37%.

5.1 Global Automotive Electronics Market Forecast

	2023	2024	2025	2026	2027	23'24	24-27
						YoY	CAGR
Total AE Revenue (\$ Billion)	313	335	359	384	412	7.2%	7.1%

Source: USI, Feb. 2025

5.2 The global sales of new energy vehicles have been growing at a fast pace, and the trend of electrification contributes to a continuous increase in their penetration rate in the automobile market. However, with the expected retreat of global governments' subsidy policies in the pure electric vehicle sector, as well as the weak improvement of pure electric vehicle profit margins, the pure electric transformation of major traditional vehicle manufacturers in the world is slowing down, and the market for hybrid electric vehicles (HEVs) is expected to grow at a higher CAGR than that of pure electric vehicles by 2027.

	2023	2024	2025	2026	2027	23'24	24-27
						YoY	CAGR
Total (K units)	21,080	26,000	30,708	36,572	44,746	23%	20%
HEV	7,000	9,100	11,921	15,378	19,530	30%	29%
BEV	10,000	12,000	13,667	14,667	18,444	20%	15%
PHEV	4,000	4,800	5,000	6,333	6,528	20%	11%
FCV	80	100	120	194	244	25%	35%

Source: USI, Feb. 2025

5.3 Total Auto Power Module

	2023	2024	2025	2026	2027	23'24	24-27
						YoY	CAGR
Total Auto Power Module (\$ Million)	3,154	3,473	4,010	4,438	4,885	10%	12%
IGBT Power Module	2,610	2,871	3,272	3,574	3,900	10%	11%
MOSFET Power Module	426	431	459	507	558	1%	9%

Wide Bandgap Power Module	118	171	279	357	427	45%	36%
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Source: USI, Feb. 2025

5.4 Automotive Advanced Driver Assistance Systems (ADAS) Market Forecast

	2023	2024	2025	2026	2027	23'24	24-27
						YoY	CAGR
Total ADAS Revenue (\$ Billion)	34	50	57	67	79	47.5%	16.7%

Source: USI, Feb. 2025

5.5 Automotive Communication Products Market Forecast

	2023	2024	2025	2026	2027	23'24	24-27
						YoY	CAGR
Total Automotive Communication Revenue (\$ Billion)	8.8	9.8	11.0	12.2	13.5	11.3%	11.4%

Source: USI, Feb. 2025

6. In terms of medical electronic products, the market demand for outsourced electronic manufacturing services has been growing steadily.

Medical Product Assembly Value (\$ Million)	2023	2024	2025	2026	2027	23'24	24-27
						YoY	CAGR
Total	57,406	60,458	64,217	68,171	72,488	5.3%	6.2%
Medical Diagnostics	23,144	24,162	25,708	27,328	29,077	4.4%	6.4%
Therapeutic	13,007	13,722	14,490	15,287	16,220	5.5%	5.7%
Monitoring & Surgical	21,255	22,572	24,017	25,554	27,190	6.2%	6.4%

Source: USI, Feb. 2025

(V) Analysis of investment**Overall analysis of foreign equity investment**√Applicable Not Applicable

As of the end of this reporting period, the Company's long-term equity investment was RMB 516 million, an increase of RMB 180 million or 3.66% from the beginning of the year. The primary reason is the recognition of investment gains or losses under the equity method during the current period. For further details, please refer to Note VII, 17 "Long-term Equity Investments" in the financial statements.

1. Significant equity investment Applicable Not Applicable**2. Significant non-equity investment** Applicable Not Applicable**3. Financial assets measured at fair value**√Applicable Not Applicable

Unit: yuan Currency: RMB

Category of assets	Opening balance	Gain or loss from change in fair value in the current period	Cumulative changes in fair value included in equity	Impairment provision in the current period	Purchase amount in the current period	Sales/redemption amount in the current period	Other changes	Ending balance
Stocks	62,419,018.11	-5,645,212.53	6,597,018.45	0.00	44,224,800.00	-21,316,140.40	-1,294,320.01	84,985,163.62
Private equity funds	170,511,081.52	-11,940,767.83	0.00	0.00	9,000,000.00	-33,644,918.85	4,952,471.00	138,877,865.84
Derivatives	21,982,564.36	15,125,360.16	0.00	0.00	0.00	-116,996,585.51	117,404,658.23	37,515,997.24
Others: Wealth management products	0.00	0.00	0.00	0.00	0.00	-58,584,884.00	58,584,884.00	0.00
Others: Accounts receivable factoring	223,401,570.22	0.00	0.00	0.00	264,623,385.41	-484,556,581.57	-3,468,374.06	0.00
Total	478,314,234.21	-2,460,620.20	6,597,018.45	0.00	317,848,185.41	-715,099,110.33	176,179,319.16	261,379,026.70

Note:

1. Stocks: equity investment in TriKnight Capital Corporation, GaN System Inc, Senscomm Semiconductor Co., Ltd., NeuroBlade Ltd
2. Private-equity fund: PHI FUND, L.P. and Suzhou Glory Ventures Equity Investment Partnership
3. Derivatives: foreign exchange forward contract

4. Other changes include realized income and foreign currency translation in the current period

Investment in securities

√Applicable Not Applicable

Unit: yuan Currency: RMB

Type of security	Stock code	Stock abbreviation	Initial cost of investment	Source of fund	Beginning book value	Gain or loss from change in fair value in the current period	Cumulative changes in fair value included in equity	Purchase amount in the current period	Sales amount in the current period	Gains and losses on investments in the current period	Ending book value	Accounting items
Stocks		TriKnight Capital Corporation	64,209,941.74	Self-owned funds	38,935,237.58		6,597,018.45	-	-20,829,586.70	-1,932,873.71	22,769,795.62	Investments in other equity instruments
Stocks		GaN System Inc.	34,822,962.11	Self-owned funds	-	-	-	-	-486,553.70	486,553.70	-	Other non-current financial assets
Stocks		Senscomm Semiconductor Co., Ltd.	20,000,000.00	Self-owned funds	23,483,780.53	-5,645,212.53	-	-	-	-	17,838,568.00	Other non-current financial assets
Stocks		PI Semiconductor	30,000,000.00	Self-owned funds	-	-	-	30,000,000.00	-	-	30,000,000.00	Other non-current financial assets
Stocks		NeuroBlade Ltd	14,224,800.00	Self-owned funds	-	-	-	14,224,800.00	-	152,000.00	14,376,800.00	Other non-current financial assets
Total	/	/	163,257,703.85	/	62,419,018.11	-5,645,212.53	6,597,018.45	44,224,800.00	-21,316,140.40	-1,294,320.01	84,985,163.62	/

Investment in securities

Applicable√ Not Applicable

Investment in private equity funds

√Applicable Not Applicable

1. Glory Ventures

The Company signed the Suzhou Glory Ventures Equity Investment Partnership (Limited Partnership) Agreement with Shanghai Glory Ventures Investment Management Co.,LTD and 21 other limited partners (LP). USI invested in Suzhou Glory Ventures Equity Investment Partnership (Limited Partnership) as an LP. The total subscription amount to be paid is RMB 30,000,000.00, of which RMB 9,000,000.00 was paid during the current period. As of December 31, 2024, the Company has cumulatively paid RMB 30,000,000.00; there is no outstanding subscription amount. (Full payment has been made.)

Investment in derivativesApplicable Not Applicable

(1). Derivative investments for hedging purposes during the reporting period

Applicable Not Applicable

(2). Derivative investments for speculative purposes during the reporting period

Applicable Not Applicable**Other explanations**

The Tenth Meeting of the Sixth Session of the Board of Directors of the Company considered and approved the Proposal on the Estimated Amount of Financial Derivatives Transactions, agreeing that the Company shall carry out financial derivatives transactions business, and that it is expected that the total amount of foreign exchange hedging transactions from April 1, 2024, to March 31, 2025, will be limited to USD 1 billion (or the equivalent of other currencies) and that such amount can be utilized on a recurring basis within the quota. The cumulative transaction amount for 2024 was USD 6.04 billion, of which USD 5.47 billion had been settled by December 31, 2024, and USD 566 million remained unsettled. The realized profits amounted to RMB 117,404,658.23, and the unrealized profits were RMB 15,125,360.16.

4. Specific progress of material asset restructuring and integration during the reporting period

□Applicable √Not Applicable

(VI) Sale of material assets and equity

□Applicable √ Not Applicable

(VII) Analysis of major holding and joint stock companies

√Applicable □ Not Applicable

1. Holding subsidiaries

Unit: RMB 10,000 yuan

Company Name	Main business	Currency of registered capital	Registered capital (RMB)	Total assets	Net assets	Net profit
Universal Global Scientific Industrial Co., Ltd.	Production and sales, product design and R&D	NTD	1,980,000,000	581,895	280,877	31,530
UNIVERSAL GLOBAL TECHNOLOGY(KUNSHAN) CO., LTD.	Production and sales	RMB	550,000,000	398,369	248,883	32,829
Universal Global Technology Co., Limited	Trade and Investment	USD	524,803,000	841,480	471,121	-15,220
Universal Global Technology (Shanghai) Co., Ltd.	Production and sales, product design and R&D	RMB	1,330,000,000	354,688	241,377	14,459
Universal Global Technology (Huizhou) Co., Ltd	Production and sales	RMB	800,000,000	241,331	129,391	26,676
Universal Global Industrial Co., Limited	Trade and Investment	USD	51,000,000	216,520	41,600	637
Universal Scientific Industrial De México S.A. De C.V.	Contract manufacturing, product repair and related services	Mexico MXN	2,293,299,926	394,539	72,423	-23,551
UNIVERSAL SCIENTIFIC INDUSTRIAL VIETNAM COMPANY LIMITED	Production and sales, product design and R&D	USD	115,000,000	203,543	108,409	14,207
Universal Scientific Industrial (France)	Investment	EUR	321,374,822	269,604	244,514	-2,958
Universal Scientific Industrial Co., Ltd.	Production and sales, product maintenance	NTD	1,399,727,400	137,939	74,894	5,286
Asteelflash (Suzhou) Co.,Ltd.	Production and sales	USD	18,000,000	121,638	81,044	11,132

Note 1: the registered capital includes the amount of re-investment to other subsidiaries, and the amount of total assets, net assets and net profit is from standalone financial statements, not including subsidiaries.

Note 2: the above are subsidiaries within the scope of the consolidated statements that meet the conditions that one of the indicators of total assets, operating income, and net profit accounts for more than 5% of the corresponding amount in the consolidated statements.

2. Affiliates

Unit: RMB 10,000 yuan

Company Name	%	Currency of registered capital	Registered capital (RMB)	Total assets	Net assets	Net profit
M-Universe Investments PTE.LTD.	42.23	USD	138,969,126	174,411	120,739	8,999

Note: the above are affiliates that meet the conditions that one of their indicators of net assets and net profit accounts for more than 1% of the corresponding amount in the consolidated statement.

3. Subsidiaries or affiliates that contributed over 10% to the net profit of the Company

Unit: RMB 10,000 yuan

Company Name	Revenue	Operating profit	Net profit	Contribution to consolidated net profit
Universal Global Scientific Industrial Co., Ltd.	1,187,453	37,291	31,530	19.18%
UNIVERSAL GLOBAL TECHNOLOGY(KUNSHAN)CO., LTD.	499,825	37,815	32,829	19.97%
Universal Global Technology (Huizhou) Co., Ltd	375,535	31,744	26,676	16.22%

(VIII) Structured entities controlled by the Company

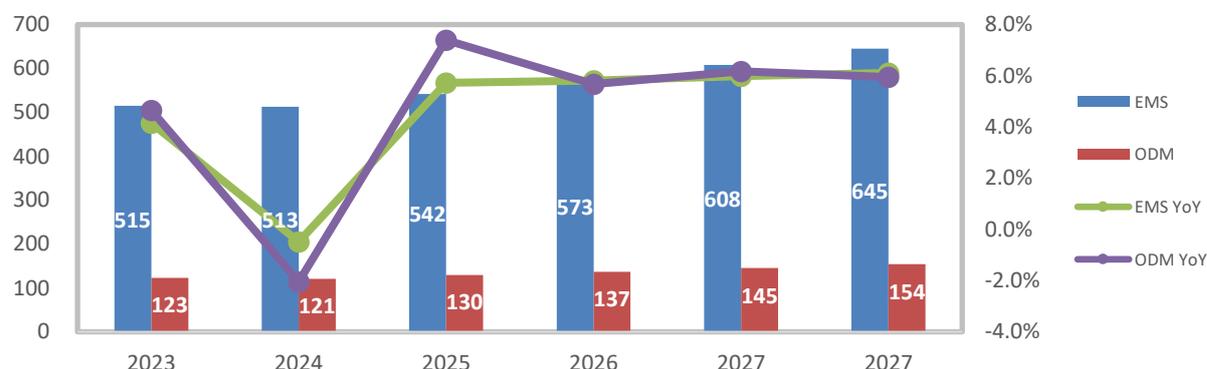
□Applicable √Not Applicable

VI. Discussion and analysis of corporate development in the future**(I) Industry landscape and trends**

√Applicable □ Not Applicable

1. Global market capacity of the industry

According to the reports by professional market research institutions compiled by the Company, the global electronic manufacturing service (EMS) revenue exceeded USD 633.2 billion in 2024, and is expected to reach USD 800 billion in 2027, growing at an average CAGR of 4.6% from 2023 to 2028. The overall market shows a steady growth trend, and the Asia-Pacific region will maintain a leading growth rate.



Source: USI, Feb. 2025

The Worldwide CM, EMS and ODM Market by Region, 2023-2028 (unit: USD 100 million)

The Worldwide CM, EMS and ODM Market by Region, 2023-2028							
	2023	2024	2025	2026	2027	2028	CAGR
CM Revenue							
Americas	120,963	125,902	131,161	137,026	143,176	149,631	4.3%
EMEA	94,532	98,494	102,524	106,617	110,770	114,980	4.0%
APAC	422,733	408,847	437,829	466,755	499,272	534,404	4.8%
Total	638,228	633,243	671,514	710,398	753,218	799,015	4.6%
EMS Revenue							
Americas	117,468	122,284	127,420	133,154	139,146	145,408	4.4%
EMEA	90,628	94,434	98,306	102,238	106,225	110,262	4.0%

APAC	306,933	295,840	316,180	338,048	362,429	389,278	4.9%
Total	515,029	512,558	541,905	573,440	607,801	644,947	4.6%
ODM Revenue							
Americas	3,495	3,618	3,741	3,872	4,030	4,224	3.9%
EMEA	3,904	4,060	4,218	4,379	4,545	4,718	3.9%
APAC	115,800	113,007	121,649	128,707	136,842	145,126	4.6%
Total	123,199	120,685	129,608	136,958	145,417	154,068	4.6%

Source: USI, Feb. 2025

2. Global competitive landscape and industry ranking

According to the latest ranking of global EMS providers (2023), USI ranked 12th.

Unit: USD 100 million

Rank	Name of manufacturer	Revenue	Revenue	Annual growth rate	Net operating margin
	Year	2022	2023	22'23	2023
1	Honghai	2,228	1,978	-11.2%	2.2%
2	BYD	623	848	36.1%	5.1%
3	PEGATRON	444	404	-9.1%	3.9%
4	Quanta	432	349	-19.2%	3.6%
5	COMPAL	363	345	-4.9%	3.6%
6	Jabil	345	335	-3.2%	3.6%
7	Wistron	329	304	-7.4%	2.6%
8	Lixun	316	294	-7.1%	2.0%
9	Flextronics	297	280	-5.8%	2.0%
10	INVENTEC	181	166	-8.2%	1.8%
11	Delta	129	129	-0.3%	2.3%
12	USI	101	86	-15.1%	3.2%
	Whole Industry	6,944	6,382	-8.1%	2.6%

Source: USI, Feb. 2025

3. Industry trend of profit level and analysis of net profit margin

The Company's net profit margin in 2023 was 3.2%, higher than the average of the world's top ten electronics manufacturing service providers. In 2024, the Company's net profit margin was 2.7%, a decrease of 0.5 percentage points compared to 2023. This was mainly due to the continuous increase in operating costs for overseas investments and the losses incurred from newly acquired businesses.

Overall, driven by technological innovation and market demand, the profit margin levels in the global electronics manufacturing service industry are expected to remain stable or increase slightly. However, rising costs and uncertainties in the macroeconomic environment may still impose certain constraints on profit margins. Areas with relatively rapid demand growth include 5G communication, artificial intelligence, and electric vehicles. Nevertheless, factors such as rising raw material costs, a tight labor market, and increasing logistics costs are putting pressure on profit margins. At the same time, enterprises are striving to improve operational efficiency and profit margins by accelerating the application of automation and intelligent manufacturing technologies and optimizing the layout of the supply chain. The continuous occurrence of industry integration and mergers and acquisitions activities has also brought

economies of scale and synergies to some enterprises, which helps to increase the net profit margin. However, the uncertainties in the global economy, fluctuations in interest rates and exchange rates, and increasingly stringent environmental regulations are also bringing additional costs and risks to enterprises.

4. Industry landscape

(1) Basic situation of the industry

Since 2023, generative AI and large models have attracted much attention, and major Cloud-as-a-Service manufacturers have continued to ramp up AI related investment, driving the continuous expansion and upgrading of server, optical communication, power supply and related hardware industries. Consumer demand for alternative consumer products has not yet been fully released, but as AI technology empowers and accelerates the application of major end point brands, it is expected to break the lack of innovation in consumer electronics products. AI Phone, AI PC and other "AI +" consumer electronics products will continue to attract more attention, and products with better demand for hardware performance will also promote the demand for electronic manufacturing services. In addition to consumer electronics, the application of AI technology will also drive innovation in areas such as intelligent driving and humanoid robots, and create new market demand.

(2) Production capacity supply

Global trade protectionism and geopolitical factors continue to escalate. In order to reduce the uncertainty and risks of the supply chain, European and American companies have paid more attention to strengthening the supply chain in the region, resulting in the transfer of the electronic manufacturing service industry to Southeast Asia, India, Mexico, and Eastern Europe. The impact of tariffs on the supply chain may further exacerbate the process of industrial transfer, which requires comprehensive consideration of potential tariffs, transportation costs, localized supply chain resources, and technical talent resources. Enterprises need to make capacity layout and resource allocation between different regions to cope with the uncertainty of trade policy. In order to improve production efficiency and quality, the electronic manufacturing service industry will increase investment in automation and intelligent manufacturing, reduce the use of direct labor, and improve the flexibility and responsiveness of production capacity.

(3) Supply chain trends

Under the pressure of customers to reduce costs, electronic manufacturing service enterprises are accelerating the optimization of the supply chain and improving the manufacturing sites' localized supply chain. Clients are also more concerned about the resilience of the supply chain, preferring to cooperate with supply chain partners or increase the outsourcing of some production links to achieve resource sharing and risk sharing.

(4) Technological development

With the continuous development of integrated circuit technology, the electronic manufacturing service industry will develop towards high integration and miniaturization, and the miniaturization of components will place better demands on process technology, manufacturing process innovation, processing equipment, and testing equipment. In order to better meet the diverse needs of the market, the electronic manufacturing service industry will place greater emphasis on the development of flexible manufacturing technologies in the future, enabling high-mix low-volume manufacturing production patterns. Artificial intelligence, big data, and the Internet of Things will be more widely used in the production process to achieve intelligent production scheduling, quality control, and equipment maintenance. Artificial intelligence will enable the production system to have self-awareness, self-decision-making, and self-evolution capabilities, and promote manufacturing activities from experience-driven to data-driven. The industry will also strengthen the digital management of the supply chain, improve the transparency and efficiency of the supply chain through blockchain, cloud computing and other technologies, and realize the visualization and collaborative management of the supply chain. With the improvement of environmental protection and carbon reduction, electronics manufacturing enterprises will place greater emphasis on the development and application of green manufacturing technologies, reducing energy consumption and environmental pollution.

(5) Changes in Client Server Requirements

In order to reduce supply chain risk, well-known brand manufacturers tend to cooperate with electronic manufacturing service enterprises with global layout capabilities, requiring manufacturing service enterprises to have the ability to respond quickly to changes in market demand. In order to maintain cost competitiveness, customers expect manufacturing service companies to provide more technological innovation solutions, including hardware design and software design, and to establish closer R&D partnerships with customers. In addition, due to consumers' growing awareness of environmental protection and sustainable development, manufacturing service companies are also paying increasing attention to energy conservation and carbon reduction issues and sustainable development.

5. Industrial barriers

(1) Barriers of R&D and manufacturing capacity

The technological innovation of electronic products is changing with each passing day, and the product upgrade cycle is shortened, requiring manufacturing service providers to continuously enhance their product design and process research and development capabilities. The manufacturing service industry is transforming and upgrading to intelligent manufacturing, through automated production and Industry 4.0 technology, to improve product quality, process stability, and on-time delivery. There is a very high threshold for manufacturing service providers to have high-level product R&D and intelligent manufacturing capabilities, capacity economies of scale, and quality control systems.

(2) Barriers to entering brand owners' supply chain

The electronic manufacturing services industry is highly competitive. To establish partnerships with major brand manufacturers and integrate into their global supply chains, companies must undergo rigorous quality management system audits and obtain product performance certifications. Therefore, strict vendor qualifications are the barrier for new entrants.

Due to the rapid development of technological innovation, the product market has undergone rapid changes and industry competition has intensified, compounded by trade protection factors such as geopolitics and tariffs. In order to cope with cost increases and enhance supply chain competitiveness, leading brand manufacturers expect to choose suitable electronic manufacturing service providers, deepen business and investment cooperation in manufacturing services, cooperative research and development, product planning and design, and supply chain strategies, and develop closer long-term partnerships.

(3) Barriers of sufficient capital investment

The EMS providers must have the manufacturing capacity matched with the business scale of their large-scale brand customers, which requires sufficient investment in fixed assets such as equipment, plants, supporting facilities, etc. which requires high initial investment, and subsequent investments in technologies and equipment renewal along with constant product upgrades; on the other hand, mass production needs large-scale, complete procurement system, for which a large amount of working capital is required.

(4) Barriers of global business footprint

Large brand manufacturers hope that long-term cooperative electronic manufacturing service providers can provide a package of solutions from R&D, design, manufacturing, after-sales, etc., with intelligent manufacturing and global manufacturing service capabilities, and can provide customers with global localized manufacturing services and delivery solutions to meet the needs of customer supply chain diversification and risk management. In addition, the increasing demand for nearshoring and friendly shoring is conducive to large brand manufacturers facing risks such as trade policy changes and geopolitical conflicts, reducing the degree of impact on the supply chain, ensuring stable production and delivery of products, and having a global business layout is essential for top-tier clients in the service industry.

(II) Corporate Development Strategy

Applicable Not Applicable

1. Challenges ahead

- (1) Downstream demand is gradually recovering, and the Company's overall equipment efficiency is not high, which affects the profitability of the Company's manufacturing service business.
- (2) The continued impact of factors such as geopolitics, tariff increases, and trade protection has caused the Company to increase the cost of serving customers and face more uncertainties in its daily operations.
- (3) Customers have put forward more service requirements for supply chain cost reduction, intelligent manufacturing, cooperative R&D, and selection of manufacturing service bases. The Company needs to adapt to new trends and accelerate transformation and development.
- (4) The comprehensive cost of the Company's new investment capacity is relatively high, and the profit margin is low. Therefore, it is necessary to optimize costs, improve efficiency, and improve profitability in operations.
- (5) The Company has become a global operating enterprise, facing a multi-cultural, multi-lingual, multi-ethnic, and multi-time zone operating environment. It needs to establish a more complete system in terms of strategy implementation, operation management, internal collaboration, team building, and incentive mechanisms.

2. Corresponding strategies

- (1) Leveraging the Company's technological strengths, capital advantages, and resource integration capabilities, the Company will deepen cooperation with existing customers and secure new product application opportunities with more leading clients in the modular product sector to expand business growth points.
- (2) Aligning with the "global demand, localized service" trend, the Company will strategically allocate global production capacity. Through advanced manufacturing processes, flexible production capabilities, and localized services, we will deliver additional value by introducing new technologies, developing innovative products, and shortening the timeline from conceptual design to mass production for customers.
- (3) Optimizing production capacity and business layout, the Company will accelerate capacity investment in Southeast Asia to meet customer demands, improve operational efficiency and profitability of the Mexico plant, and prioritize overall capacity utilization across global manufacturing facilities.
- (4) Enhancing supply chain resilience and flexibility, the Company will develop regional local suppliers, continuously upgrade smart manufacturing capabilities worldwide, and actively cultivate competitive domestic suppliers for raw materials, production equipment, testing instruments, and automation systems. The Company's scale and efficiency advantages will better serve clients with substantial demand.
- (5) Combining the industrial strengths of the Company and its controlling shareholders to strengthen synergy in product R&D and customer development. This collaboration will enable the Company to provide innovative product solutions and achieve forward-looking strategic positioning.
- (6) Increasing R&D investment in critical technologies and application fields, the Company will enhance design capabilities and JDM/ODM services. Through resource integration across the group, technology sharing, and independent innovation, The Company will strengthen vertical integration and industrial collaboration across the supply chain to boost competitiveness.
- (7) Supporting corporate development strategy, the Company will establish more competitive compensation and incentive systems, intensify employee skills training, improve internal talent development mechanisms, as well as cultivate and recruit global operation professionals.
- (8) Maintaining a robust financial structure to meet capital requirements for global operations and M&A investments while ensuring financial stability.

(III) Business plan

Applicable Not Applicable

1. Overall plan

The Company will adhere to the development strategy of "modularization, diversification, and globalization", enhance vertical integration and intelligent manufacturing capabilities, improve the global

production and operation system, and promote endogenous growth. At the same time, the Company will continue to invest in M&A activities and actively seek external growth opportunities.

The Company will more prudently arrange human resources and capital expenditure, balance the annual financial goals and long-term investment plans, and expand digital management according to the needs of business development and global operations to contribute to the intelligent and automatic production.

The Company's growth plan mainly includes:

- (1) Strive to maintain market share in core clients' SiP module business, strengthen the promotion of miniaturization technology and SiP module applications, accelerate new product R&D and client expansion, continue expanding module business revenue scale, and intensify efforts in developing new products and applications such as smart wearables and smart home devices.
- (2) Explore new business opportunities by addressing customer bottleneck issues to enhance satisfaction, aiming to secure incremental orders.
- (3) Expand production capacity in Southeast Asia, optimize operational efficiency of local manufacturing services around the world, and actively develop local suppliers to improve supply chain resilience and flexibility.
- (4) Enhance software design and solution capabilities, continuously develop AI-driven software application services, and seek new collaboration opportunities through hardware-software integration with existing clients and new markets.
- (5) Prudently control workforce expansion, expense budgets, and capital expenditures by evaluating the ratio between budget allocations and processing fee income to strictly manage cost outflows.
- (6) Strengthen digital transformation initiatives, advance smart manufacturing across all facilities, upgrade operations using AI&IT technology platforms, focus on re-optimizing operational processes, and drive continuous digital optimization of internal workflows to improve operational performance and competitiveness.

2. Supply chain plan

The global electronics manufacturing industry is currently facing multiple risks and challenges, including geopolitics, tariff wars, and trade restrictions. Large enterprises are increasingly emphasizing supply chain diversification and risk management, hoping to enhance supply chain risk management capabilities and enhance supply chain resilience. The Company's supply chain department meets the needs of the Company's global operations and actively builds a more resilient supply chain to provide flexible, stable, and efficient services to meet customer needs. In addition, it also needs to achieve the short, medium, and long-term goals of a sustainable supply chain. The main strategies of the Company's supply chain are as follows:

- (1) Enhance supply chain resilience: increase the proportion of local supply and develop local suppliers in various regions to reduce transportation time and costs, while improving supply elasticity and response speed. From the product design stage, the Company evaluates material supply risks during mass production and adjust order allocation and stocking strategies in real time according to market conditions. Maintain supply chain flexibility so that customers can quickly adjust their supply chain configurations in response to geopolitical or possible tariff changes.
- (2) Strengthen the overall competitiveness of the supply chain: continuously invest in the training of supply chain talents and the improvement of professional technology, establish long-term partnerships with major suppliers, and obtain the best support in terms of price, product quality, technology, delivery time and service; actively develop domestic competitive raw material suppliers and equipment suppliers for production, testing, automation, etc., and use the advantages of scale and efficiency to serve customers with certain scale needs to further strengthen the overall competitiveness.
- (3) Global operations management: in response to the globalization of manufacturing sites and geopolitical influences resulting in the adjustment of production bases, reducing transportation costs and time, while improving logistics tracking and real-time management capabilities.

(4) Inventory management: actively manage inventory turnover days, take active measures against risk inventory, increase the proportion of local supply, and cooperate with global operation management to reduce inventory in transit.

(5) Ensure regulatory compliance: ensure compliance with the latest local government regulations on trade, tariffs, imports and exports, and develop response strategies in advance for possible scenarios.

(6) Optimize processes and systems: optimize end-to-end processes and systems in the supply chain, share best practices across manufacturing sites, and use digital technologies to improve decision-making quality.

(7) Promote sustainable supply chain management: standardize the supply chain, conduct risk investigations, audit assessments, and provide guidance for improvement, and promote the improvement of upstream suppliers in conflict mineral management, carbon management, supplier evaluation, and supply chain information security, so as to gradually achieve sustainable management goals.

3. Global manufacturing site plan

So far, the Company has 30 manufacturing sites in 12 countries (including regions) around the world, and overseas factory revenue accounts for about 38% of total revenue.

In 2024, the Company's new plant in Poland and the second plant in Mexico was completed and put into operation, and the newly added capacity will be used to serve customers in the automotive electronics and industrial fields. In early 2025, the Company's second-phase plant in Vietnam was completed and put into operation, and the newly added capacity will be used to serve customers in the consumer electronics and industrial fields.

4. Human resources plan

According to the glocalization development strategy, the Company formulates a global human resource plan, which is a prediction and plan for its future manpower demand, talent recruitment and employee training in order to deal with challenges brought by various cultural backgrounds, languages, ethnicities and time zones of the multinational operations. The Company will continue to improve the people-oriented corporate culture, create growth opportunities for employees, establish a career development, performance evaluation and incentive mechanism for employees, and reduce employee turnover so as to provide a strong talent foundation for the Company to achieve its development goals.

5. R&D plan

Currently, the Company has been devoted to producing lighter, thinner, shorter, smaller products with low-power consumption, strong interconnectivity, and AI capability. In 2025, the Company will continue to research the functional integration of SiP system modules and communication antennas, and expand the application functions of SiP modules by introducing more process technologies to SiP module design; develop new double-sided plastic seal pin interconnection technology, new materials and more diverse component applications to further reduce the size and cost of SiP modules; develop new laser cutting post-washing technology to overcome the current damage to sensitive components in dry ice cleaning. In addition, the importance of environmental protection and sustainability issues has increased year by year, and the plastic shell of electronic products has begun to use recycled plastics (PCR, Post-Consumer Plastics) in large quantities, and the carbon footprint is taken into account when selecting materials. Therefore, the Company will focus on the following R&D directions:

(1) The Company's development of the design capability of wireless communication modules and 5G new radio frequency identification products continues to focus on the development of Qualcomm's latest 5G IoT platform, upgrade product specifications B5G(Beyond 5 Generation) in line with the mainstream trend of the market, and take into account the product life cycle.

(2) The automotive electronics division continues to invest in the R&D and production of power modules for electric vehicle inverters. To meet the demand for silicon carbide chips, a technology for Window-Frame Exposed Copper Plastic Encapsulation Technology is developed to satisfy the requirements of the power module market for high-temperature resistance and low-cost packaging. In the Powertrain field, to enhance design and manufacturing service capabilities, a strategic cooperation is launched with E-tronic in the field of automotive electrical system solutions, providing electric vehicle drive inverter solutions for customers.

(3) Continuously expand the application areas of miniaturized products. In addition to existing products, it also extends to the applications of Internet of Things (IoT) products, and continuous process improvements are carried out.

(4) Collaborate with leading technology companies in the industry to develop module products with higher integration levels and performance, and expand application areas such as smart devices and IoT.

(5) Conduct research on technologies related to cloud computing research, development, storage, and high-speed interconnection. Collaborate with major storage companies to launch highly efficient solid-state drives and conduct product research and development based on the Compute Express Link (CXL) interconnection standard.

(6) Develop an intelligent optical recognition system, which is applied in fields such as automated inspection, intelligent manufacturing, and industrial AI vision to improve production efficiency and quality control capabilities. Optimize image processing technology in combination with AI deep learning to enhance the accuracy of industrial automation systems, and apply it in scenarios such as automated production lines, robot navigation, and intelligent inspection.

(7) Focus on miniaturization and automation, and develop automated design tools. Use a combination of grinding and laser grooving to reduce the thickness of double-sided molded modules. Develop an automatic material feeding robot to replace manual material feeding and material change. Continuously improve production automation to increase production efficiency and reduce labor costs.

(8) In response to the development of AI and the demand characteristics of customers for software and hardware, especially considering the wide application of edge AI image recognition technology in various industries, the Company collaborates with major customers in product performance, energy efficiency ratio, heat dissipation design, and application scenario optimization.

(9) Continuously develop Green Design products to reduce the consumption of materials and energy.

6. Sustainable business plan

The Company integrates the corporate core values of "Unity of Knowledge and Action, Collective Wisdom and Strength" into the Company's business strategy and management, pursues sustainable development in environment(E), society(S) and governance(G): in terms of the Environment(E), the Company works to reduce environmental impacts, promote resource recycling, and actively seek solutions to climate change governance; In terms of Social(S), the Company continues to care for employees and promote social participation activities to fulfill corporate responsibility, realizing global partnerships; In terms of Governance(G), the Company protects the rights and interests of investors, strengthen operational risk management, and ensure information security to achieve a sound corporate governance structure.

The Company established the group sustainability committee in 2020 to jointly promote and achieve the specific implementation of various sustainable development goals and actions through five sustainability task forces: "Corporate Governance, Green Products and Innovation, Value Chain Management, Employee and Society, Environmental Protection and Workplace Safety". In March 2022, the board of directors of the Company reviewed and approved the "ESG Code of Practice", which clearly implements relevant requirements such as corporate governance, developing a sustainable environment, safeguarding social welfare, and strengthening information disclosure on corporate sustainable development.

USI continues to strengthen its resilience in the face of climate change, and carries out climate-related financial disclosure (TCFD) with the "low-carbon mission" as the main axis. Construct climate change management based on the four core elements of TCFD "Governance, Strategy, Risk Management, Indicators and Objectives", evaluate the risks and opportunities posed by climate change, disclose the Company's strategies and measures to face the risks and opportunities posed by climate change, and allocate capital more rationally and effectively in order to achieve the low-carbon economic transition and the goal of net zero carbon emissions by 2040.

(IV) Possible risks

Applicable Not Applicable

1. The risk of weak macroeconomic recovery and insufficient demand

The EMS industry chain has shifted from supply chain-driven to demand-driven, and has a strong correlation with the macroeconomic environment. The Russian-Ukrainian war, geopolitics, inflation, the high interest rate environment and many other unfavorable factors affect global economic growth and end point demand. The continued development of AI technology is expected to drive further growth in demand in consumer electronics, computing power, data exchange, and other industries. The Company will continue to pay attention to the trend of the industrial chain structure, maintain close interaction with customers to grasp customer needs, and strengthen the collection and analysis of market information to reduce the impact of changes in product demand on the Company.

2. Industry competition risks

EMS industry is a fully competitive industry with numerous global manufacturers, but its overall concentration is on the rise. Under the trend of supply chain reconstruction and economic and trade regionalization in the international market, the electronic manufacturing service industry and upstream supply chain in mainland China are facing more severe competitive pressure. The Company's new business model of "global platform, localized service" combines its own advantages to compete with peers, but if the Company cannot maintain cost competitiveness and product technology advantages, market share and profit margins will be squeezed.

3. Risk of high customer concentration

During the reporting period, the Company's revenue from its top five customers accounted for 52.93% of the total revenue, showing high customer concentration. Such customers are internationally-renowned electronic brands, and have established a long-term and stable cooperative relationship with USI to ensure sufficient business order. In spite of this, if the customer demand declines, or the Company fails to timely meet the customer requirements in product R&D and design, product quality control, qualified supplier certification, delivery date, etc., it may cause certain fluctuations in customer orders, thus adversely affecting the Company's business scale and operating performance. Therefore, the Company faces the risk of high customer concentration to a certain extent.

4. New product development and R&D investment risk

Technological progress continues to promote the upgrading and iteration of electronic products and equipment, and enterprises in the electronic manufacturing service industry have been under great operating pressure for a long time, such as product innovation, quality improvement, cost reduction, continuous investment, etc. Only by insisting on R&D investment and technological innovation can enterprises cope with the rapid changes in the market and competitive pressure. In the context of the restructuring of the supply chain, customers are also demanding higher standards for hardware R&D, software development, intelligent manufacturing, and low-carbon environmental protection. The company must accelerate its R&D capabilities and strengthen their shortcomings in order to explore new business opportunities. The Company faces the risk of insufficient R&D and innovation.

5. Transnational operation risk

To better serve major customers, the Company has arranged production, sales and logistics worldwide to quickly respond to the product delivery needs of major customers. As a result, the Company has 30 production bases in 10 countries and regions. Overseas companies need to abide by the laws and regulations of the country and region where they are located when conducting business or establishing institutions abroad. If the laws, regulations, industrial policies or political and economic environment of the countries and regions where overseas business is located have undergone major changes, or there are unpredictable factors such as international tensions, wars, trade sanctions or other force majeure, it may have potential adverse effects on the normal business operation and sustainable development of overseas companies. In addition, there are differences between operating sites located in various countries or regions in terms of accounting and taxation systems, business practices, company management systems, and corporate culture. If the relevant integration plan is not effectively implemented, there may be risks such as a lack of synergy from mergers and acquisitions or newly established companies, loss of core personnel, and decline in financial performance.

6. Exchange rate risk

The Company is a global electronic design and manufacturing service provider, most production facilities are located overseas as well as the main clients and suppliers are all overseas companies. The purchase of

materials, sales and shipments are mainly settled in foreign currencies (mainly USD). Companies usually use foreign exchange hedging operations to deal with exchange rate fluctuations, but in the case of sustained large fluctuations in exchange rates, large amounts of exchange gains and losses will still be generated. In the face of the complex political and economic landscape and business environment across the world, the Company will pay close attention to the changes in the foreign exchange market according to its own operational needs, adequately carry out foreign exchange hedging, and minimize exchange rate risks.

7. Emerging risks

The Company has a group risk management committee to identify internal and external risk factors that may affect the achievement of the Company's sustainable business objectives, evaluate the effectiveness of each risk level and related control activities, and implement appropriate measures and responses based on the results of threat and risk assessment to ensure that risks can be effectively monitored.

(1) Geopolitical and regional conflict risks

The current global economy is still facing multiple challenges, with profound adjustments in the world landscape. Geopolitical and regional conflicts have brought more uncertainties to the macroeconomy and supply chain, such as tariff increases, technological blockades, export controls, investment restrictions, technical barriers, and discriminatory subsidy policies. There are various restrictive policy measures that may lead to supply chain decoupling. The Company will conform to the development trend of "global demand, localized service", rationally layout global production capacity, and provide customers with diverse manufacturing solutions with a global operation service system; at the same time, through continuous strengthening of digital transformation, promoting the process of intelligent manufacturing in the Company's global manufacturing service base, increasing R&D investment in key technologies and application fields, integrating internal resources of the group, technology mutual sharing and other ways to enhance product competitiveness and cost competitiveness, in manufacturing services, cooperative research and development, product planning and design, supply chain strategy and other aspects of deepening business and investment cooperation, and developing closer long-term partnerships with customers.

(2) Policy risks

The current global economic situation and trade pattern are facing many uncertainties, and changes in regulations and policies in the places where companies operate may lead to increased business decision-making risks faced by enterprises. The Company will strengthen the monitoring of local regulations, tax policies, labor policies, and other laws and regulations, objectively judge their impact on the Company's operations, formulate response strategies and take timely action plans, taking into account cost efficiency and local policies and regulations, and strive to achieve the Company's business goals.

(IX) Others

Applicable Not Applicable

VII. The circumstances and reasons for the Company's failure to disclose according to the standards due to special reasons such as non-applicability of the standards or state secrets and trade secrets

Applicable Not Applicable

Section IV Corporate Governance

I. Particulars on corporate governance

Applicable Not Applicable

During the reporting period, the Company, in strict accordance with the relevant requirements of the Company Law the Securities Law and the Code of Corporate Governance for Listed Companies, China Securities Regulatory Commission, and Shanghai Stock Exchange, strengthened information disclosure efforts, continuously optimized the corporate legal person governance structure, established the sound internal control system, and standardized the business operation, to effectively guarantee the interests of the Company and its all shareholders. The Company's general meeting of shareholders, Board of Directors, Board of Supervisors, and all operation levels had clear responsibilities. All directors, supervisors and members of the senior management were diligent and responsible. Directors and supervisors actively participated in the Company's general meetings of shareholders, meetings of the Board of Directors, and meetings of the Board of Supervisors, and earnestly performed their responsibilities. Related directors voluntarily abstained from voting on relevant related transactions to ensure the safe, stable, healthy and sustainable development of the Company.

(I) Shareholders and general meetings of shareholders: The Company convened and held general meetings of shareholders in accordance with the requirements of the Company Law, the Articles of Association, and the Rules of Procedure for the General Meeting of Shareholders. The general meetings of shareholders complied with the relevant provisions in aspects of preparations, proposals, procedures, voting and resolutions, resolution execution and information disclosure, and ensured that all shareholders, especially minority shareholders, fully exercised their voting rights and maintained equal status. and ensured that all shareholders, especially minority shareholders, fully exercised their voting rights and maintained equal status. The Company also invited lawyers to attend the general meetings of shareholders to confirm and witness the convening procedures, deliberation matters, and identities of attendees, and issue legal opinions to ensure the legality and validity of the general meeting of shareholders.

(II) Relationship between the controlling shareholder and the listed company: The Company and its controlling shareholder were independent of each other. The Company's board of directors, board of supervisors and internal institutions could operate independently. The Company established a long-term mechanism to prevent the controlling shareholder and its affiliated companies from occupying the listed company's funds and infringing on the listed company's interests, and no major shareholders occupied the listed company's funds and assets.

(III) Directors and the Board of Directors: The Company elected directors in strict accordance with the selection and appointment procedures stipulated in the Company Law and the Articles of Association. The Company's Board of Directors met the requirements of laws and rules in terms of number and composition of members. The Company's directors could seriously attend the meetings of the Board of Directors in accordance with the Procedure Rules of the Board of Directors and other regulations. The Board of Directors set up four special committees, namely the Audit Committee, the Strategy and Sustainability Committee, the Nomination Committee, and the Remuneration Committee, of which the membership is reasonable. Since their establishment, the special committees have been operating in strict accordance with the corresponding work regulations, and fully playing its professional role in the Company's operation and management. The independent directors of the Company, in strict compliance with the Guidelines on the Performance of Duties by Independent Directors, performed their responsibilities in a conscientious and responsible, diligent and honest manner, and put forward valuable opinions and suggestions in the process of reviewing related transactions and internal control norms.

(IV) Supervisors and the Board of Supervisors: The Company's Board of Supervisors strictly complied with the relevant provisions of the Company Law and the Articles of Association, met the requirements of laws and rules in terms of number and composition of members, and could, according to the Rules of Procedure of the Board of Supervisors and other regulations, seriously performed their responsibilities, and supervised the compliance with laws and regulations of the Company's finance personnel, directors and members of the senior management in performing their responsibilities and expressed relevant opinions.

(V) Performance evaluation and incentive and restraint mechanisms: The Company established fair and transparent performance evaluation standards and incentive and restraint mechanism for members of the

senior management; the members of the senior management of the Company were appointed in an open and transparent manner and in compliance with the provisions of relevant laws and regulations.

(VI) Information disclosure and transparency: The Company truthfully, accurately, completely and timely disclosed relevant information through Shanghai Securities News, China Securities Journal, Securities Times, and the website of Shanghai Stock Exchange, in strict accordance with relevant laws and regulations and the requirements of the Information Disclosure Management Regulations formulated by the Company, and did a good job in confidentiality before information disclosure, and earnestly fulfilled the obligation of information disclosure as a listed company, to ensure the openness, fairness and impartiality of information disclosure by the Company and actively safeguard the legitimate rights and interests of the Company and its investors, especially minority shareholders. During the reporting period, the Company was not criticized, condemned or punished by regulatory agencies for information disclosure violations.

(VII) Investor relations and related stakeholders: The Company, in accordance with the relevant requirements of the Self-disciplinary Rules Listed Companies No. 3 - Cash Dividends of Listed Companies by China Securities Regulatory Commission and the Guidelines for the Self-supervision of Listed Companies No. 1 - Standardized Operation of Shanghai Stock Exchange, firmly established the awareness of rewarding shareholders, improved the cash dividend regulations, maintained the consistency, rationality and stability of the cash dividend policy, and ensured the authenticity of cash dividend information disclosure. The Company actively received all kinds of investors, and set up an investor relations section on the Company's website, which further strengthened investors' understanding and recognition of the Company, promoted the benign interaction between the Company and investors, and was conducive to effectively protecting the interests of investors. The Company could fully respect and safeguard the legitimate rights and interests of its employees, suppliers, customers, banks and other stakeholders, and achieved mutual benefits in economic exchanges to promote the sustainable and healthy development of the Company.

(VIII) Establishment and improvement of the internal control system: The Company continuously improved the internal control system and strengthened the execution and implementation of internal control norms in strict accordance with the regulatory requirements, and performed the self-inspection and self-evaluation over the effectiveness of internal control of the Company's key business processes and key control links on the basis of strengthening daily supervision and special inspections.

(IX) Registration and management of insiders: The Company strictly implemented the Administrative Regulations for Registration of Information Insiders in accordance with the requirements of regulatory agencies.

Whether there are significant differences between the Company's corporate governance and laws, administrative regulations and the requirements of China Securities Regulatory Commission on corporate governance of listed companies; if there are significant differences, the reasons shall be explained

Applicable Not Applicable

II. Specific measures taken by the Company's controlling shareholder and actual controller to ensure the independence of the Company's assets, personnel, finance, organization, and business, and solutions, work progress and subsequent work plans adopted by them to affect the Company's independence

Applicable Not Applicable

For details, see the "Commitment to Guarantee the Independence of the Listed Company" in "Section VI Major Events".

Situation that the Company's controlling shareholder, actual controller, and other units under their control are engaged in the same or similar business as or with the Company, impact of horizontal competition or major changes in horizontal competition on the Company, settlement measures taken, settlement progress and subsequent settlement plans

Applicable Not Applicable

III. Brief Introduction to general meetings of shareholders

Meeting Session	Date	Query index of the designated website on which the resolution is published	Disclosure date when the resolution is published	Resolution
2023 Annual General Meeting of Shareholders	April 23, 2024	www.sse.com.cn (Announcement No.: 2024-043)	April 24, 2024	<ol style="list-style-type: none"> 1. Proposal on 2023 Work Report of the Board of Directors 2. Proposal on 2023 Work Report of the Board of Supervisors 3. Proposal on 2023 Financial Final Report 4. Proposal on the 2023 Annual Report and its Summary 5. Proposal on Profit Distribution Plan for 2023 6. Proposal on Actual Regular Related Party Transactions in 2023 and Predicted Regular Related Party Transactions in 2024 7. Proposal on Bank Credit Lines in 2024 8. Proposal on the Amount of Financial Derivative Transactions 9. Proposal on Guarantee Between Holding Subsidiaries 10. Proposal on the Amendment of the "Articles of Association" 11. Proposal on the Amendment of the "Rules of Procedure for the Board of Directors" 12. Proposal on the Amendment of the "Work Procedures for Independent Directors" 13. Proposal on the Amendment of the "Related Party Transactions Decision-Making System" 14. Proposal on the Amendment of the "External Guarantee Management System" 15. Proposal on the Amendment of the "Financial Assistance Management Measures" 16. Proposal on the Formulation of the "Audit Firm Selection and Appointment System" 17. Proposal on Renewing the Contract with the Financial Audit Institution 18. Proposal on Renewing the Contract with the Internal Control Audit Institution 19. Proposal on Election of Non-independent Directors 20. Proposal on Election of Independent Directors 21. Proposal on the Remuneration of the Chairman of the Sixth Session of the Board of Directors

				22. Proposal on Purchasing Liability Insurance for Directors, Supervisors and Senior Executives
The First Extraordinary General Meeting of Shareholders in 2024	September 13, 2024	www.sse.com.cn (Announcement No.: 2024-081)	September 14, 2024	1. Proposal on the Cancellation of Shares Repurchased in 2022 and Prior Years

Convening of an extraordinary general meeting of shareholder requested by the preferred shareholders whose voting rights have been restored

Applicable Not Applicable

Particulars on general meetings of shareholders

Applicable Not Applicable

IV. Directors, supervisors and members of the senior management**(I) Changes in shareholding and remuneration of current directors, supervisors, and senior management and those who left the position during the reporting period**

√Applicable □ Not Applicable

Unit: Share

Name	Position	Gender	Age	Start of tenure	End of tenure	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shareholding during the year	Reasons for change	Total pre-tax remuneration from the Company during the reporting period (RMB 10,000)	Whether received remuneration from related parties of the Company
Jeffrey Chen	Chairman of the Board of Directors	Male	61	2018-06-28	2026-04-23	163,100	233,000	69,900	Exercise of stock options	189	Yes
	Director			2016-04-19	2026-04-23					30	
Chen-Yen Wei	Director and President	Male	71	2008-06-20	2026-04-23	140,000	200,000	60,000	Exercise of stock options	515	No
Dtuang Wang	Director	Male	66	2018-07-16	2026-04-23	0	0	0	N/A	30	Yes
Andrew Robert Tang	Director	Male	50	2024-04-23	2026-04-23	0	0	0	N/A	20	Yes
Rutherford Chang	Former Director	Male	46	2010-03-10	2025-02-07	0	0	0	N/A	30	Yes
Neng Chao Chang	Director	Male	47	2017-04-17	2026-04-23	0	0	0	N/A	30	Yes
Yifan Li	Director	Male	58	2023-04-24	2026-04-23	0	0	0	N/A	30	No
Yongtao Cang	Independent director	Male	48	2023-04-24	2026-04-23	0	0	0	N/A	36	No
Jiangdong Huang	Independent director	Male	46	2023-04-24	2026-04-23	0	0	0	N/A	36	No
Wei Guo	Independent director	Female	43	2023-04-24	2026-04-23	0	0	0	N/A	36	No

Li Zhang	Independent director	Female	47	2024-04-23	2026-04-23	0	0	0	N/A	24	No
Meng-Kuo Shih	Chairman of the Board of Supervisors	Male	62	2008-06-19	2026-04-23	0	0	0	N/A	30	Yes
Jye-Shing Lin	Supervisor	Male	51	2023-04-24	2026-04-23	0	0	0	N/A	30	Yes
David Huang	Employee supervisor	Male	53	2020-04-28	2026-04-23	0	0	0	N/A	80	No
Ta-I Lin	Vice President	Male	62	2011-02-09	2026-04-23	141,800	193,700	51,900	Exercise of stock options	176	No
Feng-Ta Chen	Vice President	Male	63	2008-06-20	2026-04-23	121,100	121,100	0	N/A	168	No
Jing Cao	Vice President	Male	66	2017-04-27	2026-04-23	0	0	0	N/A	460	No
Chen-Lung Wei	Vice President	Male	62	2017-04-27	2026-04-23	0	0	0	N/A	149	No
Tan-Yang Liu	Former Vice President and Chief Financial Officer	Male	60	2008-06-20	2024-10-30	70,000	70,000	0	N/A	115	No
Jinpeng Shi	Vice President and Secretary to the Board of Directors	Male	49	2018-06-28	2026-04-23	91,000	130,000	39,000	Exercise of stock options	281	No
Xinyu Wu	Vice President and Chief Financial Officer	Male	58	2024-10-28	2026-04-23	0	0	0	N/A	330	No
Total	/	/	/	/	/	727,000	947,800	220,800	/	2,825	/

Note: The fixed allowances received by the directors (including independent directors) of the Sixth Session of the Board of Directors and the supervisors of the Sixth Session of the Board of Supervisors of the Company have been considered and approved at the 2022 Annual General Meeting of the Company. Based on the data of professional surveys on the remuneration of senior executives of companies in the same industry in Chinese mainland, Taiwan and the United States, the remuneration level of the Company's senior executives is at the 50th to 75th percentile of the remuneration of senior executives of companies in the same industry. In 2024, the remuneration of Jing Cao, Vice President of the Company, was higher than that of other executives of the same rank, mainly due to the fact that the revenue generated by the business unit under his leadership accounted for more than 50% of the Company's consolidated revenue for the current year, and the level of profit was in line

with expectation; the remuneration of Chen-Yen Wei, President of the Company, was higher than that of the remuneration level for the rank of Vice President, which was in compliance with the Company's employee performance evaluation and management system; and Jeffrey Chen, Chairman of the Board of Directors, in addition to receiving remuneration from the Company, also served as director of ASE Technology Holding and its affiliates and received the remuneration for the directorship, and his remuneration arrangement was in compliance with the relevant rules of ASE Technology Holding.

Name	Work Experience
Jeffrey Chen	Mr. Jeffrey Chen, from Taiwan, China, graduated from the University of British Columbia with a master's degree in business administration. Mr. Chen previously worked for Citibank Taiwan as the general manager assistant and Bankers Trust Taipei Branch as the deputy general manager. He joined the predecessor of ASE Technology Holding Co., Ltd. in 1994, serving successively as the assistant to the central staff office, special assistant to the chairman and chief of staff of the Group, as well as CFO and director of ASE Test Limited, a subsidiary of the Group and a listed company on NASDAQ. In addition to serving as Chairman of the Board of the Company, he serves as director of ASE Technology Holding Co., Ltd., director (representative) and general manager of Shanghai headquarters of Advanced Semiconductor Engineering, Inc.
Chen-Yen Wei	Mr. Chen-Yen Wei, from Taiwan, China, holds a bachelor's degree from National Chiao Tung University. Mr. Wei joined Universal Scientific Industrial Co., Ltd in 1979, where he served successively as engineering manager, vice president of finished product business group, senior vice president of communication product business group, senior vice president of corporate service unit, and president of the company. Currently he serves as director and president of the Company.
Dtuang Wang	Mr. Dtuang Wang, from Taiwan, China, holds a bachelor's degree in laws from National Taiwan University, a master's degree in laws from National Chung Hsing University, and a doctorate in law from National Chengchi University. He was the CEO of ASE Cultural and Education Foundation, a director of Dinggu Holdings Co., Ltd., a director of Hongjing Construction Co., Ltd., an independent executive director of First Commercial Bank Co., Ltd., professor and dean of School of Law, Ming Chuan University. Currently he serves as Group Chief Executive and Corporate Governance Director of ASE Technology Holding Co., Ltd. and a member of the company's Risk Management Committee, a director of ASE Semiconductor Manufacturing Co., Ltd., and the honorary professor of Ming Chuan University Law School.
Andrew Robert Tang	Mr. Andrew Robert Tang, American, graduated from Yale University. Mr. Tang previously worked for Morgan Stanley, and joined Advanced Semiconductor Engineering, Inc. in 2014 where he currently assumes director (representative), Vice Chairman, and deputy CEO, and he also serves as the chief procurement officer of ASE Technology Holding Co., Ltd. Mr. Andrew Robert Tang has served as a director of USI since April 2024.
Rutherford Chang (former director)	Mr. Rutherford Chang, American, holds a bachelor's degree in Psychology from Wesleyan University. Mr. Chang served as the special assistant to the chairman of J&R Holding and the special assistant to the chairman of Advanced Semiconductor Engineering, Inc. In addition to serving as director of USI, he also serves as director of Advanced Semiconductor Engineering, Inc.
Neng Chao Chang	Mr. Neng Chao Chang, British, with a bachelor's degree in economics from Williams University, is a former analyst at Morgan Stanley. He currently serves as general manager of ASE Global Sales, director of ASE Test Inc., director of USI Inc., and director of Advanced Semiconductor Engineering, Inc.
Yifan Li	Mr. Yifan Li, American, holds a bachelor's degree in World Economy from Fudan University, an MBA degree from the University of Chicago, master's degree in Accounting from the University of Texas. Mr. Li is qualified as the United States Certified Public Accountant, Chartered

	Global Management Accountant, and member of the American Institute of Certified Public Accountants and the Texas Society of CPAs. He worked as Executive Vice President and CFO of Zhengxing Wheel Group Co.,Ltd., Vice President and CFO of Sanpower Group Co.,Ltd., director, Vice President and CFO of Zhejiang Geely Holding Group Co.,Ltd., founding partner and CFO of Human Horizons. In addition to serving as a director of USI, he also serves as an independent director of Shanghai Jinqiao Export Processing Zone Development Co., Ltd.
Yongtao Cang	Mr. Yongtao Cang, Chinese, holds a doctorate degree in accounting from Shanghai University of Finance and Economics. Mr. Cang is a non-practicing member of the Chinese Institute of CPA, and a member of CPA Australia. He worked as lecturer, assistant dean, associate professor of accounting and deputy dean successively at the School of Economics and Finance, Shanghai International Studies University (SISU). Currently he serves as professor of accounting at the School of Economics and Finance, SISU. Additionally, he served as an independent director of Zhejiang Qinglian Food Co.,Ltd.
Jiangdong Huang	Mr. Jiangdong Huang, Chinese, has a doctorate degree in law from East China University of Political Science and Law and qualifications to practice law in China. Mr. Huang worked as deputy director, director and deputy researcher of the Second Division of the China Securities Regulatory Commission (CSRC) Shanghai Office, deputy researcher of the CSRC Legal Affairs Department, deputy researcher of the Review Division of the CSRC Shanghai Commissioner Office, director of the Third Division of Investigation of the CSRC Shanghai Commissioner Office. He currently serves as partner of Grandall Law Firm, and independent director of Changjiang Pension Insurance Co.,Ltd., Sinopec Shanghai Petrochemical Company Limited and Fuanda Fund Management Co.,Ltd., and outside director of China Shipping Environment Technology (Shanghai) Co.,Ltd.
Wei Guo	Ms. Wei Guo, from Hong Kong, China, holds a doctorate degree in strategic management from the University of Maryland, an MBA degree from Marshall University, and a bachelor's degree in business from Auckland University of Technology. Ms. Guo used to work as assistant professor of strategy at Hong Kong Polytechnic University, and currently serves as associate professor of strategy and entrepreneurship at China Europe International Business School.
Li Zhang	Ms. Li Zhang, Chinese with permanent residency in Hong Kong, holds a bachelor's degree in economics and law from Nanjing University and a master's degree in business administration from Tsinghua University. Ms. Zhang used to be a first-class partner of Beijing Grandway Kaiwen Law Firm and is now a first-class partner of Zhong Lun Law Firm Shanghai Office. Ms. Li Zhang has served as an independent director of USI since April 2024.
Meng-Kuo Shih	Mr. Meng-Kuo Shih, from Taiwan, China, has a master's degree in management science from Taiwan Jiaotong University. Mr. Shih used to serve as deputy director of finance of TECO Electric & Machinery Co., Ltd., director of finance of TECO OPTRONICS CORPORATION, chief financial officer and spokesperson of InterServ International Inc., and chief financial officer of Advanced Semiconductor Engineering, Inc. In addition to the supervisor of USI, he holds the position of director of USI Inc.
Jye-Shing Lin	Mr. Jye-Shing Lin, from Taiwan, China, holds a master's degree in engineering from Massachusetts Institute of Technology (MIT) and National Taiwan University. Mr. Lin used to work for Accenture as a consultant and joined Advanced Semiconductor Engineering, Inc. in 2006. He currently serves as vice president of Advanced Semiconductor Engineering, Inc. Shanghai headquarters, and supervisor of USI Inc.
David Huang	Mr. David Huang, from Taiwan, China, holds an EMBA degree from Shanghai Jiaotong University. Mr. Huang previously worked for Universal Scientific Industrial Co., Ltd. Currently he serves as the director of USI's Manufacturing Service Division 1.
Chen-Lung Wei	Mr. Chen-Lung Wei, from Taiwan, China, holds an MBA's degree from Tunghai University. In July 1987, Mr. Wei joined in Universal Scientific Industrial Co., Ltd. where he served as the manager of the engineering department, the director of the development unit, the vice president of the

	business unit, the senior vice general manager of the business group, and the general manager of the Company. Currently, he serves as the vice president of the Company.
Ta-I Lin	Mr. Ta-I Lin, from Taiwan, China, has a bachelor's degree in Electrical Engineering from National Cheng Kung University and a master's degree of EMBA from Peking University. After graduation, Mr. Lin joined in Universal Scientific Industrial Co., Ltd. where he served successively as head of engineering, production, and business divisions, the general manager of information products business group, president of USI Electronics (Shenzhen) Co., Ltd., and manager of Universal Scientific Industrial Co., Ltd. Taiwan Factory. Currently, he serves as the Vice President of the Company.
Feng-Ta Chen	Mr. Feng-Ta Chen, from Taiwan, China, once served as deputy manager of SAMPO CORP., manager of wireless network card operation management of Universal Scientific Industrial Co., Ltd., associate manager of ERP project management, associate manager of global human resources administration, and general manager of Shanghai Zhangjiang Factory, Jinqiao Factory, and Shengxia Factory of USI. Currently, he serves as head of global business and after-sales service, global operations development, North American operations, special application products and green energy products business group, and vice president of the Company.
Jing Cao	Mr. Jing Cao, American, holds a double master's degree in engineering from Arizona State University. Once served as the senior Vice President of Mindspeed, the vice president of TE Connectivity, and the senior Vice President of UTAC Semiconductor Co., Ltd. Currently, serves as vice president of the Company.
Tan-Yang Liu (former senior executive)	Mr. Tan-Yang Liu, from Taiwan, China, holds a master's degree from the University of Southampton, UK. Once worked as director of Audit Department of KPMG, deputy manager of Underwriting Department of Taiwan International Securities Investment Consulting Corp., the deputy manager of International Department of UOB Securities Pte Ltd, the deputy manager of International Department of Mega Capital (Asia) Company Limited, and the vice president of Capital Market Department of Polaris Securities Co., Ltd. He serves as the vice president and chief financial officer of the Company.
Jinpeng Shi	Mr. Jinpeng Shi, Chinese, holds a bachelor's degree from the School of Economics and Management of Tongji University, and an EMBA degree from China Europe International Business School. Mr. Shi worked as the project manager of International Business Department of Guotai Junan Securities, the director of the Shanghai Investment Banking Department of Southwest Securities, and the vice president of Investment Banking Department, the president of No.3 Business Department and the managing director of China Great Wall Securities. Currently, he serves as vice president and the secretary to the Board of Directors of the Company.
Xinyu Wu	Mr. Xinyu Wu, Canadian, holds a Master of Business Administration (MBA) from Bryant University in the United States and is a Canadian Chartered Accountant (CA) and Certified Management Accountant (CMA). He previously served as Vice President of Finance at Celestica International Group in Canada, where his responsibilities encompassed financial management for the Asia-Pacific region, global operational financial management for the group, and international financial integration. Earlier in his career, he held roles including Cost Management Manager at IBM Asia-Pacific, Financial Analysis Manager in Canada, and positions at KPMG Singapore. Mr. Xinyu Wu joined USI in June 2020 and currently serves as Group CFO and CFO of FAFG.

