**Yangzhou Yangjie Electronic Technology Co., Ltd.**

**2023 Semi-annual Report**

**2023-075**

**[August 2023]**

Section I Important Notice, Table of Contents and Definitions

**The Board of Directors, the Board of Supervisors and the directors, supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the contents of the semi-annual report (hereinafter referred to as this "Report"), guarantee that there are no false records, misleading statements or material omissions contained in this Report, and assume individual and joint and several legal liability arising therefrom.**

**Liang Qin, the person in charge of the Company, Dai Juan, the person in charge of accounting of the Company, and She Jing, the person in charge of the Company's accounting department (Accounting Officer), declare that they warrant the truthfulness, accuracy and completeness of the financial statements in this Report.**

**All directors were present in person at the Board of Directors meeting to consider and approve this Report.**

**1. Risk in market competition**

**The semiconductor industry is characterized by a high degree of market-oriented development, fierce market competition, and an apparent industry cycle. The Company is targeting middle- and high-end markets and import substitution in terms of product positioning to directly engage in the strong competition against international brands. In the future, if the Company fails to adapt to market changes in terms of new product R&D, lean management capabilities, market positioning, and the building of marketing networks, it will face an increased risk in market competition, which may affect its share in middle- and high-end markets and leading position in several market segments.**

**2. Technological risk**

**The industry where the Company is demonstrates rapid development with a high speed of iteration and updating in the fields of technology, products and downstream applications. In terms of the pace and speed of investment in technological fields such as large-sized high-end wafers and advanced packaging, the Company is facing a risk to the realization of the design technology of high-end products and the opportunities for their applications to be chosen by downstream customers. Moreover, in terms of the pace and speed of investment in fields related to the third generation semiconductors, such as technological cooperation, talent introduction, R&D platform construction and the planning of wafer production lines, the Company is at risk from the rapid emergence of silica-based alternatives to its products in the field of downstream applications. If the Company fails to make timely and accurate judgments on the development trend of the industry, fails to catch up the industry's technological development in terms of product R&D and technological innovation, or deviates from the correct technological route or market direction, its profitability and market competitiveness may be influenced, so as to threaten its current leading position in the industry.**

**3. Management risk**

**In recent years, the Company has continuously expanded its business scale & scope and staff size with the rapid expansion of the departments related to its business department system, R&D system, extended investment system and decision-making support system, which has imposed higher requirements for the leadership and the ability to maneuver business risks of the Company's management and the quality and the ability of the Company's managers to adapt to rapid changes. Although the Company has continued to strengthen the construction of its internal management system and improve the system-based development of its organizational capabilities, the Company's operation and development will still be affected if the Company's organizational capabilities, management mode and talent development fail to adapt to the changes in the Company's internal and external environments in the future.**

**4. M&A risk**

**The Company attaches great importance to a development strategy that values both endogenous growth and extended development and actively improves its industry chain and enriches its product family through M&A. However, the Company takes risks in the integration with the targets of M&A in terms of corporate culture, management teams, technological R&D and customer resource management. If they fail to achieve effective integration, the Company's investment may not result in the expected effect, thereby influencing the Company's business performance.**

**The Company does not propose distribution of cash dividends or bonus shares, and there will be no increase of share capital from reserves.**

**CONTENTS**

[**Section I Important Notice, Table of Contents and Definitions 2**](#_Toc988889)

[**Section II Company Profile and Principal Financial Indicators 8**](#_Toc988890)

[**Part III Management Discussion and Analysis 11**](#_Toc988902)

[**Section IV Corporate Governance 32**](#_Toc988932)

[**Section V Environmental and Social Responsibility 34**](#_Toc988939)

[**Section VI Significant Events 38**](#_Toc988942)

[**Section VII Share Changes and Shareholder Status 43**](#_Toc988971)

[**Section VIII Relevant Information about Preferred Shares 49**](#_Toc988980)

[**Section IX Relevant Information about Bonds 50**](#_Toc988981)

[**Section X Financial Statement 51**](#_Toc988982)

**List of Reference Documents**

I. Financial statements bearing the signatures and seals of the person in charge of the Company, the person in charge of accounting and the Accounting Officer.

II. Originals of all documents and manuscripts of all announcements publicly disclosed by the Company on the website designated by the China Securities Regulatory Commission (CSRC) during the Reporting Period.

III. Other reference documents.

Place where the aforesaid reference documents can be obtained: The Securities Investment Department of the Company.

**Definitions**

|  |  |  |
| --- | --- | --- |
| Item | Refers to | Definition |
| The Company, Company, and Yangjie Technology | Refers to | Yangzhou Yangjie Electronic Technology Co., Ltd. |
| Semiconductor | Refers to | A substance with a conductivity that is intermediate between those of a conductor and an insulator, such as silicon and germanium |
| MOSFET and MOS | Refers to | Metal-Oxide-Semiconductor-Field-Effect Transistor. It is a field-effect transistor that can be extensively used in analog and digital circuits |
| IGBT | Refers to | Insulated Gate Bipolar Transistor. It is a composite fully controlled voltage-driven power semiconductor component that consists of BJT (bipolar junction transistor) and MOS (insulated gate field-effect tube) |
| SiC | Refers to | Silicon carbide. It is a silicon carbide compound, which is the main material of the third generation of semiconductor |
| GaN | Refers to | Gallium nitride. It is a gallium nitride compound, which is a kind of direct bandgap semiconductor |
| Wafer and chip | Refers to | A functional semiconductor component that is made by multiple processes on a semiconductor sheet (monocrystalline silicon) such as diffusion, lithography, etching, cleaning, passivation, metallization, etc. |
| Integrated circuit | Refers to | A semiconductor component that performs a circuit or system function by integrating a certain number of transistors, diodes, resistors, capacitors and inductors |
| Encapsulation | Refers to | A series of processes after the manufacturing of a wafter, that is, segmenting a wafer into a single chip, the leads are welded and placed and connected to a capsule |
| Power electronic device | Refers to | It is also known as a power semiconductor device, which is mainly used for power conversion and control circuits for power equipment |
| Diode | Refers to | A semiconductor component with positive wizard pass and reverse cutoff features |
| Rectifier bridge | Refers to | A rectifier component that consists of two or four diodes |
| Power module | Refers to | It is embedded by power electronic devices according to a certain combination of functions |
| IDM | Refers to | Integrated Design and Manufacture. It refers to a semiconductor-integrated design and manufacturing company that handles the design, manufacturing, encapsulation tests, and sales of its brand |
| Single-crystal silicon wafer | Refers to | It is a single crystal of silicon, which is a good semi-conductive material and is used for manufacturing semiconductor components, and solar cell |
| BJT | Refers to | Bipolar Junction Transistor. It is a component that combines two PN junctions through some processes |
| FRED | Refers to | Fast Recovery Diode. It is a semiconductor diode featuring a good switching characteristic and short reverse recovery time, which is mainly used for electronic circuits such as switching power supply, PWM (pulse width modulator), and frequency converters to serve as high-frequency rectifier diode, continuation diode or damping diode |
| ESD | Refers to | Electro-Static discharge Electrostatic protection is an important aspect of the quality control of electronic products |
| TVS | Refers to | Transient suppression diode |
| IoT | Refers to | Internet of Things, also known as a sensor network. It is an extension of the Internet from people to things. |
| MES | Refers to | A set of production information-based management system that faces the executive level of the workshops of the manufacturing enterprises |
| CRM | Refers to | The customer relationship management system is a system with the management of customer data at its core that utilizes information science technology to realize the automation of marketing, sales, and services and establishes a system to collect, manage, analyze, and use customer information to assist enterprises in realizing the customer-centered management mode. Customer relationship management is both a management philosophy and a kind of software technology. |
| MCC Germany | Refers to | Micro Commercial Components GmbH |
| J&V Semiconductor | Refers to | Yangzhou J&V Semiconductor Company |
| MCC USA | Refers to | Micro Commercial Components Corporation (USA) |
| CS and Caswell | Refers to | Caswell Industries Limited (BVI) |
| MCC Taiwan | Refers to | MCC Semiconductor Co., Ltd. |
| Jiangsu Power | Refers to | Jiangsu Applied Power Microelectronics Co., Ltd. |
| Chengdu Qingyang | Refers to | Chengdu Qingyang Electronic Material Co., Ltd. |
| Inner Mogolia Qingyang | Refers to | Inner Mongolia Qingyang Electronic Material Co., Ltd. |
| Yajixin | Refers to | Sichuan Yajixin Electronic Technology Co., Ltd. |
| Yangjie Investment | Refers to | Jiangsu Yangjie Investment Co., Ltd. |
| MCC Hong Kong | Refers to | MCC Semiconductor HK Co., Ltd. |
| MCC Shenzhen | Refers to | Shenzhen MCC Semiconductor Co., Ltd. |
| Yingxing Jiexin | Refers to | Yixing Jiexin Semiconductor Co., Ltd. |
| Jiangsu Huanxin | Refers to | Jiangsu Huanxin Semiconductor Co., Ltd. [Note 3] |
| Guoyu Electronics | Refers to | Yangzhou Guoyu Electronics Co., Ltd. |
| Yangjie Semiconductor | Refers to | Jiangsu Yangjie Semiconductor Co., Ltd. |
| Jaywin Chip | Refers to | Yangzhou Jaywin Auto Chip Co., Ltd. |
| Shanghai Paiqi | Refers to | Shanghai Paiqi Microelectronics Co., Ltd. |
| Yangjie Korea | Refers to | Yangjie Electronic Korea Co., Ltd. |
| MCC Jiangsu | Refers to | Jiangsu MCC Semiconductor Co., Ltd. |
| Hangzhou E-Giant and E-Giant Semiconductor | Refers to | Hangzhou E-Giant Semiconductor Technology Co., Ltd. |
| Yanghozu Jiemei | Refers to | Yangzhou Jiemei Semiconductor Co., Ltd. |
| Sihong Hongxin | Refers to | Sihong Hongxin Semiconductor Co., Ltd. |
| Shanghai Lingxin | Refers to | Shanghai Lingxin Semiconductor Technology Co., Ltd. |
| Wuxi Lingxin | Refers to | Wuxi Lingxin Semiconductor Technology Co., Ltd. |
| Yangjie Wuxi | Refers to | Yangjie Technology (Wuxi) Co., Ltd. |
| Runau | Refers to | Jiangsu Yangjie Runau Semiconductor Co., Ltd. |
| Wuxi Jiexiwei | Refers to | Wuxi Jiexiwei Semiconductor Co., Ltd. |
| Hunan Chuwei and Chuwei Semiconductor | Refers to | Hunan Jiechuwei Semiconductor Technology Co., Ltd. |
| Yangzhou Jieguan | Refers to | Yangzhou Jieguan Microelectronics Co., Ltd. |
| Yangjie Japan | Refers to | YJ Technology Japan Co., Ltd. |
| MCC Singapore | Refers to | MCC SINGAPORE PTE.LTD |

Section II Company Profile and Principal Financial Indicators

## I. Corporate Information

|  |  |  |  |
| --- | --- | --- | --- |
| Stock abbreviation | Yangjie Technology | Stock code | 300373 |
| Previous stock abbreviation (if any) | N/A | | |
| Listing stock exchange | Shenzhen Stock Exchange | | |
| Chinese name | Yangzhou Yangjie Electronic Technology Co., Ltd. | | |
| Chinese abbreviation (if any) | Yangjie Technology | | |
| English name (if any) | Yangzhou Yangjie Electronic Technology Co., Ltd. | | |
| English abbreviation (if any) | Yangjie Technology | | |
| Legal representative of the Company | Liang Qin | | |

## II. Contacts and Contact Information

|  |  |  |
| --- | --- | --- |
|  | Board Secretary | Securities Affairs Representative |
| Name | Fan Fengbin | Qin Nan |
| Contact address | 68 Xinganquan Avenue, Hanjiang District, Yangzhou City, Jiangsu Province | 68 Xinganquan Avenue, Hanjiang District, Yangzhou City, Jiangsu Province |
| Telephone | 0514-80889866 | 0514-80889866 |
| Fax | 0514-87943666 | 0514-87943666 |
| E-mail | zjb@21yangjie.com | zjb@21yangjie.com |

## III. Other Information

### 1. Contact

If the place of incorporation, office address and postal code, website, and e-mail of the Company changed in the Reporting Period

□Applicable ☑Not applicable

The place of incorporation, office address and postal code, website, and e-mail of the Company did not change in the Reporting Period. For details, please refer to the 2022 Annual Report.

### 2. Information disclosure and storage location

If information disclosure and storage location changed in the Reporting Period

□Applicable ☑Not applicable

The website of the stock exchange and the name and website of media where the Company disclosed its semi-annual reports and the place where the Company's semi-annual reports were stored did not change in the Reporting Period. For details, please refer to the 2022 Annual Report.

### 3. Changes in the registered information

If the registered information changed in the Reporting Period?

□Applicable ☑Not applicable

The registered information of the Company did not change in the Reporting Period. For details, please refer to the 2022 Annual Report.

## IV. Principal Accounting Data and Financial Indicators

If the Company needs to retrospectively adjust or restate accounting data for previous years

□Yes ☑No

|  |  |  |  |
| --- | --- | --- | --- |
|  | The Reporting Period | Same period of the previous year | Increase/decrease from the same period of the previous year |
| Operating revenue (RMB) | 2,624,742,386.62 | 2,951,318,679.45 | -11.07% |
| Net profit attributable to shareholders of the listed company (RMB) | 410,749,362.62 | 587,199,373.84 | -30.05% |
| Net profit net of non-recurring gains and losses attributable to shareholders of the listed company (RMB) | 409,998,628.24 | 573,484,824.72 | -28.51% |
| Net cash flows from operating activities (RMB) | 270,551,262.13 | 500,071,932.98 | -45.90% |
| EPS-basic (RMB/share) | 0.79 | 1.15 | -31.30% |
| EPS-diluted (RMB/share) | 0.79 | 1.14 | -30.70% |
| Weighted average ROE | 6.21% | 10.88% | -4.67% |
|  | End of the Reporting Period | End of the previous year | Increase/decrease from the end of the previous year |
| Total assets (RMB) | 12,069,985,154.72 | 9,483,238,483.20 | 27.28% |
| Net assets attributable to shareholders of the listed company (RMB) | 7,781,339,605.35 | 6,153,405,610.35 | 26.46% |

## V. Accounting Data Differences under PRC GAAP and Those under IFRSs

### 1. Differences between disclosed net profits and net assets in the financial statement in accordance with the International Accounting Standards (IAS) and the China Accounting Standards (CAS)

□Applicable ☑Not applicable

There was no difference between disclosed net profits and net assets in the financial statement in accordance with the IAS and the CAS during the Reporting Period.

### 2. Differences between disclosed net profits and net assets in the financial statement in accordance with overseas accounting standards and the CAS

□Applicable ☑Not applicable

There was no difference between disclosed net profits and net assets in the financial statement in accordance with overseas accounting standards and the CAS during the Reporting Period.

## VI. Non-recurring Gains and Losses

☑Applicable □ N/A

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Amount | Note |
| Gains and losses on disposal of non-current assets (inclusive of impairment allowance write-offs) | -220,257.03 |  |
| Government grants recorded in the current profit or loss (except for those acquired in the ordinary course of the Company's business, in line with national policies and regulations, or granted continuously according to certain standard quotas or amounts) | 21,766,005.54 |  |
| Gains and losses on entrusting others with investments or asset management | 1,694,478.14 |  |
| Gains and losses on fair value changes in held-for-trading financial assets and liabilities as well as income from disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business) | -15,580,233.35 |  |
| Other non-operating income and expenses other than the above | -4,453,473.39 |  |
| Less: Income tax effects | 1,041,676.13 |  |
| Minority shareholders' equity impacts (after tax) | 1,414,109.40 |  |
| Total | 750,734.38 |  |

Details of other gains and losses in line with the definition of non-recurring gains and losses:

□Applicable ☑Not applicable

There are no other gains and losses in line with the definition of non-recurring gains and losses in the Company.

Note to defining the non-recurring gains and losses listed in the *Explanatory Notice of Information Disclosure by Companies Offering Securities to the Public No. 1–Non-recurring Gains and Losses* as recurring gains and losses

□Applicable ☑Not applicable

The Company involves no circumstances where the non-recurring gains and losses listed in the *Explanatory Notice of Information Disclosure by Companies Offering Securities to the Public No. 1–Non-recurring Gains and Losses* are defined as recurring gains and losses.

Part III Management Discussion and Analysis

## I. Principal Business of the Company in the Reporting Period

1. Development of the industry where the Company engages

As the core functional electric and electronic parts, power semiconductor components have a wide range of applications in supporting fields such as automobile electronics, clean energy, 5G communication, security, industrial control and consumer electronics. Technological development encourages higher requirements of humans for fields such as security, environmental protection and intelligence, so as to produce increased demand for various kinds of power semiconductor devices. As the new technology of the power semiconductor component industry has been developed and become mature, its application fields continue to expand, making power semiconductor devices indispensable and core electronic parts for the development of the national economy. The first half of 2023 witnessed decreases in the growth of the global semiconductor industry and the demand for consumer electronic products. World Semiconductor Trade Statistics (WSTS) forecast, on June 6, 2023, that the global semiconductor market would shrink by 10.3% year-on-year to USD515 billion in 2023. The expected decline was greater than the previous forecast (4.1%). Even so, the rapid growth of emerging applications, such as automotive electronics, 5G communications, and photovoltaics, exerts a greater tractive and driving effect on the development of the power component market.

Although the power semiconductor component industry shows a relatively high degree of market-oriented development and a low industry concentration, there are only a few domestic enterprises that are equipped with comprehensive competitiveness that covers the full industry chain including silicon rods, silicon wafers, chips, device R&D, design, manufacturing, and packaging & testing. As domestic enterprises gradually achieve breakthroughs in core technology of chip design and process for high-end products and fill domestic technological gaps in more and more fields, the quality, performance and technological criteria of domestically made power semiconductor device products continue to increase, while their brand recognition gradually increases. The reliance of the domestic power semiconductor application market on imported semiconductor devices will decrease, and the opportunity for developing domestically made alternative products and overseas alternative products has become increasingly apparent. Meanwhile, Sino-US trade disputes and the Western blockade on technology will accelerate the independence of the domestic power semiconductor industry. Moreover, as geopolitical and other issues have imposed higher requirements on the security of the supply chain, which symbolizes an ideal opportunity for the development of domestic power semiconductor enterprises.

The power semiconductor component industry is a key industry encouraged and supported by China. In order to promote the development of electric and electronic technology and industry and build a resource-saving and environmentally-friendly society, China has formulated a series of policies and regulations to guide, encourage, support and promote the development of the domestic power semiconductor undertakings, as well as strengthen the domestic technological competitiveness. At present, the importance of the power semiconductor industry has been raised to a national strategic level. With the further implementation of "intelligent manufacturing", "new infrastructure construction" and other national policies, as well as the implementation of the dual carbon strategy (carbon peak and carbon neutrality), power semiconductors, as the core components for China to make electric systems independent and controllable and achieve energy conservation and environmental protection, are expected to achieve fast development with the support of policies. In January 2021, the Ministry of Industry and Information Technology issued the *Action Plan for the Development of the Basic Electronic Components Industry (2021-2023)*, in which the following goals were proposed: To further consolidate the status of China as a global power of electronic component manufacturing, by 2023, the total sales of electronic components shall reach RMB2.1 trillion; a high-end promotion action for key products will be implemented with the focus on circuit components such as discrete semiconductor devices and modules with high temperature resistance, high voltage resistance, low loss and high reliability; and a promotion action for key market applications will be implemented to promote the application of power devices and other electronic components with high reliability in the high-end equipment manufacturing market and accelerate the iteration and upgrading of component products. In March 2021, the Outline of the *14th Five-Year Plan of the National Economic and Social Development of the People's Republic of China and the Vision 2035* ("14th Five-Year Plan") was considered and approved at the 4th Session of the 13th National People's Congress. The 14th Five-Year Plan highlights the internal circulation, emphasizes effective breakthroughs in key and core technology and the improvement in the overall efficiency of innovation chains, focuses on aspects such as core chips, semiconductor equipment and the third-generation semiconductors, and aims to promote the optimization and upgrading of the manufacturing industry. In the future, the support of national industrial policies will continue to promote the technological progress of the power semiconductor component industry, the formation of the industry's own intellectual property rights for advanced technologies, and the structural optimization of domestic power semiconductor component products. *The 14th Five-Year Plan* includes breakthroughs in featured processes, such as the advanced process of integrated circuits and Insulated Gate Bipolar Transistors (IGBTs), and the development of and breakthroughs in wide-bandgap semiconductors, such as SiC and GaN, in the list of important missions. In December 2022, the State Council published the *Outline of Strategic Planning for Expanding Domestic Demand (2022-2035)* with the goal of raising the scale of consumption and investment and achieving new breakthroughs in the scale of domestic demand. The outline proposed that China should actively develop its green and low-carbon consumption market, enhance the construction of energy infrastructure, promote the establishment of new electric systems, improve the reception and storage capacity of clean energy, comprehensively improve the core competitiveness of the information and technology industry, and promote innovation and application of technologies such as artificial intelligence, advanced communication, integrated circuits, new display technology and advanced calculation technology. The China Semiconductor Industry Association (CSIA) released a statement on maintaining the global development and supply chain security of the semiconductor industry in July 2023. China will always "stick to open cooperation and work with peers from all countries and regions to maintain the globalization of the semiconductor industry".

2. The industry position of the Company

Based on the forward-looking market layout, continuous technological innovation, high-quality product design, scientific cost optimization, trustworthy quality management and the capability of fast delivery, the Company has become one of the several domestic enterprises above the designated size that integrates the full industry-chain processes including the manufacturing of single-crystal silicon wafers, chip design and manufacturing, device design, packaging and testing, and terminal sales and services. Meanwhile, the Company adopts the mode of "IDM + Fabless" in high-end fields such as MOSFET, IGBTs and the third-generation semiconductors. The Company has occupied a leading position and a high share in a number of emerging market segments. Especially, it is leading in rectifier bridges and PV diodes globally. Based on the general performance of the Company (aspects such as sales, technological strength and the share of the semiconductor market have been considered), the Company has been recognized by China Semiconductor Industry Association as one of the top three enterprises among the Top 10 Semiconductor Power Device Enterprises in China for several consecutive years, and has been rated as one of the top 20 in multiple domestic and international lists of top semiconductor enterprises in China.

3. Main business of the Company

The Company integrates R&D, production and sales and is committed to the industrial development of mid-to-high end fields, such as the design, manufacturing and package testing of power semiconductor silicon wafers, chips and devices. The Company's main products include three segments. Specifically, they are material segment (monocrystalline silicon rods, silicon wafers, and epitaxial wafers), wafer segment (5-inch, 6-inch, 8-inch and other types of power & electronics chips), and packaging device segment (MOSFET, IGBT, SiC series products, rectifier parts, protection devices, small signal and other product series). Its products are widely used in automotive electronics, clean energy, 5G communications, security, industrial, consumer electronics and many other fields, providing customers with a package of products, technology and service solutions.

As its business scale expands continuously, the Company will gradually turn into a group and become international. Currently, the Company has more than 20 domestic sales and technical service stations in Shenzhen, Shanghai, Beijing, Guangzhou, and Wuhan, and 12 international marketing and technical outlets in the United States, South Korea, Japan, India, and Singapore. The Company implements "dual-brand" + "dual circulations" and brand product differentiation business model, with the "YJ" brand mainly focusing on the domestic and Asia-Pacific markets while "MCC" focusing on European and American markets. It has achieved the global market channel coverage of the two brands, continuously expanded the coverage of its domestic and overseas sales and technical networks, provided direct professional and technical support services for terminal customers, and continued to improve its international service level. With its high-quality market services, perfect marketing networks and high-performance product quality, the Company has established a sound brand image in domestic and international markets.

4. Business model of the Company

The Company adopts the parallel business model of integrated device manufacture (IDM) and Fabless, and integrates the vertical industrial chain of semiconductor single-crystal silicon wafer manufacturing, power semiconductor chip design and manufacturing, device design, packaging and testing, and terminal sales and service. Its current business model is specified as follows:

(1) Supply chain model

The Company identifies its strategic products from the two aspects of financial influence and supply risk, and selects strategic suppliers based on its strategic products. It has developed the cooperation plan for strategic suppliers, and consolidated strategic partnerships to achieve win-win goals through various methods including opening of multi-function windows, holding of Quarterly Business Reviews (QBRs), exchange and sharing of industry development, and communication and alignment of technical roadmaps.

This year, the Company will build a new digital synergy platform to create an industrial ecosystem supported by modern information technology such as the Internet of Things (IoT), big data, and cloud computing, driven by customer demand, and characterized by the symbiosis and win-win situation of stakeholders of upstream and downstream enterprises in the intelligent supply chain. Meanwhile, the Company lays emphasis on the optimization of procurement management policies and procedures, and has integrated sunshine purchasing and collective decision-making into its procedures and policies, so as to uphold integrity in its cultural publicity and implement it throughout all processes. The Company publicizes tender information on its corporate WeChat account and company website, and includes more high-quality suppliers in its supplier list; a multi-level procurement committee covering the Group, business divisions and projects has been set up to ensure the open and transparent procurement decision-making process; the consensus of decision results is aligned to achieve the goal of optimal total costs.

(2) Operation model

By establishing a zero-defect quality system and a lean production system, the Company has strengthened quality, improved the eight procedures of operation management, and enhanced internal operation efficiency. Particularly, the defective rate and the customer complaint rate have decreased, while supply chain cost and internal operation efficiency have been improved. Facing the new manufacturing situations, new market demands and customer structure transformation, the Company has made efforts in "intelligent and digital transformation", and continued to promote the intelligent transformation and digital integration of production to empower its transformation and upgrading. By vigorously promoting the application of industrial IoT technology in manufacturing while continuously exploring the role of PLC and EAP in automated equipment production management, the Company has realized the automation of critical process equipment control, which improved the production quality as well as its production efficiency. On this basis, the Company has applied EAP, PLC and other data acquisition technologies to realize the automatic parameterization of key production processes, integrated management of key process parameters and other production materials, as well as the information-based display of production activities. With the combination of MES and data acquisition, the Company visualized key management performance indicators at all levels of production and operation, so as to help analyze and improve production and operation throughout the operation system, and to achieve the point-line-plane full coverage of production performance management; by setting up pilot intelligent production plants/workshops, the Company promoted the upgrading of its data application, completed data modeling for key parameters, and optimized key production and manufacturing parameters.

(3) Marketing model

The Company implements "dual-brand" + "dual circulations" and brand product differentiation business model. It mainly popularizes the products of the "MCC" brand against leading international brands such as Onsemi in the European and American markets. In China and the Asia-pacific market, the Company mainly promotes the "YJ" brand, and establishes strategic partnerships with top customers in various industries by continuously expanding its direct selling channels (multiple domestic sales and technical service centers, and 12 overseas sales and technical service centers in the United States, South Korea, Japan, India, and Singapore). Meanwhile, it actively responds to the call of the state to "let domestic and foreign markets boost each other" and actively expands its international business. During the Reporting Period, the Company invested in and established a subsidiary in Vietnam, Mico (Vietnam) Co., Ltd., to deeply engage in the international market and further optimize its global industrial layout.

5. Major operations of the Company during the Reporting Period

(1) R&D technology

a) The Company actively promoted the management and implementation of key R&D projects. The full series of 10A-200A Trench1200VIGBT chips on an 8-inch platform based on Fabless mode have completed development and the corresponding IGBT series module has been launched on the market, mainly focusing on such application areas as industrial control, photovoltaic inverters, and new energy vehicles. During the Reporting Period, the market share increased rapidly, progressively making the Company an important participant that integrates chip design and module encapsulation in the IGBT module market. Meanwhile, the Company aimed at the clean energy market, utilized the Trench Field Stop type IGBT technology to significantly lower the component saturation voltage drop and switching loss by adopting high-density component structure design and advanced back processing technology. It has successfully launched the 1200 series, and 650V series of TO220, TO247, and TO247PLUS encapsulation products and took the performance of foreign mainstream manufacturers as a benchmark. During the Reporting Period, the Company's 1,200V single tubes for Positive Temperature Coefficient (PTC) thermistors of vehicles passed the certification in line with the Automotive Grade and delivered such products in large quantities to its customers. With respect to the PV field, it developed 650V/400A tri-level IGBT modules and launched them to the market. Meanwhile, the Company began to develop the next-generation 950V/600A tri-level IGBT modules. In regard to new energy vehicle controllers, the Company tackled tough issues in low-inductance packaging, multichip flow equalization, copper interconnection, and silver sintering and developed 750V/820A IGBT and 750V400A SiC modules with three-phase bridges, large current, and high reliability.

b) The Company continued to invest more in the industry of third-generation semiconductor chips and stepped up efforts to research and develop Sic and GaN power components to further meet the Company's demands for subsequent strategic development. During the Reporting Period, the Company and the School of Integrated Circuits, Southeast University, entered into an agreement to jointly construct the "Yangjie-Southeast University Joint R&D Center of Broad Forbidden Band Semiconductors" and further consolidate the R&D of third-generation semiconductors. Moreover, in 2022, the Company developed 650V/1,200V 2A-50A G2 SiC diode products and launched full series of SiC diodes to the market. Meanwhile, it completed the certification of the Automotive Electronics Council qualification (AEC-Q) standards and the Production Part Approval Process (PPAP) and launched relevant products by the end of the year. Recognized by top 10 domestic customers in terms of on-board chargers (OBCs), PV energy storage, charging piles, and industrial electric drives, the Company recorded a cumulative shipment volume exceeding RMB10 million.

In terms of SiC MOSFETs, the Company successively completed the development and launch of 1,200V 17-240mohm and 650V 20-120mohm SiC MOSFET products since 2022. Its product performance aligns with the international third-generation SiC MOS planar gate products. The specific on-resistance (RSP) of the 1,200V MOS platform is below 3.5mΩ.cm2, and its figure of merit (FOM) is below 3,300mΩ.nC. Due to its products' outstanding performance among planar gate components domestically available, the Company has found favor in the eyes of multiple customers in PV energy storage and charging modules. So far, its cumulative shipment volume has surpassed RMB1 million.

In regard to on-board modules, the Company will complete the A-sample trial production of its self-developed main drive modules of Hybrid Power Drive (HPD) and Data Communication Module (DCM) fully made of silicon carbide this year. At present, several tier-1 and terminal automobile enterprises have expressed their intentions of testing and cooperation. It is planned that the batch application of main drive modules made of silicon carbide will be completed by 2025. The third-generation semiconductor products are successively launched, laying a solid foundation for the Company to realize a one-stop supply of a full range of semiconductor power components.

c) The Company continued to optimize the product structure of the wafer production line, constantly diversified product varieties, expand high-reliability production specifications and high-performance product series, and continued the high-end transformation. PSBD chips and PMBC chips have been massively applied to batteries, motors, and electronic control of new energy vehicles and the product specifications continued to be expanded, with a significant increase in production proportion. FRED rectifier chips are under mass production for the full range of 200V-1,200V and follow current chips 650V and 1,200V are under mass production as well. The R&D of 1,700V follow current chips are qualified, which is about to be put into mass product. The new-generation follow current FRED, based on the 8-inch platform and new life control technology, is under R&D, whose mass production is expected to be achieved next year. Concurrently, TSBD chips have been extensively applied in the clean energy field and the product specifications continued to be expanded, with production lines covering 6-inch and 8-inch platforms. Furthermore, unidirectional and bidirectional ESD chips with ordinary capacitors have realized mass production. Multichannel low-capacitance ESD chips and multichannel low-capacitance flyback ESD chips are under R&D, whose mass product is expected to be achieved next year. Meanwhile, the product performance of TVS chips is improved in all respects, which is conducive to further improving the Company's leading position in the market segment.

(2) Marketing

a) In terms of industries, the Company further improved technological marketing mechanisms. In virtue of the situation of the high-speed development of the industry, the Company mainly focused on such industries as new energy automotive electronics, clean energy, industrial control and network communication and established business relationships with TOP customers in the industries. During the Reporting Period, the sales performance of automotive electronics and clean energy industries grew significantly.

b) In terms of key products, the Company established the capability of strategic product marketing and set up dedicated strategic product marketing managers to emphasize the promotion of MOSFET, IGBT, and SiC series products to sell and promote strategic products. It has formed a team cooperation mode to help sales personnel obtain opportunities for production recognition, accelerate the conversion rate of business opportunities, and increase the sales proportion of key products.

c) With respect to channels, the Company continued to promote the international strategic layout and deepened the two-way connection between overseas and domestic markets. It established a subsidiary, Mico (Vietnam) Co., Ltd., in Vietnam during the Reporting Period to strengthen the domestic and overseas "dual circulations". Meanwhile, it constantly promoted domestic and overseas e-commerce business models, combined offline and online business, reinforced branding, and enhanced brand influence.

(3) Operation and management

a) The Company practices the development concept of "quality first". During the Reporting Period, the Company continuously deepened the implementation of the activities of "zero defect management", "strict control of input and output quality", and "digital management, intelligent production, professional personnel and stable personnel in key positions", to identify defects in quality management and build a quality management and control system. We mitigated potential risks of products in multiple dimensions and drove high-quality development, by cultivating a professional team that makes good use of engineering quality tools and has the comprehensive ability in quality management, creating channels for quality information communication and data sharing, and tracking customers' use of products.

b) The Company worked hard on operation and management and continued to drive all manufacturing centers to implement sophisticated operations. During the Reporting Period, based on market supply status, the Company shortened optimized production strategies and upgraded them into MPS/MTS/ATO via scientific approaches, shortened the production cycle by MTS/MPS, responded to customer demands by upgrading MPS, and made customers more satisfied with delivery. In the market environment in 2023, with the objective of "cost priority", the Company actively planned the lean operation activities to optimize costs, lowering costs from R&D innovation, lean improvement, process optimization, and improvement of the value stream through process optimization. It promoted projects to raise efficiency, reduce costs, and reform in all respects so as to foster the capability of lowering costs continuously.

c) The Company built a lean production system and promoted improvement activities of lean production. Through the advancement of the lean project, the idea of lean management was implemented in the production management of all factories in a holistic and whole-process manner. The Company conducted a series of activities to continuously lower production costs and improve product quality. Such activities included the optimization of the design of producing process, he optimization of logistics and transportation, the improvement of equipment operating performance, and he integration of unproductive processes.

6. Reasons for change in results during the Reporting Period

During the Reporting Period, the Company's operating income, the net profit attributable to shareholders of the listed company, and the net profit after the deduction of non-recurring gains and losses slightly dropped compared with the same period of the previous year but QoQ growth was positive, and the main reasons are as follows:

(1) The Company adheres to the international development strategy. The revenue from overseas markets accounted for a high percentage, making overseas markets' profit margins higher than domestic markets. However, on the whole, overseas markets are currently still in a phase of struggling to reduce inventories, the YoY overseas business orders declined by over 30%. Despite a certain degree of recovery compared to the second half of 2022, it was at a low level compared with the corresponding period of last year, which resulted in a decline in the Company's overall gross profit margin.

(2) In recent years, the Company has continued to optimize the downstream structure and product structure, automotive electronics and clean energy fields grew rapidly and the volume of new products such as IGBT continuously increased. During the Reporting Period, the Company's YoY increase in both automotive-grade products and photovoltaic diodes exceeded 20% and the YoY growth of the IGBT products exceeded 50%. However, the Company's current average gross profit margin from the aforesaid products was lower than the Company's average gross profit, resulting in a decline in gross profit margin on the whole.

(3) Because the overall market prosperity of the global semiconductor industry was at a low point, and especially the fields of consumer electronics and industry recorded negative growth compared with the corresponding period of last year, orders and prices suffered a structural decline.

## II. Core Competitiveness Analysis

1. R&D technology:

(1) Advanced R&D technology platform

Through cooperation with well-known universities and research institutes in the industry, such as the Southeast University, the Company has integrated the R&D teams of each business division, established a corporate R&D center, and is preparing to set up its own research institute. During the Reporting Period, the Company had the SiC R&D team, the GaN R&D team, the IGBT R&D team, the MOSFET R&D team, the diode and transistor chip R&D team, the Clip packaging R&D team, the WB packaging R&D team, the 8-inch wafer Changsha R&D team, the IGBT Japan R&D team, the MOSFET Taiwan R&D team, and the monocrystalline silicon Chengdu R&D team. It has established a simulation platform covering chip, packaging and application, improved the testing center for product parameters, and improved the construction of new energy and automotive electronic application platform. It formed a complete R&D and technical service system from wafer design and R&D to packaging product R&D, from silicon-based to third-generation semiconductor R&D, and from pre-sales technical support to after-sales technical services, which provided strong support for the Company's new product development, technical bottleneck breakthrough, and market expansion.

The Company has built an R&D center laboratory in line with the domestic standards for first-class electronic laboratory, with a construction area of 5,000 square meters. It covers reliability laboratory, fault analysis laboratory, simulation laboratory and comprehensive R&D laboratory, and has successfully been certified by the China National Accreditation Service for Conformity Assessment (CNAS). The Company has established and improved a one-stop product experimental application platform that can meet various needs such as chip design simulation, environmental testing, physical and chemical fault analysis, and product electrical, thermal and mechanical stress simulation; the laboratory is equipped with advanced R&D and testing equipment competent for MOSFET, IGBT, power module, diode, BJT, SiC and other series of products, which provides all-round and multi-platform technical and service guarantees for the Company's R&D needs relating to chip design, device packaging, circuit testing for finished applications, and terminal sales and service.

(2) Complete technical talent system

The Company adheres to the talent strategy of external introduction and internal cultivation to maintain its corporate cultural inheritance while realizing rapid technical iteration. In terms of external introduction, it continues to bring in senior technical personnel at home and abroad, and has formed a high-quality talent team covering high-end chip R&D and design, advanced power semiconductors wafer manufacturing, and advanced packaging R&D and design. During the Reporting Period, the Company focused on introducing senior technical experts and doctors with more than 20 years of industry experience from around the world, including the leading talents in the provincial and ministerial "Innovation and Entrepreneurship Program", and professor-level senior engineers. With regard to internal cultivation, the Company has carried out campus talent recruitment for a number of 985 and 211 universities and colleges through the "Hidden Dragon Plan" to provide itself with a reserve of high-quality technical talents. Besides, it has systematically carried out the training and development of internal engineers through platforms and mechanisms such as the "engineer training course", tutorial system, and major research projects. The Company's technology R&D talent team grew rapidly, and the effectiveness of high-quality R&D talent continued to be improve during the Reporting Period.

(3) Continuously enriched R&D patents

Patents are the key to an enterprise's development. In recent years, the Company has continuously stepped up its investment in the R&D of patented technologies, enriched the patent reserve of core technologies, and laid a solid foundation for its advantageous position amid fierce market competition. During the Reporting Period, the Company obtained 26 authorized patents and seven integrated circuit layout designs. It applied for 40 national patents and eight integrated circuit layout designs to effectively protect its innovative products.

2. Marketing

(1) Build international market capabilities with "dual brands" + "dual circulations"

The Company implements "dual-brand" + "dual circulations" and brand product differentiation business model. It mainly popularizes the "MCC" brand against leading international brands such as Onsemi in the European and American markets. The Company sets up sales and technical service centers in the US, South Korea, Japan, India, and Singapore, actively develops local and surrounding markets, provides timely localized services for the terminal customers of international brands in Europe and the US, and continues to improve the market share and influence of the MCC brand in the international market. In China and the Asia-pacific market, the Company mainly promotes the "YJ" brand, and establishes strategic partnerships with top customers in various industries by continuously expanding its direct selling channels (multiple domestic sales and technical service centers, and 12 overseas sales and technical service centers in the United States, South Korea, Japan, India, Singapore, etc.). Meanwhile, it actively responds to the call of the state to "let domestic and foreign markets boost each other". Particularly, it established a subsidiary in Vietnam, Mico (Vietnam) Co., Ltd. to further strengthen its overseas supply capacity and actively expand its international business.

(2) Continuously implement key account marketing

The Company deepens the key account marketing system for customer-centric operation and investment of high-quality resources in high-quality customers. Through the upgrading and optimization of CRM system, it utilizes the LTC process to scientifically and systematically manage and standardize the sales process to improve the success rate of business opportunity conversion. So far, the Company has reached strategic partnership with leading customers in various industries, and continued to expand cooperation with existing customers. Additionally, it has obtained the import substitution cooperation opportunities from a number of well-known terminal customers during the Reporting Period, actively promoted the business cooperation of various production lines, and further expanded its future market.

(3) Focus on new markets and build new capabilities

The Company keeps in step with the development opportunities in the new downstream markets and fields, and prioritizes market growth opportunities in the new energy vehicle and clean energy sectors. It focuses on expanding top customers in automotive electronics, photovoltaics, stored energy, and wind energy to leverage the core advantages of IDM and one-stop product solutions. During the Reporting Period, the Company recorded dramatic increases in the results and shares of automotive electronics and clean energy industries. Besides, the Company rapidly reached cooperation with top customers in various fields at home and abroad. It continued to expand its cooperation with SMA, SOLAREDGE, and other customers and has obtained customer certification and orders from Aptiv, BorgWarner, and UAES.

3. Operation management:

In the face of market changes and the higher quality and cost requirements of new markets and new industries, the Company has put forward the management concept of excellent operation based on its corporate mission and long-term development strategies. It integrates the industrial chain from the perspective of industry, and builds lean manufacturing capacity under the IDM model based on the lean production and zero-defect quality management system to improve the core competitiveness of its quality and cost:

(1) The Company upgraded its internal quality control review system, used VDA6.3 to evaluate the production process, and received the VDA6.3 A-level rating from multiple well-known automotive electronics brand customers. It deepened the quality system improvement activities of "strict control of input and output quality" and "digital management, intelligent production, professional personnel and stable personnel in key positions", and established a quality control system in line with the Automotive Grade.

(2) The Company promoted continuous cost management, and took various measures such as cost reduction through R&D innovation, lean improvement, value flow improvement, and informatization to greatly reduce failure cost, turn production quality stabler and customer delivery faster, and effectively make up for cost impact caused by the periodical reduction in production capacity.

(3) During the Reporting Period, the Company acquired 30% equity interest in Hunan Chuwei by public delisting, to increase the cumulative equity interest to 70% and achieve a controlling interest in Chuwei. It further improved its core capabilities in wafer manufacturing, formed complete manufacturing capacity for 5-inch, 6-inch, and 8-inch wafer products, and strengthened its IDM model-based industrial chain.

## III. Analysis of Principal Operations

Overview

Please refer to related content in "I. Principal Business of the Company in the Reporting Period".

Year-over-year changes in the principal financial data

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | The Reporting Period | Same period of the previous year | YoY increase/decrease | Reason |
| Operating revenue | 2,624,742,386.62 | 2,951,318,679.45 | -11.07% | No major changes |
| Operating cost | 1,834,328,758.28 | 1,872,146,921.57 | -2.02% | No major changes |
| Selling expense | 110,024,361.15 | 94,029,677.60 | 17.01% | No major changes |
| Administrative expense | 126,197,439.71 | 110,854,295.67 | 13.84% | No major changes |
| Finance costs | -109,230,591.37 | -13,363,983.56 | -717.35% | Mainly due to the fluctuation of foreign change rates and the increase in exchange gains during the Reporting Period. |
| Income tax expense | 69,084,485.48 | 96,154,162.85 | -28.15% | No major changes |
| R&D spending | 165,337,184.42 | 160,263,439.71 | 3.17% | No major changes |
| Net cash generated from/used in operating activities | 270,551,262.13 | 500,071,932.98 | -45.90% | Mainly due to the increased taxes and reduced tax refunds during the Reporting Period. |
| Net cash generated from/used in investing activities | -237,495,727.67 | -832,553,744.90 | 71.47% | Mainly due to the decreased asset acquisition and construction and investment in wealth management of the Company during the Reporting Period. |
| Net cash generated from/used in financing activities | 1,631,443,874.87 | -10,355,335.90 | 15,854.62% | Mainly due to new funds raised overseas by the Company during the Reporting Period. |
| Net increase in cash and cash equivalents | 1,756,356,591.02 | -328,713,776.50 | 634.31% | Mainly due to new funds raised overseas by the Company during the Reporting Period. |

The Company's profit structure or source of profit underwent material changes during the Reporting Period.

□Applicable ☑Not applicable

The Company's profit structure or source of profit underwent no material changes during the Reporting Period.

Products or services accounting for more than 10%

☑Applicable □ N/A

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Operating revenue | Operating cost | Gross profit margin | Increase/decrease in operating revenue from the same period of the previous year | Increase/decrease in operating cost from the same period last year | Increase/decrease in gross profit margin from the same period last year |
| By product or service | | | | | | |
| Semiconductor components | 2,218,061,362.39 | 1,549,247,092.03 | 30.15% | -6.17% | 3.68% | -6.64% |
| Semiconductor chips | 260,095,604.95 | 203,016,085.15 | 21.95% | -35.89% | -20.39% | -15.19% |
| Semiconductor silicon wafers | 90,935,642.95 | 74,984,039.02 | 17.54% | -42.18% | -29.40% | -14.93% |
| Total | 2,569,092,610.29 | 1,827,247,216.20 | 28.88% | -12.22% | -1.52% | -7.73% |

## IV. Analysis of Non-principal Business

☑Applicable □ N/A

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Amount | Proportion to total profit | Reason(s) | Sustainable or not |
| Investment income | 35,468,139.61 | 7.48% | Mainly income on long-term equity investments calculated by the equity method. | No |
| Gains or losses from changes in fair value | -15,580,233.35 | -3.28% | Mainly due to the decline in the share prices of Chengzhi Shareholding Co., Ltd. indirectly held through Nantong Jinxin Haohua Investment Center (LP) and Guobo Electronics Co., Ltd. indirectly held through Ningbo Dongxin Guohong Enterprise Management Partnership (LP) at the end of the Reporting Period. | No |
| Asset impairment | -27,191,500.99 | -5.73% | Mainly due to the reserve fund for market diminution in value of inventory. | No |
| Non-operating income | 1,363,917.48 | 0.29% | Mainly due to the income from indemnity. | No |
| Non-operating expense | 6,558,907.81 | 1.38% | Mainly due to the external public welfare donations. | No |
| Other income | 21,756,005.54 | 4.59% | Mainly due to government grants related to the Company's routine operating activities. | No |

## V. Analysis of Assets and Liabilities

### 1. Significant changes in the composition of assets

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | End of the Reporting Period | | As at the end of the previous year | | Increase/decrease in percentage | Notes to significant changes |
| Amount | Proportion to total assets | Amount | Proportion to total assets |
| Monetary assets | 3,205,907,228.09 | 26.56% | 1,457,284,129.97 | 15.37% | 11.19% | Mainly due to the arrival of funds raised from the Company's issuance of global deposition receipts (GDRs) during the Reporting Period. |
| Accounts receivable | 1,479,614,231.88 | 12.26% | 1,208,174,469.34 | 12.74% | -0.48% | No significant changes. |
| Inventories | 1,161,724,500.64 | 9.62% | 1,213,168,285.70 | 12.79% | -3.17% | No significant changes. |
| Long-term equity investments | 60,747,681.56 | 0.50% | 466,606,774.74 | 4.92% | -4.42% | Mainly due to the Company's acquisition of 30% equity interest of Hunan Chuwei by public delisting, during the Reporting Period, which resulted in an accumulated transfer of 70%; Hunan Chuwei became a holding subsidiary of the Company and was included in the scope of consolidated statements. |
| Fixed assets | 3,324,897,727.75 | 27.55% | 2,914,129,006.48 | 30.73% | -3.18% | No significant changes. |
| Construction in progress | 612,601,462.25 | 5.08% | 461,878,389.19 | 4.87% | 0.21% | Mainly due to the Company's acquisition of 30% equity interest of Hunan Chuwei by public delisting, during the Reporting Period, which resulted in an accumulated transfer of 70%; Hunan Chuwei became a holding subsidiary of the Company and was included in the scope of consolidated statements. |
| Right-of-use assets | 101,650,369.03 | 0.84% | 7,434,752.94 | 0.08% | 0.76% | Mainly due to the Company's acquisition of 30% equity interest of Hunan Chuwei by public delisting, during the Reporting Period, which resulted in an accumulated transfer of 70%; Hunan Chuwei became a holding subsidiary of the Company and was included in the scope of consolidated statements. |
| Short-term borrowings | 758,112,140.28 | 6.28% | 273,121,541.00 | 2.88% | 3.40% | Mainly due to the Company's increase in banking facilities with a term shorter than one year and acquisition of 30% equity interest of Hunan Chuwei by public delisting, during the Reporting Period, which resulted in an accumulated transfer of 70%; Hunan Chuwei became a holding subsidiary of the Company and was included in the scope of consolidated statements. |
| Contract liabilities | 21,693,325.50 | 0.18% | 37,431,854.37 | 0.39% | -0.21% | Mainly due to the decrease in the Company's advances from customers during the Reporting Period. |
| Long-term borrowings | 450,241,087.28 | 3.73% | 400,283,333.33 | 4.22% | -0.49% | No significant changes. |
| Lease liabilities | 113,974,087.94 | 0.94% | 4,863,114.56 | 0.05% | 0.89% | Mainly due to the Company's acquisition of 30% equity interest of Hunan Chuwei by public delisting, during the Reporting Period, which resulted in an accumulated transfer of 70%; Hunan Chuwei became a holding subsidiary of the Company and was included in the scope of consolidated statements. |
| Held-for-trading financial assets | 21,400,000.00 | 0.18% | 63,200,000.00 | 0.67% | -0.49% | Mainly due to the Company's redemption of short-term risk-controllable financial products during the Reporting Period. |
| Notes receivable | 51,761,214.07 | 0.43% | 13,066,108.69 | 0.14% | 0.29% | Mainly due to the increase in commercial acceptance notes held by the Company during the Reporting Period. |
| Other receivables | 11,135,073.77 | 0.09% | 22,043,111.30 | 0.23% | -0.14% | Mainly due to the decrease in the Company's receivable margins and security deposits. |
| Other current assets | 43,137,681.30 | 0.36% | 135,165,283.82 | 1.43% | -1.07% | Mainly due to the redemption of principal guaranteed fixed-income financial products by the Company during the Reporting Period. |
| Goodwill | 304,661,333.30 | 2.52% | 163,664,335.43 | 1.73% | 0.79% | Mainly due to the Company's acquisition of 30% equity interest of Hunan Chuwei by public delisting, during the Reporting Period, which resulted in an accumulated transfer of 70%; Hunan Chuwei became a holding subsidiary of the Company and was included in the scope of consolidated statements. |
| Other non-current assets | 699,160,886.35 | 5.79% | 329,554,214.72 | 3.48% | 2.31% | Mainly due to the increase in the contract payment for engineering equipment in advance by the Company during the Reporting Period. |
| Notes payable | 253,148,954.71 | 2.10% | 404,866,538.45 | 4.27% | -2.17% | Mainly due to the decrease in bank acceptance receivable of the Company during the Reporting Period. |
| Employee benefits payable | 90,878,657.81 | 0.75% | 144,438,351.00 | 1.52% | -0.77% | Mainly due to the distribution of the Company's year-end bonus during the Reporting Period. |
| Taxes and levies payable | 32,387,349.08 | 0.27% | 21,829,634.84 | 0.23% | 0.04% | Mainly due to the increase in the income taxes payable by the Company during the Reporting Period. |
| Current portion of non-current liabilities | 202,797,222.08 | 1.68% | 102,412,112.30 | 1.08% | 0.60% | Mainly due to the increase in the Company's long-term borrowings due within one year during the Reporting Period. |
| Other current liabilities | 776,798.69 | 0.01% | 2,394,362.02 | 0.03% | -0.02% | Mainly due to the decrease in the Company's taxes to be charged off during the Reporting Period. |
| Capital reserves | 4,032,753,425.09 | 33.41% | 2,584,590,243.74 | 27.25% | 6.16% | Mainly due to the arrival of funds raised from the Company's issuance of global deposition receipts (GDRs) during the Reporting Period. |
| Other comprehensive income | 39,234,628.37 | 0.33% | 28,166,283.84 | 0.30% | 0.03% | Mainly due to the impact of fluctuations in foreign exchange rates during the Reporting Period. |
| Non-controlling interests | 407,824,084.79 | 3.38% | 184,577,839.49 | 1.95% | 1.43% | Mainly due to the Company's acquisition of 30% equity interest of Hunan Chuwei by public delisting, during the Reporting Period, which resulted in an accumulated transfer of 70%; Hunan Chuwei became a holding subsidiary of the Company and was included in the scope of consolidated statements. |

### 2. Principle overseas assets

□Applicable ☑Not applicable

### 3. Assets and liabilities measured at fair value

☑Applicable □ N/A

Unit: RMB

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Item | Opening balance | Gains and losses from changes in fair value in the Reporting Period | Accumulative fair value changes included in equity | Impairments accrued in the Reporting Period | Purchase amount in the Reporting Period | Selling amount in the Reporting Period | Other changes | Closing balance |
| Financial assets | | | | | | | | |
| 1. Transactional financial assets (excluding derivative financial assets) | 63,200,000.00 |  |  |  | 20,800,000.00 | 62,600,000.00 |  | 21,400,000.00 |
| Other non-current financial assets | 442,446,494.05 | -15,580,233.35 |  |  | 17,830,331.94 |  |  | 444,696,592.64 |
| Receivables financing | 231,592,339.12 |  |  |  | 1,068,554,807.20 |  | -1,105,039,559.29 | 195,107,587.03 |
| Total of the above items | 737,238,833.17 | -15,580,233.35 |  |  | 1,107,185,139.14 | 62,600,000.00 | -1,105,039,559.29 | 661,204,179.67 |
| Financial liabilities | 0.00 |  |  |  |  |  |  | 0.00 |

Other changes

None

Did the measurement attributes of the Company's principal assets undergo material changes in the Reporting Period?

□Yes ☑No

### 4. Restricted asset rights as at the end of the Reporting Period

|  |  |  |
| --- | --- | --- |
| Item | The carrying amount at the end of the Reporting Period (RMB) | Reason for restriction |
| Monetary assets | 13,939,412.10 | Deposits for bills and letters of credit |
| Fixed assets | 247,651,217.68 | Pledge for borrowings |
| Intangible assets | 31,587,009.87 | Pledge for borrowings |
| Total | 293,177,639.65 |  |

## VI. Analysis of Investment

### 1. Overall status

☑Applicable □ N/A

|  |  |  |
| --- | --- | --- |
| Investment amount in the Reporting Period (RMB) | Investment amount in the same period of the Previous Year (RMB) | Change |
| 332,390,331.94 | 1,298,728,138.00 | -74.41% |

### 2. Material equity investments acquired during the Reporting Period

☑Applicable □ N/A

Unit: RMB

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Name of investee corporation | Principal business | Investment method | Investment amount | Shareholding ratio (%) | Source of fund | Partners | Investment period | Product type | Progress as at the balance sheet date | Expected gains | Gains and losses on investments for the Reporting Period | Whether involved in any legal actions | Date of disclosure (if any) | Disclosure index (if any) |
| Hunan Jiechuwei Semiconductor Technology Co., Ltd. | Research on semiconductor process equipment and promotion of the development of electronics technology; research and development of semiconductor microfabrication equipment; research and development of semiconductor thermal equipment; research and development of semiconductor component equipment; research and development of semiconductor furnaces and sensors | Acquisition | 668,760,000.00 | 70.00% | Equity fund | The 48th Research Institute of China Electronics Technology Group Corporation and Hunan Hi-tech Investment Group | Long-term | Semiconductor wafer manufacturing and services | The Company acquired 30% equity interest in Hunan Chuwei by public delisting, to increase the cumulative equity interest to 70%. | 0.00 | 22,103,901.96 | No | February 18, 2023 | For details, see the Announcement on Acquiring 30% Equity Interest in Hunan Chuwei Semiconductor Technology Co., Ltd. through Public Delisting (Announcement No.: 2023-004) released by the Company on February 18, 2023, on www.cninfo.com.cn. |
| Total | -- | -- | 668,760,000.00 | -- | -- | -- | -- | -- | -- | 0.00 | 22,103,901.96 | -- | -- | -- |

### 3. Material non-equity investments in process during the Reporting Period

□Applicable ☑Not applicable

### 4. Financial assets measured at fair value

☑Applicable □ N/A

Unit: RMB

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Asset category | Initial investment cost | Gains and losses from changes in fair value in the Reporting Period | Accumulative fair value changes included in equity | Purchase amount during the Reporting Period | Selling amount during the Reporting Period | Accumulated income on investment | Other changes | Closing balance | Source of fund |
| Others | 505,646,494.05 | -15,580,233.35 | 0.00 | 38,630,331.94 | 62,600,000.00 | 61,190,205.55 | 0.00 | 466,096,592.64 | Self-owned |
| Total | 505,646,494.05 | -15,580,233.35 | 0.00 | 38,630,331.94 | 62,600,000.00 | 61,190,205.55 | 0.00 | 466,096,592.64 | -- |

### 5. Use of raised funds

☑Applicable □ N/A

**(1) Overall use of raised funds**

☑Applicable □ N/A

Unit: RMB10,000

|  |  |
| --- | --- |
| Total raised funds | 145,716.5 |
| Total raised funds invested during the Reporting Period | 0 |
| Total raised funds invested accumulatively | 0 |
| Total Raised Funds with Altered Purposes during the Reporting Period | 0 |
| Total Accumulative Raised Funds with Altered Purposes | 0 |
| Proportion of Total Accumulative Raised Funds with Altered Purposes | 0.00% |
| Explanation of the overall use of the raised funds | |
| In the first half of 2023, the Company actually used USD0 of the raised funds, and the net amount of the bank deposit interest received after deducting bank handling fees was USD1,801,547.75. As of June 30, 2023, the balance of raised funds is USD213,811,409.57. | |

**(2) Committed projects with raised funds**

☑Applicable □ N/A

Unit: RMB10,000

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Committed investment projects and investment of excessive raised funds | Whether projects have been altered (including partial alternation) | Total committed investment with raised funds | Adjusted total investment amount (1) | Investment amount during the Reporting Period | Accumulative investment amount by the end of the Reporting Period (2) | Investment progress as at the end of the Reporting Period (3) = (2)/(1) | Date when the projects are ready for intended use | Benefits recorded during the Reporting Period | Accumulative benefits recorded as at the end of Reporting Period | Whether the estimated benefits are reached | Whether there are material changes in project feasibility |
| Committed investment projects | | | | | | | | | | | |
| Southeast Asian countries built package testing production lines | No | 87,429.9 | 87,429.9 | 0 | 0 | 0.00% | April 18, 2026 | 0 | 0 | N/A | No |
| Establishment of overseas R&D centers and global sales and after-sales service networks. | No | 14,571.65 | 14,571.65 | 0 | 0 | 0.00% | April 18, 2026 | 0 | 0 | N/A | No |
| Operating funds and other general business purposes | No | 43,714.95 | 43,714.95 | 0 | 0 | 0.00% |  | 0 | 0 | N/A | No |
| Subtotal of committed investment projects | -- | 145,716.5 | 145,716.5 | 0 | 0 | -- | -- | 0 | 0 | -- | -- |
| Investment of excessive raised funds | | | | | | | | | | | |
| N/A | No | 0 | 0 | 0 | 0 | 0.00% |  | 0 | 0 |  |  |
| Subtotal of investment of excessive raised funds | -- | 0 | 0 | 0 | 0 | -- | -- | 0 | 0 | -- | -- |
| Total | -- | 145,716.5 | 145,716.5 | 0 | 0 | -- | -- | 0 | 0 | -- | -- |
| Cases and reasons for failing to reach the planned progress or predicted return by specific projects (including the reasons for choosing "not applicable" for "whether the predicted return has been achieved") | N/A | | | | | | | | | | |
| Explanations of the material changes in the project feasibility | N/A | | | | | | | | | | |
| Amount, use, and use progress of excessive raised funds | N/A | | | | | | | | | | |
| Alteration of sites for the implementation of the raised fund investment projects | N/A | | | | | | | | | | |
| Adjustment to the method for implementing the raised fund investment projects | N/A | | | | | | | | | | |
| Early investment and replacement of the raised fund investment projects | N/A | | | | | | | | | | |
| Temporary replenishment of liquid capital with the idle raised funds | N/A | | | | | | | | | | |
| Amount of the closing balance of the raised funds during the project implementation as well as reasons | N/A | | | | | | | | | | |
| Use and ownership change of unused raised funds | The account for depositing raised funds. | | | | | | | | | | |
| Problems in the use and disclosure of raised funds, or other cases | N/A | | | | | | | | | | |

**(3) Altered projects where raised funds are invested**

□Applicable ☑Not applicable

There were no altered projects of raised funds by the Company during the Reporting Period.

### 6. Entrusted wealth management, investment in derivatives, and entrusted loans

**(1) Entrusted financial management**

☑Applicable □ N/A

Overview of trust financial management during the Reporting Period

Unit: RMB10,000

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Specific type | Sources of funds for trust financial management | Amount of trust financial management incurred | Unexpired balance | Overdue outstanding amount | Impaired amount overdue for collection in financial management |
| Banking WM product | Equity fund | 2,080 | 2,140 | 0 | 0 |
| Total | | 2,080 | 2,140 | 0 | 0 |

Details of high-risk trust financial management products with significant single amount or low security and low liquidity

□Applicable ☑Not applicable

The principal is expected to be unrecoverable or other circumstances that may lead to impairment in trust financial management

□Applicable ☑Not applicable

**(2) Investment in derivatives**

□Applicable ☑Not applicable

The Company did not invest in derivatives during the Reporting Period.

**(3) Entrusted loans**

□Applicable ☑Not applicable

The Company had no entrusted loans during the Reporting Period.

## VII. Sale of Material Assets and Equities

### 1. Sale of material assets

□Applicable ☑Not applicable

The Company did not sell material assets during the Reporting Period.

### 2. Sale of material equities

□Applicable ☑Not applicable

## VIII. Analysis of Major Subsidiaries and Investees

□Applicable ☑Not applicable

The Company had no important information about the companies controlled or invested in by the Company that should be disclosed during the Reporting Period.

## IX. Structured Entities Controlled by the Company

□Applicable ☑Not applicable

## X. Risks Facing the Company and Countermeasures

For details, see Major Risk Alerts in "Section I Important Notice, Table of Contents and Definitions".

## XI. Registration Form for Activities during the Reporting Period, including Surveys, Communication, and Interviews

☑Applicable □ N/A

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Reception time | Reception place | Reception method | Type of received visitor | Received visitors | Main topics discussed and information provided | Index to main inquiry information |
| May 24, 2023 | The online interaction platform, Value Online (http://www.ir-online.cn/) | Others | Others | To the public | Exchange of the Company's operating results in 2022 and the first quarter of 2023. | For details, see the *Record of Yangjie Technology on Investor Relation Activities on May 24, 2023* (No.: 2023-001) disclosed by the Company on www.cninfo.com.cn on May 24, 2023. |

Section IV Corporate Governance

## I. Information on the Annual General Meetings of Shareholders and the Extraordinary General Meetings of Shareholders during the Reporting Period

### 1. Information on the shareholders' meetings during the Reporting Period

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Meeting | Type of meeting(s) | Participation ratio of investors | Date of holding | Date of disclosure | Resolutions |
| 2022 Annual General Meeting | Annual Shareholders' Meeting | 49.69% | May 23, 2023 | May 23, 2023 | Seven proposals were deliberated on and approved, including the *2022 Work Report of the Board of Directors of the Company*, the *2022 Work Report of the Supervisory Committee of the Company*, the *2022 Financial Final Report of the Company*, the *2022 Profit Distribution Plan of the Company*, the *Full Text and Summary of the 2022 Annual Report of the Company*, the *Proposal for the Renewal of the Engagement of the Accounting Firm*, and the *Proposal for Changing the Registered Capital and Amending the Articles of Association*. |

### 2. Request of preferred shareholders whose voting rights have been restored to hold an extraordinary shareholders' meeting

□Applicable ☑Not applicable

## II. Changes in the Company's Directors, Supervisors and Senior Management

□Applicable ☑Not applicable

There were no changes in the directors, supervisors, and senior management officers of the Company during the Reporting Period. For details, see the 2022 Annual Report.

## III. Profit Distribution and Conversion of Capital Reserve into Share Capital during the Reporting Period

□Applicable ☑Not applicable

The Company planned not to distribute cash dividends, neither give away bonus shares, nor capitalize from public reserve for half a year.

## IV. Implementation of the Company's Share Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentive Measures

□Applicable ☑Not applicable

The Company did not have or implement share incentive plan, employee stock ownership plan or other employee incentive measures during the Reporting Period.

Section V Environmental and Social Responsibility

## I. Material Environmental Issues

Whether the listed company and its subsidiaries fall into the category of key pollutant discharge enterprises and institutions as declared by environmental protection authorities

☑Yes □No

Policies and industry standards on environmental protection

1. *Pollutant Discharge Standards for the Semiconductor Industry DB32/3747-2020*;

2. *Water Quality Standards for Sewage Discharge into Urban Sewers GB/T31962-2015*;

3. *Comprehensive Emission Standards for Air Pollutants DB32/4041-2021*;

4. *Control Standard for Fugitive Emission of Volatile Organic Compounds GB37822-2019*;

5. *Emission Standards for Odor Pollutants GB14554-93*;

6. *Emission Standard for Electroplating Pollutants GB21900-2008*;

7. *Shanghai Comprehensive Sewage Discharge Standard DB31/199-2018*;

8. *Environmental Noise Emission Standards for Industries, Enterprises and Factories GB12348-2008*;

9. *Pollution Control Standards for Hazardous Waste Storage*;

10. *Technical Specifications for the Collection, Storage and Transport of Hazardous Wastes*;

11. *Emission Standards for Cooking Oil Fumes of the Catering Industry GB18483-2001*.

Status of environmental protection administrative license

The Company's construction projects were carried out in strict accordance with the regulations on environmental protection management and the requirements of "simultaneous design, construction and commissioning". The Company applied for a national emission permit in accordance with the requirements of local environmental protection authorities, and has been issued such a permit. Management was carried out in strict accordance with the emission permit system.

The Company's environmental protection credit evaluation was graded as green.

Through continuous improvement of design, use of clean energy and raw materials, introduction of advanced technology and equipment, improvement of management, comprehensive utilization and other measures, the Company reduced pollution from the root, improved resource utilization efficiency, and reduced or avoided the generation and emission of pollutants in the production process.

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Name of the company or subsidiary | Types of major pollutants and characteristic pollutants | Names of major pollutants and characteristic pollutants | Discharge method | Number of discharge outlets | Distribution of discharge outlets | Emission concentration/intensity | Pollutant emission standards implemented | Total discharge | Approved total discharge | Excess discharge |
| West Heye Road Factory of Yangjie Technology | Wastewater | COD, SS, total nitrogen, ammonia nitrogen, total phosphorus, fluoride, LAS | After treatment with wastewater treatment devices, the wastewater was discharged into the municipal pipe network, which would be taken over by the Tangwang wastewater treatment plant. | 1 | General wastewater outlet | COD:58mg/L SS:41mg/L  Total nitrogen: 29mg/L  Ammonia nitrogen: 11mg/L  Total phosphorus: 0.05mg/L  Fluorides: 6.41 mg/L | COD: 300mg/L  SS: 250mg/L Total nitrogen: 35mg/L  Ammonia nitrogen: 20mg/L  Total phosphorus: 3mg/L Fluorides:15mg/L | COD: 20.32t  SS:14.37t Total nitrogen:10.17t  Ammonia nitrogen: 3.85t Total phosphorus: 0.018t Fluorides: 2.25t | COD: 268.8t  SS: 201.6t  Total nitrogen:47.06t Ammonia nitrogen:30.24t Total phosphorus: 5.376t Fluorides: 13.44t | None |
| West Heye Road Factory of Yangjie Technology | Exhaust gas | VOCs | Emitted from the exhaust pipe after treatment by the activated carbon adsorption device | 6 | Roof of the production department | Non-methane total hydrocarbons: 14mg/m3 | Non-methane total hydrocarbons: 50mg/m3 | Non-methane total hydrocarbons: 2.8t | Non-methane total hydrocarbons: 6.2042t | None |
| West Heye Road Factory of Yangjie Technology | Exhaust gas | HCl, NOx, sulfuric acid mist, fluoride, acetic acid, NH3 | Emitted from the exhaust pipe after treatment by lye spraying tower | 3 | Sewage station and roof of the production department | HCl: 4.3 mg/L; NOx: 0 mg/L;  Sulfuric acid mist: 0.23mg/L; fluorides: 1.24mg/L;  Acetic acid: 0mg/L; NH3: 1.45mg/L | HCl: 10mg/L  NOx: 50mg/L  Sulfuric acid mist: 5mg/L  Fluorides: 1.5mg/L  Acetic acid/mg/L  NH3: 10mg/L | HCl: 0.7t  NOx: 0t  Sulfuric acid mist: 0.04t  Fluorides: 0.35t  Acetic acid: 0t;  NH3: 0.2t | HCl: 1.769t  NOx: 1.13t  Sulfuric acid mist: 0.721t  Fluorides: 1.259t  Acetic acid: 0.32t; NH3: 0.428t | None |
| Innovation Park Factory of Yangjie Technology | Wastewater | COD, SS, ammonia nitrogen, fluoride, total phosphorus, animal and vegetable oil | After treatment with wastewater treatment devices, the wastewater was discharged into the municipal pipe network, which would be taken over by the Beishan wastewater treatment plant. | 1 | General wastewater outlet | COD: 66mg/L; SS: 28mg/L;  Ammonia nitrogen: 8.7mg/L;  Total phosphorus: 0.25mg/L  Fluorides: 6mg/L; | COD: 300mg/L  SS: 250mg/L  Ammonia nitrogen: 20mg/L  Total phosphorus: 3mg/L  Fluorides: 15mg /L | COD: 11.5t  SS: 4.9t  Ammonia nitrogen: 1.5t  Total phosphorus: 0.04t  Fluorides: 1.1t | COD: 149.76t  SS: 112.32t Ammonia nitrogen: 6.85t Total phosphorus: 3t  Fluorides: 7.49t | None |
| Innovation Park Factory of Yangjie Technology | Exhaust gas | VOCs | Emitted from the exhaust pipe after treatment by the activated carbon adsorption device | 1 | Roof of the production department | Non-methane total hydrocarbon: 1.73mg/m3 | Non-methane total hydrocarbons: 50mg/m3 | Non-methane total hydrocarbon: 0.05t | Non-methane total hydrocarbon: 0.99t | None |
| North Gaoshu Road Factory of Yangjie Technology | Wastewater | COD, SS, total nitrogen, ammonia nitrogen, total phosphorus, phenol, petroleum, total copper, and total tin | After treatment with wastewater treatment devices, the wastewater was discharged into the municipal pipe network, which would be taken over by the Beishan wastewater treatment plant. | 1 | General wastewater outlet | COD: 19mg/L  SS: 8mg/L  Total nitrogen: 2.62mg/L  Ammonia nitrogen: 0.16mg/L  Total phosphorus: 0.2mg/L  Phenol: 0mg/L  Petroleum: 0.08mg/L  Total copper: 0.02mg/L  Total tin: 0mg/L | COD: 500mg/L  SS: 400mg/L  Total nitrogen: 70mg/L  Ammonia nitrogen: 45mg/L  Total phosphorus: 8mg/L  Phenol: 1mg/L  Petroleum: 15mg/L  Total copper: 2mg/L  Total tin: 5mg/L | COD: 0.25t  SS: 0.15t  Total nitrogen: 0.034t  Ammonia nitrogen: 0.0021t  Total phosphorus: 0.002t  Phenol: 0t  Petroleum: 0.001t  Total copper: 0.0002t  Total tin: 0t | COD: 2.597t  SS: 0.81t  Total nitrogen: 0.082t  Ammonia nitrogen: 0.048t Total phosphorus: 0.006t Phenol:0.0033t  Petroleum: 0.004t Total copper: 0.008t  Total tin: 0.007t | None |
| North Gaoshu Road Factory of Yangjie Technology | Exhaust gas | Non-methane total hydrocarbons, sulfuric acid mist, nitrogen oxides | Emitted from the exhaust pipe after treatment by lye spraying tower | 2 | Roof of the production department | Sulfuric acid mist: 0mg/m3  Non-methane total hydrocarbon: 1.5mg/m3  Nitrogen oxides: 0mg/m3 | Sulfuric acid mist: 30mg/m3  Non-methane total hydrocarbon: 60mg/m3  Nitrogen oxides: 200mg/m | Non-methane total hydrocarbon: 0.1t  Sulfuric acid mist: 0t  Nitrogen oxides: 0t | Non-methane total hydrocarbons: 0.665t  Sulfuric acid mist: 0.249t  Nitrogen oxides: 0.104t | None |

Pollutant treatment

The Company's environmental protection facilities were designed, constructed and accepted simultaneously as the construction project, and put into use after acceptance in accordance with the standard requirements and specifications of administrative regulations for environmental protection. Regular operation, maintenance and other tasks were carried out to ensure the normal operation of environmental protection facilities and compliance with the emission standards. The wastewater facility outlets and the primary discharge outlet were set up with online pollutant monitoring devices, networked with local environmental protection authorities, and passed acceptance. Operation and maintenance were carried out by third-party professional institutions, and advanced treatment processes were adopted. Therefore, the concentration of pollution factors and total emissions were significantly reduced. The exhaust gas facilities were operated and maintained by professional personnel to ensure that the standards for exhaust gas emission were complied with. Hazardous wastes were entrusted to qualified third-party institutions for disposal.

Environmental Self-monitoring Plan

The Company carried out self-testing and supervised monitoring, and entrusted third parties with testing, respectively. In testing cycles, testing was in strict accordance with the emission permit and local environmental protection regulations for pollutant factors.

Contingency plans for environmental emergencies

Each of the Company's plants has prepared emergency plans for environmental emergencies, which were filed with the local environmental protection authority. Emergency drills for environmental emergencies were conducted on a regular basis every year.

Input in environmental management and protection and the payment of environmental protection-related taxes

The Company conforms to China's laws and regulations related to environmental protection and pollution control. It paid the environmental protection tax in full on time for the first half of 2023.

Administrative Penalties Imposed for Environmental Issues during the Reporting Period

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Name of the company or subsidiary | Penalty reason | Violation situation | Penalty result | Impact on the production and operation of the listed companies | Remediation measures by the company |
| N/A | N/A | N/A | N/A | N/A | N/A |

Other environmental information to be disclosed

None

Measures taken to reduce carbon emissions during the Reporting Period and their effectiveness

☑Applicable □ N/A

1. The Company expanded the scale and capacity of solar photovoltaic power generation. Self-generated electricity was mainly used by the Company itself. Carbon emissions were reduced by 1,168.1 tons in the first half of 2023.

2. The Company vigorously promoted the technology transformation of energy conservation and consumption reduction. In the first half of 2023, it pushed forward the transformation of automatic gas cut-off equipment through the downtime of the automatic welding production line and DB machines. Carbon emissions were reduced by 307.53 tons in total.

Other information related to environmental protection

None

## II. Social Responsibility

N/A

Section VI Significant Events

## I. Commitments of the Company's de facto Controllers, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Entities Fulfilled in the Reporting Period or Ongoing at the End of the Reporting Period

□Applicable ☑Not applicable

During the Reporting period, the Company did not have commitments of its de facto controllers, shareholders, related parties and acquirers, as well as the Company itself and other entities fulfilled in the Reporting Period or ongoing at the end of the Reporting Period.

## II. Information on the Company's Funds Misappropriated by Controlling Shareholders and Other Related Parties

□Applicable ☑Not applicable

The Company did not have appropriation of funds by the controlling shareholder and other related parties for non-operating purposes during the Reporting Period.

## III. Illegal External Guarantee

□Applicable ☑Not applicable

The Company had no illegal external guarantee during the Reporting Period.

## IV. Engagement and Disengagement of Accounting Firms

The semi-annual financial statement audited or not

□Yes ☑No

The semi-annual financial statement of the Company was unaudited.

## V. Notes by the Board of Directors and the Board of Supervisors on the "Non-standard Audit Report" Issued by the Accounting Firm for the Reporting Period

□Applicable ☑Not applicable

## VI. Notes by the Board of Directors on the "Non-standard Audit Report" of the Previous Year

□Applicable ☑Not applicable

## VII. Matters Related to Bankruptcy Reorganization

□Applicable ☑Not applicable

There were no matters related to bankruptcy reorganization in the Company during the Reporting Period.

## VIII. Litigation

Material litigation and arbitration

□Applicable ☑Not applicable

The Company had no material litigation and arbitration during the Reporting Period.