Particulars on other information

Applicable Not Applicable

(II) Employment of current directors, supervisors and senior management and those who left the position during the reporting period**1. Employment in shareholders' companies**

√Applicable □ Not Applicable

Name of person employed	Name of shareholder's company	Position held in shareholder's company	Start of tenure	End of tenure
Jeffrey Chen	ASE Technology Holding Co., Ltd.	Director (representative)	2018-04-30	
	Advanced Semiconductor Engineering, Inc.	Director (representative)	2003-06-19	
	ASE Test Inc.	Director (representative)	1998-06-30	
	ASE (Shanghai) Inc.	Supervisor	2018-06-19	
	ASE (Korea) Inc.	Supervisor	2021-03-30	
	Wuxi Tongzhi Microelectronics Co.,Ltd.	Director	2022-05-27	
	ASE Test Limited (Singapore)	Director	1998-03-31	
	ASE Test Holdings Ltd.	Director	1999-04-12	
	Omniquest Industrial Ltd.	Director	2001-06-01	
	ASE Assembly & Test (Shanghai) Limited	Director	2023-06-05	
	Shanghai Ding Hui Real Estate Development Co., Ltd.	Director	2005-04-18	2024-05-08
	ASE Electronics Inc.	Director (representative)	2006-03-14	
	Advanced Semiconductor Engineering (HK) Limited	Director	2008-05-05	
	Shanghai Ding Wei Real Estate Development Co., Ltd.	Director	2010-06-01	2024-04-16
	Shanghai Ding Yu Real Estate Development Co., Ltd.	Director	2010-05-12	2024-04-21
	KunShan Ding Hong Real Estate Development Co., Ltd.	Director	2012-02-01	2024-06-02
	Shanghai Ding Qi Property Management Co., Ltd.	Director	2005-05-11	2024-04-13
	Shanghai Dingfan Business Management Co., Ltd	Director	2016-03-18	2024-04-19
	Shanghai DingXu Property Management Co., Ltd.	Director	2017-06-19	2024-04-15
	Real Tech Holdings Limited	Director	2008-12-04	
	USI Inc.	Chairman of the Board of Directors and director (representative)	2018-06-26	
	Huntington Holdings International Co., Ltd.	Director	2012-06-30	
	Shanghai Dingxu Property Management Co., Ltd. –	Director	2016-03-31	2024-04-17
Real Tech Holdings Limited	Director	2012-06-30		
ASE Environmental Protection and Sustainability Foundation	Director	2020-09-14		
ASE Cultural and Educational Foundation	Director	2020-06-10		

	ASE Enterprise Service (Shanghai) Co., Ltd	Supervisor	2023-11-01	
Chen-Yen Wei	USI Inc.	Director (representative)	2015-04-01	2025-06-23
	HUNTINGTON HOLDINGS INTERNATIONAL CO. LTD.	Director	2012-06-30	
	UNITECH HOLDINGS INTERNATIONAL CO. LTD.	Director	2012-06-30	
	Real Tech Holdings Limited	Director	2012-06-30	
	USI Enterprise Limited	Director	2012-12-28	2025-06-23
Dtuang Wang	ASE Technology Holding Co., Ltd.	Chief executive and corporate governance director, member of the Risk Management Committee and chief risk officer, chief information security officer	2018-04-30	
	Advanced Semiconductor Engineering, Inc.	Director (representative) and chief executive	2018-04-30	
	Advanced Semiconductor Engineering (China) Ltd.	Chairman of the Board of Directors and General Manager	2018-07-05	
	ASE Assembly & Test (Shanghai) Limited	Director and President	2021-07-29	
	Sino Horizon Holdings Limited	Director	2014-06-18	
	Hung Ching Development & Construction Co., Ltd.	Director	2011-07-13	
	Hung Chin Hsin Co., Ltd.	Director and President	2011-08-08	
	ASE Social Enterprise Co., Ltd.	Director and President	2022-04-21	
	ASE Environmental Protection and Sustainability Foundation	Director and CEO	2020-09-14	
	Goodcare Holdings Inc.	Director	2023-03-14	
Rutherford Chang	ASE Technology Holding Co., Ltd.	Director	2018-04-30	2025-02-07
	Advanced Semiconductor Engineering, Inc.	Director (representative)	2009-06-26	2025-02-07
	ASE Test Inc.	Director (representative)	2011-07-27	2025-02-07
	ASE Investment (Kunshan) Limited	Director and General Manager	2012-05-24	2025-02-07
	USI Inc.	Director (representative)	2015-04-01	2025-02-07
Neng Chao Chang	Advanced Semiconductor Engineering, Inc.	Director (representative)	2018-04-30	
	ASE Test Inc.	Director (representative)	2015-08-06	
	USI Inc.	Director (representative)	2015-04-01	

Meng-Kuo Shih	USI Inc.	Director	2015-04-01	2025-06-23
	HUNTINGTON HOLDINGS INTERNATIONAL CO. LTD.	Director	2012-06-30	
	UNITECH HOLDINGS INTERNATIONAL CO. LTD.	Director	2012-06-30	
	Real Tech Holdings Limited	Director	2012-06-30	
	Universal ABIT Holding Co.,Ltd.	Director	2008-12-31	
	USI Enterprise Limited	Director	2012-12-28	2024-06-22
Andrew Robert Tang	Advanced Semiconductor Engineering, Inc.	Director (representative)	2024-06-27	
		Group Chief Procurement Officer	2023-09-01	
	ASE Global Integrated Solutions Co.,Ltd.	Chairman	2023-08-22	
	Advanced Semiconductor Engineering, Inc.	Director (representative)	2018-04-30	
		Vice Chariman	2022-12-15	
		Vice CEO	2023-01-01	
	ASE Test Inc.	Supervisor (representative)	2018-05-30	
	Shanghai Ding Hui Real Estate Development Co., Ltd.	Director	2018-08-29	
	Shanghai Ding Wei Real Estate Development Co., Ltd.	Director	2018-10-31	
	Shanghai Ding Yu Real Estate Development Co., Ltd.	Director	2018-10-17	
	USI Inc.	Supervisor (representative)	2018-06-26	
ASE Cultural and Educational Foundation	Director	2020-06-10		
ASE Environmental Protection and Sustainability Foundation	Director	2020-09-14		
Chen-Lung Wei	USI Inc.	Director	2015-04-01	2025-06-23
	HUNTINGTON HOLDINGS INTERNATIONAL CO. LTD.	Director	2012-06-30	
	Universal ABIT Holding Co.,Ltd.	Director	2008-12-31	
Tan-Yang Liu	USI Enterprise Limited	Director	2020-12-30	
Jye-Shing Lin	Advanced Semiconductor Engineering, Inc.	Deputy general manager of Shanghai headquarters	2016-09-22	
	Shanghai Ding Wei Real Estate Development Co., Ltd.	Vice President	2015-02-01	
	USI Inc.	Supervisor (representative)	2018-06-26	2025-06-23
Particulars on employment in shareholders' companies	None			

2. Employment in other companies

√Applicable □ Not Applicable

Name of person employed	Name of other companies	Position held in other companies	Start of tenure	End of tenure
Jeffrey Chen	Mercuries & Associates Holding, LTD	Independent director	2015-06-24	2024-06-21
Chen-Yen Wei	MUtek Electronics Co.,Ltd., etc	Director	2022-05-12	2025-05-11
	Lelon Electronics Corp.	Independent director	2022-06-29	2025-06-28
Dtuang Wang	Chang Yao Hong-Ying Social Welfare & Charity Foundation	Director and CEO	2020-07-25	
	Bank of Kaohsiung Co., Ltd.	Independent director	2023-05-25	
	School of Law of Ming Chuan University, etc.	Honorary Professor	2020-08-06	
Meng-Kuo Shih	MUtek Electronics Co.,Ltd., etc	Supervisor	2022-05-12	2025-05-11
	Global Venture Capital Co., Ltd.	Director	2023-06-12	2026-06-11
Yifan Li	Shanghai Jinqiao Export Processing Zone Development Co., Ltd.	Independent director	2019-06-25	
Yongtao Cang	School of Economics and Finance, Shanghai International Studies University	Professor of accounting	2021-12-31	
		Deputy dean	2023-11-19	2024-09-30
	Zhejiang Qinglian Food Co.,Ltd.	Independent director	2018-07-19	
Jiangdong Huang	Grandall Law Firm	Partner	2019-05-10	
	, Sinopec Shanghai Petrochemical Company Limited and Fuanda Fund Management Co.,Ltd., and outside director of China Shipping Environment Technology (Shanghai) Co.,Ltd.	Independent director	2023-06-28	
	Changjiang Pension Insurance Co.,Ltd.	Independent director	2021-09-16	
	Fuanda Fund Management Co.,Ltd.	Independent director	2023-07-25	
	China Shipping Environment Technology (Shanghai) Co.,Ltd.	Outside director	2023-05-30	
Wei Guo	China Europe International Business School	Associate professor of strategy and entrepreneurship	2020-06-01	
Li Zhang	Zhong Lun Law Firm Shanghai Office	First-class Partner	2014-06-01	
Jinpeng Shi	GJS Capital Co., Ltd.	Director	2023-05-28	2026-05-27
	Questyle Audio Technology Co.,Ltd	Director	2022-11-29	2025-11-28
Particulars on	None			

employment in other companies	
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(III) Remuneration of directors, supervisors and members of the senior management

Applicable Not Applicable

Decision-making procedures for the remuneration of directors, supervisors and members of the senior management	The Proposal on the Remuneration of Directors of the Sixth Session of the Board of Directors was considered and approved at the Twenty-second Meeting of the Fifth Session of the Board of Directors and the 2022 Annual General Meeting of Shareholders; the Proposal on the Remuneration of Supervisors of the Sixth Session of the Board of Supervisors was considered and approved at the Twentieth Meeting of the Fifth Session of the Board of Supervisors and the 2022 Annual General Meeting of Shareholders; the Proposal on the Remuneration of the Senior Management for 2024 was considered and approved at the Tenth Meeting of the Remuneration Committee of the Sixth Session of the Board of Directors, and the Seventeenth Meeting of the Sixth Session of the Board of Directors.
Whether a director abstained from voting in discussion of his or her own remuneration issues	Yes
Opinion of the Remuneration Committee or the Special Meeting of Independent Directors on matters relating to the remuneration of directors, supervisors and senior management	The Company held the Twenty-second Meeting of the Fifth Session of the Board of Directors on March 31, 2023, at which the Independent Directors verified the remuneration of the directors of the Sixth Session of the Board of Directors of the Company, and commented that: the remuneration of the directors drawn up by the Board of Directors of the Company was determined after taking into account the characteristics of the industry in which the Company is operating, the scale of operation of the Company, the level of corporate governance, the backgrounds and professional qualities of the directors, and in the light of the actual circumstances of the Company, which is conducive to the enhancement of scientific decision-making by the Board of Directors of the Company, and ensures the realization of the Company's development strategy objectives, and is in line with the interests of investors. We approve the Proposal on the Remuneration of Directors of the Sixth Session of the Board of Directors, and agree to submit the proposal to shareholders' meeting for deliberation. The Company held the Tenth Meeting of the Remuneration Committee of the Sixth Session of the Board of Directors on March 28, 2025, and the Remuneration Committee deliberated and approved the Proposal on the Chairman's Actual Remuneration for 2024 and the Remuneration Plan for 2025 with a view that the Chairman of the Board of Directors of the Company, Mr. Jeffrey Chen, in addition to holding the position of director in ASE Technology Holding and its affiliated companies, works exclusively for the Company, and the assessment and issuance of his remuneration for 2024 and his remuneration plan for 2025 are in compliance with the Company's operation and management and remuneration assessment systems and would not jeopardize the interests of the Company and its shareholders.
Determination basis for the remuneration of directors, supervisors and members of the senior management	The Company adopted fixed remuneration for directors and supervisors taking into account the characteristics of the industry in which the Company operates, the scale of business operations, the level of corporate governance, the backgrounds and professional

	<p>qualities of the directors and supervisors, as well as the actual situation of the Company.</p> <p>Remuneration of senior management shall be determined according to their performance appraisal, combined with the Company's financial status, profitability and progress of annual business objectives.</p>
Actual payment of the remuneration of directors, supervisors and members of the senior management	For details, see Section IV-I (I) Changes in shareholding and remuneration of current directors, supervisors, and senior management and those who left the position during the reporting period.
Total remuneration actually received by all directors, supervisors and members of the senior management at the end of the reporting period	RMB 28.25 million

(IV) Changes in directors, supervisors and members of the senior management of the Company

√Applicable □ Not Applicable

Name	Position	Change	Reason for change
Andrew Robert Tang	Director	Appointment	Appointment by shareholders' meeting
Li Zhang	Independent Director	Appointment	Appointment by shareholders' meeting

(V) Particulars on punishments by securities regulatory authorities in the past three years

□Applicable √Not Applicable

(VI) Others

□Applicable √Not Applicable

V. Meetings of the Board of Shareholders held during the reporting period

Meeting Session	Date	Contents
The Eighth Meeting of the Sixth Session of the Board of Directors	January 3, 2024	Proposal on Not Making Downward Adjustment to the Conversion Price of USI Convertible Bonds
The Ninth Meeting of the Sixth Session of the Board of Directors	February 7, 2024	Proposal on the Plan for Share Buy-back by Centralized Bidding Transactions in 2024
The Tenth Meeting of the Sixth Session of the Board of Directors	March 29, 2024	<ol style="list-style-type: none"> 1、 Proposal on 2023 Work Report of the Board of Directors 2、 Proposal on 2023 Work Report of the President 3、 Proposal on 2023 Financial Final Report 4、 Proposal on Profit Distribution Plan for 2023 5、 Proposal on 2023 Annual Report and its Summary 6、 Proposal on 2023 Annual Internal Control Self-Assessment Report 7、 Proposal on 2023 Sustainability Report 8、 Proposal on the Special Report on the Deposit and Actual Usage of the Raised Funds in 2023 9、 Proposal on Actual Regular Related Party Transactions in 2023 and Predicted Regular Related Party Transactions in

		<p>2024</p> <ol style="list-style-type: none"> 10、 Proposal on the Amount of Wealth Management Products Using Self-owned Idle Funds Allowed for 2023 11、 Proposal on Bank Credit Lines in 2023 12、 Proposal on the Amount of Financial Derivative Transactions 13、 Proposal on Recognition of Loss of Assets Deductible Against Taxable Income in 2023 14、 Proposal on Providing Financial Assistance to Subsidiaries 15、 Proposal on Guarantee Between Holding Subsidiaries 16、 Proposal on 2024 Internal Audit Plan 17、 Proposal 8: Amending the Articles of Association 18、 Amending Procedural Rules of the Board of Directors 19、 Proposal on Amending the Rules for Independent Directors 20、 Proposal on Amending the Rules of Procedure for the Strategy Committee of the Board of Directors 21、 Proposal on Amending the Rules of Connected Transaction Decision-making system 22、 Proposal on Amending the Rules of External Guarantee Management 23、 Proposal on Amending the Articles of Sustainability Committee 24、 Proposal on Amending the Articles of ESG Practice Code 25、 Proposal on Amending the Accounting Firm Selection and Appointment System 26、 Proposal on Renewing the Contract with the Financial Audit Institution for 2024 27、 Proposal on Renewing the Contract with the Internal Control Audit Institution for 2024 28、 Proposal on Nominating Candidates for the Sixth Session of the Board of Directors 29、 Proposal on Nominating Candidates for Independent Directors of the Sixth Session of the Board of Directors 30、 Proposal on the Actual Remuneration of Chairman of the Board in 2023 and the Remuneration Plan in 2024 31、 Proposal on Actual Remuneration of the Company's Senior Management in 2023 and the Remuneration Plan in 2024 32、 Proposal on Purchasing Liability Insurance for Directors, Supervisors and Senior Management 33、 Proposal on Cancellation of the Expired, Unexercised Shares of the First Exercise Period of the Incentive Stock Option Plan 2019 Part II 34、 Proposal on Company's Assessment Report on the CPA Firm's Performance in 2023 35、 Proposal on Holding 2023 Annual General Meeting of Shareholders
The Eleventh Meeting of the Sixth Session of the Board of Directors	April 23, 2024	<ol style="list-style-type: none"> 1、 Proposal on Quarterly Report for Q1 2024 2、 Proposal on the Adjusting the Members of Special Committees of the Sixth Session of the Board of Directors of the Company 3、 Proposal on Formulating Corporate Tax Policy 4、 Proposal on Adjusting the Exercise Price of 2019 Incentive Stock Option Plan After Profit Distribution 5、 Proposal on Adjusting the Exercise Price of 2023 Incentive Stock Option Plan After Profit Distribution

		6、 Proposal on the Report of Participation in the PI Semi Capital Increase
The Twelfth Meeting of the Sixth Session of the Board of Directors	July 18, 2024	1、 Proposal on The completion and termination of Core Employee Stock Ownership Plan Phase I 2、 Proposal on Formulating USI Sustainable Raw Materials Policy
The Thirteenth Meeting of the Sixth Session of the Board of Directors	August 23, 2024	1、 Proposal on 2024 Semi-Annual Report and its Summary 2、 Proposal on The Special Report on the Deposit and Actual Usage of the Raised Funds in the First Half of 2024 3、 Proposal on Providing Financial Assistance to Subsidiaries 4、 Proposal on Additional Amount of Wealth Management Products Using Self-owned Idle Funds 5、 Proposal on Cancellation of Shares Repurchased in 2022 and Previous Years 6、 Proposal on the adjustment of participants and cancellation of part of the options in the Incentive Stock Option Plan 2023 7、 Proposal on First exercise period of Incentive Stock Option Plan 2023 and the method of independent exercise 8、 Proposal on Holding the First Extraordinary General Meeting of Shareholders in 2024
The Fourteenth Meeting of the Sixth Session of the Board of Directors	October 28, 2024	1、 Proposal on Quarterly Report for Q3 2024 2、 Proposal on the Adjustment of Senior Management of the Company 3、 Proposal on Appointing Securities Affairs Representative 4、 Proposal on Formulating the Administrative Rules of Public Opinions 5、 Proposal on Extension of Investment in Corporate Venture Capital with Self-owned Funds 6、 Proposal on the adjustment of participants and cancellation of part of the options in the Incentive Stock Option Plan 2015
The Fifteenth Meeting of the Sixth Session of the Board of Directors	December 23, 2024	1、 Proposal on the completion and termination of Core Employee Stock Ownership Plan Phase I 2、 Proposal on Cancellation of the Expired, Unexercised Shares of the First Exercise Period of the Incentive Stock Option Plan 2019 Part III 3、 Proposal on the Unlock of the First Lock-up Period of 2023 Employee Stock Ownership Plan

VI. Performance of functions and duties by directors

(I) Attendance of directors at meetings of the Board of Directors and general meetings of shareholders

Director Name	Independent director or not	Attendance at the Board of Directors meetings						Attendance at the shareholders' meetings
		Number of meetings	Number of attendance in	Number of attendance by telecommunication	Number of attendance by	Number of absence	Absence for two consecutive	Number of attendance

		held this year	person		proxy		meetings	
Jeffrey Chen	No	8	8	4	0	0	No	2
Chen- Yen Wei	No	8	8	4	0	0	No	2
Rutherf ord Chang	No	8	8	4	0	0	No	2
Neng Chao Chang	No	8	8	4	0	0	No	2
Dtuang Wang	No	8	8	4	0	0	No	2
Yifan Li	No	8	8	4	0	0	No	2
Andrew Robert Tang	No	5	5	2	0	0	No	1
Yongtao Cang	Yes	8	8	4	0	0	No	2
Jiangdo ng Huang	Yes	8	8	4	0	0	No	2
Wei Guo	Yes	8	8	4	0	0	No	2
Li Zhang	Yes	5	5	2	0	0	No	1

Particulars on absence of two consecutive meetings of the Board of Directors

Applicable Not Applicable

Number of meetings of the Board of Directors held in 2024	8
Including: on site meetings	4
Meetings held by telecommunication	4
Number of meetings held both on site and by telecommunication	0

(II) Objection raised by directors to relevant issues of the Company

Applicable Not Applicable

(III) Others

Applicable Not Applicable

VII. Special committees under the Board of Directors

Applicable Not Applicable

(I) Members of special committees under the Board of Directors

Type of special committees	Name of members of special committees
Audit Committee	Yongtao Cang, Jiangdong Huang, Wei Guo, Jeffrey Chen, Yifan Li
Nomination Committee	Wei Guo, Jiangdong Huang, Yongtao Cang, Jeffrey Chen, Chen-Yen Wei
Remuneration Committee	Jiangdong Huang, Yongtao Cang, Wei Guo, Li Zhang, Chen-Yen Wei

Strategy and Sustainability Committee	Jeffrey Chen, Chen-Yen Wei, Neng Chao Chang, Andrew Robert Tang, Yifan Li, Wei Guo, Li Zhang
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(II) 4 meetings held by the Audit Committee during the reporting period

Date	Contents	Important comments and suggestions	Other information on performance of duties
March 29, 2024	The following proposals were deliberated and adopted: 1. Proposal on Financial Statements and Audit Report for 2023 2. Proposal on 2023 Financial Final Report 3. Proposal on 2023 Annual Internal Control Self-Assessment Report 4. Proposal on the Special Report on the Deposit and Actual Usage of the Raised Funds in 2023 5. Proposal on Actual Regular Related Party Transactions in 2023 and Predicted Regular Related Party Transactions in 2024 6. Proposal on the Wealth Management Products Using Self-owned Idle Funds Allowed for 2023 7. Proposal on Amending the Accounting Firm Selection and Appointment System 8. Proposal on Amending the Internal Audit Rules 9. Proposal on Renewing the Contract with the Financial Audit Institution for 2024 10. Proposal on Renewing the Contract with the Internal Control Audit Institution for 2024 11. Proposal on the Appointment of Head of Internal Audit 12. Proposal on Internal Audit Work Report for Q4 2023 13. Proposal on 2024 Internal Audit Plan 14. Proposal on the Report of the Audit Committee on the Fulfillment of Oversight Responsibilities of the Accounting Firm for 2023 15. Proposal on 2023 Performance Report of the Audit Committee	The Company's financial report was true, complete and accurate, with no related cheating, fraud and material misstatement, and the Company had no significant accounting error adjustments, no changes in significant accounting policies and estimates, no matters involving important accounting judgments, and no matters resulting other type of audit report than standard unqualified audit report. After the internal audit work report was reviewed, no major problems were found in the internal audit work. The Company used the raised funds in accordance with the provisions and requirements of relevant laws, regulations, and regulatory documents, and disclosed the relevant information of the raised funds in a timely, true, accurate and complete manner, with no violation of the use and management of the raised funds.	Communicated with the management on the Company's operations and development.
April 23, 2024	The following proposals were deliberated and adopted: 1. Proposal on Quarterly Report for Q1 2024	The Company operates strictly in accordance with the standard financial rules for the listed companies,	Communicated with the management on the Company's

	2. Proposal on Internal Audit Work Report for 2024	and the Company's Quarterly Report for Q1 2024 fully and fairly reflected the financial condition and operating results for the reporting period.	operations and development.
August 23, 2024	The following proposals were deliberated and adopted: 1. Proposal on 2024 Semi-Annual Report and its Summary 2. Proposal on the Special Report on the Deposit and Actual Usage of the Raised Funds in the First Half of 2024 3. Proposal on Additional Amount of Wealth Management Products Using Self-owned Idle Funds 4. Proposal on Internal Audit semi-annual Work Report for 2024	The Company operates strictly in accordance with the standard financial rules for the listed companies, and the Company's Quarterly Report for 2024 Semi-Annual fully and fairly reflected the financial condition and operating results for the reporting period.	Communicated with the management on the Company's operations and development.
October 28, 2024	The following proposals were deliberated and adopted: 1. Proposal on Quarterly Report for Q3 2024 2. Proposal on Work Report on Internal Audit for Q3 2024 3. Proposal on Adjustment of Senior Management of the Company	The Company operates strictly in accordance with the standard financial rules for the listed companies, and the Company's Quarterly Report for Q3 2024 fully and fairly reflected the financial condition and operating results for the reporting period.	Communicated with the management on the Company's operations and development.

(III) 2 meetings held by the Nomination Committee during the reporting period

Date	Contents	Important comments and suggestions	Other information on performance of duties
March 29, 2024	The following proposals were deliberated and adopted: 1. Proposal on Nominating Candidates for the Sixth Session of the Board of Directors 2. Proposal on Nominating of Independent Director Candidates for the Sixth Session of the Board of Directors	The nominated non-independent director candidates have the qualifications and ability to serve as directors of the Company, and have not been found to have any circumstances prohibiting them from serving as directors of the Company as stipulated by laws and regulations; the independent director candidates have the qualifications and experience to perform the duties of an independent director, and have the independence required for serving as an independent	None

		director, and have not been determined by the China Securities Regulatory Commission (CSRC) to be currently market banned. All the members agreed on the proposal.	
October 28, 2024	The following proposals were deliberated and adopted: 1. Proposal on the Nomination of Senior Management of the Company	The senior management personnel nominated herein are not in a situation where they are not allowed to be nominated as senior management; they have not been punished by the CSRC and other relevant authorities or disciplined by the stock exchange; they have not been investigated by the judicial authorities for suspected crimes or suspected of violating laws and regulations or subject to criminal investigation by the CSRC; they do not have any affiliation with the shareholders who hold more than 5% of the Company's shares, actual controllers, and the Company's other directors, supervisors and senior management; they are not the persons responsible for breach of trust or the targets of punishment for breach of trust, and they are not the persons subject to execution for breach of trust; and they do not have any other material matters requiring disclosure.	None

(IV) 5 meetings held by the Remuneration Committee during the reporting period

Date	Contents	Important comments and suggestions	Other information on performance of duties
March 29, 2024	The following proposals were deliberated and adopted: 1. Proposal on the Actual Remuneration of Chairman of the Board in 2023 and the Remuneration Plan in 2024 2. Proposal on Actual Remuneration of the Company's Senior Management in 2023 and the Remuneration Plan in 2024	The purchase of Directors and Senior Management Liability Insurance by the company safeguards the legitimate rights and interests of its directors, supervisors, and senior management (including those of subsidiaries). It supports their fulfillment of duties and lawful exercise of	None

	3. Proposal on Purchasing Liability Insurance for Directors, Supervisors and Senior Executives 4. Proposal on Cancellation of the Expired, Unexercised Shares of the First Exercise Period of the Incentive Stock Option Plan 2019 Part II	rights and obligations, thereby enhancing corporate governance standards.	
April 23, 2024	The following proposals were deliberated and adopted: Proposal on Performance Evaluation of the Company's Board of Directors	None	None
August 23, 2024	The following proposals were deliberated and adopted: 1. Proposal on the adjustment of participants and cancellation of part of the options in the Incentive Stock Option Plan 2023 2. Proposal on the First exercise period of Incentive Stock Option Plan 2023 and the method of independent exercise	In accordance with laws, regulations and relevant rules and regulations, the Remuneration Committee fully communicated and discussed the submitted proposal and unanimously agreed.	None
October 28, 2024	The following proposals were deliberated and adopted: Proposal on the adjustment of participants and cancellation of part of the options in the Incentive Stock Option Plan 2015	The adjustment and granting of options are in line with the relevant provisions of the Company's 2015 Stock Option Incentive Plan.	None
December 23, 2024	The following proposals were deliberated and adopted: 1. Proposal on Cancellation of the Expired, Unexercised Shares of the First Exercise Period of the Incentive Stock Option Plan 2019 Part III	The cancellation are in line with the relevant provisions of the Company's 2019 Incentive Stock Option Plan.	None

(V) 3 meetings held by the Strategy and Sustainability Committee during the reporting period

Date	Contents	Important comments and suggestions	Other information on performance of duties
February 7, 2024	Proposal on the Plan for Share Buy-back by Centralized Bidding Transactions in 2024	This share repurchase is conducive to safeguarding shareholder interests and reinforcing investor confidence.	None
March 29, 2024	1. Report on the special project of USI Park Urban 2. USI's Business Strategy in 2024	None	None
October 28, 2024	Proposal on Adjusting the Duration of Using Self-Owned Funds for Corporate Venture Capital Investments	Given the impact of external factors such as macroeconomic fluctuations, it is agreed to continue corporate venture capital investments using internal funds within the remaining allocated quota, provided that normal business	None

		operations are unaffected and systemic risks are controlled. No fixed investment timeframe will be imposed.	
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(VI) Specific particulars on matters of objection

Applicable Not Applicable

VIII. Particulars on risks in the Company identified by the Board of Supervisors

Applicable Not Applicable

The Board of Supervisors had no objection to the supervision during the reporting period.

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

Number of on-the-job employees of the parent company	1,960
Number of on-the-job employees of the main subsidiaries	20,244
Total number of on-the-job employees	22,204
Number of retirees of whom the parent company and major subsidiaries are responsible for the expenses	31
Breakdown by function	
Function	Number
Production	14,032
Sales	704
Technical	4,267
Financial	191
Administrative	3,010
Total	22,204
Breakdown by education background	
Education background	Number
Doctor's degree	22
Master's degree	1,683
Bachelor's degree	6,133
Junior college	2,710
Senior high school and below	11,656
Total	22,204

(II) Remuneration policy

Applicable Not Applicable

According to the needs of the Company's development strategy, combined with industrial characteristics, talent market supply and demand, employment areas and other factors, the Company applied a market-following strategy for the remuneration of ordinary position personnel, while gave key position personnel and outstanding talents competitive remuneration and provided them with equity incentives such as stock options or employee stock ownership plan.

(III) Training program

Applicable Not Applicable

In order to enhance the effectiveness of organizational learning and create a learning corporate culture, the Company has set up the "USI University" (USIU), which continuously improves and develops the professional knowledge, skills and abilities of employees through the USIU online and offline courses, so

as to achieve the strategic goals of the Company. USIU offers internal training courses in different categories designed systematically and arranged by five colleges, so that employees can take required courses, join training sessions held by internal lecturers as well as workshops organized by external professional lecturers. The Company also promotes the Individual Development Program, so as to ensure the depth and breadth of employees' career development and contribute to the Company's sustainable development.

(IV) Labor outsourcing

Applicable Not Applicable

Total working hours of labor outsourcing	4,738,136
Total remuneration paid for labor outsourcing	13,526.56

X. Plan for profit distribution or conversion of capital reserve into share capital

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

Applicable Not Applicable

1. Formulation of the cash dividend policy

In order to improve and perfect the Company's scientific, sustainable, stable and active dividend distribution and monitoring mechanism, and to actively reward investors, the Company has formulated a clear cash dividend policy and its decision-making and adjustment mechanism in the Articles of Association in accordance with the Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of Listed Companies and other relevant policies.

2. Implementation of the cash dividend policy

During the reporting period, the Company formulated the profit distribution plan for 2023 in accordance with the relevant regulations, the cash expenditure needs of the Company and the relevant provisions of the Articles of Association and taking into account the actual operation of the Company as the following: Regarding its profit distribution plan for 2023, USI is going to distribute a cash dividend of RMB 2.70 (tax included) for every 10 shares on the basis of the total share capital on the record date for implementing the plan after deducting the number of shares in its special buy-back securities account, without bonus share or transfer of capital reserve into share capital, and all the remaining undistributed profits shall be carried forward for distribution in the following years. The total share capital of the Company on the record date for implementing the plan for 2023 was 2,210,611,709 shares. USI paid out the cash dividends on the basis of 2,186,285,964 shares, excluding 24,325,745 shares in its special buy-back securities account. 2023 profit distribution was completed on June 5, 2024.

3. Adjustment of cash dividend policy

During the reporting period, the Company did not adjust its cash dividend policy.

(II) Special description of the cash dividend policy

Applicable Not Applicable

Whether in compliance with provisions of the Articles of Association or requirements of the resolution of the general meeting of shareholders	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the dividend standard and ratio are definite and clear	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the related procedures and mechanisms for decision-making are complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether independent directors performed their duties responsibly and played their due roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether minority shareholders were given the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests were fully protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

(III) If the profits of the Company and the parent company's profits distributable to shareholders are positive during the reporting period, but there is no profit distribution plan, the Company shall disclose the reasons, the usage and the utilization plan of the undistributed profits in detail

Applicable Not Applicable

(IV) Plan of profit distribution and conversion of capital reserve into share capital in the reporting period

Applicable Not Applicable

Unit: yuan Currency: RMB

Number of bonus shares distributed for every 10 shares held	0
Dividend for every 10 shares held (RMB yuan) (tax included)	2.30
Number of shares transferred from capital reserve for every 10 shares held	0
Amount of cash dividend (tax included)	503,575,699.72
Net profits attributable to common shareholders of the listed company in 2023	1,652,482,815.41
Proportion of cash dividend to net profits attributable to common shareholders of the listed company (%)	30.47
Amount of share repurchase included in the cash dividend distribution	100,033,251.00
Total amount of dividend (tax included)	603,608,950.72
Proportion of total dividend distributed to net profits attributable to common shareholders of the listed company (%)	36.53

(V) Cash dividends for the last three fiscal years

Applicable Not Applicable

Unit: yuan Currency: RMB

Cumulative cash dividend amount for the last three fiscal years (including tax)(1)	2,032,801,371.95
Cumulative amount of repurchase and write-off in the last three fiscal years(2)	432,147,608.76
Cumulative amount of cash dividends and repurchase and write-off in the last three fiscal years(3)=(1)+(2)	2,464,948,980.71
Average annual net income for the last three fiscal years(4)	2,220,098,920.91
Proportion of cash dividends in the last three fiscal years (%) (5)=(3)/(4)	111.03
Net profit attributable to common shareholders of the listed company in the consolidated statement of income for the most recent fiscal year	1,652,482,815.41
Undistributed profit at the end of the year in the parent company's statement for the most recent fiscal year	3,801,285,913.02

XI. Equity incentive plan, employee stock ownership plan or other employee incentive measures of the Company and their impacts

(I) Incentive matters disclosed in temporary announcements and without further progress or change in subsequent implementation

Applicable Not Applicable

Overview	Index
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<p>Completion of Secondary Market Stock Purchases for the 2023 Employee Stock Ownership Plan: The Company entrusted a trust institution to establish a trust plan for purchasing company shares through the secondary market via centralized bidding. As of January 16, 2024, a total of 5,722,397 shares, representing 0.26% of the Company's total share capital, have been purchased. The total transaction amount was RMB 82,129,501.83 (excluding transaction fees), with an average transaction price of approximately RMB 14.35 per share.</p>	<p>For details, see the announcement (No.: 2024-004) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on January 18, 2024</p>
<p>Cancellation of Expired Unexercised Stock Options Under the Second Exercise Period of the 2019 Stock Option Incentive Plan (Initial and Reserved Grants): On March 29, 2024, the company convened the 10th meeting of the 6th session of the Board of Directors and the 7th meeting of the 6th session of the Board of Supervisors, during which the "Proposal on the Cancellation of Expired Stock Options Under the Second Exercise Period of the 2019 Stock Option Incentive Plan (Initial and Reserved Grants)" was reviewed and approved. Given that the second exercise period for the initial grant portion of the 2019 Stock Option Incentive Plan expired on November 27, 2023, the company agreed to cancel 880,252 unexercised stock options held by 103 participants. Similarly, the second exercise period for the reserved grant portion expired on November 8, 2023, and the company agreed to cancel 297,000 unexercised stock options held by 4 participants. Following this adjustment, the total number of stock options under the initial grant portion has been revised from 13,138,705 to 12,258,453, and the total number of stock options under the reserved grant portion has been revised from 594,000 to 297,000.</p>	<p>For details, see the announcement (No.: 2024-038) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 2, 2024</p>
<p>Results of Exercise of Stock Options for the First Quarter of 2024: 2015 Stock Option Incentive Plan Exercise Results: During this quarter, a total of 0 shares were exercised and completed share transfer registration. As of March 31, 2024, the cumulative number of shares exercised and completed transfer registration was 8,618,787 shares, accounting for 42.42% of the total exercisable stock options. 2019 Stock Option Incentive Plan (Initial Grant) Exercise Results: During this quarter, a total of 323,900 shares were exercised and completed share registration. As of March 31, 2024, the cumulative number of shares exercised and completed transfer registration was 9,123,553 shares, accounting for 74.43% of the total exercisable stock options. 2019 Stock Option Incentive Plan (Reserved Grant) Exercise Results: As of the first quarter of 2024, no incentive recipients have exercised their stock options.</p>	<p>For details, see the announcement (No.: 2024-024) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 2, 2024.</p>
<p>Adjustment of Exercise Price for the 2023 Stock Option Incentive Plan: Due to the implementation of the annual equity distribution, the exercise price of the 2023 Stock Option Incentive Plan has been adjusted from RMB 14.54 per share to RMB 14.27 per share.</p>	<p>For details, see the announcement (No.: 2024-046) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 25, 2024</p>
<p>Adjustment of Exercise Prices for the 2019 Stock Option Incentive Plan (Initial Grant and Reserved Grant): Due to the implementation of the annual equity distribution, the exercise price for the initial grant portion of the 2019 Stock Option Incentive Plan has been adjusted from RMB 11.98 per share to RMB 11.71 per share, and the exercise price for the reserved grant portion</p>	<p>For details, see the announcement (No.: 2024-045) disclosed by the Company on the website of Shanghai Stock Exchange</p>

has been adjusted from RMB 20.46 per share to RMB 20.19 per share.	(www.sse.com.cn) on April 25, 2024
<p>Results of Exercise of Stock Options for Q2 2024: 2015 Stock Option Incentive Plan Exercise Results: A total of 18,900 shares were exercised and completed share transfer registration. Cumulative as of June 30, 2024: A total of 8,637,687 shares were exercised and completed share transfer registration, accounting for 42.51% of the total exercisable stock options. 2019 Stock Option Incentive Plan (Initial Grant Portion) Exercise Results: A total of 658,800 shares were exercised and completed share registration. As of June 30, 2024, a total of 9,782,353 shares were exercised and completed share registration, accounting for 79.80% of the total exercisable stock options. 2019 Stock Option Incentive Plan (Reserved Grant Portion) Exercise Results: As of Q2 2024, no participants have exercised their options.</p>	For details, see the announcement (No.: 2024-061) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on July 2, 2024
<p>Termination of the First Core Employee Shareholding Plan Upon Completion: On July 18, 2024, the company held the 12th meeting of the sixth Board of Directors, during which the "Proposal on the Termination of the First Core Employee Shareholding Plan Upon Completion" was reviewed and approved. The Board agreed to terminate the First Core Employee Shareholding Plan.</p>	For details, see the announcement (No.: 2024-066) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on July 20, 2024
<p>Announcement on the Fulfillment of Exercise Conditions for the First Exercise Period of the 2023 Stock Option Incentive Plan and the Cancellation of Partial Stock Options: As of the period from October 14, 2023, to August 23, 2024, 3 incentive recipients resigned, and 11 incentive recipients opted out, resulting in the number of incentive recipients under the 2023 Stock Option Incentive Plan being adjusted from 398 to 384. Additionally, 6 incentive recipients failed to meet the annual performance evaluation standards for 2023, necessitating the cancellation of the stock options granted to them for the first exercise period. Consequently, it is proposed to cancel a total of 637,500 stock options that were granted but not yet exercised by the aforementioned resigned, opted-out, and underperforming incentive recipients. After this adjustment, the total number of stock options under the company's 2023 Stock Option Incentive Plan will be adjusted from 14,506,000 to 13,868,500.</p>	For details, see the announcement (No.: 2024-077) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on August 27, 2024
<p>Results of the Voluntary Exercise of Stock Options for the Third Quarter of 2024: 2015 Stock Option Incentive Plan Exercise Results: During this quarter, a total of 163,205 shares were exercised and completed the share transfer registration. As of September 30, 2024, a cumulative total of 8,800,892 shares have been exercised and completed the share transfer registration, accounting for 43.32% of the total exercisable stock options. 2019 Stock Option Incentive Plan (Initial Grant) Exercise Results: During this quarter, a total of 686,704 shares were exercised and completed the share transfer registration. As of September 30, 2024, a cumulative total of 10,469,057 shares have been exercised and completed the share transfer registration, accounting for 85.40% of the total exercisable stock options. 2019 Stock Option Incentive Plan (Reserved Grant) Exercise Results: As of the third quarter of 2024, no incentive recipients have exercised their stock options under this plan.</p>	For details, see the announcement (No.: 2024-086) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on October 9, 2024.
Adjustment of Incentive Recipients and Cancellation of Part of the Company's Stock Options under the 2015 Stock Option Incentive	For details, see the announcement (No.: 2024-

<p>Plan: In light of the fact that, from October 25, 2023, to October 28, 2024, 15 incentive recipients have resigned and 13 incentive recipients have retired, the company has agreed to cancel 248,600 stock options that were granted to the 15 resigned recipients but had not yet been exercised. As for the 13 retired recipients, the stock options granted to them but not yet exercised had already been approved for exercise during the four exercise periods prior to their retirement; therefore, their exercise rights will continue to be retained. After this adjustment, excluding the resigned and retired individuals, the number of incentive recipients has been adjusted to 889, and the total number of stock options granted has been adjusted to 20,068,767 (including the stock options that meet the exercise conditions but have not yet been exercised by the retired incentive recipients).</p>	<p>091) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on October 30, 2024.</p>
<p>Termination of the Second Phase Core Employee Shareholding Plan upon Completion: On December 23, 2024, the company convened the 15th meeting of the sixth board of directors, during which the "Proposal on the Termination of the Second Phase Core Employee Shareholding Plan upon Completion" was reviewed and approved. The board agreed to terminate the Second Phase Core Employee Shareholding Plan.</p>	<p>For details, see the announcement (No.: 2024-101) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on December 25, 2024</p>
<p>Cancellation of Unexercised Stock Options from the Third Exercise Period of the 2019 Stock Option Incentive Plan (Initial and Reserved Grants): As the third exercise period for the initial grant portion of the 2019 Stock Option Incentive Plan expired on November 27, 2024, the company has agreed to cancel 794,580 unexercised stock options held by 90 incentive recipients. Similarly, the third exercise period for the reserved grant portion of the 2019 Stock Option Incentive Plan expired on November 8, 2024, and the company has agreed to cancel 297,000 unexercised stock options held by 4 incentive recipients.</p>	<p>For details, see the announcement (No.: 2024-102) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on December 25, 2024</p>
<p>Unlocking of the First Lock-Up Period for the 2023 Employee Stock Ownership Plan Upon Meeting Performance Criteria: The first lock-up period for the 2023 Employee Stock Ownership Plan is about to expire, and the shares are eligible for unlocking as the performance criteria have been met. Upon the expiration of the first lock-up period, the Management Committee will, in accordance with the relevant provisions of the 2023 Employee Stock Ownership Plan and the 2023 Employee Stock Ownership Plan Management Measures, sell the shares at an opportune time and proceed with their distribution.</p>	<p>For details, see the announcement (No.: 2024-103) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on December 25, 2024</p>
<p>Results of Voluntary Exercise of Stock Options for Q4 2024: 2015 Stock Option Incentive Plan Exercise Results: During this quarter, a total of 160,550 shares were exercised and transferred. As of December 31, 2024, the cumulative number of shares exercised and transferred reached 8,961,442, accounting for 44.65% of the total exercisable stock options. 2019 Stock Option Incentive Plan (Initial Grant) Exercise Results: During this quarter, a total of 994,816 shares were exercised and transferred. As of December 31, 2024, the cumulative number of shares exercised and transferred reached 11,463,873, accounting for 93.52% of the total exercisable stock options. 2019 Stock Option Incentive Plan (Reserved Grant) Exercise Results: As of Q4 2024, no participants have exercised their options under the reserved grant portion.</p>	<p>For details, see the announcement (No.: 2025-001) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on January 3, 2025</p>

(II) Incentive matters not disclosed in temporary announcements or with further progress

Equity incentive

Applicable Not Applicable

Other explanations

Applicable Not Applicable

Employee stock ownership plan

Applicable Not Applicable

Other incentive measures

Applicable Not Applicable**(III) Equity incentives granted to directors and members of the senior management during the reporting period**Applicable Not Applicable**(IV) Establishment and implementation of appraisal mechanism and the incentive mechanism for senior management during the reporting period**Applicable Not Applicable

The Company had an appraisal and incentive mechanism. The Remuneration Committee evaluated directors, supervisors and members of the senior management and formulated an annual remuneration plan based on the profit completion and the Company's operational indicators of the year. The plan comprehensively considered the average annual salary level of related industries and the current situation of the Company, and linked the annual salary of the Company's operators with the Company's financial position, profitability and completion of annual business goals, to fully mobilize the enthusiasm of operators, further improve the work performance appraisal and the survival of the fittest mechanism for the Company's members of the senior management, and strengthen the restraint of responsibility objectives.

XII. Construction and implementation of internal control system during the reporting periodApplicable Not Applicable

In accordance with the requirements of the Company Law, the Basic Standards for Enterprise Internal Control, and their supporting guidelines, as well as other relevant laws and regulations, the company has established internal control systems for various business operations and strictly implemented them. At the same time, the company continues to carry out the construction, optimization, and improvement of internal controls. During the reporting period, the company revised a total of 9 systems, including the Articles of Association and the Rules of Procedure for the Board of Directors, and formulated 3 new systems, including the Group Tax Policy, the Audit Firm Selection and Appointment System, and the Public Opinion Management System. The company also guided its subsidiaries to conscientiously implement internal control systems, improve relevant business processes, and effectively ensure the effectiveness of internal controls.

The Company maintained effective internal control over all material aspects of financial and non-financial reporting during the reporting period, as detailed in the 2024 Internal Control Evaluation Report disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) at the same time as this report.

Particulars on major defects in the internal control during the reporting period

Applicable Not Applicable**XIII. Management and control on subsidiaries during the reporting period**Applicable Not Applicable

During the reporting period, subject to the requirements of the Company's internal control system, the Company carried out effective management in terms of operation, organization structure, human resources,

finance, capital, guarantee and information disclosure of its subsidiaries in accordance with the Administration Regulations for Subsidiaries. In order to strengthen the compliance management of subsidiaries and enhance management efficiency and convenience, the Company developed and put on line a software platform of corporate governance system, which integrates a series of functions such as entity management, meeting management, and reporting of major issues, which enhances the digitalization of the compliance management of subsidiaries. Subsidiaries operated in accordance with the administration regulations formulated by the Company, and established corresponding decision-making, execution, monitoring and feedback systems. Their organizational structures were with clear division of labor and sound and clear functions.

XIV. Particulars on the internal control audit report

Applicable Not Applicable

The internal control audit report is available on the website of the Shanghai Stock Exchange at www.sse.com.cn.

Whether disclosed the internal control audit report: Yes

Type of internal control audit report opinion: standard unqualified opinion

XV. Rectification of problems identified in self-examination of governance special actions by the listed company

Not Applicable

XVI. Others

Applicable Not Applicable

Section V Environmental and Social Responsibility

I. Environmental information

Whether relevant mechanisms for environmental protection are established	Yes
Investment in environmental protection during the reporting period (unit: RMB 10,000 yuan)	3,585

(I) Environmental protection information of companies belonging to key pollutant-discharge units and their main subsidiaries announced by the environmental protection department

Applicable Not Applicable

The companies included in the key pollutant discharge units during the reporting period are USI (not including subsidiaries) and wholly-owned subsidiary Asteelflash Suzhou.

1. Pollutant Discharge Information

Applicable Not Applicable

(1) The information of wastewater detection and waste treatment in USI (not including subsidiaries) in 2024 is as follows:

Information on Wastewater Discharge in 2024			
Number & position of wastewater discharge port	DW001	Monitoring units and methods	Entrust Shanghai Huihuan Environmental Testing Co., Ltd. to test
Discharge standard	GB 39731-2020 Electronic Industry Water Pollutant Discharge Standard, DB31/199-2018 “Integrated Wastewater Discharge Standard”	Discharge mode and destination	It is discharged from the pipe and enters the urban sewage treatment plant
Testing items	Standard value	Test date	
		2024/9/9	
pH	6-9	7.7	
Chemical Oxygen Demand (COD) (mg/L)	500	52	
Anionic Surfactant (mg/L)	20	0.22	
Biochemical Oxygen Demand (BOD5) (mg/L)	300	24.8	
Ammonia Nitrogen (NH3-N) (mg/L)	45	0.854	
Total Phosphorus (mg/L)	8	0.76	
Total Nitrogen (mg/L)	70	3.64	
Suspended Solids (SS) (mg/L)	400	12	
Petroleum (mg/L)	15	ND	

Animal and Vegetable Oils (mg/L)	100	1.03
Dissolved Solids (mg/L)	2000	248
Note	/	Qualified

Information on Solid (Hazardous) Waste Discharge in 2024						
Name	Category	Code	Output (tons)	Transfer amount (tons)	Storage capacity (tons)	Disposal or recovery
PCB dust, board edge, PCB with parts	Hazardous waste	900-045-49	40.331	40.331	0	Handed over to a qualified unit for processing
Empty barrels, rags, filter elements and sludge contaminated with chemicals	Hazardous waste	900-041-49	41.51	41.51	0	Handed over to a qualified unit for processing
Organic resin	Hazardous waste	900-014-13	43.804	43.804	0	Handed over to a qualified unit for processing
Bromopropane	Hazardous waste	900-404-06	3.274	3.274	0	Handed over to a qualified unit for processing
DF10 and other solvents	Hazardous waste	900-402-06	192.889	192.889	0	Handed over to a qualified unit for processing
Isopropanol and other solvents	Hazardous waste	900-402-06	18.631	18.631	0	Handed over to a qualified unit for processing
Waste liquids generated in the laboratory	Hazardous waste	900-047-49	0.1	0.1	0	Handed over to a qualified unit for processing
Waste oil	Hazardous waste	900-249-08	0.411	0.411	0	Handed over to a qualified unit for processing
Waste cutting fluid	Hazardous waste	900-006-09	0.094	0.094	0	Handed over to a qualified unit for processing
Waste activated carbon	Hazardous waste	900-039-49	14.092	14.092	0	Handed over to a qualified unit for processing
Waste fluorescent tubes	Hazardous waste	900-023-29	0.017	0.017	0	Handed over to a qualified unit for processing
Waste lead-acid batteries	Hazardous waste	900-052-31	1.1998	1.1828	0.017	Handed over to a qualified unit for processing
Waste sludge	Hazardous waste	900-041-49	4.092	4.092	0	Handed over to a qualified unit for processing
Waste mud	Hazardous waste	900-064-17	4.68	4.68	0	Handed over to a qualified unit for processing
Lead-containing waste (tin slag, solder paste, etc.)	Hazardous waste	900-025-31	0.798	0.798	0	Handed over to a qualified unit for processing

Information on Industrial Exhaust Emission in 2024						
Sampling point position	Standard dry flue gas flow rate	Test result				Remarks: Reporting date: January 9, 2024
		Particulate matter		Voc		
		Emission concentration Mg/m3	Emission rate Kg/h	Emission concentration Mg/m3	Emission rate Kg/h	
DA001	57,800	ND	-	1.20	0.0694	Entrusted third party: Shanghai Huihuan Environmental Testing Co., Ltd. to test
DA002	120,000	1.0	0.120	2.73	0.328	
Integrated Emission Standard of Air Pollutants (DB 31/933-2015)		30	1.5	70	3.0	

(2) Information on wastewater detection and waste treatment of Asteelflash Suzhou in 2024 is as follows:

Information on Wastewater Discharge in 2024			
Number & position of wastewater discharge port	Coordinates: X=53452.745 Y=31496.402	Monitoring units and methods	Suzhou Youlian Checking & Measuring Technology Service Co., Ltd.
Discharge standard	Wastewater quality standards for discharge to municipal sewers GB/T31962-2015	Discharge mode and destination	It is discharged from the pipe and enters the urban sewage treatment plant
Testing items	Standard value	Test date	
		2024/09/20	2024/12/06
PH	6.5-9.5	7.7	7.2
Suspended Solids (SS) (mg/L)	≤400	57	22
Chemical Oxygen Demand (COD) (mg/L)	≤500	214	282
Biochemical Oxygen Demand (BOD5) (mg/L)	≤350	120	140
Ammonia Nitrogen (NH3-N) (mg/L)	≤45	29.1	43.4
Total Nitrogen (mg/L)	≤70	36.8	67.6
Total Phosphorus (mg/L)	≤8	3.49	5.30
Animal and Vegetable Oils (mg/L)	≤100	0.57	0.65
Note	/	Qualified	Qualified

Information on Solid (Hazardous) Waste Discharge in 2024						
Name	Category	Code	Output (tons)	Transfer amount (tons)	Storage capacity (tons)	Disposal or recovery
Empty chemical drums	Hazardous waste	900-041-49	7.0535	6.8745	0.179	Handed over to a qualified unit for processing
Chemical-	Hazardous	900-041-	5.43	5.275	0.155	Handed over to a

contaminated rags	waste	49				qualified unit for processing
Waste flux	Hazardous waste	900-402-06	3.712	3.712	0	Handed over to a qualified unit for processing
Waste activated carbon	Hazardous waste	900-039-49	0.21	0.21	0	Handed over to a qualified unit for processing
Waste cleaning agent	Hazardous waste	900-402-06	0	0	0	Handed over to a qualified unit for processing
Waste circuit board scraps	Hazardous waste	900-045-49	41.7685	39.645	2.1235	Handed over to a qualified unit for processing
Dust	Hazardous waste	900-451-13	0.7799	0.7235	0.0564	Handed over to a qualified unit for processing
Waste flux	Hazardous waste	900-402-06	4.445	4.445	0	Handed over to a qualified unit for processing
Waste activated carbon	Hazardous waste	900-039-49	0.21	0.21	0	Handed over to a qualified unit for processing
Waste cleaning agent	Hazardous waste	900-402-06	3.1665	2.8015	0.365	Handed over to a qualified unit for processing
Spray wastewater	Hazardous waste	900-041-49	1.4305	1.4305	0	Handed over to a qualified unit for processing

2. Construction and operation of pollution prevention and treatment facilities

√Applicable □ Not Applicable

(1) USI (not including subsidiaries) Construction and operation of pollution prevention and treatment facilities

Construction status: In 2024, the waste gas treatment facilities and wastewater treatment facilities are in good operation, and consumables such as activated carbon and filter cotton were replaced regularly. The outsourced monitoring results show that the wastewater and waste gas emissions meet the standards.

1 discharge port in Building A: Water spray + defogger +activated carbon adsorption + dry dust removal discharged from Outlet DA001

1 discharge port in Building B: South Side: Water Spray + Demister + Activated Carbon Adsorption

North Side: Activated Carbon Adsorption

After merging streams from both sides, the exhaust undergoes dry dust removal and is discharged via Outlet DA002.

Total emissions: hazardous waste 365.906 tons / VOCs 2.0514 tons

Excessive emissions: N/A

Approved total discharge: Wastewater CODcr: 10.3977 tons/year; Ammonia Nitrogen: 0.4993 tons/year; Total Nitrogen: 1.5844 tons/year; Total Phosphorus: 0.0653 tons/year; Exhaust Particulate Matter: 1.4847 tons/year; SOx: 0.013 tons/year; NOx: 1.1098 tons/year; VOCs: 11.1716 tons/year

(2) Asteelflash Suzhou

Construction Status: In June 2024, the integration and renovation of pollution source discharge outlets were completed, reducing the number of discharge outlets from 12 in December 2023 to 6.

Building 1: 3 discharge outlets: Secondary activated carbon adsorption; panel cutting machines equipped with bag dust collectors.

Building 2: 2 discharge outlets: Water spray + primary activated carbon adsorption; panel cutting machines equipped with bag dust collectors.

Restaurant: 1 discharge outlet: Fume purifier.

Operational Status: In 2024, the exhaust gas treatment facilities operated well with regular maintenance. Third-party monitoring results for all exhaust gas discharge outlets indicated compliance with emission standards.

Total Emissions: Tin and its compounds: Not detected. Non-methane total hydrocarbons: 0.0908 tons. Particulate matter: Not detected. Cooking fumes: 0.00734 tons. Exceedance of Emission Standards: No exceedance of emission standards was recorded. Approved Total Emissions: Currently, there are no specific requirements from the Suzhou government.

3. Environmental impact assessment of construction projects and other environmental protection administrative licenses

√Applicable Not Applicable

(1) USI (not including subsidiaries)

Name of EIA/Administrative License	Licensing Authority	Licensing Date	License File No.
Pollutant discharge permit	Pudong New Area Ecological Environment Bureau	January 24, 2024	91310000745611834X001U
Environmental Impact Report	Pudong New Area Ecological Environment Bureau	December 2, 2024	H.P.H.B.X.P [2024]292

(2) Asteelflash Suzhou

Name of EIA/Administrative License	Licensing Authority	Licensing Date	License File No.
Pollutant discharge permit	Suzhou Wujiang Ecological Environment Bureau	July 2, 2024	Permit No.: 91320509734422894M001Y

4. Emergency plan for environmental emergencies

√Applicable Not Applicable

Project file name	Filing Date	Filing Department	Record No.
Environmental Emergency Plan of Universal Scientific Industrial (Shanghai) Co., Ltd.	November 30, 2022	Pudong New Area Ecological Environment Bureau	02-310115-2022-532-L
Environmental Emergency Plan of Asteelflash Suzhou	May 20, 2016	Wujiang Environment Bureau	SST-WI-FA-009

5. Environmental self-monitoring scheme

√Applicable Not Applicable

The Company entrusts a third-party environmental testing agency to conduct environmental monitoring work for the Company in strict accordance with the relevant requirements of the Technical Guide for Self-

Monitoring of Pollutant Discharge Units. At the same time, the Company has also formulated a detailed daily monitoring plan to monitor emission sources of various pollutants regularly and routinely. After being tested by a third-party environmental testing agency, pollutants in all processes of the Company meet the discharge standards.