Other litigation

□Applicable ☑Not applicable

## IX. Punishment and Remediation

□Applicable ☑Not applicable

## X. Credit Standing of the Company as well as Its Controlling Shareholders and de facto Controllers

□Applicable ☑Not applicable

## XI. Material Related-party Transactions

### 1. Related-party transactions relevant to the Company's day-to-day management

☑Applicable □ N/A

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Related Parties | Relationship of related parties | Type of the related-party transaction | Content of the related-party transaction | Pricing principle of the related-party transaction | Price of the related-party transaction | Amount of related-party transactions (unit: RMB10,000) | Proportion to the amount of similar transactions | Amount of transactions approved (unit: RMB10,000) | Whether exceed trade credit or not | Mode of Settlement | Market price of similar transactions available | Date of disclosure | Disclosure index |
| Hunan Jiechuwei Semiconductor Technology Co., Ltd. | Before acquiring 30% equity interest in Hunan Chuwei Semiconductor, the Company held 40% equity interest in Hunan Chuwei Semiconductor, and Ms. Liang Qin, the Chairwoman of the Board of Directors of the Company, served as the Chairwoman of the Board of Directors of Hunan Chuwei Semiconductor, meeting the requirements for associated relations stipulated in Paragraph 7.2.3 in the GEM Stock Listing Rules of Shenzhen Stock Exchange. | Purchase of raw materials from related parties | The two parties negotiate to determine by referring to the fair market price | Fair | Market price | 4,484.09 | 22.94% | 4,484.09 | No | Subject to contract | 4,484.09 | April 12, 2023 | For details, see the *Announcement on Confirming Routine Related Party Transactions* (Announcement No.: 2023-017) released by the Company on April 12, 2023, on www.cninfo.com.cn. |
| Total | | | | -- | -- | 4,484.09 | -- | 4,484.09 | -- | -- | -- | -- | -- |
| Details of large-amount refunds for goods sold | | | | N/A | | | | | | | | | |
| Actual performance (if any) during the Reporting Period if the aggregate amount is estimated by category in relation to the daily related-party transactions expected to occur during the Reporting Period | | | | N/A | | | | | | | | | |
| Reasons for comparatively significant differences between the transaction price and the reference market price (if applicable) | | | | N/A | | | | | | | | | |

### 2. Related-party transactions of acquisition and sales of assets and equity

□Applicable ☑Not applicable

The Company had no related-party transactions of acquisition and sales of assets and equity during the Reporting Period.

### 3. Related-party transactions of joint external investment

□Applicable ☑Not applicable

The Company had no related-party transaction of joint external investment during the Reporting Period.

### 4. Credits and liabilities with related parties

□Applicable ☑Not applicable

The Company had no credits and liabilities with related parties during the Reporting Period.

### 5. Business with related financial companies

□Applicable ☑Not applicable

There were no deposits, loans, credit, or other financial business between the Company and the related financial companies, the shareholding financial companies, as well as related parties.

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

□Applicable ☑Not applicable

There were no deposits, loans, credit, or other financial business between financial companies controlled by the Company and related parties.

### 7. Other material related-party transactions

□Applicable ☑Not applicable

The Company had no other material related-party transactions during the Reporting Period.

## XII. Material Contracts and the Performance

### 1. Information on trusteeship, contracting, and leasing matters

**(1) Information on trusteeship matters**

□Applicable ☑Not applicable

The Company had no trusteeship matters during the Reporting Period.

**(2) Information on contracting matters**

□Applicable ☑Not applicable

The Company had no contracting matters during the Reporting Period.

**(3) Information on leasing matters**

□Applicable ☑Not applicable

The Company had no leasing matters during the Reporting Period.

### 2. Material guarantee business

□Applicable ☑Not applicable

No significant guarantees by the Company during the Reporting Period.

### 3. Material contracts in routine operations

Unit: RMB

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Party A | Party B | Total contract amount | Progress of performance of contract | Sales revenue recognized for the Reporting Period | Cumulatively recognized sales revenue | Collection of accounts receivable | Whether there were material changes in conditions that affect performance of material contracts | Whether there were material risks that prevented performance of contract |

### 4. Other material contracts

□Applicable ☑Not applicable

The Company had no other material contracts during the Reporting Period.

## XIII. Other Significant Events

☑Applicable □ N/A

1. On February 16, 2023, the Company held the 23rd Meeting of the Fourth Board of Directors to deliberate on and approve the *Proposal on Acquiring 30% Equity Interest in Hunan Chuwei Semiconductor Technology Co., Ltd.* through Public Delisting, and agreed that the Company could use its own funds to participate in the transfer of 30% equity interest in Hunan Chuwei through public delisting at the bottom price of RMB293.76 million. On February 23, 2023, the Company received the *Notice on Organizing Signing of Contract* from Hunan Exchange, confirming that the Company would be the transferee of 30% equity interest in Chuwei Semiconductor and the transaction price would be RMB293.76 million. On March 31, 2023, Chuwei Semiconductor completed the registration and filing procedures for the industrial and commercial changes in relation to this equity transfer. Upon completion of this equity transfer, the Company holds 70% of the equity in Chuwei Semiconductor, and Chuwei Semiconductor has become a controlling subsidiary of the Company and is included in the Company's consolidated financial statements.

For details, see the relevant announcements published by the Company on [www.cninfo.com.cn](file:///\\win-server\服务器资料4\客户\其他客户翻译任务\2023年\8月\扬杰科技\0819\1.%20原文\www.cninfo.com.cn) on February 18, February 28, and April 3, 2023, respectively.

2. In order to deeply engage in the international market, continuously optimize its global industrial layout, and strengthen its core competitiveness, the Company held the 25th Meeting of the Fourth Board of Directors on April 11, 2023 to deliberate and approve the *Proposal on Establishing a Subsidiary in Vietnam*, and agree that the Company could establish a subsidiary, Mico (Vietnam) Co., Ltd., in Vietnam (tentative name, subject to the approval of the local registration authority) with a planned investment amount of USD90 million. For details, see the *Announcement on Establishing a Subsidiary in Vietnam* (Announcement No.: 2023-018) published by the Company on [www.cninfo.com.cn](file:///\\win-server\服务器资料4\客户\其他客户翻译任务\2023年\8月\扬杰科技\0819\1.%20原文\www.cninfo.com.cn) on April 12, 2023.

## XIV. Significant Matters of the Company's Subsidiaries

☑Applicable □ N/A

1. In order to deeply engage in the international market, the Company established YJ Technology Japan Co., Ltd. (Yangjie Japan) in Japan. The registered capital of Yangjie Japan was JPY6 million, its business scope covers dispatching and consultancy services of technicians related to electronic components. Its registration was completed on March 13, 2023.

2. In order to further optimize its global industrial layout, the Company established Micro Commercial Components Singapore Pte. Ltd. (MCC Singapore) in Singapore. The registered capital of MCC Singapore was USD1 million. Its place of registration is 987 Serangoon Road, Singapore (328147). Its registration was completed on March 30, 2023.

3. Chuwei Semiconductor held a shareholders' meeting on March 3, 2023, to agree that Hunan Hi-tech Investment Group would transfer its 30% equity interest in Chuwei Semiconductor to Yangjie Technology, and agree that the members of the Board of Directors of Chuwei Semiconductor would be changed to Liang Qin, Dai Juan, Qiu Songjie, Yi Wenjie, and He Yi, and that the members of the Supervisory Committee would be changed to Liu Danfeng, Hua Wei, and Long Zhang. Chuwei Semiconductor completed the registration of the relevant industrial and commercial changes on March 31, 2023.

Section VII Share Changes and Shareholder Status

## I. Share Changes

### 1. Share changes

Unit: Share

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Before the change | | Increase/decrease of the change (+, -) | | | | | After the change | |
| Number | Percentage | New shares issued | Bonus issue | Shares converted from capital reserve | Others | Subtotal | Number | Percentage |
| I. Shares Subject to Selling Restrictions | 1,050,302 | 0.20% | 0 | 0 | 0 | 0 | 0 | 1,050,302 | 0.19% |
| 1. State-held shares | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| 2. Shares held by state-owned legal person | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| 3. Other domestically held shares | 1,050,302 | 0.20% | 0 | 0 | 0 | 0 | 0 | 1,050,302 | 0.19% |
| Including: Shares held by domestic legal person | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| Shares held by domestic natural person | 1,050,302 | 0.20% | 0 | 0 | 0 | 0 | 0 | 1,050,302 | 0.19% |
| 4. Foreign-held shares | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| Including: Shares held by offshore legal person | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| Shares held by offshore natural person | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| II. Shares not Subject to Selling Restrictions | 511,722,485 | 99.80% | 28,679,000 | 0 | 0 | 0 | 28,679,000 | 540,401,485 | 99.81% |
| 1. RMB ordinary shares | 511,722,485 | 99.80% | 28,679,000 | 0 | 0 | 0 | 28,679,000 | 540,401,485 | 99.81% |
| 2. Domestically listed foreign-invested shares | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| 3. Overseas listed foreign-invested shares | 0 | 0.00% | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| 4. Others | 0 |  | 0 | 0 | 0 | 0 | 0 | 0 | 0.00% |
| III. Total Shares | 512,772,787 | 100.00% | 28,679,000 | 0 | 0 | 0 | 28,679,000 | 541,451,787 | 100.00% |

Reason for share changes

☑Applicable □ N/A

By virtue of the *Reply on the Approval of the Initial Public Offering of Global Depositary Receipts and Listing on the SIX Swiss Exchange by Yangzhou Yangjie Electronic Technology Co., Ltd.* (ZH.J.X.K. [2023] No. 606) from the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") and upon approval of SIX Exchange Regulation AG, the Company issued and listed 14,339,500 GDRs on the SIX Swiss Exchange in April 2023. Each GDR represented two A shares of the Company. The corresponding number of new basic A-shares was 28,679,000, which were listed on the Shenzhen Stock Exchange on April 18, 2023. Upon completion of the issue, the total share capital of the Company increased from 512,772,787 shares to 541,451,787 shares.

Authorization for share changes

☑Applicable □ N/A

（1）Internal decision-making procedures for the issue

① On October 26, 2022, the Company held the 21st Meeting of the Fourth Board of Directors to deliberate on and approve relevant proposals, such as the *Proposal for the Offering of GDRs by the Company, Its Listing on the SIX Swiss Exchange, and Its Conversion into a Limited Company by Shares Raising Funds Abroad* and the *Proposal for the Program for the Offering of GDRs by the Company and Its Listing on the SIX Swiss Exchange*.

②On November 18, 2022, the Company held the Second Extraordinary Shareholders' Meeting of 2022 to deliberate on and approve relevant proposals, such as the *Proposal for the Offering of GDRs by the Compan*y*, Its Listing on the SIX Swiss Exchange, and Its Conversion into a Limited Company by Shares Raising Funds Abroad* and the *Proposal for the Program for the Offering of GDRs by the Company and Its Listing on the SIX Swiss Exchange*.

（2）External approval procedure for the issue

①The Company has obtained the approval of the CSRC in respect of the issue. For details, see the *Announcement on Obtaining the Approval of the China Securities Regulatory Commission (CSRC) for the Offering of GDRs and Its Listing on the SIX Swiss Exchange* (Announcement No.: 2023-012) disclosed by the Company on March 22, 2023.

②The Company has obtained the approval of SIX Exchange Regulation AG for the issue, and the approval of the Prospectus Office of SIX Exchange Regulation AG for the prospectus. For details, see the *Announcement on the Conditional Approval of the Offering of GDRs and Its Listing on the SIX Swiss Exchange by SIX Exchange Regulation AG* (Announcement No.: 2023-002) disclosed by the Company on designated media on January 30, 2023, as well as the *Announcement on the Approval of the Prospectus Office of SIX Exchange Regulation AG for the Determination of the Price Range and Prospectus of GDRs to Be Issued* (Announcement No.: 2023-020) disclosed by the Company on designated media on April 12, 2023.

Transfer of changed shares

□Applicable ☑Not applicable

Progress of implementation on share repurchase

□Applicable ☑Not applicable

Progress of implementation on reducing the holding of repurchased shares through call auction

□Applicable ☑Not applicable

Impact of share changes on financial indicators such as primary earnings per share, earnings per share diluted, and net asset value per share owned by ordinary shareholders of the Company for the most recent year and the most recent period

☑Applicable □ N/A

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | The Reporting Period | | 2022 | |
| Before the share change | After the share change | Before the share change | After the share change |
| EPS-basic (RMB/share) | 0.80 | 0.79 | 2.07 | 2.07 |
| EPS-diluted (RMB/share) | 0.80 | 0.79 | 2.07 | 2.07 |
| Item | The Reporting Period | | December 31, 2022 | |
| Before the share change | After the share change | Before the share change | After the share change |
| Net assets per share attributable to the listed company (RMB) | 12.3157 | 14.3713 | 11.9708 | 12.0003 |

Other matters to be disclosed either as deemed necessary by the Company or as required by the securities regulatory authorities

□Applicable ☑Not applicable

### 2. Changes of restricted shares

□Applicable ☑Not applicable

## II. Details of Securities Issuance and Listing

☑Applicable □ N/A

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Name of the stock and its derivative securities | Date of issue | Issue price (or interest rate) | Number of shares issued | IPO date | Number of shares approved for trading on the market | Final trading date | Disclosure index | Date of disclosure |
| Shares | | | | | | | | |
| Global depositary receipt | April 12, 2023 | USD7.50/share | 28,679,000 | April 18, 2023 | 28,679,000 |  | For details, see the *Announcement of Yangzhou Yangjie Electronic Technology Co., Ltd. on the Offering of GDRs and Its Listing on the SIX Swiss Exchange* (Announcement No.: 2023-026) published by the Company on [www.cninfo.com.cn](http://www.cninfo.com.cn). on April 19, 2023. | April 19, 2023 |
| Convertible corporate bonds, separately tradable convertible corporate bonds, corporate debt securities | | | | | | | | |
| Other derivative securities | | | | | | | | |

Description of securities issued during the Reporting Period

For details, see "1. Share changes" in "I. Share Changes" in this chapter.

## III. Number of the Company's Shareholders and Their Shareholdings

Unit: Share

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Number of ordinary shareholders at the end of the Reporting Period | | 62,905 | | Number of preferred shareholders with restored voting rights at the end of the Reporting Period (if any) (see Note 8) | | 0 | | Total number of shareholders holding special voting shares (if any) | 0 |
| Ordinary shareholders holding more than 5% of ordinary shares or shareholding of the top 10 shareholders | | | | | | | | | |
| Name of shareholder | Nature of shareholder | Shareholding ratio (%) | Number of shares held at the end of the Reporting Period | Change in shareholdings during the Reporting Period | Number of shares held subject to selling restrictions | Number of shares held not subject to selling restrictions | Pledged, marked, or frozen | | |
| Status of shares | | Number |
| Jiangsu Yangjie Investment Co., Ltd. | Domestic non-state-owned legal person | 35.38% | 191,572,400.00 |  | 0 | 191,572,400.00 | Pledged | | 18,550,000.00 |
| Jianshui County Jiejie Enterprise Management Co., Ltd. | Domestic non-state-owned legal person | 11.77% | 63,723,520.00 |  | 0 | 63,723,520.00 |  | |  |
| Citibank, National Association | Overseas legal person | 5.30% | 28,679,000.00 |  | 0 | 28,679,000.00 |  | |  |
| Hong Kong Securities Clearing Company Ltd. (HKSCC) | Overseas legal person | 2.07% | 11,232,326.00 |  | 0 | 11,232,326.00 |  | |  |
| Agricultural Bank of China Limited - Guotai Smart Car Equity Investment Fund | Others | 0.98% | 5,290,431.00 |  | 0 | 5,290,431.00 |  | |  |
| Wang Yan | Domestic natural person | 0.70% | 3,766,000.00 |  | 0 | 3,766,000.00 |  | |  |
| Huaxia Life Insurance Co., Ltd. - Own Funds | Others | 0.65% | 3,533,563.00 |  | 0 | 3,533,563.00 |  | |  |
| Guotai Junan Securities Co., Ltd. - CPIC CSI Industry Top Index Semiconductor Product and Equipment Exchange Traded Fund | Others | 0.64% | 3,490,661.00 |  | 0 | 3,490,661.00 |  | |  |
| Bank of China Limited–Guotai CES Semiconductor Chip Industry Exchange Traded Fund (ETF) | Others | 0.58% | 3,156,431.00 |  | 0 | 3,156,431.00 |  | |  |
| Industrial and Commercial Bank of China Limited–E Fund Growth Enterprise Market (GEM) Exchange Traded Fund (ETF) | Others | 0.54% | 2,926,329.00 |  | 0 | 2,926,329.00 |  | |  |
| A strategic investor or ordinary legal person becomes the top 10 shareholders due to rights issue (if any) (see Note 3) | | N/A | | | | | | | |
| Explanation on connected relationship or concerted action of the aforesaid shareholders | | 1. Ms. Liang Qin is the de facto controller of both Jiangsu Yangjie Investment Co., Ltd. and Jianshui County Jiejie Enterprise Management Co., Ltd., and is a person acting in concert;  2. Ms. Wang Yan is the sister of Ms. Liang Qin's spouse;  3. Apart from the above, the Company is not aware of any connected relationship among other shareholders or whether they are parties acting in concert as stipulated in the Administrative Measures on Acquisition of Listed Companies. | | | | | | | |
| Description of the above shareholders involved in proxy/trustee voting rights and waiver of voting rights | | Not applicable. | | | | | | | |
| Special explanation on whether the top 10 shareholders have special accounts of repurchase (see Note 11) | | Not applicable. | | | | | | | |
| Shareholdings of the top 10 ordinary shareholders not subject to trading moratorium | | | | | | | | | |
| Name of shareholder | | Number of shares not subject to selling restrictions held at the end of the Reporting Period | | | | | Type of shares | | |
| Type of shares | | Number |
| Jiangsu Yangjie Investment Co., Ltd. | | 191,572,400.00 | | | | | RMB ordinary shares | | 191,572,400.00 |
| Jianshui County Jiejie Enterprise Management Co., Ltd. | | 63,723,520.00 | | | | | RMB ordinary shares | | 63,723,520.00 |
| Citibank, National Association | | 28,679,000.00 | | | | | RMB ordinary shares | | 28,679,000.00 |
| Hong Kong Securities Clearing Company Ltd. (HKSCC) | | 11,232,326.00 | | | | | RMB ordinary shares | | 11,232,326.00 |
| Agricultural Bank of China Limited - Guotai Smart Car Equity Investment Fund | | 5,290,431.00 | | | | | RMB ordinary shares | | 5,290,431.00 |
| Wang Yan | | 3,766,000.00 | | | | | RMB ordinary shares | | 3,766,000.00 |
| Huaxia Life Insurance Co., Ltd. - Own Funds | | 3,533,563.00 | | | | | RMB ordinary shares | | 3,533,563.00 |
| Guotai Junan Securities Co., Ltd. - CPIC CSI Industry Top Index Semiconductor Product and Equipment Exchange Traded Fund | | 3,490,661.00 | | | | | RMB ordinary shares | | 3,490,661.00 |
| Bank of China Limited–Guotai CES Semiconductor Chip Industry Exchange Traded Fund (ETF) | | 3,156,431.00 | | | | | RMB ordinary shares | | 3,156,431.00 |
| Industrial and Commercial Bank of China Limited–E Fund Growth Enterprise Market (GEM) Exchange Traded Fund (ETF) | | 2,926,329.00 | | | | | RMB ordinary shares | | 2,926,329.00 |
| Explanation on the affiliation or concerted action among the top 10 shareholders of floating stocks not subject to selling restrictions, and among these shareholders and the top 10 shareholders | | 1. Ms. Liang Qin is the de facto controller of both Jiangsu Yangjie Investment Co., Ltd. and Jianshui County Jiejie Enterprise Management Co., Ltd., and is a person acting in concert;  2. Ms. Wang Yan is the sister of Ms. Liang Qin's spouse;  3. Apart from the above, the Company is not aware of any connected relationship among other shareholders or whether they are parties acting in concert as stipulated in the *Administrative Measures on Acquisition of Listed Companies*. | | | | | | | |
| Top 10 ordinary shareholders participating in margin trading and securities lending (if any) (see Note 4) | | N/A | | | | | | | |

Whether the Company has a differential voting rights arrangement

□Yes ☑No

Have the Company's top 10 ordinary shareholders, and top 10 ordinary shareholders not subject to selling restrictions, conducted agreed buy-back deals during the Reporting Period?

□Yes ☑No

The Company's top 10 ordinary shareholders, and top 10 ordinary shareholders not subject to selling restrictions, have not conducted agreed buy-back deals during the Reporting Period.

## IV. Total Amount of Pledged Shares of the Company's Controlling Shareholders or the Major Shareholder and the Persons Acting in Concert Accounting for 80% of the Amount of the Company's Shares Held by It

□Applicable ☑Not applicable

## V. Changes in the Shareholdings of the Directors, Supervisors, and Senior Management Officers of the Company

□Applicable ☑Not applicable

There were no changes in the shareholding of directors, supervisors, and senior management officers of the Company during the Reporting Period. For details, see the 2022 Annual Report.

## VI. Changes in Controlling Shareholders or de facto Controllers

Changes of controlling shareholders during the Reporting Period

□Applicable ☑Not applicable

There were no changes in controlling shareholders of the Company during the Reporting Period.

Changes of de facto controllers of the Company during the Reporting Period

□Applicable ☑Not applicable

There were no changes in de facto controllers of the Company during the Reporting Period.

Section VIII Relevant Information about Preferred Shares

□Applicable ☑Not applicable

During the Reporting Period, the Company has no preferred shares.

Section IX Relevant Information about Bonds

□Applicable ☑Not applicable

Section X Financial Statements

**I. Auditor’s Report**

Has the semi-annual report been audited?

□Yes ☑No

The Company's semi-annual financial statements has not been audited.

**II. Financial Statement**

The unit in the notes to the financial statement is RMB.

**1. Consolidated balance sheet**

Prepared by: Yangzhou Yangjie Electronic Technology Co., Ltd.

June 30, 2023

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | June 30, 2023 | January 1, 2023 |
| Current assets: |  |  |
| Cash and bank balances | 3,205,907,228.09 | 1,457,284,129.97 |
| Settlement funds |  |  |
| Loans to other banks |  |  |
| Held-for-trading financial assets | 21,400,000.00 | 63,200,000.00 |
| Derivative financial assets |  |  |
| Notes receivable | 51,761,214.07 | 13,066,108.69 |
| Accounts receivable | 1,479,614,231.88 | 1,208,174,469.34 |
| Receivables financing | 195,107,587.03 | 231,592,339.12 |
| Advances paid | 111,612,489.99 | 116,807,347.04 |
| Premiums receivable |  |  |
| Reinsurance accounts receivable |  |  |
| Reinsurance reserve receivable |  |  |
| Other receivables | 11,135,073.77 | 22,043,111.30 |
| Including: Interest receivable |  |  |
| Dividend receivable |  |  |
| Financial assets under reverse repo |  |  |
| Inventories | 1,161,724,500.64 | 1,213,168,285.70 |
| Contract assets |  |  |
| Assets held for sale |  |  |
| Non-current assets due within one year |  |  |
| Other current assets | 43,137,681.30 | 135,165,283.82 |
| Total current assets | 6,281,400,006.77 | 4,460,501,074.98 |
| Non-current assets: |  |  |
| Loans and advances |  |  |
| Debt investments |  |  |
| Other debt investments |  |  |
| Long-term receivables |  |  |
| Long-term equity investments | 60,747,681.56 | 466,606,774.74 |
| Other equity instrument investments |  |  |
| Other non-current financial assets | 444,696,592.64 | 442,446,494.05 |
| Investment property |  |  |
| Fixed assets | 3,324,897,727.75 | 2,914,129,006.48 |
| Construction in progress | 612,601,462.25 | 461,878,389.19 |
| Productive biological assets |  |  |
| Oil & gas assets |  |  |
| Right-of-use assets | 101,650,369.03 | 7,434,752.94 |
| Intangible assets | 136,444,392.36 | 129,755,445.13 |
| Development expenditures |  |  |
| Goodwill | 304,661,333.30 | 163,664,335.43 |
| Long-term prepayments | 97,117,539.85 | 98,598,854.20 |
| Deferred tax assets | 6,607,162.86 | 8,669,141.34 |
| Other non-current assets | 699,160,886.35 | 329,554,214.72 |
| Total non-current assets | 5,788,585,147.95 | 5,022,737,408.22 |
| Total assets | 12,069,985,154.72 | 9,483,238,483.20 |
| Current liabilities: |  |  |
| Short-term borrowings | 758,112,140.28 | 273,121,541.00 |
| Central bank loans |  |  |
| Loans from other banks |  |  |
| Held-for-trading financial liabilities |  |  |
| Derivative financial liabilities |  |  |
| Notes payable | 253,148,954.71 | 404,866,538.45 |
| Accounts payable | 1,171,424,090.51 | 1,045,387,673.40 |
| Advances received |  |  |
| Contract liabilities | 21,693,325.50 | 37,431,854.37 |
| Financial assets under repo |  |  |
| Absorbing deposit and interbank deposit |  |  |
| Deposit for agency security transaction |  |  |
| Deposit for agency security underwriting |  |  |
| Employee benefits payable | 90,878,657.81 | 144,438,351.00 |
| Taxes and rates payable | 32,387,349.08 | 21,829,634.84 |
| Other payables | 34,029,760.24 | 32,643,884.26 |
| Including: Interest payable |  |  |
| Dividends payable |  |  |
| Handling fee and commission payable |  |  |
| Reinsurance accounts payable |  |  |
| Liabilities held for sale |  |  |
| Non-current liabilities due within one year | 202,797,222.08 | 102,412,112.30 |
| Other current liabilities | 776,798.69 | 2,394,362.02 |
| Total current liabilities | 2,565,248,298.90 | 2,064,525,951.64 |
| Non-current liabilities: |  |  |
| Insurance policy reserve |  |  |
| Long-term borrowings | 450,241,087.28 | 400,283,333.33 |
| Bonds payable |  |  |
| Including: Preferred shares |  |  |
| Perpetual bonds |  |  |
| Lease liabilities | 113,974,087.94 | 4,863,114.56 |
| Long-term payables |  |  |
| Long-term employee benefits payable |  |  |
| Provisions |  |  |
| Deferred income | 174,366,042.49 | 159,516,602.26 |
| Deferred tax liabilities | 222,941,009.97 | 196,749,468.57 |
| Other non-current liabilities | 354,050,938.00 | 319,316,563.00 |
| Total non-current liabilities | 1,315,573,165.68 | 1,080,729,081.72 |
| Total liabilities | 3,880,821,464.58 | 3,145,255,033.36 |
| Owners' equity: |  |  |
| Share capital | 541,451,787.00 | 512,772,787.00 |
| Other equity instruments |  |  |
| Including: Preferred shares |  |  |
| Perpetual bonds |  |  |
| Capital reserve | 4,032,753,425.09 | 2,584,590,243.74 |
| Less: Treasury shares |  |  |
| Other comprehensive income | 39,234,628.37 | 28,166,283.84 |
| Special reserve |  |  |
| Surplus reserve | 256,386,393.50 | 256,386,393.50 |
| General risk reserve |  |  |
| Undistributed profit | 2,911,513,371.39 | 2,771,489,902.27 |
| Total equity attributable to the owners of the parent company | 7,781,339,605.35 | 6,153,405,610.35 |
| Non-controlling interest | 407,824,084.79 | 184,577,839.49 |
| Total owners' equity | 8,189,163,690.14 | 6,337,983,449.84 |
| Total liabilities and owners' equity | 12,069,985,154.72 | 9,483,238,483.20 |

Legal Representative: Liang Qin Chief Accountant: Dai Juan Head of Accounting Department: She Jing

**2. Parent company balance sheet**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | June 30, 2023 | January 1, 2023 |
| Current assets: |  |  |
| Cash and bank balances | 2,573,531,883.22 | 1,215,581,607.13 |
| Held-for-trading financial assets |  | 60,000,000.00 |
| Derivative financial assets |  |  |
| Notes receivable | 50,256,855.25 | 12,257,571.46 |
| Accounts receivable | 1,426,132,159.07 | 947,279,745.53 |
| Receivables financing | 97,941,177.97 | 179,001,017.43 |
| Advances paid | 12,924,595.02 | 111,224,366.27 |
| Other receivables | 32,964,845.36 | 180,771,875.41 |
| Including: Interest receivable |  |  |
| Dividend receivable |  |  |
| Inventories | 822,547,004.95 | 903,392,615.86 |
| Contract assets |  |  |
| Assets held for sale |  |  |
| Non-current assets due within one year |  |  |
| Other current assets | 8,831,767.18 | 108,385,939.51 |
| Total current assets | 5,025,130,288.02 | 3,717,894,738.60 |
| Non-current assets: |  |  |
| Debt investments |  |  |
| Other debt investments |  |  |
| Long-term receivables |  |  |
| Long-term equity investments | 1,231,810,384.23 | 928,639,042.63 |
| Other equity instrument investments |  |  |
| Other non-current financial assets | 444,696,592.64 | 442,446,494.05 |
| Investment property |  |  |
| Fixed assets | 2,154,617,395.66 | 2,192,889,927.06 |
| Construction in progress | 101,865,740.17 | 167,284,351.89 |
| Productive biological assets |  |  |
| Oil & gas assets |  |  |
| Right-of-use assets |  |  |
| Intangible assets | 66,139,497.25 | 60,378,181.76 |
| Development expenditures |  |  |
| Goodwill |  |  |
| Long-term prepayments | 64,263,651.63 | 63,061,237.28 |
| Deferred tax assets |  |  |
| Other non-current assets | 357,117,226.93 | 322,610,460.08 |
| Total non-current assets | 4,420,510,488.51 | 4,177,309,694.75 |
| Total assets | 9,445,640,776.53 | 7,895,204,433.35 |
| Current liabilities: |  |  |
| Short-term borrowings | 350,142,638.89 | 155,980,547.95 |
| Held-for-trading financial liabilities |  |  |
| Derivative financial liabilities |  |  |
| Notes payable | 210,409,199.11 | 406,448,397.73 |
| Accounts payable | 857,063,418.39 | 820,043,403.97 |
| Advances received |  |  |
| Contract liabilities | 84,459,723.68 | 135,278,305.49 |
| Employee benefits payable | 51,838,559.00 | 88,621,275.40 |
| Taxes and rates payable | 19,602,712.45 | 6,120,435.91 |
| Other payables | 22,566,581.69 | 21,915,942.22 |
| Including: Interest payable |  |  |
| Dividends payable |  |  |
| Liabilities held for sale |  |  |
| Non-current liabilities due within one year | 200,375,000.00 | 100,075,000.00 |
| Other current liabilities | 9,526,913.55 | 16,358,763.54 |
| Total current liabilities | 1,805,984,746.76 | 1,750,842,072.21 |
| Non-current liabilities: |  |  |
| Long-term borrowings | 300,146,666.67 | 400,283,333.33 |
| Bonds payable |  |  |
| Including: Preferred shares |  |  |
| Perpetual bonds |  |  |
| Lease liabilities |  |  |
| Long-term payables |  |  |
| Long-term employee benefits payable |  |  |
| Provisions |  |  |
| Deferred income | 103,699,541.01 | 95,301,491.53 |
| Deferred tax liabilities | 140,341,557.68 | 129,637,539.89 |
| Other non-current liabilities | 354,050,938.00 | 319,316,563.00 |
| Total non-current liabilities | 898,238,703.36 | 944,538,927.75 |
| Total liabilities | 2,704,223,450.12 | 2,695,380,999.96 |
| Owners' equity: |  |  |
| Share capital | 541,451,787.00 | 512,772,787.00 |
| Other equity instruments |  |  |
| Including: Preferred shares |  |  |
| Perpetual bonds |  |  |
| Capital reserve | 4,033,190,684.21 | 2,585,027,502.86 |
| Less: Treasury shares |  |  |
| Other comprehensive income |  |  |
| Special reserve |  |  |
| Surplus reserve | 256,386,393.50 | 256,386,393.50 |
| Undistributed profit | 1,910,388,461.70 | 1,845,636,750.03 |
| Total owners' equity | 6,741,417,326.41 | 5,199,823,433.39 |
| Total liabilities and owners' equity | 9,445,640,776.53 | 7,895,204,433.35 |

**3. Consolidated income statement**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | 2023 mid-year | 2022 mid-year |
| I. Total Operating Revenue | 2,624,742,386.62 | 2,951,318,679.45 |
| Including: Operating revenue | 2,624,742,386.62 | 2,951,318,679.45 |
| Interest income |  |  |
| Premiums earned |  |  |
| Revenue from handling fees and commission |  |  |
| II. Total Operating Cost | 2,146,185,766.24 | 2,229,508,412.94 |
| Including: Operating cost | 1,834,328,758.28 | 1,872,146,921.57 |
| Interest expenditures |  |  |
| Handling fees and commission expenditures |  |  |
| Surrender value |  |  |
| Net payment of insurance claims |  |  |
| Net provision of insurance policy reserve |  |  |
| Premium bonus expenditures |  |  |
| Reinsurance expenses |  |  |
| Taxes and surcharges | 19,528,614.05 | 5,578,061.95 |
| Selling expenses | 110,024,361.15 | 94,029,677.60 |
| Administrative expenses | 126,197,439.71 | 110,854,295.67 |
| R&D expenses | 165,337,184.42 | 160,263,439.71 |
| Financial expenses | -109,230,591.37 | -13,363,983.56 |
| Including: Interest expenses |  |  |
| Interest income |  |  |
| Add: Other income | 21,756,005.54 | 14,780,844.88 |
| Investment income (losses are expressed with "-") | 35,468,139.61 | 16,082,974.82 |
| Including: Investment income from associates and joint ventures |  |  |
| Gains from derecognition of financial assets at amortized cost |  |  |
| Gains on foreign exchange (losses are expressed with "-") |  |  |
| Net exposure hedging gains (losses are expressed with "-") |  |  |
| Gains from changes in fair value (losses are expressed with "-") | -15,580,233.35 | -11,218,254.41 |
| Credit impairment loss (losses are expressed with "-") | -13,889,581.05 | -14,595,165.58 |
| Assets impairment loss (losses are expressed with "-") | -27,191,500.99 | -12,866,842.09 |
| Gains on asset disposal (losses are expressed with "-") | 516,259.91 | 616,984.20 |
| III. Operating Profit (Losses are Expressed with "-") | 479,635,710.05 | 714,610,808.33 |
| Add: Non-operating revenue | 1,363,917.48 | 1,412,628.91 |
| Less: Non-operating expenditures | 6,558,907.81 | 6,667,614.79 |
| IV. Total Profit (Total Losses are Expressed with "-") | 474,440,719.72 | 709,355,822.45 |
| Less: Income tax | 69,084,485.48 | 96,154,162.85 |
| V. Net Profit (Net Losses are Expressed with "-") | 405,356,234.24 | 613,201,659.60 |
| i. Classified by operation continuity |  |  |
| 1. Net profit from continuing operations (net losses are expressed with "-") | 405,356,234.24 | 613,201,659.60 |
| 2. Net profit from discontinuing operations (net losses are expressed with "-") |  |  |
| ii. Categorized by ownership |  |  |
| 1. Net profit attributable to shareholders of parent company (or less: net loss) | 410,749,362.62 | 587,199,373.84 |
| 2. Net profit attributable to non-controlling shareholders (or less: net loss) | -5,393,128.38 | 26,002,285.76 |
| VI. Other Comprehensive Income after Tax | 11,068,344.53 | 10,574,197.92 |
| Net of other comprehensive income after tax, attributable to owners of the parent company | 11,068,344.53 | 10,574,197.92 |
| i. Other comprehensive income that will not be reclassified to profit or loss |  |  |
| 1. Remeasurement gains or losses of a defined benefit plan |  |  |
| 2. Other comprehensive income using the equity method that will not be reclassified to profit or loss |  |  |
| 3. Changes in fair value of other equity instrument investments |  |  |
| 4. Changes in fair value of enterprise's own credit risk |  |  |
| 5. Others |  |  |
| ii. Other comprehensive income to be reclassified to profit or loss | 11,068,344.53 | 10,574,197.92 |
| 1. Other comprehensive income that can be reclassified to profit or loss in equity method |  |  |
| 2. Changes in fair value of other debt investments |  |  |
| 3. Amount of financial assets reclassified into other comprehensive income |  |  |
| 4. Allowance for credit impairment of other debt investments |  |  |
| 5. Cash flow hedging reserves |  |  |
| 6. Exchange differences on translation of foreign currency financial statements | 11,068,344.53 | 10,574,197.92 |
| 7. Others |  |  |
| Net of tax of other comprehensive income attributable to non-controlling interests |  |  |
| VII. Total Comprehensive Income | 416,424,578.77 | 623,775,857.52 |
| Total comprehensive income attributable to owners of the parent company | 421,817,707.15 | 597,773,571.76 |
| Total comprehensive income attributable to non-controlling interests | -5,393,128.38 | 26,002,285.76 |
| VIII. Earnings per share (EPS): |  |  |
| i. Basic EPS | 0.79 | 1.15 |
| ii. Diluted EPS | 0.79 | 1.14 |

Amongst business combination under common control in the current period, the net profit achieved by the mergee prior to the combination is RMB (previous year: RMB ).

Legal Representative: Liang Qin Chief Accountant: Dai Juan Head of Accounting Department: She Jing

**4. Income statement of the parent company**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | 2023 mid-year | 2022 mid-year |
| I. Operating Revenue | 2,215,831,830.59 | 2,454,360,991.91 |
| Less: Operating cost | 1,675,798,013.65 | 1,719,388,240.39 |
| Taxes and surcharges | 14,794,173.02 | 3,327,138.01 |
| Selling expenses | 43,455,698.61 | 38,772,172.51 |
| Administrative expenses | 79,689,768.97 | 73,246,631.69 |
| R&D expenses | 103,719,691.62 | 96,414,756.76 |
| Financial expenses | -109,434,510.06 | -14,948,324.73 |
| Including: Interest expenses |  |  |
| Interest income |  |  |
| Add: Other income | 12,617,742.31 | 11,182,904.25 |
| Investment income (losses are expressed with "-") | 35,639,989.62 | 17,183,936.05 |
| Including: Investment income from associates and joint ventures |  |  |
| Gains from derecognition of financial assets at amortized cost |  |  |
| Net exposure hedging gains (losses are expressed with "-") |  |  |
| Gains from changes in fair value (losses are expressed with "-") | -15,580,233.35 | -11,218,254.41 |
| Credit impairment loss (losses are expressed with "-") | -24,687,662.81 | -17,891,081.47 |
| Assets impairment loss (losses are expressed with "-") | -28,013,316.71 | -22,480,380.47 |
| Gains on asset disposal (losses are expressed with "-") | 370,254.38 | 1,106,188.07 |
| II. Operating Profit (Losses are Expressed with "-") | 388,155,768.22 | 516,043,689.30 |
| Add: Non-operating revenue | 1,076,408.45 | 596,865.38 |
| Less: Non-operating expenditures | 5,925,797.75 | 6,400,043.31 |
| III. Total Profit (Total Losses are Expressed with "-") | 383,306,378.92 | 510,240,511.37 |
| Less: Income tax | 47,828,773.75 | 66,787,892.46 |
| IV. Net Profit (Net Losses are Expressed with "-") | 335,477,605.17 | 443,452,618.91 |
| i. Net profit from continuing operations (net losses are expressed with "-") | 335,477,605.17 | 443,452,618.91 |
| ii. Net profit from discontinued operations (net losses are expressed with "-") |  |  |
| V. Other Comprehensive Income after Tax |  |  |
| i. Other comprehensive income that will not be reclassified to profit or loss |  |  |
| 1. Remeasurement gains or losses of a defined benefit plan |  |  |
| 2. Other comprehensive income using the equity method that will not be reclassified to profit or loss |  |  |
| 3. Changes in fair value of other equity instrument investments |  |  |
| 4. Changes in fair value of enterprise's own credit risk |  |  |
| 5. Others |  |  |
| ii. Other comprehensive income to be reclassified to profit or loss |  |  |
| 1. Other comprehensive income that can be reclassified to profit or loss in equity method |  |  |
| 2. Changes in fair value of other debt investments |  |  |
| 3. Amount of financial assets reclassified into other comprehensive income |  |  |
| 4. Allowance for credit impairment of other debt investments |  |  |
| 5. Cash flow hedging reserves |  |  |
| 6. Exchange differences on translation of foreign currency financial statements |  |  |
| 7. Others |  |  |
| VI. Total Comprehensive Income | 335,477,605.17 | 443,452,618.91 |
| VII. Earnings per Share (EPS): |  |  |
| i. Basic EPS |  |  |
| ii. Diluted EPS |  |  |

**5. Consolidated statement of cash flows**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | 2023 mid-year | 2022 mid-year |
| I. Cash Flows from Operating Activities: |  |  |
| Cash receipts from sale of goods and the rendering of services | 2,452,430,301.15 | 2,277,856,067.76 |
| Net increase in customer bank deposits and due to banks and other financial institutions |  |  |
| Net increase in loans from the central bank |  |  |
| Net increase in funds borrowed from other financial institutions |  |  |
| Cash premiums received on original insurance contracts |  |  |
| Net cash received from re-insurance business |  |  |
| Net increase in deposits and investments from insurers |  |  |
| Cash received from interest, fees and commission |  |  |
| Net increase in funds deposit |  |  |
| Net increase in repurchase business funds |  |  |
| Net income from securities trading brokerage business |  |  |
| Tax refunds received | 14,608,149.92 | 163,969,692.82 |
| Cash received relating to other operating activities | 96,123,721.95 | 256,990,450.93 |
| Subtotal of cash inflows from operating activities | 2,563,162,173.02 | 2,698,816,211.51 |
| Cash paid for purchase of goods and services | 1,632,313,479.29 | 1,513,576,028.72 |
| Net increase of loans and advances to clients |  |  |
| Net increase in deposits with central bank and other financial institutions |  |  |
| Cash payments for insurance indemnities of original insurance contracts |  |  |
| Net increase in funds lent |  |  |
| Cash received from interest, fees and commission |  |  |
| Cash payments for policy bonus |  |  |
| Cash paid to and on behalf of employees | 505,062,544.18 | 457,358,760.50 |
| Cash payments for taxes and rates | 86,765,050.16 | 47,703,526.90 |
| Other cash payments related to operating activities | 68,469,837.26 | 180,105,962.41 |
| Subtotal of cash outflows from operating activities | 2,292,610,910.89 | 2,198,744,278.53 |
| Net cash flows from operating activities | 270,551,262.13 | 500,071,932.98 |
| II. Cash Flows from Investing Activities: |  |  |
| Cash receipts from withdrawal of investments | 60,000,000.00 | 5,003,831.75 |
| Cash receipts from investment income | 3,537,699.25 | 19,157,181.45 |
| Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets | 5,597,048.62 | 579,400.00 |
| Net cash receipts from the disposal of subsidiaries & other business units |  |  |
| Other cash receipts related to investing activities | 181,578,359.99 | 1,012,789,515.30 |
| Subtotal of cash inflows from investing activities | 250,713,107.86 | 1,037,529,928.50 |
| Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets | 262,988,113.51 | 544,425,555.67 |
| Cash payments for investments | 17,830,331.94 | 388,228,138.00 |
| Net increase in pledged borrowings |  |  |
| Net cash payments for the acquisition of subsidiaries & other business units | 162,575,790.01 |  |
| Other cash payments related to investing activities | 44,814,600.07 | 937,429,979.73 |
| Subtotal of cash outflows from investing activities | 488,208,835.53 | 1,870,083,673.40 |
| Net cash flows from investing activities | -237,495,727.67 | -832,553,744.90 |
| III. Cash Flows from Financing Activities: |  |  |
| Cash receipts from absorbing investments | 1,472,662,356.10 |  |
| Including: Cash received by subsidiaries from non-controlling shareholders as investments |  |  |
| Cash receipts from borrowings | 731,103,016.22 | 551,525,998.01 |
| Other cash receipts related to financing activities |  |  |
| Subtotal of cash inflows from financing activities | 2,203,765,372.32 | 551,525,998.01 |
| Cash payments for the repayment of borrowings | 275,811,515.93 | 438,857,367.37 |
| Cash payments for distribution of dividends or profits and for interest expenses | 285,839,512.83 | 120,563,966.54 |
| Including: Dividends or profit paid to non-controlling shareholders of subsidiaries |  |  |
| Other cash payments related to financing activities | 10,670,468.69 | 2,460,000.00 |
| Subtotal of cash outflows from financing activities | 572,321,497.45 | 561,881,333.91 |
| Net cash flows from financing activities | 1,631,443,874.87 | -10,355,335.90 |
| IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents | 91,857,181.69 | 14,123,371.32 |
| V. Net Increase in Cash and Cash Equivalents | 1,756,356,591.02 | -328,713,776.50 |
| Add: Opening balance of cash and cash equivalents | 1,429,416,363.84 | 1,058,650,806.36 |
| VI. Closing Balance of Cash and Cash Equivalents | 3,185,772,954.86 | 729,937,029.86 |

**6. Parent company statement of cash flows**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | 2023 mid-year | 2022 mid-year |
| I. Cash Flows from Operating Activities: |  |  |
| Cash receipts from sale of goods and the rendering of services | 2,215,090,177.25 | 2,584,747,948.82 |
| Tax refunds received | 4,966,912.84 | 122,895,900.48 |
| Cash received relating to other operating activities | 68,945,747.95 | 189,930,075.40 |
| Subtotal of cash inflows from operating activities | 2,289,002,838.04 | 2,897,573,924.70 |
| Cash paid for purchase of goods and services | 1,953,422,685.24 | 2,084,277,790.95 |
| Cash paid to and on behalf of employees | 285,891,204.71 | 276,834,954.91 |
| Cash payments for taxes and rates | 45,967,214.84 | 20,232,878.02 |
| Other cash payments related to operating activities | 35,557,638.56 | 165,644,477.68 |
| Subtotal of cash outflows from operating activities | 2,320,838,743.35 | 2,546,990,101.56 |
| Net cash flows from operating activities | -31,835,905.31 | 350,583,823.14 |
| II. Cash Flows from Investing Activities: |  |  |
| Cash receipts from withdrawal of investments | 60,000,000.00 | 23,003,831.75 |
| Cash receipts from investment income | 3,063,684.91 | 18,642,309.57 |
| Net cash receipts from the disposal of fixed assets, intangible assets and other long-term assets | 1,781,300.86 | 70,900.00 |
| Net cash receipts from the disposal of subsidiaries & other business units |  |  |
| Other cash receipts related to investing activities | 226,798,266.52 | 989,769,515.30 |
| Subtotal of cash inflows from investing activities | 291,643,252.29 | 1,031,486,556.62 |
| Cash payments for the acquisition of fixed assets, intangible assets and other long-term assets | 70,057,251.57 | 390,868,394.76 |
| Cash payments for investments | 49,930,331.94 | 435,491,381.73 |
| Net cash payments for the acquisition of subsidiaries & other business units | 293,760,000.00 |  |
| Other cash payments related to investing activities |  | 937,429,979.73 |
| Subtotal of cash outflows from investing activities | 413,747,583.51 | 1,763,789,756.22 |
| Net cash flows from investing activities | -122,104,331.22 | -732,303,199.60 |
| III. Cash Flows from Financing Activities: |  |  |
| Cash receipts from absorbing investments | 1,470,369,156.10 |  |
| Cash receipts from borrowings | 400,000,000.00 | 490,797,440.00 |
| Other cash receipts related to financing activities | 81,646,534.23 |  |
| Subtotal of cash inflows from financing activities | 1,952,015,690.33 | 490,797,440.00 |
| Cash payments for the repayment of borrowings | 205,000,000.00 | 434,908,140.00 |
| Cash payments for distribution of dividends or profits and for interest expenses | 281,318,508.12 | 118,889,149.78 |
| Other cash payments related to financing activities | 10,670,468.69 |  |
| Subtotal of cash outflows from financing activities | 496,988,976.81 | 553,797,289.78 |
| Net cash flows from financing activities | 1,455,026,713.52 | -62,999,849.78 |
| IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents | 73,415,057.06 | 7,065,723.06 |
| V. Net Increase in Cash and Cash Equivalents | 1,374,501,534.05 | -437,653,503.18 |
| Add: Opening balance of cash and cash equivalents | 1,187,713,841.00 | 848,540,049.86 |
| VI. Closing Balance of Cash and Cash Equivalents | 2,562,215,375.05 | 410,886,546.68 |

**7. Consolidated statement of changes in equity**

Amount during the current period

Unit: RMB

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Item | 2023 mid-year | | | | | | | | | | | | | | |
| Equity attributable to parent company | | | | | | | | | | | | | Non-controlling interest | Total owners' equity |
| Share capital | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | General risk reserve | Undistributed profit | Others | Subtotal |
| Preferred shares | Perpetual bonds | Others |
| I. Balance at the end of prior year | 512,772,787.00 |  |  |  | 2,584,590,243.74 |  | 28,166,283.84 |  | 256,386,393.50 |  | 2,771,489,902.27 |  | 6,153,405,610.35 | 184,577,839.49 | 6,337,983,449.84 |
| Add: Cumulative changes of accounting policies |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Error correction of prior period |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Business combination under common control |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Others |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| II. Opening Balance of Current Year | 512,772,787.00 |  |  |  | 2,584,590,243.74 |  | 28,166,283.84 |  | 256,386,393.50 |  | 2,771,489,902.27 |  | 6,153,405,610.35 | 184,577,839.49 | 6,337,983,449.84 |
| III. Current Period Increase (Decrease Is Expressed with "-") | 28,679,000.00 |  |  |  | 1,448,163,181.35 |  | 11,068,344.53 |  |  |  | 140,023,469.12 |  | 1,627,933,995.00 | 223,246,245.30 | 1,851,180,240.30 |
| i. Total comprehensive income |  |  |  |  |  |  | 11,068,344.53 |  |  |  | 410,749,362.62 |  | 421,817,707.15 | -5,393,128.38 | 416,424,578.77 |
| ii. Capital contributed or withdrawn by owners | 28,679,000.00 |  |  |  | 1,448,163,181.35 |  |  |  |  |  |  |  | 1,476,842,181.35 | 228,639,373.68 | 1,705,481,555.03 |
| 1. Ordinary shares contributed by owners | 28,679,000.00 |  |  |  | 1,428,893,461.35 |  |  |  |  |  |  |  | 1,457,572,461.35 | 228,639,373.68 | 1,686,211,835.03 |
| 2. Capital contributed by holders of other equity instruments |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3. Amount of share-based payment included in equity |  |  |  |  | 19,269,720.00 |  |  |  |  |  |  |  | 19,269,720.00 |  | 19,269,720.00 |
| 4. Others |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| iii. Profit distribution |  |  |  |  |  |  |  |  |  |  | -270,725,893.50 |  | -270,725,893.50 |  | -270,725,893.50 |
| 1. Appropriation of surplus reserve |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2. Appropriation of general risk reserve |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3. Appropriation of profit to owners (or shareholders) |  |  |  |  |  |  |  |  |  |  | -270,725,893.50 |  | -270,725,893.50 |  | -270,725,893.50 |
| 4. Others |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| iv. Internal carry-over within equity |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1. Transfer of capital reserve to capital (or share capital) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2. Transfer of surplus reserve to capital (or share capital) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3. Surplus reserve to cover losses |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 4. Changes in defined benefit plan carried over to retained earnings |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 5. Other comprehensive income carried over to retained earnings |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 6. Others |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| v. Special reserve |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1. Appropriation of current period |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2. Application of current period |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| vi. Others |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| IV. Closing Balance of Current Period | 541,451,787.00 |  |  |  | 4,032,753,425.09 |  | 39,234,628.37 |  | 256,386,393.50 |  | 2,911,513,371.39 |  | 7,781,339,605.35 | 407,824,084.79 | 8,189,163,690.14 |

Amount of prior year

Unit: RMB

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Item | 2022 mid-year | | | | | | | | | | | | | | |
| Equity attributable to parent company | | | | | | | | | | | | | Non-controlling interest | Total owners' equity |
| Share capital | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | General risk reserve | Undistributed profit | Others | Subtotal |
| Preferred shares | Perpetual bonds | Others |
| I. Balance at the end of prior year | 512,400,109.00 |  |  |  | 2,516,500,289.67 | 19,174,991.68 | -6,885,250.92 |  | 179,615,383.10 |  | 1,900,563,877.06 |  | 5,083,019,416.23 | 150,418,120.79 | 5,233,437,537.02 |
| Add: Cumulative changes of accounting policies |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Error correction of prior period |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Business combination under common control |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Others |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| II. Opening Balance of Current Year | 512,400,109.00 |  |  |  | 2,516,500,289.67 | 19,174,991.68 | -6,885,250.92 |  | 179,615,383.10 |  | 1,900,563,877.06 |  | 5,083,019,416.23 | 150,418,120.79 | 5,233,437,537.02 |
| III. Current Period Increase (Decrease Is Expressed with "-") |  |  |  |  | 20,517,402.51 |  | 10,574,197.92 |  |  |  | 474,750,908.70 |  | 505,842,509.13 | 26,502,285.76 | 532,344,794.89 |
| i. Total comprehensive income |  |  |  |  |  |  | 10,574,197.92 |  |  |  | 587,199,373.84 |  | 597,773,571.76 | 26,002,285.76 | 623,775,857.52 |
| ii. Capital contributed or withdrawn by owners |  |  |  |  | 20,517,402.51 |  |  |  |  |  |  |  | 20,517,402.51 | 500,000.00 | 21,017,402.51 |
| 1. Ordinary shares contributed by owners |  |  |  |  |  |  |  |  |  |  |  |  |  | 500,000.00 | 500,000.00 |
| 2. Capital contributed by holders of other equity instruments |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3. Amount of share-based payment included in equity |  |  |  |  | 20,517,402.51 |  |  |  |  |  |  |  | 20,517,402.51 |  | 20,517,402.51 |
| 4. Others |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| iii. Profit distribution |  |  |  |  |  |  |  |  |  |  | -112,448,465.14 |  | -112,448,465.14 |  | -112,448,465.14 |
| 1. Appropriation of surplus reserve |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2. Appropriation of general risk reserve |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3. Appropriation of profit to owners (or shareholders) |  |  |  |  |  |  |  |  |  |  | -112,448,465.14 |  | -112,448,465.14 |  | -112,448,465.14 |
| 4. Others |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| iv. Internal carry-over within equity |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1. Transfer of capital reserve to capital (or share capital) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2. Transfer of surplus reserve to capital (or share capital) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3. Surplus reserve to cover losses |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 4. Changes in defined benefit plan carried over to retained earnings |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 5. Other comprehensive income carried over to retained earnings |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 6. Others |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| v. Special reserve |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 1. Appropriation of current period |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2. Application of current period |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| vi. Others |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| IV. Closing Balance of Current Period | 512,400,109.00 |  |  |  | 2,537,017,692.18 | 19,174,991.68 | 3,688,947.00 |  | 179,615,383.10 |  | 2,375,314,785.76 |  | 5,588,861,925.36 | 176,920,406.55 | 5,765,782,331.91 |

**8. Parent company statement of changes in equity**

Amount during the current period

Unit: RMB

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Item | 2023 mid-year | | | | | | | | | | | |
| Share capital | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profit | Others | Total owners' equity |
| Preferred shares | Perpetual bonds | Others |
| I. Balance at the end of prior year | 512,772,787.00 |  |  |  | 2,585,027,502.86 |  |  |  | 256,386,393.50 | 1,845,636,750.03 |  | 5,199,823,433.39 |
| Add: Cumulative changes of accounting policies |  |  |  |  |  |  |  |  |  |  |  |  |
| Error correction of prior period |  |  |  |  |  |  |  |  |  |  |  |  |
| Others |  |  |  |  |  |  |  |  |  |  |  |  |
| II. Opening Balance of Current Year | 512,772,787.00 |  |  |  | 2,585,027,502.86 |  |  |  | 256,386,393.50 | 1,845,636,750.03 |  | 5,199,823,433.39 |
| III. Current Period Increase (Decrease Is Expressed with "-") | 28,679,000.00 |  |  |  | 1,448,163,181.35 |  |  |  |  | 64,751,711.67 |  | 1,541,593,893.02 |
| i. Total comprehensive income |  |  |  |  |  |  |  |  |  | 335,477,605.17 |  | 335,477,605.17 |
| ii. Capital contributed or withdrawn by owners | 28,679,000.00 |  |  |  | 1,448,163,181.35 |  |  |  |  |  |  | 1,476,842,181.35 |
| 1. Ordinary shares contributed by owners | 28,679,000.00 |  |  |  | 1,428,893,461.35 |  |  |  |  |  |  | 1,457,572,461.35 |
| 2. Capital contributed by holders of other equity instruments |  |  |  |  |  |  |  |  |  |  |  |  |
| 3. Amount of share-based payment included in equity |  |  |  |  | 19,269,720.00 |  |  |  |  |  |  | 19,269,720.00 |
| 4. Others |  |  |  |  |  |  |  |  |  |  |  |  |
| iii. Profit distribution |  |  |  |  |  |  |  |  |  | -270,725,893.50 |  | -270,725,893.50 |
| 1. Appropriation of surplus reserve |  |  |  |  |  |  |  |  |  |  |  |  |
| 2. Appropriation of profit to owners (or shareholders) |  |  |  |  |  |  |  |  |  | -270,725,893.50 |  | -270,725,893.50 |
| 3. Others |  |  |  |  |  |  |  |  |  |  |  |  |
| iv. Internal carry-over within equity |  |  |  |  |  |  |  |  |  |  |  |  |
| 1. Transfer of capital reserve to capital (or share capital) |  |  |  |  |  |  |  |  |  |  |  |  |
| 2. Transfer of surplus reserve to capital (or share capital) |  |  |  |  |  |  |  |  |  |  |  |  |
| 3. Surplus reserve to cover losses |  |  |  |  |  |  |  |  |  |  |  |  |
| 4. Changes in defined benefit plan carried over to retained earnings |  |  |  |  |  |  |  |  |  |  |  |  |
| 5. Other comprehensive income carried over to retained earnings |  |  |  |  |  |  |  |  |  |  |  |  |
| 6. Others |  |  |  |  |  |  |  |  |  |  |  |  |
| v. Special reserve |  |  |  |  |  |  |  |  |  |  |  |  |
| 1. Appropriation of current period |  |  |  |  |  |  |  |  |  |  |  |  |
| 2. Application of current period |  |  |  |  |  |  |  |  |  |  |  |  |
| vi. Others |  |  |  |  |  |  |  |  |  |  |  |  |
| IV. Closing Balance of Current Period | 541,451,787.00 |  |  |  | 4,033,190,684.21 |  |  |  | 256,386,393.50 | 1,910,388,461.70 |  | 6,741,417,326.41 |

Previous period

Unit: RMB

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Item | 2022 mid-year | | | | | | | | | | | |
| Share capital | Other equity instruments | | | Capital reserve | Less: Treasury shares | Other comprehensive income | Special reserve | Surplus reserve | Undistributed profit | Others | Total owners' equity |
| Preferred shares | Perpetual bonds | Others |
| I. Balance at the end of prior year | 512,400,109.00 |  |  |  | 2,516,937,548.79 | 19,174,991.68 |  |  | 179,615,383.10 | 1,190,029,310.96 |  | 4,379,807,360.17 |
| Add: Cumulative changes of accounting policies |  |  |  |  |  |  |  |  |  |  |  |  |
| Error correction of prior period |  |  |  |  |  |  |  |  |  |  |  |  |
| Others |  |  |  |  |  |  |  |  |  |  |  |  |
| II. Opening Balance of Current Year | 512,400,109.00 |  |  |  | 2,516,937,548.79 | 19,174,991.68 |  |  | 179,615,383.10 | 1,190,029,310.96 |  | 4,379,807,360.17 |
| III. Current Period Increase (Decrease Is Expressed with "-") |  |  |  |  | 20,517,402.51 |  |  |  |  | 331,004,153.77 |  | 351,521,556.28 |
| i. Total comprehensive income |  |  |  |  |  |  |  |  |  | 443,452,618.91 |  | 443,452,618.91 |
| ii. Capital contributed or withdrawn by owners |  |  |  |  | 20,517,402.51 |  |  |  |  |  |  | 20,517,402.51 |
| 1. Ordinary shares contributed by owners |  |  |  |  |  |  |  |  |  |  |  |  |
| 2. Capital contributed by holders of other equity instruments |  |  |  |  |  |  |  |  |  |  |  |  |
| 3. Amount of share-based payment included in equity |  |  |  |  | 20,517,402.51 |  |  |  |  |  |  | 20,517,402.51 |
| 4. Others |  |  |  |  |  |  |  |  |  |  |  |  |
| iii. Profit distribution |  |  |  |  |  |  |  |  |  | -112,448,465.14 |  | -112,448,465.14 |
| 1. Appropriation of surplus reserve |  |  |  |  |  |  |  |  |  |  |  |  |
| 2. Appropriation of profit to owners (or shareholders) |  |  |  |  |  |  |  |  |  | -112,448,465.14 |  | -112,448,465.14 |
| 3. Others |  |  |  |  |  |  |  |  |  |  |  |  |
| iv. Internal carry-over within equity |  |  |  |  |  |  |  |  |  |  |  |  |
| 1. Transfer of capital reserve to capital (or share capital) |  |  |  |  |  |  |  |  |  |  |  |  |
| 2. Transfer of surplus reserve to capital (or share capital) |  |  |  |  |  |  |  |  |  |  |  |  |
| 3. Surplus reserve to cover losses |  |  |  |  |  |  |  |  |  |  |  |  |
| 4. Changes in defined benefit plan carried over to retained earnings |  |  |  |  |  |  |  |  |  |  |  |  |
| 5. Other comprehensive income carried over to retained earnings |  |  |  |  |  |  |  |  |  |  |  |  |
| 6. Others |  |  |  |  |  |  |  |  |  |  |  |  |
| v. Special reserve |  |  |  |  |  |  |  |  |  |  |  |  |
| 1. Appropriation of current period |  |  |  |  |  |  |  |  |  |  |  |  |
| 2. Application of current period |  |  |  |  |  |  |  |  |  |  |  |  |
| vi. Others |  |  |  |  |  |  |  |  |  |  |  |  |
| IV. Closing Balance of Current Period | 512,400,109.00 |  |  |  | 2,537,454,951.30 | 19,174,991.68 |  |  | 179,615,383.10 | 1,521,033,464.73 |  | 4,731,328,916.45 |

**III. Company Profile**

Yangzhou Yangjie Electronic Technology Co., Ltd. (hereinafter referred to as the "Company"), a limited liability company by shares, was transformed from a limited liability company. It was registered at the Administration for Industry and Commerce of Yangzhou, Jiangsu on August 2, 2006, and obtained a corporate business license with registration code numbered Q.H.S.Y.Z.Z. No. 003428. Taking February 28, 2011 as the benchmark date, the Company was transformed into a limited liability by shares on an integral basis and was registered at the Administration for Industry and Commerce of Yangzhou, Jiangsu on April 18, 2011. Headquartered in Yangzhou City, Jiangsu Province, the Company currently holds a business license with unified social credit code of 913210007908906337, and has registered capital of RMB541,451,787.00, with total share of 541,451,787.00 shares (each with par value of RMB1), of which, 1,050,302 shares are restricted outstanding A shares, and 540,401,485 shares are unrestricted outstanding A shares. The Company's shares were listed on the Shenzhen Stock Exchange on January 23, 2014.

The Company belongs to electronic components manufacturing industry and is mainly engaged in R&D, manufacturing and sales of discrete semiconductor products such as semiconductor components, semiconductor chips and semiconductor silicon wafers. The Company's main products are semiconductor components, semiconductor chips, semiconductor silicon wafers, etc.

This financial statement was approved and authorized for issue by the 3rd meeting of the fifth session of the Board of Directors dated August 24, 2023.

The Company has brought 28 subsidiaries including J&V Semiconductor Co., Ltd., Yangzhou Jaywin Auto Chip Co., Ltd., Jiangsu Yangjie Semiconductor Co., Ltd., Chengdu Qingyang Electronic Material Co., Ltd., Micro Commercial Components Corporation, MCC Semiconductor HK Co., Ltd., MCC Semiconductor Co., Ltd., Shenzhen MCC Semiconductor Co., Ltd., Jiangsu MCC Semiconductor Co., Ltd., Hangzhou E-Giant Semiconductor Technology Co., Ltd., Yangzhou Jiemei Semiconductor Co., Ltd., MCC GmbH, Yangjie Electronic Korea Co., Ltd., Caswell Industries Limited, Yixing Jiexin Semiconductor Co., Ltd., Shanghai Paiqi Microelectronics Co., Ltd., Shanghai Lingxin Semiconductor Technology Co., Ltd., Sihong Hongxin Semiconductor Co., Ltd., Yangjie Technology (Wuxi) Co., Ltd., Wuxi Lingxin Semiconductor Technology Co., Ltd., Jiangsu Yangjie Runau Semiconductor Co., Ltd., Sichuan Yajixin Electronic Technology Co., Ltd., Inner Mongolia Qingyang Electronic Material Co., Ltd., Wuxi Jiexiwei Semiconductor Co., Ltd., Yangzhou Jieguan Microelectronics Co., Ltd., Yangjie Technology Japan Co., Ltd., MCC SINGAPORE PTE. LTD, and Hunan Jiechuwei Semiconductor Technology Co., Ltd. into the consolidation scope. Please refer to Note VI and VII of notes to the financial statements for details.

**IV. Preparation Basis of the Financial Statement**

**1. Preparation basis**

The financial statements have been prepared on the basis of going concern.

**2. Continued operations**

The Company has no events or conditions that may cast significant doubts upon the Company's ability to continue as a going concern within the 12 months after the balance sheet date.

**V. Significant Accounting Policies and Estimates**

Notes to specific accounting policies and estimates:

The following disclosures have covered specific accounting policies and estimates developed by the Company in line with the features of its practical production and operations.

**1. Statement of compliance with the Chinese Accounting Standards for Business Enterprises (CASBE)**

The financial statements have been prepared in accordance with the requirements of China Accounting Standards for Business Enterprises (CASBEs), and present truly and completely the financial position, financial performance and cash flows of the Company.

**2. Accounting period**

The accounting year of the Company runs from January 1 to December 31 under the Gregorian calendar.

**3. Operating cycle**

The Company has a relatively short operating cycle for its business, and an asset or a liability is classified as current if it is expected to be realized or due within 12 months.

**4. Functional currency**

The functional currency of the Company and its domestic subsidiaries is Renminbi (RMB), while the functional currency of subsidiaries engaged in overseas operations including MCC USA and MCC Taiwan is the currency of the primary economic environment in which they operate.

**5. Accounting treatment methods for business combination involving entities under and not under common control**

(1) Accounting treatment method for business combination involving entities under common control

The Company's assets and liabilities acquired from business combinations will be measured according to the carrying amount of the acquiree in the consolidated financial statement of the ultimate controlling party at the combination date. Difference between carrying amount of the equity of the acquiree included in the consolidated financial statements of the ultimate controlling party and that of the combination consideration or total par value of shares issued is adjusted to capital reserve, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

(2) Accounting treatment method for business combination involving entities not under common control

When the combination cost is in excess of the fair value of identifiable net assets obtained from the acquiree at the acquisition date, the excess is recognized by the Company as goodwill; otherwise, the fair value of identifiable assets, liabilities and contingent liabilities obtained from the acquiree, and the measurement of the combination cost are reviewed, then the difference is included in current profit or loss.

**6. Preparation methods for consolidated financial statements**

The parent company brings all its controlled subsidiaries into the consolidation scope. The consolidated financial statements are based on the financial statements of the parent company and its subsidiaries and are prepared by the parent company according to other relevant information and *CASBE No. 33 - Consolidated Financial Statements*.

**7. Recognition criteria of cash and cash equivalents**

Cash listed in the cash flow statement refers to cash on hand and reserves always available for payment. Cash equivalents refer to investments that are held for a short term, highly liquid, and readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

**8. Conversion of transactions denominated in foreign currency and foreign currency financial statement conversion**

(1) Conversion of transactions denominated in foreign currency

Transactions denominated in foreign currency are converted into RMB at the spot exchange rate at the transaction date at initial recognition. At the balance sheet date, the foreign monetary items are converted at the spot exchange rate at the balance sheet date, and the exchange difference arising from exchange rate difference, except for the exchange difference arising from principal and interest of foreign currency special borrowings relating to purchasing assets satisfying capitalization conditions, is included in current profit or loss; the foreign non-monetary items measured at historical cost are still converted at the spot exchange rate at the transaction date, and its RMB amount will not be changed; the foreign non-monetary items measured at fair value are converted at the spot exchange rate at the fair value determination date, and the difference is included in current profit or loss or other comprehensive income.

(2) Foreign currency financial statement conversion

The assets and liabilities in the balance sheet are converted at the spot exchange rate at the balance sheet date; the equity items, other than undistributed profit, are converted at the spot exchange rate at the transaction date; the incomes and expenses in the income statement are converted at the spot exchange rate at the transaction date. The foreign currency financial statement conversion difference arising from the aforementioned translation is included in other comprehensive income.

**9. Financial instruments**

(1) Classification of financial assets and financial liabilities

Financial assets are classified into the following three categories when initially recognized: 1) financial assets at amortized cost; 2) financial assets at fair value through other comprehensive income; 3) financial assets at fair value through profit or loss.

Financial liabilities are classified into the following four categories when initially recognized: 1) financial liabilities at fair value through profit or loss; 2) financial assets that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies; 3) financial guarantee contracts not falling within the above categories 1) and 2), and commitments to provide a loan at a below-market interest rate, which do not fall within the above category 1); 4) financial liabilities at amortized cost.

(2) Recognition criteria, measurement method and derecognition of financial assets and financial liabilities

1) Recognition criteria and initial measurement method of financial assets and financial liabilities

A financial instrument is recognized as an asset or liability when the Company becomes a party thereto. The financial assets and financial liabilities initially recognized are measured at fair value; for the financial assets and liabilities at fair value through profit or loss, the transaction expenses thereof are directly included in profit or loss; for other categories of financial assets and financial liabilities, the transaction expenses thereof are included into the initially recognized amount. However, if the accounts receivable initially recognized by the Company do not include material financing component or the financing component in the contract less than one year and not considered by the Company, the initial measurement is done according to the transaction price defined in *CASBE No. 14 - Incomes*.

2) Subsequent measurement method of financial assets

a. Financial assets measured at amortized cost

The Company measures its financial assets at the amortized costs using effective interest method. Gains or losses on financial assets that are measured at amortized cost and are not part of hedging relationships shall be included into profit or loss when the financial assets are derecognized, reclassified, amortized using effective interest method or recognized with impairment loss.

b. Debt instrument investments at fair value through other comprehensive income

The Company measures its debt instrument investments at fair value. Interests, impairment gains or losses, and gains and losses on foreign exchange that calculated using effective interest method shall be included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into profit or loss when the financial assets are derecognized.

c. Equity instrument investments at fair value through other comprehensive income

The Company measures its debt instrument investments at fair value. Dividends obtained (other than those as part of investment cost recovery) are included into profit or loss, while other gains or losses are included into other comprehensive income. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into retained earnings when the financial assets are derecognized.

d. Financial assets measured at fair value through profit and loss for the current period

The Company measures its financial assets at fair value. Gains or losses arising from changes in fair value (including interests and dividends) shall be included into profit or loss, except for financial assets that are part of hedging relationships.

3) Subsequent measurement of financial liabilities

a. Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include held-for-trading financial liabilities (including derivatives that are liabilities) and financial liabilities designated as at fair value through profit or loss. Such financial liabilities are subsequently measured at fair value. The amount of changes in the fair value of the financial liabilities designated as at fair value through profit or loss that are attributable to changes in the Company’s own credit risk is included into other comprehensive income, unless such treatment will create or enlarge accounting mismatches in profit or loss. Other gains or losses on those financial liabilities (including interests, changes in fair value that are attributable to reasons other than changes in the Company's own credit risk) are included into profit or loss, except for financial liabilities that are part of hedging relationships. Accumulated gains or losses that initially recognized as other comprehensive income should be transferred out into retained earnings when the financial assets are derecognized.

b. Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies

They are measured according to the relevant provisions of *CASBE No. 23 - Transfer of Financial Assets*.

c. Financial guarantee contracts not falling within the above categories a and b, and commitments to provide a loan at a below-market interest rate, which do not fall within the above category a

They are subsequently measured at the higher of the following two amounts after initial recognition: a. the amount of loss allowances in accordance with impairment requirements of financial instruments; b. the amount initially recognized less the amount of accumulated amortization recognized according to the relevant provisions of *CASBE No. 14 - Revenues*.

d. Financial liabilities at amortized cost

Such financial liabilities are measured at amortized cost using the effective interest method. Gains or losses arising from a financial liability measured at amortized cost which does not form part of any hedging relationship are recorded in current profit or loss at the time of derecognition or amortization according to the effective interest method.

4) Derecognition of financial assets and financial liabilities

a. The financial assets meeting any one of the following conditions will be derecognized:

a) The contractual rights to the cash flows from the financial assets expire; or

b) The financial assets have been transferred and the transfer qualifies for derecognition according to *CASBE No. 23 - Transfer of Financial Assets*.

b. When the prevailing obligations of the financial liabilities (or a part thereof) have been terminated, the financial liabilities (or the part thereof) will be derecognized accordingly.

(3) Recognition criteria and measurement method of financial assets transfer

If the Company has transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized, and the right and obligation arising from or retained in the transfer are individually recognized as an asset or liability. If substantially all risks and rewards of ownership of the financial asset are retained, the financial asset transferred remains recognized. If the Company does not transfer or retain substantially all risks and rewards of ownership of the financial asset, the financial asset will be individually dealt with according to the following circumstances: 1) if the Company does not retain its control over the financial asset, the financial asset is derecognized, and the right and obligation arising from or retained in the transfer are individually recognized as an asset or liability; 2) if the Company retains its control over the financial asset, the financial asset is recognized as the related financial asset to the extent when the continuing involvement approach applies to the transfer of the financial asset, and the relevant liabilities are recognized accordingly.

If the transfer of an entire financial asset qualifies for derecognition, the difference between the following two amounts is included in profit or loss: 1) the carrying amount of the transferred financial asset at the derecognition date; 2) the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the derecognized financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If a part of the financial asset has been transferred and the transfer qualifies for derecognition, the entire carrying value of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the following two amounts is included into profit or loss: 1) the carrying amount of the portion which is derecognized; 2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income).

(4) Fair value determination method of financial assets and financial liabilities

The Company applies valuation techniques that are applicable in the current situation and are supported by sufficient available data and other information to determine the fair value of relevant financial assets and financial liabilities. The Company classifies the inputs of valuation techniques into the following levels and applies them accordingly:

1) Level I inputs are the unadjusted price quoted in the active market of the same assets or liabilities which can be obtained at the measurement date;

2) Level II inputs are the directly or indirectly observable inputs of the related assets or liabilities, other than Level I inputs, including: the quoted price of similar assets or liabilities in the active market; the quoted price of the same or similar assets or liabilities in the non-active market; other observable inputs than the aforementioned quoted prices, such as observable interest rate and yield curve during normal quotation intervals; inputs validated in the market, etc.;

3) Level III inputs are the non-observable inputs of the related assets or liabilities, including the interest rate which are not directly observable or not validated by observable market data, stock fluctuation ratio, future cash flow of the retirement obligations undertaken in business combination, financial forecast made by using its own data, etc.

(5) Impairment of financial instruments

1) Measurement and accounting treatment for impairment of financial instruments

The Company, on the basis of expected credit loss, recognizes loss allowances of financial assets at amortized cost, debt instrument investments at fair value through other comprehensive income, contract assets, leases receivable, loan commitments other than financial liabilities at fair value through profit or loss, financial guarantee contracts not belong to financial liabilities at fair value through profit or loss or financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

Expected credit losses refer to the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit loss refers to the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. Among which, purchased or originated credit-impaired financial assets are discounted at the credit-adjusted effective interest rate.

At the balance sheet date, the Company shall only recognize the cumulative changes in the lifetime expected credit losses since initial recognition as a loss allowance for purchased or originated credit-impaired financial assets.

For receivables and contract assets resulting from transactions regulated in *CASBE No. 14 - Revenues*, which do not contain a significant financing component or in circumstances where the Company does not consider the financing components in contracts within one year, the Company chooses a simplified approach to measure the loss allowance at an amount equal to lifetime expected credit losses.