6. The situation of administrative punishment due to environmental problems during the reporting period
 Applicable Not Applicable

7. Other environmental information that should be disclosed
 Applicable Not Applicable

Participation in environmental pollution liability insurance	None
Payment of environmental tax	Pay environmental tax on time every quarter
Environmental policy and annual environmental objectives and results	Complying with laws and regulations, responding to environmental protection, hazard prevention, communication training, pollution prevention, continuous improvement, energy saving and waste reduction, effective utilization, setting goals and sustainable operation.
Environmental protection investment and environmental technology development	Every year, special funds are invested in environmental protection projects to ensure that environmental protection funds are earmarked. The funds are used for annual environmental testing, pollution prevention and control, waste reduction and recycling to ensure that all environmental emissions meet the requirements of environmental protection laws and regulations.
Recycling of waste products	A waste management plan has been formulated, in which hazardous wastes are handed over to qualified units for treatment and non-hazardous wastes are recycled by licensed recycling units.
Resource consumption in 2024	USI (not including subsidiaries): 189,996 tons of water, 67,467,645 KWH of electricity Asteelflash Suzhou: 77,044 tons of water, 11,162,354 KWH of electricity
Environmental violations of law in 2024	None
Environmental awards in 2024	On March 11, 2024, USI was awarded the "Steady Progress Award for 2023" by the Shanghai Pudong New Area Work Safety Association.

(II) Description of environmental protection of companies other than key pollutant-discharging units

Applicable Not Applicable

(III) Relevant information conducive to protecting ecology, preventing and controlling pollution and fulfilling environmental responsibilities

Applicable Not Applicable

1. Recycling of electronic waste

The Company adheres to the principles of "pollution prevention and continuous improvement" and "energy saving, waste reduction and effective use" and lists waste reduction and reuse as the Company's policies which are implemented by all factories and listed as annual performance indicators. It strengthens the effective control of wastes through regular data recording, tracking and monitoring of use and output. Among them, hazardous wastes are handed over to licensed qualified processors for treatment and non-hazardous wastes are recycled by licensed recyclers or cleared and transported to licensed incineration plants for treatment. In 2024, the recovery rate of waste reached 94%. USI will continue to implement the

waste reduction policy, reduce the waste from the source, and strive to achieve the goal of sustainable resources.

2. Cleaning technology

USI follows the strategy of green management and ecological design of products, quickly responds to the latest international environmental protection laws and regulations and environmental protection instructions of sales areas, and formulates “Specifications of Green Products” to control the hazardous substances contained in electronic components and products. In product design, USI considers the potential environmental impact of products according to specifications of green products and Design for Environment (DfE) operation procedures, and adopts the latest international energy consumption laws and regulations (Energy Star and ErP) and various environmental indicators (such as utilization of materials, energy saving and carbon reduction, recyclability,, etc.) to reduce the negative impact of product life cycle on the environment.

The design and R&D personnel of USI have the ability of designing ecological products, and continuously introduce the concepts of green products and clean technologies to ensure that the clean technology products manufactured and sold will meet the requirements of environmental protection laws and regulations of various countries and meet customer needs, development trends of environmental protection and internal control standards of the Company.

3. Renewable energy

In order to reduce the energy consumption of buildings and mitigate the impact of climate change, the Company's Nantou Factory successfully obtained the first EEWB green building certification in 2020. In addition, the Nantou factory has cooperated with a photovoltaic panel construction manufacturer to build a photovoltaic power generation system, which has produced a total of 3,361 megawatt hours of renewable energy by 2024 since it is officially put into power production since October 2019. In 2024, the Huizhou factory set up a photovoltaic power generation system on the roof of the factory, with an annual power generation of 2,219 megawatt hours, and the Company’s cumulative total photovoltaic power generation was 5,580 megawatt hours. In the future, the Company will continue to strive to promote cleaner production and green buildings, and establish green factories for USI.

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

Whether carbon reduction measures were taken	Yes
Reduction of carbon dioxide equivalent emissions (unit: tons)	61,397.2
Types of carbon reduction measures (such as using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that help reduce carbon emissions, etc.)	<ol style="list-style-type: none"> 1. In 2024, USI (not including subsidiaries) used 100% renewable energy certificates to offset greenhouse gas emissions from electricity consumption; 2. In 2024, USI (not including subsidiaries) completed various energy-saving schemes. 3. In 2024, Asteelflash Suzhou used 100% renewable energy certificates to offset greenhouse gas emissions from electricity consumption; 4. In 2024, Asteelflash Suzhou completed various energy-saving schemes.

Detailed introductions

Applicable Not Applicable

In 2024, USI fully utilized renewable energy certificates to offset greenhouse gas emissions from electricity consumption, totaling approximately 51,970 tons of CO2.

In January 2024, USI completed the integration of two exhaust systems at the southwest corner of A5F. Actual operation verified an annual carbon reduction of approximately 108 tons of CO2.

In January 2024, USI completed the PCW integration and heat exchange efficiency improvement project. Actual operation verified an annual carbon reduction of approximately 206 tons of CO₂.

In 2024, Asteelflash Suzhou fully utilized renewable energy certificates to offset greenhouse gas emissions from electricity consumption, totaling approximately 9,035.93 tons of CO₂.

In January 2024, Asteelflash Suzhou completed the ESS energy-saving optimization. Actual operation verified a carbon reduction of 15.5 tons of CO₂.

In February 2024, Asteelflash Suzhou completed the energy-saving optimization of the testing room. Actual operation verified a carbon reduction of 14.69 tons of CO₂.

In February 2024, Asteelflash Suzhou completed the aging room renovation. Actual operation verified a carbon reduction of 42.7 tons of CO₂.

In July 2024, Asteelflash Suzhou Co., Ltd. completed the motion-sensor lighting retrofit in the office area. Actual operation verified a carbon reduction of 0.8 tons of CO₂.

In October 2024, Asteelflash Suzhou completed the photovoltaic retrofit of some streetlights. Actual operation verified a carbon reduction of 3.68 tons of CO₂.

In 2024, Asteelflash Suzhou implemented various energy-saving solutions. Actual operation verified a total carbon reduction of 77.37 tons.

II. Work on corporate social responsibility

(I) Whether social responsibility report, sustainability report or ESG report is disclosed separately

Applicable Not Applicable

For the company's 2024 Sustainability Report, please refer to the Shanghai Stock Exchange website (www.sse.com.cn) and the Sustainability section of the company's official website (<https://www.usiglobal.com/csr>).

(II) Specific situation of corporate social responsibility

Applicable Not Applicable

Donations, public welfare projects	Quantity/Content	Remark
Total investment (Unit: RMB 10,000 yuan)	851.3	
Including funds (Unit: RMB 10,000 yuan)	804.4	
Materials (Unit: RMB 10,000 yuan)	46.9	
Number of beneficiaries	9,037	

Detailed introductions

Applicable Not Applicable

USI has been adhering to the concept of “Unity of Knowledge and Action, Collective Wisdom and Strength”, actively fulfilling corporate social responsibilities by participating in social welfare, and practicing its commitment of “actively investing in public welfare activities that promote social well-being, and encouraging employees to participate in social welfare activities” in its “Sustainability Policy”, hoping to become an excellent example of corporate citizenship. The Company gathered internal resources and manpower, and invested RMB 8,513,852 yuan in support of social welfare projects in 2024, and promoted social engagement in the four aspects of “Education, Contributing to Society, Promoting Arts & Culture, and External Participation” to make a positive impact on surrounding communities.

In addition to expanding educational initiatives to alleviate poverty and actively promoting rural education and rural revitalization through public welfare actions, the company has sponsored various projects across its facilities in the fields of education, society, environment, and culture. These include the "5th Cross-Strait Student Baseball League," "China Weiqi League," "Library of Love," "Million Tree Planting Project," "Beach Cleanup Campaign," "Campus LED Project," and cultural performances. By combining corporate efforts with the power of the community, the company aims to bring more positive energy and warmth to society and the environment, creating greater value for humanity.

III. Efforts in consolidating the achievements in poverty alleviation and rural revitalization

Applicable Not Applicable

Poverty Alleviation and Rural Revitalization Projects	Quantity/Content	Remark
Total investment (Unit: RMB 10,000 yuan)	50.9	
Including funds (Unit: RMB 10,000 yuan)	38.7	
Materials (Unit: RMB 10,000 yuan)	12.2	
Number of beneficiaries	2,786	
Forms of assistance (such as poverty alleviation by industrial development, poverty alleviation by job creation, poverty alleviation by educational support, etc.)	Poverty alleviation by educational support	

Detailed introductions

Applicable Not Applicable

In response to SDG 4 Quality Education and to promote balanced educational development, the company has focused on expanding achievements in poverty alleviation through education. It actively engages in public welfare initiatives such as rural education support and rural revitalization, providing children in remote areas with access to better educational resources. The company is committed to consolidating poverty alleviation outcomes, helping more students achieve their dreams, and fostering harmonious social development. In 2024, the company launched initiatives including the "Rural Science and Technology Education Program," "Industry-University Collaboration with Shanghai University of Engineering Science," "Pearl Retrieval Project," "Micro Light Love Reading Room," "Western Student Aid Program," and the "Lucheng Great Love Charity Day Donation" through the Charity Federation, investing a total of RMB 509,000 and benefiting 2,786 underprivileged students.

1. Rural Science and Technology Education Program

Guided by the belief in technology for good, the company places great emphasis on education in impoverished areas. By donating computers and building computer classrooms, it helps children in remote regions access better educational resources, aiming to bridge the urban-rural education gap. In 2024, the program provided customized, supportive technology empowerment to teachers in 7 schools. Through instructional videos and teaching materials, it revitalized computer education in these schools. To enhance students' enthusiasm for computer skills, the company organized fun typing competitions to reinforce learning outcomes, fostering a more positive and innovative technology education environment. This not only improved students' technological proficiency but also shaped confident and creative future citizens in the digital age, promoting the sustainable development of rural education. A total of 2,173 students benefited from this initiative.

2. Industry-University Collaboration with Shanghai University of Engineering Science

To cultivate high-tech talent, the company established a deep industry-university collaboration with Shanghai University of Engineering Science, adopting a "Four Synergies" model: collaborative education, talent development, innovation, and employment. The company donated equipment such as ultrasonic aluminum wire bonders and gold ball bonders to the university's laboratories for student practice. It organized a one-day factory visit and seminar for 70 sophomore students and invited 10 students for a three-month internship. These industry-academia integration activities ensured seamless alignment between the university's talent development and the company's talent needs, creating a win-win situation. Additionally, the company established the "USI Electronics Excellence Scholarship" to support 12 outstanding underprivileged students, encouraging their academic pursuits.

3. Pearl Retrieval Project

The company's Huizhou and Kunshan facilities actively participated in the "Pearl Retrieval Project," supporting academically excellent students from impoverished families for nine consecutive years. In 2024, the Huizhou facility organized the "Support Agriculture, Revitalize Villages, and Retrieve Pearls Together" event, where employees raised funds by selling agricultural products from Qinglong. The proceeds, totaling RMB 100,000, were donated to Zhuanglang County No. 1 Middle School in Gansu Province, supporting 40 students in the "2024 USI Water Pearl Class." The company also provided customized study materials to encourage their learning. Meanwhile, the Kunshan facility invited Pearl students for a factory visit, sharing career development and life advice. Through warm and interactive exchanges, the students gained insights into professional fields, learning, life, and manufacturing trends, broadening their understanding of the corporate world and inspiring their future aspirations.

4. Micro Light Love Reading Room

Reading is the foundation for cultivating innovative R&D capabilities. To implement the "Promote Education" initiative, the company established its third Love Reading Room in Hongdian Primary School, Hongdian Township, Wenshan City, Yunnan Province, a key area for rural revitalization support. During the construction phase, the company encouraged employees to "Donate a Book, Fulfill a Dream," resulting in a collective effort to donate books and provide better educational resources to 441 children in remote areas. Upon completion, the company, along with 54 employees, donated 1,693 books and 20 speakers preloaded with 400 audiobooks, enriching the school's teaching resources. The company hopes that the reading room will provide tangible support, narrow the urban-rural education gap, and promote balanced educational development. It sincerely wishes for students to gain knowledge and energy from books, enabling them to keep pace with technological advancements and develop holistically, just like their urban counterparts.

5. Western Student Aid Program

"Ten years to grow trees, a hundred years to nurture people." Investing in education benefits the present and future generations. Through the Cihui Foundation, the company implemented the Western Student Aid Program in rural areas of Yunnan and Sichuan, providing RMB 48,000 in scholarships to 12 college students. This financial support ensures their access to education, helping outstanding students from remote villages continue their studies and complete their education. The company aims to safeguard their growth and enable them to use their knowledge to help others in the future.

6. Kunshan Charity Federation's "Lucheng Great Love Charity Day Donation" Project

With a spirit of great love, the company participated in the "Lucheng Great Love Charity Day Donation" project, donating materials worth RMB 10,000 to support 20 individuals, including critically ill patients, disabled persons, underprivileged children, and special-needs groups. This initiative contributes to rural revitalization and demonstrates the company's commitment to compassion and social responsibility.

Section VI Major Events

I. Performance of commitments

(I) Commitments by the Company's actual controllers, shareholders, affiliates, acquirers, the Company and other relevant commitment parties during or subsisted during the reporting period

√Applicable □ Not Applicable

Commitment background	Commitment Type	Party making the commitment	Commitment content	Commitment time	Whether there is a deadline for performance	Commitment duration	Whether strictly performed in a timely manner	If not performed in a timely manner, describe the specific reasons	If not performed in a timely manner, describe the next step
Commitments related to major asset restructuring	Others	USI Enterprise Limited and actual controllers of USI	Note 1	December 12, 2019	No	Long term	Yes		
	Settlement of horizontal competition	USI Enterprise Limited and actual controllers of USI	Note 2	December 12, 2019	No	Long term	Yes		
	Settlement of related transactions	USI Enterprise Limited and actual controllers of USI	Note 3	December 12, 2019	No	Long term	Yes		
Commitments related to IPO	Settlement of horizontal competition	USI Enterprise	Note 4	May 3, 2010	No	Long term	Yes		

		Limited and ASE Inc.							
	Settlement of horizontal competition	Actual controller of USI	Note 5	May 3, 2010	No	Long term	Yes		
	Others	USIE	Note 6	June 17, 2010	No	Long term	Yes		
	Others	ASE Shanghai	Note 7	June 25, 2010	No	Long term	Yes		
	Others	Actual controller of USI	Note 8	June 17, 2010	No	Long term	Yes		

Note 1: Commitment to Guarantee the Independence of the Listed Company:

(1) Guarantee that the listed company's personnel are independent

1) Guarantee that the general manager, vice president and other members of the senior management of the listed company hold full-time positions in the listed company and receive remuneration from the listed company, and no other administrative positions other than directors and supervisors in the party making the commitment and its related parties; and that the personnel of the listed company continue maintaining independent;

2) Guarantee that the listed company has an independent and complete labor, personnel and remuneration management system, and that such system is completely independent of the party making the commitment and its related parties;

3) Guarantee that the directors, supervisors and members of the senior managers of the listed company are elected and perform the corresponding procedures in strict accordance with the relevant provisions of the Company Law and the articles of association of the listed company, and no directors, supervisors and members of the senior managers exceed the power or authority of the Board of Directors or the general meeting of the listed company to make personnel appointment and removal decisions or interfere with personnel appointment and removal decisions.

(2) Guarantee that the listed company's assets are independent

1) Guarantee that the listed company has independent and complete assets, and all of its assets are under the control of the listed company, and are independently owned and operated by the listed company;

2) Guarantee that the party making the commitment and its related parties did not and will not illegally occupy the funds and assets of the listed company in any way before and after the completion of this transaction.

(3) Guarantee that the listed company's finance is independent

- 1) Guarantee that the listed company has an independent financial department and an independent financial accounting system, is equipped with specialized financial personnel, and establishes an independent and complete financial accounting system. Guarantee that the listed company has a standardized and independent financial accounting system and a financial management system for branches and subsidiaries;
 - 2) Guarantee that the listed company opens a bank account independently, and does not share a bank account with the party making the commitment and its related parties;
 - 3) Guarantee that the listed company can make financial decisions independently and there is no interference in the use of funds of the listed company;
 - 4) Guarantee that the financial personnel of the listed company are independent and do not take part-time jobs at or receive remuneration from the party making the commitment and its related parties;
 - 5) Guarantee that the listed company pays taxes independently in accordance with the law.
- (4) Guarantee that the listed company's organization is independent
- 1) Guarantee that the listed company has a sound corporate governance structure as a joint-stock company and has an independent and complete organizational structure;
 - 2) Guarantee that the general meeting of shareholders, the Board of Directors, independent directors, the Board of Supervisors, and the general manager of the listed company exercise their functions and powers independently in accordance with laws, regulations and the articles of association of the listed company.
- (5) Guarantee that the listed company's business is independent
- 1) Guarantee that the listed company has the assets, personnel, qualifications and capabilities to carry out business activities independently, and has the ability to operate independently and continuously in the market;
 - 2) Guarantee not to interfere in the business activities of the listed company except through the exercise of shareholder rights;
 - 3) Guarantee that the party making the commitment and its related parties do not engage in the same or similar business as or with that of the listed company, and take effective measures to avoid horizontal competition.
- (6) This letter of commitment shall have legal effect upon signature by the party making the commitment. The party making the commitment shall strictly fulfill all the commitments in this letter of commitment, and if its violation of any of such commitments causes any losses to the listed company, the party making the commitment shall bear the corresponding legal liabilities.

Note 2: Commitment to avoid horizontal competition

- (1) The party making the commitment guarantees that after the completion of this transaction, it shall not directly or indirectly engage in the same or similar business or projects as or with that in the business scope of the Company, so as to avoid direct or indirect competition with the Company's production and operation.

(2) The controlling shareholder of the Company guarantees that it shall not use its share-controlling relationship with the Company to conduct business activities that damage or may damage the interests of the Company and its other shareholders; and that it shall not use the information it understands or knows about the Company to assist third parties to engage in, participate in or invest in a business or project that competes with the Company.

(3) The actual controller guarantees that it shall make efforts to cause the family members in close relation with it not to directly or indirectly engage in, participate in or invest in any business activities that compete with the production and operation of the Company. The actual controller guarantees that it shall not use its relationship with the Company to conduct business activities that damage or may damage the interests of the Company and its other shareholders; and that it shall not use the information it understands or knows about the Company to assist third parties to engage in, participate in or invest in a business or project that competes with the Company.

(4) In case of any losses caused to the Company due to the violation of the above commitments by the party making the commitment, the party making the commitment shall be liable for compensation and bear corresponding legal liabilities. The above commitments shall take effect from the date of this letter of commitment, and shall continue to be effective throughout the period in which the party making the commitment is the controlling shareholder and the actual controller of the Company, and cannot be changed or revoked.

Note 3: Commitment to reduce and regulate related transactions:

(1) The party making the commitment and the enterprises controlled or influenced by the party making the commitment shall try their best to avoid and reduce related transactions with the listed company and its subsidiaries.

As far as the commitment of the listed company to reduce and regulate related transactions, the transactions between the listed company and its subsidiaries and independent third parties through the market shall be conducted by the listed company and its subsidiaries and independent third parties. Other companies controlled or influenced by the committing party will strictly refrain from lending to the listed company and its subsidiaries, occupying the funds of the listed company and its subsidiaries, or encroaching on the listed company and its subsidiaries by making advances and repaying debts. Listed company funds;

(2) All transactions required between the party making the commitment and the enterprises controlled or influenced by the party making the commitment and the listed company and its subsidiaries shall be conducted in strict with the market principal and in a fair and reasonable manner based on the general principles of equality, mutual benefit and valuable consideration. If there is a government price for the transaction, the government price shall prevail; if not, the market fair price shall prevail; if there is neither a government price nor a market reference price, the cost price shall be determined according to the cost plus a comparable and reasonable profit level;

(3) Related transactions between the party making the commitment and the listed company and its subsidiaries shall be subject to necessary legal procedures and information disclosure obligations in strict accordance with the listed company's articles of association and related transaction management system. The party making the commitment shall take the initiative to perform the obligation of avoidance according to the law when the listed company's authority deliberates related transactions; related transactions subject to deliberation by the authority can only be executed after the deliberation and approval by the authority;

(4) The party making the commitment guarantees that it shall not obtain any illegitimate benefits through related transactions or make the listed company and its subsidiaries undertake any undue obligations. If the listed company or its subsidiaries or other shareholders suffer losses due to the violation of the above commitments

by the party making the commitment, or the listed company or its subsidiaries or other shareholders' interests are misappropriated due to the use of related relationship by the party making the commitment, the party making the commitment shall be liable for compensation to the losses caused therefrom of the listed company, its subsidiaries and other shareholders;

(5) The above commitments shall continue to be valid during the period when the party making the commitment and the enterprises controlled or influenced by the party making the commitment constitute the related parties of the listed company, and cannot be changed or revoked.

Note 4:

(1) The commitment person (including other enterprises controlled by the party making the commitment, the same below) currently does not engage in the same or similar business as or to that of Universal Scientific Industrial (Shanghai) Co., Ltd. ("USI"), which constitute horizontal competition with USI, or other business that may adversely affect USI. (2) The person making the commitment shall not directly or indirectly engage in or participate in any business or activity that competes with USI in any way (including but not limited to independent operation, joint venture operation, or owning equity and other interests in another company or enterprise) inside or outside China, or engage in any business activities that are the same as, similar to or may replace USI's business in any way. (3) If the business opportunity obtained by the person making the commitment from any third party does or may constitute competition with the business operated by USI, the person making the commitment shall notify USI immediately and cause the business opportunity to be transferred to USI. (4) Where USI further expands its business scope on the basis of its existing business, if the Company has already carried out production and operation of such expanded business, the person making the commitment agrees that USI has the right of first refusal to purchase the relevant business under the same commercial conditions; If the Company has not yet produced or operated such expanded business, it shall not engage in new business that competes with USI. (5) The person making the commitment shall, in future business operations, avoid operating business that constitutes horizontal competition with USI. If the new business that the person making the commitment intends to carry out may constitute horizontal competition with USI, the person making the commitment shall be obliged to notify USI of the new business. If USI objects to this, the person making the commitment shall unconditionally give up the development of the new business. If USI believes that the new business is beneficial to its development, the person making the commitment shall not only unconditionally give up the development of the new business, but also promote the new business to be carried out by USI. If USI determines that a certain business the person making the commitment has already conducted is in competition with USI, the person making the commitment shall transfer the business to a third party or terminate the business on its own in a timely manner after USI raises an objection. If USI makes a transfer request, the person making the commitment shall unconditionally transfer the above-mentioned business and assets to USI in priority at a fair price assessed by an intermediary with qualifications for securities business.

Note 5:

(1) Other enterprises excluding USI (including enterprises controlled by USI, the same below) controlled by the person making the commitment currently do not engage in the same or similar business as or to that of Universal Scientific Industrial (Shanghai) Co., Ltd. ("USI"), which constitute horizontal competition with USI, or other business that may adversely affect USI. (2) The person making the commitment shall not, during the period of being confirmed as the actual controller of USI according to Chinese laws and regulations, directly or indirectly engage in or participate in any business or activity that competes with USI in any way (including but not limited to independent operation, joint venture operation, or owning equity and other interests in another company or enterprise) inside or outside China, or engage

in any business activities that are the same as, similar to or may replace USI's business in any way. (3) If the business opportunity obtained by the person making the commitment from any third party does or may constitute competition with the business operated by USI, the person making the commitment shall notify USI immediately and cause the business opportunity to be transferred to USI. (4) Where USI further expands its business scope on the basis of its existing business, if other enterprises controlled by the person making the commitment have already carried out production and operation of such expanded business, the person making the commitment agrees that USI has the right of first refusal to purchase the relevant business under the same commercial conditions; If other enterprises controlled by the person making the commitment have not yet produced or operated such expanded business, the person making the commitment shall ensure that the enterprise under their control does not engage in new business that competes with USI. (5) Other enterprises controlled by the person making the commitment shall, in future business operations, avoid operating business that constitutes horizontal competition with USI. If the new business that other enterprises controlled by the person making the commitment intend to carry out may constitute horizontal competition with USI, such other enterprises shall be obliged to notify USI of the new business. If USI objects to this, such other enterprises shall unconditionally give up the development of the new business. If USI believes that the new business is beneficial to its development, such other enterprises shall not only unconditionally give up the development of the new business, but also promote the new business to be carried out by USI. If USI determines that a certain business such other enterprises has already conducted is in competition with USI, such other enterprises controlled by the person making the commitment shall transfer the business to a third party or terminate the business on its own in a timely manner after USI raises an objection. If USI makes a transfer request, such other enterprises shall unconditionally transfer the above-mentioned business and assets to USI in priority at a fair price assessed by an intermediary with qualifications for securities business. (5) Other enterprises controlled by the person making the commitment shall not engage in business or activities that do or may adversely affect the operation and development of USI in any way. Such way includes but is not limited to: utilizing the social resources and customer resources of the person making the commitment to hinder or limit the independent development of USI; spreading news or information that is unfavorable to USI in the society and among customers; using the control position of the person making the commitment to exert influence, resulting in abnormal changes or fluctuations of USI's management personnel and R&D technicians, which are not conducive to the development of USI.

Note 6:

(1) For the situation that USI currently has or is about to have some patent rights and patent application rights in common with Universal Scientific Industrial Co., Ltd., in order to protect the interests of USI and its minority shareholders, the person making the commitment hereby commits that: if Universal Scientific Industrial Co., Ltd. (including other enterprises controlled by Universal Scientific Industrial Co., Ltd. except USI and enterprises controlled by USI) causes any right infringement and economic losses to USI and enterprises controlled by USI when exercising its patent application co-ownership and patent co-ownership, the person making the commitment shall be legally liable for the losses suffered by USI and enterprises controlled by USI and shall also pay full compensation. (2) Before the IPO of USI, if USI must be jointly and severally liable for damages to the dispatched personnel due to the fact that the labor dispatch unit is in arrears with the dispatched personnel's wages, the person making the commitment agrees to compensate USI for the entire economic loss. (3) If USI and its subsidiaries need to pay social insurance premiums or housing provident fund for employees as required or decided by the competent department, or USI and its subsidiaries are fined or suffer losses for failure to pay social insurance premiums or housing provident funds for employees in accordance with the law, the person making the commitment shall be willing to assume such liability without the consideration of USI and its subsidiaries.

Note 7

USI is currently leasing part of the property of ASE (Shanghai) Inc. (hereinafter referred to as the "person making the commitment") for staff dormitory purposes. The person making the commitment hereby makes the following commitments: If USI cannot continue using the leased property or suffers a claim from a third party due to the defect of the property right of the person making the commitment to the leased property, the person making the commitment shall bear the corresponding legal liabilities, and shall also fully compensate USI for any losses, fines and relocation expenses incurred thereby.

Note 8:

The person making the commitment and enterprises controlled by the person making the commitment (except ASE Technology Holding Co., Ltd. and enterprises controlled by ASE Technology Holding Co., Ltd.) do not own any patents, patent application rights or non-profit patented technology. (2) For the situation that USI currently has or is about to have some patent rights and patent application rights in common with Universal Scientific Industrial Co., Ltd., in order to protect the interests of USI and its minority shareholders, the person making the commitment hereby commits that: if Universal Scientific Industrial Co., Ltd. (including other enterprises controlled by Universal Scientific Industrial Co., Ltd. except USI and enterprises controlled by USI) causes any right infringement and economic losses to USI and enterprises controlled by USI when exercising its patent application co-ownership and patent co-ownership, the person making the commitment shall be legally liable for the losses suffered by USI and enterprises controlled by USI and shall also pay full compensation. (3) Before the IPO of USI, if USI must be jointly and severally liable for damages to the dispatched personnel due to the fact that the labor dispatch unit is in arrears with the dispatched personnel's wages, the person making the commitment agrees to compensate USI for the entire economic loss. (4) If USI and its subsidiaries need to pay social insurance premiums or housing provident fund for employees as required or decided by the competent department, or USI and its subsidiaries are fined or suffer losses for failure to pay social insurance premiums or housing provident funds for employees in accordance with the law, the person making the commitment shall be willing to assume such liability without the consideration of USI and its subsidiaries.

(II) Where the Company has profit forecasts on assets or projects, and the reporting period was within the term of profit forecasts, the Company has to state whether such profit forecasts on assets or projects are fulfilled and the reasons therefor

Fulfilled Unfulfilled Not Applicable

(III) Execution of the performance commitments and its impact on the goodwill impairment testing

Applicable Not Applicable

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

Applicable Not Applicable

III. Illegal guarantees

Applicable Not Applicable

IV. Explanation by the Board of Directors of the Company on other type of audit report than standard unqualified audit report issued by the accounting firm

Applicable Not Applicable

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

(I) Analysis by the Company on reasons for and impacts of changes in accounting policies and accounting estimates

Applicable Not Applicable

1. Classification of Current Liabilities and Non-Current Liabilities

(1) Reason for Accounting Policy Change

On October 25, 2023, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No. 17, which came into effect on January 1, 2024. Enterprises are required to adjust comparable period information when first implementing the provisions of this interpretation.

(2) Main Content of the Accounting Policy Change

The Interpretation No. 17 revises and improves the classification principles for current liabilities and non-current liabilities under Accounting Standards for Business Enterprises No. 30—Presentation of Financial Statements, as explained below:

It clarifies that if an enterprise does not have the substantive right to defer the settlement of a liability for more than one year after the balance sheet date, the liability shall be classified as a current liability. The subjective possibility of the enterprise exercising such a right does not affect the liquidity classification of the liability.

For liabilities arising from loan arrangements, if the enterprise's right to defer settlement depends on whether it complies with the conditions specified in the loan arrangement (hereinafter referred to as the contractual conditions), the classification of the liability's liquidity on the balance sheet date shall be determined by distinguishing between situations before or on the balance sheet date and after the balance sheet date.

It clarifies that if the counterparty to the liability has the option to settle the liability using the enterprise's own equity instruments and such option is classified as an equity instrument and separately recognized, the relevant terms do not affect the liquidity classification of the liability.

It specifies the disclosure requirements for loan arrangements with contractual conditions classified as non-current liabilities, where the enterprise's right to defer settlement depends on the contractual conditions to be met within one year after the balance sheet date.

(3) Impact on the Company

The company has evaluated and confirmed the classification principles for current liabilities and non-current liabilities under the Interpretation No. 17. After assessment, the company believes that this accounting policy change is a reasonable adjustment in accordance with the interpretation issued by the

Ministry of Finance and has no impact on the company's financial position, operating results, or cash flows.

2. Accounting Treatment for Warranty-Type Quality Assurance Not Classified as a Single Performance Obligation

(1) Reason for Accounting Policy Change

On December 6, 2024, the Ministry of Finance issued the Interpretation of Accounting Standards for Business Enterprises No.18, which provides clear explanations and regulations on the accounting treatment for warranty-type quality assurance not classified as a single performance obligation. The interpretation came into effect upon issuance, allowing enterprises to implement it early in the year of release.

(2) Main Content of the Accounting Policy Change

In accordance with Article 33 of Accounting Standards for Business Enterprises No. 14-Revenue and other relevant provisions, for warranty-type quality assurance not classified as a single performance obligation, enterprises shall recognize the estimated liability amount by debiting accounts such as "Cost of Goods Sold" and "Other Operating Costs" and crediting the "Estimated Liabilities" account. These amounts shall be presented in the "Operating Costs" line item in the income statement and in "Other Current Liabilities", "Non-Current Liabilities Due Within One Year", and "Estimated Liabilities" in the balance sheet. When first implementing this change, if the warranty-type quality assurance was previously recorded under "Selling Expenses", enterprises shall treat the changes in the relevant accounting accounts and financial statement presentation items as an accounting policy change and make retrospective adjustments in accordance with Accounting Standards for Business Enterprises No. 28-Changes in Accounting Policies, Accounting Estimates, and Corrections of Errors.

(3) Impact on the Company

Prior to the issuance of the Interpretation No. 18, the company recorded the amount of warranty-type quality assurance under "Selling Expenses". After the issuance, the company retrospectively adjusted the amount of warranty-type quality assurance for 2023, reclassifying it from "Selling Expenses" to "Operating Costs".

The impact of this accounting policy change on the relevant accounts and amounts in the company's financial statements is as follows:

Consolidated Income Statement			
Unit: RMB Yuan			
Item	Amount as Originally Reported for 2023	Adjustments Due to Changes in Accounting Policies	Amount as Restated for 2023
Operating Costs	54,939,136,481.69	26,710,213.12	54,965,846,694.81
Selling Expenses	367,994,662.03	(26,710,213.12)	341,284,448.91
Parent Company Income Statement			
Unit: RMB Yuan			
Item	Amount as Originally Reported for 2023	Adjustments Due to Changes in Accounting Policies	Amount as Restated for 2023
Operating Costs	17,928,507,549.98	12,556.36	17,928,520,106.34
Selling Expenses	77,474,832.09	(12,556.36)	77,462,275.73

After evaluation, the Company concludes that this change in accounting policies not only affects the presentation items and amounts in the income statement but also marginally impacts financial metrics such as gross profit margin. However, it has no material impact on the Company's financial position, operating results, or cash flows.

(II) Analysis by the Company on reasons and impacts of the correction of significant accounting errors

Applicable Not Applicable

(III) Communication with the previous accounting firm

Applicable Not Applicable

(IV) Approval process and other explanations

Applicable Not Applicable

VI. Appointment and dismissal of the accounting firm

Unit: 10,000 Currency: RMB

	Current accounting firm
Name of domestic accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration of domestic accounting firm	466
Number of years of audit services by the domestic accounting firm	14
Name of CPAs from domestic accounting	Yuan Shouqing, and Hu Ke
Number of consecutive years of audit services of CPAs in domestic accounting firms	14

	Name	Remuneration
Internal control audit accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP	118.3
Sponsor	Haitong Securities Co., Ltd.	0

Particulars on appointment and dismissal of the accounting firm

Applicable Not Applicable

The Company's 2023 annual general meeting of shareholders was held on April 23, 2024, and this meeting deliberated and approved the appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company's 2024 financial audit institution and internal control audit institution.

Particulars on the change of accounting firm during the auditing period

Applicable Not Applicable

Explanation of the decrease of 20% or more (including 20%) in audit fees compared to the previous year

Applicable Not Applicable

VII. Risk of suspension of listing**(I) Reasons for the suspension of listing risk warning**

Applicable Not Applicable

(II) Measures to be taken by the Company

Applicable Not Applicable

(III) Circumstances and reasons for termination of listing

Applicable Not Applicable

VIII. Matters related to bankruptcy and reorganisation

Applicable Not Applicable

IX. Material litigation and arbitration

Applicable Not Applicable

X. The listed company, directors, supervisors, senior management, controlling shareholders and actual controllers suspected of violating laws and regulations, penalized and relevant rectifications

Applicable Not Applicable

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

Applicable Not Applicable

During the reporting period, the Company's controlling shareholders and actual controllers did not fail to perform the obligations determined by the effective legal documents of the court, and had no bad faith situation such as a large amount of debts due and unpaid.

XII. Major related transactions

(I) Related transactions in relation to daily operation

1. Events disclosed in temporary announcements and without further progress or change in subsequent implementation

Applicable Not Applicable

Overview	Index
Announcement on Actual Regular Related Party Transactions in 2023 and Predicted Regular Related Party Transactions in 2024	For details, see the announcement (No.: 2024-030) on the website of the Shanghai Stock Exchange (www.sse.com.cn).

1. Events disclosed in temporary announcements and with further progress or change in subsequent implementation

Applicable Not Applicable

2. Events not disclosed in temporary announcements

Applicable Not Applicable

(II) Related transactions as a result of acquisition and disposal of assets or equity

2. Events disclosed in temporary announcements and without further progress or change in subsequent implementation

Applicable Not Applicable

3. Events disclosed in temporary announcements and with further progress or change in subsequent implementation

Applicable Not Applicable

4. Events not disclosed in temporary announcements

Applicable Not Applicable

5. Disclosable performance achievements during the reporting period when involved with agreed-upon performance

Applicable Not Applicable

(III) Major related transactions in joint external investment

1. Events disclosed in temporary announcements and without further progress or change in subsequent implementation

Applicable Not Applicable

2. Events disclosed in temporary announcements and with further progress or change in subsequent implementation

Applicable Not Applicable

3. Events not disclosed in temporary announcements

Applicable Not Applicable

(IV) Creditor's rights and debts with affiliates**1. Events disclosed in temporary announcements and without further progress or change in subsequent implementation**

Applicable Not Applicable

2. Events disclosed in temporary announcements and with further progress or change in subsequent implementation

3. Applicable Not Applicable

4. Events not disclosed in temporary announcements

Applicable Not Applicable

(V) Financial business between the Company and the financial company with a related relationship with the Company, the Company's holding financial company, and the related party

Applicable Not Applicable

(VI) Others

Applicable Not Applicable

XIII. Material contracts and their performance**(I) Trusteeship, contracting and leasing matters****1. Trusteeship**

Applicable Not Applicable

2. Contracting

Applicable Not Applicable

3. Leasing

Applicable Not Applicable

(II) Guarantees

√Applicable □ Not Applicable

Unit: 10,000 Currency: EUR

The Company's external guarantees (excluding guarantees to subsidiaries)														
Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Guarantee amount	Guarantee date (date of signing the agreement)	Guarantee start date	Guarantee expiry date	Guarantee type	Collateral (if any)	Whether fulfilled	Whether overdue	Guarantee overdue amount	Counter-guarantee situation	Whether for related parties	Related relationship
/		/	/	/	/	/					/	/		
Total amount of guarantees during the reporting period (excluding guarantees to subsidiaries)										0				
Total balance of guarantees at the end of the reporting period (A) (excluding guarantees to subsidiaries)										0				
Guarantee of the Company and its subsidiaries to subsidiaries														
Total amount of guarantees to subsidiaries during the reporting period										2,300				
Total balance of guarantees to subsidiaries at the end of the reporting period (B)										2,300				
Total amount of the Company's guarantees (including guarantees to subsidiaries)														
Total amount of guarantees (A+B)										2,300				
Proportion of the total amount of guarantees in the Company's net assets (%)										0.96				
Including:														
Amount of guarantee provided to shareholders, actual controllers and related parties (C)										0				
Amount of debt guarantee provided directly or indirectly for the guaranteed party whose asset-liability ratio exceeds 70% (D)										2,300				
Amount of the total guarantee exceeding 50% of the net assets (E)										0				
Total amount of the above three guarantees (C+D+E)										2,300				
Particulars on the situation that unexpired guarantees may bear joint liability for repayment							None							
Particulars on guarantees														

(III) Entrusting others to manage cash assets**1. Entrusted wealth management****(1) Overall condition of entrusted wealth management**√Applicable Not Applicable

Unit: 10,000 Currency: RMB

Type	Source of fund	Amount incurred	Undue balance	Overdue uncollected amount
Bank wealth management products	Self-owned funds	1,415,600.00	0	0

Others Applicable Not Applicable**(2) Individual entrusted wealth management** Applicable Not Applicable**Others** Applicable Not Applicable**(3) Provision for the impairment of entrusted wealth management** Applicable Not Applicable**2. Entrusted loans****(1) Overall condition of entrusted loans** Applicable Not Applicable**Others** Applicable Not Applicable**(2) Individual entrusted loans** Applicable Not Applicable**Others** Applicable Not Applicable

(3) Provision for the impairment of entrusted loans

Applicable Not Applicable

3. Others

Applicable Not Applicable

(IV) Other material contracts

Applicable Not Applicable

XIV. Progress of the use of raised funds

Applicable Not Applicable

(I) An overview of the use of raised funds

Applicable Not Applicable

Unit: RMB 10,000 yuan

Sources of Funds Raised	Time of Funds Raised Being Received	Total Amount of Funds Raised	Net Amount of Funds Raised (1)	Total Committed Investment Amount of Funds Raised in the Prospectus or Fund-Raising Prospectus (2)	Total Amount of Excess Funds Raised (3) = (1) - (2)	Cumulative Amount of Funds Raised Invested by the End of the Reporting Period (4)	Cumulative Amount of Excess Funds Raised Invested by the End of the Reporting Period (5)	Cumulative Investment Progress of Funds Raised by the End of the Reporting Period (%) (6) = (4)/(1)	Cumulative Investment Progress of Excess Funds Raised by the End of the Reporting Period (%) (7) = (5)/(3)	Amount Invested in the Current Year (8)	Proportion of Amount Invested in the Current Year (%) (9) = (8)/(1)	Total Amount of Funds Raised with Changed Use
Issue Convertible Bonds	March 10, 2021	345,000.00	342,957.00	342,957.00	0	337,871.25	0	98.52	0	18,661.13	5.44	36,716.99
Total	/	345,000.00	342,957.00	342,957.00	0	337,871.25	0	/	/	18,661.13	/	36,716.99

(II) Details of investment projects with raised funds

√Applicable □ Not Applicable

Unit: RMB 10,000 yuan

Source of raised funds	Name of project	Nature of project	Is it a committed investment project	change in investment direction?	Total planned investment amount of raised funds (1)	Amount invested this year	Total cumulative investment of raised funds as of the reporting period end (2)	Cumulative investment progress as of the reporting period end (%) (3) = (2)/(1)	Date when the project reaches its intended usable state	Has the project been concluded?	Does the investment progress align with the planned schedule?	Specific reasons for the investment progress not meeting the plan	Benefits achieved this year	Benefits or R&D results already achieved by this project	significant change in the project's feasibility?	Surplus amount
Issuance of convertible bonds	Chip module project in Shengxi site	Production and construction	Yes	Yes, this project is canceled, and the total amount of the raised funds for investment has been adjusted.	79,283.01	0	79,283.01	100.00	2022Q4	Yes	Yes	Not Applicable		Not Applicable (Note 1)	No	0
Issuance of convertible bonds	Wearable device project in Vietnam site	Production and construction	Yes	No	56,000.00	2,432.71	53,082.26	94.79	2024Q4	Yes	Yes	Not Applicable	14,207	30,388	No	3,596.63
Issuance of convertible bonds	Electronic product project in Huizhou site	Production and construction	Yes	Yes, this project is not canceled, and the total amount of the raised funds for investment has been adjusted.	70,000.00	0	69,926.48	99.89	2023Q3	Yes	Yes	Not Applicable	26,676	50,656	No	73.52
Issuance of convertible bonds	Supplementary Working	Supplementary working	Yes		100,957.00	0	101,037.47	100.08	Not Applicable	Yes	Yes	Not Applicable			No	0

	Capital Project	capital and loan repayment														
Issuance of convertible bonds	Construction and loan repayment of Mexico Second Factory Project	Production and construction	No	Yes, new project	43,479.78	16,284.2	34,542.03	79.44	2024Q4	Yes	Yes	Not Applicable		Not Applicable (Note 2)	No	8,848.52
Total	/	/	/	/	349,719.79	18,661.3	337,871.25	/	/	/	/	/	/	/	/	12,518.68

Note 1: Given that this project is a technical upgrade for the Shengxia Factory, the realized benefits cannot be separately quantified.

Note 2: The raised funds are used for the construction of the second factory building at the Mexico Factory, which does not directly generate economic benefits, and therefore, this is not applicable.

(III) Changes or Termination of Fundraising Projects During the Reporting Period

Applicable Not Applicable

(IV) Other information on the usage of raised funds during the reporting Period

1. Replacement of pre-issuance investment with raised funds

Applicable Not Applicable

2. Use idle raised funds as working capital

Applicable Not Applicable

3. Cash management of idle raised funds

Applicable Not Applicable

4. Others

Applicable Not Applicable

During the construction of the fundraising projects, the company strictly adhered to the relevant regulations on the use of raised funds, exercised caution in their utilization, and strictly controlled expenditures while ensuring the quality of project construction. The company strengthened the control, supervision, and management of project costs, fully considering the comprehensive utilization of fund settlements and other effective resources. Additionally, due to the extended payment cycles for certain project works and equipment, as well as the unmet payment conditions for some acceptance payments and warranty deposits, certain contract final payments have not yet been made. To enhance the efficiency of the raised funds, in accordance with the Regulatory Guidelines No. 2 for Listed Companies-Management and Use of Raised Funds and the Shanghai Stock Exchange Self-Regulatory Guidelines No.1 for Listed Companies-Standardized Operations, and in line with the company's actual production and operational needs, the company has permanently supplemented its working capital with the remaining raised funds of RMB 124.33 million and the subsequent interest of RMB 117,300, totaling RMB 124.45 million, after the completion of the fundraising projects.

According to Article 6.3.21 of the Shanghai Stock Exchange Self-Regulatory Guidelines No. 1 for Listed Companies-Standardized Operations, if the remaining raised funds (including interest income) used by a listed company after the completion of all fundraising projects are less than RMB 5 million or 5% of the net amount of raised funds, the company may be exempt from procedures such as board of directors review. The aforementioned use of remaining raised funds of RMB 124.4516 million by the company is less than 5% of the net amount of raised funds, complying with the requirements of the Shanghai Stock Exchange Self-Regulatory Guidelines No. 1 for Listed Companies-Standardized Operations.

XV. Particulars on other major events that have great influence on investors' value judgments and investment decisions

Applicable Not Applicable

Section VII Changes in Shares and Information of Shareholders

I. Changes in share capital

(I) Table of changes in shares

1. Table of changes in shares

Unit: Share

	Before the change		Change					After the change	
	Number	%	New Issue	Bonus Issue	Shares converted from capital reserve	Others	Subtotal	Number	%
II. Tradable shares held not subject to selling restrictions	2,209,991,580	100	3,910,431	0	0	-23,345,545	-19,435,114	2,190,556,466	100
1. RMB ordinary shares	2,209,991,580	100	3,910,431	0	0	-23,345,545	-19,435,114	2,190,556,466	100
III. Total number of shares	2,209,991,580	100	3,910,431	0	0	-23,345,545	-19,435,114	2,190,556,466	100

2. Particulars on changes in ordinary shares

Applicable Not Applicable

During the reporting period, the company's total share capital increased by 3,910,431 shares due to the exercise of equity incentives and the conversion of convertible bonds, while it decreased by 23,345,545 shares due to the cancellation of repurchased shares. As a result, the total share capital decreased by 19,435,114 shares, from 2,209,991,580 shares to 2,190,556,466 shares.

3. Impact of changes in shares on the earnings per share, net asset value per share and other financial indicators in the last year and period (if any)

Applicable Not Applicable

During the reporting period, the company's total share capital decreased by a total of 19,435,114 shares due to the exercise of equity incentives, the conversion of convertible bonds, and share repurchase cancellations. This reduction accounted for 0.89% of the company's total share capital after the changes and had a minimal impact on financial indicators such as earnings per share and net assets per share.

4. Other contents that must be disclosed in the opinion of the Company or according to requirements of the securities regulatory institution

Applicable Not Applicable

(II) Changes in shares subject to selling restrictions

Applicable Not Applicable

Unit: share

II. Issuance and listing of securities**(I) Issuance of securities during the reporting period**Applicable Not Applicable

Particulars on issuance of securities during the reporting period (please explain separately the bonds with different interest rates during their duration):

Applicable Not Applicable**(II) Changes in the total number of shares and shareholder structure of the Company and changes in the structure of assets and liabilities of the Company**Applicable Not Applicable**1. Changes in Total Share Capital**

During the reporting period, the company's total share capital decreased by a total of 3,910,431 shares due to the exercise of equity incentives, the conversion of convertible bonds, and the cancellation of repurchased shares.

2. Changes in Shareholder Structure

The company's controlling shareholder and actual controller remained unchanged. The controlling shareholder is still USI Enterprise Limited, whose shareholding ratio increased from 76.19% to 76.86% due to the reduction in total share capital. Apart from the controlling shareholder, there are no other shareholders holding more than 5% of the company's shares. The actual controllers remain Mr. Jason C.S. Chang and Mr. Richard H.P. Chang.

3. Changes in the Company's Asset and Liability Structure

At the beginning of the reporting period, the company's total assets were RMB 39.40 billion (restated), and total liabilities were RMB 22.31 billion (restated), with a debt-to-asset ratio of 56.62%. At the end of the reporting period, total assets were RMB 39.998 billion, and total liabilities were RMB 21.939 billion, with a debt-to-asset ratio of 54.85%. The company's debt-to-asset ratio decreased by 1.77 percentage points compared to the same period last year.

(III) Existing internal employee sharesApplicable Not Applicable**III. Shareholders and actual controllers****(I) Total number of shareholders**

Total number of shareholders of ordinary shares at the end of the reporting period	39,310
Total number of shareholders of ordinary shares at the end of previous month prior to the disclosure date of this annual report	39,244
Total number of preferred shareholders whose voting rights have been restored as of the end of the reporting period	0
Total number of preferred shareholders at the end of the previous month prior to the disclosure date of the annual report	0

(II) Table of shareholdings of the top ten shareholders and the top ten shareholders of shares in circulation (or shareholders not subject to selling restrictions) at the end of the reporting period

Unit: share

Shareholdings of the top ten shareholders (Excluding share lending through refinancing business)							
Name of shareholder (full name)	Change during the reporting period	Shares held by the end of the reporting period	%	Restricted shares held	Pledge, marking or freezing		Nature of shareholder
					Share status	Number	
USI Enterprise Limited	0	1,683,749,126	76.86	0	None		Foreign legal person
Hong Kong Securities Clearing Company Ltd.	18,525,171	83,230,028	3.80	0	Unknow		Foreign legal person
China Securities Finance Co., Ltd.	-23,700	22,893,936	1.05	0	Unknow		State-owned legal person
ASE (Shanghai) Inc.	0	18,098,476	0.83	0	None		Domestic non-state-owned legal person
Agricultural Bank of China Limited - CSI 500 Exchange Traded Open-End Index Securities Investment Fund	5,567,602	9,135,802	0.42	0	Unknow		Others
USI Account for Share Repurchase	-16,605,145	6,740,400	0.31	0	None		Others
China Life Insurance Company Limited - Traditional - General Insurance Product - 005L-CT001 Shanghai	3,025,057	5,452,900	0.25	0	Unknow		Others
Industrial and Commercial Bank of China Limited - Golden Eagle Technology Innovation Equity Securities Investment Fund		5,204,700	0.24	0	Unknow		Others
Huang Zhilong	3,100,000	3,850,000	0.18	0	Unknow		Individual

Bank of China Limited - Morgan Stanley Digital Economy Mixed Securities Investment Fund		3,408,700	0.16	0	Unknow		Others
Shareholding of top 10 shareholders subject to no selling restrictions							
Name of shareholder	Number of tradable shares held not subject to selling restrictions	Type and number of shares					
		Species	Number				
USI Enterprise Limited	1,683,749,126	RMB ordinary shares	1,683,749,126				
Hong Kong Securities Clearing Company Ltd.	83,230,028	RMB ordinary shares	83,230,028				
China Securities Finance Co., Ltd.	22,893,936	RMB ordinary shares	22,893,936				
ASE (Shanghai) Inc.	18,098,476	RMB ordinary shares	18,098,476				
Agricultural Bank of China Limited - CSI 500 Exchange Traded Open-End Index Securities Investment Fund	9,135,802	RMB ordinary shares	9,135,802				
USI Account for Share Repurchase	6,740,400	RMB ordinary shares	6,740,400				
China Life Insurance Company Limited - Traditional - General Insurance Product - 005L-CT001 Shanghai	5,452,900	RMB ordinary shares	5,452,900				
Industrial and Commercial Bank of China Limited - Golden Eagle Technology Innovation Equity Securities Investment Fund	5,204,700	RMB ordinary shares	5,204,700				
Huang Zhilong	3,850,000	RMB ordinary shares	3,850,000				
Bank of China Limited - Morgan Stanley Digital Economy Mixed Securities Investment Fund	3,408,700	RMB ordinary shares	3,408,700				
Particulars on the special buy-back securities account of the top ten shareholders	<p>As of the reporting period, the company's special repurchase account initially held 23,345,545 unrestricted tradable shares and held 6,740,400 unrestricted tradable shares at the end of the reporting period, resulting in a total reduction of 16,605,145 shares. The changes during the reporting period are as follows:</p> <ol style="list-style-type: none"> From March to July 2024, the company's special repurchase account increased its holdings by 6,740,400 shares due to the company's share repurchases in the secondary market. On November 4, 2024, the company canceled 23,345,545 repurchased shares. 						

Particulars on the above-mentioned shareholders' entrusting voting rights, entrusted voting rights and abstention from voting rights	None
Related or concert parties among the shareholders above	The actual controllers of the Company are Mr. Jason C.S. Chang and Mr. Richard H.P. Chang, who are brothers and ultimately control the Company through indirect shareholding by controlling USI Enterprise Limited and ASE (Shanghai) Inc., two of the Company's shareholders. The Company does not know whether there are related relationships and concerted actions among other shareholders.
Particulars on the preference shareholders with voting rights restored and their shareholdings	None

Top ten shareholders participating in share lending through refinancing business

Applicable Not Applicable

The top ten shareholders and the top ten shareholders with unrestricted tradable shares have experienced changes compared to the previous period due to the lending/returning of shares through the securities lending mechanism.

Applicable Not Applicable

Number of shares held by the top ten shareholders subject to selling restrictions and description of the selling restrictions

Applicable Not Applicable

(III) Strategic investors or general legal persons becoming the top ten shareholders because of placing of new shares

Applicable Not Applicable

IV. Controlling shareholder and actual controllers

(I) Controlling shareholder

1 Legal person

Applicable Not Applicable

Name	USI Enterprise Limited
Person in charge of the Company or legal representative	Chen-Yen Wei
Establishment date	November 13, 2007
Main businesses	Investment consulting services and warehouse management services
Equity of other domestic and overseas listed companies controlled or invested during the reporting period	None
Particulars on other information	None

2 Natural person

Applicable Not Applicable

3 Special particulars on the Company not having controlling shareholder

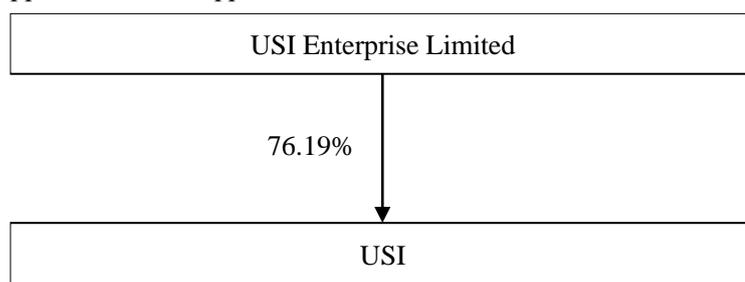
Applicable Not Applicable

4 Changes in controlling shareholders during the reporting period

Applicable Not Applicable

5 The ownership structure of USI and its controlling shareholder

Applicable Not Applicable

**(II) Actual controller****1 Legal person**

Applicable Not Applicable

2 Natural person

Applicable Not Applicable

Name	Jason C.S. Chang
Nationality	Singapore
Acquire right of residence in other countries or regions or not	No
Main job and title	Since 2018, Mr. Chang has served as the chairman and group CEO of ASE Technology Holding Co., Ltd.; since 1984, he has served as the chairman of Advanced Semiconductor Engineering, Inc.
Shareholdings in other domestic or overseas listed companies over the past 10 years	Mr. Chang currently controls 21.51% equity in ASE Investment Holding Co., Ltd. (a company listed in Taiwan, with the stock code of 3711), holds 32.23% equity in Hung Ching Development & Construction Co. (a company listed in Taiwan, with the stock code of 2527) including 26.22% through ASE Investment Holding Co., Ltd., and controls 48.69% equity in SINO HORIZON (a company listed in Taiwan, with the stock code of 2923). He once controlled Advanced Semiconductor Engineering, Inc., a company listed on the Taiwan Stock Exchange, with the stock code of 2311, which was terminated from listing on April 30, 2018.
Name	Richard H.P. Chang
Nationality	Hong Kong, China
Acquire right of residence in other countries or regions or not	Yes
Main job and title	Since 2018, has been serving as vice chairman and president of

	ASE Technology Holding Co., Ltd.
Shareholdings in other domestic or overseas listed companies over the past 10 years	As a brother of Jason C.S. Chang, holds 2.81% equity in ASE Investment Holding Co., Ltd. (a company listed in Taiwan, with the stock code of 3711) and 12.90% equity in Hung Ching Development & Construction Co. (a company listed in Taiwan, with the stock code of 2527), and controls 48.69% equity in SINO HORIZON (a company listed in Taiwan, with the stock code of 2923). Once held the equity of ASE Co., Ltd., a company listed on the Taiwan Stock Exchange, with a stock code of 2311, which was terminated from listing on April 30, 2018.

3 Special particulars on the Company not having actual controllers

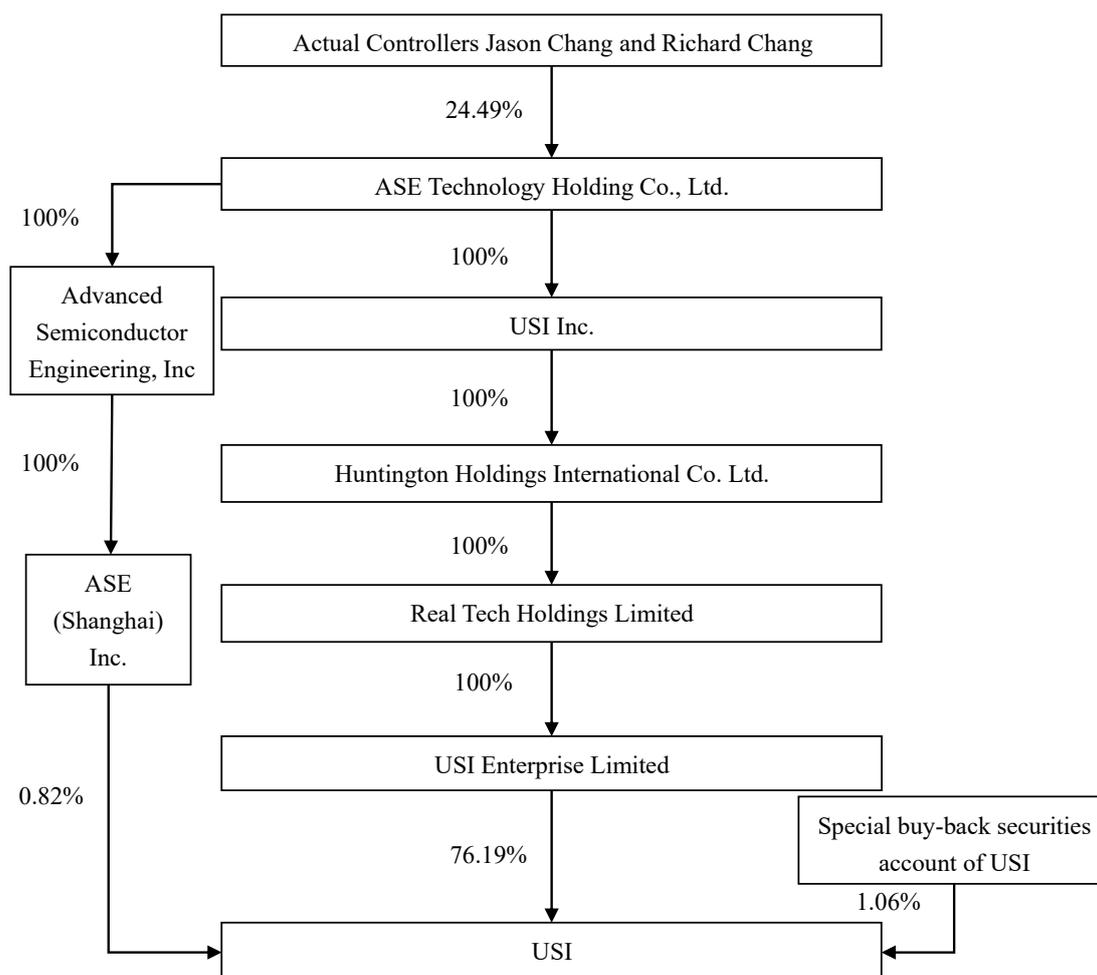
Applicable Not Applicable

4 Particulars on changes in the Company's control during the reporting period

Applicable Not Applicable

5 The ownership Structure of USI and its Actual Controller

Applicable Not Applicable



6 Control of the Company by actual controllers by way of trust or other means of asset management

Applicable Not Applicable

(III) Other particulars regarding the controlling shareholders and the actual controllers

Applicable Not Applicable

V. Shares accumulatively pledged by the Company's controlling shareholder or largest shareholder and its persons acting in concert account for more than 80% of their shareholding in the Company

Applicable Not Applicable

VI. Other legal person shareholders with more than 10% shareholdings

Applicable Not Applicable

VII. Particulars on restrictions on reduction of shareholding

Applicable Not Applicable

VIII. Specific implementation of share repurchase during the reporting period

Applicable Not Applicable

Unit: 10,000 yuan Currency: RMB

Share Repurchase Plan Name	2024 Share Repurchase Plan via Centralized Bidding Transactions
Disclosure Time of the Share Repurchase Plan	February 8, 2024
Proposed Number of Shares to be Repurchased and Percentage of Total Share Capital (%)	6,451,612 shares~12,903,225 shares 0.29~0.58
Proposed Repurchase Amount	10,000~20,000
Proposed Repurchase Period	February 7, 2024 to August 6, 2024
Purpose of the Repurchase	Employee Stock Ownership Plan (ESOP)
Number of Shares Already Repurchased	6,740,400 shares
Percentage of Shares Already Repurchased Relative to the Target Shares Involved in the Equity Incentive Plan (if applicable)	Not Applicable
Progress of the Company's Reduction of Repurchased Shares Through Centralized Bidding Transactions	Not Applicable

Section VIII Information on Preferred Shares

Applicable Not Applicable

Section IX Information on Bonds

I. Corporate bonds and debt financing instruments issued by non-financial entities

Applicable Not Applicable

II. Convertible corporate bonds

Applicable Not Applicable

(I) Issuance of convertible bonds

Applicable Not Applicable

After being approved by the China Securities Regulatory Commission with a document (Z.J.X.K. [2021] No. 167), the Company publicly issued 34.5 million convertible corporate bonds on March 4, 2021, each with a face value of RMB 100, amounting to RMB 3.45 billion in total. After being approved by the Shanghai Stock Exchange with the Self-Regulatory Supervision Decision Letter ([2021] No. 133), the convertible corporate bonds were listed and traded on the Shanghai Stock Exchange on April 2, 2021. The bonds are abbreviated as "USI Convertible Bonds", with the bond code of 113045.