For financial assets other than the above, on each balance sheet date, the Company shall assess whether the credit risk on the financial instrument has increased significantly since initial recognition. The Company shall measure the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition; otherwise, the Company shall measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss.

Considering reasonable and supportable forward-looking information, the Company compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition, so as to assess whether the credit risk on the financial instrument has increased significantly since initial recognition.

The Company may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have relatively low credit risk at the balance sheet date.

The Company shall estimate expected credit risk and measure expected credit losses on an individual or a collective basis. When the Company adopts the collective basis, financial instruments are grouped with similar credit risk features.

The Company shall remeasure expected credit loss on each balance sheet date, and increased or reversed amounts of loss allowance arising therefrom shall be included into profit or loss as impairment losses or gains. For a financial asset measured at amortized cost, the loss allowance reduces the carrying amount of such financial asset presented in the balance sheet; for a debt investment measured at fair value through other comprehensive income, the loss allowance shall be recognized in other comprehensive income and shall not reduce the carrying amount of such financial asset.

2) Financial instruments with expected credit risk assessed on a collective basis and expected credit losses measured with Phase III models

| Item | Basis for determination of portfolio | Method for measuring expected credit loss |
| --- | --- | --- |
| Other receivables - portfolio grouped with ages | Ages | Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and 12-month or lifetime expected credit loss rate. |

3) Receivables and contract assets with expected credit losses measured on a collective basis using a simplified measurement approach

a. Specific portfolios and method for measuring expected credit loss

| Item | Basis for determination of portfolio | Method for measuring expected credit loss |
| --- | --- | --- |
| Bank acceptance receivable | Type of notes | Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company calculates expected credit loss through exposure at default and lifetime expected credit loss rate. |
| Trade acceptance receivable |
| Accounts receivable - portfolio grouped with ages | Ages | Based on historical credit loss experience, the current situation and the forecast of future economic conditions, the Company prepares the comparison table of ages and lifetime expected credit loss rate of accounts receivable to calculate expected credit loss. |

b. Accounts receivable - comparison table of ages and lifetime expected credit loss rate of portfolio grouped with ages

| *Ages* | Accounts receivable  Expected credit loss rate (%) |
| --- | --- |
| Within one year (inclusive, the same below) | 5.00 |
| One to two years | 10.00 |
| Two to three years | 50.00 |
| Above three years | 100.00 |

(6) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are presented separately in the balance sheet and are not offset. However, the Company offsets a financial asset and a financial liability and presents the net amount in the balance sheet when, and only when, the Company: 1) currently has a legally enforceable right to set off the recognized amounts; and 2) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

For a transfer of a financial asset that does not qualify for derecognition, the Company does not offset the transferred asset and the associated liability.

**10. Inventory**

(1) Classification of inventories

Inventories include finished goods or goods held for sale in the ordinary course of business, work in process in the production process, materials or supplies to be consumed in the production process, or the rendering of services.

(2) Accounting method for dispatching inventories

Inventories dispatched from storage are accounted for with weighted average method at the end of each month.

(3) Basis for determining net realizable value

At the balance sheet date, inventories are measured at the lower cost and net realizable value; provisions for inventory write-down are made on the excess of its cost over the net realizable value. The net realizable value of inventories held for sale is determined based on the amount of the estimated selling price less the estimated selling expenses and relevant taxes and surcharges in the ordinary course of business; the net realizable value of materials to be processed is determined based on the amount of the estimated selling price less the estimated costs of completion, selling expenses and relevant taxes and surcharges in the ordinary course of business; at the balance sheet date, when only part of the same item of inventories have agreed price, their net realizable value are determined separately and are compared with their costs to set the provision for inventory write-down to be made or reversed.

(4) Inventory system

Perpetual inventory method is adopted.

(5) Amortization of low-value consumables and packing materials

1) Low-value consumables

Low-value consumables are amortized with one-off method.

2) Packing materials

Packages are amortized with one-off method.

**11. Contract assets**

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers’ payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

**12. Contract costs**

Assets related to contract costs include costs of obtaining a contract and costs to fulfill a contract.

The Company recognizes as an asset the incremental costs of obtaining a contract if those costs are expected to be recovered. The costs of obtaining a contract shall be included into profit or loss if the asset's amortization period is one year or less.

If the costs incurred in fulfilling a contract are not within the scope of standards related to inventories, fixed assets or intangible assets, the Company shall recognize the costs to fulfill a contract as an asset if all the following criteria are satisfied:

(1) The costs relate directly to a contract or to an anticipated contract, including direct labor, direct materials, manufacturing overhead cost (or a similar cost), cost that are explicitly chargeable to the customer under the contract, and other costs that are only related to the contract;

(2) The costs enhance resources of the Company that will be used in satisfying performance obligations in the future;

(3) The costs are expected to be recovered.

An asset related to contract costs shall be amortized on a systematic basis that is consistent with related goods or services, with amortization included into profit or loss.

The Company shall make provision for impairment and recognize an impairment loss to the extent that the carrying amount of an asset related to contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates less the costs expected to be incurred. The Company shall recognize a reversal of an impairment loss previously recognized in profit or loss when the impairment conditions no longer exist or have improved. The carrying amount of the asset after the reversal shall not exceed the amount that would have been determined on the reversal date if no provision for impairment had been made previously.

**13. Long-term equity investment**

(1) Judgment criteria for joint control and significant influence

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of these policies.

(2) Determination of investment cost

1) For business combination under common control, if the combining party considers that it makes payment in cash, transfers non-cash assets, assumes its liabilities, or issues equity securities on the date of combination, it regards the share of the carrying amount of the equity of the combined party included in the consolidated financial statements of the ultimate controlling party as the initial cost of the investment. The difference between the initial cost of the long-term equity investments and the carrying amount of the combination consideration paid or the par value of shares issued offsets capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

When long-term equity investments are obtained through business combination under common control achieved in stages, the Company determines whether it is "a bundled transaction". If it is "a bundled transaction", stages as a whole are considered as one transaction resulting in acquisition of control in accounting treatment. If it is not "a bundled transaction", on the date of combination, investment cost is initially recognized at the share of the carrying amount of net assets of the combined party included the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost of long-term equity investments at the acquisition date and the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity is adjusted to capital reserve; if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings.

2) For business combinations not under common control, the fair value of the combination consideration paid by it on the acquisition date shall be its initial investment cost.

When long-term equity investments are obtained through business combination not under common control achieved in stages, the Company determines whether they are stand-alone financial statements or consolidated financial statements in accounting treatment:

a. In the case of stand-alone financial statements, investment cost is initially recognized at the carrying amount of the previously held long-term equity investments plus the carrying amount of the consideration paid for the newly acquired equity.

b. In the case of consolidated financial statements, the Company determines whether it is "a bundled transaction". If it is "a bundled transaction", stages as a whole are considered as one transaction resulting in acquisition of control in accounting treatment. If it is not "a bundled transaction", the carrying amount of the acquirer's previously held equity interest in the acquiree is remeasured at the acquisition-date fair value, and the difference between the fair value and the carrying amount is recognized in investment income; when the acquirer's previously held equity interest in the acquiree involves other comprehensive income under equity method, the related other comprehensive income is reclassified as income for the acquisition period, excluding other comprehensive income arising from changes in net liabilities or assets from remeasurement of defined benefit plan of the acquiree.

3) Except for business combination: If it is acquired by paying cash, the actual acquisition price shall be taken as its initial investment cost; if it is acquired by issuing equity securities, the fair value of the issued equity securities shall be taken as its initial investment cost; if it is acquired by means of debt restructuring, the initial investment cost shall be determined according to *CASBE No. 12 - Debt Restructuring*; if it is acquired by exchange of non-monetary assets, the initial investment cost shall be determined according to *CASBE No. 7 - Exchange of Non-monetary Assets*.

(3) Method for subsequent measurement and recognition of profit or loss

For a long-term equity investment with a control relationship, it is accounted for with cost method; for a long-term equity investment with joint control or significant influence relationship, it is accounted for with equity method.

(4) Treatment method of investing in subsidiaries until loss of control right step by step through multiple transactions

1) Stand-alone financial statements

The difference between the carrying amount of the disposed equity and the consideration obtained thereof is recognized in profit or loss. For the remaining equity, if it still has a significant impact on the investee or implements joint control with other parties, it shall be accounted for by the equity method; if it is no longer possible to exercise control, joint control or significant influence on the investee, accounting shall be carried out in accordance with the relevant provisions of *CASBE No. 22 - Recognition and Measurement of Financial Instruments*.

2) Consolidated financial statements

a. If the Company disposes of investment in subsidiaries in stages through multiple transactions until loss of control right and such stages as a whole are not considered as "a bundled transaction":

Before the Company's loss of control, the difference between the disposal consideration and the proportionate share of net assets in the disposed subsidiary from the acquisition date or combination date to the disposal date is adjusted to capital reserve (capital premium) and, if the balance of capital reserve is insufficient to offset, any excess is adjusted to retained earnings;

When the Company loses control, the remained equity is remeasured at the loss-of-control-date fair value; The aggregated value of disposal consideration and the fair value of the remained equity, less the share of net assets in the disposed subsidiary held before the disposal from the acquisition date or combination date to the disposal date is recognized in investment income in the period when the Company loses control over such subsidiary, and meanwhile goodwill is offset correspondingly. Other comprehensive income related to equity investments in former subsidiary is reclassified as investment income upon the Company’s loss of control.

b. If the Company disposes of investment in subsidiaries in stages through multiple transactions until loss of control right and such stages as a whole are considered as "a bundled transaction":

Stages as a whole are considered as one transaction resulting in loss of control in accounting treatment; However, before the Company loses control, the difference between the disposal consideration at each stage and the proportionate share of net assets in the disposed subsidiary is recognized as other comprehensive income in the consolidated financial statements and reclassified as profit or loss in the period when the Company loses control over such subsidiary.

**14. Investment property**

Measurement model for investment property

Measurement with cost method

Depreciation or amortization method

(1) Investment property includes land use right of leased-out property and of property held for capital appreciation and buildings that have been leased out.

(2) The initial measurement of investment property is based on its cost, and subsequent measurement is made using the cost model, the depreciation or amortization method is the same as that of fixed assets and intangible assets.

**15. Fixed assets**

**(1) Recognition conditions**

Fixed assets are tangible assets held for producing goods or rendering services, for rental to others, or administrative purposes and are expected to be used during more than one accounting year. Fixed assets are recognized if, and only if, it is probable that future economic benefits associated with the assets will flow to the Company and the cost of the assets can be measured reliably.

**(2) Depreciation method**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Type | Depreciation method | Depreciable life | Residual value rate | Annual depreciation rate |
| Buildings and structures | Straight-line method | 20 | 5.00% | 4.75% |
| General equipment | Straight-line method | 3-5 | 5.00% | 31.67%-19.00% |
| Special equipment | Straight-line method | 5-10 | 5.00% | 19.00%-9.50% |
| Transport facilities | Straight-line method | 4 | 5.00% | 23.75% |

**(3) Recognition basis, pricing and depreciation method of fixed asset under finance lease**

**16. Construction in progress**

(1) Construction in progress is recognized if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Construction in progress is measured at the actual cost incurred to reach its designed usable conditions.

(2) Construction in progress is transferred into fixed assets at its actual cost when it reaches the designed usable conditions. When the auditing of the construction in progress was not finished while reaching the designed usable conditions, it is transferred to fixed assets using estimated value first, and then adjusted accordingly when the actual cost is settled, but the accumulated depreciation is not to be adjusted retrospectively.

**17. Borrowing costs**

(1) Recognition principles for the capitalization of borrowing costs

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it is capitalized and included in the costs of relevant assets; other borrowing costs are recognized as expenses on the basis of the actual amount incurred, and are included in profit or loss.

(2) Period for capitalization of borrowing costs

1) When all the following conditions are met by the borrowing costs, capitalization will start: a. asset expenditure has occurred; b. borrowing costs have occurred; c. acquisition, construction or production activities have started in order to make the fixed asset be ready for the intended use or sale.

2) If the acquisition, construction or production of an asset eligible for capitalization is continuously suspended for over three months for abnormal reasons, capitalization of the borrowing costs shall be suspended; borrowing costs incurred during the suspension shall be recognized as the current expenses until the acquisition, construction or production of the asset is resumed.

3) When the assets with the purchase, construction or production meeting the capitalization conditions reach the expected available or marketable state, the borrowing cost ceases to be capitalized.

(3) Capitalization rate and capitalization amount of borrowing costs

For borrowings exclusively for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interest is determined in light of the actual interest expenses incurred (including amortization of premium or discount based on effective interest method) of the special borrowings in the current period less the interest income on the unused borrowings as a deposit in the bank or as a temporary investment; where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company calculates and determines the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements less the general borrowing by the capitalization rate of the general borrowing used.

**18. Right-of-use assets**

At the commencement date, the Company recognizes a lease that has a lease term of 12 months or less as a short-term lease, which shall not contain a purchase option; the Company recognizes an ease as a lease of a low-value asset if the underlying asset is of low value when it is new. If the Company subleases an asset, or expects to sublease an asset, the head lease does not qualify as a lease of a low-value asset.

For all short-term leases and leases of low-value assets, lease payments are recognized as cost or profit or loss with straight-line method over the lease term.

Apart from the above-mentioned short-term leases and leases of low-value assets with simplified approach, the Company recognizes right-of-use assets and lease liabilities at the commencement date.

The right-of-use asset is measured at cost and the cost shall comprise: 1) the amount of the initial measurement of the lease liabilities; 2) any lease payments made at or before the commencement date, less any lease incentives received; 3) any initial direct costs incurred by the lessee; and 4) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The Company depreciates the right-of-use asset using the straight-line method. If it is reasonable to be certain that the ownership of the underlying asset can be acquired by the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

**19. Intangible assets**

**(1) Pricing method, useful life and impairment test**

1) Intangible assets, including land use rights, patent rights and non-patented technology, are initially measured at cost.

2) For intangible assets with finite useful lives, their amortization amounts are amortized within their useful lives systematically and reasonably; if it is unable to determine the expected realization pattern reliably, intangible assets are amortized by the straight-line method. The detailed period is as follows:

| Item | Amortization period (years) |
| --- | --- |
| Land use right | 50 |
| Software | 5-10 |
| Proprietary technology | 10 |

**(2) Accounting policy for internal research and development expenditures**

Expenditures on the research phase of an internal project are recognized as profit or loss when they are incurred. An intangible asset arising from the development phase of an internal project is recognized if the Company can demonstrate all of the followings: 1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; 2) its intention to complete the intangible asset and use or sell it; 3) how the intangible asset will generate probable future economic benefits, among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset; 4) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and 5) its ability to measure the expenditure attributable to the intangible asset reliably during its development.

**20. Impairment of long-term assets**

For long-term assets such as long-term equity investments, fixed assets, construction in progress, right-of-use assets, and intangible assets with finite useful lives, the recoverable amount is to be estimated if there is an indication of impairment at the balance sheet date. For goodwill recognized in a business combination and intangible assets with indefinite useful lives, no matter whether there is an indication of impairment, an impairment test is performed annually. Impairment test on goodwill is performed on related asset group or asset group portfolio.

When the recoverable amount of such long-term assets is lower than their carrying amount, the difference is recognized as a provision for assets impairment through profit or loss.

**21. Long-term prepayments**

Long-term prepayments are expenses that have been recognized but with an amortization period of over one year (excluding one year). They are recorded with actual cost, and evenly amortized within the beneficiary period or stipulated period. If items of long-term prepayments fail to be beneficial to the following accounting periods, residual values of such items are included in profit or loss.

**22. Contract liabilities**

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance obligations and customers’ payments. Contract assets and contract liabilities under the same contract shall offset each other and be presented on a net basis.

The Company presents an unconditional right to consideration (i.e., only the passage of time is required before the consideration is due) as a receivable, and presents a right to consideration in exchange for goods that it has transferred to a customer (which is conditional on something other than the passage of time) as a contract asset.

The Company presents an obligation to transfer goods to a customer for which the Company has received consideration (or the amount is due) from the customer as a contract liability.

**23. Employee benefits**

**(1) Accounting treatment of short-term compensation**

The Company recognizes, in the accounting period in which an employee provides service, short- term employee benefits actually incurred as liabilities, with a corresponding charge to profit or loss or the cost of a relevant asset.

**(2) Accounting treatment of termination benefits**

The Company classifies termination benefit plans as either defined contribution plans or defined benefit plans.

1) The Company recognizes, in the accounting period in which an employee provides service, the contribution payable to a defined contribution plan as a liability, with a corresponding charge to profit or loss or the cost of a relevant asset.

2) Accounting treatment by the Company for a defined benefit plan usually involves the following steps:

a. Based on the projected unit credit method, the Company estimates related demographic variables and financial variables with unbiased and mutually compatible actuarial assumptions, measures the obligations under the defined benefit plan, and determines the terms of the relevant obligations. Meanwhile, the Company discounts the obligations under the defined benefit plan to determine the present value of the obligations under the defined benefit plan and the service cost in the period concerned.

b. When there are assets under a defined benefit plan, the deficit or surplus formed by present value of obligations under the defined benefit plan minus the fair value of assets under the defined benefit plan is recognized as one net liability or net asset under the defined benefit plan. When there is a surplus under a defined benefit plan, the Company measures the net assets under the defined benefit plan by whichever is lower of the surplus under the defined benefit plan or the asset ceiling;

c. At the end of the period, the Company recognizes the following components of employee benefits cost arising from defined benefit plan: a) service cost; b) net interest on the net defined benefit plan liability (asset); and c) changes as a result of remeasurement of the net defined benefit liability (asset). Specifically, a) and b) are recognized in profit or loss or the cost of a relevant asset, and c) is recognized in other comprehensive income and is not to be reclassified subsequently to profit or loss. However, the Company may transfer those amounts recognized in other comprehensive income within equity.

**(3) Accounting treatment of the termination benefits**

Termination benefits provided to employees are recognized as an employee benefit liability for termination benefits, with a corresponding charge to profit or loss at the earlier of the following dates: 1) when the Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; 2) when the Company recognizes costs or expenses relating to the restructure of payments of dismissal benefits.

**(4) Accounting treatment of the benefits of other long-term staffs**

When other long-term employee benefits provided to the employees satisfied the conditions for classifying as a defined contribution plan, those benefits are accounted for in accordance with the requirements relating to defined contribution plan, while other benefits are accounted for in accordance with the requirements relating to defined benefit plan. The Company recognizes the cost of employee benefits arising from other long-term employee benefits as the followings: (1) service cost; (2) net interest on the net liability or net assets of other long-term employee benefits; and (3) changes as a result of remeasurement of the net liability or net assets of other long-term employee benefits. As a practical expedient, the net total of the aforesaid amounts is recognized in profit or loss or included in the cost of a relevant asset.

**24. Lease liabilities**

At the commencement date, the Company measures the lease liabilities at the present value of the lease payments that are not paid at that date, discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company’s incremental borrowing rate shall be used. Unrecognized financing expenses, calculated at the difference between the lease payment and its present value, are recognized as interest expenses over the lease term using the discount rate which has been used to determine the present value of lease payment and included in profit or loss. Variable lease payments not included in the measurement of lease liabilities are included in profit or loss in the periods in which they are incurred.

After the commencement date, if there is a change in the following items: (1) actual fixed payments; (2) amounts expected to be payable under residual value guarantees; (3) an index or a rate used to determine lease payments; (4) assessment result or exercise of purchase option, extension option or termination option., the Company remeasures the lease liabilities based on the present value of lease payments after changes, and adjusts the carrying amount of the right-of-use asset accordingly. If the carrying amount of the right-of-use asset is reduced to zero but there shall be a further reduction in the lease liabilities, the remaining amount shall be recognized into profit or loss.

**25. Share-based payment**

(1) Category of share-based payments

Share-based payment consists of equity-settled share-based payment and cash-settled share-based payment.

(2) Relevant accounting processing for the implementation, modification and termination of share-based payment plans

1) Equity-settled share-based payments

For equity-settled share-based payment transactions with employees, if the equity instruments granted vest immediately, the fair value of those equity instruments is measured at grant date and recognized as transaction cost or expense, with a corresponding adjustment in capital reserve; if the equity instruments granted do not vest until the counterparty completes a specified period of service, at the balance sheet date within the vesting period, the fair value of those equity instruments measured at grant date based on the best estimate of the number of equity instruments expected to vest is recognized as transaction cost or expense, with a corresponding adjustment in capital reserve.

For equity-settled share-based payment transactions with parties other than employees, if the fair value of the services received can be measured reliably, the fair value is measured at the date the Company receives the service; if the fair value of the services received cannot be measured reliably, but that of equity instruments can be measured reliably, the fair value of the equity instruments granted measured at the date the Company receives the service is referred to, and recognized as transaction cost or expense, with a corresponding increase in equity.

2) Cash-settled share-based payments

For cash-settled share-based payment transactions with employees, if share appreciation rights vest immediately, the fair value of the liability incurred as the acquisition of services is measured at grant date and recognized as transaction cost or expense, with a corresponding increase in liabilities; if share appreciation rights do not vest until the employees have completed a specified period of service, the liability is measured, at each balance sheet date until settled, at the fair value of the share appreciation rights measured at grant date based on the best estimate of the number of share appreciation right expected to vest.

3) Modification and termination of share-based payment plans

If the modification increases the fair value of the equity instruments granted, the Company includes the incremental fair value granted in the measurement of the amount recognized for services received as consideration for the equity instruments granted; similarly, if the modification increases the number of equity instruments granted, the Company includes the fair value of the additional equity instruments granted, in the measurement of the amount recognized for services received as consideration for the equity instruments granted; if the Company modifies the vesting conditions in a manner that is beneficial to the employee, the Company takes the modified vesting conditions into account.

If the modification reduces the fair value of the equity instruments granted, the Company does not take into account that decrease in fair value and continue to measure the amount recognized for services received as consideration for the equity instruments based on the grant date fair value of the equity instruments granted; if the modification reduces the number of equity instruments granted to an employee, that reduction is accounted for as a cancellation of that portion of the grant; if the Company modifies the vesting conditions in a manner that is not beneficial to the employee, the Company does not take the modified vesting conditions into account.

If the Company cancels or settles a grant of equity instruments during the vesting period (other than that cancelled when the vesting conditions are not satisfied), the Company accounts for the cancellation or settlement as an acceleration of vesting, and therefore recognizes immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period.

**26. Revenue**

Accounting policies adopted for recognition and measurement of revenue

(1) Principles for revenue recognition

At contract inception, the Company shall assess the contracts and shall identify each performance obligation in the contracts, and determine whether the performance obligation should be satisfied over time or at a point in time.

The Company satisfies a performance obligation over time if one of the following criteria is met, otherwise, the performance obligation is satisfied at a point in time: 1) the customer simultaneously receives and consumes the economic benefits provided by the Company’s performance as the Company performs; 2) the customer can control goods as they are created by the Company’s performance; 3) goods created during the Company’s performance have irreplaceable uses and the Company has an enforceable right to the payments for performance completed to date during the whole contract period.

For each performance obligation satisfied over time, the Company shall recognize revenue over time by measuring the progress towards complete satisfaction of that performance obligation. In the circumstance that the progress cannot be measured reasonably, but the costs incurred in satisfying the performance obligation are expected to be recovered, the Company shall recognize revenue only to the extent of the costs incurred until it can reasonably measure the progress. For each performance obligation satisfied at a point in time, the Company shall recognize revenue at the time point that the customer obtains control of relevant goods or services. To decide whether the customer has obtained the control over goods, the Company takes into account the following signs: 1) the Company has a present right to payments for the goods, i.e., the customer is presently obliged to pay for the goods; 2) the Company has transferred the legal title of the goods to the customer, i.e., the customer has legal title to the goods; 3) the Company has transferred physical possession of the goods to the customer, i.e., the customer has physically possessed the goods; 4) the Company has transferred significant risks and rewards of ownership of the goods to the customer, i.e., the customer has obtained significant risks and rewards of ownership of the goods; 5) the customer has accepted the goods; 6) other evidence indicating the customer has obtained control over the goods.

(2) Principles for revenue measurement

1) The Company measures revenue on the basis of the transaction price allocated to each performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties and those expected to be refunded to the customer.

2) If there is variable consideration in a contract, the Company shall determine the best estimate of the variable consideration according to the expected value or the most likely amount, but the transaction price including the variable consideration shall not exceed the amount that the cumulative recognized income will most likely not be significantly written-back when the relevant uncertainty is eliminated.

3) If there is a significant financing component in a contract, the Company shall determine the transaction price according to the amount payable in cash when the customer assumes control of the goods or services. The difference between the transaction price and the amount of promised consideration is amortized under effective interest method over contractual period. The effects of a significant financing component shall not be considered if the Company expects, at the contract inception, that the period between when the customer obtains control over goods or services and when the customer pays consideration will be one year or less.

4) If a contract contains two or more performance obligations, the Company shall allocate the transaction price to each single performance obligation according to the relative proportion of the single selling price of the goods promised by each single performance obligation on the commencement date of the

(3) Specific methods for revenue recognition

The Company is mainly engaged in sales of semiconductor components, semiconductor chips, semiconductor silicon wafers, etc. which is a performance obligation satisfied at a point in time. Revenue from domestic sales is recognized when the Company has delivered goods to the customer as agreed by contract, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company. Revenue from overseas sales is recognized when the Company has declared goods to the customs based on contractual agreements and has obtained a bill of lading, and the Company has collected the payments or has obtained the right to the payments, and related economic benefits are highly probable to flow to the Company.

Differences in accounting policies for revenue recognition caused by different business models for the same type of business

None

**27. Government grants**

(1) Government grants shall be recognized if, and only if, the following conditions are all met: 1) The Company is able to satisfy all the conditions attached to such government grant; 2) The Company is able to receive the grants from the government. Monetary government grants are measured at the amount received or receivable. Non-monetary government grants were measured at fair value; if the fair value could not be reliably obtained, they were measured at the nominal amount.

(2) Judgment basis and accounting treatment method for government grants related to assets

Government grants related to assets are government grants with which the Company purchases, constructs or otherwise acquires long-term assets under requirements of government. In the circumstances that there is no specific government requirement, the Company shall determine based on the primary condition to acquire the grants, and government grants related to assets are government grants whose primary condition is to construct or otherwise acquire long-term assets. They offset carrying amount of relevant assets, or they are recognized as deferred income. If recognized as deferred income, they are included in profit or loss on a systematic basis over the useful lives of the relevant assets. Those government grants measured at notional amount are directly included into profit or loss. For assets sold, transferred, disposed or damaged within the useful lives, balance of unamortized deferred income is transferred into profit or loss of the period in which the disposal occurred.

(3) Judgment basis and accounting treatment method for government grants related to income

Government grants related to income are government grants other than those related to assets. For government grants that contain both parts related to assets and parts related to income, in which those two parts are blurred, they are thus collectively classified as government grants related to income. For government grants related to income used for compensating the related future cost, expenses or losses, they are recognized as deferred income and included in profit or loss or used to offset relevant costs during the period in which the relevant cost, expenses or losses are recognized; for government grants related to income used for compensating the related cost, expenses or losses incurred to the Company, they are directly included in profit or loss or used to offset the relevant cost.

(4) Government grants related to the ordinary course of business shall be included into other income or used to offset relevant cost based on business nature, while those not related to the ordinary course of business shall be included into non-operating revenue or expenditures.

(5) Accounting treatment method for policy interest subvention

1) In the circumstance that government appropriates interest subvention to a lending bank that provides loans for the Company with a policy subsidized interest rate, borrowings are carried at the amount received, with relevant borrowings cost computed based on the principal and the policy subsidized interest rate.

2) In the circumstance that government directly appropriates interest subvention to the Company, the subsidized interest shall offset relevant borrowing costs.

**28. Deferred tax assets/deferred tax liabilities**

(1) Deferred tax assets or deferred tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (and the difference between the carrying amount and tax base of items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

(2) A deferred tax asset is recognized to the extent of the amount of the taxable income, which is most likely to obtain and which can be deducted from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable income will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior periods are recognized.

(3) At the balance sheet date, the carrying amount of deferred tax assets is reviewed. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of the deferred tax asset to be utilized. Such reduction is subsequently reversed to the extent that it becomes probable that sufficient taxable income will be available.

(4) The income tax and deferred tax for the period are treated as income tax expenses or income through profit or loss, excluding those arising from the following circumstances: 1) business combination; and 2) the transactions or items directly recognized in equity.

**29. Leases**

**(1) Accounting treatment of operating lease**

Lease receipts are recognized as lease income with straight-line method over the lease term. Initial direct costs incurred shall be capitalized, amortized on the same basis as the recognition of lease income, and included into profit or loss by installments. Variable lease payments related to operating lease which are not included in the lease payment are charged as profit or loss in the periods in which they are incurred.

**(2) Accounting treatment method of financial lease**

At the commencement date, the Company recognizes the finance lease payment receivable based on the net investment in the lease (sum of the present value of unguaranteed residual value and lease receipts that are not received at the commencement date, discounted by the interest rate implicit in the lease), and derecognizes assets held under the finance lease. The Company calculates and recognizes interest income using the interest rate implicit in the lease over the lease term.

Variable lease payments not included in the measurement of the net investment in the lease are charged as profit or loss in the periods in which they are incurred.

**30. Significant accounting policies and estimates**

**(1) Change in accounting policies**

□ Applicable ☑Not applicable

**(2) Changes in accounting estimates**

□ Applicable ☑Not applicable

**(3) Information on the first implementation of the year-beginning financial statement after the first implementation of the adjustments in the new accounting standards in 2023**

□ Applicable ☑Not applicable

**31. Others**

Segment reporting

Operating segments are determined based on the structure of the Company’s internal organization, management requirements and internal reporting system. An operating segment is a component of the Company:

(1) that engages in business activities from which it may earn revenues and incur expenses;

(2) of which the financial performance is regularly reviewed by the Management to make decisions about resources to be allocated to the segment and to assess its performance; and

(3) for which accounting information regarding financial position, financial performance and cash flows is available through analysis.

**VI. Taxes**

**1. Main taxes and tax rates**

|  |  |  |
| --- | --- | --- |
| Tax | Tax basis | Tax rate |
| VAT | Revenue from sales of goods and taxable services calculated according to the tax law are the basis calculation of output tax. After deducting the amount of input tax which is allowed to be deducted in the current period, the difference is the VAT payable. | 13%  The export tax rebate rate is 13% |
| Urban maintenance and construction tax | Turnover tax actually paid | 7%, 5%, 1% |
| Enterprise income tax | Amount of taxable income | 15%, 20%, 25% |
| Property tax | Housing property is levied at 1.2% of the remaining value after deducting 30% from the original value of the housing property; and tax levied from rent is levied at 12% of the rental income. | 1.2%, 12% |
| Education surcharge | Turnover tax actually paid | 3% |
| Local education surcharge | Turnover tax actually paid | 2% |

Explanation of disclosure if different income tax rates apply to different corporate taxpayers

|  |  |
| --- | --- |
| Name of taxpayer | Income tax rate |
| The Company, Chengdu Qingyang, J&V Semiconductor, Yixing Jiexin, Jiangsu Runau, Sichuan Yajixin, Inner Mongolia Qingyang, Hunan Chuwei | 15% |
| MCC Jiangsu, Yangzhou Jiemei, Shanghai Paiqi, Shanghai Lingxin, Jaywin Chip, Wuxi Jiexiwei, Jieguan Microelectronics | 20% |
| Other domestic subsidiaries | 25% |

**2. Tax incentives**

(1) Pursuant to the *Announcement on List of the First Batch of High-tech Enterprises to be Recorded in Jiangsu Province in 2021* by the National High-tech Enterprise Accreditation Management Leading Group, the Company passed the review of high-tech enterprises and was accredited as a high-tech enterprise with a valid period from 2021 to 2023. In the current period, it was subject to a tax rate of 15% for enterprise income tax.

(2) Pursuant to the *Announcement on Record of the Second Batch of High-tech Enterprises Accredited by the Accreditation Authority in Sichuan Province* *in 2022* by the National High-tech Enterprise Accreditation Management Leading Group, the subsidiary Chengdu Qingyang was accredited as a high-tech enterprise with a valid period from 2022 to 2024. In the current period, it was subject to a tax rate of 15% for enterprise income tax.

(3) Pursuant to the *Announcement on List of the Fourth Batch of Accredited High-tech Enterprises in Jiangsu Province in 2021* by the National High-tech Enterprise Accreditation Management Leading Group, the subsidiary J&V Semiconductor was accredited as a high-tech enterprise with a valid period from 2021 to 2023. In the current period, it was subject to a tax rate of 15% for enterprise income tax.

(4) Pursuant to the *Notice on Publicity of Record-filing of the Fourth Batch of High-tech Enterprises in Jiangsu Province in 2022* by the National High-tech Enterprise Accreditation Management Leading Group, the subsidiaries, Jiangsu Runau and Yixing Jiexin, were accredited as high-tech enterprises with a valid period from 2022 to 2024. In the current period, it was subject to a tax rate of 15% for enterprise income tax.

(5) Pursuant to tax reduction and exemption conditions as stipulated in the *Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policy for the Western Development* (Announcement of the Ministry of Finance [2020] No. 23), the subsidiaries, Sichuan Yajixin and Inner Mongolia Qingyang, were entitled to enjoy relevant preferential tax policy since January 1, 2021, which were subject to reduced rate of 15% for enterprise income tax from January 1, 2021 to December 31, 2030.

(6) Pursuant to the *Announcement on Record of the Second Batch of High-tech Enterprises Accredited by the Accreditation Authority in Hunan Province in 2022* by the National High-tech Enterprise Accreditation Management Leading Group, the subsidiary Hunan Chuwei was accredited as a high-tech enterprise with a valid period from 2022 to 2025. In the current period, it was subject to a tax rate of 15% for enterprise income tax.

(7) Pursuant to the *Announcement of the Ministry of Finance and the State Taxation Administration on Further Implementing the Income Tax Preferential Policy for Small- and Micro-sized Enterprises* (Announcement of the Ministry of Finance and State Taxation Administration [2022] No. 13), the part of the annual taxable income of small-sized micro-profit enterprises that is between RMB1 million (exclusive) and RMB3 million (inclusive) is subject to reduced rate of 25% and a tax rate of 20% for enterprise income tax from January 1, 2022 to December 31, 2024. Pursuant to the *Announcement of the Ministry of Finance and the State Taxation Administration on the Income Tax Preferential Policy for Small- and Micro-sized Enterprises and Individual Business* (Announcement of the Ministry of Finance and State Taxation Administration [2023] No. 6), the part of the annual taxable income of small-sized micro-profit enterprises that does not exceed RMB1 million is subject to reduced rate of 25% and a tax rate of 20% for enterprise income tax from January 1, 2023 to December 31, 2024. Pursuant to the *Announcement of the Ministry of Finance and the State Taxation Administration on the Tax Policies Further Supporting the Development of Small- and Micro-sized Enterprises and Individual Business* (Announcement of the Ministry of Finance and State Taxation Administration [2023] No. 12), the taxable income of a small-sized micro-profit enterprises is subject to reduced rate of 25% and a tax rate of 20% for enterprise income tax until December 31, 2027. The subsidiaries, MCC Jiangsu, Yangzhou Jiemei, Shanghai Paiqi, Shanghai Lingxin, Jaywin Chip, Wuxi Jiexiwei and Jieguan Microelectronics, are small- and micro-sized enterprises, and enjoy the above preferential policies for enterprise income tax from January 1 to December 31, 2023.

**3. Others**

The subsidiaries, MCC Hong Kong, Caswell, MCC USA, MCC Taiwan, Yangjie Korea, MCC Germany, Yangjie Japan and MCC Singapore are registered in Hong Kong, China, the Virgin Islands, the United States, Taiwan, China, South Korea, Germany, Japan and Singapore, respectively, and are subject to local tax policies.

**VII. Notes to Items of Consolidated Financial Statements**

**1. Monetary assets**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Cash on hand | 692.01 | 46,559.92 |
| Bank deposits | 3,191,967,123.98 | 1,429,369,803.92 |
| Other monetary assets | 13,939,412.10 | 27,867,766.13 |
| Total | 3,205,907,228.09 | 1,457,284,129.97 |
| Of which: Total amount deposited overseas | 208,229,567.49 | 165,562,714.11 |

Other remarks

At the end of the period, other monetary assets include deposits for notes of RMB5,948,860.32 and deposits for letters of credit of RMB7,990,551.78.

**2. Held-for-trading financial assets**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Financial assets at fair value through profit or loss for the current period | 21,400,000.00 | 63,200,000.00 |
| Of which: |  |  |
| Financial products | 21,400,000.00 | 63,200,000.00 |
| Of which: |  |  |
| Total | 21,400,000.00 | 63,200,000.00 |

Other notes:

**3. Notes receivable**

**(1) Notes receivable listed by category**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Trade acceptance notes | 51,761,214.07 | 12,807,571.46 |
| Cheque from bank of Taiwan |  | 258,537.23 |
| Total | 51,761,214.07 | 13,066,108.69 |

Unit: RMB

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Type | Closing balance | | | | | Opening balance | | | | |
| Carrying balance | | Bad debt provision | | Carrying amount | Carrying balance | | Bad debt provision | | Carrying amount |
| Amount | Percentage | Amount | Withdrawal proportion | Amount | Percentage | Amount | Withdrawal proportion |
| Of which: |  |  |  |  |  |  |  |  |  |  |
| Notes receivable of bad debt provision withdrawn by groups | 51,761,214.07 | 100.00% | 0.00 | 0.00% | 51,761,214.07 | 13,066,108.69 | 100.00% | 0.00 | 0.00% | 13,066,108.69 |
| Of which: |  |  |  |  |  |  |  |  |  |  |
| Trade acceptance notes | 51,761,214.07 | 100.00% | 0.00 | 0.00% | 51,761,214.07 | 12,807,571.46 | 98.02% | 0.00 | 0.00% | 12,807,571.46 |
| Cheque from bank of Taiwan |  |  |  |  |  | 258,537.23 | 1.98% | 0.00 | 0.00% | 258,537.23 |
| Total | 51,761,214.07 | 100.00% | 0.00 | 0.00% | 51,761,214.07 | 13,066,108.69 | 100.00% | 0.00 | 0.00% | 13,066,108.69 |

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of notes receivable.

□ Applicable ☑Not applicable

**(2) Bad debt provision withdrawal, reversed or recovered in the current period**

Withdrawal of bad debt provision in the current period:

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Type | Opening balance | Changes in the current period | | | | Closing balance |
| Withdrawal | Reversed or recovered | Write-off | Others |

Of which the bad debt provision recovered or reversed with significant amount in the current period:

□ Applicable ☑Not applicable

**(3) Notes receivable pledged by the Company at the period-end**

Unit: RMB

|  |  |
| --- | --- |
| Item | Closing pledged amount |

**(4) Notes receivable which had endorsed or discounted by the Company and had not due on the balance sheet date at the period-end**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing derecognized amount | Closing un-derecognized amount |
| Trade acceptance notes |  | 929,971.75 |
| Total |  | 929,971.75 |

**(5) Notes transferred to accounts receivable because the drawer failed to execute the contract or agreement at the period-end**

Unit: RMB

|  |  |
| --- | --- |
| Item | Amount of the notes transferred to accounts receivable at the period-end |

Other remarks

**(6) Notes receivable with actual verification in the current period**

Unit: RMB

|  |  |
| --- | --- |
| Item | Written-off amount |

Of which, the verification of significant notes receivable:

Unit: RMB

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Entity | Nature | Written-off amount | Reason for verification | Verification procedures performed | Whether occurred because of related-party transactions |

Notes of the verification of notes receivable

**4. Accounts receivable**

**(1) Accounts receivable listed by category**

Unit: RMB

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Type | Closing balance | | | | | Opening balance | | | | |
| Carrying balance | | Bad debt provision | | Carrying amount | Carrying balance | | Bad debt provision | | Carrying amount |
| Amount | Percentage | Amount | Withdrawal proportion | Amount | Percentage | Amount | Withdrawal proportion |
| Of which: |  |  |  |  |  |  |  |  |  |  |
| Accounts receivable of bad debt provision withdrawn by groups | 1,557,876,033.50 | 100.00% | 78,261,801.62 | 5.02% | 1,479,614,231.88 | 1,272,106,997.39 | 100.00% | 63,932,528.05 | 5.03% | 1,208,174,469.34 |
| Of which: |  |  |  |  |  |  |  |  |  |  |
| Total | 1,557,876,033.50 | 100.00% | 78,261,801.62 | 5.02% | 1,479,614,231.88 | 1,272,106,997.39 | 100.00% | 63,932,528.05 | 5.03% | 1,208,174,469.34 |

Bad debt provision withdrawn by group: RMB78,261,801.62

Unit: RMB

|  |  |  |  |
| --- | --- | --- | --- |
| Name | Closing balance | | |
| Carrying balance | Bad debt provision | Withdrawal proportion |
| Within one year | 1,555,330,948.89 | 77,766,547.44 | 5.00% |
| One to two years | 2,112,322.46 | 211,232.25 | 10.00% |
| Two to three years | 297,480.44 | 148,740.22 | 50.00% |
| Above three years | 135,281.71 | 135,281.71 | 100.00% |
| Total | 1,557,876,033.50 | 78,261,801.62 |  |

Notes to the determination basis for the Group:

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable.

□ Applicable ☑Not applicable

Disclosure by aging

Unit: RMB

|  |  |
| --- | --- |
| Ages | Closing balance |
| Within one year (inclusive) | 1,555,330,948.89 |
| One to two years | 2,112,322.46 |
| Two to three years | 297,480.44 |
| Above three years | 135,281.71 |
| Three to four years | 135,281.71 |
| Total | 1,557,876,033.50 |

**(2) Bad debt provision withdrawal, reversed or recovered in the current period**

Withdrawal of bad debt provision in the current period:

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Type | Opening balance | Changes in the current period | | | | Closing balance |
| Withdrawal | Reversed or recovered | Write-off | Others |
| Bad debt provision withdrawn by groups | 63,932,528.05 | 14,702,302.37 | 82,755.89 | 455,784.69 |  | 78,261,801.62 |
| Total | 63,932,528.05 | 14,702,302.37 | 82,755.89 | 455,784.69 |  | 78,261,801.62 |

Of which the bad debt provision recovered or reversed with significant amount in the current period:

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Entity | Amount reversed or recovered | Way of recovery |

**(3) Accounts receivable with actual verification in current period**

Unit: RMB

|  |  |
| --- | --- |
| Item | Written-off amount |
| Unrecoverable accounts receivable | 455,784.69 |

Of which the verification of significant accounts receivable:

Unit: RMB

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Entity | Nature | Written-off amount | Reason for verification | Verification procedures performed | Whether occurred because of related-party transactions |

Notes to verification of accounts receivable:

**(4) Top 5 of the closing balance of the accounts receivable collected according to arrears party**

Unit: RMB

|  |  |  |  |
| --- | --- | --- | --- |
| Entity | Closing balance | Proportion to total closing balance | Closing balance of bad debt provision |
| No. 1 | 167,594,896.91 | 10.76% | 8,379,744.85 |
| No. 2 | 104,122,369.50 | 6.68% | 5,206,118.48 |
| No. 3 | 53,846,885.90 | 3.46% | 2,692,344.30 |
| No. 4 | 42,574,107.48 | 2.73% | 2,128,705.37 |
| No. 5 | 36,802,377.10 | 2.36% | 1,840,118.86 |
| Total | 404,940,636.89 | 25.99% |  |

**(5) Accounts receivable derecognized due to the transfer of financial assets**

**(6) Amount of assets and liabilities formed due to the transfer and the continued involvement of accounts receivable**

Other notes:

**5. Receivables financing**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Bank receivable | 195,107,587.03 | 231,592,339.12 |
| Total | 195,107,587.03 | 231,592,339.12 |

The changes of receivables financing in the current period and the changes in fair value

□ Applicable ☑Not applicable

Please refer to the relevant information of disclosure of bad debt provision of other receivables if adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable financing.

□ Applicable ☑Not applicable

Other notes:

Endorsed or discounted but undue notes at the balance sheet date

|  |  |
| --- | --- |
| Item | Closing derecognized amount (RMB) |
| Bank receivable | 1,138,446,276.96 |
| Subtotal | 1,138,446,276.96 |

Due to the fact that the acceptor of bank receivables is commercial banks, which have high credit level, there is very little possibility of failure in recoverability when it is due, so the Company derecognized bank receivables had been endorsed or discounted. Based on this fact, the Company derecognized the endorsed or discounted bank acceptance. However, if any bank notes is not recoverable when it is due, the Company still holds joint liability on such acceptance, according to the *China Commercial Instrument Law*.

**6. Prepayment**

**(1) Prepayment listed by aging**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Ages | Closing balance | | Opening balance | |
| Amount | Percentage | Amount | Percentage |
| Within one year | 109,558,481.47 | 98.15% | 115,703,231.21 | 99.06% |
| One to two years | 968,835.16 | 0.87% | 854,115.83 | 0.73% |
| Two to three years | 598,895.76 | 0.54% | 250,000.00 | 0.21% |
| Above three years | 486,277.60 | 0.44% |  |  |
| Total | 111,612,489.99 |  | 116,807,347.04 |  |

Notes of the reasons of the prepayment aging over one year with significant amount but failed settled in time:

**(2) Top 5 of the closing balance of prepayments collected according to the prepayment target**

Total closing balance of top 5 prepayments at the end of the period was RMB95,141,043.26, accounting for 85.24% of the total closing balance of prepayments at the end of the period.

Other notes:

**7. Other accounts receivable**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Other receivables | 11,135,073.77 | 22,043,111.30 |
| Total | 11,135,073.77 | 22,043,111.30 |

**(1) Other receivables**

**1) Category of other receivables by account nature**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Nature of receivables | Closing carrying balance | Opening carrying balance |
| Guarantee deposits | 15,582,908.18 | 27,075,060.26 |
| Temporary payment receivable | 3,627,008.43 | 3,526,423.61 |
| Prepayments for taxes of agent import customs declaration | 696,903.00 | 298,313.86 |
| Others | 117,468.00 | 94,388.02 |
| Total | 20,024,287.61 | 30,994,185.75 |

**2) Withdrawal of bad debt provision**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Bad debt provision | Stage 1 | Stage 2 | Stage 3 | Total |
| Expected credit loss in the next 12 months | Expected loss in the duration (credit impairment not incurred) | Expected loss in the duration (credit impairment incurred) |
| Balance as at January 1, 2023 | 948,350.65 | 233,875.80 | 7,768,848.00 | 8,951,074.45 |
| Balance as at January 1, 2022 in the current period |  |  |  |  |
| --Transferred to stage 2 | -109,251.49 | 109,251.49 |  |  |
| --Transferred to stage 3 |  | -281,691.80 | 281,691.80 |  |
| Provision withdrawn in the current period | -430,673.48 | 157,067.49 | 211,745.38 | -61,860.61 |
| Balance as at June 30, 2023 | 408,425.68 | 218,502.98 | 8,262,285.18 | 8,889,213.84 |

Changes of carrying amount with significant amount changed of loss provision in the current period

□ Applicable ☑Not applicable

Disclosure by aging

Unit: RMB

|  |  |
| --- | --- |
| Ages | Closing balance |
| Within one year (inclusive) | 8,168,513.68 |
| One to two years | 2,185,029.77 |
| Two to three years | 2,816,918.00 |
| Above three years | 6,853,826.16 |
| Three to four years | 6,853,826.16 |
| Total | 20,024,287.61 |

**3) Bad debt provision withdrawal, reversed or recovered in the current period**

Withdrawal of bad debt provision in the current period:

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Type | Opening balance | Changes in the current period | | | | Closing balance |
| Withdrawal | Reversed or recovered | Write-off | Others |

Of which the bad debt provision recovered or reversed with significant amount in the current period:

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Entity | Amount reversed or recovered | Way of recovery |

**4) Other receivables with actual verification in the current period**

Unit: RMB

|  |  |
| --- | --- |
| Item | Written-off amount |

Of which the verification of significant other receivables:

Unit: RMB

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Entity | Nature | Written-off amount | Reason for verification | Verification procedures performed | Whether occurred because of related-party transactions |

Notes to the verification of other receivables:

**5) Top 5 of the closing balance of other receivables collected according to the arrears party**

Unit: RMB

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Entity | Nature | Closing balance | Ages | Proportion to total closing balance of other receivables | Closing balance of bad debt provision |
| No. 1 | Guarantee deposits | 950,000.00 | Within one year | 4.74% | 47,500.00 |
| No. 1 | Guarantee deposits | 130,000.00 | One to two years | 0.65% | 13,000.00 |
| No. 1 | Guarantee deposits | 1,200,000.00 | Two to three years | 5.99% | 600,000.00 |
| No. 1 | Guarantee deposits | 600,000.00 | Above three years | 3.00% | 600,000.00 |
| No. 2 | Guarantee deposits | 2,000,000.00 | Above three years | 9.99% | 2,000,000.00 |
| No. 3 | Guarantee deposits | 2,000,000.00 | Above three years | 9.99% | 2,000,000.00 |
| No. 4 | Guarantee deposits | 570,000.00 | Within one year | 2.85% | 28,500.00 |
| No. 4 | Guarantee deposits | 930,000.00 | One to two years | 4.64% | 93,000.00 |
| No. 5 | Guarantee deposits | 1,414,200.00 | Two to three years | 7.06% | 707,100.00 |
| Total |  | 9,794,200.00 |  | 48.91% | 6,089,100.00 |

**6) Receivables involving government grants**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Entity | Project of government grants | Closing balance | Closing aging | Estimated recovering time, amount and basis |

**7) Derecognition of other receivables due to the transfer of financial assets**

**8) The amount of the assets and liabilities formed due to the transfer and the continued involvement of other receivables**

Other notes:

**8. Inventory**

Whether the Company needs to comply with the disclosure requirements for the real estate industry

No

**(1) Category of inventory**

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Item | Closing balance | | | Opening balance | | |
| Carrying balance | Depreciation reserves of inventories or impairment allowance for contract performance costs | Carrying amount | Carrying balance | Depreciation reserves of inventories or impairment allowance for contract performance costs | Carrying amount |
| Raw materials | 306,098,814.88 | 18,743,975.20 | 287,354,839.68 | 314,989,051.96 | 9,208,086.81 | 305,780,965.15 |
| Goods in process | 213,210,199.53 | 8,406,000.86 | 204,804,198.67 | 169,518,274.03 | 1,096,008.81 | 168,422,265.22 |
| Goods on hand | 696,357,363.18 | 54,722,087.77 | 641,635,275.41 | 746,951,490.88 | 39,332,072.96 | 707,619,417.92 |
| Commissioned products | 27,930,186.88 |  | 27,930,186.88 | 31,345,637.41 |  | 31,345,637.41 |
| Total | 1,243,596,564.47 | 81,872,063.83 | 1,161,724,500.64 | 1,262,804,454.28 | 49,636,168.58 | 1,213,168,285.70 |

**(2) Depreciation reserves of inventory and impairment allowance for contract performance costs**

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Item | Opening balance | Increased amount for the current period | | Decreased amount for the current period | | Closing balance |
| Withdrawal | Others | Reversal or write-off | Others |
| Raw materials | 9,208,086.81 | 11,175,070.70 |  | 1,639,182.31 |  | 18,743,975.20 |
| Goods in process | 1,096,008.81 | 7,354,174.13 |  | 44,182.08 |  | 8,406,000.86 |
| Goods on hand | 39,332,072.96 | 16,252,715.98 | 5,044,394.26 | 5,907,095.43 |  | 54,722,087.77 |
| Total | 49,636,168.58 | 34,781,960.81 | 5,044,394.26 | 7,590,459.82 |  | 81,872,063.83 |

Determination basis of net realizable value and reasons for the reversal or write-off of provision for inventory write-down:

On the balance sheet date, for part of goods on hand for sale directly, and part of raw materials and goods in process required for further processing, whose net realizable value determined by estimated selling price of relevant finished goods less cost to be incurred upon completion, estimated selling expenses, and relevant taxes and surcharges is lower than cost, the Company made depreciation reserves for inventory based on the difference between the net realizable value and cost of each inventory. In the current period, the depreciation reserves for charged-off inventories were RMB7,590,459.82, arising from the production and sales of inventories.

**(3) Notes to the amount of capitalized borrowing cost in the closing balance of inventories**

**(4) Notes to the amount of contract performance costs amortized for the current period**

**9. Other current assets**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Principal-guaranteed fixed income financial products |  | 80,000,000.00 |
| Taxes to be credited | 25,369,300.98 | 45,018,438.41 |
| Prepayments and others | 17,768,380.32 | 10,146,845.41 |
| Total | 43,137,681.30 | 135,165,283.82 |

Other notes:

**10. Long-term equity investment**

Unit: RMB

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Investees | Opening balance (carrying amount) | Increase/decrease for the current period | | | | | | | | Closing balance (carrying amount) | Closing balance of allowance for impairment |
| Investments increased | Investments decreased | Investment gains and losses recognized under equity method | Adjustment of other comprehensive income | Other equity changes | Cash dividend/ profit declared for distribution | Allowance for impairment | Others |
| I. Joint Ventures | | | | | | | | | | | |
| II. Associated Enterprises | | | | | | | | | | | |
| Yangzhou Guoyu Electronics Co., Ltd. [Note 1] | 36,790,996.72 |  |  | 5,702,460.48 |  |  | -1,683,572.42 |  |  | 40,809,884.78 |  |
| Jiangsu Intelligent Microsystem Industrial Technology Co., Ltd. [Note 2] | 19,937,796.78 |  |  |  |  |  |  |  |  | 19,937,796.78 |  |
| Jiangsu Huanxin Semiconductor Co., Ltd. [Note 3] | 51,253,013.42 |  | 60,000,000.00 | 8,746,986.58 |  |  |  |  |  | 0.00 |  |
| Hunan Jiechuwei Semiconductor Technology Co., Ltd. [Note 4] | 358,624,967.82 | 293,760,000.00 |  | 22,103,901.96 |  |  |  |  | -674,488,869.78 | 0.00 |  |
| Subtotal | 466,606,774.74 | 293,760,000.00 | 60,000,000.00 | 36,553,349.02 | 0.00 | 0.00 | -1,683,572.42 | 0.00 | -674,488,869.78 | 60,747,681.56 |  |
| Total | 466,606,774.74 | 293,760,000.00 | 60,000,000.00 | 36,553,349.02 | 0.00 | 0.00 | -1,683,572.42 | 0.00 | -674,488,869.78 | 60,747,681.56 |  |

Other remarks

Note 1: Hereinafter referred to as "Guoyu Electronics". The Company holds 14.95% equity of Guoyu Electronics and appoints directors to participate in its production and business activities, and therefore has a significant influence over it.

Note 2: Hereinafter referred to as "Jiangsu Intelligent Microsystem". The Company holds 7.01% equity of Jiangsu Intelligent Microsystem and appoints general manager and directors to participate in its production and business activities, and therefore has a significant influence over it.

[Note 3] Hereinafter referred to as "Jiangsu Huanxin". The Company holds 23.86% equity of Jiangsu Huanxin and appoints directors to participate in its production and business activities, and therefore has a significant influence over it. In June 2023, the Company sold all equities it held in Jiangsu Huanxin, and received the equity transfer payment on June 29, 2023.

[Note 4] Hereinafter referred to as "Hunan Chuwei". The Company acquired 40% equity of Hunan Chuwei in June 2022, and has appointed directors and operation management team to participate in its production and business activities, and therefore has a significant influence over it. In March 2023, the Company acquired 40% equity of Hunan Chuwei, and thus holds 70% equity in total, making Hunan Chuwei a subsidiary of the Company.

**11. Other non-current financial assets**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Financial assets classified as at fair value through profit or loss for the current period |  |  |
| Including: Equity instrument investments | 444,696,592.64 | 442,446,494.05 |
| Total | 444,696,592.64 | 442,446,494.05 |

Other notes:

The Company invested RMB234 million, RMB5 million and RMB13,728,100 respectively in equity instruments of Beijing Guangmeng Semiconductor Industry Investment Center (LP), Hainan Huoyan Xihe Equity Investment Private Equity Fund Partnership (LP) and Chengdu Senmi Technology Consulting Partnership (LP). The Company is not involved in daily operations as a limited partner and has no significant influence over these entities. It is not feasible to evaluate the equity of investees using income approach or market approach, and there is no introduction of new external investors and transfer of equity between shareholders, which could be used as a reference for the determination of fair value of equity, resulting in the "limited condition" where cost can be used as the best estimate of fair value.

The fair value of equity instruments invested by the Company in Nantong Jinxin Haohua Investment Center (LP) was RMB15,498,600. The Company holds shares of Chengzhi Shareholding Co., Ltd. (stock code: 000990) through holding the equity of Nantong Jinxin Haohua Investment Center (LP), and determines its fair value based on the number of indirect holding shares and closing price.

The fair value of equity instruments invested by the Company in Ningbo Dongxin Guohong Enterprise Management Partnership (LP) was RMB133,138,000. The Company holds shares of Guobo Electronics Co., Ltd. (stock code: 688375) through holding the equity of Ningbo Dongxin Guohong Enterprise Management Partnership (LP), and determines its fair value based on the number of direct holding shares and closing price.

The fair value of equity instruments invested by the Company in Semiconductor Manufacturing Electronics (Shaoxing) Corporation was RMB18,331,700. The Company holds shares of Semiconductor Manufacturing Electronics (Shaoxing) Corporation (stock code: 688469), and determines its fair value based on the number of holding shares and closing price.

The Company invested RMB10 million and RMB15 million respectively in the equity instruments of Dalian Jiafeng Automation Co., Ltd. (hereinafter referred to as "Dalian Jiafeng" and Jiangsu Applied Power Microelectronics Co., Ltd. (hereinafter referred to as "Jiangsu Applied Power"), holding 2.78% and 6.23% equity in them, respectively. The Company does not participate in their production and business activities, and therefore has no significant influence over them. It is not feasible to value the equity of the two investees using income approach or market approach, resulting in the "limited condition" where cost can be used as the best estimate of fair value.

**12. Fixed assets**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Fixed assets | 3,324,897,727.75 | 2,914,129,006.48 |
| Total | 3,324,897,727.75 | 2,914,129,006.48 |

**(1) List of fixed assets**

Unit: RMB

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Item | Buildings and structures | General equipment | Special equipment | Transport facilities | Total |
| I. Original Carrying Amount: |  |  |  |  |  |
| 1. Opening balance | 648,824,044.63 | 40,103,888.46 | 3,317,572,138.94 | 17,723,098.49 | 4,024,223,170.52 |
| 2. Increased amount for the current period | 63,278,434.91 | 2,524,807.20 | 689,919,639.63 | 4,982,345.44 | 760,705,227.18 |
| (1) Purchase | 7,326,508.27 | 691,978.29 | 30,992,818.09 | 2,951,595.57 | 41,962,900.22 |
| (2) Transfer from construction in progress | 54,974,654.54 | 607,419.88 | 117,102,335.35 | 1,410,984.23 | 174,095,394.00 |
| (3) Increase from business combination | 977,272.10 | 1,213,978.76 | 541,748,666.59 | 619,765.64 | 544,559,683.09 |
| (4) Impact of exchange rate changes |  | 11,430.27 | 75,819.60 |  | 87,249.87 |
| 3. Decreased amount for the current period | 6,733.57 | 549,295.95 | 12,339,023.12 | 3,398,406.43 | 16,293,459.07 |
| (1) Disposal or scrap |  | 549,295.95 | 12,339,023.12 | 3,398,406.43 | 16,286,725.50 |
| (2) Impact of exchange rate changes | 6,733.57 |  |  |  | 6,733.57 |
| 4. Closing balance | 712,095,745.97 | 42,079,399.71 | 3,995,152,755.45 | 19,307,037.50 | 4,768,634,938.63 |
| II. Accumulated Depreciation |  |  |  |  |  |
| 1. Opening balance | 121,745,370.88 | 22,706,937.79 | 951,406,940.97 | 10,788,255.81 | 1,106,647,505.45 |
| 2. Increased amount for the current period | 18,343,700.16 | 4,630,205.35 | 333,414,756.88 | 1,356,774.89 | 357,745,437.28 |
| (1) Accrual | 18,266,332.79 | 3,284,049.07 | 218,539,854.52 | 1,278,992.52 | 241,369,228.90 |
| (2) Increase from business combination | 77,367.37 | 1,346,083.90 | 114,874,057.82 | 77,782.37 | 116,375,291.46 |
| (3) Impact of exchange rate changes |  | 72.38 | 844.54 |  | 916.92 |
| 3. Decreased amount for the current period | 26.62 | 496,592.60 | 19,727,493.37 | 431,619.26 | 20,655,731.85 |
| (1) Disposal or scrap |  | 496,592.60 | 19,727,493.37 | 431,619.26 | 20,655,705.23 |
| (2) Impact of exchange rate changes | 26.62 |  |  |  | 26.62 |
| 4. Closing balance | 140,089,044.42 | 26,840,550.54 | 1,265,094,204.48 | 11,713,411.44 | 1,443,737,210.88 |
| III. Allowance for Impairment |  |  |  |  |  |
| 1. Opening balance |  |  | 3,446,658.59 |  | 3,446,658.59 |
| 2. Increased amount for the current period |  |  |  |  |  |
| (1) Accrual |  |  |  |  |  |
|  |  |  |  |  |  |
| 3. Decreased amount for the current period |  |  | 3,446,658.59 |  | 3,446,658.59 |
| (1) Disposal or scrap |  |  | 3,446,658.59 |  | 3,446,658.59 |
|  |  |  |  |  |  |
| 4. Closing balance |  |  | 0.00 |  | 0.00 |
| IV. Carrying Amount |  |  |  |  |  |
| 1. Closing carrying amount | 572,006,701.55 | 15,238,849.17 | 2,730,058,550.97 | 7,593,626.06 | 3,324,897,727.75 |
| 2. Opening carrying amount | 527,078,673.75 | 17,396,950.67 | 2,362,718,539.38 | 6,934,842.68 | 2,914,129,006.48 |

**(2) List of temporarily idle fixed assets**

Unit: RMB

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Item | Original carrying amount | Accumulated depreciation | Allowance for impairment | Carrying amount | Remarks |

**(3) Fixed assets leased out by operation lease**

Unit: RMB

|  |  |
| --- | --- |
| Item | Closing carrying amount |

**(4) Fixed assets failed to accomplish certification of property**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Carrying amount | Reason |
| No. 5 factory | 220,700,339.57 | In processing |
| Building 6# of new factory | 8,204,774.49 | In processing due to changes in building construction plan |
| Building 7# of new factory | 10,295,729.76 | In processing due to changes in building construction plan |
| Building 8# of new factory | 4,057,700.95 | In processing due to changes in building construction plan |
| Plant of Jiangsu Runau | 1,879,292.22 | The land of the entrepreneurial park where the entity is located has been mortgaged by the government for loans, which is not released yet. As a result, the entrepreneurial park cannot be used to apply for real estate ownership certificate. |
| Chengdu Qingyang  Factory 2# | 6,865,373.14 | The real estate ownership certificate has not been obtained due to the fact that the fire control facilities of the factory have not yet been accepted. |
| Subtotal | 252,003,210.13 |  |

Other remarks

**(5) Proceeds from disposal of fixed assets**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |

Other remarks

**13. Construction in progress**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Construction in progress | 612,601,462.25 | 461,878,389.19 |
| Total | 612,601,462.25 | 461,878,389.19 |

**(1) List of construction in progress**

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Item | Closing balance | | | Opening balance | | |
| Carrying balance | Allowance for impairment | Carrying amount | Carrying balance | Allowance for impairment | Carrying amount |
| SMT workshop production expansion project | 19,602,335.54 |  | 19,602,335.54 | 15,667,999.90 |  | 15,667,999.90 |
| Other production expansion and line upgrade projects | 77,193,734.24 |  | 77,193,734.24 | 91,138,938.60 |  | 91,138,938.60 |
| Packaging and testing project of ultra-thin micropower semiconductor chip for intelligent terminals |  |  |  | 44,622,624.35 |  | 44,622,624.35 |
| Wafer project phase II | 245,219,465.90 |  | 245,219,465.90 | 210,665,955.23 |  | 210,665,955.23 |
| Semiconductor monocrystalline material capacity expansion project phase I | 1,894,935.07 |  | 1,894,935.07 | 2,940,887.56 |  | 2,940,887.56 |
| SKY and MOS production expansion projects | 31,104,432.00 |  | 31,104,432.00 | 63,745,290.43 |  | 63,745,290.43 |
| 8" wafter project | 189,252,388.74 |  | 189,252,388.74 |  |  |  |
| Other fragmentary projects | 33,826,135.59 |  | 33,826,135.59 | 30,226,985.52 |  | 30,226,985.52 |
| Other equipment installation projects | 14,508,035.17 |  | 14,508,035.17 | 2,869,707.60 |  | 2,869,707.60 |
| Total | 612,601,462.25 |  | 612,601,462.25 | 461,878,389.19 |  | 461,878,389.19 |

**(2) Changes in significant construction in progress during the current period**

Unit: RMB

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Items | Budget | Opening balance | Increased amount for the current period | Amount of fixed assets transferred-in for the current period | Other decreased amount for the current period | Closing balance | Proportion of accumulated investment in constructions to budget | Construction progress | Accumulated amount of capitalized interest | Of which: Amount of capitalized interests for the current period | Capitalization rate of interests for the current period | Fund source |
| SMT workshop production expansion project | 310,000,000.00 | 15,667,999.90 | 28,849,103.15 | 24,625,805.80 | 288,961.71 | 19,602,335.54 | 110.21% | 100.00% |  |  |  | Others |
| Other production expansion and line upgrade projects | 430,000,000.00 | 91,138,938.60 | 27,016,771.35 | 30,564,867.48 | 10,397,108.23 | 77,193,734.24 | 93.98% | 94.00% |  |  |  | Others |
| Packaging and testing project of ultra-thin micropower semiconductor chip for intelligent terminals | 1,380,000,000.00 | 44,622,624.35 | 0.00 | 41,535,765.12 | 3,086,859.23 |  | 98.21% | 98.00% |  |  |  | Raised through equity offering |
| Wafer project phase II | 280,000,000.00 | 210,665,955.23 | 50,417,489.26 | 15,741,981.06 | 121,997.53 | 245,219,465.90 | 101.12% | 100.00% |  |  |  | Others |
| Semiconductor monocrystalline material capacity expansion project phase I | 365,000,000.00 | 2,940,887.56 | 9,689,497.62 | 4,141,531.44 | 6,593,918.67 | 1,894,935.07 | 41.92% | 42.00% |  |  |  | Others |
| SKY and MOS production expansion projects | 509,000,000.00 | 63,745,290.43 | 11,138,757.19 | 43,133,149.94 | 646,465.68 | 31,104,432.00 | 79.50% | 80.00% |  |  |  | Others |
| 8" wafter project | 590,000,000.00 |  | 202,421,048.35 | 5,126,536.61 | 8,042,123.00 | 189,252,388.74 | 34.31% | 34.00% |  |  |  | Others |
| Other fragmentary projects |  | 30,226,985.52 | 17,205,992.12 | 8,908,577.78 | 4,698,264.27 | 33,826,135.59 |  |  |  |  |  | Others |
| Other equipment installation projects |  | 2,869,707.60 | 20,467,365.74 | 317,178.77 | 8,511,859.40 | 14,508,035.17 |  |  |  |  |  | Others |
| Total | 3,864,000,000.00 | 461,878,389.19 | 367,206,024.78 | 174,095,394.00 | 42,387,557.72 | 612,601,462.25 |  |  |  |  |  |  |

**(3) List of the accrual of the impairment allowance for construction in progress**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Amount accrued for the current period | Reason for accrual |

Other remarks

**(4) Engineering materials**

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Item | Closing balance | | | Opening balance | | |
| Carrying balance | Allowance for impairment | Carrying amount | Carrying balance | Allowance for impairment | Carrying amount |

Other notes:

**14. Right-of-use assets**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Buildings and structures | Total |
| I. Original Carrying Amount |  |  |
| 1. Opening balance | 10,411,104.67 | 10,411,104.67 |
| 2. Increased amount for the current period | 138,803,652.91 | 138,803,652.91 |
| (1) Increase from business combination | 138,525,545.88 | 138,525,545.88 |
| (2) Exchange rate changes | 278,107.03 | 278,107.03 |
| 3. Decreased amount for the current period |  |  |
|  |  |  |
| 4. Closing balance | 149,214,757.58 | 149,214,757.58 |
| II. Accumulated Depreciation |  |  |
| 1. Opening balance | 2,976,351.73 | 2,976,351.73 |
| 2. Increased amount for the current period | 44,588,036.82 | 44,588,036.82 |
| (1) Accrual | 5,551,959.12 | 5,551,959.12 |
| (2) Increase from business combination | 38,960,309.81 | 38,960,309.81 |
| (3) Exchange rate changes | 75,767.89 | 75,767.89 |
| 3. Decreased amount for the current period |  |  |
| (1) Disposal |  |  |
|  |  |  |
| 4. Closing balance | 47,564,388.55 | 47,564,388.55 |
| III. Allowance for Impairment |  |  |
| 1. Opening balance |  |  |
| 2. Increased amount for the current period |  |  |
| (1) Accrual |  |  |
|  |  |  |
| 3. Decreased amount for the current period |  |  |
| (1) Disposal |  |  |
|  |  |  |
| 4. Closing balance |  |  |
| IV. Carrying Amount |  |  |
| 1. Closing carrying amount | 101,650,369.03 | 101,650,369.03 |
| 2. Opening carrying amount | 7,434,752.94 | 7,434,752.94 |

Other notes:

**15. Intangible assets**

**(1) List of intangible assets**

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Item | Land use right | Patent right | Non-patent technologies | Software | Proprietary technology | Total |
| I. Original Carrying Amount |  |  |  |  |  |  |
| 1. Opening balance | 110,723,627.18 |  |  | 42,855,166.43 | 15,900,000.00 | 169,478,793.61 |
| 2. Increased amount for the current period | 544,848.92 |  |  | 11,561,364.93 |  | 12,106,213.85 |
| (1) Purchase |  |  |  | 9,343,545.38 |  | 9,343,545.38 |
| (2) Internal R&D |  |  |  |  |  | 0.00 |
| (3) Increase from business combination |  |  |  | 2,165,136.08 |  | 2,165,136.08 |
| (4) Impact of exchange rate changes | 544,848.92 |  |  | 52,683.47 |  | 597,532.39 |
| 3. Decreased amount for the current period |  |  |  |  |  |  |
| (1) Disposal |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 4. Closing balance | 111,268,476.10 |  |  | 54,416,531.36 | 15,900,000.00 | 181,585,007.46 |
| II. Accumulated Amortization |  |  |  |  |  |  |
| 1. Opening balance | 16,172,901.86 |  |  | 18,870,446.62 | 4,680,000.00 | 39,723,348.48 |
| 2. Increased amount for the current period | 1,362,230.00 |  |  | 3,506,499.62 | 548,537.00 | 5,417,266.62 |
| (1) Accrual | 1,362,230.00 |  |  | 3,240,289.12 | 548,537.00 | 5,151,056.12 |
| (2) Increase from business combination |  |  |  | 227,204.04 |  | 227,204.04 |
| (3) Impact of exchange rate changes |  |  |  | 39,006.46 |  | 39,006.46 |
| 3. Decreased amount for the current period |  |  |  |  |  |  |
| (1) Disposal |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 4. Closing balance | 17,535,131.86 |  |  | 22,376,946.24 | 5,228,537.00 | 45,140,615.10 |
| III. Allowance for Impairment |  |  |  |  |  |  |
| 1. Opening balance |  |  |  |  |  |  |
| 2. Increased amount for the current period |  |  |  |  |  |  |
| (1) Accrual |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 3. Decreased amount for the current period |  |  |  |  |  |  |
| (1) Disposal |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 4. Closing balance |  |  |  |  |  |  |
| IV. Carrying Amount |  |  |  |  |  |  |
| 1. Closing carrying amount | 93,733,344.24 |  |  | 32,039,585.12 | 10,671,463.00 | 136,444,392.36 |
| 2. Opening carrying amount | 94,550,725.32 |  |  | 23,984,719.81 | 11,220,000.00 | 129,755,445.13 |

The proportion of intangible assets formed from the internal R&D of the Company at the end of the period to the closing balance of intangible assets

**(2) Land use right failed to accomplish certification of property**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Carrying amount | Reason |

Other remarks

**16. Goodwill**

**(1) Original carrying value of goodwill**

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Investees or events resulting in goodwill | Opening balance | Increase for the current period | | Decrease for the current period | | Closing balance |
| Formed by business combination |  | Disposal |  |
| Caswell | 102,553,622.99 |  |  |  |  | 102,553,622.99 |
| MCC Shenzhen | 343,177.48 |  |  |  |  | 343,177.48 |
| Shanghai Paiqi | 1,944,739.19 |  |  |  |  | 1,944,739.19 |
| Chengdu Qingyang | 37,844,782.13 |  |  |  |  | 37,844,782.13 |
| Shanghai Lingxin | 1,292,281.31 |  |  |  |  | 1,292,281.31 |
| Jiangsu Runau | 4,462,624.51 |  |  |  |  | 4,462,624.51 |
| Sichuan Yajixin | 20,352,886.90 |  |  |  |  | 20,352,886.90 |
| Hunan Chuwei |  | 140,996,997.87 |  |  |  | 140,996,997.87 |
| Total | 168,794,114.51 | 140,996,997.87 |  |  |  | 309,791,112.38 |

**(2) Allowance for impairment of goodwill**

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Investees or events resulting in goodwill | Opening balance | Increase for the current period | | Decrease for the current period | | Closing balance |
| Withdrawal |  | Disposal |  |
| Shanghai Paiqi | 1,944,739.19 |  |  |  |  | 1,944,739.19 |
| Chengdu Qingyang | 2,727,831.48 |  |  |  |  | 2,727,831.48 |
| Jiangsu Runau [Note] | 457,208.41 |  |  |  |  | 457,208.41 |
| Total | 5,129,779.08 |  |  |  |  | 5,129,779.08 |

Related information of asset group or asset group portfolios which include goodwill

[Note] The deferred tax liabilities are recognized based on the future income tax consequences arising from the assets appraisal appreciation due to business combination involving entities not under common control. In the meantime, pursuant to the relevant regulations of Accounting Standards for Business Enterprises, the recognized amount of goodwill has been adjusted.

1) Related information of asset group or asset group portfolios which include goodwill

| Composition of asset group or asset group portfolios | MCC Hong Kong, Caswell and its subsidiaries, MCC Shenzhen | Chengdu Qingyang, Sichuan Yajixin |
| --- | --- | --- |
| Carrying amount of asset group or asset group portfolios | 486,288,090.74 | 488,313,449.59 |
| Carrying amount of goodwill apportioned to the asset group or asset group portfolios and the apportionment method | 102,896,800.47 | 55,469,837.55 |
| Carrying amount of asset group or asset group portfolios that include goodwill | 589,184,891.21 | 580,763,178.84 |
| Whether asset group or asset group portfolios are consistent with those at acquisition date or at goodwill impairment testing date in prior periods | Yes | No |
| Composition of asset group or asset group portfolios at the time when goodwill impairment test was conducted in 2021 |  | Chengdu Qingyang and Sichuan Yajixin were recognized as two asset group portfolios |
| Reasons resulting in composition changes of asset group or asset group portfolios |  |  |

Notes of the testing process of goodwill impairment, parameters (such as growth rate of the forecast period, growth rate of stable period, rate of profit, discount rate, forecast period and so on for prediction of future present value of cash flows) and the recognition method of goodwill impairment losses:

2) Process, method and conclusion of goodwill impairment test

a. In 2015, the Company acquired all equities of MCC Shenzhen and acquired all equities of Caswell and its wholly-owned subsidiaries MCC USA and MCC Taiwan through wholly-owned subsidiary MCC Hong Kong, all of which are sales companies. The Company obtained marketing channels through acquisition, and carried out collaboration and integration. The recoverable amount of goodwill is calculated based on the present value of estimated future cash flows, which is based on the five-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 11.92% (2022: 11.92%), and the cash flows subsequent to the estimated period is inferred by a growth rate of 0% (2021: 0%) based on the principle of prudence, which is not higher than the overall long-term average growth rate in the electronic component industry.

Other key data used in the impairment test include the estimated selling price, sales amount, cost of product, and other relevant expenses.