(II) Convertible bond holders and guarantors during the reporting period

Applicable Not Applicable

Name of convertible corporate bonds	Convertible corporate bonds publicly issued by Universal Scientific Industrial (Shanghai) Co., Ltd. in 2021	
Number of convertible bond holders at the end of the period	5,303	
Guarantor of the Company's convertible bonds	None	
Top ten convertible bond holders:		
Name of holders of convertible corporate bonds	Amount of bonds held at the end of the period (RMB)	Holding ratio (%)
USI Enterprise Limited	771,169,000	22.35
China Merchants Bank Co., Ltd. - Boser CSI Convertible Bond and Exchangeable Bond ETF	144,783,000	4.20
Northwest Investment Management (Hong Kong) Limited - Northwest Flying Dragon Fund Limited	132,412,000	3.84
UBS AG	69,656,000	2.02
Guosen Securities Co., Ltd.	68,667,000	1.99
Bank of China Limited - E Fund Sui Feng Tian Li Bond Fund	54,991,000	1.59
Huatai Yousheng Convertible Bond Fixed Income Pension Product - China Merchants Bank Co., Ltd.	52,204,000	1.51
New China Life Insurance Co., Ltd. - Traditional -	50,168,000	1.45

General Insurance Product - 018L-CT001 Hu		
Industrial and Commercial Bank of China Limited - GF Convertible Bond Fund	48,144,000	1.40
Bank of China Limited - E Fund Steady Return Bond Fund	43,961,000	1.27

(III) Changes in convertible bonds during the reporting period

√Applicable □ Not Applicable

Unit: yuan Currency: RMB

Name of convertible corporate bonds	Before the change	Change			After the change
		Converted into shares	Redeemed	Put	
Convertible corporate bonds publicly issued by Universal Scientific Industrial (Shanghai) Co., Ltd. in 2021	3,449,878,000	22,000	0	0	3,449,856,000

Cumulative conversion of convertible bonds during the reporting period

√Applicable □ Not Applicable

Name of convertible corporate bonds	Convertible corporate bonds publicly issued by Universal Scientific Industrial (Shanghai) Co., Ltd. in 2021
Conversion amount (RMB) during the reporting period	22,000
Number of shares converted during the reporting period	1,163
Cumulative number of converted shares	7,378
Proportion of cumulative number of converted shares to the total number of shares of the Company issued before the conversion (%)	0.0003
Unconverted amount (RMB)	3,449,856,000
Proportion of unconverted convertible bonds to the total convertible bonds issued (%)	99.9958

(IV) Historical adjustments of conversion price

√Applicable □ Not Applicable

Unit: yuan Currency: RMB

Name of convertible corporate bonds	Convertible corporate bonds publicly issued by Universal Scientific Industrial (Shanghai) Co., Ltd. in 2021			
Conversion	Adjusted	Disclosure time	Disclosure	Particulars on

price adjustment date	conversion price		media	conversion price adjustment Note
June 3, 2021	19.75	June 1, 2021	Shanghai Securities News, China Securities Journal, and Securities Times	2020 profit distribution
June 13, 2022	19.49	June 7, 2022		2021 profit distribution
July 21, 2022	19.52	July 20, 2022		Cancellation of repurchased shares
December 9, 2022	19.50	December 8, 2022		The accumulative exercise of stock options reached the degree of adjusting the conversion price
May 30, 2023	19.07	May 24, 2023		2022 profit distribution
November 29, 2023	19.06	November 28, 2023		The accumulative exercise of stock options reached the degree of adjusting the conversion price
June 5, 2024	18.79	May 30, 2024		2023 profit distribution
November 7, 2024	18.84	November 6, 2024		Cancellation of repurchased shares and The accumulative exercise of stock options reached the degree of adjusting the conversion price
The latest conversion price as of the end of the reporting period		18.84		

(V) The Company's liabilities, changes in credit and cash arrangements for debt repayment in future years

Applicable Not Applicable

As of the beginning of the reporting period, the company's total assets amounted to RMB 39.404 billion (restated), total liabilities were RMB 22.311 billion (restated), and the asset-liability ratio was 56.62%. By the end of the reporting period, total assets increased to RMB 39.998 billion, total liabilities decreased to RMB 21.939 billion, and the asset-liability ratio was 54.85%. Compared to the same period last year, the company's asset-liability ratio decreased by 1.77 percentage points.

On April 30, 2024, China Chengxin Credit Rating Group issued the "2024 Follow-up Rating Report for USI". The company's entity credit rating remained at AA+, and the credit rating for "USI

Convertible Bonds" also remained at AA+, with a stable outlook. No adjustments were made to this rating result.

The company adopts an annual interest payment method, with the principal and the interest for the final accrual year to be repaid upon maturity.

(VI) Particulars on other information of convertible bonds

Applicable Not Applicable

Section X Financial Statements

I. Auditor's report

The Company's annual financial report has been audited and given a standard unqualified opinion by Chinese Certified Public Accountant Yuan Shouqing and Hu Ke of Deloitte Touche Tohmatsu Certified Public Accountants LLP.

II. Financial statements and notes

Please refer to the attached financial statements and auditor's report for more details.

Universal Scientific Industrial (Shanghai) Co., Ltd.

Financial Statements and Auditor's Report
For the year ended 31 December 2024

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AUDITOR'S REPORT

De Shi Bao (Shen) Zi (25) No. P02415
(Page 1 of 5)

To the Shareholders of Universal Scientific Industrial (Shanghai) Co., Ltd.,

I. Opinion

We have audited the financial statements of Universal Scientific Industrial (Shanghai) Co., Ltd. ("USI"), which comprise the consolidated and Company's balance sheets as at 31 December 2024, and the consolidated and Company's income statements, the consolidated and Company's cash flow statements and the consolidated and Company's statements of changes in shareholders' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements are prepared and present fairly, in all material respects, the consolidated and Company's financial position as at 31 December 2024, and the consolidated and the Company's results of operations and cash flows of USI for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

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

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were 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 the followings are key audit matters in need of communication in our report.

AUDITOR'S REPORT (continued)

De Shi Bao (Shen) Zi (25) No. P02415
(Page 2 of 5)

III. Key Audit Matters - continued

Cut-off of Revenue Recognition

Matter Description

As set out in Notes (V), 48 to the financial statements, the operating income in 2024 in the consolidated financial statements of USI is RMB 60,690,651,098.10, which is significant. USI's sales mainly include revenue from sale of goods, and the revenue is recognized at the time point when the customer obtains the control over the commodity. Under different terms of sales contracts and trades, the time point of the transfer of commodity control is different. As revenue is one of the key performance indicators of USI, and the time point for the transfer of control is different for various transaction modes in relation to revenue recognition, there is a risk that revenue is not recognized in the appropriate accounting period. Therefore, we consider whether revenue is recorded in the appropriate accounting period as a key audit matter.

Audit Response

1. Understand the accounting policies for revenue recognition and key internal controls related to the cut-off of revenue recognition of USI, evaluate the design and implementation of relevant internal control, and test the effectiveness of its operation;
2. Check the material sales contracts, identify the contract terms and trade conditions related to the time point of goods control transfer, and evaluate whether the time point of revenue recognition of USI meets the provisions of the accounting standards for business enterprises;
3. Select samples for the sales transactions recorded before and after the balance sheet date, and check the accounting records, delivery orders, cargo right transfer documents and other supporting documents related to revenue recognition, so as to evaluate whether the revenue is recorded in the appropriate accounting period;
4. Review sales records after the balance sheet date for material sales returns and check relevant supporting documentation to assess whether the related revenue was recorded in the correct accounting period;
5. Analyze the fluctuation of revenue and gross margin before and after the year-end, and pay attention to whether there is any abnormal change.

AUDITOR'S REPORT (continued)

De Shi Bao (Shen) Zi (25) No. P02415
(Page 3 of 5)

IV. Other Information

The management of USI is responsible for other information. The other information comprises the information included in USI's annual report of 2024, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

The management of USI is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

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

Those charged with governance is responsible for supervising the financial reporting process of USI.

AUDITOR'S REPORT (continued)

De Shi Bao (Shen) Zi (25) No. P02415
(Page 4 of 5)

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

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

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

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

AUDITOR'S REPORT (continued)

De Shi Bao (Shen) Zi (25) No. P02415
(Page 5 of 5)

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

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

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

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.

Deloitte Touche Tohmatsu CPA LLP
Shanghai, China

Chinese Certified Public Accountant:
(Engagement partner)

Yuan, Shou Qing

Chinese Certified Public Accountant:

Hu, Ke

28 March 2025

The auditor's report and the accompanying financial statements are English translations of the Chinese auditor's report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. These financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles and practices generally accepted in other countries and jurisdictions. In case the English version does not conform to the Chinese version, the Chinese version prevails.

Consolidated Balance Sheet

Unit: RMB

ITEM	Note	31/12/2024	31/12/2023 (restated)
Current Assets:			
Cash and bank balances	(V)1	12,487,357,842.47	11,218,698,389.32
Held-for-trading financial assets	(V)2	42,291,303.91	245,558,007.22
Notes receivable	(V)3	79,450,682.42	65,545,008.33
Accounts receivable	(V)4	10,255,502,444.64	10,025,329,076.47
Prepayments	(V)5	53,561,714.38	55,649,536.45
Other receivables	(V)6	134,298,737.44	275,674,265.31
Inventories	(V)7	7,750,208,908.58	8,323,944,087.96
Non-current assets due within one year	(V)8	130,008.72	123,989.32
Other current assets	(V)9	793,813,622.28	838,262,285.94
Total Current Assets		31,596,615,264.84	31,048,784,646.32
Non-current Assets:			
Long-term receivables	(V)10	13,787,074.59	13,647,410.80
Long-term equity investments	(V)11	516,492,474.11	498,271,541.60
Other equity instrument investments	(V)12	22,769,795.62	38,935,237.58
Other non-current financial assets	(V)13	201,093,233.84	193,994,862.05
Investment properties	(V)14	4,044,288.01	4,324,045.51
Fixed assets	(V)15	5,120,055,058.11	4,711,701,980.06
Construction in progress	(V)16	364,667,733.73	641,030,985.98
Right-of-use assets	(V)17	467,197,344.08	605,954,561.75
Intangible assets	(V)18	311,389,637.91	368,303,316.37
Goodwill	(V)19	585,220,427.80	611,169,486.97
Long-term prepaid expenses	(V)20	175,639,403.30	212,629,008.92
Deferred tax assets	(V)21	434,071,460.33	387,273,954.10
Other non-current assets	(V)22	184,987,639.10	68,274,790.92
Total Non-current Assets		8,401,415,570.53	8,355,511,182.61
TOTAL ASSETS		39,998,030,835.37	39,404,295,828.93

Consolidated Balance Sheet - continued

Unit: RMB

ITEM	Note	31/12/2024	31/12/2023 (restated)
Current Liabilities:			
Short-term borrowings	(V)24	3,676,702,163.10	4,378,428,691.47
Derivative financial liabilities	(V)25	4,775,306.67	173,872.64
Accounts payable	(V)26	11,055,392,929.15	10,574,123,769.47
Contract liabilities	(V)27	542,457,418.46	348,380,131.33
Employee benefits payable	(V)28	904,910,191.47	922,911,255.08
Taxes payable	(V)29	390,100,700.18	354,947,363.81
Other payables	(V)30	805,175,805.23	1,113,646,751.39
Non-current liabilities due within one year	(V)31	193,691,444.57	3,564,025,750.56
Other current liabilities	(V)32	11,106,077.85	3,944,775.07
Total Current Liabilities		17,584,312,036.68	21,260,582,360.82
Non-current Liabilities:			
Long-term borrowings	(V)33	29,872,115.04	47,385,951.10
Bonds payable	(V)34	3,467,944,609.76	-
Lease liabilities	(V)35	377,309,333.43	486,775,229.42
Long-term payables	(V)36	18,348,682.49	25,526,297.84
Long-term employee benefits payable	(V)37	230,871,543.86	275,438,833.95
Provisions	(V)38	74,187,068.91	48,279,064.03
Deferred income	(V)39	72,457,875.12	59,885,005.66
Deferred tax liabilities	(V)21	82,878,640.62	106,003,965.43
Other non-current liabilities	(V)40	1,317,464.14	1,046,909.26
Total Non-current Liabilities		4,355,187,333.37	1,050,341,256.69
TOTAL LIABILITIES		21,939,499,370.05	22,310,923,617.51
SHAREHOLDERS' EQUITY:			
Share capital	(V)41	2,190,556,466.00	2,209,991,580.00
Other equity instruments	(V)42	409,888,096.26	409,890,710.14
Capital reserve	(V)43	2,049,016,598.82	2,283,965,543.00
Less: Treasury shares	(V)44	100,052,846.15	321,730,995.54
Other comprehensive income	(V)45	176,365,826.20	264,387,466.62
Surplus reserve	(V)46	1,049,724,882.30	966,801,754.40
Retained profits	(V)47	12,159,024,853.45	11,179,762,376.22
Total owners' equity attributable to equity holders of the Company		17,934,523,876.88	16,993,068,434.84
Minority interests		124,007,588.44	100,303,776.58
TOTAL SHAREHOLDERS' EQUITY		18,058,531,465.32	17,093,372,211.42
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		39,998,030,835.37	39,404,295,828.93

The accompanying notes form part of the financial statements.

The financial statements on pages 6 to 145 were signed by the following:

Head of the Company

Chief Financial Officer

Person in charge of the Accounting Body

Balance Sheet of the Company

Unit: RMB

ITEM	Note	31/12/2024	31/12/2023
Current Assets:			
Cash and bank balances		3,175,577,806.90	3,166,517,228.25
Held-for-trading financial assets		-	1,470,156.89
Notes receivable	(XV)1	66,017,318.26	49,427,125.85
Accounts receivable	(XV)2	3,434,505,018.46	2,871,903,374.08
Prepayments		6,206,791.81	6,942,635.46
Other receivables	(XV)3	643,273,134.04	733,104,536.58
Inventories		1,764,715,535.20	1,654,172,789.68
Other current assets		52,820,691.60	34,001,587.46
Total Current Assets		9,143,116,296.27	8,517,539,434.25
Non-current Assets:			
Long-term equity investments	(XV)4	7,051,019,621.05	6,733,236,951.63
Other non-current financial assets		80,819,941.58	46,933,111.53
Fixed assets		1,094,606,101.11	1,185,256,610.21
Construction in progress		23,564,795.30	15,109,116.60
Right-of-use assets		25,787,662.19	36,821,679.59
Intangible assets		12,625,793.70	9,809,422.12
Long-term prepaid expenses		36,046,864.86	46,354,232.90
Deferred tax assets		65,684,705.63	60,805,635.89
Other non-current assets		11,593,335.74	19,775,697.94
Total Non-current Assets		8,401,748,821.16	8,154,102,458.41
TOTAL ASSETS		17,544,865,117.43	16,671,641,892.66

Balance Sheet of the Company - continued

Unit: RMB

ITEM	Note	31/12/2024	31/12/2023
Current Liabilities:			
Short-term borrowings		21,581,521.53	109,505,392.33
Accounts payable		4,195,865,246.89	3,605,760,600.86
Contract liabilities		71,514,490.87	39,365,501.07
Employee benefits payable		127,828,187.55	127,557,430.98
Taxes payable		28,274,390.73	23,281,137.14
Other payables		49,142,457.37	51,640,284.57
Non-current liabilities due within one year		51,411,112.20	3,396,626,721.03
Total Current Liabilities		4,545,617,407.14	7,353,737,067.98
Non-current Liabilities:			
Bonds payable		3,467,944,609.76	-
Lease liabilities		18,452,945.56	29,464,371.43
Deferred income		52,523,647.44	34,345,491.81
Other non-current liabilities		6,000.00	-
Total Non-current Liabilities		3,538,927,202.76	63,809,863.24
TOTAL LIABILITIES		8,084,544,609.90	7,417,546,931.22
SHAREHOLDERS' EQUITY:			
Share capital	(V)41	2,190,556,466.00	2,209,991,580.00
Other equity instruments	(V)42	409,888,096.26	409,890,710.14
Capital reserve		2,108,917,996.10	2,343,866,940.28
Less: Treasury shares	(V)44	100,052,846.15	321,730,995.54
Surplus reserve	(V)46	1,049,724,882.30	966,801,754.40
Retained profits		3,801,285,913.02	3,645,274,972.16
TOTAL SHAREHOLDERS' EQUITY		9,460,320,507.53	9,254,094,961.44
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		17,544,865,117.43	16,671,641,892.66

Head of the Company

Chief Financial Officer

Person in charge of the Accounting Body

Consolidated Income Statement

Unit: RMB

ITEM	Note	Amount incurred in the current year	Amount incurred in the prior year (restated)
I. Operating income	(V)48	60,690,651,098.10	60,791,909,537.87
Less: Operating costs	(V)48	54,929,613,226.02	54,965,846,694.81
Taxes and levies	(V)49	137,973,117.73	95,769,988.19
Selling expenses	(V)50	409,346,671.29	341,284,448.91
Administrative expenses	(V)51	1,370,514,447.54	1,215,427,939.02
Research and development expenses	(V)52	1,907,549,706.46	1,807,204,128.27
Financial expenses	(V)53	312,651,073.77	212,029,208.10
Including: Interest expenses		391,009,108.71	400,215,716.04
Interest income		304,283,941.12	236,527,756.09
Add: Other income	(V)54	63,432,650.72	90,221,824.09
Investment income	(V)55	213,463,202.51	142,700,250.52
Including: Income from investments in associates and joint ventures		33,862,787.66	8,752,751.61
Losses from changes in fair values	(V)56	(2,460,620.20)	(27,107,751.82)
Impairment loss of credit	(V)57	(32,800,121.83)	(21,981,473.91)
Impairment gains (losses) of assets	(V)58	312,399.29	(166,836,089.16)
Gains from disposal of assets	(V)59	7,531,285.09	6,334,307.77
II. Operating profit		1,872,481,650.87	2,177,678,198.06
Add: Non-operating income	(V)60	25,287,666.76	18,086,136.60
Less: Non-operating expenses	(V)61	43,952,744.22	6,076,478.46
III. Total profit		1,853,816,573.41	2,189,687,856.20
Less: Income tax expenses	(V)62	209,647,374.75	239,978,749.21
IV. Net profit		1,644,169,198.66	1,949,709,106.99
(I) Net profit classified by operating continuity:			
1. Net profit from continuing operations		1,644,169,198.66	1,949,709,106.99
2. Net profit from discontinued operations		-	-
(II) Net profit classified by ownership ascription:			
1. Net profit attributable to owners of the Company		1,652,482,815.41	1,947,846,866.12
2. Profit or loss (net loss) attributable to minority interests		(8,313,616.75)	1,862,240.87
V. Other comprehensive income, net of tax	(V)45	(94,946,218.21)	150,654,063.55
(I) Other comprehensive income attributable to owners of the Company, net of tax		(88,021,640.42)	149,876,486.87
1. Other comprehensive income that cannot be subsequently reclassified to profit or loss		13,484,045.36	12,172,076.30
(1) Changes from re-measurement of defined benefit plans		6,887,026.91	(14,990,727.75)
(2) Changes in fair values of other equity instrument investments		6,597,018.45	27,162,804.05
2. Other comprehensive income that will be reclassified to profit or loss		(101,505,685.78)	137,704,410.57
(1) Other comprehensive income that can be reclassified to profit or loss under the equity method		(6,856,487.42)	(7,656,754.91)
(2) Translation differences of financial statements denominated in foreign currencies		(220,145,754.73)	216,849,856.44
(3) Hedging reserves of net investment in foreign operations		125,496,556.37	(71,488,690.96)
(II) Other comprehensive income attributable to minority interests, net of tax		(6,924,577.79)	777,576.68
VI. Total comprehensive income		1,549,222,980.45	2,100,363,170.54
(I) Total comprehensive income attributable to owners of the Company		1,564,461,174.99	2,097,723,352.99
(II) Total comprehensive income attributable to minority interests		(15,238,194.54)	2,639,817.55
VII. Earnings per share			
(I) Basic earnings per share (RMB/share)	(XVI)2	0.76	0.89
(II) Diluted earnings per share (RMB/share)	(XVI)2	0.75	0.87

Head of the Company

Chief Financial Officer

Person in charge of the Accounting Body

Income Statement of the Company

Unit: RMB

ITEM	Note	Amount incurred in the current year	Amount incurred in the prior year (restated)
I. Operating income	(XV)5	21,949,264,518.64	19,677,036,021.69
Less: Operating costs	(XV)5	20,016,518,726.72	17,928,520,106.34
Taxes and levies		58,505,199.33	28,574,670.28
Selling expenses		89,214,417.22	77,462,275.73
Administrative expenses		194,076,182.74	163,145,034.68
Research and development expenses		718,909,310.11	677,138,253.59
Financial expenses		11,072,834.38	76,585,926.77
Including: Interest expenses		161,447,593.54	172,202,443.99
Interest income		125,653,147.34	109,201,065.07
Add: Other income		28,034,470.97	31,164,163.32
Investment income	(XV)6	12,915,726.69	325,724,208.11
Including: Loss from investments in associates and joint ventures		(3,459,733.12)	(3,294,727.52)
Losses from changes in fair values		(5,988,719.20)	(13,609,149.40)
Gains (losses) from impairment of credit		(765,483.93)	3,685,934.28
Impairment gains (losses) of assets		(15,060,813.56)	762,694.28
Gains from disposal of assets		692,982.05	3,442,727.96
II. Operating profit		880,796,011.16	1,076,780,332.85
Add: Non-operating income		1,476,699.06	2,306,506.80
Less: Non-operating expenses		1,086,232.04	172,287.02
III. Total profit		881,186,478.18	1,078,914,552.63
Less: Income tax expenses		51,955,199.14	31,705,331.20
IV. Net profit		829,231,279.04	1,047,209,221.43
(I) Net profit from continuing operations		829,231,279.04	1,047,209,221.43
(II) Net profit from discontinued operations		-	-
V. Other comprehensive income, net of tax		-	-
VI. Total comprehensive income		829,231,279.04	1,047,209,221.43

Head of the Company

Chief Financial Officer

Person in charge of the Accounting Body

Consolidated Cash Flow Statement

Unit: RMB

ITEM	Note	Amount incurred in the current year	Amount incurred in the prior year
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		61,750,716,937.26	62,945,879,717.98
Receipts of tax refunds		558,900,621.53	332,597,175.15
Other cash receipts relating to operating activities	(V)63(1)	521,859,456.50	444,054,452.60
Sub-total of cash inflows from operating activities		62,831,477,015.29	63,722,531,345.73
Cash payments for goods purchased and services received		52,626,999,310.02	51,127,038,702.23
Cash payments to and on behalf of employees		4,548,139,402.46	4,543,803,455.43
Payments of various types of taxes		814,158,824.01	947,833,332.58
Other cash payments relating to operating activities	(V)63(1)	631,912,867.26	280,420,362.87
Sub-total of cash outflows from operating activities		58,621,210,403.75	56,899,095,853.11
Net Cash Flow from Operating Activities	(V)64(1)	4,210,266,611.54	6,823,435,492.62
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments	(V)63(2)	14,236,609,027.28	10,588,663,201.29
Cash receipts from investment income		185,687,208.00	141,117,928.09
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		68,504,500.64	39,129,732.67
Other cash receipts relating to investing activities	(V)63(2)	-	2,214,334.90
Sub-total of cash inflows from investing activities		14,490,800,735.92	10,771,125,196.95
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		1,261,962,209.69	1,549,925,467.96
Cash payments to acquire investments	(V)63(2)	14,209,224,800.00	10,379,130,858.29
Net cash payments for acquisitions of subsidiaries and other business units		215,479,003.07	270,966,057.90
Sub-total of cash outflows from investing activities		15,686,666,012.76	12,200,022,384.15
Net Cash Flow from Investing Activities		(1,195,865,276.84)	(1,428,897,187.20)
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		88,509,406.27	134,160,438.42
Including: cash receipts from capital contributions from minority owners of subsidiaries		38,942,006.40	96,336,780.30
Cash receipts from borrowings		10,402,853,293.23	15,773,337,049.55
Other cash receipts relating to financing activities	(V)63(3)	-	26,686,556.25
Sub-total of cash inflows from financing activities		10,491,362,699.50	15,934,184,044.22
Cash repayments of borrowings		11,147,070,897.24	16,428,061,798.41
Cash payments for distribution of dividends or profits or settlement of interest expenses		829,073,975.05	1,179,079,074.37
Other cash payments relating to financing activities	(V)63(3)	278,192,358.83	163,296,399.80
Sub-total of cash outflows from financing activities		12,254,337,231.12	17,770,437,272.58
Net Cash Flow from Financing Activities		(1,762,974,531.62)	(1,836,253,228.36)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		26,573,176.36	(52,036,402.36)
V. Net Increase in Cash and Cash Equivalents		1,277,999,979.44	3,506,248,674.70
Add: Opening balance of cash and cash equivalents	(V)64(2)	11,184,292,778.70	7,678,044,104.00
VI. Closing Balance of Cash and Cash Equivalents	(V)64(2)	12,462,292,758.14	11,184,292,778.70

Head of the Company

Chief Financial Officer

Person in charge of the Accounting Body

Cash Flow Statement of the Company

Unit: RMB

ITEM	Note	Amount incurred in the current year	Amount incurred in the prior year
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		21,490,324,283.88	19,715,179,735.51
Receipts of tax refunds		117,340,133.07	88,661,201.75
Other cash receipts relating to operating activities		178,802,198.22	143,944,381.68
Sub-total of cash inflows from operating activities		21,786,466,615.17	19,947,785,318.94
Cash payments for goods purchased and services received		19,550,062,914.78	16,698,151,441.53
Cash payments to and on behalf of employees		616,276,076.27	625,256,609.26
Payments of various types of taxes		181,670,342.07	148,511,099.34
Other cash payments relating to operating activities		185,171,636.39	156,801,933.88
Sub-total of cash outflows from operating activities		20,533,180,969.51	17,628,721,084.01
Net Cash Flow from Operating Activities	(XV)7	1,253,285,645.66	2,319,064,234.93
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		4,406,180,000.00	5,094,828,000.00
Cash receipts from investment income		16,063,975.03	329,018,935.63
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		15,615,218.91	78,422,754.70
Sub-total of cash inflows from investing activities		4,437,859,193.94	5,502,269,690.33
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		240,995,233.42	272,929,329.02
Cash payments to acquire investments		4,689,524,200.00	4,486,995,119.70
Other cash payments relating to investing activities		-	817,776,000.00
Sub-total of cash outflows from investing activities		4,930,519,433.42	5,577,700,448.72
Net Cash Flow from Investing Activities		(492,660,239.48)	(75,430,758.39)
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		49,567,399.87	37,823,658.12
Cash receipts from borrowings		1,148,465,800.00	3,486,983,652.26
Other cash receipts relating to financing activities		-	26,686,556.25
Sub-total of cash inflows from financing activities		1,198,033,199.87	3,551,493,866.63
Cash repayments of borrowings		1,236,520,276.30	3,937,358,875.96
Cash payments for distribution of dividends or profits or settlement of interest expenses		627,438,082.56	975,226,652.63
Other cash payments relating to financing activities		115,164,986.67	22,742,198.55
Sub-total of cash outflows from financing activities		1,979,123,345.53	4,935,327,727.14
Net Cash Flow from Financing Activities		(781,090,145.66)	(1,383,833,860.51)
V. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		25,197,378.34	(75,741,157.11)
V. Net Increase in Cash and Cash Equivalents		4,732,638.86	784,058,458.92
Add: Opening balance of cash and cash equivalents		3,166,517,228.25	2,382,458,769.33
VI. Closing Balance of Cash and Cash Equivalents		3,171,249,867.11	3,166,517,228.25

Head of the Company

Chief Financial Officer

Person in charge of the Accounting Body

Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

ITEM	2024								
	Attributable to owners of the Company							Minority interests	Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained profits		
I. Closing balance of the prior year	2,209,991,580.00	409,890,710.14	2,283,965,543.00	(321,730,995.54)	261,726,655.45	966,801,754.40	11,179,762,376.22	99,421,563.54	17,089,829,187.21
Add: Adjustment to the provisional value of business combination not involving enterprises under common control (Note V, 19)	-	-	-	-	2,660,811.17	-	-	882,213.04	3,543,024.21
II. Opening balance of the current year (restated)	2,209,991,580.00	409,890,710.14	2,283,965,543.00	(321,730,995.54)	264,387,466.62	966,801,754.40	11,179,762,376.22	100,303,776.58	17,093,372,211.42
III. Changes for the year									
(I) Total comprehensive income	-	-	-	-	(88,021,640.42)	-	1,652,482,815.41	(15,238,194.54)	1,549,222,980.45
(II) Owners' contributions and reduction in capital									
1. Ordinary shares contributed by shareholders (Note V, 41)	3,909,268.00	-	45,658,131.87	-	-	-	-	38,942,006.40	88,509,406.27
2. Capital contribution by owners of other equity instruments (Note V, 42)	1,163.00	(2,613.88)	23,374.49	-	-	-	-	-	21,923.61
3. Share-based payment recognized in shareholders' equity (Note V, 43)	-	-	17,755,000.00	-	-	-	-	-	17,755,000.00
4. Cancellation of treasury shares (Note V, 44)	(23,345,545.00)	-	(298,385,450.54)	321,730,995.54	-	-	-	-	-
5. Others (Note V, 44)	-	-	-	(100,052,846.15)	-	-	-	-	(100,052,846.15)
(III) Profit distribution	-	-	-	-	-	-	-	-	-
1. Transfer to surplus reserve	-	-	-	-	-	82,923,127.90	(82,923,127.90)	-	-
2. Distributions to shareholders	-	-	-	-	-	-	(590,297,210.28)	-	(590,297,210.28)
IV. Closing balance of the current year	2,190,556,466.00	409,888,096.26	2,049,016,598.82	(100,052,846.15)	176,365,826.20	1,049,724,882.30	12,159,024,853.45	124,007,588.44	18,058,531,465.32

Consolidated Statement of Changes in Shareholders' Equity - continued

Unit: RMB

ITEM	2023 (restated)								
	Attributable to owners of the Company							Minority interests	Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained profits		
I. Opening balance of the current year	2,206,864,239.00	409,897,126.04	2,234,529,885.62	(351,392,965.86)	111,850,168.58	862,080,832.26	10,275,564,894.22	444,965.69	15,749,839,145.55
II. Changes for the year									
(I) Total comprehensive income	-	-	-	-	149,876,486.87	-	1,947,846,866.12	2,639,817.55	2,100,363,170.54
(II) Owners' contributions and reduction in capital									
1. Ordinary shares contributed by shareholders (Note V, 41 and Note VI, 1)	3,124,565.00	-	34,699,093.12	-	-	-	-	96,336,780.30	134,160,438.42
2. Capital contribution by owners of other equity instruments (Note V, 42)	2,776.00	(6,415.90)	54,888.33	-	-	-	-	-	51,248.43
3. Share-based payment recognized in shareholders' equity (Note V, 43)	-	-	17,684,000.00	-	-	-	-	-	17,684,000.00
4. Transfer from treasury shares (Note V, 44)	-	-	363,746.57	(364,587.57)	-	-	-	-	(841.00)
5. Others (Note V, 44)	-	-	(3,366,070.64)	30,026,557.89	-	-	-	-	26,660,487.25
6. Business combination (restated)	-	-	-	-	2,660,811.17	-	-	882,213.04	3,543,024.21
(III) Profit distribution									
1. Transfer to surplus reserve	-	-	-	-	-	104,720,922.14	(104,720,922.14)	-	-
2. Distributions to shareholders	-	-	-	-	-	-	(938,928,461.98)	-	(938,928,461.98)
III. Closing balance of the current year	2,209,991,580.00	409,890,710.14	2,283,965,543.00	(321,730,995.54)	264,387,466.62	966,801,754.40	11,179,762,376.22	100,303,776.58	17,093,372,211.42

Head of the Company

Chief Financial Officer

Person in charge of the Accounting Body

Statement of Changes in Shareholders' Equity of the Company

Unit: RMB

ITEM	2024						
	Share capital	Other equity instruments	Capital reserve	Less: Treasury shares	Surplus reserve	Retained profits	Total shareholders' equity
I. Opening balance of the current year	2,209,991,580.00	409,890,710.14	2,343,866,940.28	(321,730,995.54)	966,801,754.40	3,645,274,972.16	9,254,094,961.44
II. Changes for the year							
(I) Total comprehensive income	-	-	-	-	-	829,231,279.04	829,231,279.04
(II) Owners' contributions and reduction in capital					-	-	
1. Ordinary shares contributed by shareholders	3,909,268.00	-	45,658,131.87	-	-	-	49,567,399.87
2. Capital contribution by owners of other equity instruments	1,163.00	(2,613.88)	23,374.49	-	-	-	21,923.61
3. Share-based payment recognized in shareholders' equity	-	-	17,755,000.00	-	-	-	17,755,000.00
4. Cancellation of treasury shares	(23,345,545.00)	-	(298,385,450.54)	321,730,995.54	-	-	-
5. Others	-	-	-	(100,052,846.15)	-	-	(100,052,846.15)
(III) Profit distribution	-	-	-	-			
1. Transfer to surplus reserve	-	-	-	-	82,923,127.90	(82,923,127.90)	-
2. Distributions to shareholders	-	-	-	-	-	(590,297,210.28)	(590,297,210.28)
III. Closing balance of the current year	2,190,556,466.00	409,888,096.26	2,108,917,996.10	(100,052,846.15)	1,049,724,882.30	3,801,285,913.02	9,460,320,507.53

Statement of Changes in Shareholders' Equity of the Company - continued

Unit: RMB

ITEM	2023						
	Share capital	Other equity instruments	Capital reserve	Less: Treasury shares	Surplus reserve	Retained profits	Total shareholders' equity
I. Opening balance of the current year	2,206,864,239.00	409,897,126.04	2,294,431,282.90	(351,392,965.86)	862,080,832.26	3,641,715,134.85	9,063,595,649.19
II. Changes for the year							
(I) Total comprehensive income	-	-	-	-	-	1,047,209,221.43	1,047,209,221.43
(II) Owners' contributions and reduction in capital							
1. Ordinary shares contributed by shareholders	3,124,565.00	-	34,699,093.12	-	-	-	37,823,658.12
2. Capital contribution by owners of other equity instruments	2,776.00	(6,415.90)	54,888.33	-	-	-	51,248.43
3. Share-based payment recognized in shareholders' equity	-	-	17,684,000.00	-	-	-	17,684,000.00
4. Transfer from treasury shares	-	-	363,746.57	(364,587.57)	-	-	(841.00)
5. Others	-	-	(3,366,070.64)	30,026,557.89	-	-	26,660,487.25
(III) Profit distribution							
1. Transfer to surplus reserve	-	-	-	-	104,720,922.14	(104,720,922.14)	-
2. Distributions to shareholders	-	-	-	-	-	(938,928,461.98)	(938,928,461.98)
III. Closing balance of the current year	2,209,991,580.00	409,890,710.14	2,343,866,940.28	(321,730,995.54)	966,801,754.40	3,645,274,972.16	9,254,094,961.44

Head of the Company

Chief Financial Officer

Person in charge of the Accounting Body

(I) BASIC INFORMATION ABOUT THE COMPANY

1. General

Universal Scientific Industrial (Shanghai) Co., Ltd. ("Company" or "the Company") is a joint-stock limited company changed from Universal Scientific Industrial (Shanghai) Co., Ltd. (the "Limited Company") on an overall basis.

The Limited Company is a foreign-funded enterprise invested and established in Zhangjiang Integrated Circuit Port, Pudong New Area, Shanghai on 2 January 2003.

On 17 June 2008, the Limited Company was approved to be changed into a foreign-invested joint-stock company and renamed as Universal Scientific Industrial (Shanghai) Co., Ltd. in accordance with the Official Reply (Shang Zi Pi No. [2008] 654) of the Ministry of Commerce of the People's Republic of China. The Company's registered capital totals RMB 2,190,556,466.00 as at 31 December 2024.

The Company was listed on the Shanghai Stock Exchange in February 2012 and publicly issued Class A Ordinary shares in RMB in China.

The Company is headquartered in Shanghai, the People's Republic of China. The main operating activities the Company and its subsidiaries ("the Group") actually engaged in design and manufacturing services (DMS) for electronic products; design, production and processing of communication products, consumer electronic products, industrial products, cloud and storage products, automotive electronic products and medical products and provision of relevant technical consulting services and relevant supporting services.

2. Date of approval for issue of the financial statements

The Company's and consolidated financial statements were approved by the board of directors of the Company and authorized for issue on 28 March 2025.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The Group has adopted the Accounting Standards for Business Enterprises ("ASBE") and relative regulations issued by the Ministry of Finance ("MoF"). In addition, the Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reporting (Revised in 2023).

2. Going concern

The Group assessed its ability to continue as a going concern for the 12 months from 31 December 2024 and did not notice any events or circumstances that may cast significant doubt upon its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

3. Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Company adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS - continued

3. Basis of accounting and principle of measurement - continued

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are measured at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurements date, regardless of whether that price is directly observable or estimated using valuation technique. Regardless of whether that price is directly observable or estimated using another valuation technique, fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

The capacity of market participants to realize the maximum profit of non-financial assets, or the capacity of other participants who acquired non-financial assets to realize the maximum profit will be considered when measuring fair values of such non-financial assets.

For a financial asset taking the transaction price as its fair value on initial recognition and using valuation techniques involving unobservable inputs in subsequent measurement of fair value, such valuation technique is corrected in the valuation process, as to ensure that the initial recognition result determined by valuation techniques is equal to the transaction price.

Fair value measurements are categorized into Level 1, 2 or 3 based on degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than inputs included within Level 1, that are observable for the asset or liability, either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of Compliance the Accounting Standards for Business Enterprises ("ASBE")

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of 31 December 2024, and the Company's and consolidated results of operations, changes in the shareholders' equity and cash flows for the year then ended.

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

3. Operating cycle

An operating cycle refers to the period since when an enterprise purchases assets for processing purpose till the realization of those assets in cash or cash equivalents. The Group's operating cycle is less than 12 months, and the Group takes 12 months as the criteria for determining liquidity of assets and liabilities.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the functional currency of the Company is RMB. The Company's domestic subsidiaries choose RMB as their functional currency, except those adopt USD as their functional currency as their sales of goods, purchase of raw materials and other expenses are settled in USD and their financing is made in USD. The Company's foreign subsidiary chooses USD, JYP, TWD, GBP or EUR as its functional currency on the basis of the primary economic environment in which it operates. The Group adopts RMB to prepare its financial statements.

5. Determining method and selecting basis of significance criterion

Item	Significance criterion
Significant construction in progress	The investment budge of a single item is more than RMB 70 million
Significant non-wholly-owned subsidiary	The investment amount of a single significant non-wholly-owned subsidiary is more than RMB 70 million
Significant joint venture and associate	The investment amount of a single investee is more than RMB 70 million
Cash receipts from/ payments to significant investing activities	Cash inflow or outflow from a single investing activity is more than RMB 70 million.
Significant accounts payable aged over one year	Accounts payable aged over one year that individually account for more than 10% of total accounts payable and amount to more than RMB70 million.
Significant other payables aged over one year	Other payables aged over one year that individually account for more than 10% of total other payables and amount to more than RMB70 million.

6. Accounting treatment of business combinations not involving enterprises under common control

6.1 Business combinations not involving enterprises under common control and goodwill

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the current period.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Accounting treatment of business combinations not involving enterprises under common control - continued

6.1 Business combinations not involving enterprises under common control and goodwill - continued

If either the fair values of identifiable assets, liabilities and contingent liabilities acquired in a combination or the cost of business combination can be determined only provisionally by the end of the year in which the business combination was effected, the acquirer recognizes and measures the combination using those provisional values. Any adjustments to those provisional values within twelve months after the acquisition date are treated as if they had been recognized and measured on the acquisition date.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

7. Criteria of control and preparation of consolidated financial statements

7.1 Criteria of control

Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. If changes of related facts and situations lead to changes of related elements of control, the Group will conduct reassessment.

7.2 Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control.

The combination of subsidiaries begins with the Group's control over the subsidiary, and ceases with the Group's losing control of the subsidiary.

For a subsidiary disposed by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control[or the combined party under combination by merge, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company.

Influence over the consolidated financial statements arising from significant intra-group transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "Profit or loss attributable to minority interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount is still allocated against minority interests.

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess is adjusted against retained profits.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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

A joint arrangement is classified into joint operation and joint venture, depending on the rights and obligations of the parties to the arrangement, which is assessed by considering the structure and the legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

The Group accounts for investments in joint ventures using equity method. Refer to Note (III) 16.3.2 "Long-term equity investments accounted for using the equity method" for details.

9. Recognition criteria of cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term (generally refers to expiration within three months from the date of purchase), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

10. Translation of transactions and financial statements denominated in foreign currencies

10.1 Transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying an exchange rate that approximates the actual spot exchange rate on the date of the transaction. The exchange rate that approximates the actual spot exchange rate on the date of the transaction is calculated and determined according to the middle price of the market exchange rate on the day before the period in which the transaction occurs (each month is divided into three time periods: the first ten-day period of the month, the middle ten-day period of the month, and the last ten-day period of the month). The Group updates the exchange rate that approximates the actual spot exchange rate every period.

At the balance sheet date, foreign currency monetary items are translated into functional currency using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from changes in the carrying amounts (other than the amortized cost) of monetary items at fair value through other comprehensive income are recognized as other comprehensive income.

When the consolidated financial statements include foreign operation(s), if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognized as "exchange differences arising on translation of financial statements denominated in foreign currencies" in other comprehensive income, and in profit and loss for the period upon disposal of the foreign operation.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognized in profit and loss or as other comprehensive income.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

10.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at an exchange rates that approximate the actual spot exchange rates on the dates of the transactions; The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is recognized as other comprehensive income and included in shareholders' equity.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at an exchange rate which approximates the spot exchange rate on the date of the cash flows. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of exchange rate changes on cash and cash equivalents".

The closing balances and the actual amounts of previous year are presented at the translated amounts in the previous year's financial statements.

On disposal of the Group's entire interest in a foreign operation, or upon a loss of control over a foreign operation due to disposal of certain equity investments or other reasons, the Group transfers the accumulated exchange differences arising on translation of financial statements of this foreign operation attributable to the owners' equity of the Company and presented under owners' equity, to profit or loss in the period in which the disposal occurs.

In case of a disposal of part equity investments or other reason leading to lower interest percentage in foreign operations but does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange differences arising on translation of financial statements are re-attributed to minority interests and are not recognized in profit and loss. For partial disposals of equity interests in foreign operations which are associates or joint ventures, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss.

11. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

For financial assets purchased or sold in a regular way, the Company recognizes assets acquired and liabilities assumed on a trade date basis, or derecognizes the assets sold on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value (please refer to the relevant disclosure of basis of accounting and principle of measurement in Note (II) for methods in determination of fair value for financial assets and financial liabilities). For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts. Upon initial recognition of accounts receivable that does not contain significant financing component or without considering the financing component included in the contract with a term not exceeding one year under the Accounting Standards for Business Enterprises No. 14 - Revenue ("Revenue Standards"), the Group adopts the transaction price as defined in the Revenue Standards for initial measurement.

The effective interest method is a method that is used in the calculation of the amortized cost of a financial asset or a financial liability and in the allocation of the interest income or interest expense in profit or loss over the relevant period.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the carrying amount of the financial asset or to the amortized cost of the financial liability. When determining the effective interest rate, the Group estimates future cash flows by considering all contractual terms of the financial asset or financial liability including early repayment, extension, call option or other similar options etc. without considering future credit losses.

The amortized cost of a financial asset or a financial liability is the amount of a financial asset or a financial liability initially recognized net of principal repaid, plus or less the cumulative amortized amount arising from amortization of the difference between the amount initially recognized and the amount at the maturity date using the effective interest method, net of cumulative loss allowance (only applicable to financial assets).

11.1 Classification, recognition and measurement of financial assets

After initial recognition, the Group's financial assets of various types are subsequently measured at amortized cost, at fair value through other comprehensive income ("FVTOCI") or at fair value through profit or loss ("FVTPL"), respectively.

If contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, and the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, such asset is classified into financial assets measured at amortized cost, which include cash and bank balances, notes receivable, accounts receivable, other receivables, non-current assets due within one year and long-term receivables and etc.

On initial recognition, the Group may irrevocably designate non-trading equity instruments, other than contingent consideration recognized through business combination not involving enterprises under common control, as financial assets at FVTOCI on an individual basis. Such financial assets at FVTOCI are presented as other equity instrument.

A financial asset is classified as held-for-trading if any of the following criteria is satisfied:

- It has been acquired principally for the purpose of selling it in near term.
- On initial recognition, it is part of a portfolio of identifiable financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking.
- It is a derivative that is neither a financial guarantee contract nor designated as an effective hedging instrument.

Financial assets at FVTPL include financial assets classified as at FVTPL and financial assets designated as at FVTPL:

- Any financial assets that do not qualify for amortized cost measurement or measurement at FVTOCI or designated at FVTOCI are classified into financial assets at FVTPL.
- Upon initial recognition, in order to eliminate or significantly reduce accounting mismatch and qualified hybrid financial instrument combines financial asset with embedded derivatives, the Group will irrevocably designate it as financial liabilities at FVTPL.

Financial assets at FVTPL assets other than derivative financial assets are presented as "held-for-trading financial assets". Such financial assets at FVTPL which may fall due more than one year (or without fixed term) since the balance sheet date and will be held more than one year are presented as other non-current financial assets.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.1 Classification, recognition and measurement of financial assets - continued

11.1.1 Financial assets at amortized cost

The financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method. Gain or loss arising from impairment or derecognition is recognized in profit or loss.

The Group recognizes interest income from financial assets classified as financial assets at amortized cost using the effective interest method. The Group calculates and recognizes interest income through account balance of financial assets multiplying effective interest, except for the following circumstances:

- For purchased or originated credit-impaired financial assets, the Group calculates and recognizes its interest income based on amortized cost of the financial asset and the effective interest through credit adjustment since initial recognition.
- For purchased or originated financial assets without credit impairment incurred while with credit impairment incurred in subsequent periods, the Group calculates and recognizes its interest income based on amortized cost of the financial asset and the effective interest in subsequent periods. If the credit risk of the financial asset is reduced during subsequent periods and credit impairment does not exist, and the improvement can be related to an event occurring after application of aforesaid provisions, the Group shall calculate and recognize interest income through account balance of financial assets multiplying effective interest.

11.1.2 Financial assets at FVTOCI

Changes in fair value of non-held-for-trading equity instrument investments designated as financial assets at FVTOCI are recognized in other comprehensive income. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are transferred and included in retained earnings. During the period in which the Group holds the non-trading equity instrument, revenue from dividends is recognized in profit or loss for the period when (1) the Group has established the right of collecting dividends; (2) it is probable that the associated economic benefits will flow to the Group; and (3) the amount of dividends can be measured reliably.

11.1.3 Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value, with gains or losses on fair value changes and related dividends and interest income included in profit or loss for the period.

11.2 Impairment of financial instruments

The Group makes accounting treatment on impairment and recognizes loss allowance for expected credit losses ("ECL") on financial assets measured at amortized cost and lease receivables.

The Group makes a loss allowance against amount of lifetime ECL of accounts receivable arising from transactions adopting the Revenue Standard as well as lease receivables arising from transactions adopting ASBE No. 21- Leases.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.2 Impairment of financial instruments - continued

For other financial instruments, except for the purchased or originated credit-impaired financial assets, at each balance sheet date, the Group assess changes in credit risk of relevant financial instruments since initial recognition. If the credit risk of the above financial instruments has increased significantly since initial recognition, the Group measures loss allowance based on the amount of full lifetime; if credit risk of the financial instrument has not increased significantly since initial recognition, the Group recognizes loss allowance based on 12-month ECL of the financial instrument. Increase in or reversal of credit loss allowance is included in profit or loss as loss/gain on impairment, except for financial assets classified as at fair value through other comprehensive income. For the financial assets classified as at FVTOCI, the Group recognizes credit loss allowance in other comprehensive income and recognizes the loss/gain on impairment in profit or loss, while the Group does not decrease the carrying amount of such financial assets in the balance sheet.

In the previous accounting period, the Group has measured the loss allowance according to the amount of ECL for the entire period of the financial instrument, but on the current balance sheet date, the financial instrument is no longer a significant increase in credit risk since the initial recognition. The Group measures the loss allowance for the financial instrument on the balance sheet date based on the amount of ECL in the next 12 months. The reversal amount of the loss allowance formed is recognized in profit and loss for the period as an impairment gain.

11.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- (1) Significant changes in internal price indicators as a result of a change in credit risk;
- (2) An actual or expected significant change in the financial instrument's external credit rating;
- (3) An actual or expected decrease in the internal credit rating for the debtor;
- (4) Adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- (5) An actual or expected significant change in the operating results of the debtor;
- (6) Significant adverse changes in regulatory, economic, or technological environment of the debtor;
- (7) Significant changes in circumstances expected to reduce the debtor's economic incentive to make scheduled contractual payments;
- (8) Significant changes in expected performance and repayment of the debtor;
- (9) Changes in the Group's credit management approach in relation to the financial instrument.

No matter whether credit risk has increased significantly or not subsequent to aforementioned assessment, the Group considers credit risk of financial instruments has increased significantly when contractual payments of financial instruments past due over 30 days (inclusive).

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have lower credit risk at the balance sheet date. A financial instrument is determined to have lower credit risk if: i) it has a lower risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.2 Impairment of financial instruments - continued

11.2.2 Credit-impaired financial assets

When the Group expected occurrence of one or more events which may cause adverse impact on future cash flows of a financial asset, the financial asset will become a credit-impaired financial assets. Objective evidence that a financial asset is impaired includes but not limited to the following observable events:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) Breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) The creditor, for economic or contractual reasons relating to the debtor's financial difficulty, has granted to the debtor a concession that the creditor would not otherwise consider;
- (4) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization;
- (5) Purchase or originate a financial asset with a large scale of discount, which reflects facts of credit loss incurred.

Whatever the aforementioned assessment results are, the Group presumes that the financial instruments have defaulted when contractual payments of financial instruments past due over 90 days (inclusive).

11.2.3 Determination of expected credit loss

The Group determines the ECL of relevant financial instruments using the following method:

- For a financial asset and a lease receivable, a credit loss is the present value of the difference between the contractual cash flows that are due to the Group under the contract and the cash flows that the Group expects to receive;
- For credit-impaired financial assets other than the purchased or originated credit-impaired financial assets at the balance date, credit loss is difference between the carrying amount of financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The factors reflected in methods of measurement of expected credit losses include an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes; time value of money; reasonable and supportable information about past events, current conditions and forecasts on future economic status at balance sheet date without unnecessary additional costs or efforts.

11.2.4 Write-down of financial assets

When the Group will no longer reasonably expect that the contractual cash flows of financial assets can be collected in aggregate or in part, the Group will directly write down the carrying amount of the financial asset, which constitutes derecognition of relevant financial assets.

11.3 Transfer of financial assets

The Group will derecognize a financial asset if one of the following conditions is satisfied: (i) the contractual rights to the cash flows from the financial asset expire; (ii) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (iii) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.3 Transfer of financial assets - continued

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, the Group will recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognize an associated liability. The Group will measure relevant liabilities as follows:

- For transferred financial assets carried at amortized cost, the carrying amount of relevant liabilities is the carrying amount of financial assets transferred with continuing involvement less amortized cost of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of amortized cost of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Relevant liabilities are not designated as financial liabilities at fair value through profit or loss.
- For transferred financial assets carried at fair value, the carrying amount of relevant financial liabilities is the carrying amount of financial assets transferred with continuing involvement less fair value of the Group's retained rights (if the Group retains relevant rights upon transfer of financial assets) with addition of fair value of obligations assumed by the Group (if the Group assumes relevant obligations upon transfer of financial assets). Accordingly, the fair value of relevant rights and obligations shall be measured on an individual basis.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred at the derecognition date; and (2) the sum of the consideration received from the transfer of financial assets and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss. If the financial assets transferred by the Group are designated as equity instrument investments at fair value through other comprehensive income that are not held for trading, the cumulative gains or losses previously recognized in other comprehensive income are transferred out and included in retained earnings.

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair value of those parts at the date of transfer. The difference between (1) the carrying amount allocated to the part derecognized on the date of derecognition; and (2) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss. If the financial assets transferred by the Group are designated as equity instrument investments at fair value through other comprehensive income that are not held for trading, the cumulative gains or losses previously recognized in other comprehensive income are transferred out and included in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group will continue to recognize the transferred financial asset in its entirety and recognize the consideration received as financial liabilities.

11.4 Classification of financial liabilities and equity instruments

The Group classifies the financial instrument or its components into financial liabilities or equity instruments at initial recognition on the basis of the terms of the contract of the financial instruments, the economic substance as well as legal form reflected, and the definition of financial liabilities or equity instruments.

11.4.1 Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at FVTPL and other financial liabilities.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.4 Classification of financial liabilities and equity instruments - continued

11.4.1 Classification, recognition and measurement of financial liabilities - continued

11.4.1.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading (including derivatives that are financial liabilities) and financial liabilities designated as at FVTPL. Except that the derivative financial liability is presented separately, financial liabilities at FVTPL are presented as financial liabilities held-for-trading.

A financial liability is classified as held-for-trading if any of the following criteria is satisfied:

- It has been incurred principally for the purpose of repurchasing it in the near term.
- On initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking.
- It is a derivative that is neither a financial guarantee contract nor designated as an effective hedging instrument.

On initial recognition, financial liabilities that meet one of the following conditions are designated as financial liabilities at FVTPL: (1) Such designation eliminates or significantly reduces accounting mismatch; (2) The financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; (3) The qualified hybrid financial instrument combines financial liability with embedded derivatives.

Held-for-trading financial liabilities are subsequently measured at fair value, and any gains or losses arising from changes in fair value and any dividend or interest income earned on the financial liabilities are recognized in profit or loss.

For a financial liability designated as at FVTPL, the amount of changes in the fair value of the financial liability that are attributable to changes in the credit risk of that liability shall be presented in other comprehensive income, while other changes in fair values are included in profit or loss for the current period. Upon the derecognition of such financial liability, the accumulated amount of changes in fair value that are attributable to changes in the credit risk of that liability, which was recognized in other comprehensive income, is transferred to retained earnings. Any dividend or interest expense on the financial liabilities is recognized in profit or loss. If the accounting treatment for the impact of the change in credit risk of such financial liability in the above ways would create or enlarge an accounting mismatch in profit or loss, the Group shall present all gains or losses on that liability (including the effects of changes in the credit risk of that liability) in profit or loss for the period.

11.4.1.2 Other financial liabilities

Other financial liabilities except for the financial liabilities arising from the transferred financial assets that do not qualify for derecognition or financial liabilities arising from continuing involvement in the transferred financial asset are classified as financial liabilities measured at amortized cost, and are subsequently measured at amortized cost, with gain or loss arising from derecognition or amortization recognized in profit or loss.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.4 Classification of financial liabilities and equity instruments - continued

11.4.1 Classification, recognition and measurement of financial liabilities - continued

11.4.1.2 Other financial liabilities - continued

If the Group modifies or renegotiates the contract with the counterparty and the financial liability subsequently measured at amortized cost is not derecognized, but the cash flow of the contract changes, the Group shall re-calculate the carrying amount of the financial liability and recognize the relevant gains or losses in profit or loss of the period. The re-calculated carrying amount of the financial liability shall be determined by the Group according to the cash flow of the renegotiated or modified contract based on the present value discounted at the original effective interest rate of the financial liability. For all the costs or expenses arising from the modification or renegotiation of the contract, the Group shall adjust the modified carrying amount of the financial liability and amortize them within the remaining term of the financial liability.

11.4.2 Derecognition of financial liabilities

The Group recognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

11.4.3 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold and cancelled by the Group are recognized as changes of equity. Change of fair value of equity instruments is not recognized by the Group. Transaction costs related to equity transactions are deducted from equity.

The Group recognizes the distribution to holders of the equity instruments as distribution of profits, and dividends paid do not affect total amount of shareholders equity.

11.5 Derivatives and embedded derivatives

Derivatives include forward exchange contracts, resale option and early redemption option for convertible bonds, etc. Derivatives are initially measured at fair value at the date when the derivative contracts are entered into and are subsequently re-measured at fair value.

Derivatives embedded in hybrid contracts that contain financial asset hosts are not separated. The entire hybrid contract is classified and subsequently measured in its entirety as either amortized cost or fair value as appropriate.

If the host contract included in the hybrid contract is not a financial asset and meet all of the following criteria, the embedded derivative shall be separated from the hybrid contract by the Group and treated as a stand-alone derivative.

- (1) The economic characteristics and risks of the embedded derivative are not highly related to the economic characteristics and risks of the host contract;
- (2) A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and

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(3) The hybrid instrument is not designated as a financial asset or financial liability at FVTPL.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.5 Derivatives and embedded derivatives - continued

If the embedded derivative is separated from the hybrid contract, the host contract shall be accounted for in accordance with the applicable standards. If the Group is unable to measure reliably the fair value of an embedded derivative on the basis of its terms and conditions, the fair value of the embedded derivative is the difference between the fair value of the hybrid contract and the fair value of the host contract. If the Group is still unable to measure the fair value of the embedded derivative separately either at acquisition or at a subsequent balance sheet date after the above methods are applied, it designates the entire hybrid contract as a financial instrument at fair value through profit or loss.

11.6 Offsetting financial assets and financial liabilities

Where the Group has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

11.7 Compound instruments

Convertible bonds issued by the Group that contain both the liability, the conversion option, the resale option and early redemption option are classified separately into respective items on initial recognition. Conversion option that is settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the liability, resale option derivatives and early redemption option derivatives are initially measured at fair value. The difference between the gross proceeds of the issue of the convertible bonds and the fair value assigned to the liability, resale option derivatives and early redemption option derivatives, representing the conversion option for the holder to convert the bonds into equity instrument, is included in other equity instruments.

In subsequent periods, the liability component of the convertible bonds is carried at amortized cost using the effective interest method. The resale option derivatives and early redemption option derivatives are measured at fair value with changes in fair value recognized in profit or loss. The conversion option classified as equity instruments remains in equity instruments. No gain or loss is recognized in profit or loss upon conversion or expiration of the option.