Such key data are determined by the Company based on its historical experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

The aforementioned estimation of the recoverable amount of goodwill suggests that the goodwill is not impaired.

b. The recoverable amount of goodwill of Chengdu Qingyang and Sichuan Yajixin is calculated based on the present value of estimated future cash flows, which is based on the five-year estimated annual cash flows approved by the Company. The discount rate used in estimating the annual cash flows is 11.92% (2022: 11.92%), and the cash flows subsequent to the estimated period is inferred by a growth rate of 0% (2021: 0%) based on the principle of prudence, which is not higher than the overall long-term average growth rate in the electronic component industry.

Other key data used in the impairment test include the estimated selling price, sales amount, cost of product, and other relevant expenses. Such key data are determined by the Company based on its historical experience and its prediction towards market development. The discount rate used by the Company is the pre-tax interest rate that reveals the time value of currency under the current market situation and special risks of certain asset group.

The aforementioned estimation of the recoverable amount of goodwill suggests that the goodwill is not impaired.

Impact of goodwill impairment testing

Other remarks

**17. Long-term prepayments**

Unit: RMB

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Item | Opening balance | Increased amount for the current period | Amortization amount of the current period | Other decreased amount | Closing balance |
| Decoration and repair fees | 98,598,854.20 | 19,417,319.46 | 20,898,633.81 |  | 97,117,539.85 |
| Total | 98,598,854.20 | 19,417,319.46 | 20,898,633.81 |  | 97,117,539.85 |

Other remarks

**18. Deferred tax assets/deferred tax liabilities**

**(1) Deferred tax assets had not been off-set**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Closing balance | | Opening balance | |
| Deductible temporary difference | Deferred tax assets | Deductible temporary difference | Deferred tax assets |
| Allowance for impairment of assets | 150,394,809.42 | 27,398,869.85 | 122,581,176.29 | 19,029,094.05 |
| Internal unrealized profit | 29,416,324.43 | 4,412,448.66 | 46,469,831.43 | 6,970,474.71 |
| Deductible losses | 52,285,900.60 | 8,470,874.69 | 68,862,060.64 | 10,957,298.69 |
| Equity incentive fees | 39,874,454.25 | 5,981,168.14 | 31,260,734.25 | 4,689,110.14 |
| Deferred income | 3,845,485.13 | 576,822.77 | 4,289,334.11 | 643,400.12 |
| Total | 275,816,973.83 | 46,840,184.11 | 273,463,136.72 | 42,289,377.71 |

**(2) Deferred tax liabilities had not been off-set**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Closing balance | | Opening balance | |
| Taxable temporary difference | Deferred tax liabilities | Taxable temporary difference | Deferred tax liabilities |
| Estimated added value of assets not under the same control | 10,008,886.73 | 1,501,333.01 | 10,008,886.73 | 1,501,333.01 |
| Changes in fair value of other non-current financial assets | 16,428,344.94 | 2,464,251.74 | 32,008,578.29 | 4,801,286.74 |
| Extra deduction of depreciation of fixed assets | 1,340,163,377.08 | 201,024,506.55 | 1,160,231,375.19 | 174,034,706.28 |
| Net profit achieved by MCC Hong Kong | 387,892,932.81 | 58,183,939.92 | 333,549,192.73 | 50,032,378.91 |
| Total | 1,754,493,541.56 | 263,174,031.22 | 1,535,798,032.94 | 230,369,704.94 |

**(3) Deferred tax assets or liabilities had been off-set presented in net amount**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Closing deferred tax assets offset by deferred tax liabilities | Closing balance of deferred tax assets or deferred tax liabilities | Opening deferred tax assets offset by deferred tax liabilities | Opening balance of deferred tax assets/liabilities after offset |
| Deferred tax assets | 40,233,021.25 | 6,607,162.86 | 33,620,236.37 | 8,669,141.34 |
| Deferred tax liabilities | 40,233,021.25 | 222,941,009.97 | 33,620,236.37 | 196,749,468.57 |

**(4) List of unrecognized deferred tax assets**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Deductible temporary difference | 20,728,332.12 | 21,863,719.13 |
| Deductible losses | 75,058,975.69 | 64,101,245.52 |
| Total | 95,787,307.81 | 85,964,964.65 |

**(5) Deductible losses of unrecognized deferred tax assets to be due in the following years**

Unit: RMB

|  |  |  |  |
| --- | --- | --- | --- |
| Year | Closing amount | Opening amount | Remarks |
| 2023 | 1,624,036.53 | 1,624,036.53 |  |
| 2024 | 446,993.41 | 446,993.41 |  |
| 2025 | 185,436.86 | 185,436.86 |  |
| 2026 | 2,160,595.67 | 2,160,595.67 |  |
| 2027 | 59,684,183.05 | 59,684,183.05 |  |
| 2028 | 10,957,730.17 |  |  |
| Total | 75,058,975.69 | 64,101,245.52 |  |

Other remarks

**19. Other non-current assets**

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Item | Closing balance | | | Opening balance | | |
| Carrying balance | Allowance for impairment | Carrying amount | Carrying balance | Allowance for impairment | Carrying amount |
| Capacity deposit | 354,050,938.00 |  | 354,050,938.00 | 319,316,563.00 |  | 319,316,563.00 |
| Prepayment for engineering equipment | 345,109,948.35 |  | 345,109,948.35 | 10,237,651.72 |  | 10,237,651.72 |
| Total | 699,160,886.35 |  | 699,160,886.35 | 329,554,214.72 |  | 329,554,214.72 |

Other notes:

**20. Short-term borrowings**

**(1) Category of short-term borrowings**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Pledged borrowings | 20,017,750.00 | 50,000,000.00 |
| Mortgaged borrowings | 138,679,666.67 | 29,103,444.45 |
| Credit borrowings | 599,414,723.61 | 194,018,096.55 |
| Total | 758,112,140.28 | 273,121,541.00 |

Notes of the category for short-term loans:

**(2) List of the short-term borrowings overdue but not returned**

The amount of the overdue unpaid short-term borrowings at the period-end was RMBXXX, of which the significant overdue unpaid short-term borrowings are as follows:

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Entity | Closing balance | Interest rate | Overdue time | Overdue charge rate |

Other remarks

**21. Notes payable**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Categories | Closing balance | Opening balance |
| Bank receivable | 253,138,469.71 | 404,856,318.95 |
| Cheque | 10,485.00 | 10,219.50 |
| Total | 253,148,954.71 | 404,866,538.45 |

The total amount of notes payable due but unpaid was RMB .

**22. Accounts payable**

**(1) List of accounts payable**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Payments for materials | 850,257,529.38 | 749,020,884.08 |
| Payments for engineering equipment | 321,166,561.13 | 296,366,789.32 |
| Total | 1,171,424,090.51 | 1,045,387,673.40 |

**(2) Significant accounts payable aged over one year**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Unpaid/Un-carry-over reason |

Other notes:

**23. Contract liabilities**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Payments for goods | 21,693,325.50 | 37,431,854.37 |
| Total | 21,693,325.50 | 37,431,854.37 |

Significant changes in the carrying amount and the reason in the Reporting Period

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Change in amount | Reason(s) |

**24. Employee benefits payable**

**(1) List of payroll payable**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Opening balance | Increase for the current period | Decrease for the current period | Closing balance |
| I. Short-term Salary | 143,987,542.57 | 401,161,774.31 | 454,362,301.40 | 90,787,015.48 |
| II. Termination Benefit - Defined Contribution Plans | 450,808.43 | 35,207,993.31 | 35,567,159.41 | 91,642.33 |
| Total | 144,438,351.00 | 436,369,767.62 | 489,929,460.81 | 90,878,657.81 |

**(2) List of short-term salary**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Opening balance | Increase for the current period | Decrease for the current period | Closing balance |
| 1. Salary, bonus, allowance, subsidy | 138,768,424.16 | 343,441,794.16 | 397,395,641.69 | 84,814,576.63 |
| 2. Employee welfare |  | 17,013,451.25 | 17,013,451.25 |  |
| 3. Social insurance | 294,358.51 | 19,209,692.70 | 19,450,733.60 | 53,317.61 |
| Including: Medicare premium | 254,626.40 | 17,757,293.82 | 17,972,381.37 | 39,538.85 |
| Occupational injuries premium | 32,611.74 | 1,272,047.32 | 1,295,170.27 | 9,488.79 |
| Maternity premium | 7,120.37 | 180,351.56 | 183,181.96 | 4,289.97 |
| 4. Housing provident fund | 37,019.00 | 12,173,616.72 | 12,127,971.92 | 82,663.80 |
| 5. Labor union budget and employee education budget | 4,887,740.90 | 9,323,219.48 | 8,374,502.94 | 5,836,457.44 |
| Total | 143,987,542.57 | 401,161,774.31 | 454,362,301.40 | 90,787,015.48 |

**(3) List of defined contribution plans**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Opening balance | Increase for the current period | Decrease for the current period | Closing balance |
| 1. Basic pension insurance | 430,152.41 | 34,120,273.68 | 34,465,571.90 | 84,854.19 |
| 2. Unemployment insurance premiums | 20,656.02 | 1,087,719.63 | 1,101,587.51 | 6,788.14 |
| Total | 450,808.43 | 35,207,993.31 | 35,567,159.41 | 91,642.33 |

Other notes:

**25. Taxes and rates payable**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| VAT | 9,254,842.06 | 5,548,536.19 |
| Enterprise income tax | 15,889,195.18 | 9,809,162.29 |
| Individual income tax | 1,925,125.43 | 2,188,321.08 |
| Urban maintenance and construction tax | 1,221,059.51 | 1,088,562.34 |
| Property tax | 1,702,802.33 | 1,167,589.93 |
| Land use tax | 313,235.24 | 306,664.43 |
| Education surcharge | 543,335.67 | 472,432.51 |
| Local education surcharge | 362,223.77 | 308,719.34 |
| Stamp duty and others | 1,175,529.89 | 939,646.73 |
| Total | 32,387,349.08 | 21,829,634.84 |

Other notes:

**26. Other payables**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Other payables | 34,029,760.24 | 32,643,884.26 |
| Total | 34,029,760.24 | 32,643,884.26 |

**(1) Other payables**

**1) Other payables listed by nature of account**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Payables for equity acquisition | 1,448,500.00 | 1,448,500.00 |
| Temporary receipts payable | 3,617,465.96 | 2,502,307.96 |
| Guarantee deposits | 8,222,140.70 | 3,136,775.27 |
| Accrued expenses | 20,741,653.58 | 25,556,301.03 |
| Total | 34,029,760.24 | 32,643,884.26 |

**2) Significant other accounts payable aged over one year**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Unpaid/Un-carry-over reason |

Other notes:

**27. Non-current liabilities due within one year**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Long-term borrowings due within one year | 200,375,000.00 | 100,075,000.00 |
| Lease liabilities due within one year | 2,422,222.08 | 2,337,112.30 |
| Total | 202,797,222.08 | 102,412,112.30 |

Other notes:

**28. Other current liabilities**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Output VAT to be recognized | 776,798.69 | 2,394,362.02 |
| Total | 776,798.69 | 2,394,362.02 |

Increase/Decrease of the short-term bonds payable:

Unit: RMB

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Bond name | Par value | Issue date | Bond duration | Issue amount | Opening balance | Issued in the current period | Interest accrued at par value | Amortization of premium and depreciation | Repaid in the current period |  | Closing balance |
|  |  |  |  |  |  |  |  |  |  |  |  |
| Total |  |  |  |  |  |  |  |  |  |  |  |

Other notes:

**29. Long-term borrowings**

**(1) Category of long-term borrowings**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Mortgaged borrowings | 400,232,476.17 | 400,283,333.33 |
| Credit borrowings | 50,008,611.11 |  |
| Total | 450,241,087.28 | 400,283,333.33 |

Note to the category of long-term borrowings:

Other notes, including interest rate range:

**30. Lease liabilities**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Lease liabilities | 128,387,416.33 | 5,302,963.08 |
| Unrecognized financing expenses of lease liabilities | -14,413,328.39 | -439,848.52 |
| Total | 113,974,087.94 | 4,863,114.56 |

Other notes:

**31. Deferred income**

Unit: RMB

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Item | Opening balance | Increase for the current period | Decrease for the current period | Closing balance | Reasons for occurrence |
| Government grants | 159,516,602.26 | 30,038,700.00 | 15,189,259.77 | 174,366,042.49 | Related to assets |
| Total | 159,516,602.26 | 30,038,700.00 | 15,189,259.77 | 174,366,042.49 |  |

Item involving government grants:

Unit: RMB

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Item | Opening balance | Amount of new subsidy for the current period | Amount included into non-operating revenue in the current period | Amount included into other income in the current period | Amount offset cost in the current period | Other changes | Closing balance | Related to assets/income |
| Special funds for development of strategic emerging industries | 26,429,778.69 |  |  | 1,093,755.56 |  |  | 25,336,023.13 | Related to assets |
| Subsidies for electronic chips and modules | 45,685.26 |  |  | 44,720.93 |  |  | 964.33 | Related to assets |
| Special subsidies for enterprise technical transformation | 499,196.46 |  |  | 88,093.44 |  |  | 411,103.02 | Related to assets |
| Special subsidies for transformation and upgrading of industrial and information industry | 110,123.79 |  |  | 15,642.27 |  |  | 94,481.52 | Related to assets |
| High-power MOSFET chip and packaging industrialization project | 493,422.87 |  |  | 96,205.74 |  |  | 397,217.13 | Related to assets |
| R&D and industrialization project of SiC power devices | 574,451.38 |  |  | 234,608.04 |  |  | 339,843.34 | Related to assets |
| R&D and industrial construction projects of SiC chips and devices | 1,307,499.80 |  |  | 130,750.02 |  |  | 1,176,749.78 | Related to assets |
| Subsidies for control of intelligent integrated system | 0.20 |  |  | 0.20 |  |  |  | Related to assets |
| Special funds for industrial transformation and upgrading of Jiangsu Province | 317,629.20 |  |  | 35,094.56 |  |  | 282,534.64 | Related to assets |
| Intelligent workshop subsidies | 302,819.62 |  |  |  |  |  | 302,819.62 | Related to assets |
| Subsidies for power capacity expansion projects | 1,045,641.69 |  |  |  |  |  | 1,045,641.69 | Related to assets |
| Interest subvention on imported equipment | 4,498,403.59 |  |  | 409,854.15 |  |  | 4,088,549.44 | Related to assets |
| Guidance funds for the development of advanced manufacturing industry of Yangzhou | 6,260,720.54 |  |  | 761,375.10 |  |  | 5,499,345.44 | Related to assets |
| Intelligent factory | 4,119,793.37 |  |  | 346,497.91 |  |  | 3,773,295.46 | Related to assets |
| Design and industrialization projects of intelligent terminal integrated power devices | 5,604,240.41 |  |  | 632,863.87 |  |  | 4,971,376.54 | Related to assets |
| R&D and industrialization project of vertical-structured GaN-based power device with breakdown voltage of 900V | 4,190,578.97 |  |  | 720,031.07 |  |  | 3,470,547.90 | Related to assets |
| Special subsidies for transformation and upgrading of provincial industrial and information industry | 17,393,780.13 |  |  | 1,925,592.14 |  |  | 15,468,187.99 | Related to assets |
| Guidance funds for the development of advanced manufacturing industry | 1,180,057.96 |  |  | 118,634.32 |  |  | 1,061,423.64 | Related to assets |
| Special funds for industrial development | 3,381,055.03 |  |  | 326,685.00 |  |  | 3,054,370.03 | Related to assets |
| Special funds for economic and commercial development | 581,041.25 |  |  | 52,818.53 |  |  | 528,222.72 | Related to assets |
| High-quality development and technical transformation | 10,494,494.11 | 12,958,700.00 |  | 1,427,789.38 |  |  | 22,025,404.73 | Related to assets |
| Special funds for high-quality development | 6,965,272.91 |  |  | 760,063.93 |  |  | 6,205,208.98 | Related to assets |
| Special funds for municipal-level intelligent reform and digital transformation |  | 10,480,000.00 |  | 566,513.32 |  |  | 9,913,486.68 | Related to assets |
| Strategic emerging industry projects of Jiangsu Province | 1,109,422.29 |  |  | 235,961.94 |  |  | 873,460.35 | Related to assets |
| Science and technology program of Yangzhou | 108,333.29 |  |  | 25,000.02 |  |  | 83,333.27 | Related to assets |
| Subsidies for equipment | 482,348.61 |  |  | 67,180.56 |  |  | 415,168.05 | Related to assets |
| Special fund for technical transformation of high-quality development of industrial economy in Hanjiang District | 404,971.68 |  |  | 49,294.44 |  |  | 355,677.24 | Related to assets |
| Municipal technical transformation special fund project | 1,038,082.93 | 3,500,000.00 |  | 377,046.66 |  |  | 4,161,036.27 | Related to assets |
| Special funds for industrial and information industry transformation in Jiangsu Province | 12,800,000.00 |  |  | 1,510,526.04 |  |  | 11,289,473.96 | Related to assets |
| Government investment refund | 1,455,854.66 |  |  | 56,547.60 |  |  | 1,399,307.06 | Related to assets |
| Provincial industrial development funds | 805,479.48 |  |  | 86,301.36 |  |  | 719,178.12 | Related to assets |
| National special fund for the development of small and medium-sized enterprises | 1,048,000.03 |  |  | 130,999.98 |  |  | 917,000.05 | Related to assets |
| Provincial special fund for the development of small and medium-sized enterprises | 399,999.94 |  |  | 50,000.04 |  |  | 349,999.90 | Related to assets |
| Provincial special funds for science and technology project | 580,000.00 |  |  | 120,000.00 |  |  | 460,000.00 | Related to assets |
| Subsidies for electricity and power facilities from the government | 13,650,064.00 |  |  | 1,002,583.44 |  |  | 12,647,480.56 | Related to assets |
| Industrial awards and subsidies | 126,700.00 |  |  |  |  |  | 126,700.00 | Related to assets |
| Subsidies for equipment | 19,688,830.43 |  |  | 1,224,775.21 |  |  | 18,464,055.22 | Related to assets |
| Government grants for nitrogen station project construction | 8,000,000.00 |  |  |  |  |  | 8,000,000.00 | Related to assets |
| Subsidies for R&D of key technologies for high-voltage fast soft recovery rectifier diode square chips | 172,962.92 |  |  | 30,000.00 |  |  | 142,962.92 | Related to assets |
| Subsidies for R&D of 4.5kV/2kA (high voltage and high current) dual-GCT devices | 29,999.96 |  |  |  |  |  | 29,999.96 | Related to assets |
| R&D and industrialization of high-power and high-voltage crimping thyristor series | 131,666.67 |  |  | 10,000.02 |  |  | 121,666.65 | Related to assets |
| Special funds for industrial development | 1,570,730.14 | 2,200,000.00 |  | 410,452.98 |  |  | 3,360,277.16 | Related to assets |
| Factory rents refund | 117,468.00 |  |  |  |  |  | 117,468.00 | Related to assets |
| Industrial supporting funds |  | 900,000.00 |  | 15,000.00 |  |  | 885,000.00 | Related to assets |
| Subtotal | 159,516,602.26 | 30,038,700.00 |  | 15,189,259.77 |  |  | 174,366,042.49 | Related to assets |

Other notes:

**32. Other non-current liabilities**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Capacity deposits received | 354,050,938.00 | 319,316,563.00 |
| Total | 354,050,938.00 | 319,316,563.00 |

Other notes:

**33. Share capital**

Unit: RMB

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Opening balance | Increase/Decrease (+/-) | | | | | Closing balance |
| Issue of new shares | Bonus shares | Provident fund transferred to shares | Others | Subtotal |
| Total shares | 512,772,787.00 | 28,679,000.00 |  |  |  | 28,679,000.00 | 541,451,787.00 |

Other notes:

By virtue of the *Reply on the Approval of the Initial Public Offering of Global Depositary Receipts and Listing on the SIX Swiss Exchange by Yangzhou Yangjie Electronic Technology Co., Ltd.* (ZH.J.X.K. [2023] No. 606) from the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") and upon approval of SIX Exchange Regulation AG, the Company issued and listed on the SIX Swiss Exchange on April 18, 2023. Full name on GDR: Yangzhou Yangjie Electronic Technology Co., Ltd., stock code: YJET. **34. Capital reserve**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Opening balance | Increase for the current period | Decrease for the current period | Closing balance |
| Capital premium (share premium) | 2,514,305,774.98 | 1,428,893,461.35 |  | 3,943,199,236.33 |
| Other capital reserve | 70,284,468.76 | 19,269,720.00 |  | 89,554,188.76 |
| Total | 2,584,590,243.74 | 1,448,163,181.35 |  | 4,032,753,425.09 |

Other notes, including a description of the increase or decrease for the current period and the reasons for the change:

1) The increase in capital reserve (share premium) in the current period was RMB1,428,893,461.35. See the notes about capital shares to this financial statement for details.

2) The Company implements equity-settled share-based payment. In the current period, employee services in exchange for equity-settled share-based payment totaled RMB19,269,720.00, and other capital reserve was increased accordingly.

**35. Other comprehensive income**

Unit: RMB

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Item | Opening balance | Current period cumulative | | | | | | Closing balance |
| Current period cumulative before income tax | Less: OCI previously recognized but transferred to profit or loss in the current period | Less: Recorded in other comprehensive income in prior period and transferred in retained earnings in the current period | Less: Income tax | Attributable to parent company | Attributable minority shareholders after tax |
| II. Other comprehensive income that may subsequently be reclassified to profit or loss | 28,166,283.84 | 11,068,344.53 |  |  |  | 11,068,344.53 |  | 39,234,628.37 |
| Differences arising from translation of foreign currency-denominated financial statements | 28,166,283.84 | 11,068,344.53 |  |  |  | 11,068,344.53 |  | 39,234,628.37 |
| Total other comprehensive income | 28,166,283.84 | 11,068,344.53 |  |  |  | 11,068,344.53 |  | 39,234,628.37 |

Other notes, including the adjustment of the effective gain/loss on cash flow hedges to the initial recognized amount:

**36. Surplus reserve**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Opening balance | Increase for the current period | Decrease for the current period | Closing balance |
| Statutory surplus reserve | 256,386,393.50 |  |  | 256,386,393.50 |
| Total | 256,386,393.50 |  |  | 256,386,393.50 |

Notes, including changes and reason for change:

**37. Undistributed profit**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period | Previous period |
| Closing balance of retained profits in the previous period before adjustments | 2,771,489,902.27 | 1,900,563,877.06 |
| Opening balance of retained profits after adjustments | 2,771,489,902.27 | 1,900,563,877.06 |
| Add: Net profit attributable to owners of the parent company | 410,749,362.62 | 1,060,145,500.75 |
| Less: Appropriation of statutory surplus reserve |  | 76,771,010.40 |
| Dividend payable on ordinary shares | 270,725,893.50 | 112,448,465.14 |
| Closing retained profits | 2,911,513,371.39 | 2,771,489,902.27 |

List of adjustment of opening retained profits:

1) RMB0.00 of opening retained profits was affected by retrospective adjustment conducted according to the *Accounting Standards for Business Enterprises* and relevant new regulations.

2) RMB0.00 of opening retained profits was affected by changes in accounting policies.

3) RMB0.00 of opening retained profits was affected by correction of significant accounting errors.

4) RMB0.00 of opening retained profits was affected by changes in combination scope arising from same control.

5) RMB0.00 of opening retained profits was affected totally by other adjustments.

**38. Operating revenue and operating cost**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Current period cumulative | | Amount for the previous period | |
| Revenue | Cost | Revenue | Cost |
| Principal business | 2,569,092,610.29 | 1,827,247,216.20 | 2,926,899,787.99 | 1,862,612,164.07 |
| Other business | 55,649,776.33 | 7,081,542.08 | 24,418,891.46 | 16,675,202.00 |
| Total | 2,624,742,386.62 | 1,834,328,758.28 | 2,951,318,679.45 | 1,879,287,366.07 |

Relevant information of revenue:

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Category of contracts | Segment 1 | Segment 2 |  | Total |
| Product categories | 2,624,742,386.62 |  |  | 2,624,742,386.62 |
| Of which: |  |  |  |  |
| Semiconductor components | 2,218,061,362.39 |  |  | 2,218,061,362.39 |
| Semiconductor chips | 260,095,604.95 |  |  | 260,095,604.95 |
| Semiconductor silicon wafers | 90,935,642.95 |  |  | 90,935,642.95 |
| Other business | 55,649,776.33 |  |  | 55,649,776.33 |
| Total | 2,624,742,386.62 |  |  | 2,624,742,386.62 |
| Classification by operating region | 2,624,742,386.62 |  |  | 2,624,742,386.62 |
| Of which: |  |  |  |  |
| Domestic | 1,985,604,059.05 |  |  | 1,985,604,059.05 |
| Overseas | 639,138,327.57 |  |  | 639,138,327.57 |
| Total | 2,624,742,386.62 |  |  | 2,624,742,386.62 |
| Market or customer type |  |  |  |  |
| Of which: |  |  |  |  |
|  |  |  |  |  |
| Contract type |  |  |  |  |
| Of which: |  |  |  |  |
|  |  |  |  |  |
| Classification by time of commodity transfer | 2,624,742,386.62 |  |  | 2,624,742,386.62 |
| Of which: |  |  |  |  |
| Recognized at a point in time | 2,624,742,386.62 |  |  | 2,624,742,386.62 |
| Total | 2,624,742,386.62 |  |  | 2,624,742,386.62 |
| Classification by contract term |  |  |  |  |
| Of which: |  |  |  |  |
|  |  |  |  |  |
| Classification by sales channel |  |  |  |  |
| Of which: |  |  |  |  |
|  |  |  |  |  |
| Total | 2,624,742,386.62 |  |  | 2,624,742,386.62 |

Information about performance obligations:

None

Information in relation to the transaction price apportioned to the residual contract performance obligation:

At the end of the Reporting Period, the revenue corresponding to the performance obligations that have been contracted but have not been performed or completed is RMB1,230,183,131.43, of which RMB1,041,522,971.45 is expected to be recognized in fiscal 2023, and RMB188,660,159.98 in 2024, and RMB0.00 in 2025.

Other notes

**39. Taxes and surcharges**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |
| Urban maintenance and construction tax | 7,300,574.91 | 595,082.01 |
| Education surcharge | 3,209,930.51 | 360,666.05 |
| Property tax | 3,238,639.23 | 2,619,778.61 |
| Land use tax | 1,255,191.85 | 714,582.80 |
| Stamp duty | 2,342,692.02 | 991,286.85 |
| Local education surcharge | 2,139,953.67 | 60,723.24 |
| Environmental protection tax | 10,388.49 | 224,278.94 |
| Local water conservancy fund | 31,243.37 | 11,663.45 |
| Total | 19,528,614.05 | 5,578,061.95 |

Other notes:

**40. Selling expenses**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |
| Employee benefits | 78,791,198.44 | 62,208,983.12 |
| Office expenses | 11,911,339.18 | 16,900,890.34 |
| Business traveling expenses | 6,010,476.02 | 1,751,559.01 |
| Business entertainment expenses | 4,416,146.14 | 2,265,388.39 |
| Business publicity fees | 2,769,456.88 | 726,494.57 |
| Equity-settled share-based payments | 3,491,005.00 | 6,251,349.93 |
| Others | 2,634,739.49 | 3,925,012.24 |
| Total | 110,024,361.15 | 94,029,677.60 |

Other notes:

**41. Administrative expenses**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |
| Employee benefits | 66,357,952.81 | 66,200,499.38 |
| Depreciation and amortization | 28,649,694.35 | 17,523,848.28 |
| Intermediary service fees | 4,763,265.21 | 4,764,888.46 |
| Office expenses | 7,715,339.27 | 7,024,679.83 |
| Business entertainment expenses | 1,188,478.18 | 1,875,201.05 |
| Business traveling expenses | 1,112,363.09 | 370,125.51 |
| Equity-settled share-based payments | 10,081,102.50 | 5,720,574.93 |
| Others | 6,329,244.30 | 7,374,478.23 |
| Total | 126,197,439.71 | 110,854,295.67 |

Other notes

**42. R&D expenses**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |
| Employee benefits | 73,810,062.59 | 63,007,518.15 |
| Direct inputs | 71,837,929.23 | 76,974,794.10 |
| Depreciation and amortization | 9,251,602.13 | 6,850,313.86 |
| Commissioned R&D expenses | 1,383,665.46 | 1,107,495.06 |
| Consultant certification fees | 170,095.31 | 1,521,140.53 |
| Equity-settled share-based payments | 4,027,710.00 | 4,529,280.15 |
| Others | 4,856,119.70 | 6,272,897.86 |
| Total | 165,337,184.42 | 160,263,439.71 |

Other notes

**43. Financial expenses**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |
| Interest expenditures | 17,116,999.97 | 7,880,163.33 |
| Interest income | -33,927,810.88 | -5,963,598.68 |
| Gains or losses on foreign exchange | -94,458,141.44 | -17,117,031.53 |
| Unrecognized financing expenses | 694,174.35 | 166,697.23 |
| Others | 1,344,186.63 | 1,669,786.09 |
| Total | -109,230,591.37 | -13,363,983.56 |

Other notes

**44. Other income**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Sources | Current period cumulative | Amount for the previous period |
| Government grants related to income | 6,566,745.77 | 3,511,118.88 |
| Government grants related to assets | 15,189,259.77 | 11,269,726.00 |
| Total | 21,756,005.54 | 14,780,844.88 |

**45. Investment income**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |
| Investment income from long-term equity investments under equity method | 27,806,362.44 | -349,114.45 |
| Investment income from disposal of long-term equity investments | 8,746,986.58 |  |
| Investment income from other non-current financial assets |  | 3,172,883.12 |
| Investment income from financial products | 1,694,478.14 | 12,366,335.06 |
| Interest income from discounted notes | -2,779,687.55 | -2,725,092.18 |
| Investment income from forward foreign exchange settlement and others |  | 3,617,963.27 |
| Total | 35,468,139.61 | 16,082,974.82 |

Other notes

**46. Gains on changes in fair value**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Sources | Current period cumulative | Amount for the previous period |
| Held-for-trading financial assets | -15,580,233.35 | -11,218,254.41 |
| Total | -15,580,233.35 | -11,218,254.41 |

Other notes:

**47. Credit impairment loss**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |
| Loss on bad debts from other receivables | 557,625.51 | -1,945,822.48 |
| Loss on bad debts from receivables | -14,447,206.56 | -12,649,343.10 |
| Total | -13,889,581.05 | -14,595,165.58 |

Other notes

**48. Assets impairment loss**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |
| II. Inventory Falling Price Loss and Impairment Provision for Contract Performance Costs | -27,191,500.99 | -12,866,842.09 |
| Total | -27,191,500.99 | -12,866,842.09 |

Other notes:

**49. Gains on asset disposal**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Sources | Current period cumulative | Amount for the previous period |
| Gains on disposal of fixed assets | 516,259.91 | 616,984.20 |
| Subtotal | 516,259.91 | 616,984.20 |

**50. Non-operating revenue**

Unit: RMB

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period | Amount recorded in the current non-recurring profit or loss |
| Indemnity income | 926,292.68 | 557,552.47 | 926,292.68 |
| Others | 437,624.80 | 855,076.44 | 437,624.80 |
| Total | 1,363,917.48 | 1,412,628.91 | 1,363,917.48 |

Government grants recorded into current profit or loss:

Unit: RMB

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Item | Distribution entity | Distribution reason | Nature | Whether influence the profits or losses of the year or not | Special subsidy or not | Amount for the current period | Previous period | Related to assets/income |

Other notes:

**51. Non-operating expenditures**

Unit: RMB

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period | Amount recorded in the current non-recurring profit or loss |
| External donations | 4,729,397.94 | 5,573,000.00 | 4,729,397.94 |
| Losses on damage or retirement of non-current assets | 736,516.94 | 751,673.55 | 736,516.94 |
| Indemnity expenditures | 787,865.94 |  | 787,865.94 |
| Others | 305,126.99 | 342,941.24 | 305,126.99 |
| Total | 6,558,907.81 | 6,667,614.79 | 6,558,907.81 |

Other notes:

**52. Income tax expenses**

**(1) List of income tax expense**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |
| Current period income tax expenses | 40,830,965.60 | 62,017,952.51 |
| Deferred tax expenses | 28,253,519.88 | 34,136,210.34 |
| Total | 69,084,485.48 | 96,154,162.85 |

**(2) Adjustment process of accounting profit and income tax expense**

Unit: RMB

|  |  |
| --- | --- |
| Item | Current period cumulative |
| Profit before tax | 474,440,719.72 |
| Current income tax expense accounted at statutory/applicable tax rate | 71,166,107.96 |
| Effect of different tax rate applicable to subsidiaries | 2,924,192.31 |
| Effect of prior income tax reconciliation | 614,237.91 |
| Effect of non-deductible costs, expenses and losses | 2,285,499.82 |
| Effect of utilization of deductible losses not previously recognized as deferred tax assets | -18,656.00 |
| Effect of deducible temporary differences or deductible losses not recognized as deferred tax assets in the current period | 6,814,777.90 |
| Influence of R&D and deductions | -15,517,862.67 |
| Other adjusted items | 816,188.25 |
| Income tax expenses | 69,084,485.48 |

Other notes:

**53. Other comprehensive income**

See Note X vii. 35 for details.

**54. Items of cash flow statement**

**(1) Cash generated from other operating activities**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |
| Government grants | 36,615,445.77 | 74,393,161.35 |
| Interest income | 27,824,673.97 | 5,963,408.75 |
| Recovery of various deposits | 21,683,519.00 | 133,131,483.15 |
| Others | 10,000,083.21 | 43,502,397.68 |
| Total | 96,123,721.95 | 256,990,450.93 |

Notes:

**(2) Cash used in other operating activities**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |
| Office expenses | 20,819,935.71 | 15,386,849.89 |
| Technology development expenses | 2,721,600.24 | 1,751,931.09 |
| Payments for various deposits | 8,135,151.39 | 131,637,497.04 |
| Business entertainment expenses | 6,144,754.96 | 4,384,162.86 |
| Business traveling expenses | 9,535,267.08 | 2,786,561.60 |
| Intermediary service fees | 8,477,119.86 | 9,046,499.17 |
| Business publicity fees | 2,419,528.99 | 1,158,944.23 |
| Donation expenditures | 4,748,240.44 | 5,562,000.00 |
| Others | 5,468,238.59 | 8,391,516.53 |
| Total | 68,469,837.26 | 180,105,962.41 |

Notes:

**(3) Cash generated from other investing activities**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |
| Financial products redeemed | 142,600,000.00 | 992,789,515.30 |
| Deposits for equity acquisition recovered | 10,000,000.00 | 20,000,000.00 |
| Land purchase deposits recovered | 18,837,931.20 |  |
| Acceptance deposits recovered | 10,140,428.79 |  |
| Total | 181,578,359.99 | 1,012,789,515.30 |

Notes:

**(4) Cash used in other investing activities**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |
| Acquisition of financial products | 20,800,000.00 | 910,000,000.00 |
| Payments for deposits for letters of credit | 5,082,280.07 | 27,429,979.73 |
| Land purchase deposits | 18,932,320.00 |  |
| Total | 44,814,600.07 | 937,429,979.73 |

Notes:

**(5) Cash generated from other financing activities**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |

Notes:

**(6) Cash used in other financing activities**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |
| Current accounts |  | 2,460,000.00 |
| Non-public issuance expenses | 10,670,468.69 |  |
| Total | 10,670,468.69 | 2,460,000.00 |

Notes:

**55. Supplementary information to the cash flow statement**

**(1) Supplemental information for cash flow statement**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Supplementary information | Amount during the current period | Previous period |
| 1. Reconciliation of net profit to cash flows from operating activities: |  |  |
| Net profit | 405,356,234.24 | 613,201,659.60 |
| Add: Allowance for asset impairment | 27,191,500.99 | 27,462,007.67 |
| Depreciation of fixed assets, oil and gas assets, productive biological assets | 225,180,737.07 | 124,076,131.35 |
| Depreciation of right-of-use assets | 5,627,727.01 | 1,008,151.74 |
| Amortization of intangible assets | 5,190,062.58 | 3,834,550.39 |
| Amortization of long-term prepayments | 26,030,356.21 | 26,759,953.96 |
| Losses from disposal of fixed assets, intangible assets and other long-lived assets (gains expressed with "-") | 516,259.91 | -616,984.20 |
| Losses from scrap of fixed assets (gains expressed with "-") | 736,516.94 | 751,673.55 |
| Losses from changes in fair value (gains expressed with "-") | 15,580,233.35 | 11,218,254.41 |
| Finance costs (gains expressed with "-") | -109,230,591.37 | -13,363,983.56 |
| Investment loss (gains expressed with "-") | -35,468,139.61 | -16,082,974.82 |
| Decrease in deferred tax assets (gains expressed with "-") | 2,061,978.48 | -1,498,403.14 |
| Increase in deferred tax liabilities (decrease expressed with "-") | 26,191,541.40 | 33,204,216.97 |
| Decrease in inventory (gains expressed with "-") | 96,030,966.73 | -136,014,783.76 |
| Decrease in accounts receivable generated from operating activities (gains expressed with "-") | -241,464,663.52 | -278,191,654.50 |
| Increase in accounts payable used in operating activities (decrease expressed with "-") | -208,745,121.07 | 83,806,714.81 |
| Others | 29,765,662.79 | 20,517,402.51 |
| Net cash flows from operating activities | 270,551,262.13 | 500,071,932.98 |
| 2. Significant investing and financing activities not related to cash receipts and payments: |  |  |
| Conversion of debt into capital |  |  |
| Convertible corporate bonds due within one year |  |  |
| Fixed assets leased in under finance leases |  |  |
| 3. Net increase/decrease of cash and cash equivalent: |  |  |
| Closing balance of cash | 3,185,772,954.86 | 729,937,029.86 |
| Less: Opening balance of cash | 1,429,416,363.84 | 1,058,650,806.36 |
| Add: Closing balance of cash equivalents |  |  |
| Less: Opening balance of cash equivalents |  |  |
| Net increase of cash and cash equivalents | 1,756,356,591.02 | -328,713,776.50 |

**(2) Net cash paid for acquisition of subsidiaries**

Unit: RMB

|  |  |
| --- | --- |
|  | Amount |
| Cash and cash equivalents paid in the current period as consideration for business combination in the current period | 293,760,000.00 |
| Of which: |  |
| Hunan Chuwei | 293,760,000.00 |
| Less: | 131,184,209.99 |
| Of which: |  |
| Hunan Chuwei | 131,184,209.99 |
| Of which: |  |
| Net cash payments for acquisition of subsidiaries in the current period | 162,575,790.01 |

Other notes:

**(3) Net cash received from disposal of the subsidiaries**

Unit: RMB

|  |  |
| --- | --- |
|  | Amount |
| Of which: |  |
| Of which: |  |
| Of which: |  |

Other notes:

**(4) Cash and cash equivalents**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| I. Cash | 3,185,772,954.86 | 1,429,416,363.84 |
| Including: Cash on hand | 692.01 | 46,559.92 |
| Cash in bank on demand for payment | 3,185,772,262.85 | 1,429,369,803.92 |
| III. Closing Balance of Cash and Cash Equivalents | 3,185,772,954.86 | 1,429,416,363.84 |

Other notes:

1) Amount of endorsed commercial acceptance not involving cash receipts and payments

In the current period, the amount of endorsed commercial acceptance totaled RMB721,233,552.05, including payments for goods of RMB515,519,464.50 and payments for acquisition of long-term assets such as fixed assets of RMB205,714,087.55.