Transaction costs incurred for the issue of the convertible bonds are allocated to the liability, equity instruments, resale option derivative components and early redemption option derivative components in proportion to their respective fair values. Transaction costs relating to the resale option derivative components and early redemption option are charged to profit or loss. Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortized over the period of the convertible loan notes using the effective interest method. Transaction costs relating to the equity instruments component are charged directly to equity instruments.

12. Notes receivable

12.1 Categories of portfolios for which loss provision is assessed on a portfolio basis according to credit risk characteristics and the basis for determination

The Group believes that the credit risk of the bank acceptances held by the Group was insignificant due to the high credit rating of the accepting banks. Therefore, no provision for credit loss was made.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

13. Accounts receivable

13.1 Categories of portfolios for which bad debt provision is assessed on a portfolio basis according to credit risk characteristics and the basis for determination

The Group classifies accounts receivable into different groups based on common risk characteristics. Common credit risk characteristics include the aging of accounts receivable.

13.2 Aging calculation method for portfolio of credit risk characteristics recognized based on aging

The Group uses the aging of accounts receivable as a credit risk characteristic to determine its credit loss using an impairment matrix. The aging is calculated from the date of obtaining the right to collect the contractual payment.

13.3 Judgement criteria for loss provision assessed on an individual basis

The Group assesses the credit risk of the accounts receivable from the debtor with significant financial difficulties on an individual basis based on the risk assessment and judgement of the management.

14. Other receivables

14.1 Determination of ECL on other receivables and accounting treatment

The Group determines credit losses on other receivables on an individual asset basis.

15. Inventories

15.1 Categories of inventories, valuation method of inventories upon delivery, inventory count system and amortization method for reusable materials

15.1.1 Categories of inventories

The Group's inventories mainly include raw materials, work in progress, finished goods, reusable materials, etc. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

15.1.2 Valuation method of inventories upon delivery

The actual cost of inventories upon delivery is calculated using the weighted average method.

15.1.3 Inventory count system

The perpetual inventory system is maintained for stock system.

15.1.4 Amortization method for reusable materials

Reusable materials are amortized using the multiple-stage amortization method.

15.2 Recognition criteria and provision methods for decline in value of inventories

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

15. Inventories - continued

15.2 Recognition criteria and provision methods for decline in value of inventories - continued

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

The Group makes provision for decline in value of inventories on an individual basis (differentiated by product and material model), please refer to Note V, 7 for the basis of determining the net realizable value of each type of inventories.

16. Long-term equity investments

16.1 Determination criteria of joint control and significant influence

Control is achieved when the Group has the power over the investee, is exposed or, has the rights to, variable returns from its involvement with the investee; and has the ability to use its power to affect its return. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

16.2 Determination of initial investment cost

For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition at the date of combination.

The expenses incurred by the acquirer or in respect of auditing, legal services, valuation and consultancy services and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

Long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

16.3 Subsequent measurement and recognition of profit or loss

16.3.1 Long-term equity investment accounted for using the cost method

The Company's separate financial statements adopted cost method to account for the long-term equity investments of subsidiaries. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Long-term equity investments - continued

16.3 Subsequent measurement and recognition of profit or loss - continued

16.3.2 Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is an entity over which the Group exercises joint control along with other investors.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognized in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period. Meanwhile, carrying amount of long-term equity investment is adjusted: the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; Other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets, etc. at the acquisition date after making appropriate adjustments. When the investors' accounting policies and accounting period are inconsistent with those of the Company, the Company recognizes investment income and other comprehensive income after making appropriate adjustments to conform to the Company's accounting policies and accounting period. However, unrealized gains or losses resulting from the Group's transactions with its associates and joint ventures, which do not constitute a business, are eliminated based on the proportion attributable to the Group and then investment gains or losses or is recognized. However, unrealized losses are not eliminated if they result from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets.

The Group discontinues recognizing its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognizing its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

16.4 Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognized in profit or loss for the period.

17. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both, including buildings leased out.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

17. Investment properties - continued

The Group uses the cost model for subsequent measurement of investment property, and adopts the straight-line method for depreciation over its useful life. The depreciation method, depreciation period, estimated residual value rate and annual depreciation rate of each category of investment properties are as follows:

Category	Depreciation method	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight-line method	35 years	-	2.86

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals.

When an investment property is sold, transferred, retired or damaged, the Group recognizes the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

18. Fixed Assets

18.1 Recognition criteria

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

18.2 Depreciation method

A fixed asset other than land operated overseas is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use.

Land operated overseas is not depreciated. The depreciation method, depreciation period, estimated residual value rate and annual depreciation rate of other categories of fixed assets are as follows:

Category	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	12-35 years	-	2.86-8.33
Machinery and equipment	3-8 years	-	12.50-33.33
Transportation vehicles	2-6 years	-	16.67-50.00
Electronic equipment, appliances and furniture	3-10 years	-	10.00-33.33
Renovation costs	3-10 years	-	10.00-33.33

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

18. Fixed Assets - continued

18.3 Other descriptions

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

19. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalized before it is ready for intended use and other relevant costs. Construction in progress is not depreciated.

Construction in progress is transferred to a fixed asset when it is ready for intended use. The criteria and time points for the transfer of various types of construction in progress to fixed assets are as follows:

Category	Criteria for transfer to fixed assets	Time points for transfer to fixed assets
Buildings	Construction work is completed, meets intended design requirements and satisfies acceptance quality criteria	When acceptance criteria are met
Machinery and equipment, electronic equipment, fixtures and furniture, transportation vehicles, etc. to be installed	(1) Relevant equipment and other supporting facilities have been installed; or (2) The equipment can maintain normal and stable operation for a period of time after commissioning	When the asset utilization notice is obtained or when acceptance criteria are met

20. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

21. Intangible assets

21.1 Determination basis, estimation, amortization method and review procedure of useful life

Intangible assets include software, patents, trademarks, land use rights and customer relations, etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less any accumulated impairment losses is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized.

The amortization methods, useful lives, and residual value rates of each class of intangible assets are as follows:

Category	Amortization method	Useful life (Years)	Residual value rate (%)
Land use right	Straight-line method	50 years	-
Software	Straight-line method	3-10 years	-
Patents	Straight-line method	3-20 years	-
Trademarks	Straight-line method	10 years	-
Customer relation	Straight-line method	16 years	-

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of the year, and makes adjustments when necessary.

21.2 Attribution scope and related accounting treatments of research and development expenditure

All of the Group's research and development expenditures do not meet the conditions for capitalization and are charged to profit or loss for the period when incurred.

Attribution scope of research and development expenditure includes the salaries, wages and welfare expenses of the personnel directly engaged in research and development activities, material expenses directly consumed in research and development activities, depreciation expenses of apparatus and equipment relevant to research and development activities, rental and maintenance expenses of research and development sites, travel, transportation and communication expenses necessary for research and experimental development, etc.

22. Impairment of long-term assets

The Group reviews the long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets and intangible assets with a finite useful life at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with an indefinite useful life and not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognized in profit or loss for the period.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

22. Impairment of long-term assets - continued

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group on the pro-rata basis of the carrying amount of each asset (other than goodwill) in the group.

Once an impairment loss of the above-mentioned assets is recognized, it will not be reversed in any subsequent period.

23. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortized over the current and subsequent periods (together with more than one year), including the decoration works of the leased assets, etc. Long-term prepaid expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

24. Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

25. Employee benefits

25.1 Accounting treatment of short-term benefits

Actually occurred short-term employee benefits are recognized as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group. Staff welfare expenses incurred by the Group are recognized in profit or loss for the period or the costs of relevant assets based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as trade union fund and employee education fund provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognized as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

25.2 Accounting treatment of post-employment benefits

Post-employment benefits are classified into defined contribution plans and defined benefit plans.

During the accounting period of rendering service to employees of the Group, amount which should be paid according to defined contribution plans is recognized as liabilities, and recognized in profit or loss or related costs of assets.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

25. Employee benefits - continued

25.2 Accounting treatment of post-employment benefits - continued

For defined benefit plans, the Group calculates defined benefit plan obligations using projected unit credit method and the service cost resulting from employee service in the current period is recorded in profit or loss or the cost of relevant assets. Defined benefit costs are categorized as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on settlements);
- net interest of net liabilities or assets of defined benefit plan (including interest income of planned assets, interest expenses of defined benefit plan liabilities and effect of asset ceiling); and
- changes arising from re-measurement of net liabilities or net assets of defined benefit plans.

Service costs and net interest of net liabilities and net assets of defined benefit plans are recognized in profit or loss of current period or costs of related assets. Re-measurements of the net defined benefit liability (asset) (including actuarial gains and losses, the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)) are recognized in other comprehensive income.

Deficit or surplus from present value of obligation of defined benefit plans less fair value of planned asset of defined benefit plans are recognized as net liabilities or net assets of a defined benefit plan.

25.3 Accounting treatment of termination benefits

A liability for a termination benefit is recognized in profit or loss for the period at the earlier of when the Group cannot unilaterally withdraw from the termination plan or the redundancy offer and when the Group recognizes any related restructuring costs or expenses.

26. Provisions

Provisions are recognized when the Group has a present obligation related to a contingency such as products quality assurance, etc., it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision is 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. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

27. Share-based payments

A share-based payment is a transaction which the Group grants equity instruments, or incurs liabilities for amounts that are determined based on the price of equity instruments, in return for services rendered by employees. The Group's share-based payments are equity-settled share-based payments.

27.1 Equity-settled share-based payments

Equity-settled share-based payments granted to employees

Equity-settled share-based payments in exchange for services rendered by employees are measured at the fair value of the equity instruments granted to employees at the grant date. Such amount is recognized as related costs or expenses on a straight-line basis over the vesting period, based on the best estimate of the number of equity instruments expected to vest, with a corresponding increase in capital reserve.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

27. Share-based payments - continued

27.1 Equity-settled share-based payments - continued

At each balance sheet date during the vesting period, the Group makes the best estimate according to the subsequent latest information of change in the number of employees who are granted with options that may vest, etc. and revises the number of equity instruments expected to vest. The effect of the above estimate is recognized as related costs or expenses, with a corresponding adjustment to capital reserve. When the employee can choose whether to meet the non-vesting condition but the condition is not met during the vesting period, the Group treats it as a cancellation of the equity instruments granted.

28. Revenue

28.1 Accounting policies for revenue recognition and measurement disclosed by business types

When (or as) a performance obligation in a contract is satisfied, i.e., when (or as) the customer obtains control of relevant goods or services, the Group recognizes as revenue the amount of the transaction price that is allocated to that performance obligation. A performance obligation is the Group's promise to transfer to a customer a good or service (or a bundle of goods or services) that is distinct, in a contract with the customer.

The Group assesses a contract at contract inception, identifies each individual performance obligation included in the contract, and determines whether the performance obligation is satisfied over time or at a point in time. It is a performance obligation satisfied over time and the Group recognizes revenue over time according to the progress of performance if one of the following conditions is met: (1) the customer simultaneously receives and consumes the economic benefits provided by the Group's performance as the Group performs; (2) the customer is able to control goods under construction as the Group performs; (3) the goods generated from the Group's performance have irreplaceable utilization, and the Group is entitled to collect payment for performance completed to date throughout the contract period. Otherwise, revenue is recognized at a point in time when the customer obtains control over the relevant goods or services. The Group's revenue is mainly derived from the sale of goods, etc., all of which are performance obligations satisfied at a point in time, and revenue is recognized at the point in time when the customer obtains control of the related goods (or services), and the specific accounting policies are set out below:

(1) Sales of goods

The Group sells customers communication products, consumer electronic products, industrial products, cloud and storage products, automotive electronic products and medical products. Usually, there is only one performance obligation in the relevant contract or order for selling goods, and the consideration of selling goods is recognized according to the price agreed in the sales contract or order. For domestic sales, the Group recognizes revenue after the products are delivered to the carrier designated by the customer, or the products are delivered to the agreed delivery place according to the agreement or contract and received by the customer and the control of goods is transferred to the customer. For overseas sales, the Group recognizes revenue after the products are delivered to the carrier designated by the customer, processed with customs clearing procedure for export and loaded on board the ship, delivered to the designated delivery place or picked up by the customer from the warehouse respectively according to the different international trade terms stipulated in the sales contracts or orders and the control of goods is transferred to the customer.

The Group provides products quality assurance for the goods sold according to legal regulations and contractual agreements, i.e. assuring the customers that the goods sold comply with the established standards. The Group accounts for the quality warranty liabilities in accordance with the *Accounting Standard for Business Enterprises No. 13 - Contingencies*, please refer to Note (III), 26 for details.

The Group determines whether it is a principal or an agent at the time of the transaction based on whether it owns the "control" of the goods before the transfer of such goods to the customer. The Group assumes the primary responsibility for the transfer of goods to customers, assumes the inventory risk of the goods before the transfer, has the right to determine the price of the traded goods at its own discretion, and assumes the major risks and rewards associated with the ownership of the traded goods during the sales process, therefore, the Group is a principal and the revenue shall be recognized based on the total consideration received or receivable.

Where payment is received in advance from customers for the sale of goods, the advance payment received shall be recorded as a liability and recognized as revenue when the relevant performance obligation is satisfied.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

28. Revenue - continued

28.1 Accounting policies for revenue recognition and measurement disclosed by business types - continued

(2) Other revenue

Other revenue mainly comes from sales of scrap to customers. Usually, there is only one performance obligation (i.e., delivery of goods) in the relevant contract for sales of products. Relevant revenue is recognized at the time point when the control of the relevant products is transferred to the customer. The consideration for the sales of products is determined according to the fixed price agreed in the sales contract.

29. Government grants

Government grants are monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognized only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognized immediately in profit or loss for the period.

29.1 Determination basis and accounting treatment of government grants related to assets

The Group's government grants, such as the technology reform item for ultra-thin communication module deep intelligent production line, are government grants related to assets, as they are directly related to the investment and construction of fixed assets. See Notes (VII), 1 for details of the Group's government grants related to assets.

A government grant related to an asset is recognized as deferred income and included in profit or loss over the useful life of the related asset with the straight-line method.

29.2 Determination basis and accounting treatment of government grants related to income

Government grants other than those related to assets are classified as government grants related to income. See Notes (VII), 2 for details of the Group's government grants related to income. The Group classifies government grants that are difficult to be distinguished as government grants related to income aggregately.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income over the periods in which the related costs or losses are recognized; If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss.

A government grant related to the Group's daily activities is recognized in other income based on the nature of economic activities; a government grant not related to the Group's daily activities is recognized in non-operating income and expenses.

For the repayment of a government grant already recognized, if there is any related deferred income, the repayment is offset against the carrying amount of the deferred income, with any excess recognized in profit or loss for the period.

30. Deferred tax assets/ deferred tax liabilities

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

30.1 Current income tax

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 recovered) according to the requirements of tax laws.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

30. Deferred tax assets/ deferred tax liabilities - continued

30.2 Deferred tax assets and deferred tax liabilities

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

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction and will not result in taxable temporary differences and deductible temporary differences in equal amounts, no deferred tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where 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. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

Current and deferred tax expenses or income are recognized in profit or loss for the period, except when they arise from transactions or events that are directly recognized in other comprehensive income or in shareholders' equity, in which case they are recognized in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilized. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

30.3 Income tax offsetting

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

(III) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

31. Leases

A lease is a contract whereby the lessor conveys to the lessee in return for a consideration the right to use an asset for an agreed period of time.

The Group assesses whether a contract is or contains a lease at inception date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

31.1 The Group as lessee

31.1.1 Separating components of a lease

If the contract contains one or more lease and non-lease components, the Group will separate the individual lease and non-lease components and allocate contract consideration according to the relative proportion of the sum of the stand-alone prices of the lease components and the stand-alone prices of the non-lease components.

31.1.2 Right-of-use assets

Except for short-term leases and leases of low-value assets, at the commencement date of the lease, the Group recognizes a right-of-use assets. The commencement date of the lease is the date on which a lessor makes an underlying asset available for use by the Group. The Group measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received.

The Group depreciates right-of-use assets by reference to the relevant depreciation provisions of the *Accounting Standards for Business Enterprises No. 4 - Fixed Assets*. The right-of-use assets are depreciated over the remaining useful lives of the leased assets where the Group is reasonably certain to obtain ownership of the underlying assets at the end of the lease term. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful lives of the leased assets.

The Group applies the *Accounting Standards for Business Enterprises No. 8 - Impairment of Assets*, to determine whether the right-of-use assets are impaired and perform accounting treatment to identified impairment loss.

31.1.3 Lease liabilities

Except for short-term leases and leases of low-value assets, at the commencement date of the lease, the Group measures the lease liabilities at the present value of the lease payments that are not paid at that date. If the interest rate implicit in the lease cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Leases - continued

31.1 The Group as lessee - continued

31.1.3 Lease liabilities - continued

Lease payments refer to payments relating to the right to use leased assets during the lease term which are made by the Group to the lessor, including fixed payments and in-substance fixed payments, less any lease incentives receivable (if any).

After the commencement date of the lease, the Group calculates interest expenses of lease liabilities for each period of the lease term based on fixed periodic rate, and recognizes such expenses in profit or loss or cost of related assets.

After the commencement date of the lease, if there is a change in the lease term, or in the assessment of an option to purchase the underlying asset, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment, the Group re-measures the lease liabilities and adjusts the right-of-use assets accordingly. If the book value of the right-of-use asset has been reduced to zero, but the lease liability needs to be reduced further, the Group will recognize the difference in profit or loss for the period.

31.1.4 Determination basis and accounting treatment of short-term leases and leases of low-value assets treated under a simplified method as lessee

For short-term leases of machinery and equipment and leases of low-value assets to which the recognition exemption is applied by the Group, right-of-use assets and lease liabilities are not recognized. A short-term lease refers to a lease that, at the commencement date, has a lease term of 12 months or less and do not contain a purchase option. A lease of low value asset refers to a single lease asset, when new, is no more than USD 5,000. Lease payments on short-term leases and leases of low-value assets are recognized in profit or loss or the cost of underlying assets on a straight-line basis over the lease term.

31.1.5 Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the lease modification expanded the scope of the lease by adding the right-of-use of one or more lease assets; and
- the increased consideration is equivalent to the amount of stand-alone price of the expanded lease scope adjusted according to the contract.

If the lease modification is not accounted for as an individual lease, on the effective date of the lease modification, the Group reallocates the consideration of the contract after the change, re-determines the lease term, and re-measures lease liabilities based on the changed lease payments and the present value calculated by the revised discount rate.

If the lease modification results in a reduction in the lease scope or lease term, the carrying amount of the right-of-use assets will be reduced, and the gains or losses relevant to the lease partially or fully terminated will be included in profit or loss for the period; for other lease modifications resulting in the re-measurement of lease liabilities, the carrying amount of right-of-use assets is adjusted accordingly.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Leases - continued

31.2 The Group as lessor

31.2.1 Classification criteria and accounting treatment of leases as lessor

Leases are classified as finance leases whenever the terms of the leased assets transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

31.2.1.1 The Group as lessor under operating leases

Receipts of lease under operating leases are recognized as rental income on a straight-line basis over the term of the relevant lease. Initial direct costs related to operating leases incurred by the Group are capitalized when incurred, and are recognized in profit or loss for the current period on the same basis as recognition of rental income over the lease term.

31.2.2 Subleases

As the lessor of a sublease, the Group accounts for the original lease contract and the sublease contract as two separate contracts. The Group classifies the subleases based on the right-of-use assets generating from the original lease rather than the underlying assets of the original lease.

32. Hedge accounting

32.1. Basis for using hedge accounting and accounting treatment method

Certain financial instruments are used as hedging instruments by the Group for the purpose of managing the risk exposure arising from specific risk, such as exchange rate risk, etc. The Group applies hedging accounting for a hedge that satisfies the prescribed conditions. Hedging activities of the Group include hedges of net investment in foreign operations.

At the inception of hedging, the Group officially designated hedging instruments and hedged items, and prepared written documents recording the nature of hedging instruments, hedged items, hedged risks, and hedge effectiveness evaluation methods (including the analysis of the causes of invalid hedges and methods to determine the hedge ratio).

The Group will discontinue hedge accounting when one of the following conditions occurs:

- Due to changes in risk management objectives, the hedging relationship no longer meets the risk management objectives.
- The hedging instrument expires, or is sold, terminated or exercised.
- There is no longer an economic relationship between the hedged item and the hedging instruments, or in the changes of the value arising from the economic relationship between the hedged item and the hedging instrument, the impact of credit risk begins to dominate.
- The hedging relationship no longer meets other conditions for using the hedge accounting methods.

Hedges for net investment in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

When disposing of all or part of foreign operations, the profits or losses of the above hedging instruments included in other comprehensive income shall be reclassified in the current profits and losses.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

32. Hedge accounting - continued

32.2 Methods of assessing effectiveness of hedges

The Group continuously evaluates whether the hedging relationship meets the requirements of hedging effectiveness on and after the inception date of hedging. If the hedging meets the following conditions at the same time, the Group will determine that the hedging relationship meets the requirements for hedging effectiveness:

- There is an economic relationship between hedged items and hedging instruments.
- Among the value changes caused by the economic relationship between hedged items and hedging instruments, the impact of credit risk does not dominate.
- The hedging ratio of the hedging relationship will be equal to the ratio of the actual number of the Group's hedging items to the actual number of hedging instruments.

If the hedging relationship no longer meets the requirement of hedging effectiveness due to the hedging ratio, but the risk management objectives of the hedging relationship have not changed, the Group will rebalance the hedging relationship. The number of hedged items or hedging instruments in the hedging relationship is adjusted so that the hedging ratio meets the requirements of hedging effectiveness again.

33. Accounting treatment in relation to the repurchase of equity instruments

The consideration and transaction costs paid to repurchase own equity instruments are deducted from equity. No gain or loss is recognized in profit or loss on the repurchase, sale or cancellation of the Company's equity instruments.

34. Critical Judgments in Applying Accounting Policies and Key Assumptions and Uncertainties in Accounting Estimate

In the application of the Group's accounting policies, which are described in Note (III), the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognized in the period of the change, if the change affects that period only; or recognized in the period of the change and future periods, if the change affects both.

- Key assumptions and uncertainties in accounting estimates

At the balance sheet date, the key assumptions and uncertainties that are probable to cause significant adjustments to the carrying amounts of assets and liabilities in future periods include:

Impairment of accounts receivables

The management considers reasonable and supportable information and makes significant accounting estimates in assessing the ECL on accounts receivable. The Group estimates the ECL rate of accounts receivable based on factors such as historical bad debt loss records, customer defaults or delayed payments, and the aging of accounts receivable, as well as forward-looking information. When considering forward-looking information, the Group takes into account the impact of macroeconomic conditions, industry conditions, etc. The amount of ECL will change according to the Group's estimates and judgments. As of 31 December 2024, the balance of the Group's provision for credit losses of accounts receivable was RMB 56,773,852.18 (31 December 2023: RMB 43,964,811.88).

(III) **SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** - continued

34. Critical Judgments in Applying Accounting Policies and Key Assumptions and Uncertainties in Accounting Estimate - continued

Inventories

The Group makes provision for the decline in the value of inventory according to the difference between the inventory costs beyond its net realizable value. The recognition of the net realizable value of inventories requires the estimation of the expected sales in the future and the estimation of the costs, expenses and taxes to be incurred. The differences (if any) between the re-estimated value and the current estimate will impact the carrying amount of the inventories over the period in which the estimate is changed. As of 31 December 2024, the balance of the Group's provision for the decline in the value of inventories was RMB 296,531,721.64 (31 December 2023: RMB 331,096,345.17).

Deferred tax assets

The recognition of deferred tax assets requires estimates of taxable income and applicable tax rates for each future year. Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized. The timing of the reversal of temporary differences and changes in future tax rates would affect income tax expenses (benefits) and the amount of deferred tax recognized. Changes in the Group's estimates of the timing of reversal of temporary differences and the tax rates as well as the judgment on whether it is probable that sufficient taxable income will be timely obtained may result in a material adjustment to deferred income taxes. As of 31 December 2024, the Group had recognized the deferred tax assets of RMB 515,829,271.42 (31 December 2023: RMB 490,796,164.94).

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the future recoverable amount from the asset groups or set of asset groups to which the goodwill is allocated. Estimating the future recoverable amount requires the Group to make an estimate of the expected future cash flows from the asset groups or set of asset groups and also choose a suitable discount rate in order to calculate the present value of those cash flows. When considering the present value of future cash flow, changes in key assumptions such as revenue growth rate of the projection period, long-term growth rate, profit margin and discount rate adopted by the Group may have significant impacts on the present value of the future cash flow used in impairment testing.

Useful life and estimated net residual value of fixed assets

As disclosed in Note (III) 18, the Group reviews the useful life and estimated net residual value of a fixed asset at least once at each financial year-end. Both scientific and technological innovation and intense competition within the industry significantly impact the estimation of useful life. The Group's management did not find anything that might shorten or extend the useful life of fixed assets of the Group or require changing the estimated net residual value.

35. Changes in significant accounting policies and accounting estimates

35.1 Changes in significant accounting policies

The Ministry of Finance issued the *Interpretation No. 17 of the Accounting Standards for Business Enterprises* ("Interpretation No. 17") and the *Interpretation No. 18 of the Accounting Standards for Business Enterprises* ("Interpretation No. 18") on 25 October 2023 and 6 December 2024 respectively.

Interpretation No. 17 stipulated the classification of current liabilities and non-current liabilities, and came into effect on 1 January 2024.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

35. Changes in significant accounting policies and accounting estimates - continued

35.1 Changes in significant accounting policies - continued

Classification of current liabilities and non-current liabilities

Interpretation No. 17 amended and improved the principles for classification of current liabilities and non-current liabilities in the *Accounting Standards for Business Enterprises No. 30 - Presentation of Financial Statements*, specifying (1) that a liability shall be classified as a current liability if the enterprise has no substantive right at the balance sheet date to defer the settlement of the liability for more than one year after the balance sheet date. The subjective likelihood of the enterprise's exercise of the aforesaid right does not affect the classification of a liability as current and non-current; (2) that where a liability is arising from the enterprise's loan arrangement and the enterprise's right to defer the settlement of the liability for more than one year after the balance sheet date may depend on covenants, the enterprise should distinguish the covenants to be complied with on or before the balance sheet date from those to be complied with after the balance sheet date in determining whether it has the right to defer the settlement of the liability at the balance sheet date; (3) that the associated settlement terms of a liability are irrelevant to the classification of the liability as current and non-current if the counterparty has the option to settle the liability with the enterprise's own equity instrument and the option is classified as an equity instrument and separately recognized; and (4) the disclosure requirements relating to a loan arrangement with covenants that is classified as a non-current liability. Meanwhile, enterprises are also required to adjust the information for the comparative period upon initial application.

The Group considers that the adoption of the provisions has no significant impact on the financial statements of the Group.

Interpretation No. 18 stipulated the accounting treatment of assurance-type warranties that are not separate performance obligations, and came into effect on 6 December 2024, and enterprises are allowed to implement it in advance from the year of release.

Accounting treatment of assurance-type warranties that are not separate performance obligations

Interpretation No. 18 stipulates that when accounting for provisions arising from assurance-type warranties that are not separate performance obligations in accordance with the *Accounting Standards for Business Enterprises No. 14 - Revenue*, the amount determined shall be debited to "principal operating costs" or "other operating costs" and credited to "provisions", and presented accordingly under "operating costs" in the income statement and "other current liabilities", "non-current liabilities due within one year" and "provisions" in the balance sheet in accordance with the *Accounting Standards for Business Enterprises No. 13 - Contingencies*. When the interpretation is initially applied, the enterprise shall retrospectively adjust the changes in accounts and items presented in the financial statements involving the accounting treatment of the above assurance-type warranties as changes in accounting policies if such assurance-type warranties were included in "selling expenses". The Group included the assurance-type warranties in "selling expenses", and implemented the provisions in advance in the current year. The specific impacts are presented as follows:

Consolidated Income Statement:

				Unit: RMB
Item	Note	Before adjustment 2023	Adjustment	After adjustment 2023
Operating costs	Note V, 48	54,939,136,481.69	26,710,213.12	54,965,846,694.81
Selling expenses	Note V, 50	367,994,662.03	(26,710,213.12)	341,284,448.91

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

35. Changes in significant accounting policies and accounting estimates - continued

35.1 Changes in significant accounting policies - continued

Accounting treatment of assurance-type warranties that are not separate performance obligations - continued

Income Statement of the Company

Unit: RMB

Item	Note	Before adjustment 2023	Adjustment	After adjustment 2023
Operating costs	Note XV, 5	17,928,507,549.98	12,556.36	17,928,520,106.34
Selling expenses		77,474,832.09	(12,556.36)	77,462,275.73

(IV) TAXES

1. Major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
Value-added tax ("VAT")- Chinese (Note 1)	VAT payable is calculated and paid based on the balance of output tax less deductible input tax in the current period of taxable income such as product sales income, service income, interest income and lease income. The Company and its domestic subsidiaries are general VAT taxpayers	13%, 9%, 6%, 5% and 3%
	Non-resident enterprises obtain commission income within China	6%
Value-added tax-French	VAT payable is the balance of output tax less deductible input tax of taxable income such as product sales income, service income	20%
Value-added tax-German	VAT payable is the balance of output tax less deductible input tax of taxable income such as product sales income, service income	19%
Value-added-Tunisian	VAT payable is the balance of output tax less deductible input tax of taxable income such as product sales income, service income	19%
Enterprise income tax	Taxable income	Note 2
	Non-resident enterprises obtain investment income and property transfer income from within China	10%
Property tax	Residual value after deducting 30% from the original value of the property at one time	1.2%
	Rental income	12%
City maintenance and construction tax	Turnover tax actually paid	7% and 5%
Education surcharge	Turnover tax actually paid	3%
Local education surcharge	Turnover tax actually paid	2%

Note 1: The Company and its subsidiaries in China shall apply the measures for the administration of VAT exemption, credit and tax refund for the export of self-produced goods. The export tax refund rate is different according to the scope of export goods.

(IV) TAXES - continued

1. Major categories of taxes and tax rates - continued

Note 2: Description of enterprise income tax rate of main companies of the Group:

Name of taxpayer	Income tax rate
Universal Scientific Industrial (Shanghai) Co., Ltd.	15%(Note 1)
USI Electronics (Shenzhen) Co., Ltd.	25%
Universal Global Technology (Kunshan) Co., Ltd.	15%(Note 2)
Universal Global Technology (Shanghai) Co., Ltd.	15%(Note 3)
Universal Global Electronics (Shanghai) Co., Ltd.	25%
Universal Global Technology (Huizhou) Co., Ltd.	15%(Note 4)
Universal Global Technology Co., Limited	16.5% (Note 5)
Universal Global Industrial Co., Ltd.	16.5% (Note 5)
Universal Global Electronics Co., Ltd.	16.5% (Note 5)
Universal Global Scientific Industrial Co., Ltd.	Note 6
Universal Scientific Industrial Co., Ltd.	Note 6
USI Japan Co., Ltd.	23.2% (Note 7)
USI America Inc.	21% (Note 8)
Universal Scientific Industrial De México S.A. De C.V.	30% (Note 9)
Universal Scientific Industrial (France)	25%(Note 10)
Universal Scientific Industrial Vietnam Company Limited	20%(Note 11)
Asteelflash Suzhou Co., Ltd.	15%(Note 12)
FINANCIÈRE AFG S.A.S. ("FAFG")	25%(Note 13)
USI Science and Technology (Shenzhen) Co., Ltd.	15%(Note 14)
Hirschmann Car Communication Holding S.a.r.l. ("Hirschmann")	24.94%(Note 15)

Note 1: The Company was approved as a high-tech enterprise by Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Finance Bureau, Shanghai Municipal Office of the State Administration of Taxation and Shanghai Municipal Bureau of Local Taxation in 2023, and obtained the High-tech Enterprise Certificate (Certificate No. is GR202331006257), which was valid for 3 years. The Company applies the enterprise income tax rate of 15% from 2023 to 2025.

Note 2: Universal Global Technology (Kunshan) Co., Ltd. was approved as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Department of Finance of Jiangsu Province, Jiangsu Provincial Office of State Administration of Taxation and Jiangsu Provincial Bureau Local Taxation in 2022, and obtained the High-tech Enterprise Certificate (Certificate No.: GR202232008811), which was valid for 3 years. Universal Global Technology (Kunshan) Co., Ltd. applies the enterprise income tax rate of 15% from 2022 to 2024.

Note 3: Universal Global Technology (Shanghai) Co., Ltd. was approved as a high-tech enterprise by Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Finance Bureau, Shanghai Municipal Office of the State Administration of Taxation and Shanghai Municipal Bureau of Local Taxation in 2022, and obtained the High-tech Enterprise Certificate (Certificate No.: GR202231007023), which was valid for 3 years. Universal Global Technology (Shanghai) Co., Ltd. applies the enterprise income tax rate of 15% from 2022 to 2024.

Note 4: Universal Global Technology (Huizhou) Co., Ltd. was approved as a high-tech enterprise by Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Tax Service, State Taxation Administration in 2022, and obtained the High-tech Enterprise Certificate (Certificate No.: GR202244008509), which is valid for 3 years. Universal Global Technology (Huizhou) Co., Ltd. applies the enterprise income tax rate of 15% from 2022 to 2024.

Note 5: Universal Global Technology Co., Limited, Universal Global Industrial Co., Ltd. and Universal Global Electronics Co., Ltd. ("UGE") are companies in Hong Kong, China. The applicable enterprise income tax rate is 8.25% for the part with operating profits not exceeding HKD 2 million; and 16.5% for the part with operating profits exceeding HKD 2 million.

(IV) TAXES - continued

1. Major categories of taxes and tax rates - continued

Note 6: Universal Global Scientific Industrial Co., Ltd. ("UGSI") and the Universal Scientific Industrial Co., Ltd. ("USI") are registered and established in Taiwan, China. According to the income tax regulations in China's Taiwan region, (1) the enterprises with profit taxable income less than TWD 120,000 is exempt from profit tax; (2) the enterprises with the annual taxable income more than TWD 120,000 shall be levied at 20% of its total taxable income. But its taxable amount shall not exceed half of the taxable income of a profit-making enterprise exceeding TWD 120,000. At the same time, the income tax law in Taiwan, China stipulates that an additional 10% income tax shall be levied on the undistributed surplus of the current year, which shall be listed as the income tax expense of the year decided by the board of directors.

Note 7: USI Japan Co., Ltd. is established and registered in Japan and is subject to the national tax law of Japan. According to the provisions of Japan's national tax law, the statutory tax rate is 23.2% for the enterprise taking the taxable income as the tax base, and the enterprise shall pay local income tax according to the regulations of the city where the enterprise is located. If the taxable income of an enterprise is negative and is reported with a cyan E-Tax return (i.e. self-accounting, self-reporting and self-taxation), the accumulated deductible loss can be deducted within 9 years after the year in which the loss occurs (2023: 30%).

Note 8: USI America, Inc. is incorporated and registered in the United States, and the applicable enterprise income tax rate is 21%. According to the tax law of California where the enterprise is registered, even if there is no profit in establishing or engaging in commercial activities in the state, it is required to pay California Regional Income Tax of USD 800 per year according to the Alternative Minimum Tax.

Note 9: Universal Scientific Industrial De México S.A. De C.V. is registered and established in Mexico, and the applicable enterprise income tax rate is 30%.

Note 10: Universal Scientific Industrial (France) ("USI France") is established and registered in France, and the applicable enterprise income tax rate is 25%.

Note 11: Universal Scientific Industrial Vietnam Company Limited is established and registered in Vietnam, and the applicable enterprise income tax rate is 20%. The Company is established in the economic development zone and enjoys a preferential policy of income tax rate of 0% for 4 years since the profitable year and half tax rate for the subsequent 9 years. In 2024, the applicable enterprise income tax rate is 0%.

Note 12: Asteelflash Suzhou Co., Ltd. was approved as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Department of Finance of Jiangsu Province, Jiangsu Provincial Office of State Administration of Taxation and Jiangsu Provincial Bureau Local Taxation in 2023, and obtained the High-tech Enterprise Certificate (Certificate No.: GR202332016930), which was valid for 3 years. Asteelflash Suzhou Co., Ltd. applies the enterprise income tax rate of 15% from 2023 to 2025.

Note 13: FINANCIÈRE AFG S.A.S. ("FAFG") is established and registered in France, and the applicable enterprise income tax rate is 25%. The enterprise income tax rate applicable to German subsidiary is 30%. The enterprise income tax rate applicable to the Tunisian subsidiary is 20% (2023: 15%). The enterprise income tax rate applicable to its U.S. subsidiaries is 21%. The enterprise income tax rate applicable to the Polish subsidiary is 19%. The enterprise income tax rate applicable to the Czech subsidiary is 21% (2023: 19%).

Note 14: In 2022, USI Science and Technology (Shenzhen) Co., Ltd. was approved and identified as a high-tech enterprise by the Science and Technology Innovation Committee of Shenzhen, the Finance Committee of Shenzhen, the Shenzhen Tax Service of State Taxation Administration, and the Shenzhen Local Taxation Bureau, and obtained the High-tech Enterprise Certificate (certificate number: GR202244201005), with a validity period of 3 years. A preferential tax rate of 15% can be applied from 2022 to 2024. USI Science and Technology (Shenzhen) Co., Ltd. applied the enterprise income tax rate of 15% in 2024.

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

(IV) TAXES - continued

1. Major categories of taxes and tax rates - continued

Note 14: - continued

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 [2023] No. 12 of the Ministry of Finance and the State Taxation Administration), micro and small low-profit enterprises are given a reduced rate of 25% in calculating the taxable income, and are subject to an enterprise income tax at a tax rate of 20%. USI Science and Technology (Shenzhen) Co., Ltd. is a qualified micro and small low-profit enterprise in 2023, which calculates taxable income at a reduced rate of 25% and pays enterprise income tax at a rate of 20%.

Note 15: Hirschmann is established and registered in Luxembourg, and the applicable enterprise income tax rate is 24.94%.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

Item	31/12/2024			31/12/2023		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange rate	RMB
Cash:						
RMB			7,202.97			549.32
USD	2,119.55	7.1884	15,236.17	2,524.00	7.0827	17,876.73
EUR	9,655.69	7.4680	72,108.69	6,970.06	7.8264	54,550.48
HKD	269.00	0.9260	249.09	269.00	0.9062	243.77
JPY	37,000.00	0.0462	1,709.40	47,000.00	0.0502	2,359.40
GBP	576.83	9.0761	5,235.37	596.59	9.0057	5,372.71
MXN	30,000.00	0.3547	10,641.00	30,000.00	0.4193	12,579.00
PLN	5,100.15	1.7597	8,974.73	8,575.50	1.8107	15,527.66
TND	3,094.12	2.2471	6,952.80	2,192.99	2.3010	5,046.07
CZK	4,952.00	0.2965	1,468.27	4,612.00	0.3165	1,459.70
Bank balances:						
RMB			4,332,930,647.22			5,452,876,386.47
USD	817,888,919.28	7.1884	5,879,312,707.35	578,752,731.52	7.0827	4,099,131,971.54
EUR	70,731,788.77	7.4680	528,224,998.53	56,940,875.16	7.8264	445,642,065.35
HKD	1,323,438.00	0.9260	1,225,503.59	2,273,083.08	0.9062	2,059,867.89
JPY	123,210,679.78	0.0462	5,692,333.41	158,795,833.00	0.0502	7,971,550.82
GBP	2,997,042.94	9.0761	27,201,461.43	1,941,353.30	9.0057	17,483,245.41
MXN	150,563,803.58	0.3547	53,404,981.13	22,032,456.68	0.4193	9,238,209.09
TWD	7,033,826,682.08	0.2193	1,542,518,191.38	4,386,124,749.00	0.2307	1,011,878,979.59
SGD	26,186.34	5.3214	139,347.99	24,736.69	5.3772	133,014.13
TND	7,123,331.44	2.2471	16,006,838.08	1,836,432.91	2.3010	4,225,632.13
CZK	73,898.77	0.2965	21,910.99	-	0.3165	-
PLN	23,820,298.35	1.7597	41,916,579.01	48,243,800.71	1.8107	87,355,049.95
VND	154,056,665,921.99	0.0003	46,216,999.78	153,937,471,634.00	0.0003	46,181,241.49
Other cash and bank balances:						
RMB			2,502,688.09			3,000,000.00
TWD	45,000,000.00	0.2193	9,866,646.00	45,000,000.00	0.2307	10,380,118.50
JPY	1,000,000.00	0.0462	46,230.00	1,000,000.00	0.0502	50,210.00
USD	-	7.1884	-	2,961,481.09	7.0827	20,975,282.12
Total			12,487,357,842.47			11,218,698,389.32
Including: Balance kept in a foreign country			3,253,261,118.22			3,597,054,385.03

As at 31 December 2024, the Group's restricted cash and bank balances included in other cash and bank balances equivalent to RMB 11,912,876.00 were the customs deposits and RMB 502,688.09 were frozen funds due to litigation (31 December 2023: equivalent to RMB 13,430,328.50 were the customs deposits and RMB 20,975,282.12 were the investment deposits).

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2. Held-for-trading financial assets

Unit: RMB

Item	31/12/2024	31/12/2023
Financial assets at fair value through profit or loss ("FVTPL")	42,291,303.91	245,558,007.22
Including: Accounts receivable factoring (Note 1)	-	223,401,570.22
Derivative financial instruments (Note 2)	42,291,303.91	22,156,437.00

Note1: The accounts receivable are classified as financial assets at fair value through profit or loss since the Group manages accounts receivable from certain specific customers only for the purpose of selling such financial assets through factoring.

Note 2: The derivative financial instruments held by the Group are foreign exchange forward contracts, which are not accounted for as hedging instruments and are measured at fair value through profit or loss.

3. Notes receivable

(1) Categories of notes receivable

Unit: RMB

Category	31/12/2024	31/12/2023
Bank acceptances	79,450,682.42	65,545,008.33

(2) As at 31 December 2024, the Group had no notes receivable that have been pledged as security.

(3) As at 31 December 2024, the Group had no notes receivable that have been endorsed or discounted and were not yet matured at the balance sheet date.

(4) As at 31 December 2024, the Group made no provision for credit loss since the Group considered that the accepting banks of the bank acceptances held by it were of high ratings and no significant credit risk was expected to exist.

(5) As at 31 December 2024, the Group had no notes receivable that have been actually written off.

4. Accounts receivable

(1) Disclosure of accounts receivable by aging

Unit: RMB

Aging	31/12/2024	31/12/2023 (restated)
Within the credit term	9,343,453,773.95	9,198,706,920.24
1-30 days overdue	778,869,895.84	645,623,766.37
31-60 days overdue	99,373,557.48	111,023,244.93
61-90 days overdue	31,891,507.16	40,083,422.87
91-180 days overdue	15,902,652.98	19,353,226.81
More than 180 days overdue	42,784,909.41	54,503,307.13
Total	10,312,276,296.82	10,069,293,888.35

(2) Disclosure by category of loss provision method

Unit: RMB

Category	31/12/2024					31/12/2023 (restated)				
	Book value		Bad debt provision		Carrying amount	Book value		Bad debt provision		Carrying amount
Amount	Proportion (%)	Amount	Proportion of provision (%)	Amount		Proportion (%)	Amount	Proportion of provision (%)		
Bad debt provision assessed on an individual basis	6,213,504.41	0.06	6,213,504.41	100.00	-	71,829,986.74	0.71	26,767,777.12	37.27	45,062,209.62
Bad debt provision assessed on a portfolio basis	10,306,062,792.41	99.94	50,560,347.77	0.49	10,255,502,444.64	9,997,463,901.61	99.29	17,197,034.76	0.17	9,980,266,866.85

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

Total	10,312,276,296.82	100.00	56,773,852.18	0.55	10,255,502,444.64	10,069,293,888.35	100.00	43,964,811.88	0.44	10,025,529,076.47
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(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4. Accounts receivable - continued

(2) Disclosure by category of loss provision method - continued

Bad debt provision assessed on an individual basis

Unit: RMB

Company name	31/12/2024			Reason for provision
	Book value	Bad debt provision	Proportion of provision (%)	
Company A	6,213,504.41	6,213,504.41	100.00	Due to the customer's financial difficulties and poor realization of assets, the specific provision is made based on the risk assessment and judgement of the management.

Bad debt provision assessed on a portfolio basis

Unit: RMB

Bad debt provision	Lifetime ECL
At 1 January 2024	17,197,034.76
ECL accrued	32,500,825.98
Effect of changes in exchange rate	862,487.03
At 31 December 2024	50,560,347.77

As part of the Group's credit risk management, the expected credit losses on accounts receivable are assessed using the aging analysis approach. According to the Group's assessment on credit risk, the aging reflects the solvency of customers when the receivables are due.

At 31 December 2024, the credit risk and expected credit losses on accounts receivable were as follows:

Unit: RMB

Aging	31/12/2024			
	Expected average loss rate (%)	Book value	Bad debt provision	Carrying amount
Within credit period	0.02	9,343,453,773.95	2,006,381.32	9,341,447,392.63
1-30 days overdue	0.35	778,869,895.84	2,717,123.08	776,152,772.76
31-60 days overdue	2.29	99,373,557.48	2,271,038.49	97,102,518.99
61-90 days overdue	9.70	31,891,507.16	3,092,825.63	28,798,681.53
91-180 days overdue	24.53	15,902,652.98	3,901,574.25	12,001,078.73
More than 180 days overdue	100.00	36,571,405.00	36,571,405.00	-
Total	0.49	10,306,062,792.41	50,560,347.77	10,255,502,444.64

At 31 December 2023, the credit risk and expected credit losses on accounts receivable were as follows:

Unit: RMB

Aging	31/12/2023 (restated)			
	Expected average loss rate (%)	Book value	Bad debt provision	Carrying amount
Within credit period	0.01	9,183,098,415.78	1,361,522.66	9,181,736,893.12
1-30 days overdue	0.10	643,088,509.46	640,718.58	642,447,790.88
31-60 days overdue	0.49	105,845,863.32	520,695.94	105,325,167.38
61-90 days overdue	0.91	37,560,177.81	341,939.13	37,218,238.68
91-180 days overdue	7.41	14,622,655.71	1,083,878.92	13,538,776.79
More than 180 days overdue	100.00	13,248,279.53	13,248,279.53	-
Total	0.17	9,997,463,901.61	17,197,034.76	9,980,266,866.85

The expected average loss rate mentioned above is based on the historical actual credit loss rates and the current conditions as well as the forecast of future economic conditions. In 2024, the Group's valuation method remains unchanged.

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4. Accounts receivable - continued

(3) Changes in bad debt provision

Unit: RMB

Category	31/12/2023	Changes for the year				31/12/2024
		Provision in the current year	Collection or reversal	Write-off	Translation differences arising on translation of financial statements denominated in foreign currencies	
Bad debt provision assessed on an individual basis	26,767,777.12	6,410,565.15	(6,111,269.30)	(20,240,930.34)	(612,638.22)	6,213,504.41
Bad debt provision assessed using aging matrix	17,197,034.76	32,500,825.98	-	-	862,487.03	50,560,347.77
Total	43,964,811.88	38,911,391.13	(6,111,269.30)	(20,240,930.34)	249,848.81	56,773,852.18

(4) Accounts receivable that have been actually written off in the year

Unit: RMB

Item	Write-off amount
Company B	20,240,930.34

(5) Top five accounts receivable at 31 December 2024 categorized by debtor

Unit: RMB

Company name	Accounts receivable at 31 December 2024	Percentage to total accounts receivable at 31 December 2024 (%)	Provision for bad debt at 31 December 2024
Company C	2,659,640,532.28	25.79	531,928.11
Company D	893,512,153.62	8.66	178,702.43
Company E	723,830,434.59	7.02	144,766.09
Company F	722,054,138.48	7.00	144,410.83
Company G	476,072,291.86	4.62	95,214.46
Total	5,475,109,550.83	53.09	1,095,021.92

5. Prepayments

(1) Aging analysis of prepayments is as follows:

Unit: RMB

Aging	31/12/2024		31/12/2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	47,189,783.80	88.10	45,932,130.14	82.54
1-2 years	6,371,930.58	11.90	9,717,406.31	17.46
Total	53,561,714.38	100.00	55,649,536.45	100.00

(2) Top five balances of prepayments categorized by receivers

Unit: RMB

Company name	Relationship with the Company	Book value	Proportion to total prepayments at 31 December 2024(%)
Company H	Third party	6,044,882.52	11.29
Company I	Third party	4,637,715.01	8.66
Company J	Third party	4,605,670.27	8.60
Company K	Third party	4,082,387.46	7.62
Company L	Third party	2,512,942.69	4.69
Total		21,883,597.95	40.86

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

6. Other receivables

(1) Disclosure of other receivables by aging

Unit: RMB

Aging	31/12/2024	31/12/2023 (restated)
Within 1 year	108,433,848.28	275,674,265.31
1-2 years	25,864,889.16	-
Total	134,298,737.44	275,674,265.31

(2) Classification by the nature of other receivables

Unit: RMB

Nature of other receivables	Book value at 31 December 2024	Book value at 31 December 2023 (restated)
Advances for third parties	81,135,294.31	94,510,940.45
Service and purchase rebates receivable	38,570,029.70	54,080,897.36
Receivables from equipment transfers	6,864,778.23	-
Advance payments for employees	6,390,152.64	7,559,285.63
Principal of investment receivable	594,607.64	-
Receivable from former shareholders of Hirschmann	-	64,411,136.21
Contingent consideration receivable	-	29,366,894.59
Others	743,874.92	25,745,111.07
Total	134,298,737.44	275,674,265.31

(3) The Company recognizes credit losses on its other receivables on an individual asset basis. As at 31 December 2024, no provision for expected credit loss has been made and no provision for expected credit loss has been reversed or collected due to the low probability that the Company's other receivables will not be collected.

(4) Top five other receivables at 31 December 2024 categorized by debtor

Unit: RMB

Company name	31/12/2024	Proportion to total other receivables at 31 December 2024(%)	Nature of the amount	Aging	Bad debt provision at 31 December 2024
Company M	10,567,747.97	7.87	Advances	Within 1 year	-
Company F	7,645,345.12	5.69	Advances	Within 1 year	-
Company N	5,113,898.71	3.81	Advances	Within 1 year	-
Company O	4,481,693.87	3.34	Advances	Within 1 year	-
Company P	4,104,254.31	3.06	Advances	Within 1 year	-
Total	31,912,939.98	23.77			-

(5) As at 31 December 2024, there were no other receivables presented for centralized management of funds.

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

7. Inventories

(1) Categories of inventories

Unit: RMB

Item	31/12/2024			31/12/2023 (restated)		
	Book value	Provision for decline in value of inventories	Carrying amount	Book value	Provision for decline in value of inventories	Carrying amount
Raw materials	4,704,209,891.60	255,166,248.29	4,449,043,643.31	5,313,478,327.08	282,382,106.86	5,031,096,220.22
Work in progress	1,158,555,723.48	-	1,158,555,723.48	1,162,814,912.86	-	1,162,814,912.86
Finished goods	2,072,505,327.77	41,365,473.35	2,031,139,854.42	2,073,127,009.34	48,714,238.31	2,024,412,771.03
Reusable materials	111,469,687.37	-	111,469,687.37	105,620,183.85	-	105,620,183.85
Total	8,046,740,630.22	296,531,721.64	7,750,208,908.58	8,655,040,433.13	331,096,345.17	8,323,944,087.96

(2) Provision for decline in value of inventories

Unit: RMB

Item	31/12/2023	Provision	Decrease in the year		Exchange differences arising on translation of foreign currencies	31/12/2024
			Reversal	Write-off		
Raw materials	282,382,106.86	328,360,409.50	333,323,804.11	5,820,944.68	(16,431,519.28)	255,166,248.29
Finished goods	48,714,238.31	34,471,026.92	39,163,210.42	664,118.00	(1,992,463.46)	41,365,473.35
Total	331,096,345.17	362,831,436.42	372,487,014.53	6,485,062.68	(18,423,982.74)	296,531,721.64

Item	Specific determination basis of net realizable value	Reasons for reversal/write-off of provision for decline in value of inventories
Raw materials	The higher of the estimated selling price of raw materials less estimated costs of sales and related taxes and the estimated selling price of finished goods less estimated costs of completion and estimated costs necessary to make the sale as well as related taxes	Sold or net realizable value recovered
Work in progress	Value of estimated selling price less estimated costs of completion and estimated costs necessary to make the sale as well as related taxes	Sold or net realizable value recovered
Finished goods	Value of estimated selling price less estimated costs necessary to make the sale as well as related taxes	Sold or net realizable value recovered

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8. Non-current assets due within one year

Unit: RMB

Item	31/12/2024	31/12/2023
Lease receivables	130,008.72	123,989.32

9. Other current assets

Unit: RMB

Item	31/12/2024	31/12/2023
Input taxes to be deducted	332,326,929.82	371,315,725.27
Tax refunds receivable	220,524,523.09	201,905,394.74
FPC expenses to be amortized	163,891,084.27	138,201,479.43
Prepaid income tax	56,817,571.71	102,930,242.78
Mold costs to be amortized	14,031,803.36	15,688,151.48
Others	6,221,710.03	8,221,292.24
Total	793,813,622.28	838,262,285.94

10. Long-term receivables

(1) Long-term receivables

Unit: RMB

Item	31/12/2024	31/12/2023
Employee borrowings for house purchasing	13,787,074.59	13,517,402.09
Lease receivables	-	130,008.71
Total	13,787,074.59	13,647,410.80

(2) As at 31 December 2024, no bad debt provision has been made as the Group's long-term receivables are less likely to be uncollectable.

(3) As at 31 December 2024, there are no long-term receivables that have been actually written off by the Group.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

11. Long-term equity investments

(1) Long-term equity investments

Unit: RMB

Name of investee	1/1/2024	Changes for the year								31/12/2024	Impairment provision at 31/12/2024
		Additional investment	Reduction in investment	Investment profit or loss recognized under equity method	Other comprehensive income adjustments	Other equity changes	Cash dividends or profit declared	Impairment provision	Exchange differences arising on translation of financial statements denominated in foreign currencies		
I. Joint ventures											
MUtek Electronics Co., Ltd. (Note 1)	3,547,050.76	-	-	(681,438.59)	-	-	-	-	(156,378.87)	2,709,233.30	-
II. Associates											
M-Universe Investments Pte. Ltd. (Note 2)	478,019,218.36	-	-	38,003,959.37	(6,856,487.42)	-	(6,884,831.63)	-	7,599,021.59	509,880,880.27	-
Questyle Audio Technology Co., Ltd. (Note 3)	16,705,272.48	-	-	(3,459,733.12)	-	-	-	(9,343,178.82)	-	3,902,360.54	(9,343,178.82)
Total	498,271,541.60	-	-	33,862,787.66	(6,856,487.42)	-	(6,884,831.63)	(9,343,178.82)	7,442,642.72	516,492,474.11	(9,343,178.82)

Note 1: In April 2022, UGSI, the Company's wholly-owned subsidiary, established a joint venture, MUtek Electronics Co., Ltd. ("MUtek Electronics") with Merry Electronics Co., Ltd. ("Merry Electronics"). Under Joint-Venture Agreement, UGSI intends to contribute TWD 191,100,000.00 (RMB 43,338,816.67), with a capital contribution of 49%. As at 31 December 2024, the accumulated capital contribution paid up by UGSI totals TWD 29,400,000.00 (RMB 7,044,079.28), with a capital contribution of 49%. It is stipulated in the Joint-Venture Agreement that the financial and operating plans of MUtek Electronics shall be submitted to the Board of Directors for approval only when a joint resolution by UGSI and Merry Electronics is achieved. According to the articles of association of MUtek Electronics, the board of directors is composed of 4 directors, 2 of whom are appointed by UGSI. Therefore, MUtek Electronics is a joint venture of UGSI, and the Group accounts for this long-term equity investment under the equity method.

Note 2: In July 2019, Universal Global Technology Co., Limited, the Company's wholly-owned subsidiary, made an additional contribution of SGD 79,862,500 to M-Universe Investments Pte. Ltd. ("M-Universe"), a sub-subsidiary of it established in Singapore, to publicly acquire the ordinary shares of Memtech International Ltd. ("Memtech"), a company listed in Singapore. Pursuant to the Equity Acquisition Agreement, M-Universe acquired 42.23% of Memtech's equity interest at the market price of SGD 1.35 per share on 30 June 2019, meanwhile, M-Universe issued new shares at the same subscription price to Keytech Investment Pte. Ltd. ("Keytech"), the original shareholder of Memtech, i.e., M-Universe exchanged its 57.77% equity interest in Memtech for the same percentage of shares held by Keytech. As a result, Universal Global Technology Co., Limited's shareholding in M-Universe was reduced from 100% to 42.23%. According to the Shareholder Agreement of M-Universe, the board of directors is composed of 3 directors, 2 of which are appointed by Keytech and 1 by Universal Global Technology Co., Limited, and the resolutions need to be approved by the majority of the directors attending the board meeting, so the Group accounts for this long-term equity investment under the equity method.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

11. Long-term equity investments - continued

(1) Long-term equity investments - continued

Note 3: In November 2022, the Company made an additional contribution of RMB 20,000,000.00 to Questyle Audio Technology Co., Ltd. ("Questyle Audio Technology"), to acquire 6.6667% of equity interests of Questyle Audio Technology upon the capital contribution according to the Capital Increase Agreement. As at 29 November 2022, the additional capital contribution has been paid up. According to the Shareholder Agreement of Questyle Audio Technology, the board of directors is composed of 3 directors, 1 of which is appointed by the Company, being responsible to develop its annual budget and resolutions in relation to substantial modifications of corporate accounting policy or fiscal year need to be approved by the majority of the directors attending the board meeting. The meeting of shareholders is allowed to be held when attended by shareholders representing more than a half of the voting rights, involving investors of previous and current rounds. Ordinary resolution requires the approval of shareholders representing more than a half of the voting rights, which mainly includes the approvals of corporate's management principle and investment plan, annual financial budget plan and final accounts plan and plans of profit distribution and losses recovery. The Company has significant influence on Questyle Audio Technology, so it is an associate of the Company, and the Group accounts for it under the equity method.

(2) Impairment testing of long-term equity investments

The recoverable amount is determined based on the present value of expected future cash flows

Unit: RMB

Item	Carrying amount	Recoverable amount	Amount of impairment	Projection period	Key parameters for projection period	Key parameters for steady period	Basis to determine the key parameters for steady period
Questyle Audio Technology	13,245,539.36	3,902,360.54	9,343,178.82	5 years	Revenue growth rate of the projection period: 21.24%-190.89% Profit margin of the projection period: 3.44%-7.83%	Post-tax discount rate: 11.65% Long-term growth rate: 3.00%	Long-term discount rate and average growth rate of the industry

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. Other equity instrument investments

(1) Other equity instrument investments

Unit: RMB

Item	31/12/2023	Changes for the year				31/12/2024	Dividend income recognized in the year	Accumulated gains recognized in other comprehensive income	Reasons for designation as at fair value through other comprehensive income
		Additional investment	Reduction in investment	Gains recognized in other comprehensive income in the year	Translation differences arising on translation of financial statements denominated in foreign currencies				
TriKnight Capital Corporation (Note)	38,935,237.58	-	20,829,586.70	6,597,018.45	(1,932,873.71)	22,769,795.62	-	8,524,795.21	Non-trading equity investments that the Group does not expect to dispose of in the foreseeable future

Note: The Group invested in TriKnight Capital Corporation in 2016, accounting for 5% of the equity interests in the investee.

(2) There was no other equity instrument investment derecognized in the year.

13. Other non-current financial assets

Unit: RMB

Item	31/12/2024	31/12/2023
PHI FUND, L.P. (Note IX, 4)	105,896,492.26	147,061,750.52
Suzhou Yaotu Equity Investment Partnership (Note IX, 4)	32,981,373.58	23,449,331.00
PI Semiconductor (Shenzhen) Co., Ltd. (Note IX, 4)	30,000,000.00	-
Senscomm Semiconductor Co., Ltd. (Note IX, 4)	17,838,568.00	23,483,780.53
NeuroBlade Ltd. (Note IX, 4)	14,376,800.00	-
Total	201,093,233.84	193,994,862.05

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Investment properties

(1) Investment properties measured using cost model

Unit: RMB

Item	Buildings
I. Original carrying amount	
1. 01/01/2024	11,507,908.40
2. Increase in the year	-
3. Decrease in the year	-
4. Translation differences arising from translation denominated in foreign currencies	-
5. 31/12/2024	11,507,908.40
II. Accumulated depreciation	
1. 01/01/2024	7,183,862.89
2. Increase in the year	279,757.50
(1) Provision	279,757.50
3. Decrease in the year	-
4. Translation differences arising from translation denominated in foreign currencies	-
5. 31/12/2024	7,463,620.39
III. Provision for impairment losses	
31/12/2023 & 31/12/2024	-
IV. Carrying amount	
1. 31/12/2024	4,044,288.01
2. 31/12/2023	4,324,045.51

(2) As of 31 December 2024, the Group had no investment properties for which certificates of title have not been obtained.

(3) The Group as lessor under operating leases

Unit: RMB

Item	Lease income	Including: Income related to variable lease payments not included in lease receipts
Investment properties	3,714,471.75	-

Income relating to operating leases for the year amounted to RMB3,714,471.75 (2023: RMB1,301,600.00), and there was no income related to variable lease payments not included in the lease receipts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. Fixed Assets

(1) Fixed Assets

							Unit: RMB
Item	Land operated overseas	Buildings	Machinery and equipment	Transportation vehicles	Electronic equipment, appliances and furniture	Renovation costs	Total
I. Original carrying amount							
1. 1/1/2024 (restated)	251,455,711.38	1,806,224,315.31	7,443,055,371.81	19,771,276.57	591,205,610.47	377,682,028.85	10,489,394,314.39
2. Increase in the year	-	719,983,280.50	626,087,789.18	3,991,838.77	93,463,073.24	30,718,564.01	1,474,244,545.70
(1) Purchase	-	-	47,343,221.45	990,685.46	20,384,155.44	-	68,718,062.35
(2) Transfer from construction in progress	-	719,983,280.50	578,744,567.73	3,001,153.31	73,078,917.80	30,718,564.01	1,405,526,483.35
3. Decrease in the year	-	4,262,809.62	102,570,283.89	245,566.12	16,756,621.13	737,940.31	124,573,221.07
(1) Disposal or retirement	-	4,262,809.62	102,570,283.89	245,566.12	16,756,621.13	737,940.31	124,573,221.07
4. Translation differences arising from translation denominated in foreign currencies	(8,559,257.53)	(25,887,161.52)	(72,383,019.44)	(442,934.64)	(13,231,026.33)	1,190,994.00	(119,312,405.46)
5. 31/12/2024	242,896,453.85	2,496,057,624.67	7,894,189,857.66	23,074,614.58	654,681,036.25	408,853,646.55	11,719,753,233.56
II. Accumulated depreciation							
1. 1/1/2024	-	540,529,440.74	4,639,109,082.80	12,431,470.17	364,001,907.13	171,682,022.91	5,727,753,923.75
2. Increase in the year	-	68,194,753.02	801,324,266.64	2,891,058.82	73,363,542.98	43,901,856.85	989,675,478.31
(1) Provision	-	68,194,753.02	801,324,266.64	2,891,058.82	73,363,542.98	43,901,856.85	989,675,478.31
3. Decrease in the year	-	3,962,809.62	66,994,242.05	243,536.11	10,508,443.57	655,742.57	82,364,773.92
(1) Disposal or retirement	-	3,962,809.62	66,994,242.05	243,536.11	10,508,443.57	655,742.57	82,364,773.92
4. Translation differences arising from translation denominated in foreign currencies	-	(15,957,153.18)	(63,829,253.33)	(210,319.15)	(4,695,578.05)	(323,262.00)	(85,015,565.71)
5. 31/12/2024	-	588,804,230.96	5,309,609,854.06	14,868,673.73	422,161,428.49	214,604,875.19	6,550,049,062.43
III. Provision for impairment losses							
1. 1/1/2024	-	49,938,410.58	-	-	-	-	49,938,410.58
2. Increase in the year	-	-	-	-	-	-	-
(1) Provision	-	-	-	-	-	-	-
3. Decrease in the year	-	-	-	-	-	-	-
(1) Disposal or retirement	-	-	-	-	-	-	-
4. Translation differences arising from translation denominated in foreign currencies	-	(289,297.56)	-	-	-	-	(289,297.56)
5. 31/12/2024	-	49,649,113.02	-	-	-	-	49,649,113.02
IV. Carrying amount							
1. 31/12/2024	242,896,453.85	1,857,604,280.69	2,584,580,003.60	8,205,940.85	232,519,607.76	194,248,771.36	5,120,055,058.11

Universal Scientific Industrial (Shanghai) Co., Ltd.

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2. 1/1/2024 (restated)	251,455,711.38	1,215,756,463.99	2,803,946,289.01	7,339,806.40	227,203,703.34	206,000,005.94	4,711,701,980.06
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. Fixed assets - continued

- (2) As at 31 December 2024, the Group had no significant temporarily idle fixed asset.
- (3) As at 31 December 2024, the Group had no fixed assets of which certificates of title have not been obtained.
- (4) As at 31 December 2024, the Group had no fixed assets that have been pledged.

16. Construction in progress

- (1) Construction in progress

Unit: RMB

Item	31/12/2024			31/12/2023		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Shengxia factory-Chip module production project	845,000.00	-	845,000.00	1,024,368.86	-	1,024,368.86
Vietnam factory-Wearable device production project	159,925,813.30	-	159,925,813.30	6,404,156.87	-	6,404,156.87
Huizhou factory-Electronic product production project	7,487,599.80	-	7,487,599.80	6,111,984.67	-	6,111,984.67
Mexico factory-New construction of the second factory project	31,473,246.32	-	31,473,246.32	359,629,706.09	-	359,629,706.09
Poland factory project	19,838,939.60	-	19,838,939.60	81,472,620.08	-	81,472,620.08
Other construction, decoration and uninstalled equipment	145,097,134.71	-	145,097,134.71	186,388,149.41	-	186,388,149.41
Total	364,667,733.73	-	364,667,733.73	641,030,985.98	-	641,030,985.98

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Construction in progress - continued

(2) Changes in construction in progress

Unit: RMB

Item name	Budget	31/12/2023	Increase in the year	Transfer to fixed assets	Transferred to long-term prepaid expenses	Exchange differences arising on translation of financial statements denominated in foreign currencies	31/12/2024	Amount injected as a proportion of budget amount	Amount of accumulated capitalized interest	Including capitalized interest for the year	Interest capitalization rate for the year (%)	Source of funds
Shengxia factory- Chip module production project	842,830,100.00	1,024,368.86	70,785,560.52	(70,964,929.38)	-	-	845,000.00	87%	-	-	-	Self-owned funds / Raised funds
Vietnam factory- Wearable device production project	1,400,000,000.00	6,404,156.87	179,922,194.82	(27,949,608.80)	-	1,549,070.41	159,925,813.30	67%	-	-	-	Self-owned funds / Raised funds
Huizhou factory- Electronic product production project	1,350,000,000.00	6,111,984.67	28,003,069.19	(26,627,454.06)	-	-	7,487,599.80	56%	-	-	-	Self-owned funds / Raised funds
Mexico factory-New construction of the second factory project	767,360,378.79	359,629,706.09	259,230,483.63	(589,594,278.04)	-	2,207,334.64	31,473,246.32	88%	-	-	-	Self-owned funds / Raised funds
Poland factory project	218,247,060.24	81,472,620.08	94,339,373.51	(156,593,514.60)	-	620,460.61	19,838,939.60	81%	-	-	-	Self-owned funds
Other construction, decoration and uninstalled equipment	N/A	186,388,149.41	542,981,677.04	(533,796,698.47)	(58,718,116.77)	8,242,123.50	145,097,134.71	N/A	-	-	-	Self-owned funds
Total		641,030,985.98	1,175,262,358.71	(1,405,526,483.35)	(58,718,116.77)	12,618,989.16	364,667,733.73					

(3) As at 31 December 2024, the Group had no construction in progress that requires provision for impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Right-of-use assets

(1) Right-of-use assets

Unit: RMB

Item	Buildings	Machinery and equipment	Transportation equipment	Others	Total
I. Original carrying amount					
1. 1/1/2024	1,082,479,281.10	2,075,498.81	15,307,712.93	2,281,033.53	1,102,143,526.37
2. Increase in the year	52,196,200.20	457,769.60	3,220,129.52	1,012,912.32	56,887,011.64
(1) Increase	52,196,200.20	457,769.60	3,220,129.52	1,012,912.32	56,887,011.64
3. Decrease in the year	98,780,277.25	216,953.92	1,706,672.12	1,398,543.82	102,102,447.11
(1) Disposal	98,780,277.25	216,953.92	1,706,672.12	1,398,543.82	102,102,447.11
4. Translation differences arising from translation denominated in foreign currencies	(21,329,805.42)	(40,872.01)	(719,133.17)	(90,389.83)	(22,180,200.43)
5. 31/12/2024	1,014,565,398.63	2,275,442.48	16,102,037.16	1,805,012.20	1,034,747,890.47
II. Accumulated depreciation					
1. 1/1/2024	486,881,499.62	856,570.43	7,289,842.33	1,161,052.24	496,188,964.62
2. Increase in the year	154,241,867.51	625,507.39	4,735,302.55	375,328.75	159,978,006.20
(1) Provision	154,241,867.51	625,507.39	4,735,302.55	375,328.75	159,978,006.20
3. Decrease in the year	73,212,089.59	216,953.92	1,706,672.12	1,019,217.97	76,154,933.60
(1) Disposal	73,212,089.59	216,953.92	1,706,672.12	1,019,217.97	76,154,933.60
4. Translation differences arising from translation denominated in foreign currencies	(12,012,224.56)	(5,056.56)	(403,625.37)	(40,584.34)	(12,461,490.83)
5. 31/12/2024	555,899,052.98	1,260,067.34	9,914,847.39	476,578.68	567,550,546.39
III. Provision for impairment losses					
1/1/2024 & 31/12/2024	-	-	-	-	-
IV. Carrying amount					
1. 31/12/2024	458,666,345.65	1,015,375.14	6,187,189.77	1,328,433.52	467,197,344.08
2. 1/1/2024	595,597,781.48	1,218,928.38	8,017,870.60	1,119,981.29	605,954,561.75

The Group has leased a number of assets, including offices, plants, dormitories, machinery equipment and transportation equipment, with a lease term ranging from 2 to 10 years. The related right-of-use assets may not be used for purposes such as security for borrowings.

In 2024, the total short-term lease and leases of low-value assets expenses included in the profit or loss for the current period and treated under a simplified method is RMB 57,618,528.16 (2023: RMB 24,250,481.19).

The cash outflows related to leases are RMB 235,612,311.91 (2023: RMB 186,457,187.69).

The assets leased in shall not be used as collateral for borrowings.

The Group's potential future cash flows not included in the measurement of lease liabilities are mainly derived from the rentals that will be adjusted to the market levels upon renewal of the lease contracts relating to buildings. As at 31 December 2024, the Group had no leases committed but not yet commenced.

(2) As at 31 December 2024, the Group had no right-of-use asset that requires provision for impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

18. Intangible assets

(1) Intangible assets

Unit: RMB

Item	Software	Patents	Trademarks	Land use right	Customer relation	Total
I. Original carrying amount						
1. 1/1/2024	492,140,194.80	2,114,844.33	413,970.57	132,841,934.49	175,899,121.52	803,410,065.71
2. Increase in the year	36,692,714.63	-	-	1,306,247.02	-	37,998,961.65
(1) Purchase	36,692,714.63	-	-	1,306,247.02	-	37,998,961.65
3. Decrease in the year	2,171,933.03	2,051,422.23	-	1,299,595.52	-	5,522,950.78
(1) Disposal or retirement	2,171,933.03	2,051,422.23	-	1,299,595.52	-	5,522,950.78
4. Translation differences arising from translation denominated in foreign currencies	(8,989,396.49)	10,832.90	(11,262.13)	(534,571.00)	(8,054,075.55)	(17,578,472.27)
5. 31/12/2024	517,671,579.91	74,255.00	402,708.44	132,314,014.99	167,845,045.97	818,307,604.31
II. Accumulated amortization						
1. 1/1/2024	379,681,906.81	2,114,844.33	413,970.57	19,155,844.42	33,740,183.21	435,106,749.34
2. Increase in the year	66,118,408.25	-	-	7,900,455.64	10,834,982.76	84,853,846.65
(1) Provision	66,118,408.25	-	-	7,900,455.64	10,834,982.76	84,853,846.65
3. Decrease in the year	1,319,981.70	2,051,422.23	-	39,939.76	-	3,411,343.69
(1) Disposal or retirement	1,319,981.70	2,051,422.23	-	39,939.76	-	3,411,343.69
4. Translation differences arising from translation denominated in foreign currencies	(7,752,155.17)	10,832.90	(11,262.13)	(737.14)	(1,877,964.36)	(9,631,285.90)
5. 31/12/2024	436,728,178.19	74,255.00	402,708.44	27,015,623.16	42,697,201.61	506,917,966.40
III. Provision for impairment losses						
1/1/2024 & 31/12/2024	-	-	-	-	-	-
IV. Carrying amount						
1. 31/12/2024	80,943,401.72	-	-	105,298,391.83	125,147,844.36	311,389,637.91
2. 1/1/2024	112,458,287.99	-	-	113,686,090.07	142,158,938.31	368,303,316.37

(2) As at 31 December 2024, the Group had no land use rights of which certificates of title have not been obtained.

(3) As at 31 December 2024, the Group had no intangible asset that requires provision for impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Goodwill

(1) Original book value of goodwill

Unit: RMB

Name of investee	31/12/2023 (restated)	Changes for the year	31/12/2024
		Translation differences arising on translation of financial statements denominated in foreign currencies	
Universal Scientific Industrial Poland Sp. z o.o. ("USI Poland")	28,935,519.65	431,824.65	29,367,344.30
FAFG	577,647,261.44	(26,449,334.38)	551,197,927.06
Hirschmann (Note (VI), 3)	4,586,705.88	68,450.56	4,655,156.44
Total	611,169,486.97	(25,949,059.17)	585,220,427.80

(2) Impairment provision of goodwill

As at 31 December 2024, there is no impairment provision of goodwill.

(3) Relative information of asset group or a set of asset groups where the goodwill is related

Name	Composition of the asset group or a set of asset groups and its basis	Operating segment and its basis	Is it consistent with previous years
FAFG China	FAFG - Company in Chinese mainland Cash flow generated independently	Chinese mainland Manufacturing location	Yes
FAFG Europe	FAFG - Company in Europe Cash flow generated independently	European region Manufacturing location	Yes
USI Poland	USI Poland Cash flow generated independently	European region Manufacturing location	Yes
Hirschmann Europe	Hirschmann - Company in Europe Cash flow generated independently	European region Manufacturing location	Yes

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Goodwill - continued

(4) Specific method of determining the recoverable amount

Recoverable amount determined by the present value of the estimated future cash flows.

Unit: RMB

Item	Carrying amount	Recoverable amount	Amount of impairment	Projection period	Key parameters for projection period	Basis to determine the parameters for projection period	Key parameters for steady period	Basis to determine the key parameters for steady period
FAFG China	1,219,218,208.43	1,351,006,463.22	-	5 years	Revenue growth rate of the projection period: 10.00%-17.71% Profit margin: 9.14%-11.03%	Growth forecast based on itself and relevant industries	Post-tax discount rate: 14.99% Long-term growth rate: 3%	Long-term discount rate and average growth rate of the industry
FAFG Europe	1,569,786,057.33	1,825,539,713.21	-	5 years	Revenue growth rate of the projection period: 7.01%-11.80% Profit margin: 2.54%-4.54%	Growth forecast based on itself and relevant industries	Post-tax discount rate: 14.60% Long-term growth rate: 3%	Long-term discount rate and average growth rate of the industry
USI Poland	404,278,736.56	419,580,191.62	-	5 years	Revenue growth rate of the projection period: 8.88%-45.60% Profit margin: (3.03%)-5.42%	Growth forecast based on itself and relevant industries	Post-tax discount rate: 12.05% Long-term growth rate: 3%	Long-term discount rate and average growth rate of the industry
Hirschmann Europe	413,243,742.72	844,846,026.01	-	5 years	Revenue growth (reduction) rate of the projection period: (2.17%)-11.45% Profit margin: (2.12%)-9.87%	Growth forecast based on itself and relevant industries	Post-tax discount rate: 13.74% Long-term growth rate: 3%	Long-term discount rate and average growth rate of the industry
Total	3,606,526,745.04	4,440,972,394.06						

(5) Adjustments to the provisional values recognized within 12 months after the acquisition date

The Group acquired Hirschmann in October 2023 and recognized goodwill of RMB1,139,331.87 on the acquisition date. In order to recognize the fair value of its identifiable net assets, the Group engaged Ernst & Young Financial Management Consulting Services Co., Ltd. to conduct an appraisal. In 2024, the Group obtained an appraisal report of identifiable net assets and recognized that the fair value on the acquisition date was RMB3,509,219.13 lower than the original provisional value, therefore, the Group should increase the goodwill of RMB3,509,219.13 on the acquisition date, detailed in Note (VI), 3. The comparative financial statements have been restated.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

20. Long-term prepaid expenses

Unit: RMB

Item	31/12/2023	Transfer from construction in progress	Amortization for the year	Translation of financial statements denominated in foreign currencies	31/12/2024
Leased-in plant decoration works	212,629,008.92	58,718,116.77	89,259,727.65	(6,447,994.74)	175,639,403.30

21. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets that are not offset

Unit: RMB

Item	31/12/2024		31/12/2023	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	350,484,017.65	71,617,189.10	349,082,227.15	68,671,893.65
Provision for credit loss	48,216,478.38	9,982,247.67	40,837,701.20	6,996,575.28
Deferred income	70,500,832.93	10,575,124.94	58,185,280.57	8,728,331.08
Employee benefits payable	274,314,423.18	46,341,508.77	263,238,805.17	40,813,544.17
Defined benefit plans	109,155,597.67	28,863,045.33	131,600,416.30	31,828,838.11
Depreciation differences	6,679,490.15	1,485,153.02	5,058,455.04	887,662.10
Provisions	37,717,040.00	9,429,260.00	54,423,688.91	11,683,937.24
Unrealized profit	37,049,520.25	6,192,275.96	68,178,132.14	12,438,968.17
Deductible losses	279,910,895.00	82,385,697.72	323,379,248.56	69,535,131.21
Sales discount	527,373,474.77	100,677,265.97	458,680,034.68	81,787,688.20
Lease liabilities	394,834,647.49	74,678,048.88	441,145,480.48	93,761,901.35
Others	268,005,483.58	73,602,454.06	264,590,855.95	63,661,694.38
Total	2,404,241,901.05	515,829,271.42	2,458,400,326.15	490,796,164.94

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21. Deferred tax assets/ deferred tax liabilities - continued

(2) Deferred tax liabilities that are not offset

Unit: RMB

Item	31/12/2024		31/12/2023 (restated)	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Depreciation differences in research and development equipment tax credits	21,284,927.28	3,224,822.43	30,215,661.25	4,575,432.53
Right-of-use assets	366,223,014.38	69,143,633.50	417,724,474.58	89,196,889.01
Asset valuation appreciation for business combination involving enterprise not under common control	311,914,199.61	82,878,640.62	393,308,746.54	104,329,046.70
Others	31,297,825.42	9,389,355.16	35,219,714.85	11,424,808.03
Total	730,719,966.69	164,636,451.71	876,468,597.22	209,526,176.27

(3) Deferred tax assets and deferred tax liabilities that are presented at the net amount after offset

Unit: RMB

Item	31/12/2024		31/12/2023 (restated)	
	Offset amount between deferred tax assets and liabilities at the end of the year	Deferred tax assets or liabilities after offset	Offset amount between deferred tax assets and liabilities at the end of the year	Deferred tax assets or liabilities after offset
Deferred tax assets	(81,757,811.09)	434,071,460.33	(103,522,210.84)	387,273,954.10
Deferred tax liabilities	81,757,811.09	82,878,640.62	103,522,210.84	106,003,965.43

Deferred tax assets are recognized for deductible temporary differences and deductible losses as the Group believes that it is probable that sufficient taxable profits will be available in the future.

(4) Deferred tax assets not recognized

Unit: RMB

Item	31/12/2024	31/12/2023
Deductible temporary differences	5,529,613.34	6,680,749.95
Deductible losses	667,567,244.01	280,875,884.29
Total	673,096,857.35	287,556,634.24

(5) Deductible losses, for which no deferred tax assets are recognized, will expire in the following years

Unit: RMB

Year	31/12/2024	31/12/2023
No time limit	667,567,244.01	280,875,884.29

No deferred tax assets are recognized for deductible temporary differences and deductible losses due to the uncertainty in certain subsidiaries whether sufficient taxable profits will be available in the future.

22. Other non-current assets

Unit: RMB

Item	31/12/2024	31/12/2023
Prepayment for equipment and projects	156,514,600.51	47,404,680.89
Guarantee and deposit	21,740,962.14	9,576,400.85
Prepayment for platform fee	5,417,611.16	10,179,323.04
Prepayment for enterprise income tax	1,314,465.29	1,114,386.14
Total	184,987,639.10	68,274,790.92

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

23. Assets with restrictions on ownership or use rights

Unit: RMB

Item	31/12/2024			31/12/2023		
	Book value	Carrying amount	Restriction case	Book value	Carrying amount	Restriction case
Other cash and bank balances	11,912,876.00	11,912,876.00	Customs deposits	13,430,328.50	13,430,328.50	Customs deposits
Other cash and bank balances	502,688.09	502,688.09	Frozen funds due to litigation	20,975,282.12	20,975,282.12	Investment deposits
Total	12,415,564.09	12,415,564.09		34,405,610.62	34,405,610.62	

24. Short-term borrowings

(1) Categories of short-term borrowings:

Unit: RMB

Item	31/12/2024	31/12/2023
Credit loans	3,676,702,163.10	4,378,428,691.47

As at 31 December 2024, the Group's short-term borrowings are all composed of credit loans with no pledged, mortgaged or guaranteed borrowings. As at 31 December 2024, the credit loan of EUR 262,500,000.00, equivalent to RMB 1,960,357,549.50, is a hedge instrument, as detailed in Note (V), 66.

(2) As at 31 December 2024, the Group has no short-term borrowings overdue but not yet repaid.

25. Derivative financial liabilities

Unit: RMB

Item	31/12/2024	31/12/2023
Financial liabilities at FVTPL	4,775,306.67	173,872.64
Including: Derivative financial instruments (Note)	4,775,306.67	173,872.64

Note: The derivative financial liabilities held by the Group are foreign exchange forward contracts, which are not accounted for as hedging instruments and are measured at fair value through profit or loss.

26. Accounts payable

(1) Accounts payable

Unit: RMB

Item	31/12/2024	31/12/2023
Payable for materials	10,458,137,573.11	10,075,200,190.46
Payable for assets	313,707,505.97	177,402,797.98
Expenses payable	283,547,850.07	321,520,781.03
Total	11,055,392,929.15	10,574,123,769.47
Including: Accounts payable under supplier financing arrangements (Note)	231,644,532.10	N/A
Amounts already received by suppliers from financing providers	229,360,838.17	N/A

Note: Some suppliers have engaged in factoring businesses with banks to obtain financing support. Under the reverse factoring arrangements, banks provide the suppliers with factoring financing with an amount equal to that of the purchase orders. The Group will repay the full invoice amounts to the banks on the agreed payment due date. The Group considers that the amount owed to the banks should be classified as accounts payable, as the arrangement does not allow the Group to obtain financing from the banks by extending the original payment period to repay the banks. The foresaid reverse factoring arrangement allows the suppliers to settle invoice amounts in advance every six months, with a limit of USD 73,000,000.00, equivalent to RMB 524,753,200.00.

(2) As at 31 December 2024, the Group has no significant accounts payable aged more than one year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

27. Contract liabilities

(1) Contract liabilities

Unit: RMB

Item	31/12/2024	31/12/2023
Receipts in advance	542,457,418.46	348,380,131.33

The Group's revenue from sales of goods is recognized when the control over related goods is transferred to the customer. A contract liability is recognized at the time of the transaction for goods paid for in advance by the customer until control of the goods is transferred to the customer.

The carrying amount of contract liabilities of RMB 348,380,131.33 at the beginning of the year has been recognized as revenue in the current year, while that of RMB 542,457,418.46 at the end of the year is expected to be recognized as revenue in 2025.

28. Employee benefits payable

(1) Employee benefits payable

Unit: RMB

Item	31/12/2023	Increase	Decrease	Exchange differences arising on translation of financial statements denominated in foreign currencies	31/12/2024
1. Short-term benefits	893,414,238.64	4,171,754,562.51	4,177,707,767.74	(25,633,229.37)	861,827,804.04
2. Post-employment benefits-defined contribution plan	29,086,273.31	274,296,331.38	270,286,790.67	(243,326.29)	32,852,487.73
3. Long-term employee benefits payable due within one year	410,743.13	38,957,696.95	38,802,695.95	(22,570.12)	543,174.01
4. Termination benefits	-	14,445,685.38	4,850,727.82	91,768.13	9,686,725.69
Total	922,911,255.08	4,499,454,276.22	4,491,647,982.18	(25,807,357.65)	904,910,191.47

(2) Short-term employee benefits

Unit: RMB

Item	31/12/2023	Increase	Decrease	Exchange differences arising on translation of financial statements denominated in foreign currencies	31/12/2024
1. Wages or salaries, bonuses, allowances and subsidies	819,113,386.26	3,505,009,074.39	3,514,090,494.40	(21,584,303.83)	788,447,662.42
2. Staff welfare	24,352,395.53	271,945,850.75	277,969,439.16	(1,425,278.57)	16,903,528.55
3. Social security contributions	43,617,101.22	296,238,992.51	287,148,873.68	(2,574,761.40)	50,132,458.65
Including: Medical insurance	35,036,391.78	194,676,480.95	185,688,956.35	(2,193,024.57)	41,830,891.81
Work injury insurance	7,716,904.33	49,659,121.86	49,944,563.12	(373,227.22)	7,058,235.85
Maternity insurance	40,445.27	1,809,527.31	1,802,806.89	669.66	47,835.35
Overseas comprehensive insurance expenses	823,359.84	50,093,862.39	49,712,547.32	(9,179.27)	1,195,495.64
4. Housing funds	5,149,063.85	84,585,314.32	84,575,084.33	(38,654.51)	5,120,639.33
5. Union running costs and employee education cost	1,182,291.78	13,975,330.54	13,923,876.17	(10,231.06)	1,223,515.09
Total	893,414,238.64	4,171,754,562.51	4,177,707,767.74	(25,633,229.37)	861,827,804.04

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

28. Employee benefits payable - continued

(3) Defined contribution plan (Note)

Unit: RMB

Item	31/12/2023	Increase	Decrease	Exchange differences arising on translation of financial statements denominated in foreign currencies	31/12/2024
1. Basic pensions	28,648,353.79	257,070,315.83	253,056,136.95	(234,672.71)	32,427,859.96
2. Unemployment insurance	437,919.52	17,226,015.55	17,230,653.72	(8,653.58)	424,627.77
Total	29,086,273.31	274,296,331.38	270,286,790.67	(243,326.29)	32,852,487.73

Note: The Group participates, as required, in the pension insurance and unemployment insurance plans established by Chinese government authorities, Mexican authorities and French authorities. According to such plans, the Group contributes monthly to such plans based on corresponding percentages of contribution base. Except for above monthly contributions, the Group does not assume further payment obligations. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred.

In this year, the Group should contribute pension insurance and unemployment insurance plans amounting to RMB 257,070,315.83 and RMB 17,226,015.55 (2023: RMB 232,422,846.31 and RMB 15,718,861.28). As at 31 December 2024, the Group has outstanding contributions to pension insurance and unemployment insurance plans that are accrued but not yet paid in the current reporting period amounting to RMB 32,427,859.96 and RMB 424,627.77 (31 December 2023: RMB 28,648,353.79 and RMB 437,919.52). The outstanding contributions have been paid after the reporting period.

29. Taxes payable

Unit: RMB

Item	31/12/2024	31/12/2023 (restated)
Enterprise income tax	164,689,764.66	155,394,883.50
Withholding of income tax	130,081,236.21	105,052,473.58
Value-added taxes	54,670,173.86	52,031,278.71
Surcharges	19,598,431.46	16,369,181.10
Individual income tax	9,602,342.80	15,701,551.89
Stamp duty	5,590,250.40	5,491,534.27
Withholding of VAT and levies	-	28,017.34
Others	5,868,500.79	4,878,443.42
Total	390,100,700.18	354,947,363.81

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

30. Other payables

(1) Other payables by nature

Unit: RMB

Item	31/12/2024	31/12/2023 (restated)
Collection on behalf of third parties	297,469,296.00	357,810,180.31
Customer deposit	284,758,340.56	292,519,736.99
Accrued expenses	113,892,240.27	136,491,122.43
Professional service fee	28,829,046.07	31,132,851.27
Utilities, storage and transportation costs	18,934,955.70	9,601,794.55
Miscellaneous fees	12,478,053.65	22,388,211.91
Procurement of non-raw materials	1,007,400.40	1,659,108.02
Outstanding payment for equity purchases	-	212,851,984.74
Others	47,806,472.58	49,191,761.17
Total	805,175,805.23	1,113,646,751.39

As at 31 December 2024, the Group has no significant other payables aged more than one year.

31. Non-current liabilities due within one year

Unit: RMB

Item	31/12/2024	31/12/2023
Lease liabilities due within one year (Note (V), 35)	141,402,864.11	166,945,559.82
Bonds payable due within one year (Note (V), 34)	37,230,089.82	3,381,278,375.98
Long-term borrowings due within one year (Note (V), 33)	15,058,490.64	15,801,814.76
Total	193,691,444.57	3,564,025,750.56

32. Other current liabilities

Unit: RMB

Item	31/12/2024	31/12/2023
Relocation expense of Shenzhen plant	3,562,072.89	3,944,775.07
Products quality assurance within one year	7,544,004.96	-
Total	11,106,077.85	3,944,775.07

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

33. Long-term borrowings

Category of long-term borrowings

Unit: RMB

Item	31/12/2024	31/12/2023
Credit loans (Note)	44,930,605.68	63,187,765.86
Less: Long-term borrowings due within one year (Note (V), 31)	15,058,490.64	15,801,814.76
Total	29,872,115.04	47,385,951.10

Note: In November 2022, FAFG, a subsidiary of the Group, borrowed EUR 10,000,000.00 from the bank, equivalent to RMB 74,284,423.60. The repayment method is EUR 500,000.00 per quarter starting from February 2023, and the final repayment date is November 2027, with the interest rate of 3.9% fixed. As of 31 December 2024, the balance of the above borrowings of EUR 2,000,000.00 (equivalent to RMB 15,058,490.64) is included in the non-current liabilities due within one year.

As at 31 December 2024, the Group had no long-term borrowings that were due but not yet repaid.

34. Bonds payable

(1) Bonds payable

Unit: RMB

Item	31/12/2024	31/12/2023
Convertible corporate bonds	3,467,944,609.76	-

(2) Movements in bonds payable

Unit: RMB

Name of bonds	Nominal value	Date of issue	Term	Issue amount	31/12/2023	Transfer from non-current liabilities due within one year (Note)	Issued in the current year	Interest accrued as per nominal value	Amortization of premiums or discounts	Repayment	Swap to equity	Included non-current liabilities due within one year (Note)	31/12/2024	Default or not
Universal Global Convertible Bonds (SH: 113045)	100	March 202	6 years	3,450,000,000.00	-	3,381,278,375.98	-	40,793,078.56	103,824,482.40	20,699,268.00	21,969.36	37,230,089.82	3,467,944,609.76	No

Note: According to the terms of selective resale in the prospectus of the Company's public offering of convertible bonds: when the convertible bonds have been issued for three years, the holders of the convertible bonds have the right to sell back at one time, that is, they have the right to sell back all or part of the convertible bonds held by them to the company at 102.00% (including the interest of the third year). After the conditions for the option of resale terms are met, the holders of convertible bonds may carry out resale within the reporting period for the option of resale after the announcement of the company; Those who do not carry out resale within the reporting period of selective resale shall no longer enjoy the rights agreed in the terms of selective resale. In 2023, all of the above bonds payable are recognized in non-current liabilities due within one year (including the interest payables of bonds: RMB 17,136,279.26). At the end of the resale period on 15 March 2024, it was reclassified from non-current liabilities due within one year to bonds payable.

(V) **NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**

34. Bonds payable - continued

(3) Description on issuing, conversion condition and conversion time of convertible corporate bonds

As approved by CSRC with "Zheng Jian Xu Ke [2021] No. 167", the Company issued 34,500,000 convertible bonds at nominal value of RMB 100, with annual coupon rate of 0.1%, 0.2%, 0.6%, 1.3%, 1.8% and 2.0%, respectively for the 1st year, 2nd year, 3rd year, 4th year, 5th year and 6th year, and the annual interest is payable at the date of each full year from the first date of issue of the convertible bonds in this issue. The initial conversion price is RMB20.25, with provisions for adjustment and downward revision of the conversion price, redemption provisions and resale provisions. The convertible bonds in this issue is allowed to swap to equity from the first trading date in the 10th month subsequent to the closing date of this issue (namely 10 March 2021) to the expiry date of convertible bonds. Within five trading days after the expiration of the convertible bonds issued, the Company will redeem the convertible bonds not converted into shares at the price of 108.00% (including the last interest) of the face value of the bonds.

When the convertible corporate bonds issued by the company are initially measured, the amount of the fair value of the corresponding liability component after deducting the issuance expenses to be apportioned is RMB 3,010,541,240.32, which is included in the bonds payable; The corresponding amount of redemption right and put back right is RMB 6,900,000.00, which is included in derivative financial liabilities; The amount of issuance expenses to be apportioned for the derivative financial liabilities is RMB 45,397.90, which is included in the current profit and loss; The fair value of the corresponding equity part after deducting the apportioned issuance expenses is RMB 409,905,205.31, which is included in other equity instruments. The amortized cost of the adjusted liability is RMB 103,824,482.40 withdrawn according to the effective interest rate method in the current period.

As of 31 December 2024, the Company has convertible bonds with face value of RMB 144,000 (book value of RMB 135,241.37) converted into A-share ordinary shares, and the number of shares converted is 7,378 shares. Among them, in 2024, convertible bonds with a face value of RMB 22,000 (book value of RMB 21,969.36) were converted into A-share ordinary shares, the number of shares converted was 1,163 shares.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

35. Lease liabilities

(1) Details of lease liabilities

Unit: RMB

Item	31/12/2024	31/12/2023
Lease liabilities	518,712,197.54	653,720,789.24
Less: Lease liabilities included in non-current liabilities due within one year (Note (V), 31)	141,402,864.11	166,945,559.82
Total	377,309,333.43	486,775,229.42

The following is the maturity analysis for lease liabilities which is based on undiscounted remaining contractual obligations:

Unit: RMB

	Within 1 year	1-5 years	Over 5 years	Total
31/12/2024	147,775,048.87	257,814,920.38	159,558,930.01	565,148,899.26
31/12/2023	171,679,696.45	329,233,957.90	217,512,341.22	718,425,995.57

36. Long-term payables

Unit: RMB

Item	31/12/2024	31/12/2023
Software licensing fee (Note)	24,263,594.23	31,646,041.98
Less: Long-term payables due within one year	5,914,911.74	6,119,744.14
Total	18,348,682.49	25,526,297.84

Note: It refers to software licensing fee payable by the Group, of which the portion due within one year is recognized in accounts payable, as detailed in Note (X), 6.

37. Long-term employee benefits payable

(1) Long-term employee benefits payable

Unit: RMB

Item	31/12/2024	31/12/2023 (restated)
1. Post-employment benefits- net liability of defined benefit plans	222,112,153.76	266,512,022.46
2. Termination benefits	8,759,390.10	8,926,811.49
Total	230,871,543.86	275,438,833.95

(2) Changes in defined benefit plans

Net liability of defined benefit plans

Unit: RMB

Item	2024	2023 (restated)
I. 31/12/2023	266,922,765.59	211,205,107.45
II. Additions due to business combination	-	44,226,261.38
III. Defined benefits costs recognized in profit or loss for the year	13,160,720.78	13,489,424.98
IV. Defined benefits costs recognized in other comprehensive income	(6,670,754.08)	19,541,638.43
V. Amount contributed and paid during the year	(38,802,695.95)	(31,908,844.17)
VI. Exchange differences arising on translation of foreign currencies	(11,954,708.57)	10,369,177.52
VII. 31/12/2024	222,655,327.77	266,922,765.59
Less: Long-term employee benefits payable due within one year	543,174.01	410,743.13
Long-term employee benefits payable paid after one year	222,112,153.76	266,512,022.46

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

37. Long-term employee benefits payable - continued

(2) Changes in defined benefit plans - continued

Contents of defined benefit plans and related risks, and its impact over the Group's future cash flows, timing and uncertainty:

UGSI and USI, the Group's subsidiaries, provide retirement benefit plan for full-time regular employees hired before 1 July 2005. The Group acquired FAFG in 2020. FAFG provides retirement benefit plan for its employees, which provides a pension for some employees who have worked for more than 10 years according to the working years and certain rate of their salaries in recent 10 years, and a pension for some employees who have worked for more than 2 years according to the working years and certain rate of their salaries in recent 12 months. The Group acquired Hirschmann in 2023. Hirschmann provides a retirement benefit plan for full-time employees hired before 2011.

The defined benefit plans expose the Group to actuarial risks such as discount rate, future salary growth rate, etc.

The Group hired Towers Watson Business Management Consulting Co., Ltd. to estimate the present value of retirement benefit plan of UGSI and USI by actuary in accordance with the projected unit credit method. Future salary growth rate and mortality rate are used to estimate the future cash outflows to recognize the present value of the plan at a discounted rate which is determined in accordance with the market interest rate of high-quality corporate bonds at the balance sheet date. In countries where there is no market for such bonds, the market interest rate for government bonds (at the balance sheet date) shall be used. Since the Group's post-employment benefit obligations remain effective for 9 to 10 years, the discount rate is determined by reference to the bonds with a similar duration to the post-employment benefit obligations. Therefore, the average interest rate for government bonds with a duration of 9 years or more is referenced. The Group recognizes liabilities based on the actuarial result, with gains or losses arising from actuary recognized in other comprehensive income and not to be reversed to profit or loss in subsequent accounting periods. Past service cost is included in profit or loss for the period when the modification to the plan is made. And net interest is recognized as the amount of net liabilities or assets of the defined benefit plan multiplying by an appropriate discount rate.

The following table lists the significant actuarial assumptions used by UGSI and USI in determining the present value of the defined benefit plan obligations:

	31/12/2024	31/12/2023
Discount rate	1.60%	1.40%
Future salary growth rate	2.25%	2.25%
Mortality rate	Assumptions made based on the sixth Mortality Table in Taiwan	Assumptions made based on the sixth Mortality Table in Taiwan

Sensitive analysis as below is based on reasonable changes of corresponding assumptions at the end of the reporting period (all other assumptions remain unchanged):

- When the discount rate is up (down) 0.5%, the present value of defined benefit plan obligations of UGSI and USI will be decreased by RMB 5,049,311.08 (increased by RMB 5,338,732.70) and RMB 263,987.60 (increased by RMB 276,485.36), respectively.
- When the future salary growth rate is up (down) 0.5%, the present value of defined benefit plan obligations of UGSI and USI will be increased by RMB 5,280,848.38 (decreased by RMB 5,044,706.64) and RMB 273,415.73 (decreased by RMB 263,768.35), respectively.

The Group hired Confera to estimate the present value of retirement benefit plan obligation of FAFG by actuary in accordance with the projected unit credit method. Future salary growth rate is used to estimate the future cash outflows to recognize the present value of the plan at a discounted rate.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

37. Long-term employee benefits payable - continued

(2) Changes in defined benefit plans - continued

The following table lists the significant actuarial assumptions used by FAFG in determining the present value of the defined benefit plan obligations:

	31/12/2024	31/12/2023
Discount rate	3.1%~3.2%	3.15%-3.75 %
Future salary growth rate	2.25%~3.5%	2.25%-2.6 %
Mortality rate	Life expectancy table of local National Bureau of Statistics	Life expectancy table of local National Bureau of Statistics

Sensitive analysis as below is based on reasonable changes of corresponding assumptions at the end of the reporting period (all other assumptions remain unchanged):

- When the discount rate is up (down) 0.5%, the present value of defined benefit plan obligations of FAFG will be decreased by RMB 7,402,392.26 (increased by RMB 8,024,344.63).
- When the future salary growth rate is up (down) 0.5%, the present value of defined benefit plan obligations of FAFG will be increased by RMB 2,441,903.51 (decreased by RMB 2,311,750.71).

The Group hired Willis Towers Watson GmbH to estimate the present value of retirement benefit plan of Hirschmann by actuary in accordance with the projected unit credit method. Future pension payment growth rate is used to estimate the future cash outflows to recognize the present value of the plan at a discounted rate.

The following table lists the significant actuarial assumptions used by Hirschmann in determining the present value of the defined benefit plan obligations:

	31/12/2024	31/12/2023
Discount rate	2.76%~3.36%	3.20%~3.53 %
Future pension payment growth rate	2.00%~3.10%	2.00%~3.30%
Mortality rate	Life expectancy table of local National Bureau of Statistics	Life expectancy table of local National Bureau of Statistics

Sensitive analysis as below is based on reasonable changes of corresponding assumptions at the end of the reporting period (all other assumptions remain unchanged):

- When the discount rate is up (down) 0.5%, the present value of defined benefit plan obligations of Hirschmann will be decreased by RMB 2,263,410.16 (increased by RMB 2,470,386.57).
- When the future pension payment rate is up (down) 0.5%, the present value of defined benefit plan obligations of Hirschmann will be increased by RMB 1,981,970.02 (decreased by RMB 1,843,430.62).

As it is unlikely that an assumption can change in an isolated manner due to correlations among certain assumptions, the sensitivity analysis above may not reflect actual changes in present value of defined benefit plans.

In sensitivity analysis above, the method used to calculate net liabilities of defined benefit plans at the end of the period is the same with that used to recognize related liabilities in balance sheet.

Compared with previous years, methods and assumptions adopted to analyze sensitivity remain unchanged.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

38. Provisions

Unit: RMB

Item	31/12/2024	31/12/2023
Products quality assurance	63,200,068.91	41,946,064.03
Funds allocated by the government department to be refunded (Note)	10,987,000.00	6,333,000.00
Total	74,187,068.91	48,279,064.03

Note 1: Universal Global Technology (Huizhou) Co., Ltd. a wholly-owned subsidiary of the Company, is expected to refund the funds already allocated by relevant government department.

39. Deferred income

(1) Details of deferred income

Unit: RMB

Item	31/12/2023	Increase	Decrease	Translation differences arising on translation of financial statements denominated in foreign currencies	31/12/2024	Reason
Government grants	58,106,941.94	40,412,855.97	25,995,817.79	(194,904.24)	72,329,075.88	Note (VII), 1
Subsidies for purchase of fixed assets	1,778,063.72	-	1,624,736.93	(24,527.55)	128,799.24	
Total	59,885,005.66	40,412,855.97	27,620,554.72	(219,431.79)	72,457,875.12	

40. Other non-current liabilities

Other non-current liabilities refer to guarantee deposits and margins received from suppliers.

41. Share capital

Unit: RMB

	31/12/2023	Changes for the year			31/12/2024
		New shares issued (Note 1)	Convertible bond to equity swap (Note 2)	Treasury shares canceled (Note 4)	
Total shares	2,209,991,580.00	3,909,268.00	1,163.00	(23,345,545.00)	2,190,556,466.00

Note 1: In November 2015, the Company implemented the Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. granting qualified employees a certain number of stock options to subscribe for the Company's ordinary shares. In 2024, 342,655 common shares were vested at a price of RMB 15.54 per share. In November 2019, the Company implemented the 2019 Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. to grant eligible employees a certain number of stock options to subscribe for shares of the Company's common stock. In 2024, 619,920 and 2,044,300 ordinary shares granted by the Company were exercised at RMB 11.98 per share and RMB 11.71 per share respectively. In October 2023, the Company implemented the 2023 Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. to grant eligible employees a certain number of stock options to subscribe for shares of the Company's common stock. In 2024, 902,393 ordinary shares granted by the Company were exercised at RMB 14.27 per share and registered with the Shanghai Branch of China Securities Depositories and Clearing Co., LTD. The total increase in capital stock is RMB 3,909,268.00 and capital reserve is RMB 45,658,131.87.

Note 2: See Note (V), 34 for convertible bond to equity swap.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

41. Share capital - continued

Note 3: According to the resolution of the first extraordinary general meeting of shareholders on 13 September 2024, in 2024, the Company cancelled 23,345,545 shares of unused treasury shares that were repurchased in 2022 and before 2022.

42. Other equity instruments

Unit: RMB

Outstanding financial instruments	31/12/2023		Increase		Decrease		31/12/2024	
	Qty.	Carrying amount	Qty.	Carrying amount	Qty.	Carrying amount	Qty.	Carrying amount
Convertible corporate bonds	34,498,780.00	409,890,710.14	-	-	220	2,613.88	34,498,560.00	409,888,096.26

Note: Other equity instruments are formed by the equity part of convertible corporate bonds issued. For the details, see Note (V), 34.

43. Capital reserve

Unit: RMB

Item	31/12/2023	Increase	Decrease	31/12/2024
Share premium	2,133,538,619.33	73,561,103.01	298,385,450.54	1,908,714,271.80
Including: Share capital invested by investors (Note V, (41))	3,195,825,693.45	45,658,131.87	-	3,241,483,825.32
Purchase of minority interests	(4,405,590.07)	-	-	(4,405,590.07)
Differences resulting from combination involving enterprise under common control	(5,621,108.53)	-	-	(5,621,108.53)
Transfer of capital reserve to share capital	(1,087,961,790.00)	-	-	(1,087,961,790.00)
Share-based payment exercise included in owners' equity	144,847,090.43	27,879,596.65	-	172,726,687.08
Treasury shares transferred out (Note (V), 44)	(109,266,742.06)	-	298,385,450.54	(407,652,192.60)
Exercise of convertible bonds (Note (V), 34)	121,066.11	23,374.49	-	144,440.60
Other capital reserve	150,426,923.67	17,755,000.00	27,879,596.65	140,302,327.02
Total	2,283,965,543.00	91,316,103.01	326,265,047.19	2,049,016,598.82

44. Treasury shares

Unit: RMB

Item	31/12/2023	Increase (Note 1)	Decrease (Note 2)	31/12/2024
Employee stock ownership plan	321,730,995.54	100,052,846.15	321,730,995.54	100,052,846.15

Note 1: According to the "Proposal on the Plan of Repurchase of Shares by Way of Centralized Competitive Bidding in 2024" adopted at the Ninth Meeting of the Sixth Session of the Board of Directors on 7 February 2024, the Company has cumulatively repurchased 6,740,400 shares of the Company in the form of centralized competitive bidding from 7 February 2024 to 6 August 2024, totaling RMB 100,052,846.15.

Note 2: According to the resolution of the first extraordinary general meeting of shareholders on 13 September 2024, in 2024, the Company cancelled 23,345,545 shares of unused treasury shares that were repurchased in 2022 and before 2022, totaling RMB 321,730,995.54, of which, the share capital was reduced by RMB 23,345,545.00 and the capital reserve was reduced by RMB 298,385,450.54.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

45. Other comprehensive income

Unit: RMB

Item	31/12/2023 (restated)	Amount incurred in the current year					31/12/2024
		Amount incurred for current year before tax	Less: Amount previously included in other comprehensive income and transferred to profit or loss for the period	Less: Income tax expenses	Attributable to owners of the company after tax	Attributable to minority interests after tax	
I. Other comprehensive income that cannot be subsequently reclassified to profit or loss	(14,827,526.19)	13,267,772.53	-	828,422.69	13,484,045.36	(1,044,695.52)	(1,343,480.83)
Including: Recalculation of the changes in defined benefit plans	(16,755,302.95)	6,670,754.08	-	828,422.69	6,887,026.91	(1,044,695.52)	(9,868,276.04)
Fair value changes in other equity instruments investment	1,927,776.76	6,597,018.45	-	-	6,597,018.45	-	8,524,795.21
II. Other comprehensive income that will be reclassified to profit or loss	279,214,992.81	(107,385,568.05)	-	-	(101,505,685.78)	(5,879,882.27)	177,709,307.03
Including: Other comprehensive income that can be reclassified to profit or loss under equity method	(22,128,042.59)	(6,856,487.42)	-	-	(6,856,487.42)	-	(28,984,530.01)
Exchange differences on translation of financial statements denominated in foreign currencies	222,912,142.99	(226,025,637.00)	-	-	(220,145,754.73)	(5,879,882.27)	2,766,388.26
Hedges for net investment in foreign operations	78,430,892.41	125,496,556.37	-	-	125,496,556.37	-	203,927,448.78
Total other comprehensive income	264,387,466.62	(94,117,795.52)	-	828,422.69	(88,021,640.42)	(6,924,577.79)	176,365,826.20

46. Surplus reserve

Unit: RMB

Item	31/12/2023	Increase	Decrease	31/12/2024
Statutory surplus reserve (Note)	966,801,754.40	82,923,127.90	-	1,049,724,882.30

Note: According to the Articles of Association, Universal Scientific Industrial (Shanghai) Co., Ltd. is required to transfer 10% of its net profit in 2024 to the statutory surplus reserve. Statutory surplus reserve can be used to cover the Company's losses, expand the Company's production and operation or increase the Company's capital.

47. Retained profits

Unit: RMB

Item	2024	2023
Retained profits at the end of prior year	11,179,762,376.22	10,275,564,894.22
Add: Net profit attributable to owners of the Company for the year	1,652,482,815.41	1,947,846,866.12
Less: Appropriation to statutory surplus reserve (Note 1)	82,923,127.90	104,720,922.14
Dividends on ordinary shares payable (Note 2)	590,297,210.28	938,928,461.98
Retained profits at the end of the year (Note 3)	12,159,024,853.45	11,179,762,376.22

(1) Appropriation to statutory surplus reserve

According to the Articles of Association, the Company is required to transfer 10% of its net profit to the statutory surplus reserve. The transfer may be ceased if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital.

(2) Profit distribution approved in shareholders' meeting during the year

As proposed by the resolution of the Tenth Meeting of the Sixth Session of the Board of Directors of the Company held on 29 March 2024, and approved by the Annual General Meeting on 23 April 2024, a cash dividend of RMB 2.70 (including tax) per 10 shares will be distributed on the basis of the total share capital registered at the equity registration date less the number of the shares repurchased by the Company from special accounts, with no bonus issue and no increase in share capital.

NOTES TO THE FINANCIAL STATEMENTS
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(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

47. Retained profits - continued

(3) Profit distribution decided after the balance sheet date

As proposed by the resolution of the Seventeenth Meeting of the Sixth Session of the Board of Directors of the Company held on 28 March 2025, a cash dividend of RMB 2.30 (including tax) per 10 shares will be distributed on the basis of the total share capital at the equity registration date less the number of the shares repurchased by the Company from special accounts, with no bonus issue and no increase in share capital. The above proposal regarding dividends distribution is yet to be approved in a shareholders' meeting.

(4) Appropriation to surplus reserve by subsidiaries

As at 31 December 2024, the balance of the Group's retained profits include appropriation to surplus reserve by subsidiaries amounting to RMB 1,426,611,703.45 (31 December 2023: RMB 1,395,095,817.26).

48. Operating income and operating costs

(1) Details of operating income and operating costs

Unit: RMB

Item	Amount incurred in the current year		Amount incurred in the prior year	
	Income	Costs	Income	Costs (restated)
Principal operating activities	60,614,675,278.72	54,927,952,825.90	60,729,838,575.32	54,962,470,214.46
Other operating activities	75,975,819.38	1,660,400.12	62,070,962.55	3,376,480.35
Total	60,690,651,098.10	54,929,613,226.02	60,791,909,537.87	54,965,846,694.81

(2) Analysis of principal operating income and principal operating costs by product categories:

Unit: RMB

Item	Amount incurred in the current year		Amount incurred in the prior year	
	Principal operating income	Principal operating costs	Principal operating income	Principal operating costs (restated)
Communication products	21,066,324,772.56	19,461,280,894.30	21,799,269,805.02	20,103,325,388.12
Consumer electronic products	19,202,788,679.81	17,619,172,017.93	19,254,189,286.98	17,728,447,510.30
Industrial products	7,118,040,087.74	6,286,188,145.15	8,164,460,442.66	7,001,696,050.61
Cloud and storage products	6,096,580,972.15	5,012,146,620.93	5,378,779,152.02	4,518,811,870.40
Automotive electronic products	5,971,513,470.61	5,496,881,090.19	5,137,439,831.33	4,722,555,924.70
Medical products	333,877,608.87	318,805,428.38	376,027,790.19	350,846,493.08
Others	825,549,686.98	733,478,629.02	619,672,267.12	536,786,977.25
Total	60,614,675,278.72	54,927,952,825.90	60,729,838,575.32	54,962,470,214.46

(3) Other operating income and other operating costs:

Unit: RMB

Item	Amount incurred in the current year		Amount incurred in the prior year	
	Other operating income	Other operating costs	Other operating income	Other operating costs
Scrap income	65,972,922.49	-	53,239,459.39	-
Others	10,002,896.89	1,660,400.12	8,831,503.16	3,376,480.35
Total	75,975,819.38	1,660,400.12	62,070,962.55	3,376,480.35

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

48. Operating income and operating costs - continued

(4) Fulfillment of contractual obligations:

The Group's sales include domestic sales and export sales. The Group's performance obligation is to provide goods to customers, including communication products, consumer electronic products, industrial products, cloud and storage products, automotive electronic products, medical products and other products.

The Group recognizes revenue at the time when the customer obtains control of the goods. The Group recognizes sales revenue from domestic sales at the time when the goods are delivered to the warehouse designated by the customer and the customer signs for them on the receipt, while that from export sales is recognized when the goods leave the factory, when the goods are delivered to the carrier, when the goods are delivered to the port, when the goods are loaded onto an aircraft or ship, or when the goods are delivered to the customer or to a location designated by the customer, respectively, according to the specific trading terms agreed in the contract. The Group provides products quality assurance for goods sold in accordance with legal requirements and contractual agreements. The Group, as the principal, recognizes revenue based on the total consideration received or receivable.

49. Taxes and levies

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
City maintenance and construction tax	46,164,488.17	26,088,040.95
Education surcharge	43,631,816.82	23,413,277.40
Stamp duty	21,048,478.39	20,308,111.04
Property Tax	17,518,442.52	18,777,242.42
Urban land use tax	868,329.08	864,618.59
Others	8,741,562.75	6,318,697.79
Total	137,973,117.73	95,769,988.19

50. Selling expenses

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year (restated)
Staff costs	306,108,452.94	258,156,410.38
Labor costs	22,279,147.80	14,242,897.36
Depreciation and amortization	18,060,153.77	16,504,412.59
Insurance	12,202,127.97	12,865,317.46
Traveling expenses	11,247,867.56	10,010,174.36
Entertainment expenses	4,355,534.88	3,715,932.13
Material consumption	4,343,527.49	8,717,711.11
Share-based payments	2,435,273.50	1,123,494.86
Utilities	2,209,008.12	2,290,917.38
Royalty fees	168,116.77	115,357.28
Commission	-	494,454.41
Others	25,937,460.49	13,047,369.59
Total	409,346,671.29	341,284,448.91

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

51. Administrative expenses

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Staff costs	847,069,509.53	733,392,318.30
Labor costs and professional services fee	184,492,002.89	163,770,021.83
Depreciation and amortization	130,161,204.37	118,434,053.03
Software costs	44,647,077.16	31,191,025.01
Renovation costs	39,668,414.38	41,479,606.89
Traveling expenses	24,387,765.01	23,849,101.79
Insurance	21,620,642.77	15,487,901.30
Utilities	15,656,341.07	16,061,160.20
Material consumption	6,919,108.73	8,662,138.73
Share-based payments	4,537,893.13	11,401,068.29
Others	51,354,488.50	51,699,543.65
Total	1,370,514,447.54	1,215,427,939.02

52. Research and development expenses

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Staff costs	982,398,963.63	858,849,931.21
Material and sample costs	549,301,124.62	637,590,081.04
Depreciation and amortization	173,331,810.22	150,773,895.37
Renovation costs	32,115,490.59	21,913,004.84
Labor costs	24,042,992.99	11,603,187.49
Mold costs	23,519,659.33	15,042,616.72
Software costs	22,174,359.19	24,471,359.74
Utilities	19,024,825.87	20,542,686.36
Traveling expenses	13,731,691.25	10,517,776.73
Consumables and miscellaneous	12,401,892.28	14,493,723.19
Share-based payments	7,893,689.70	3,823,834.77
Others	47,613,206.79	37,582,030.81
Total	1,907,549,706.46	1,807,204,128.27

53. Financial expenses

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Interest expenses	391,009,108.71	400,215,716.04
Including: Interest expenses on lease liabilities	21,696,686.25	18,068,930.94
Interest expenses on issue of convertible bonds	144,617,560.96	139,416,505.81
Less: Interest income	304,283,941.12	236,527,756.09
Exchange differences	215,822,333.26	32,024,532.96
Others	10,103,572.92	16,316,715.19
Total	312,651,073.77	212,029,208.10

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

54. Other income

Unit: RMB

Classified by the nature	Amount incurred in the current year	Amount incurred in the prior year	Amount included in non-recurring profit or loss for the period
Government grants	59,889,514.85	89,396,536.73	39,593,697.06
Additional value-added tax credit	3,543,135.87	825,287.36	-
Total	63,432,650.72	90,221,824.09	39,593,697.06

55. Investment income

(1) Details of investment income

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Income from long-term equity investments under equity method	33,862,787.66	8,716,784.59
Investment income on disposal of long-term equity investments	-	35,967.02
Investment income of other non-current financial assets during the hold period	3,124,318.92	8,455,456.44
Investment income on disposal of held-for-trading financial assets	175,989,542.23	111,775,513.07
Investment income on disposal of other non-current financial assets	486,553.70	13,716,529.40
Total	213,463,202.51	142,700,250.52

56. Losses from changes in fair values

Unit: RMB

Source resulting in gains (losses) from changes in fair values	Amount incurred in the current year	Amount incurred in the prior year
Held-for-trading financial assets	19,726,794.19	(32,979,655.61)
Including: Derivative financial instruments	19,726,794.19	(32,979,655.61)
Derivative financial liabilities	(4,601,434.03)	2,945,018.68
Other non-current financial assets	(17,585,980.36)	2,926,885.11
Total	(2,460,620.20)	(27,107,751.82)

57. Impairment loss of credit

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Bad debt losses on accounts receivable	(32,800,121.83)	(21,981,473.91)
Total	(32,800,121.83)	(21,981,473.91)

58. Impairment gains (losses) of assets

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Gains (losses) on decline in value of inventories	9,655,578.11	(166,836,089.16)
Impairment losses of long-term equity investments	(9,343,178.82)	-
Total	312,399.29	(166,836,089.16)

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

59. Gains from disposal of assets

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year	Amount included in non-recurring profit or loss for the period
Gains from disposal of non-current assets	8,335,633.43	9,671,649.96	8,335,633.43
Less: Losses from disposal of non-current assets	804,348.34	3,337,342.19	804,348.34
Total	7,531,285.09	6,334,307.77	7,531,285.09

60. Non-operating income

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year	Amount included in non-recurring profit or loss for the period
Sporadic income	25,287,666.76	18,086,136.60	25,287,666.76

61. Non-operating expenses

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year	Amount included in non-recurring profit or loss for the period
Losses on retirement of non-current assets	2,429,573.97	907,053.77	2,429,573.97
Others	41,523,170.25	5,169,424.69	41,523,170.25
Total	43,952,744.22	6,076,478.46	43,952,744.22

62. Income tax expenses

(1) Statement of income tax expenses

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Current income tax expenses	327,027,432.67	342,953,512.21
Annual filing differences of income tax	(24,220,221.26)	(79,209,205.14)
Deferred income tax expenses	(93,159,836.66)	(23,765,557.86)
Total	209,647,374.75	239,978,749.21

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

62. Income tax expenses - continued

(2) Reconciliation of income tax expenses to the accounting profit

Unit: RMB

	Amount incurred in the current year	Amount incurred in the prior year
Total profit	1,853,816,573.41	2,189,687,856.20
Applicable tax rate	15%	15%
Income tax expenses accounted at an applicable tax rate	278,072,486.01	328,453,178.43
Effect of non-deductible cost, expense and loss	23,957,218.76	5,514,328.92
Effect of non-taxable income	(9,975,565.89)	(7,924,742.71)
Tax effect of additional deductible expenses	(109,330,481.25)	(119,266,234.38)
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current year	58,819,396.28	17,181,991.50
Effect of utilizing deductible temporary differences or deductible loss not recognized for deferred tax assets for prior period	(988,362.81)	(464,956.20)
Additional levy on undistributed surplus of Taiwan subsidiaries	8,148,356.59	24,129,623.96
Annual filing differences of income tax	(24,220,221.26)	(79,209,205.14)
Effect of different tax rates applied by subsidiaries	(9,731,565.63)	73,877,533.67
Effect of changes in income tax rates of subsidiaries on the opening balance of deferred tax assets	(5,685,309.76)	(7,776,934.75)
Others	581,423.71	5,464,165.91
Income tax expenses	209,647,374.75	239,978,749.21

63. Items in the cash flow statement

(1) Cash relating to operating activities

Other cash receipts relating to operating activities

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Interest income	302,079,461.47	246,972,796.68
Subsidy income	80,006,553.03	93,639,071.75
Receivable from former shareholders of Hirschmann	64,411,136.21	-
Service and purchase rebates received	15,510,867.66	-
Advanced payment	13,375,646.14	-
Customs deposits received	497,311.91	1,500,000.00
Customer deposit	-	91,558,970.22
Others (Note)	45,978,480.08	10,383,613.95
Total	521,859,456.50	444,054,452.60

Note: It mainly refers to sporadic income.

Other cash payments relating to operating activities

Unit: RMB

	Amount incurred in the current year	Amount incurred in the prior year
Other expenses paid	563,810,586.52	261,322,155.09
Customer deposits returned	7,761,396.43	
Payment of advances	60,340,884.31	19,098,207.78
Total	631,912,867.26	280,420,362.87

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

63. Items in the cash flow statement - continued

(2) Cash relating to investing activities

Cash receipts relating to significant investing activities

Unit: RMB

	Amount incurred in the current year	Amount incurred in the prior year
Principal of financial products	14,156,000,000.00	10,325,000,000.00

Cash payments relating to significant investing activities

Unit: RMB

	Amount incurred in the current year	Amount incurred in the prior year
Principal of financial products	14,156,000,000.00	10,325,000,000.00

Other cash receipts relating to investing activities

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Investment deposits received	-	2,214,334.90

(3) Cash relating to financing activities

Other cash receipts relating to financing activities

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Shareholding plan exercise payment	-	26,686,556.25

Other cash payments relating to financing activities

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Payment of lease principal and interest	177,993,783.75	162,206,706.50
Repurchase of treasury shares	100,052,846.15	-
Others	145,728.93	1,089,693.30
Total	278,192,358.83	163,296,399.80

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

63. Items in the cash flow statement - continued

(3) Cash relating to financing activities - continued

Changes in various liabilities from financing activities

Unit: RMB

Item	31/12/2023	Increase		Decrease		31/12/2024
		Change in cash	Change in non-cash	Change in cash	Change in non-cash	
Short-term borrowings	4,378,428,691.47	10,402,853,293.23	243,086,224.21	11,347,666,045.81	-	3,676,702,163.10
Dividends payable	-	-	590,297,210.28	590,297,210.28	-	-
Long-term borrowings (including those due within one year)	63,187,765.86	-	2,078,390.47	17,482,348.20	2,853,202.45	44,930,605.68
Bonds payable (including those due within one year)	3,381,278,375.98	-	144,617,560.96	20,699,268.00	21,969.36	3,505,174,699.58
Lease liabilities (including those due within one year)	653,720,789.24	-	42,985,192.05	177,993,783.75	-	518,712,197.54
Total	8,476,615,622.55	10,402,853,293.23	1,023,064,577.97	12,154,138,656.04	2,875,171.81	7,745,519,665.90

(4) Description of cash flow presented on a net basis

Unit: RMB

Item	Relevant facts	Basis for presenting on a net basis	Financial impact
Other cash receipts relating to operating activities / other cash payments relating to operating activities	Cash received or paid by the Group on behalf of customers	<i>Accounting Standards for Business Enterprises No.31 - Cash Flow Statements</i> stipulates that cash received or paid on behalf of customers can be presented on a net basis.	The net cash flow presented on a net basis in the year is a payment of RMB 46,965,238.17.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

64. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Unit: RMB

Supplementary Information	2024	2023
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,644,169,198.66	1,949,709,106.99
Add: Impairment losses (gains) of assets	(312,399.29)	166,836,089.16
Impairment losses of credit	32,800,121.83	21,981,473.91
Depreciation of investment properties	279,757.50	139,878.71
Depreciation of fixed assets	989,675,478.31	919,092,232.02
Depreciation of right-of-use assets	159,978,006.20	139,576,364.62
Amortization of intangible assets	84,853,846.65	89,318,624.87
Amortization of long-term prepaid expenses	89,259,727.65	76,621,504.00
Amortization of deferred income	(21,920,554.72)	(18,209,241.88)
Gains on disposal of fixed assets, intangible assets and other long-term assets	(7,531,285.09)	(6,334,307.77)
Losses on retirement of fixed assets	2,429,573.97	907,053.77
Losses on changes in fair values	2,460,620.20	27,107,751.82
Financial expenses	269,039,772.55	506,491,993.18
Investment income	(213,463,202.51)	(142,700,250.52)
Share-based payments settled by equity	17,755,000.00	17,684,000.00
Increase in deferred tax assets	(68,514,575.31)	(18,723,957.98)
Decrease in deferred tax liabilities	(23,125,324.81)	(5,041,599.88)
Increase in inventories	601,814,740.23	2,652,192,570.73
Decrease in receivables from operating activities	117,948,421.46	1,154,349,482.14
Increase (Decrease) in payables from operating activities	532,669,688.07	(707,563,275.27)
Net cash flow from operating activities	4,210,266,611.54	6,823,435,492.62
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Acquisition of long-term assets with debt	313,707,505.97	242,425,552.98
Increase in right-of-use assets	56,887,011.64	177,402,797.98
Convertible corporate bonds due within one year	37,230,089.82	3,364,142,096.72
3. Net changes in cash and cash equivalents:		
Cash at the end of the year	12,462,292,758.14	11,184,292,778.70
Less: Cash at the beginning of the year	11,184,292,778.70	7,678,044,104.00
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	1,277,999,979.44	3,506,248,674.70

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

64. Supplementary information to the cash flow statement - continued

(2) Composition of cash and cash equivalents

Unit: RMB

Item	31/12/2024	31/12/2023
I. Cash	12,462,292,758.14	11,184,292,778.70
Including: Cash on hand	129,778.49	115,564.84
Bank deposits that can be readily withdrawn on demand	12,462,162,979.65	11,184,177,213.86
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	12,462,292,758.14	11,184,292,778.70

(3) Cash and bank balances not included in cash and cash equivalents

Unit: RMB

Item	31/12/2024	31/12/2023	Reasons
Cash and bank balances	12,649,520.24	-	Interest receivable on demand bank deposits
Other cash and bank balances	11,912,876.00	13,430,328.50	Customs deposits
Other cash and bank balances	502,688.09	-	Frozen funds due to litigation
Other cash and bank balances	-	20,975,282.12	Investment deposits
Total	25,065,084.33	34,405,610.62	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

65. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Closing balance of foreign currency	Exchange rate	Closing balance of RMB equivalent
Cash and bank balances			
Including: RMB	364,958,031.04	1.0000	364,958,031.04
USD	684,981,094.83	7.1884	4,923,918,102.08
EUR	3,358,783.14	7.4680	25,083,392.49
HKD	1,322,864.76	0.9260	1,224,972.77
JPY	7,972,627.00	0.0462	368,335.37
GBP	139.20	9.0761	1,263.39
MXN	150,593,803.58	0.3547	53,415,622.13
SGD	26,186.34	5.3214	139,347.99
CZK	78,850.77	0.2965	23,379.25
TND	2,957,287.93	2.2471	6,645,321.72
PLN	23,825,398.50	1.7597	41,925,553.74
VND	154,056,665,921.99	0.0003	46,216,999.78
Accounts receivable			
Including: RMB	137,289,047.34	1.0000	137,289,047.34
USD	937,666,089.80	7.1884	6,740,318,919.92
EUR	4,276,105.32	7.4680	31,933,954.53
MXN	479,288.42	0.3547	170,003.60
TND	36,320.18	2.2471	81,615.08
PLN	727,191.51	1.7597	1,279,638.90
Other receivables			
Including: RMB	504,767.86	1.0000	504,767.86
USD	2,005,512.15	7.1884	14,416,423.54
EUR	25,158.95	7.4680	187,887.04
HKD	2,800.00	0.9260	2,592.80
MXN	12,998,752.46	0.3547	4,610,657.50
VND	2,479,988,246.00	0.0003	743,996.47
CHF	2,500.00	7.9342	19,835.50
TND	1,896,632.47	2.2471	4,261,922.83
Short-term borrowings			
Including: USD	17,252,523.94	7.1884	124,018,043.09
EUR	340,931,476.54	7.4680	2,546,076,266.80

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

65. Foreign currency monetary items - continued

(1) Foreign currency monetary items - continued

Unit: RMB

Item	Closing balance of foreign currency	Exchange rate	Closing balance of RMB equivalent
Accounts payable			
Including: RMB	94,824,886.26	1.0000	94,824,886.26
USD	1,034,877,139.65	7.1884	7,439,110,830.66
EUR	51,721.10	7.4680	386,253.17
HKD	743,451.39	0.9260	688,435.99
JPY	616,737,429.00	0.0462	28,493,269.22
MXN	176,136,449.25	0.3547	62,475,598.55
VND	324,241,436,514.00	0.0003	97,272,430.95
GBP	3,142,693.43	9.0761	28,523,399.84
PLN	45,731,189.82	1.7597	80,473,174.73
TND	1,290,547.90	2.2471	2,899,990.18
CZK	986,247.50	0.2965	292,422.38
Other payables			
Including: RMB	2,268,406.33	1.0000	2,268,406.33
USD	27,866,967.84	7.1884	200,318,911.62
EUR	199,759.50	7.4680	1,491,803.95
HKD	45,000.00	0.9260	41,670.00
MXN	65,065,656.77	0.3547	23,078,788.46
VND	35,562,397,986.00	0.0003	10,668,719.40
PLN	1,100,414.70	1.7597	1,936,399.74
TND	1,989,725.63	2.2471	4,471,112.46
CZK	1,174,527.38	0.2965	348,247.37

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

65. Foreign currency monetary items - continued

(2) Description of overseas operating entities

Full name of the subsidiary	Principal operation place	Functional currency	Choosing basis
Universal Global Technology Co., Limited ("UGT")	Hong Kong	USD	Major currencies used in operating and financing activities
Universal Global Industrial Co., Limited ("UGI")	Hong Kong	USD	Major currencies used in operating activities
Universal Global Electronics Co., Limited ("UGE")	Hong Kong	USD	Major currencies used in operating activities
Universal Global Scientific Industrial Co., Ltd.	Taiwan	TWD	Currency in major economic environment
Universal Scientific Industrial Co., Ltd.	Taiwan	TWD	Currency in major economic environment
USI America Inc.	USA	USD	Currency in major economic environment
USI Japan Co., Ltd.	Japan	JPY	Currency in major economic environment
Universal Scientific Industrial De México S.A. De C.V.	Mexico	USD	Major currencies used in operating and financing activities
Universal Scientific Industrial Poland Sp. z o.o.	Poland	USD	Major currencies used in operating activities
Universal Scientific Industrial (France)	France	EUR	Currency in major economic environment
Universal Scientific Industrial Vietnam Company Limited	Vietnam	USD	Major currencies used in operating and financing activities
Hirschmann Car Communication Holding S.a.r.l.	Luxembourg	EUR	Currency in major economic environment
ASTEELFLASH (BEDFORD) LIMITED	England	GBP	Currency in major economic environment
ASTEELFLASH FRANCE	France	EUR	Currency in major economic environment
ASTEELFLASH TUNISIE S.A.	Tunisia	EUR	Major currencies used in operating activities
ASTEELFLASH MEXICO S.A. de C.V.	Mexico	USD	Major currencies used in operating and financing activities
ASTEELFLASH GERMANY GmbH	Germany	EUR	Currency in major economic environment
ASTEELFLASH PLZEN S.R.O.	Czech Republic	EUR	Currency in major economic environment
ASTEELFLASH TECHNOLOGIE	France	EUR	Currency in major economic environment
ASTEELFLASH BRETAGNE	France	EUR	Currency in major economic environment
ASTEELFLASH HERSFELD GmbH	Germany	EUR	Currency in major economic environment
ASTEELFLASH DESIGN SOLUTIONS HAMBURG GmbH	Germany	EUR	Currency in major economic environment
ASTEELFLASH USA CORP.	USA	USD	Currency in major economic environment

66. Hedge

Disclose by category the following information of hedge items and related hedging instruments, the qualitative and quantitative information of hedged risks:

The Group acquired FAFG through USI France under Universal Global Technology Co., Limited, its wholly-owned subsidiary, in order to expand its global operations and market layout in electronic design and manufacturing. The Group's net investment in FAFG's foreign operations with EUR as the functional currency is exposed to risks of exchange rate changes in EUR. The Group uses loan contracts in EUR to manage the foreign exchange risk of the net investment in FAFG's foreign operations. The Group's foreign borrowings are in EUR, which is also the functional currency of FAFG. The exchange rate of EUR is the basic variable for both the hedging instrument (short-term borrowings) and the hedged item (the Group's net investment in foreign operations of FAFG). The Group designates the overall foreign exchange risk component of short-term as the hedging instrument and designates a portion of the Group's net investment in foreign operations of FAFG as the hedged item, which are equal in quantity. The Group uses hedges for net investment in foreign operations.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

66. Hedge - continued

Hedging instrument

A summary of hedging instrument:

Unit: EUR

Hedging instrument		31/12/2024		
		Within 6 months	6 to 12 months	After 12 months
Hedges for net investment in foreign operations (Note (V), 24)				
Foreign exchange risk -Short-term borrowings in EUR	Nominal amount	262,500,000.00	-	-

Unit: RMB

	31/12/2024	31/12/2024		Items presented for assets and liabilities that include hedging instruments	2024
	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument			Changes in fair value of the invalid part of hedge
		Assets	Liabilities		
Hedges for net investment in foreign operations					
Foreign exchange risk -Short-term borrowings in EUR	1,960,357,549.50	-	1,960,357,549.50	Short-term borrowings	-

Details of hedged items:

Unit: RMB

	Carrying amount of hedged items at 31/12/2024		Items presented in the balance sheet that include hedged instruments	Changes in fair value of the invalid part of hedged items in 2024	Hedge reserve for net investment in foreign operations at 31/12/2024
	Assets	Liabilities			
Hedges for net investment in foreign operations					
Foreign exchange risk	1,960,357,549.50	-	The Group's net investment in FAFG's foreign operations	-	203,927,448.78

Hedge effect

Unit: RMB

Hedges for net investment in foreign operations	2024	2024	Items presented in the income statement including invalid part of hedge recognized	Amount reclassified from hedge reserves for net investment in foreign operations to profit or loss for the current period in 2024	Items listed in the income statement including reclassification adjustment
	Changes in hedge reserves for net investment in foreign operations of hedging instruments included in other comprehensive income	The invalid part of hedge included in profit or loss for the current period			
Foreign exchange risk -Short-term borrowings in EUR	125,496,556.37	-	N/A	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(VI) EQUITY IN OTHER ENTITIES

1. Equity in major subsidiaries

(1) Composition of enterprise group

Full name of subsidiary	Principal operation place	Currency of registered capital	Registered capital	Place of incorporation	Nature of business	Proportion of shareholding (%)		Acquisition method
						Direct	Indirect	
Universal Global Electronics (Shanghai) Co., Ltd.	Shanghai	RMB	1,330,000,000.00	No.501 Long Gui Road, China (Shanghai) Pilot Free Trade Zone	Production and sales, product design and research development	100	-	Acquisition through establishment
Universal Global Technology (Kunshan) Co., Ltd.	Kunshan	RMB	550,000,000.00	No.497 Huangpujiang Road, Qiandeng Town, Kunshan City, Jiangsu Province	Production and sales	100	-	Acquisition through establishment
Universal Global Scientific Industrial Co., Ltd.	Taiwan	TWD	1,980,000,000.00	No. 141, Lane 351, Sec. 1, Taiping Road, Caotun Town, Nantou County, Taiwan	Production and sales, product design and research development	-	100	Acquisition through establishment
Universal Scientific Industrial Co., Ltd.	Taiwan	TWD	1,399,727,400.00	No. 141, Lane 351, Sec. 1, Taiping Road, Caotun Town, Nantou County, Taiwan	Production and sales, product maintenance	-	100	Acquisition through business combinations involving enterprises under common control
Universal Global Technology Co., Limited	Hong Kong	USD	524,803,000.00	Room A, 7th Floor, Yuen Long Hi-Tech Centre, No. 11 Wang Yip Street West, Yuen Long, New Territories, Hong Kong	Trade and investment	100	-	Acquisition through establishment
Universal Global Industrial Co., Limited	Hong Kong	USD	51,000,000.00	Room 2702-3, 27th Floor, Bank of East Asia Harbour Centre, No. 56 Gloucester Road, Wanchai, Hong Kong	Trade and investment	-	100	Acquisition through establishment
USI Electronics (Shenzhen) Co., Ltd.	Shenzhen	USD	75,000,000.00	Huanxu Electronics Park, North of Hi-Tech Park, Nanshan District, Shenzhen City, Guangdong Province	Production and sales	50	50	Acquisition through business combinations involving enterprises under common control
USI Japan Co., Ltd.	Japan	JPY	95,000,000.00	Sumitomo Fudosan Shin-yokohama Bldg. 10F 2-5-5. Shin-yokohama, Kouhoku-ku, Yokohama, Japan	Product maintenance and related services	-	100	Acquisition through business combinations involving enterprises under common control
Universal Scientific Industrial De México S.A. De C.V.	Mexico	MXN	2,293,299,926.00	Anillo Periferico Manuel Gomez Morin No. 656 Jardines de Santa Isabel CP44300, Guadalajara, Jalisco, México	Contractual manufacturing, product maintenance and related services	-	100	Acquisition through business combinations involving enterprises under common control
Universal Global Technology (Huizhou) Co., Ltd.	Huizhou	RMB	800,000,000.00	No.369 Xinhe Avenue, Daya Wan, Huizhou	Production and sales	100	-	Acquisition through establishment
Universal Scientific Industrial (France)	France	EUR	321,374,822.00	1 Rue Royale 92210 Saint-Cloud	Investment	-	100	Acquisition through establishment
Universal Scientific Industrial Vietnam Company Limited	Vietnam	USD	115,000,000.00	Land Plot CN4.1H, Dinh Vu Industrial Zone, Dinh Vu – Cat Hai Economic Zone, Dong Hai 2 Ward, Hai An District, Hai Phong City, Vietnam	Production and sales, product design and research development	-	100	Acquisition through establishment
USI Science and Technology (Shenzhen) Co., Ltd.	Shenzhen	RMB	15,000,000.00	101 Huanxu Electronics Factory, Gaoxin North District, Songpingshan North Ring Road, Songpingshan Community, Xili Street, Nanshan District, Shenzhen	Product design and research development, Real estate development and operation	-	100	Acquisition through establishment
FINANCIÈRE AFG S.A.S.	France	EUR	183,649,562.80	1 Rue Royale 92210 Saint-Cloud	Production and sales	10.42	89.58	Acquisition through business combinations not involving enterprises under common control
Asteelflash Suzhou Co., Ltd.	Suzhou	USD	18,000,000.00	8 Gutang Road, Wujiang Economic and Technological Development Zone	Production and sales	-	100	Acquisition through business combinations not involving enterprises under common control

(2) Significant non-wholly-owned subsidiary

Unit: RMB

Full name of subsidiary	Minority shareholding ratio	Profit or loss attributable to minority shareholders for the year	Dividends declared to minority shareholders for the year	Balance of minority interests at the end of the year
Universal Ample Technology Co., Limited ("Universal Ample Technology")	24.90%	(8,325,036.74)	-	123,528,196.81

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(VI) EQUITY IN OTHER ENTITIES - continued

1. Equity in major subsidiaries - continued

(3) Significant financial information of significant non-wholly-owned subsidiary

Unit: RMB

Full name of subsidiary	31/12/2024					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Universal Ample Technology	623,536,817.72	214,715,115.46	838,251,933.18	190,392,824.91	151,761,932.34	342,154,757.25

Unit: RMB

Full name of subsidiary	31/12/2023 (restated)					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Universal Ample Technology	900,784,013.66	206,754,422.46	1,107,538,436.12	452,683,153.84	254,000,185.66	706,683,339.50

Unit: RMB

Full name of subsidiary	Amount incurred in the current period				Amount incurred in the prior period			
	Operating income	Net loss	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
Universal Ample Technology	1,300,617,484.36	(33,433,882.49)	(68,634,807.25)	(174,436,777.86)	242,475,011.15	19,505,225.77	19,505,225.77	(79,156,990.92)

(VI) EQUITY IN OTHER ENTITIES - continued

2. Equity in joint ventures or associates

(1) Significant associates

Name of joint venture	Principal operation place	Place of incorporation	Nature of business	Proportion of shareholding (%)		Accounting treatments for investments in joint ventures or associates
				Direct	Indirect	
I. Associate						
M-Universe	Singapore	1 Marina Boulevard #28-00, Singapore	Production and sales	-	42.23	Equity method

(2) Major financial information of significant associates

Unit: RMB

	M-Universe	
	31/12/2024/Amount incurred in the current year	31/12/2023/Amount incurred in the prior year
Current assets	1,220,705,334.40	1,114,604,499.00
Including: Cash and cash equivalent	194,122,742.00	163,539,543.00
Non-current assets	523,399,712.56	506,122,125.29
Total assets	1,744,105,046.96	1,620,726,624.29
Current liabilities	485,224,188.40	411,136,569.60
Non-current Liabilities	51,490,661.38	76,408,317.54
Total liabilities	536,714,849.78	487,544,887.14
Minority interests	-	1,239,472.50
Equity attributable to shareholders of the Company	1,207,390,197.18	1,131,942,264.65
Share of net assets calculated based on shareholding proportion	509,880,880.27	478,019,218.36
Carrying amount of equity investments in associates	509,880,880.27	478,019,218.36
Fair value of equity investments in joint ventures where there is quoted price	N/A	N/A
Operating income	1,510,123,066.10	1,236,501,118.60
Net profit	89,992,799.83	34,458,252.29
Net profit attributable to owners of the Company	89,992,799.83	34,458,252.29
Other comprehensive income attributable to owners of the Company, net of tax	(16,236,058.30)	(18,131,079.59)
Total comprehensive income attributable to owners of the Company	73,756,741.53	16,327,172.70
Dividends declared from associates in the current period (Note (V). 11)	6,884,831.63	11,274,179.59

(VI) **EQUITY IN OTHER ENTITIES** - continued

2. **Equity in joint ventures or associates** - continued

(3) Summary financial information of insignificant joint ventures and associates

Unit: RMB

	31/12/2024/Amount incurred in the current year	31/12/2023/Amount incurred in the prior year
Joint ventures: MUtek Electronics		
Total book value of investment	2,709,233.30	3,547,050.76
The sum of the following items in proportion to their shareholding	(681,438.59)	(2,540,207.83)
Net loss	(681,438.59)	(2,540,207.83)
Other comprehensive income	-	-
Total comprehensive income	(681,438.59)	(2,540,207.83)
Associates: Questyle Audio Technology Co., Ltd.		
Total book value of investment	3,902,360.54	16,705,272.48
The sum of the following items in proportion to their shareholding	(3,459,733.12)	(3,294,727.52)
Net loss	(3,459,733.12)	(3,294,727.52)
Other comprehensive income	-	-
Total comprehensive income	(3,459,733.12)	(3,294,727.52)

- (4) There are no significant limitations over the ability of joint ventures or associates to transfer funds to the Group.
- (5) According to the Joint Investment Contract signed by UGSI and Merry Electronics, UGSI proposed to contribute TWD 191,100,000.00 to MUtek Electronics. As at 31 December 2024, the Group actually contributed TWD 29,400,000.00, and the contribution not yet paid in full is TWD 161,700,000.00, equivalent to RMB 35,454,149.15.
- (6) The Group has no contingent liabilities relating to investments in joint ventures and associates.

3. **Business combinations not involving enterprises under common control**

The Group acquired 100% equity interest in Hirschmann on 27 October 2023 at a purchase price of USD48,000,000.00, adjusted accordingly based on the actual net liabilities and working capital level of the underlying business at the date of settlement. The appraisal of the identifiable net assets of the underlying business had not been completed by the end of 2023, and the fair value of each identifiable asset, liability and contingent liability acquired in the merger and the cost of the business combination could only be determined provisionally. In 2023 the Group recognized and measured the merger of Hirschmann on a provisional value basis.

In 2024, the Group obtained the appraisal report on the identifiable net assets of Hirschmann from Ernst & Young Financial Management Consulting Services Co., Ltd., then restated the fair value of each identifiable asset, liability and contingent liability acquired in the acquisition. At the same time, the equity purchase price was adjusted to RMB66,537,456.26 based on the actual net liabilities and working capital level of the underlying business as at the date of settlement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(VI) EQUITY IN OTHER ENTITIES - continued

3. Business combinations not involving enterprises under common control - continued

Merge costs and goodwill

Unit: RMB

Merge costs	Hirschmann
Initial provisional acquisition price	446,362,010.60
Add: Adjusted equity purchase price for this year	66,537,456.26
Merge costs	512,899,466.86
Less: Share of fair value of net identifiable assets acquired	508,250,915.86
Goodwill	4,648,551.00

Unit: RMB

	Hirschmann	
	Provisional value	Fair value at date of acquisition
Assets:		
Cash and bank balances	26,211,422.10	26,211,422.10
Accounts receivable	181,962,085.32	183,435,259.71
Other receivables	42,539,867.71	107,243,312.19
Inventories	230,345,061.40	238,897,219.04
Other current assets	14,245,115.45	14,245,115.45
Fixed assets	114,827,267.69	127,977,592.60
Construction in progress	37,070,089.15	37,070,089.15
Right-of-use assets	31,791,453.90	31,791,453.90
Deferred tax assets	197,583.82	197,583.82
Other non-current assets	2,834,969.80	2,834,969.80
Liabilities:		
Accounts payable	81,721,936.87	81,721,936.87
Employee benefits payable	40,628,473.17	40,628,473.17
Taxes payable	683,575.88	-
Other payables	28,609,362.31	28,609,362.31
Non-current liabilities due within one year	20,107,248.25	20,107,248.25
Lease liabilities	11,684,205.66	11,684,205.66
Long-term employee benefits payable	42,393,319.88	44,165,406.11
Provisions	9,968,311.94	9,968,311.94
Deferred income	52,332.69	52,332.69
Deferred tax liabilities	953,470.96	24,715,824.90
Net assets	445,222,678.73	508,250,915.86
Less: Minority interests	-	-
Net assets acquired	445,222,678.73	508,250,915.86

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(VII) Government grants

1. Liabilities items involving government grants

Unit: RMB

Item	31/12/2023	Increase in the year	Amount recognized in other income of the year	Other changes (Note 1)	Exchange differences arising on translation of financial statements denominated in foreign currencies	31/12/2024	Asset-related / Income-related
Deferred income							
Technology reform item for ultra-thin communication module deep intelligent production line	27,180,218.62	-	3,835,772.63	(5,700,000.00)	-	17,644,445.99	Asset-related
Government grants for the sixth batch of high quality special projects (technological transformation)	7,642,897.18	-	2,904,506.81	-	-	4,738,390.37	Asset-related
Display and touch chip module technology research and development and industrialization projects	7,165,273.19	-	1,732,343.87	-	-	5,432,929.32	Asset-related
Government grant income from matching funds for key transformation projects for the automation of the production of smart wearable products	6,180,750.00	-	2,355,750.00	-	-	3,825,000.00	Asset-related
Suzhou industrial enterprises effective investment award projects	3,834,106.68	2,640,000.00	1,376,460.93	-	-	5,097,645.75	Asset-related
2022 Provincial Special project fund for Intelligent Manufacturing Demonstration Plant	3,753,496.93	-	1,080,803.98	-	-	2,672,692.95	Asset-related
Government grants for the twelfth batch of high quality special projects (technological transformation)	1,297,672.90	-	243,702.95	-	-	1,053,969.95	Asset-related
Kunshan Bureau of Industry and Information Technology Suzhou Smart Factory government subsidy	717,624.31	-	207,204.72	-	-	510,419.59	Asset-related
Upgrading subsidies for Poland technology	329,512.17	-	303,005.94	-	(26,506.23)	-	Asset-related
Industrialization technology upgrading project	5,389.96	-	5,389.96	-	-	-	Asset-related
Ultra-high resolution TWS earphone chip module technology research and development and industrialization projects	-	20,000,000.00	489,375.55	-	-	19,510,624.45	Asset-related
Tunisia investment subsidy projects	-	6,768,595.97	4,692,888.13	-	(168,398.01)	1,907,309.83	Asset-related
High-speed Wi-Fi technical improvement projects	-	4,350,000.00	959,466.51	-	-	3,390,533.49	Asset-related
Special development fund for the project on improvement of mobile module of UWB spatial perception technology in the Free Trade Zone in 2024	-	3,874,260.00	64,416.77	-	-	3,809,843.23	Asset-related
Intelligent transformation projects of the production line of USI	-	2,780,000.00	44,729.04	-	-	2,735,270.96	Asset-related
Total	58,106,941.94	40,412,855.97	20,295,817.79	(5,700,000.00)	(194,904.24)	72,329,075.88	

Note 1: The Company was reassessed in 2024 and failed to meet the subsidy requirement of the project "technology reform item for ultra-thin communication module deep intelligent production line", and has returned government grants of RMB 5,700,000.00.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(VII) Government grants - continued

2. Government grants included in profit or loss for the period

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Other income		
Economic grants for the headquarters of Zhangjiang Science City Construction Management Office	13,000,000.00	-
Government grants for 2023 Free Trade Zone projects	3,989,580.00	-
French government grants for science and technology research	3,549,267.78	3,773,695.98
Social security subsidy	3,137,473.71	2,478,720.29
Supporting funds for securing and nurturing businesses	2,500,000.00	4,595,500.00
Individual tax service fee refund	1,601,613.80	976,302.15
One-off training allowance for workers	1,300,700.00	379,550.00
Special subsidies for local education surcharge in Pudong New Area	1,028,880.00	-
Subsidy for named class of Kunshan	1,006,000.00	616,000.00
Job stabilization subsidy	1,002,860.21	658,745.00
Awards for first breakthrough in energy level upgrade project in smart factory and awards for smart factory	1,000,000.00	-
Financial subsidies for employee training	928,560.00	-
Special development fund for National Independent Innovation Demonstration Zone	531,000.00	-
Compliance assessment project on maturity standard of intelligent manufacturing capability in 2023	500,000.00	-
Municipal energy saving technical improvement supporting funds	240,000.00	474,500.00
Special subsidies for business development	64,333.00	673,700.00
Industry and Trade Development Bureau subsidy	-	28,122,309.00
Development support fund	-	13,080,000.00
First demonstration and extension of application-new generation communication	-	3,250,000.00
Import interest subsidies	-	3,233,353.00
Kunshan City Bureau of Commerce provincial processing trade subsidies	-	1,279,400.00
Healthy development of foreign trade enterprises and stabilization of the total size fund	-	1,206,100.00
Government grants for zero-carbon factories	-	1,000,000.00
Government subsidies for production during the pandemic	-	850,000.00
Special subsidies for enterprise industry scale upgrade	-	800,000.00
Special subsidies for the promotion of investment and upgrading of industrial energy level	-	700,000.00
Special subsidies for provincial business development	-	303,100.00
Others	2,824,378.56	2,984,508.97
Sub-total	39,593,697.06	71,813,784.39
Amortization of government grants related to assets (Note (VII), 1)	20,295,817.79	17,582,752.34
Total	59,889,514.85	89,396,536.73

(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments include cash and bank balances, held-for-trading financial assets, notes receivable, accounts receivable, other receivables, non-current assets due within one year, long-term receivables, other equity instrument investment, other non-current financial assets, certain other non-current assets, borrowings, derivative financial liabilities, accounts payable, other payables, certain non-current liabilities due within one year, long-term payables and other non-current liabilities, etc. Details of these financial instruments are disclosed in Note (V). Risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

Unit: RMB

	31/12/2024	31/12/2023 (restated)
Financial assets		
Measured at FVTPL		
Held-for-trading financial assets	42,291,303.91	245,558,007.22
Other non-current financial assets	201,093,233.84	193,994,862.05
Sub-total	243,384,537.75	439,552,869.27
Measured at fair value through other comprehensive income		
Other equity instrument investments	22,769,795.62	38,935,237.58
Sub-total	22,769,795.62	38,935,237.58
Measured at amortized cost		
Cash and bank balances	12,487,357,842.47	11,218,698,389.32
Notes receivable	79,450,682.42	65,545,008.33
Accounts receivable	10,255,502,444.64	10,025,329,076.47
Other receivables	134,298,737.44	275,674,265.31
Non-current assets due within one year	130,008.72	123,989.32
Long-term receivables	13,787,074.59	13,647,410.80
Other non-current assets	21,740,962.14	9,576,400.85
Sub-total	22,992,267,752.42	21,608,594,540.40
Total financial assets	23,258,422,085.79	22,087,082,647.25
Financial liabilities		
Measured at FVTPL		
Derivative financial liabilities	4,775,306.67	173,872.64
Measured at amortized cost		
Short-term borrowings	3,676,702,163.10	4,378,428,691.47
Accounts payable	11,055,392,929.15	10,574,123,769.47
Other payables	691,283,564.96	977,155,628.96
Non-current liabilities due within one year	52,288,580.46	3,397,080,190.74
Long-term borrowings	29,872,115.04	47,385,951.10
Bonds payable	3,467,944,609.76	-
Long-term payables	18,348,682.49	25,526,297.84
Other non-current liabilities	1,317,464.14	1,046,909.26
Sub-total	18,993,150,109.10	19,400,747,438.84
Total financial liabilities	18,997,925,415.77	19,400,921,311.48

(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

The Group adopts sensitivity analysis technique to analyze how the profit and loss for the period and shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

1. Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

1.1 Market risk

1.1.1 Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with USD and EUR. The Group's subsidiaries located in China have some purchases, sales and financing activities denominated in USD and EUR while other principal activities are denominated and settled in RMB; The Group's subsidiaries located in Taiwan have some purchases and sales denominated in USD and EUR while other principal activities are denominated and settled in TWD; The Group's subsidiaries located in Japan have some purchases and sales denominated in USD while other principal activities are denominated and settled in JPY; The Group's subsidiaries located in Hong Kong have some financing activities denominated in EUR while other principal activities are denominated and settled in USD; The Group's subsidiary, USI Poland, located in Europe has some purchases and sales denominated in USD and EUR while other principal activities are denominated and settled in USD; The Group's other subsidiaries located in Europe have principal activities denominated and settled in EUR; The Group's subsidiaries located in America and Mexico have activities denominated and settled in USD. As at 31 December 2024 and 31 December 2023, the balance of the Group's significant assets and liabilities set out below are both denominated in foreign currencies (non-functional currency and translated to RMB). Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Group's performance.

	Unit: RMB'000	
Item	31/12/2024	31/12/2023
USD		
Cash and bank balances	4,923,918	2,315,210
Accounts receivable	6,740,319	6,504,581
Other receivables	14,416	22,056
Short-term borrowings	(124,018)	(389,150)
Accounts payable	(7,439,111)	(6,960,691)
Other payables	(200,319)	(288,760)
Sub-total	3,915,205	1,203,246

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

1. Risk management objectives and policies - continued

1.1 Market risk - continued

1.1.1 Currency risk - continued

Unit: RMB'000

Item	31/12/2024	31/12/2023
EUR		
Cash and bank balances	25,083	21,596
Accounts receivable	31,934	43,735
Other receivables	188	176
Short-term borrowings	(2,546,076)	(3,024,904)
Accounts payable	(386)	(22,594)
Other payables	(1,492)	(19,276)
Sub-total	(2,490,749)	(3,001,267)

The Group closely monitors the effects of changes in the foreign exchange rates on the Group's currency risk exposures, and uses foreign currency forward contracts to reduce part of the currency exposures.

Sensitivity analysis on currency risk

On the basis of the assumption that all hedges of net investments in foreign operations are highly effective, where all other variables are held constant, reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the year and shareholders' equity:

Unit: RMB'000

Item	Change in exchange rate	2024		2023	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
USD	5% appreciation against RMB	105,541	105,541	(11,645)	(11,645)
USD	5% depreciation against RMB	(105,541)	(105,541)	11,645	11,645
USD	5% appreciation against TWD	95,650	95,650	69,348	69,348
USD	5% depreciation against TWD	(95,650)	(95,650)	(69,348)	(69,348)
USD	5% appreciation against EUR	21,112	21,112	46,627	46,627
USD	5% depreciation against EUR	(21,112)	(21,112)	(46,627)	(46,627)
USD	5% appreciation against PLN	-	-	1,621	1,621
USD	5% depreciation against PLN	-	-	(1,621)	(1,621)
USD	5% appreciation against JPY	2	2	2	2
USD	5% depreciation against JPY	(2)	(2)	(2)	(2)
USD	5% appreciation against GBP	160	160	53	53
USD	5% depreciation against GBP	(160)	(160)	(53)	(53)
EUR	5% appreciation against RMB	457	457	390	390
EUR	5% depreciation against RMB	(457)	(457)	(390)	(390)
EUR	5% appreciation against TWD	(187)	(187)	(87)	(87)
EUR	5% depreciation against TWD	187	187	87	87
EUR	5% appreciation against PLN	-	-	2,109	2,109
EUR	5% depreciation against PLN	-	-	(2,109)	(2,109)
EUR	5% appreciation against GBP	(85)	(85)	3	3
EUR	5% depreciation against GBP	85	85	(3)	(3)

(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

1. Risk management objectives and policies - continued

1.1 Market risk - continued

1.1.2. Interest rate risk - risk of changes in cash flows

The Group's cash flow interest rate risk of financial instruments relates primarily to variable-rate bank borrowings (see Note (V) 24 for details). The Group closely monitors the effects of changes in the interest rates on the Group's interest rate risk exposures. It is the Group's policy to keep its borrowings at floating rate of interests with no other arrangements such as interest rate swaps.

Sensitivity analysis on interest rate risk

Where all other variables are held constant, reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the year and shareholders' equity:

Unit: RMB'000

Item	Changes in interest rate	2024		2023	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
Financial instruments at floating interest rate	1% appreciation	(13,712)	(13,712)	(16,623)	(16,623)
Financial instruments at floating interest rate	1% depreciation	13,712	13,712	16,623	16,623

1.1.3. Other price risk

The price risk of the group mainly arises from trading equity instrument investment and other equity instrument investment. The group reduces the price risk of equity instrument investment by holding a variety of equity securities portfolio. As at the end of the period, the Group's investments in equity instruments held by the Group included listed companies, therefore, the Group is directly or indirectly exposed to the risk of fluctuations in market prices of securities. If the market prices of the securities of the Group's investments in equity instruments held directly and indirectly by the Group at the end of the year had increased or decreased by 5% while all other variables remained unchanged, the Group's shareholders' equity and profit or loss at the end of the year would have been increased or decreased by RMB1,138,489.78 (without taking into account of the effect of income tax) (2023: RMB1,946,761.88).

1.2 Credit risk

As at 31 December 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from: cash and bank balances (Note (V). 1), held-for-trading financial assets (Note (V). 2), notes receivable (Note (V). 3), accounts receivable (Note (V). 4), other receivables (Note (V). 6), non-current assets due within one year (Note (V). 8), long-term receivables (Note (V). 10), other non-current assets (Note (V). 22) and non-current financial assets at FVTPL that are not included in the impairment assessment (Note (V). 13). As at the balance sheet date, the carrying amount of the Group's financial assets is its maximum exposure to credit risk.

In order to minimize the credit risk, the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of financial assets at each balance sheet date to ensure that adequate provision for credit loss is made for relevant financial assets. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

(VIII) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

1. Risk management objectives and policies - continued

1.2 Credit risk - continued

The credit risk on cash and bank balances is limited because they are deposited with banks with high credit ratings.

As of 31 December 2024, the balance of bank acceptance bills held by the Group was RMB 79,450,682.42, of which all accepting banks were banks with high credit rating. Therefore, the management of the Group believes that the credit risk of relevant bank acceptance bills is low.

As at 31 December 2024, the balance of accounts receivable of the Group's top 5 customers was RMB 5,475,109,550.83 (31 December 2023: RMB 5,084,392,042.35), accounting for 53.09% (31 December 2023: 50.50%) of the Group's accounts receivable. Except for that, the Group has no other significant credit risk exposures concentrated on a single financial asset or a portfolio of financial assets with similar characteristics.

1.3. Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The following is the maturity analysis for liabilities held by the Group which is based on undiscounted remaining contractual obligations:

Unit: RMB

	Within 1 year	1-5 years	Over 5 years	Total
Short-term borrowings	3,685,403,232.22	-	-	3,685,403,232.22
Accounts payable	11,055,392,929.15	-	-	11,055,392,929.15
Other payables	805,175,805.23	-	-	805,175,805.23
Long-term borrowings	16,543,239.04	32,105,055.64	-	48,648,294.68
Long-term payables	6,227,234.95	18,681,704.84	-	24,908,939.79
Bonds payable	44,848,466.00	3,718,972,796.00	-	3,763,821,262.00
Other non-current liabilities	-	1,317,464.14	-	1,317,464.14
Derivative financial liabilities	4,775,306.67	-	-	4,775,306.67

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(IX) DISCLOSURE OF FAIR VALUE

1. Closing fair value of assets and liabilities measured at fair value

Unit: RMB

Item	31/12/2024			
	Level 1	Level 2	Level 3	Total
I. Continuous fair value measurement				
(I) Financial assets at FVTPL				
1. Derivative financial assets	-	42,291,303.91	-	42,291,303.91
2. Fund investment	-	-	138,877,865.84	138,877,865.84
3. Equity instrument investment	-	-	62,215,368.00	62,215,368.00
(II) Financial assets at FVTOCI				
1. Equity instrument investment	-	-	22,769,795.62	22,769,795.62
Total assets continuously measured at fair value	-	42,291,303.91	223,863,029.46	266,154,333.37
(III) Financial liabilities at FVTPL				
1. Derivative financial liabilities	-	4,775,306.67	-	4,775,306.67
Total liabilities continuously measured at fair value	-	4,775,306.67	-	4,775,306.67

2. Valuation techniques and qualitative and quantitative information of key parameters adopted for level 2 fair value measurement items

Unit: RMB

	Fair value at 31 December 2024	Valuation technique	Inputs
Derivative financial assets (Note (V), 2)	42,291,303.91	Method of discounted cash flow analysis	Forward exchange rate, discounted rate
Derivative financial liabilities (Note (V), 25)	4,775,306.67	Method of discounted cash flow analysis	Forward exchange rate, discounted rate

3. Valuation techniques and qualitative and quantitative information of key parameters adopted for level 3 fair value measurement items

Unit: RMB

	Fair value at 31 December 2024	Valuation technique	Significant unobservable inputs
Fund investment (Note (V), 13)	138,877,865.84	Asset-based approach, Market approach	Liquidity discount, PER, PBR
Equity instrument investments (Note (V), 12 & 13)	84,985,163.62	Asset-based approach, Market approach	Liquidity discount, PER, PBR

4. Reconciliation between opening and closing carrying amounts for continuous level 3 fair value measurement items

Unit: RMB

Item	1 January 2024	Recognized in profit or loss	Recognized in other comprehensive income	Translation of financial statements denominated in foreign currencies	Purchase /Increase	Settlement	31 December 2024	Changes in unrealized gains or losses for assets held at the end of the reporting period
(I) Financial assets at FVTPL								
1. Financial products	-	58,584,884.00	-	-	14,156,000,000.00	14,214,584,884.00	-	-
2. Accounts receivable factoring	223,401,570.22	-	-	(3,468,374.06)	264,623,385.41	484,556,581.57	-	-
3. Fund investment	170,511,081.52	(8,816,448.91)	-	1,828,152.08	9,000,000.00	33,644,918.85	138,877,865.84	(11,940,767.83)
4. Equity instrument investment (Note)	23,483,780.53	(5,158,658.83)	-	152,000.00	44,224,800.00	486,553.70	62,215,368.00	(5,645,212.53)
(II) Financial assets at FVTOCI								
Other equity instruments	38,935,237.58	-	6,597,018.45	(1,932,873.71)	-	20,829,586.70	22,769,795.62	

(IX) DISCLOSURE OF FAIR VALUE - continued

5. There are no changes in valuation techniques in the year.

6. Fair value of financial assets and financial liabilities not measured at fair value

The Group's management has assessed cash and bank balances, notes receivable, accounts receivable, other receivables, other current assets, non-current assets due within one year, long-term receivables, short-term borrowings, accounts payable, other payables, non-current liabilities due within one year, lease liabilities, long-term borrowings, bonds payable, long-term payables, other non-current liabilities, etc. and considers that their carrying amount approximates to the fair value of these assets and liabilities.

(X) Related party relationship and transactions

1. Parent company of the Company

Name of the parent company	Place of incorporation	Nature of business	Registered capital	Proportion to the Company's ownership interest held by the parent company (%)	Proportion to the Company's voting power held by the parent company (%)
USI Enterprise Limited	Room A, 7/F, Yuen Long Technology Centre, No. 11 Wang Yip Street West, Yuen Long, New Territories, Hong Kong	Investment holding	USD 210,900,000.00	76.86	77.10

The ultimate controlling party of the Company is ASE Investment Holding Limited, which is listed on the Taiwan Stock Exchange with the listing code as 3711. It is also listed on the New York Stock Exchange in the United States with the listing code as ASX.

2. Subsidiaries of the Company

The details of the subsidiaries of the Company are set out in Note (VI). 1.

3. Associates and joint ventures of the Company

The details of the associates and joint ventures of the Company are set out in Note (VI). 2.

(X) **Related party relationship and transactions** - continued

4. Other related parties of the Company

Names of other related parties	Relationship between other related parties and the Company
USI Inc.	Indirect holding company
ASE (Shanghai) Inc.	The same ultimate holding company
ASE Inc.	The same ultimate holding company
ASE Assembly & Test (Shanghai) Limited	The same ultimate holding company
ASE (US) Inc.	The same ultimate holding company
ASE Electronics Inc.	The same ultimate holding company
ISE Labs, Inc.	The same ultimate holding company
Advanced Semiconductor Engineering (China) Ltd.	The same ultimate holding company
ASE Corporate Services (Shanghai) Limited	The same ultimate holding company
ASE Marketing & Service Japan Co., Ltd.	The same ultimate holding company
SHANGHAI DINGXU PROPERTY MANAGEMENT CO., LTD	The same ultimate holding company
Wuxi Tongzhi Microelectronics Co., Ltd.	The same ultimate holding company
ISE labs, China. Ltd.	The same ultimate holding company
Siliconware Precision Industries Co., Ltd.	The same ultimate holding company
DECELECT SOISSONS (Note 2)	Company with key management serving as the director
DECELECT SAINT VIT (Note 2)	Company with key management serving as the director
ASDI Assistance Direction (Note 2)	Company with key management serving as the director
ASE Cultural & Educational Foundation	Company with key management serving as the director
Taitech Precision Electronic (Kunshan) Co., Ltd.	Subsidiary of an associate
Memtech Development (H.K.) Co., Limited	Subsidiary of an associate
Dongguan Memtech Electronics Co., Ltd.	Subsidiary of an associate
Nantong Memtech Technologies Co., Ltd.	Subsidiary of an associate
Jian Memtech Precision Electronic Co., Ltd.	Subsidiary of an associate
Memtech (Vietnam) Technologies Co., Ltd.	Subsidiary of an associate
SUMA-USI Electronics Co., Ltd. (Note 1)	Joint ventures

Note 1: In 2023, Universal Global Technology (Kunshan) Co., Ltd., the Company's subsidiary, sold all of its shares in SUMA-USI Electronics Co., Ltd. to an independent third party. In 2024, it was not the related party of the Company.

Note 2: Since April 2023, the Company's key management no longer served as the directors of DECELECT SOISSONS, DECELECT SAINT VIT and ASDI Assistance Direction. Pursuant to the Listing Rules, those companies were the related parties of the Company for a period of twelve months from the effective date of the aforesaid arrangements. From April 2024, those companies were not the related parties of the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(X) **Related party relationship and transactions** - continued

5. **Related party transactions**

(1) Sales and purchase of goods, provision and receipt of services

Purchase of goods/receipt of services

Unit: RMB

Related party	Details of related party transaction	Amount incurred in the current year	Amount incurred in the prior year
Taitech Precision Electronic (Kunshan) Co., Ltd.	Purchase of materials	52,745,156.28	46,368,452.98
ASE Electronics Inc.	Purchase of materials	28,130,881.94	29,677,474.40
Memtech Development (H.K.) Co., Limited	Purchase of materials	15,677,562.47	17,046,337.06
Jian Memtech Precision Electronic Co., Ltd.	Purchase of materials	8,030,790.35	1,875,659.20
Dongguan Memtech Electronics Co., Ltd.	Purchase of materials	3,023,688.84	13,019,265.84
Nantong Memtech Technologies Co., Ltd.	Purchase of materials	876,598.37	1,150,835.88
ASE Inc.	Purchase of materials	444,856.23	912,483.25
Memtech (Vietnam) Technologies Co., Ltd.	Purchase of materials	178,939.85	119,720.21
DECELECT SAINT VIT	Purchase of materials	-	526,761.46
SUMA-USI Electronics Co., Ltd.	Purchase of materials	N/A	2,836.49
Total		109,108,474.33	110,699,826.77
ASE Inc.	Receipt of services	899,714,198.56	873,041,344.61
ASE Corporate Services (Shanghai) Limited	Receipt of services	36,024,692.21	4,390,614.74
USI Inc.	Receipt of services	14,616,069.52	-
Siliconware Precision Industries Co., Ltd	Receipt of services	7,678,215.44	2,808,188.73
USI Enterprise Limited	Receipt of services	3,833,948.30	3,606,371.52
SHANGHAI DINGXU PROPERTY MANAGEMENT CO., LTD	Receipt of services	1,995,231.21	2,025,901.89
ASE Marketing & Service Japan Co., Ltd.	Receipt of services	1,047,162.37	725,317.20
ASE Cultural & Educational Foundation	Receipt of services	549,463.76	-
Jian Memtech Precision Electronic Co., Ltd.	Receipt of services	172,798.21	-
Dongguan Memtech Electronics Co., Ltd.	Receipt of services	28,451.39	66,000.00
ASE (US) Inc.	Receipt of services	2,478.59	36,860.41
Taitech Precision Electronic (Kunshan) Co., Ltd.	Receipt of services	495.00	190,517.92
ASE (Shanghai) Inc.	Receipt of services	-	32,385,810.78
SUMA-USI Electronics Co., Ltd.	Receipt of services	N/A	171,799.14
Memtech Development (H.K.) Co., Limited	Receipt of services	-	22,988.95
Total		965,663,204.56	919,471,715.89

The above transactions are executed at the prices agreed on by both parties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(X) **Related party relationship and transactions** - continued

5. **Related party transactions** - continued

(1) Sales and purchase of goods, provision and receipt of services - continued

Sales of goods/provision of services

Unit: RMB

Related party	Details of related party transaction	Amount incurred in the current year	Amount incurred in the prior year
ASE Inc.	Sales of goods	266,809,005.50	6,222,160.06
DECELECT SOISSONS	Sales of goods	-	103,537.96
SUMA-USI Electronics Co., Ltd.	Sales of goods	N/A	9,140.27
Total		266,809,005.50	6,334,838.29
ASE Inc.	Provision of services	22,237,941.09	17,647,309.98
USI Inc.	Provision of services	4,875,345.20	-
ISE labs, China. Ltd.	Provision of services	1,008,545.54	959,723.55
Taitech Precision Electronic (Kunshan) Co., Ltd.	Provision of services	-	211,137.44
SUMA-USI Electronics Co., Ltd.	Provision of services	N/A	13,580.00
Total		28,121,831.83	18,831,750.97

The above transactions are executed at the prices agreed on by both parties.

(2) Leases with related parties

Leases where the Group is the lessor

Unit: RMB

Name of lessee	Type of leased assets	Lease income recognized in the current year	Lease income recognized in the prior year
ASE Inc.	Plant	1,393,881.61	3,534,211.90
ISE Labs, Inc.	Leasing of business premises	675,576.14	1,896,397.55
Wuxi Tongzhi Microelectronics Co., Ltd.	Machinery and equipment	-	19,359.06
Total		2,069,457.75	5,449,968.51

The above transactions are executed at the prices agreed on by both parties.

Leases where the Group is the lessee

Unit: RMB

Name of lessor	Type of leased assets	Rent paid		Interest expenses incurred on lease liabilities		Right-of-use assets increased	
		Amount for the current year	Amount for the prior year	Amount for the current year	Amount for the prior year	Amount for the current year	Amount for the prior year
ASE Assembly & Test (Shanghai) Limited	Leasing of business premises	14,531,859.72	15,087,539.74	1,711,886.60	2,392,528.09	-	-
Advanced Semiconductor Engineering (China) Ltd.	Leasing of business premises	16,148,148.36	16,148,148.36	442,734.61	781,229.60	-	-
USI Inc.	Leasing of business premises	31,503,647.01	32,069,145.12	1,260,177.62	1,890,692.32	-	-
ISE Labs, Inc.	Leasing of business premises	389,065.04	371,833.44	26,850.95	35,276.85	-	-
Total		62,572,720.13	63,676,666.66	3,441,649.78	5,099,726.86	-	-

The above transactions are executed at the prices agreed on by both parties.

(X) **Related party relationship and transactions** - continued

5. **Related party transactions** - continued

(3) Assets transfer with related parties

Unit: RMB

Related party	Details of related party transaction	Amount incurred in the current year	Amount incurred in the prior year
Siliconware Precision Industries Co., Ltd	Sales of fixed assets	6,768,750.00	-
ISE labs, China. Ltd.	Sales of fixed assets	920,532.11	-
Total		7,689,282.11	-
Taitech Precision Electronic (Kunshan) Co., Ltd.	Purchase of fixed assets	14,882,333.00	4,603,350.00
Jian Memtech Precision Electronic Co., Ltd.	Purchase of fixed assets	896,907.00	-
Dongguan Memtech Electronics Co., Ltd.	Purchase of fixed assets	97,912.80	-
Total		15,877,152.80	4,603,350.00

The above transactions are executed at the prices agreed on by both parties.

(4) Interest expenses with related parties

Unit: RMB

Related party	Details of related party transaction	Amount incurred in the current year	Amount incurred in the prior year
USI Enterprise Limited	Interest expenses on convertible bonds	38,777,856.86	46,206,386.54

(5) Compensation for key management personnel

Unit: RMB

Item name	Amount incurred in the current year	Amount incurred in the prior year
Compensation for key management personnel	28,248,523.85	28,238,630.96

6. **Amounts due from / to related parties**

(1) Amounts due from related parties

Unit: RMB

Item name	Related party	31/12/2024		31/12/2023	
		Book value	Provision for loss	Book value	Provision for loss
Accounts receivable	ASE Inc.	148,092,697.66	-	4,205,124.03	-
Accounts receivable	ISE Labs, Inc.	-	-	158,851.95	-
Total		148,092,697.66	-	4,363,975.98	-

Unit: RMB

Item name	Related party	31/12/2024		31/12/2023	
		Book value	Provision for loss	Book value	Provision for loss
Prepayments	Siliconware Precision Industries Co., Ltd	331,656.13	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(X) **Related party relationship and transactions** - continued

6. **Amounts due from / to related parties** - continued

(1) Amounts due from related parties - continued

Unit: RMB

Item name	Related party	31/12/2024		31/12/2023	
		Book value	Provision for loss	Book value	Provision for loss
Other receivables	Siliconware Precision Industries Co., Ltd	6,828,980.00	-	-	-
Other receivables	ISE labs, China. Ltd.	252,051.29	-	141,696.00	-
Other receivables	USI Inc.	37,571.53	-	24,642.40	-
Other receivables	ASE Inc.	20,958.07	-	439,240.89	-
Other receivables	ASDI Assistance Direction	N/A	-	29,366,894.59	-
Total		7,139,560.89	-	29,972,473.88	-

Unit: RMB

Item name	Related party	31/12/2024		31/12/2023	
		Book value	Provision for loss	Book value	Provision for loss
Other non-current assets	Advanced Semiconductor Engineering (China) Ltd.	1,371,575.33	-	1,384,151.73	-
Other non-current assets	ASE Assembly & Test (Shanghai) Limited	409,781.71	-	401,473.74	-
Other non-current assets	ISE Labs, Inc.	24,399.16	-	23,995.34	-
Other non-current assets	ASE Inc.	-	-	680,474.35	-
Total		1,805,756.20	-	2,490,095.16	-

(2) Amounts due to related parties

Unit: RMB

Item name	Related party	31/12/2024	31/12/2023
Accounts payable	ASE Inc.	250,339,086.91	283,616,382.55
Accounts payable	Taitech Precision Electronic (Kunshan) Co., Ltd.	39,346,125.44	23,465,072.03
Accounts payable	USI Inc.	11,346,994.32	11,834,518.15
Accounts payable	Memtech Development (H.K.) Co., Limited	9,272,367.23	4,323,660.34
Accounts payable	ASE Electronics Inc.	5,094,908.56	6,726,853.62
Accounts payable	Jian Memtech Precision Electronic Co., Ltd.	4,505,391.07	1,928,215.49
Accounts payable	Dongguan Memtech Electronics Co., Ltd.	2,375,791.10	5,773,388.48
Accounts payable	Siliconware Precision Industries Co., Ltd	611,824.82	782,215.65
Accounts payable	USI Enterprise Limited	337,587.84	288,411.43
Accounts payable	Nantong Memtech Technologies Co., Ltd.	169,210.54	131,479.58
Accounts payable	Memtech (Vietnam) Technologies Co., Ltd.	126,748.90	70,031.61
Accounts payable	ASE (US) Inc.	-	31,244.61
Total		323,526,036.73	338,971,473.54

Unit: RMB

Item name	Related party	31/12/2024	31/12/2023
Other payables	ASE Corporate Services (Shanghai) Limited	2,660,949.05	4,476,073.82
Other payables	ISE Labs, Inc.	768,975.50	-
Other payables	Memtech Development (H.K.) Co., Limited	282,768.00	659,923.10
Other payables	SHANGHAI DINGXU PROPERTY MANAGEMENT CO., LTD	182,208.25	285,740.90
Other payables	ASE Inc.	54,148.15	421,373.94
Other payables	USI Inc.	5,744.58	10,518.52
Other payables	ASE (Shanghai) Inc.	-	748,323.19
Other payables	Dongguan Memtech Electronics Co., Ltd.	-	33,335.00
Total		3,954,793.53	6,635,288.47

Unit: RMB

Item name	Related party	31/12/2024	31/12/2023
Long-term payables	USI Inc.	18,348,682.49	25,526,297.84

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(X) **Related party relationship and transactions** - continued

6. **Amounts due from / to related parties** - continued

(2) Amounts due to related parties - continued

Unit: RMB

Item name	Related party	31/12/2024	31/12/2023
Bonds payable	USI Enterprise Limited	785,428,252.70	967,638,439.87

Unit: RMB

Item name	Related party	31/12/2024	31/12/2023
Lease liabilities	USI Inc.	51,263,696.49	85,282,357.96
Lease liabilities	ASE Assembly & Test (Shanghai) Limited	31,669,194.59	44,489,167.71
Lease liabilities	Advanced Semiconductor Engineering (China) Ltd.	31,648,619.22	14,745,019.34
Total		114,581,510.30	144,516,545.01

7. **Related party commitments**

As at 31 December 2024, there are no related party commitments.

(XI) SHARE-BASED PAYMENTS

1. Summary of share-based payments

Unit: share

2024	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2015 (Note 1)	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2019 (Note 2)	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2020 (Note 3)	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023 (Note 4)	Employee Share Ownership Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023 (Note 5)	
Total number of the Company's equity instruments outstanding at the beginning of the year	11,649,080	3,364,000	297,000	14,418,000	372,000	
Total number of the Company's equity instruments granted during the year	-	-	-	-	5,722,397	
Total number of the Company's equity instruments vested during the period	342,655	2,664,220	-	902,393	-	
Total number of the Company's equity instruments lapsed during the period	245,500	699,780	297,000	7,576,000	3,175,809	
Total number of the Company's equity instruments outstanding at the end of the year	11,060,925	-	-	5,939,607	2,918,588	
Total number of equity instruments exercisable at the end of the year	11,060,925	-	-	5,939,607	-	
Range of exercise prices and remaining contractual life of the Company's stock options outstanding at the end of the year	Exercise prices of stock options	RMB 15.54	N/A	N/A	RMB 14.27	RMB 14.54 (granted in 2023) RMB 14.35 (granted in 2024)
	Remaining contractual life	About 1 year	N/A	N/A	About 2 years	About 2 years

Note 1: In November 2015, in order to further improve the corporate governance structure of the Company, to promote the Company to establish and improve the incentive and restraint mechanism, to fully mobilize the enthusiasm of the Company's middle-level managers and employees, effectively combine the interests of shareholders, the Company and the personal interests of operators, and to make all parties jointly focus on the long-term development of the Company, the Company formulated the "Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd." to grant qualified employees a certain number of stock options to subscribe for the Company's general shares. During the service period of the employees granted stock options for the Group, the fair value of the corresponding equity instruments shall be included in the costs or expenses of the Group on a straight-line basis during the vesting period, and the capital reserve shall be increased accordingly.

Plan No.	Granted by	Grant date	Vesting period	Exercise period
Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Scientific Industrial (Shanghai) Co., Ltd.	25 November 2015	25 November 2015 to 24 November 2020	25 November 2017 to 24 November 2025

The optionee of the stock options can exercise the right in proportions according to the following time points after being granted the stock options for two years and meeting the performance assessment at the company and individual level.

	Accumulated maximum vested proportion
2 years after the grant date	40%
3 years after the grant date	60%
4 years after the grant date	80%
5 years after the grant date	100%

If the stock options are not exercised 10 years after the grant date, the options will lapse. If the incentive recipient leaves the Company due to resignation or layoffs, the stock options that have been approved to exercise but have not been exercised by the incentive recipient shall be terminated and the unapproved options will be null and void on the date thereof. If the incentive recipient leaves the Company due to retirement, the incentive recipient shall continue to retain the exercise right for the stock options that have been approved to exercise but have not been exercised, and the options that have not been approved to exercise shall be invalidated on the date thereof.

(XI) **SHARE-BASED PAYMENTS** - continued

1. **Summary of share-based payments** - continued

Note 2: In November 2019, in order to establish and improve the Company's long-term incentive, assessment and restraint mechanism, to attract and retain excellent talents, to fully mobilize the enthusiasm of the Company's directors (excluding independent directors), senior managers, core managers, middle-level managers and core business (technical) staff, and to effectively combine the interests of shareholders, the Company and the personal interests of the core team, as well as to make all parties jointly focus on the long-term development of the Company, the Company formulated the Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. to grant qualified employees a certain number of stock options to subscribe for the Company's general shares. During the service period of the employees granted stock options for the Group, the fair value of the corresponding equity instruments shall be included in the costs or expenses of the Group on a straight-line basis during the vesting period, and the capital reserve shall be increased accordingly.

According to the 2019 Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd., from the date of announcement of the draft incentive plan to the date when the incentive object completes the exercise of stock options, if the company converts capital reserve into share capital, distributes stock dividends, allotments, dividends and other matters, the exercise price of stock options will be adjusted accordingly. The Eleventh Meeting of the Sixth Session of the Board of Directors held on 23 April 2024 approved the proposal on adjusting and canceling some rights and interests related to the first grant of stock option incentive plan in 2019, and the exercise price was adjusted from RMB 11.98 per share to RMB 11.71 per share.

Plan No.	Granted by	Grant date	Vesting period	Exercise period
Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Scientific Industrial (Shanghai) Co., Ltd.	28 November 2019	28 November 2019 to 27 November 2023	28 November 2021 to 27 November 2024

The optionee of the stock options can exercise the right in proportions according to the following time points after being granted the stock options for two years and meeting the performance assessment at the company and individual level.

	Accumulated maximum vested proportion
2 years after the grant date	40%
3 years after the grant date	70%
4 years after the grant date	100%

If the stock options are not exercised 5 years after the grant date, the options will lapse. If the incentive recipient leaves the Company due to resignation or layoffs, the stock options that have been approved to exercise but have not been exercised by the incentive recipient shall be terminated and the unapproved options will be null and void on the date thereof. If the incentive recipient leaves the Company due to retirement, the incentive recipient shall continue to retain the exercise right for the stock options that have been approved to exercise but have not been exercised, and the options that have not been approved to exercise shall be invalidated on the date thereof.

(XI) **SHARE-BASED PAYMENTS** - continued

1. **Summary of share-based payments** - continued

Note 3: In September 2020, in order to establish and improve the Company's long-term incentive, assessment and restraint mechanism, to attract and retain excellent talents, to fully mobilize the enthusiasm of the Company's directors (excluding independent directors), senior managers, core managers, middle-level managers and core business (technical) staff, and to effectively combine the interests of shareholders, the Company and the personal interests of the core team, as well as to make all parties jointly focus on the long-term development of the Company, the Company formulated the Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. to grant qualified employees a certain number of stock options to subscribe for the Company's general shares. During the service period of the employees granted stock options for the Group, the fair value of the corresponding equity instruments shall be included in the costs or expenses of the Group on a straight-line basis during the vesting period, and the capital reserve shall be increased accordingly.

According to the 2019 Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd., from the date of announcement of the draft incentive plan to the date when the incentive object completes the exercise of stock options, if the company converts capital reserve into share capital, distributes stock dividends, allotments, dividends and other matters, the exercise price of stock options will be adjusted accordingly. The Eleventh Meeting of the Sixth Session of the Board of Directors held on 23 April 2024 approved the proposal on adjusting and canceling some rights and interests related to the first grant of stock option incentive plan in 2019, and the exercise price of the portion of the grant reserved was adjusted from RMB 20.46 per share to RMB 20.19 per share.

Plan No.	Granted by	Grant date	Vesting period	Exercise period
Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Scientific Industrial (Shanghai) Co., Ltd.	9 September 2020	9 September 2020 to 8 November 2023	9 November 2021 to 8 November 2024

The optionee of the stock options can exercise the right in proportions according to the following time points after being granted the stock options for 14 months and meeting the performance assessment at the company and individual level.

	Accumulated maximum vested proportion
14 months after the grant date	40%
26 months after the grant date	70%
38 months after the grant date	100%

The stock options that fail to be exercised by the incentive recipient will be lapsed after the end of each exercise period of the stock options. If the incentive recipient leaves the Company due to resignation or layoffs, the stock options that have been approved to exercise but have not been exercised by the incentive recipient shall be terminated and the unapproved options will be null and void on the date thereof. If the incentive recipient leaves the Company due to retirement, the incentive recipient shall continue to retain the exercise right for the stock options that have been approved to exercise but have not been exercised, and the options that have not been approved to exercise shall be invalidated on the date thereof.

(XI) SHARE-BASED PAYMENTS - continued

1. Summary of share-based payments - continued

Note 4: In October 2023, in order to establish and improve the Company's long-term incentive, assessment and restraint mechanism, to attract and retain excellent talents, to fully mobilize the enthusiasm of the Company's middle-level managers and core business and technical staff, and to effectively combine the interests of shareholders, the Company and the personal interests of the core team, as well as to make all parties jointly focus on the long-term development of the Company, the Company formulated the Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. to grant qualified employees a certain number of stock options to subscribe for the Company's general shares. During the service period of the employees granted stock options for the Group, the fair value of the corresponding equity instruments shall be included in the costs or expenses of the Group on a straight-line basis during the vesting period, and the capital reserve shall be increased accordingly.

According to the 2023 Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd., from the date of announcement of the draft incentive plan to the date when the incentive object completes the exercise of stock options, if the company converts capital reserve into share capital, distributes stock dividends, allotments, dividends and other matters, the exercise price of stock options will be adjusted accordingly. The Eleventh Meeting of the Sixth Session of the Board of Directors held on 23 April 2024 approved the proposal on adjusting and canceling some rights and interests related to the first grant of stock option incentive plan in 2023, and the exercise price was adjusted from RMB 14.54 per share to RMB 14.27 per share.

Plan No.	Granted by	Grant date	Vesting period	Exercise period
Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Scientific Industrial (Shanghai) Co., Ltd.	13 October 2023	13 October 2023 to 13 October 2025	14 October 2024 to 13 October 2026

The optionee of the stock options can exercise the right in proportions according to the following time points after being granted the stock options for 12 months and meeting the performance assessment at the company and individual level.

	Accumulated maximum vested proportion
12 months after the grant date	50%
24 months after the grant date	100%

The stock options that fail to be exercised by the incentive recipient will be lapsed after the end of each exercise period of the stock options. If the incentive recipient leaves the Company due to resignation, downsizing, non-renewal of employment contract, termination of employment contract or employment agreement by negotiation, or dismissal by the Company, the stock options that have been approved to exercise but have not been exercised by the incentive recipient shall be terminated, and the unapproved options will be invalidated on the date thereof. If the incentive recipient retires normally in accordance with national laws and regulations and the Company's regulations, the incentive recipient shall continue to retain the exercise right for the stock options that have been approved to exercise but have not been exercised, and the options that have not been approved to exercise shall be invalidated on the date thereof.

(XI) SHARE-BASED PAYMENTS - continued

1. Summary of share-based payments - continued

Note 5: In November 2023, in order to enrich the salary system of employees, establish and improve the benefit sharing mechanism between workers and owners, realize the consistency of the interests of the Company, shareholders and employees, and promote all parties to jointly focus on the long-term development of the Company, so as to bring more efficient and lasting returns to shareholders; to further improve the corporate governance structure, improve the Company's long-term and effective incentive and restraint mechanism, and ensure the long-term and stable development of the Company; to implement the development strategies of the Company, effectively mobilize the enthusiasm of employees, and retain excellent key management, technical and business talents, and motivate employees to create value for the Company and enhance the competitiveness of the Company in the industry, the Company formulated the Employee Share Ownership Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023 to grant the qualified core talents with a certain number of stock options to subscribe for the general shares of the Company.

Plan No.	Granted by	Grant date	Vesting period	Exercise period
Employee Share Ownership Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. - Granted in 2023	Universal Scientific Industrial (Shanghai) Co., Ltd.	23 November 2023	23 November 2023 to 23 November 2025	23 November 2024 to 23 November 2026
Employee Share Ownership Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. - Granted in 2024	Universal Scientific Industrial (Shanghai) Co., Ltd.	16 January 2024	16 January 2024 to 16 January 2026	16 January 2025 to 16 January 2027

The optionee of the stock options can exercise the right in proportions according to the following time points after being granted the stock options for 12 months and meeting the performance assessment at the company and individual level.

	Accumulated maximum vested proportion
12 months after the grant date	50%
24 months after the grant date	100%

Incentive recipients, who are disqualified from participation due to material violation of laws and regulations, non-competition behavior, voluntary resignation, layoffs by the Company, non-renewal of labor contracts and employment agreements upon expiration, negotiated termination of labor contracts or employment agreements, or dismissal from the Company, shall have their corresponding shares withdrawn by the Management Committee, and the shares corresponding to their withdrawn shares shall be sold in the secondary market, and the Management Committee shall distribute the shares to the holders according to the lower of the amount obtained after the sale of such shares and the consideration paid for the underlying shares corresponding to the shares held by the holders under the Employee Stock Ownership Plan, and the Management Committee shall be responsible for determining the principles of distribution of the excess portion, if any, and shall further distribute the same to the holders. The Management Committee shall be responsible for determining the principles of allocation and further distribution of the excess portion, if any. If a holder retires in accordance with the Company's regulations, its rights and interests in the Employee Stock Ownership Plan shall remain unchanged.

(XI) SHARE-BASED PAYMENTS - continued

2. Equity-settled share-based payments

Unit: RMB

	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2015	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2019	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2020	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023	Employee Share Ownership Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023 - Granted in 2023	Employee Share Ownership Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023 - Granted in 2024
The basis of determining the number of equity instruments expected to be vested	When the optionee reaches the exercise period in the stock options plan and meets the performance assessment at the company and individual level, and the corresponding equity instrument is that expected to be vested	When the optionee reaches the exercise period in the stock options plan and meets the performance assessment at the company and individual level, and the corresponding equity instrument is that expected to be vested	When the optionee reaches the exercise period in the stock options plan and meets the performance assessment at the company and individual level, and the corresponding equity instrument is that expected to be vested	When the optionee reaches the exercise period in the stock options plan and meets the performance assessment at the company and individual level, and the corresponding equity instrument is that expected to be vested	When the optionee reaches the exercise period in the stock options plan and meets the performance assessment at the company and individual level, and the corresponding equity instrument is that expected to be vested	When the optionee reaches the exercise period in the stock options plan and meets the performance assessment at the company and individual level, and the corresponding equity instrument is that expected to be vested
Reasons for the significant difference between the estimate in the current year and that in the prior year	None	None	None	On the balance sheet date, the Company estimates the number of equity instruments expected to be vested according to the best estimate of the Company's management, and considers the impact of performance and other relevant factors in determining the estimate.	None	N/A
Amounts of equity-settled share-based payments accumulated in capital reserve	139,923,402.85	107,201,000.00	7,087,000.00	26,135,000.00	-	-
Total expenses recognized arising from equity-settled share-based payments	-	-	-	17,755,000.00	-	-

Method of determining the fair value of equity instruments: Fair values are calculated by using Black-Scholes Model, Binomial Tree Model and etc., the inputs to the model at the grant date are as follows:

	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2015	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2019	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2020	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023	Employee Share Ownership Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023 - Granted in 2023	Employee Share Ownership Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023 - Granted in 2024
Weighted average share price	RMB 15.54	RMB 13.34	RMB 21.65	RMB 14.54	RMB 14.54	RMB 14.35
Weighted average exercise price	RMB 15.54	RMB 13.34	RMB 21.65	RMB 14.54	RMB 14.54	RMB 14.35
Expected volatility	40.33%~45.00%	45.07%~51.80%	48.14%~53.57%	38.51%~39.09%	36.56%~38.77%	35.02%~37.02%
Expected life	6 years ~7.5 years	3 years ~5 years	2.17 years ~4.17 years	1 year ~2 years	1 year ~2 years	1 year ~2 years
Risk-free interest rate	3.06%~3.13%	2.80%~2.97%	2.80%~2.99%	2.35%~2.45%	2.33%~2.44%	2.11%~2.27%
Expected dividend yield	0.87%	0.00%	0.00%	0.00%	0.00%	0.00%

Expected volatility is calculated based on the volatility of the share prices of similar companies during the past certain years. Expected life used in the model is based on the best estimate of management after the adjustments of the effects of inconvertibility, exercise restriction and exercise pattern.

3. In this year, the Group has no cash-settled share-based payments.

4. In this year, the Group has no modification to or termination of share-based payments.

(XII) COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

Unit: RMB'000

	31/12/2024	31/12/2023
Capital commitments that have been entered into but have not been recognized in the financial statements:		
- Commitment for acquisition and construction of long-term assets	601,228	359,557
- External investment commitment (Note (VI), 2)	35,454	193,499
Total	636,682	553,056

Note: For the commitment of foreign investment, according to the partnership agreement signed between the Company and Suzhou Yaotu Equity Investment Partnership, the investee, the Company is required to pay a total subscription amount of RMB30,000,000.00, and as at 31 December 2023, the Group had paid RMB21,000,000.00 in total, but remained a subscription amount of RMB 9,000,000.00, unpaid. As at 31 December 2024, the Group has fully paid RMB30,000,000.00 in total.

For the commitment of foreign investment, according to the partnership agreement signed between UGSI and Merry Electronics, UGSI is required to pay a total subscription amount of TWD 191,100,000.00. As at 31 December 2023, the Group had paid TWD 29,400,000.00, equivalent to RMB 7,044,079.28 in total; but remained a subscription amount of TWD 161,700,000.00, equivalent to RMB 37,299,221.30, unpaid. As at 31 December 2024, the Group remains a subscription amount of TWD 161,700,000.00, equivalent to RMB 35,454,149.15, unpaid.

For the commitment of foreign investment, according to the Share and Asset Purchase Agreement signed with UGT, Ample Trading and Hirschmann, UGT and Ample Trading are required to pay a total subscription amount of USD48,000,000.00, which will be paid in cash after adjusting accordingly for the actual net liabilities and working capital levels of the underlying business as of the settlement date (including the purchase price adjustment). As at 31 December 2023, the Group had paid USD41,400,000.00 in total, equivalent to RMB297,177,480.00, but remained USD6,600,000.00 and USD14,183,000.00, in respect of adjustments to the provisional estimate of the purchase price, equivalent to RMB147,199,754.10, unpaid. As at 31 December 2024, the Group has paid the equity purchase price based on the final transaction price, please refer to Note (VI) 3 for details.

2. Contingencies

The Group has no significant contingencies to be disclosed.

(XIII) EVENTS AFTER THE BALANCE SHEET DATE

1. Profit appropriation

As proposed by the resolution of the Seventeenth Meeting of the Sixth Session of the Board of Directors of the Company held on 28 March 2025, a cash dividend of RMB 2.30 (including tax) per 10 shares will be distributed on the basis of the total share capital at the equity registration date less the number of the shares repurchased by the Company from special accounts, with no bonus issue and no increase in share capital. The above proposal regarding dividends distribution is yet to be approved in a shareholders' meeting.

(XIV) OTHER SIGNIFICANT EVENTS

1. Segment information

(1) Determination basis and accounting policies of reporting segments

Based on the Group's internal organization structure, management requirements and internal reporting system, the operations of the Group are classified into 4 reporting segments according to the manufacturing location, which are Chinese mainland, APAC (exclude Chinese mainland), Europe and other countries/regions. At the same time, the products are divided into communication products, consumer electronics products, cloud and storage products, industrial products, automotive electronics products and other products according to categories in each region. These report segments are recognized on the basis of manufacturing location and product category. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements. Due to the changes in significant accounting policies, the Group restated the previous data.

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(XIV) OTHER SIGNIFICANT EVENTS - continued

1. Segment information - continued

(2) Financial information of reporting segments

2024:

Unit: RMB'000

	Chinese mainland			APAC			European region			Other countries/regions			Inter-segment offsetting			Total		
	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Total of the segment
Communication products	14,926,891	13,738,506	1,188,385	6,193,192	5,969,700	223,492	6,679	11,940	(5,261)	15,939	16,395	(456)	(76,376)	(275,260)	198,884	21,066,325	19,461,281	1,605,044
Consumer electronic products	15,825,344	14,423,073	1,402,271	4,394,659	4,124,712	269,947	105,688	83,195	22,493	112,161	109,570	2,591	(1,235,063)	(1,121,378)	(113,685)	19,202,789	17,619,172	1,583,617
Cloud and storage products	2,767,723	2,239,819	527,904	3,803,217	3,379,444	423,773	235,246	206,695	28,551	907,572	807,720	99,852	(1,617,177)	(1,621,531)	4,354	6,096,581	5,012,147	1,084,434
Industrial products	2,579,368	2,262,239	317,129	3,322,535	2,983,104	339,431	2,001,417	1,851,622	149,795	1,646,407	1,602,570	43,837	(2,431,687)	(2,413,347)	(18,340)	7,118,040	6,286,188	831,852
Automotive electronic products	1,111,320	984,105	127,215	521,724	426,858	94,866	1,999,115	1,637,073	362,042	2,352,963	2,464,835	(111,872)	(13,609)	(15,990)	2,381	5,971,513	5,496,881	474,632
Medical products	8,500	7,145	1,355	-	-	-	324,417	310,618	13,799	960	1,042	(82)	-	-	-	333,877	318,805	15,072
Others	272,858	235,793	37,065	555,497	218,275	337,222	536,661	491,481	45,180	77,403	12,724	64,679	(616,869)	(224,794)	(392,075)	825,550	733,479	92,071
Principal operating income/cost of the segment	37,492,004	33,890,680	3,601,324	18,790,824	17,102,093	1,688,731	5,209,223	4,592,624	616,599	5,113,405	5,014,856	98,549	(5,990,781)	(5,672,300)	(318,481)	60,614,675	54,927,953	5,686,722
Other operating income/cost of the segment	81,062	1,413	79,649	5,705	1,213	4,492	44,696	168	44,528	5,070	-	5,070	(60,557)	(1,134)	(59,423)	75,976	1,660	74,316
Total operating income/cost of the segment	37,573,066	33,892,093	3,680,973	18,796,529	17,103,306	1,693,223	5,253,919	4,592,792	661,127	5,118,475	5,014,856	103,619	(6,051,338)	(5,673,434)	(377,904)	60,690,651	54,929,613	5,761,038
Less: Taxes and levies			122,648			1,423			(4,257)			18,159			-			137,973
Selling expenses			199,887			101,780			120,697			57,763			(70,780)			409,347
Administrative expenses			418,959			570,709			348,960			190,796			(158,910)			1,370,514
Research and development expenses			1,251,446			567,356			181,959			43,217			(136,428)			1,907,550
Financial expenses			(85,302)			194,781			24,208			185,790			(6,826)			312,651
Including: Interest expenses			184,991			154,824			61,014			150,251			(160,071)			391,009
Interest income			243,161			168,066			41,348			5,101			(153,392)			304,284
Add: Other income			50,271			1			13,161			-			-			63,433
Investment income			57,235			152,285			3,943			-			-			213,463
Including: Income from investments in associates and joint ventures			(3,460)			37,323			-			-			-			33,863
Gains (losses) from changes in fair values			(4,176)			4,516			(2,801)			-			-			(2,461)
Gains (losses) on impairment of credit			(12,372)			(612)			(6,064)			(13,752)			-			(32,800)
Gains (losses) from assets impairment			(47,921)			40,199			(3,092)			11,127			-			313
Gains (losses) from disposal of assets			2,207			4,483			841			-			-			7,531
Operating profit			1,818,579			458,046			(4,452)			(394,731)			(4,960)			1,872,482
Net profit			1,647,075			363,124			(21,811)			(319,292)			(24,927)			1,644,169

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(XIV) OTHER SIGNIFICANT EVENTS - continued

1. Segment information - continued

(2) Financial information of reporting segments - continued

2023 (restated):

Unit: RMB'000

	Chinese mainland			APAC			European region			Other countries/regions			Inter-segment offsetting			Total		
	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Total of the segment
Communication products	15,115,896	13,832,652	1,283,244	6,919,039	6,663,962	255,077	25,692	28,535	(2,843)	12,537	11,815	722	(273,894)	(433,639)	159,745	21,799,270	20,103,325	1,695,945
Consumer electronic products	15,367,363	14,030,758	1,336,605	5,014,228	4,731,103	283,125	253,066	237,459	15,607	8,606	9,907	(1,301)	(1,389,074)	(1,280,779)	(108,295)	19,254,189	17,728,448	1,525,741
Cloud and storage products	2,440,817	2,014,154	426,663	3,489,246	3,103,827	385,419	260,752	249,621	11,131	397,270	359,214	38,056	(1,209,306)	(1,208,004)	(1,302)	5,378,779	4,518,812	859,967
Industrial products	3,154,753	2,767,518	387,235	3,072,600	2,659,156	413,444	2,698,637	2,498,302	200,335	1,446,391	1,366,465	79,926	(2,207,921)	(2,289,745)	81,824	8,164,460	7,001,696	1,162,764
Automotive electronic products	1,121,896	994,657	127,239	480,844	483,590	(2,746)	1,035,302	847,060	188,242	2,515,140	2,409,986	105,154	(15,742)	(12,737)	(3,005)	5,137,440	4,722,556	414,884
Medical products	11,061	8,077	2,984	-	-	-	365,496	344,804	20,692	330	298	32	(859)	(2,333)	1,474	376,028	350,846	25,182
Others	252,218	284,980	(32,762)	491,059	192,478	298,581	348,394	186,910	161,484	97,724	39,441	58,283	(569,722)	(167,022)	(402,700)	619,673	536,787	82,886
Principal operating income/cost of the segment	37,464,004	33,932,796	3,531,208	19,467,016	17,834,116	1,632,900	4,987,339	4,392,691	594,648	4,477,998	4,197,126	280,872	(5,666,518)	(5,394,259)	(272,259)	60,729,839	54,962,470	5,767,369
Other operating income/cost of the segment	92,202	256	91,946	7,317	3,064	4,253	27,683	57	27,626	5,925	-	5,925	(71,056)	-	(71,056)	62,071	3,377	58,694
Total operating income/cost of the segment	37,556,206	33,933,052	3,623,154	19,474,333	17,837,180	1,637,153	5,015,022	4,392,748	622,274	4,483,923	4,197,126	286,797	(5,737,574)	(5,394,259)	(343,315)	60,791,910	54,965,847	5,826,063
Less: Taxes and levies			80,262			1,396			8,750			5,362			-			95,770
Selling expenses			211,048			103,199			46,499			45,427			(64,888)			341,285
Administrative expenses			388,977			558,040			258,798			137,623			(128,010)			1,215,428
Research and development expenses			1,269,426			561,706			84,819			27,182			(135,929)			1,807,204
Financial expenses			76,879			72,008			(21,291)			89,795			(5,362)			212,029
Including: Interest expenses			217,844			166,903			51,501			117,275			(153,307)			400,216
Interest income			249,048			113,907			16,453			5,425			(148,305)			236,528
Add: Other income			83,570			28			6,624			-			-			90,222
Investment income			57,352			44,098			41,250			-			-			142,700
Including: Income from investments in associates and joint ventures			(3,259)			12,012			-			-			-			8,753
Gains (losses) from changes in fair values			(10,763)			17,116			(33,461)			-			-			(27,108)
Gains (losses) on impairment of credit			1,390			1,906			(23,198)			(2,078)			-			(21,981)
Gains (losses) from assets impairment			(5,065)			(110,374)			(52,304)			907			-			(166,836)
Gains (losses) from disposal of assets			5,397			66			871			-			-			6,334
Operating profit			1,728,443			293,644			184,480			(19,763)			(9,126)			2,177,678
Net profit			1,566,374			287,650			177,129			(46,269)			(35,175)			1,949,709

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(XIV) OTHER SIGNIFICANT EVENTS - continued

1. Segment information - continued

(2) Financial information of reporting segments - continued

31/12/2024

Unit: RMB'000

	Chinese mainland	APAC	European region	Other countries/ regions	Inter-segment offsetting	Total
Total assets of the segment (Note)	23,824,166	10,438,309	4,826,782	4,232,453	(3,981,614)	39,340,096
Total liabilities of the segment	12,790,772	6,660,011	2,169,275	3,821,773	(3,585,210)	21,856,621

31/12/2023 (restated)

Unit: RMB'000

	Chinese mainland	APAC	European region	Other countries/ regions	Inter-segment offsetting	Total
Total assets of the segment (Note)	21,476,625	15,750,225	4,254,971	4,920,666	(7,618,395)	38,784,092
Total liabilities of the segment	11,645,024	12,121,625	2,605,005	3,816,469	(7,983,203)	22,204,920

Note: The assets of the aforementioned segments do not include investments in other equity instruments, other non-current financial assets, and deferred tax assets. The liabilities of the aforementioned segments do not include deferred tax liabilities.

Amount incurred in the current period

Unit: RMB'000

	Chinese mainland	APAC	European region	Other countries/ regions	Inter-segment offsetting	Total
Depreciation and amortization	645,500	297,022	281,027	100,498	-	1,324,047
Income tax expenses	174,772	95,072	43,974	(111,002)	6,831	209,647

Amount incurred in the prior period

Unit: RMB'000

	Chinese mainland	APAC	European region	Other countries/ regions	Inter-segment offsetting	Total
Depreciation and amortization	641,175	269,762	242,047	71,765	-	1,224,749
Income tax expenses	141,985	10,195	56,732	25,648	5,419	239,979

External revenue by geographical area of source and non-current assets by geographical location of assets

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
External revenue from Chinese mainland	1,574,155,855.45	2,174,577,497.88
External revenue outside Chinese mainland	59,116,495,242.65	58,617,332,039.99
Total	60,690,651,098.10	60,791,909,537.87

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(XIV) OTHER SIGNIFICANT EVENTS - continued

1. Segment information - continued

(2) Financial information of reporting segments - continued

Unit: RMB

Item (Note)	31/12/2024	31/12/2023(restated)
Non-current assets located in Chinese mainland	2,937,949,867.88	3,298,431,664.02
Non-current assets located in Mexico	1,435,328,170.09	1,083,804,720.92
Non-current assets located in Taiwan, China	795,449,320.67	977,522,778.25
Non-current assets located in France	676,491,321.00	534,212,172.84
Non-current assets located in the Vietnam	634,784,543.25	533,589,551.93
Non-current assets located in Hong Kong	324,882,958.69	485,962,476.30
Non-current assets located in Germany	289,749,200.45	285,178,572.26
Non-current assets located in Poland	277,240,390.09	204,342,401.10
Non-current assets located in the United States	165,426,859.03	125,234,459.05
Non-current assets located in Hungary	87,694,425.22	71,587,791.19
Non-current assets located in Tunisia	71,773,990.72	82,403,660.30
Non-current assets located in the United Kingdom	26,208,078.91	28,262,810.99
Non-current assets located in the Czech Republic	19,991,281.42	23,853,881.03
Non-current assets located in Japan	510,673.32	920,188.70
Total	7,743,481,080.74	7,735,307,128.88

Note: The above non-current assets exclude investments in other equity instruments, other non-current financial assets and deferred tax assets.

Degree of reliance on major customers

Information of major customers whose revenue accounts for 10% or more of the total revenue

Unit: RMB

Customer name	Amount incurred in the current year		Amount incurred in the prior year	
	Total operating income	Proportion in total operating income (%)	Total operating income	Proportion in total operating income (%)
Company C	19,433,583,828.36	32.02	17,131,143,558.73	28.18
Company D	5,908,015,451.62	9.73	7,582,474,674.51	12.47
Total	25,341,599,279.98	41.75	24,713,618,233.24	40.65

Inter-segment transfers are measured on the basis of actual transaction prices. Segment revenue and segment expenses are determined on the basis of actual revenue and expenses of each segment. Segment assets and liabilities are allocated according to the attributable assets employed by a segment in its operating activities and the attributable liabilities resulting from the operating activities of a segment.

(XV) NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Notes receivable

(1) Categories of notes receivable

Unit: RMB

Category	31/12/2024	31/12/2023
Bank acceptances	66,017,318.26	49,427,125.85

- (2) As at 31 December 2024, the Company had no notes receivable that have been pledged as security.
- (3) As at 31 December 2024, the Company had no notes receivable that have been endorsed or discounted and were not yet matured at the balance sheet date.
- (4) As at 31 December 2024, the Company made no provision for credit loss since the Company considered that the accepting banks of the bank acceptances held by it were of high ratings and no significant credit risk was expected to exist.
- (5) As at 31 December 2024, the Company had no notes receivable that have been actually written off.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(XV) NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

2. Accounts receivable

(1) Disclosure of accrual method for credit loss

As part of the Company's credit risk management, the expected credit losses on accounts receivable are assessed using the aging analysis approach. According to the Company's assessment on credit risk, there is no significant difference in the losses among different customer groups, and the aging reflects the solvency of customers when the receivables are due.

At 31 December 2024, the credit risk and expected credit losses on accounts receivable were as follows:

Unit: RMB

Aging	31/12/2024			
	Expected average loss rate (%)	Book value	Bad debt provision	Carrying amount
Within the credit term	0.01	3,219,723,890.88	207,306.16	3,219,516,584.72
1-30 days overdue	0.13	207,614,212.98	276,778.59	207,337,434.39
31-60 days overdue	3.99	7,966,685.56	318,008.39	7,648,677.17
61-90 days overdue	40.99	3,935.47	1,613.29	2,322.18
91-180 days overdue	-	-	-	-
More than 180 days overdue	-	-	-	-
Total	0.02	3,435,308,724.89	803,706.43	3,434,505,018.46

At 31 December 2023, the credit risk and expected credit losses on accounts receivable were as follows:

Unit: RMB

Aging	31/12/2023			
	Expected average loss rate (%)	Book value	Bad debt provision	Carrying amount
Within the credit term	0.00	2,759,534,669.89	22,387.86	2,759,512,282.03
1-30 days overdue	0.01	112,113,841.06	14,592.63	112,099,248.43
31-60 days overdue	0.39	279,158.03	1,078.52	278,079.51
61-90 days overdue	0.87	13,884.93	120.82	13,764.11
91-180 days overdue	-	-	-	-
More than 180 days overdue	100.00	42.67	42.67	-
Total	0.00	2,871,941,596.58	38,222.50	2,871,903,374.08

The expected average loss rate mentioned above is based on the historical actual credit loss rates and the current conditions as well as the forecast of future economic conditions. In 2024, the Company's valuation method and significant assumptions remain unchanged.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(XV) NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

2. Accounts receivable - continued

(2) Changes in bad debt provision for accounts receivable

Unit: RMB

Category	31/12/2023	Changes for the year		31/12/2024
		Provision for the year	Write-off	
Bad debt provision assessed using aging matrix	38,222.50	765,483.93	-	803,706.43

(3) There are no accounts receivable that have been actually written off in the year.

(4) Top five accounts receivable at 31 December 2024 categorized by debtor

Unit: RMB

Company name	Accounts receivable at 31 December 2024	Proportion to total accounts receivable at 31 December 2024 (%)	Provision for bad debt at 31 December 2024
Company D	892,676,182.96	25.99	57,476.13
Company C	867,888,527.91	25.26	55,880.14
Company G	435,320,704.82	12.67	28,028.70
Company Q	336,667,984.74	9.80	21,676.81
Company R	140,550,058.47	4.09	9,049.50
Total	2,673,103,458.90	77.81	172,111.28

(5) As at 31 December 2024, there is no accounts receivable recognized due to the transfer of financial assets.

(6) As at 31 December 2024, there is no amount of assets and liabilities arising from transfer of accounts receivable and continuing involvement.

3. Other receivables

(1) Disclosure of other receivables by aging

Unit: RMB

Aging	31/12/2024		
	Amount	Bad debt provision	Proportion of provision (%)
Within 1 year	643,273,134.04	-	-

(2) Classification by the nature of other receivables

Unit: RMB

Nature of other receivables	Book value at 31 December 2024	Book value at 31 December 2023
Cash pooling receivables from related- party	627,536,000.00	687,443,000.00
Receivables from related parties for equipment transfers	6,866,692.14	-
Advances for third parties	5,848,753.72	11,239,025.85
Amounts due from related parties	1,175,641.72	29,624,196.07
Advance payments for employees	764,515.41	710,649.65
Principal of investment receivable	594,607.64	-
Receivables from third parties for equipment transfers	35,798.23	-
Others	451,125.18	4,087,665.01
Total	643,273,134.04	733,104,536.58

(3) At 31 December 2024, no allowance for expected credit losses has been made and no allowance for expected credit losses has been reversed or recovered as the Company determines the credit loss on other receivables on individual basis and there is minor probability that the Company's other receivables will not be recovered.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

(XV) NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

4. Long-term equity investments

Details of long-term equity investments:

Unit: RMB

Name of investee	Accounting methodology	31/12/2023	Changes for the year				31/12/2024	Proportion to ownership interest held in investee (%)	Proportion to voting power held in investee (%)	Explanation of the inconsistency between the proportions of the ownership interest and the voting power in the investee	Cash dividends for this year	
			Increase in the year	Decrease in the year	Gains or losses arising from investments	Increase from stock option grants (Note)						Impairment provision
Universal Global Technology Co., Limited	Cost method	3,307,661,849.78	316,028,200.00	-	-	79,129.10	-	3,623,769,178.88	100	100	N/A	-
USI Electronics (Shenzhen) Co., Ltd.	Cost method	396,399,359.67	-	-	-	956,424.94	-	397,355,784.61	50	100	The remaining 50% equity interest is held by Universal Global Technology Co., Limited, the Company's wholly-owned subsidiary.	-
Universal Global Technology (Kunshan) Co., Ltd.	Cost method	269,297,247.62	-	-	-	1,184,609.14	-	270,481,856.76	100	100	N/A	-
Universal Global Technology (Shanghai) Co., Ltd.	Cost method	1,351,405,968.65	-	-	-	1,186,936.59	-	1,352,592,905.24	100	100	N/A	-
Universal Global Electronics (Shanghai) Co., Ltd.	Cost method	50,000,000.00	-	-	-	-	-	50,000,000.00	100	100	N/A	-
Universal Global Scientific Industrial Co., Ltd.	N/A	152,324,663.24	-	-	-	10,560,944.43	-	162,885,607.67	N/A	N/A	The 100% equity interest is held by Universal Global Technology Co., Limited, the Company's wholly-owned subsidiary.	-
Universal Global Technology (Huizhou) Co., Ltd.	Cost method	796,100,268.37	-	-	-	589,337.16	-	796,689,605.53	100	100	N/A	-
FAFG	Cost method	393,342,321.82	-	-	-	-	-	393,342,321.82	10.42	100	The remaining 89.58% equity interest is held by Universal Global Technology Co., Limited, the Company's wholly-owned subsidiary.	-
Questyle Audio Technology Co., Ltd.	Equity method	16,705,272.48	-	-	(3,459,733.12)	-	(9,343,178.82)	3,902,360.54	6.67	33.33	See Note V.11 for details	-
Total		6,733,236,951.63	316,028,200.00	-	(3,459,733.12)	14,557,381.36	(9,343,178.82)	7,051,019,621.05				-

Note: The amount refers to the cumulative amount related to share-based payments settled under equity arising from the stock option incentive plan offered by the Company to relevant personnel of Universal Global Technology Co., Limited, Universal Global Technology (Huizhou) Co., Ltd., USI Electronics (Shenzhen) Co., Ltd., Universal Global Technology (Kunshan) Co., Ltd., Universal Global Technology (Shanghai) Co., Ltd. and UGSI.

As at 31 December 2024, the ability of the investee, in which the Company holds long-term equity investments, to transfer funds to the Company is not restricted.

(XV) NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

5. Operating income and operating costs

(1) Details of operating income and operating costs

Unit: RMB

Item	Amount incurred in the current year		Amount incurred in the prior year	
	Income	Costs	Income	Costs (restated)
Principal operating activities	21,942,023,457.25	20,016,489,569.49	19,672,244,261.31	17,928,403,534.67
Other operating activities	7,241,061.39	29,157.23	4,791,760.38	116,571.67
Total	21,949,264,518.64	20,016,518,726.72	19,677,036,021.69	17,928,520,106.34

(2) Analysis of principal operating income and principal operating costs by product categories:

Unit: RMB

Item	Amount incurred in the current year		Amount incurred in the prior year	
	Principal operating income	Principal operating costs	Principal operating income	Principal operating costs (restated)
Communication products	14,156,689,612.87	13,085,836,678.43	13,985,075,540.53	12,854,145,906.44
Consumer electronic products	6,758,838,013.06	6,136,975,843.09	4,686,934,977.87	4,318,789,072.02
Automotive electronic products	561,998,219.44	493,564,463.58	499,366,698.83	458,272,964.04
Cloud and storage products	414,378,292.45	256,736,818.92	456,149,216.68	269,492,190.63
Others	50,119,319.43	43,375,765.47	44,717,827.40	27,703,401.54
Total	21,942,023,457.25	20,016,489,569.49	19,672,244,261.31	17,928,403,534.67

(3) Other operating income and other operating costs:

Unit: RMB

Item	Amount incurred in the current year		Amount incurred in the prior year	
	Other operating income	Other operating costs	Other operating income	Other operating costs
Scrap income	7,095,918.45	-	4,468,634.64	-
Others	145,142.94	29,157.23	323,125.74	116,571.67
Total	7,241,061.39	29,157.23	4,791,760.38	116,571.67

6. Investment income

Details of investment income

Unit: RMB

Item	Amount incurred in the current year	Amount incurred in the prior year
Losses on long-term equity investments accounted for under the equity method	(3,459,733.12)	(3,294,727.52)
Investment income on disposal of held-for-trading financial assets	16,375,459.81	29,018,935.63
Cash dividends of subsidiaries	-	300,000,000.00
Total	12,915,726.69	325,724,208.11

(XV) NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

7. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Unit: RMB

Supplementary Information	2024	2023
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	829,231,279.04	1,047,209,221.43
Add: Impairment losses (gains) of assets	15,060,813.56	(762,694.28)
Impairment losses (gains) of credit	765,483.93	(3,685,934.28)
Depreciation of fixed assets	339,825,221.52	331,922,920.67
Depreciation of right-of-use assets	12,232,069.48	12,886,975.02
Amortization of intangible assets	1,685,448.26	1,420,371.19
Amortization of long-term prepaid expenses	10,230,256.93	13,092,303.33
Amortization of deferred income	(7,126,104.37)	(8,889,150.58)
Gains on disposal of fixed assets, intangible assets and other long-term assets	(692,982.05)	(3,442,727.96)
Losses on retirement of fixed assets	77,111.11	-
Losses on changes in fair values	5,988,719.20	13,609,149.40
Financial expenses	125,710,411.77	229,400,529.75
Investment income	(12,915,726.69)	(325,724,208.11)
Share-based payments settled by equity	3,197,618.64	3,436,886.04
Decrease (increase) in deferred tax assets	(4,879,069.74)	6,167,068.06
Decrease (increase) in inventories	(116,260,380.26)	744,059,042.87
Decrease (increase) in receivables from operating activities	(565,177,174.84)	23,253,741.74
Increase in payables from operating activities	616,332,650.17	235,110,740.64
Net cash flow from operating activities	1,253,285,645.66	2,319,064,234.93
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Acquisition of long-term assets with debt	63,545,966.35	29,548,537.73
Increase in right-of-use assets	1,198,052.08	6,540,598.59
Convertible corporate bonds due within one year	37,230,089.82	3,364,142,096.72
3. Net changes in cash and cash equivalents:		
Cash at the end of the year	3,171,249,867.11	3,166,517,228.25
Less: Cash at the beginning of the year	3,166,517,228.25	2,382,458,769.33
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	4,732,638.86	784,058,458.92

(XV) NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

7. Supplementary information to the cash flow statement - continued

(2) Composition of cash and cash equivalents

Unit: RMB

Item	31/12/2024	31/12/2023
I. Cash	3,171,249,867.11	3,166,517,228.25
Including: Cash on hand	-	-
Bank deposits that can be readily withdrawn on demand	3,171,249,867.11	3,166,517,228.25
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	3,171,249,867.11	3,166,517,228.25

(3) Cash and bank balances not included in cash and cash equivalents

Unit: RMB

Item	31/12/2024	31/12/2023	Reasons
Cash and bank balances	4,327,939.79	-	Interest receivable on demand bank deposits

8. Related party relationship and transactions

(1) Related parties of the Company

The details of the subsidiaries of the Company are set out in Note (VI), 1. The details of the associates and joint ventures of the Company are set out in Note (VI), 2. The details of other related parties are set out in Note (X), 4.

(XV) NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

8. Related party relationship and transactions - continued

(2) Related party transactions

(2.1) Sales and purchase of goods, provision and receipt of services

Purchase of goods/receipt of services

Unit: RMB

Related party	Details of related party transaction	Amount incurred in the current year	Amount incurred in the prior year
Universal Global Technology Co., Limited	Purchase of materials	489,774,135.11	487,984,241.65
Universal Global Industrial Co., Ltd.	Purchase of materials	61,260,754.83	556,170.63
ASE Electronics Inc.	Purchase of materials	4,144,954.49	6,397,414.33
Universal Scientific Industrial De México S.A. De C.V.	Purchase of materials	2,039,941.52	2,084,595.41
Universal Global Technology (Kunshan) Co., Ltd.	Purchase of materials	1,557,780.80	2,356,645.35
Universal Global Technology (Shanghai) Co., Ltd.	Purchase of materials	46,770.31	64,831.28
FINANCIÈRE AFG S.A.S.	Purchase of materials	44,068.05	-
Taitech Precision Electronic (Kunshan) Co., Ltd.	Purchase of materials	21,910.86	-
Universal Global Technology (Huizhou) Co., Ltd.	Purchase of materials	18,180.37	21,872.33
ASE Inc.	Purchase of materials	42.60	579,589.26
Total		558,908,538.94	500,045,360.24
Universal Global Scientific Industrial Co., Ltd.	Commissions	56,325,128.17	44,775,763.39
Universal Global Scientific Industrial Co., Ltd.	Test service fee	49,808,155.80	44,775,763.39
ASE Corporate Services (Shanghai) Limited	Receipt of services	26,070,229.17	3,193,692.63
Universal Global Technology Co., Limited	Receipt of services	20,257,669.80	19,874,185.00
USI Science and Technology (Shenzhen) Co., Ltd.	Receipt of services	6,037,735.90	4,339,622.69
Universal Global Technology (Shanghai) Co., Ltd.	Receipt of services	4,880,882.50	11,795,403.60
SHANGHAI DINGXU PROPERTY MANAGEMENT CO., LTD	Receipt of services	1,995,231.21	2,025,901.89
Asteelflash Suzhou Co., Ltd.	Receipt of services	1,412,023.16	1,316,749.53
ASE (Shanghai) Inc.	Receipt of services	-	22,324,382.22
USI Japan Co., Ltd.	Receipt of services	-	20,439.18
Total		166,787,055.71	154,441,903.52

The above transactions are executed at the prices agreed on by both parties.

(XV) NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

8. Related party relationship and transactions - continued

(2) Related party transactions - continued

(2.1) Sales and purchase of goods, provision and receipt of services - continued

Sales of goods/provision of services

Unit: RMB

Related party	Details of related party transaction	Amount incurred in the current year	Amount incurred in the prior year
Universal Global Industrial Co., Ltd.	Sales of goods	1,254,570,561.89	1,037,257,474.99
ASE Inc.	Sales of goods	258,806,405.49	96,752.87
Universal Global Technology (Shanghai) Co., Ltd.	Sales of goods	87,612,481.93	86,461,083.52
Universal Global Technology (Kunshan) Co., Ltd.	Sales of goods	2,834,399.38	846,713.73
Universal Scientific Industrial De México S.A. De C.V.	Sales of goods	1,216,186.48	559,747.07
Universal Scientific Industrial Vietnam Company Limited	Sales of goods	862,502.52	1,295,848.43
Asteelflash Suzhou Co., Ltd.	Sales of goods	145,749.20	-
Universal Global Technology (Huizhou) Co., Ltd.	Sales of goods	53,066.20	312,956.68
FINANCIÈRE AFG S.A.S.	Sales of goods	-	184,746.74
Universal Global Technology Co., Limited	Sales of goods	-	13,291.12
Total		1,606,101,353.09	1,127,028,615.15
Universal Global Technology (Kunshan) Co., Ltd.	Provision of services	10,586,337.21	10,385,172.24
ASE Inc.	Provision of services	7,380,813.02	-
FINANCIÈRE AFG S.A.S.	Provision of services	3,232,221.45	3,564,683.59
ISE labs, China. Ltd.	Provision of services	1,008,545.54	959,723.55
Universal Scientific Industrial De México S.A. De C.V.	Provision of services	557,439.06	215,475.53
Universal Scientific Industrial Vietnam Company Limited	Provision of services	56,798.10	348,144.77
Universal Global Industrial Co., Ltd.	Provision of services	4,327.00	-
Universal Global Technology (Shanghai) Co., Ltd.	Provision of services	-	301,499.81
Total		22,826,481.38	15,774,699.49

The above transactions are executed at the prices agreed on by both parties.

(XV) NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

8. Related party relationship and transactions - continued

(2) Related party transactions - continued

(2.2) Leases with related parties

Leases where the Company is the lessor

Unit: RMB

Name of lessee	Type of leased assets	Lease income recognized in the current year	Lease income recognized in the prior year
Universal Global Technology (Shanghai) Co., Ltd.	Machinery and equipment	29,157.23	-
Wuxi Tongzhi Microelectronics Co., Ltd.	Machinery and equipment	-	19,359.06
Total		29,157.23	19,359.06

The above transactions are executed at the prices agreed on by both parties.

Leases where the Company is the lessee

Unit: RMB

Name of lessor	Type of leased assets	Right-of-use assets leased in this year	Lease interest for the current year
ASE Assembly & Test (Shanghai) Limited	Leasing of business premises	-	1,711,886.60

The above transactions are executed at the prices agreed on by both parties.

Unit: RMB

Name of lessor	Type of leased assets	Right-of-use assets leased in prior year	Lease interest for the prior year
ASE Assembly & Test (Shanghai) Limited	Leasing of business premises	-	2,392,528.09

The above transactions are executed at the prices agreed on by both parties.

(XV) NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

8. Related party relationship and transactions - continued

(2) Related party transactions - continued

(2.3) Borrowings/loans with related parties

Unit: RMB

Related party	Annual interest rate	Amount incurred in the current year		Amount at the end of the current year
		Amount lent	Amount collected (Note)	Amount
Lent to - Cash pool trading (Note)				
Universal Scientific Industrial De México S.A. De C.V.	One month Term SOFR +40 basis points	284,496,000.00	280,268,000.00	287,536,000.00
Universal Global Technology Co., Limited	2.20%	510,000,000.00	524,135,000.00	340,000,000.00
Universal Global Technology (Huizhou) Co., Ltd.	2.20%	150,000,000.00	200,000,000.00	-

Note: The amount repaid from cash pool trading for the year include exchange differences at the period end.

Unit: RMB

Related party	Annual interest rate	Amount incurred in the prior year		Amount at the end of the prior year
		Amount lent	Amount collected (Note)	Amount
Lent to - Cash pool trading (Note)				
Universal Scientific Industrial Vietnam Company Limited	One month Term SOFR +40 basis points	-	313,407,000.00	-
Universal Scientific Industrial De México S.A. De C.V.	One month Term SOFR +40 basis points	358,524,000.00	284,154,000.00	283,308,000.00
Universal Global Technology Co., Limited	One month Term SOFR +40 basis points	359,252,000.00	5,117,000.00	354,135,000.00
Universal Global Technology (Huizhou) Co., Ltd.	2.40%	100,000,000.00	550,000,000.00	50,000,000.00

Note: The amount repaid from cash pool trading for the year include exchange differences at the period end.

The interest income for 2024 is RMB 28,140,093.18 (2023: RMB 28,239,145.20), and the interest not received at the end of the year is RMB 0 (31 December 2023: RMB 760,833.33).

Note: The Company entered into a cash pool entrustment loan agreement with the bank for entrusted loans in which the Company is the leading party and Universal Global Technology (Shanghai) Co., Ltd., USI Electronics (Shenzhen) Co., Ltd., Universal Global Technology Co., Limited, Universal Global Technology (Kunshan) Co., Ltd., Universal Global Technology (Huizhou) Co., Ltd., Universal Scientific Industrial Vietnam Company Limited and Universal Scientific Industrial De México S.A. De C.V. are participants.

(XV) NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

8. Related party relationship and transactions - continued

(2) Related party transactions - continued

(2.4) Assets transfer with related parties

Unit: RMB

Related party	Details of related party transaction	Amount incurred in the current year	Amount incurred in the prior year
Universal Global Industrial Co., Ltd.	Purchase of fixed assets	23,556,749.46	-
Universal Global Technology (Shanghai) Co., Ltd.	Purchase of fixed assets	12,504,933.30	16,418,450.70
Taitech Precision Electronic (Kunshan) Co., Ltd.	Purchase of fixed assets	276,000.00	-
Universal Global Technology (Kunshan) Co., Ltd.	Purchase of fixed assets	27,470.30	-
Universal Global Technology (Huizhou) Co., Ltd.	Purchase of fixed assets	6,183.33	6,987.16
Total		36,371,336.39	16,425,437.86
Siliconware Precision Industries Co., Ltd	Sales of fixed assets	6,768,750.00	-
Universal Global Technology (Shanghai) Co., Ltd.	Sales of fixed assets	4,038,012.27	2,485,862.82
Universal Global Scientific Industrial Co., Ltd. (Note)	Sales of fixed assets	2,195,754.46	4,435,846.69
Universal Global Technology (Kunshan) Co., Ltd.	Sales of fixed assets	1,449,656.00	-
ISE labs, China. Ltd.	Sales of fixed assets	920,532.11	-
Universal Scientific Industrial Vietnam Company Limited	Sales of fixed assets	751,711.69	28,061,445.85
Total		16,124,416.53	34,983,155.36

Note: Purchase fixed assets on behalf of Universal Global Industrial Co., Limited.

The above transactions are executed at the prices agreed on by both parties.

(2.5) Interest expenses with related parties

Unit: RMB

Related party	Details of related party transaction	Amount incurred in the current year	Amount incurred in the prior year
USI Enterprise Limited	Interest expenses on convertible bonds	38,777,856.86	46,206,386.54

(2.6) Compensation for key management personnel

Unit: RMB

Item name	Amount incurred in the current year	Amount incurred in the prior year
Compensation for key management personnel	28,248,523.85	28,238,630.96

(XV) NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

8. Related party relationship and transactions - continued

(2) Related party transactions - continued

(2.7) Others

The Company offers stock option incentive plan for relevant personnel of USI Electronics (Shenzhen) Co., Ltd., Universal Global Technology (Kunshan) Co., Ltd., Universal Global Technology (Shanghai) Co., Ltd., Universal Global Scientific Industrial Co., Ltd., Universal Global Technology (Huizhou) Co., Ltd. and Universal Global Technology Co., Limited. See Note (XV), 4 for details.

(3) Amounts due from / to related parties

(3.1) Amounts due from related parties

Unit: RMB

Item name	Related party	31/12/2024	31/12/2023
		Book value	Book value
Accounts receivable	Universal Global Industrial Co., Ltd.	282,730,277.61	397,763,118.99
Accounts receivable	ASE Inc.	140,550,057.87	78,150.65
Accounts receivable	Universal Global Technology (Shanghai) Co., Ltd.	15,554,304.92	10,412,340.68
Accounts receivable	Universal Scientific Industrial De México S.A. De C.V.	445,371.70	294,391.83
Accounts receivable	Universal Global Technology (Kunshan) Co., Ltd.	297,440.49	353,956.15
Accounts receivable	Universal Global Technology (Huizhou) Co., Ltd.	4,133.96	18,639.90
Accounts receivable	Universal Scientific Industrial Vietnam Company Limited	827.61	1,157,559.23
Accounts receivable	Asteelflash Suzhou Co., Ltd.	-	117,167.51
Total		439,582,414.16	410,195,324.94

Unit: RMB

Item name	Related party	31/12/2024	31/12/2023
		Book value	Book value
Other receivables	Universal Global Technology Co., Limited (Note)	340,000,000.00	354,135,000.00
Other receivables	Universal Scientific Industrial De México S.A. De C.V. (Note)	287,536,000.00	283,308,000.00
Other receivables	Siliconware Precision Industries Co., Ltd	6,828,980.00	-
Other receivables	FINANCIÈRE AFG S.A.S.	890,642.76	1,058,863.66
Other receivables	ISE labs, China. Ltd.	252,051.29	141,696.00
Other receivables	Universal Scientific Industrial Vietnam Company Limited	37,712.14	27,650,228.43
Other receivables	Universal Global Technology (Shanghai) Co., Ltd.	32,947.67	2,410.64
Other receivables	Universal Global Technology (Huizhou) Co., Ltd. (Note)	-	50,760,833.33
Other receivables	Universal Global Technology (Kunshan) Co., Ltd.	-	10,164.01
Total		635,578,333.86	717,067,196.07

(XV) NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

8. Related party relationship and transactions - continued

(3) Amounts due from / to related parties - continued

(3.1) Amounts due from related parties - continued

Note: The Company entered into a cash pool entrustment loan agreement with the bank for entrusted loans in which the Company is the leading party and Universal Global Technology (Shanghai) Co., Ltd., USI Electronics (Shenzhen) Co., Ltd., Universal Global Technology Co., Limited, Universal Global Technology (Kunshan) Co., Ltd., Universal Global Technology (Huizhou) Co., Ltd., Universal Scientific Industrial Vietnam Company Limited and Universal Scientific Industrial De México S.A. De C.V. are participants.

Unit: RMB

Item name	Related party	31/12/2024	31/12/2023
		Book value	Book value
Other non-current assets	ASE Assembly & Test (Shanghai) Limited	409,781.71	401,473.74

(3.2) Amounts due to related parties

Unit: RMB

Item name	Related party	31/12/2024	31/12/2023
Accounts payable	Universal Global Technology Co., Limited	117,692,013.37	197,113,366.75
Accounts payable	Universal Global Industrial Co., Ltd.	59,663,412.30	304,137.66
Accounts payable	Universal Scientific Industrial De México S.A. De C.V.	1,268,524.85	916,294.01
Accounts payable	ASE Electronics Inc.	847,261.43	1,166,743.89
Accounts payable	Universal Global Technology (Kunshan) Co., Ltd.	231,113.49	1,706,236.34
Accounts payable	Universal Global Technology (Huizhou) Co., Ltd.	1,704.91	7,749.50
Accounts payable	Universal Global Technology (Shanghai) Co., Ltd.	836.20	-
Accounts payable	FINANCIÈRE AFG S.A.S.	826.67	-
Accounts payable	Universal Global Scientific Industrial Co., Ltd.	-	7,154,263.62
Accounts payable	ASE Inc.	-	574,406.96
Total		179,705,693.22	208,943,198.73

Unit: RMB

Item name	Related party	31/12/2024	31/12/2023
Other payables	Universal Global Scientific Industrial Co., Ltd.	14,172,735.70	7,154,263.61
Other payables	USI Science and Technology (Shenzhen) Co., Ltd.	4,200,000.00	200,000.00
Other payables	ASE Corporate Services (Shanghai) Limited	1,922,413.32	3,193,692.63
Other payables	Universal Global Technology Co., Limited	1,703,650.80	1,664,434.50
Other payables	Asteelflash Suzhou Co., Ltd.	553,145.65	342,750.25
Other payables	SHANGHAI DINGXU PROPERTY MANAGEMENT CO., LTD	182,208.25	285,740.90
Other payables	Universal Global Technology (Shanghai) Co., Ltd.	-	3,609,020.56
Other payables	ASE (Shanghai) Inc.	-	534,976.11
Total		22,734,153.72	16,984,878.56

(XV) NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS- continued

8. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

(3) Amounts due from / to related parties - continued

(3.2) Amounts due to related parties - continued

Unit: RMB

Item name	Related party	31/12/2024	31/12/2023
Lease liabilities	ASE Assembly & Test (Shanghai) Limited	31,669,194.59	44,489,167.71

Unit: RMB

Item name	Related party	31/12/2024	31/12/2023
Bonds payable	USI Enterprise Limited	785,428,252.70	967,638,439.87

(XVI) SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss for the current period

Unit: RMB

Item	Amount	Description
Profit or loss on disposal of non-current assets, including those charged off for which provision for impairment of assets has been made	5,101,711.12	See Notes (V), 59 and 61 for details
Government grants recognized in profit or loss (other than government grants which are closely related to the Company's business, in line with the national regulations, enjoyed under established standards and have a continuous impact on the Company's profit or loss)	39,593,697.06	See Notes (V), 54 for details
Profit or loss on changes in the fair value of financial assets and financial liabilities held by non-financial enterprises and profit or loss on disposal of financial assets and financial liabilities, other than those used in the effective hedging activities relating to normal operating business	177,139,794.65	See Notes (V), 55 and 56 for details
Reversal of provision for impairment on receivables subject to impairment testing on an individual basis	6,111,269.30	See Notes (V), 4 for details
One-time costs incurred by enterprises due to the fact that the relevant business activities are no longer sustainable, such as expenses for relocating employees	(708,810.03)	
Other non-operating income or expenses other than the above	(16,235,503.49)	See Notes (V), 60 and 61 for details
Less: Income tax effects	9,611,574.91	
Effects attributable to minority interests	(351,701.59)	
Total	201,742,285.29	

(XVI) SUPPLEMENTARY INFORMATION - continued

2. Return on net assets and earnings per share ("EPS")

The return on net assets and EPS have been prepared by Universal Scientific Industrial (Shanghai) Co., Ltd. in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2010) issued by China Securities Regulatory Commission.

Unit: RMB

Profit for the reporting year	Weighted average return on net assets (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	9.52%	0.76	0.75
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	8.36%	0.66	0.66