2) Remarks on supplementary information to the cash flow statement

The closing balance of cash and bank balances includes deposit balance that cannot be withdrawn on demand of RMB20,134,273.23, of which RMB13,939,412.10 were notes deposits and L/C deposits and RMB6,194,861.13 were the interest of time certificates of deposit set aside, which are not considered as cash or cash equivalents.

**56. Notes to the consolidated statement of changes in equity**

Notes to the name of "Other" of closing balance of the same period of last year adjusted and the amount adjusted:

**57. Assets with title or use right restrictions**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing carrying amount | Reasons for restrictions |
| Cash and bank balances | 13,939,412.10 | Note and letter of credit deposits |
| Fixed assets | 247,651,217.68 | Mortgaged for borrowings |
| Intangible assets | 31,587,009.87 | Mortgaged for borrowings |
| Total | 293,177,639.65 |  |

Other notes:

**58. Foreign currency monetary items**

**(1) Foreign currency monetary items**

Unit: RMB

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Closing balance in foreign currencies | Exchange rate | Ending balance converted to RMB |
| Cash and bank balances |  |  | 2,055,036,398.67 |
| Including: USD | 281,389,593.62 | 7.2258 | 2,033,264,925.58 |
| EUR | 100,609.75 | 7.8771 | 792,513.06 |
| HKD | 256,662.21 | 0.9220 | 236,642.56 |
| TWD | 83,902,154.00 | 0.2330 | 19,549,201.88 |
| KRW | 216,930,108.00 | 0.0055 | 1,193,115.59 |
| Accounts receivable |  |  | 291,091,441.11 |
| Including: USD | 34,360,215.44 | 7.2258 | 248,280,044.73 |
| EUR |  |  |  |
| HKD | 4,916,867.29 | 0.9220 | 4,533,351.64 |
| TWD | 164,283,453.82 | 0.2330 | 38,278,044.74 |
| Long-term borrowings |  |  |  |
| Including: USD |  |  |  |
| EUR |  |  |  |
| HKD |  |  |  |
| Notes receivable |  |  | 10,485.00 |
| Including: NTD | 45,000.00 | 0.2330 | 10,485.00 |
| Short-term borrowings |  |  | 18,640,000.00 |
| Including: NTD | 80,000,000.00 | 0.2330 | 18,640,000.00 |
| Accounts payable |  |  | 89,585,974.53 |
| Including: USD | 11,767,739.81 | 7.2258 | 85,031,334.32 |
| TWD | 18,229,327.51 | 0.2330 | 4,247,433.31 |
| EUR | 39,000.00 | 7.8771 | 307,206.90 |
| Other receivables |  |  | 408,572.66 |
| Including: NTD | 25,000.00 | 0.2330 | 5,825.00 |
| KRW | 10,000,000.00 | 0.0055 | 55,000.00 |
| JPY | 403,737.00 | 0.0501 | 20,227.22 |
| USD | 45,326.53 | 7.2258 | 327,520.44 |
| Other payables |  |  | 145,658.79 |
| Including: NTD | 625,145.00 | 0.2330 | 145,658.79 |

Other notes:

**(2) Notes to overseas entities including: for significant oversea entities, main operating place, functional currency and selection basis shall be disclosed; if there are changes in recording currency, relevant reasons shall be disclosed.**

☑Applicable □ Not applicable

|  |  |  |  |
| --- | --- | --- | --- |
| Entities | Principal place of operation | Functional currency | Reasons |
| MCC USA | The USA | USD | Required by local laws. |
| MCC Taiwan | Taiwan, China | TWD | Required by local laws. |
| MCC Hong Kong | Hong Kong, China | USD | Required by local laws. |
| Caswell | The British Virgin Islands | USD | Required by local laws. |
| Yangjie Korea | Korea | KRW | Required by local laws. |
| MCC Germany | Germany | EUR | Required by local laws. |
| Yangjie Japan | Japan | JPY | Required by local laws. |
| MCC Singapore | Singapore | USD | Required by local laws. |

**59. Government grants**

**(1) Basic information on government grants**

Unit: RMB

|  |  |  |  |
| --- | --- | --- | --- |
| Categories | Amount | Presented under | Amount recorded in the current profit or loss |
| Special funds for development of strategic emerging industries | 25,336,023.13 | Deferred income/other income | 1,093,755.56 |
| Subsidies for electronic chips and modules | 964.33 | Deferred income/other income | 44,720.93 |
| Special subsidies for enterprise technical transformation | 411,103.02 | Deferred income/other income | 88,093.44 |
| Special subsidies for transformation and upgrading of industrial and information industry | 94,481.52 | Deferred income/other income | 15,642.27 |
| High-power MOSFET chip and packaging industrialization project | 397,217.13 | Deferred income/other income | 96,205.74 |
| R&D and industrialization project of SiC power devices | 339,843.34 | Deferred income/other income | 234,608.04 |
| R&D and industrial construction projects of SiC chips and devices | 1,176,749.78 | Deferred income/other income | 130,750.02 |
| Subsidies for control of intelligent integrated system |  | Deferred income/other income | 0.20 |
| Special funds for industrial transformation and upgrading of Jiangsu Province | 282,534.64 | Deferred income/other income | 35,094.56 |
| Intelligent workshop subsidies | 302,819.62 | Deferred income/other income |  |
| Subsidies for power capacity expansion projects | 1,045,641.69 | Deferred income/other income |  |
| Interest subvention on imported equipment | 4,088,549.44 | Deferred income/other income | 409,854.15 |
| Guidance funds for the development of advanced manufacturing industry of Yangzhou | 5,499,345.44 | Deferred income/other income | 761,375.10 |
| Intelligent factory | 3,773,295.46 | Deferred income/other income | 346,497.91 |
| Design and industrialization projects of intelligent terminal integrated power devices | 4,971,376.54 | Deferred income/other income | 632,863.87 |
| R&D and industrialization project of vertical-structured GaN-based power device with breakdown voltage of 900V | 3,470,547.90 | Deferred income/other income | 720,031.07 |
| Special subsidies for transformation and upgrading of provincial industrial and information industry | 15,468,187.99 | Deferred income/other income | 1,925,592.14 |
| Guidance funds for the development of advanced manufacturing industry | 1,061,423.64 | Deferred income/other income | 118,634.32 |
| Special funds for industrial development | 3,054,370.03 | Deferred income/other income | 326,685.00 |
| Special funds for economic and commercial development | 528,222.72 | Deferred income/other income | 52,818.53 |
| High-quality development and technical transformation | 22,025,404.73 | Deferred income/other income | 1,427,789.38 |
| Special funds for high-quality development | 6,205,208.98 | Deferred income/other income | 760,063.93 |
| Special funds for municipal-level intelligent reform and digital transformation | 9,913,486.68 | Deferred income/other income | 566,513.32 |
| Strategic emerging industry projects of Jiangsu Province | 873,460.35 | Deferred income/other income | 235,961.94 |
| Science and technology program of Yangzhou | 83,333.27 | Deferred income/other income | 25,000.02 |
| Subsidies for equipment | 415,168.05 | Deferred income/other income | 67,180.56 |
| Special fund for technical transformation of high-quality development of industrial economy in Hanjiang District | 355,677.24 | Deferred income/other income | 49,294.44 |
| Municipal technical transformation special fund project | 4,161,036.27 | Deferred income/other income | 377,046.66 |
| Special funds for industrial and information industry transformation in Jiangsu Province | 11,289,473.96 | Deferred income/other income | 1,510,526.04 |
| Government investment refund | 1,399,307.06 | Deferred income/other income | 56,547.60 |
| Provincial industrial development funds | 719,178.12 | Deferred income/other income | 86,301.36 |
| National special fund for the development of small and medium-sized enterprises | 917,000.05 | Deferred income/other income | 130,999.98 |
| Provincial special fund for the development of small and medium-sized enterprises | 349,999.90 | Deferred income/other income | 50,000.04 |
| Provincial special funds for science and technology project | 460,000.00 | Deferred income/other income | 120,000.00 |
| Subsidies for electricity and power facilities from the government | 12,647,480.56 | Deferred income/other income | 1,002,583.44 |
| Industrial awards and subsidies | 126,700.00 | Deferred income/other income |  |
| Subsidies for equipment | 18,464,055.22 | Deferred income/other income | 1,224,775.21 |
| Government grants for nitrogen station project construction | 8,000,000.00 | Deferred income/other income |  |
| Subsidies for R&D of key technologies for high-voltage fast soft recovery rectifier diode square chips | 142,962.92 | Deferred income/other income | 30,000.00 |
| Subsidies for R&D of 4.5kV/2kA (high voltage and high current) dual-GCT devices | 29,999.96 | Deferred income/other income |  |
| R&D and industrialization of high-power and high-voltage crimping thyristor series | 121,666.65 | Deferred income/other income | 10,000.02 |
| Special funds for industrial development | 3,360,277.16 | Deferred income/other income | 410,452.98 |
| Factory rents refund | 117,468.00 | Deferred income/other income |  |
| Industrial supporting funds | 885,000.00 | Deferred income/other income | 15,000.00 |
| Funds for quality improvement projects | 2,540,000.00 | Other income | 2,540,000.00 |
| Special funds for high-quality development and technical transformation | 1,550,000.00 | Other income | 1,550,000.00 |
| Tax refunds | 367,975.89 | Other income | 367,975.89 |
| Rewards to high-tech enterprises | 160,000.00 | Other income | 160,000.00 |
| Internship subsidies | 148,000.00 | Other income | 148,000.00 |
| Job expansion grants | 93,000.00 | Other income | 93,000.00 |
| Piecemeal subsidies | 1,707,769.88 | Other income | 1,707,769.88 |
| Subtotal | 180,932,788.26 |  | 21,756,005.54 |

**(2) Return of government grants**

□ Applicable Not applicable☑

Other notes:

**60. Others**

**VIII. Change of Consolidation Scope**

**1. Business combination not under the same control**

**(1) Business combination not under the same control during the current period**

Unit: RMB

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Acquirees | Equity acquisition date | Equity acquisition cost | Proportion of equity | Equity acquisition method | Acquisition date | Determination basis for acquisition date | Acquiree’s income from acquisition date to period end | Acquiree’s net profit from acquisition date to period end |
| Hunan Chuwei | March 31, 2023 | 668,760,000.00 | 70.00% | Business combination not under common control | March 31, 2023 | Completion of equity transfer | 66,316,785.55 | -21,036,041.87 |

Other notes:

**(2) Combination cost and goodwill**

Unit: RMB

|  |  |
| --- | --- |
| Combination costs | Hunan Chuwei |
| -Cash | 668,760,000.00 |
| -Fair value of non-cash assets |  |
| -Fair value of debt issued or assumed |  |
| -Fair value of equity securities issued |  |
| -Fair value of contingent consideration |  |
| -Fair value of equity interests held before the purchase date |  |
| --Other | 5,728,869.78 |
| Total combination costs | 674,488,869.78 |
| Less: Share of fair value of net identifiable assets acquired | 533,491,871.91 |
| The amount of goodwill/combination cost less than the share in the fair value of identifiable net assets acquired | 140,996,997.87 |

Note to determination method of the fair value of the combination cost, consideration and changes:

The main formation reason for the large goodwill:

Other notes:

**(3) The identifiable assets and liabilities of acquiree on purchase date**

Unit: RMB

|  |  |  |
| --- | --- | --- |
|  | Hunan Chuwei | |
| Acquisition-date fair value | Acquisition-date carrying amount |
| Assets: |  |  |
| Cash and bank balances | 131,184,209.99 | 131,184,209.99 |
| Receivables | 36,486,492.42 | 36,486,492.42 |
| Inventories | 39,542,787.41 | 39,542,787.41 |
| Fixed assets | 428,184,391.64 | 394,618,745.61 |
| Intangible assets | 1,937,932.04 | 1,937,932.04 |
| Receivables financing | 7,020,459.89 | 7,020,459.89 |
| Advances paid | 371,275,721.18 | 371,275,721.18 |
| Other receivables | 143,140.70 | 143,140.70 |
| Construction in progress | 104,244,382.04 | 104,244,382.04 |
| Right-of-use assets | 99,565,236.07 | 99,565,236.07 |
| Long-term prepayments | 21,885,600.48 | 21,885,600.48 |
| Liabilities: |  |  |
| Borrowings | 130,000,000.00 | 130,000,000.00 |
| Accounts payable | 132,793,154.39 | 132,793,154.39 |
| Deferred tax liabilities |  |  |
| Notes payable | 50,273,429.75 | 50,273,429.75 |
| Contract liabilities | 691,710.00 | 691,710.00 |
| Employee benefits payable | 6,345,040.89 | 6,345,040.89 |
| Taxes and rates payable | -2,268,705.93 | -2,268,705.93 |
| Other payables | 2,653,592.16 | 2,653,592.16 |
| Long-term borrowings | 50,000,000.00 | 50,000,000.00 |
| Lease liabilities | 108,850,887.01 | 108,850,887.01 |
| Net assets | 762,131,245.59 | 728,565,599.56 |
| Less: Minority interest | 228,639,373.68 | 218,569,679.87 |
| Net assets acquired | 533,491,871.91 | 509,995,919.69 |

The determination method of the fair value of identifiable assets and liabilities:

Contingent liability of acquiree undertaken in the business combination:

Other notes:

**(4) Gains or losses from re-measurement of equity held before the purchase date at fair value**

Whether there is a transaction that through multiple transaction step by step to realize business combination and gaining the control during the Reporting Period

☑Yes □ No

Unit: RMB

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Acquirees | Carrying amount of equity held before the purchase date on the purchase date | Fair value of equity held before the purchase date on the purchase date | Gains or losses from re-measurement of equity held before the purchase date at fair value | Determination method and main assumptions for the fair value of equity held before the purchase date on the purchase date | Amount transferred to investment income from other comprehensive income related to the equity held before the purchase date |
| Hunan Jiechuwei Semiconductor Technology Co., Ltd. | 668,760,000.00 | 674,488,869.78 | 5,728,869.78 | Income method; transaction assumption, open market assumption, going concern assumption and special assumption | 0.00 |

Other notes:

**(5) Notes to reasonable consideration or fair value of identifiable assets and liabilities of the acquiree that cannot be determined on the acquisition date or during the period-end of the merger**

**(6) Other notes**

**2. Business combination under the same control**

**(1) Business combination under the same control during the current period**

Unit: RMB

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Combined party | Proportion of the equity | Basis | Combination date | Recognition basis of combination date | Income from the period-begin to the combination date of the acquiree | Net profits from the period-begin to the combination date of the acquiree | Income of the acquiree during the period of comparison | Net profits of the acquiree during the period of comparison |

Other notes:

**(2) Combination cost**

Unit: RMB

|  |  |
| --- | --- |
| Combination costs |  |
| -Cash |  |
| -Carrying amount of non-cash assets |  |
| -Carrying amount of debt issued or assumed |  |
| -Face value of equity securities issued |  |
| -Contingent consideration |  |

Contingent liabilities and changes thereof:

Other notes:

**(3) The carrying amount of assets and liabilities of the combined party on the combination date**

Unit: RMB

|  |  |  |
| --- | --- | --- |
|  |  | |
| Combination date | End of the previous period |
| Assets: |  |  |
| Cash and bank balances |  |  |
| Receivables |  |  |
| Inventories |  |  |
| Fixed assets |  |  |
| Intangible assets |  |  |
|  |  |  |
| Liabilities: |  |  |
| Borrowings |  |  |
| Accounts payable |  |  |
|  |  |  |
| Net assets |  |  |
| Less: Minority interest |  |  |
| Net assets acquired |  |  |

Contingent liabilities of the combined party undertaken in the business combination:

Other notes:

**3. Counter purchase**

Basic information of trading and the basis of transactions constitute counter purchase; Whether the retain assets and liabilities of the listed companies constitute a business and its basis; The determination of the combination costs; The amount and calculation of adjusted rights and interests in accordance with the equity transaction process:

**4. Disposal of subsidiary**

Whether there was a single disposal of an investment in a subsidiary that resulted in a loss of control

□Yes ☑No

Whether there was a step-by-step disposal of investment in a subsidiary through multiple transactions and loss of control during the current period

□Yes ☑No

**5. Changes in combination scope for other reasons**

Notes of other changes in the combination scope (e.g., new subsidiaries, liquidation of subsidiaries, etc.) and relevant situations:

(1) Entities included in the consolidation scope

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Entity | Equity acquisition method | Equity acquisition date | Capital contribution (RMB) | Capital contribution proportion |
| Yangjie Japan | Incorporation | March 2023 | 0 | 100% |
| MCC Singapore | Incorporation | March 2023 | 83,377,200.00 | 100% |

**6. Others**

**IX. Equity in Other Entities**

**1. Equity in subsidiaries**

**(1) Compositions of the Group**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Subsidiary | Principal place of operation | Place of registration | Business nature | Shareholding percentage (%) | | Acquisition method |
| Direct | Indirect |
| J&V Semiconductor | Yangzhou | Yangzhou | Electronic components manufacturing industry | 98.00% |  | Incorporation |
| MCC Hong Kong | Hong Kong, China | Hong Kong, China | Investment and import & export trade | 100.00% |  | Incorporation |
| MCC Shenzhen | Shenzhen | Shenzhen | Trade | 100.00% |  | Acquisition |
| MCC USA | The USA | The USA | Import & export trade |  | 100.00% | Acquisition |
| MCC Taiwan | Taiwan, China | Taiwan, China | Import & export trade |  | 100.00% | Acquisition |
| Yixing Jiexin | Yixing | Yixing | Electronic components manufacturing industry | 54.50% |  | Incorporation |
| Chengdu Qingyang | Chengdu | Chengdu | Electronic components manufacturing industry | 60.00% |  | Acquisition |
| Jiangsu Runau | Yangzhou | Yangzhou | Electronic components manufacturing industry |  | 60.82% | Acquisition |
| Sichuan Yajixin | Ya'an | Ya'an | Electronic components manufacturing industry |  | 60.00% | Acquisition |
| Hunan Chuwei | Changsha | Changsha | Electronic components manufacturing industry | 70.00% |  | Acquisition |

Notes of shareholding percentage in subsidiaries different from voting percentage:

Basis of holding half or less voting rights but still controlling the investee and holding more than half of the voting rights but not controlling the investee:

Basis of controlling significant structural entities incorporated in the scope of combination:

Basis of determining whether the Company is the agent or the mandator:

Other notes:

**(2) Significant non-wholly-owned subsidiaries**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Subsidiary | Holding proportion of minority shareholders | Minority shareholders' profit or loss | Dividend declared to minority shareholders | Closing balance of minority interest |
| J&V Semiconductor | 2.00% | 460,174.29 |  | 9,300,923.53 |
| Chengdu Qingyang | 40.00% | 1,622,622.85 |  | 82,401,504.69 |
| Yixing Jiexin | 45.50% | 1,994,316.63 |  | 46,885,083.35 |
| Jiangsu Runau | 39.18% | 1,645,304.17 |  | 19,850,047.27 |
| Sichuan Yajixin | 40.00% | -7,523,132.21 |  | 12,105,255.84 |
| Hunan Chuwei | 30.00% | 223,796,875.31 |  | 223,796,875.31 |

Holding proportion of minority interests in subsidiary different from voting proportion:

Other notes:

**(3) The main financial information of significant not wholly-owned subsidiaries**

Unit: RMB

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Subsidiary | Closing balance | | | | | | Opening balance | | | | | |
| Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities | Current assets | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| J&V Semiconductor | 232,928,469.64 | 403,235,658.41 | 636,164,128.05 | 126,409,873.49 | 35,372,165.91 | 161,782,039.40 | 218,588,417.26 | 378,439,936.80 | 597,028,354.06 | 120,772,323.00 | 25,994,756.85 | 146,767,079.85 |
| Chengdu Qingyang | 218,835,951.77 | 100,059,210.91 | 318,895,162.68 | 104,548,492.32 | 3,845,485.13 | 108,393,977.45 | 200,356,076.56 | 103,423,127.41 | 303,779,203.97 | 93,045,241.75 | 4,289,334.11 | 97,334,575.86 |
| Yixing Jiexin | 89,532,273.11 | 106,601,669.72 | 196,133,942.83 | 89,383,040.01 | 3,466,928.59 | 92,849,968.60 | 84,135,213.29 | 102,669,496.28 | 186,804,709.57 | 84,442,789.75 | 3,491,389.07 | 87,934,178.82 |
| Jiangsu Runau | 55,624,897.15 | 24,908,020.92 | 80,532,918.07 | 37,794,540.87 | 294,629.53 | 38,089,170.40 | 46,820,837.60 | 19,672,731.51 | 66,493,569.11 | 27,914,978.41 | 334,629.55 | 28,249,607.96 |
| Sichuan Yajixin | 79,967,371.25 | 253,815,746.78 | 333,783,118.03 | 151,430,607.44 | 112,069,297.88 | 263,499,905.32 | 64,852,428.56 | 259,138,793.78 | 323,991,222.34 | 229,854,656.12 | 5,045,522.99 | 234,900,179.11 |
| Hunan Chuwei | 290,364,963.69 | 1,011,006,589.99 | 1,301,371,553.68 | 423,790,397.55 | 160,112,823.54 | 583,903,221.09 | 142,369,437.86 | 911,084,885.90 | 1,053,454,323.76 | 287,115,936.50 | 91,629,070.38 | 378,745,006.88 |

Unit: RMB

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Subsidiary | Current period cumulative | | | | Amount for the previous period | | | |
| Operating revenue | Net profit | Total comprehensive income | Cash flows from operating activities | Operating revenue | Net profit | Total comprehensive income | Cash flows from operating activities |
| J&V Semiconductor | 261,853,093.32 | 23,008,714.44 | 23,008,714.44 | 58,436,656.47 | 346,289,586.60 | 58,144,670.51 | 58,144,670.51 | 172,157,016.07 |
| Chengdu Qingyang | 92,967,184.96 | 4,056,557.12 | 4,056,557.12 | 3,554,840.77 | 113,266,361.46 | 13,237,052.44 | 13,237,052.44 | -20,796,770.02 |
| Yixing Jiexin | 85,126,145.87 | 4,383,113.48 | 4,383,113.48 | 16,738,271.18 | 93,153,268.15 | 23,125,535.72 | 23,125,535.72 | 25,794,142.12 |
| Jiangsu Runau | 44,037,343.94 | 4,199,786.52 | 4,199,786.52 | 2,027,173.00 | 25,727,396.59 | 1,157,770.29 | 1,157,770.29 | -2,277,352.65 |
| Sichuan Yajixin | 87,152,928.61 | -18,807,830.52 | -18,807,830.52 | 12,002,831.60 | 98,877,957.29 | 16,239,142.76 | 16,239,142.76 | 77,678,735.20 |
| Hunan Chuwei | 52,072,268.82 | -16,141,661.23 | -16,141,661.23 | 8,611,734.03 | 55,771,697.65 | -29,465,407.90 | -29,465,407.90 | 7,854,476.43 |

Other notes:

**(4) Significant restrictions on leveraging the assets and liquidating the liabilities of the business consortium**

**(5) Financial support or other support provided to structural entities incorporated into the scope of consolidated financial statements**

Other notes:

**2. The transaction of the Company with its owner's equity share changing but the Company still controls the subsidiary**

**(1) Note to the owner’s equity share changed in subsidiaries**

**(2) Effect of transactions on minority interest and equity attributable to parent company**

Unit: RMB

|  |  |
| --- | --- |
|  |  |
| Purchase cost/disposal consideration |  |
| -Cash |  |
| -Fair value of non-cash assets |  |
|  |  |
| Total purchase cost/disposal consideration |  |
| Less: Share of net assets of subsidiaries based on percentage of equity acquired/disposed of |  |
| Balance |  |
| Including: Capital reserve adjusted |  |
| Adjusting surplus reserve |  |
| Adjusting retained profits |  |

Other notes

**3. Equity in joint ventures or associated enterprises**

**(1) Significant joint ventures or associated enterprises**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Name | Principal place of operation | Place of registration | Business nature | Shareholding percentage (%) | | Accounting treatment of the investment to joint venture or associated enterprise |
| Direct | Indirect |

Notes to holding proportion of joint venture or associated enterprise different from voting proportion:

Basis of holding less than 20% of the voting rights but has a significant impact or holding 20% or more voting rights but does not have a significant impact:

**(2) Main financial information of significant joint ventures**

Unit: RMB

|  |  |  |
| --- | --- | --- |
|  | Closing balance/Current period cumulative | Opening balance/Amount for the previous period |
|  |  |
| Current assets |  |  |
| Of which: Cash and cash equivalents |  |  |
| Non-current assets |  |  |
| Total assets |  |  |
| Current liabilities |  |  |
| Non-current liabilities |  |  |
| Total liabilities |  |  |
| Minority interest |  |  |
| Equity attributable to shareholders of the parent company |  |  |
| Net assets shares calculated at the shareholding proportion |  |  |
| Adjusted items |  |  |
| --Goodwill |  |  |
| --Unrealized profit of intra-company transaction |  |  |
| --Other |  |  |
| Carrying amount of equity investment to joint ventures |  |  |
| Fair values of equity investments of joint ventures with quoted prices |  |  |
| Operating revenue |  |  |
| Financial expenses |  |  |
| Income tax expenses |  |  |
| Net profit |  |  |
| Net profit from discontinued operations |  |  |
| Other comprehensive income |  |  |
| Total comprehensive income |  |  |
|  |  |  |
| Dividends received from the joint venture in the current period |  |  |

Other notes

**(3) Main financial information of significant associated enterprises**

Unit: RMB

|  |  |  |
| --- | --- | --- |
|  | Closing balance/Current period cumulative | Opening balance/Amount for the previous period |
|  |  |
| Current assets |  |  |
| Non-current assets |  |  |
| Total assets |  |  |
| Current liabilities |  |  |
| Non-current liabilities |  |  |
| Total liabilities |  |  |
|  |  |  |
| Minority interest |  |  |
| Equity attributable to shareholders of the parent company |  |  |
| Net assets shares calculated at the shareholding proportion |  |  |
| Adjusted items |  |  |
| --Goodwill |  |  |
| --Unrealized profit of intra-company transaction |  |  |
| --Other |  |  |
| Carrying amount of investment to associated enterprises |  |  |
| Fair value of equity investments in associated enterprises with publicly quoted prices |  |  |
| Operating revenue |  |  |
| Net profit |  |  |
| Net profit from discontinued operations |  |  |
| Other comprehensive income |  |  |
| Total comprehensive income |  |  |
|  |  |  |
| Dividends received from the associates in the current period |  |  |

Other notes

**(4) Summary financial information of insignificant joint ventures or associated enterprises**

Unit: RMB

|  |  |  |
| --- | --- | --- |
|  | Closing balance/Current period cumulative | Opening balance/Amount for the previous period |
| Joint venture: |  |  |
| Total carrying amount of investments | 60,747,681.56 | 107,981,806.92 |
| Proportionate shares in the following items |  |  |
| Associated enterprises: |  |  |
| Proportionate shares in the following items |  |  |
| --Net profit | 5,702,460.48 | 4,817,516.68 |
| --Total comprehensive income | 5,702,460.48 | 4,817,516.68 |

Other notes

**(5) Note to the significant restrictions on the ability of joint ventures or associated enterprises to transfer funds to the Company**

**(6) The excess loss of joint ventures or associated enterprises**

Unit: RMB

|  |  |  |  |
| --- | --- | --- | --- |
| Name | The cumulative recognized losses in previous accumulatively derecognized | The derecognized losses (or the share of net profit) in current period | The accumulative unrecognized losses in current period |

Other notes

**(7) The unrecognized commitment related to investment to joint ventures**

**(8) Contingent liabilities related to investment to joint ventures or associated enterprises**

**4. Significant joint ventures**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Name of joint venture | Principal place of operation | Place of registration | Business nature | Shareholding proportion/shares owned | |
| Direct | Indirect |

Notes to the difference between the shareholding proportion or shares owned in the joint venture and the voting proportion:

If the joint venture is a stand-alone entity, the basis for classifying it as a joint venture is as follows:

Other notes

**5. Equity in structured entities that are not incorporated into the scope of consolidated financial statements**

Notes to structured entities that are not incorporated into the scope of consolidated financial statements:

**6. Others**

**X. Risks Associated with Financial Instruments**

In risk management, the Company aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Company’s financial performance, so as to maximize the profits of shareholders and other equity investors. Based on that risk management goal, the fundamental strategy of its risk management is to identify and analyze various risks facing the Company, establish an appropriate risk bottom line, carry out risk management and monitor various risks in a timely and reliable manner to control them within a restricted scope.

The Management has deliberated and approved policies concerning such credit risks, and details are: The management has reviewed and approved the policies of managing those risks, which are summarized as follows.

i. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

1. Practices of credit risk management

(1) Methods for evaluating credit risk

At each balance sheet date, the Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When assessing whether the credit risk has increased significantly since initial recognition, the Company takes into account reasonable and supportable information, which is available without undue cost or effort, including qualitative and quantitative analysis based on historical data, external credit risk rating, and forward-looking information. The Company determines the changes in default credit risk of financial instruments during the estimated lifetime through comparison of the default risk at the balance sheet date and the initial recognition date, on an individual basis or a collective basis.

The Company considers the credit risk on a financial instrument has increased significantly when one or more of the following qualitative and quantitative standards are met:

1) The quantitative criteria are mainly that the probability of default in the remaining period at the balance sheet date increases by more than a certain percentage from the time of initial recognition;

2) The qualitative criteria are mainly material adverse changes in the debtor's operating or financial status, changes in the existing or expected technical, market, economic or legal environment that will have a material adverse impact on the debtor's ability to repay the Company.

(2) Definition of default and asset with credit impairment

A financial instrument is defined as defaulted when one or more following events have occurred, of which the standard is consistent with that for credit-impairment:

1) The debtor has major financial difficulties;

2) The debtor violates the binding clauses of the contract against the debtor;

3) The debtor is likely to go bankrupt or undergo other financial restructuring;

4) The creditor, out of economic or contractual considerations related to the debtor's financial difficulties, gives concessions to the debtor which would not have been made in any other circumstances.

2. Measurement of expected credit losses

The key factors in the measurement of expected credit loss include the probability of default, loss rate of default, and exposure to default risk. The Company develops a model of the probability of default, loss rate of default, and exposure to default risk on the basis of quantitative analysis of historical data (e.g., counterparty rating, guarantee measures and collateral type, payment method, etc.) and forward-looking information.

3. Please refer to Note V i. 4 and 7 of notes to the financial statements for details on the reconciliation table of opening balance and closing balance of provision for losses of financial instrument.

4. Exposure to credit risk and concentration of credit risk

The Company's credit risk is primarily attributable to cash and bank balances and receivables. In order to control such risks, the Company has taken the following measures:

(1) Monetary Assets

The Company deposits its bank balances and other cash and bank balances in financial institutions with relatively high credit levels, hence, its credit risk is relatively low.

(2) Receivables

The Company performs credit assessment on customers using credit settlement on a continuous basis. The Company selects credible and well-reputed customers based on credit assessment result, and conducts ongoing monitoring on balance of receivables, to avoid significant risks in bad debts.

As the risk points of the Company's accounts receivable are distributed among multiple partners and customers, as of June 30, 2023, 25.99% of the Company's accounts receivable (December 31, 2022: 26.44%) originated from the top five customers, and there is no significant credit concentration risk in the Company.

The maximum exposure to credit risk the Company undertook shall be the carrying amount of each financial assets on balance sheet.

ii. Liquidity risk

Liquidity risk refers to the risk of fund shortage occurring when the Company fulfills the settlement obligation in the mode of cash delivery or other financial assets. Liquidity risk may originate from the failure to sell financial assets at fair value as soon as possible; or from the other party’s failure to pay off its contractual debts; or from the earlier maturity of debts; or from the failure to generate the expected cash flow.

In order to control such risk, the Company comprehensively utilizes financing tools such as notes settlement, bank borrowings, etc. and adopts long-term and short-term financing methods to optimize financing structures, and finally maintains a balance between financing sustainability and flexibility. The Company has obtained credit limit from several commercial banks to meet working capital requirements and expenditures.

Financial liabilities classified based on remaining time period till maturity

| Item | Closing balance | | | | |
| --- | --- | --- | --- | --- | --- |
| Carrying amount | Contract amount not yet discounted | Within one year | One to three years | Above three years |
| Bank borrowings | 1,408,728,227.56 | 1,450,893,170.08 | 979,192,881.62 | 386,566,504.83 | 85,133,783.63 |
| Notes payable | 253,148,954.71 | 253,148,954.71 | 253,148,954.71 |  |  |
| Accounts payable | 1,175,392,513.81 | 1,175,392,513.81 | 1,175,392,513.81 |  |  |
| Other payables | 38,811,670.59 | 38,811,670.59 | 38,811,670.59 |  |  |
| Lease liabilities | 116,396,310.02 | 130,809,638.41 | 126,760,548.18 | 3,557,841.91 | 491,248.32 |
| Subtotal | 2,992,477,676.69 | 3,049,055,947.60 | 2,573,306,568.91 | 390,124,346.74 | 85,625,031.95 |

(Continued)

| Item | Year-end balance of last year | | | | |
| --- | --- | --- | --- | --- | --- |
| Carrying amount | Contract amount not yet discounted | Within one year | One to three years | Above three years |
| Bank borrowings | 773,479,874.33 | 826,671,377.17 | 419,680,144.29 | 406,991,232.88 |  |
| Held-for-trading financial liabilities |  |  |  |  |  |
| Notes payable | 404,866,538.45 | 404,866,538.45 | 404,866,538.45 |  |  |
| Accounts payable | 1,045,387,673.40 | 1,045,387,673.40 | 1,045,387,673.40 |  |  |
| Other payables | 32,643,884.26 | 32,643,884.26 | 32,643,884.26 |  |  |
| Lease liabilities | 7,200,226.86 | 7,912,954.70 | 2,609,991.62 | 3,882,491.40 | 1,420,471.68 |
| Subtotal | 2,263,578,197.30 | 2,317,482,427.98 | 1,905,188,232.02 | 410,873,724.28 | 1,420,471.68 |

iii. Market risk

Market risk is the risk that the Company may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market price. Market risk mainly includes interest risk and foreign currency risk.

1. Interest rate risk

Interest risk is the risk that an enterprise may encounter fluctuation in fair value or future cash flows of financial instruments due to changes in market interest. The Company’s fair value interest risks arise from fixed-rate financial instruments, while the cash flow interest risks arise from floating-rate financial instruments. The Company determines the proportion of fixed-rate financial instruments and floating-rate financial instruments based on the market environment, and maintains a proper financial instruments portfolio through regular review and monitoring.

2. Foreign exchange risk

Foreign exchange risk is the risk arising from changes in fair value or future cash flows of financial instrument resulted from changes in exchange rate. The Company’s foreign exchange risk relates mainly to foreign currency monetary assets and liabilities. When short-term imbalance occurred to foreign currency assets and liabilities, the Company may trade foreign currency at market exchange rate when necessary, in order to maintain the net risk exposure within an acceptable level.

Please refer to section V (IV) 2 of notes to the financial statements for details on foreign currency financial assets and liabilities at the end of the period.

**XI. Disclosure of Fair Value**

**1. Closing fair value of assets and liabilities measured at fair value**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Closing fair value | | | |
| Level 1 fair value measurement | Level 2 fair value measurement | Level 3 fair value measurement | Total |
| I. Consistent Fair Value Measurement | -- | -- | -- | -- |
| i. Trading financial assets | 166,968,454.64 |  | 299,128,138.00 | 466,096,592.64 |
| 1. Financial assets measured at fair value through profit and loss for the current period | 166,968,454.64 |  | 299,128,138.00 | 466,096,592.64 |
| (1) Debt instrument investments |  |  | 21,400,000.00 | 21,400,000.00 |
| (2) Equity instruments investments | 166,968,454.64 |  | 277,728,138.00 | 444,696,592.64 |
| ii. Receivables financing |  |  | 195,107,587.03 | 195,107,587.03 |
| Total assets at recurring fair value measurement | 166,968,454.64 |  | 494,235,725.03 | 661,204,179.67 |
| II. Inconsistent Fair Value Measurement | -- | -- | -- | -- |

**2. Basis for determining the market price of continuous and non-continuous level 1 fair value measurement items**

Other non-current financial assets at fair value through profit or loss of RMB166,968,454.64 refer to shares of Chengzhi Shareholding Co., Ltd. (stock code: 000990) indirectly held by the Company through holding partnership shares of Nantong Jinxin Haohua Investment Center (LP), shares of Guobo Electronics Co., Ltd. (stock code: 688375) indirectly held by the Company through holding partnership shares of Ningbo Dongxin Guohong Enterprise Management Partnership (LP), and shares of Semiconductor Manufacturing Electronics (Shaoxing) Corporation (stock code: 688469) directly held by the Company, and their fair values were determined based on the number of indirect holding shares and closing price at the balance sheet date.

**3. Continuous and non-continuous level 2 fair value measurement items, valuation techniques used, and the qualitative and quantitative information of important parameters**

**4. Continuous and non-continuous level 3 fair value measurement items, valuation techniques used, and the qualitative and quantitative information of important parameters**

1) Debt instrument investments of RMB21.4 million refer to the purchased short-term financial products with a short remaining maturity, and the difference between the fair value and the carrying amount is relatively small, the carrying amount is adopted as the fair value.

2) Among the equity instrument investments, the investments in Beijing Guangmeng Semiconductor Industry Investment Center (LP), Hainan Huoyan Xihe Equity Investment Private Equity Fund Partnership (LP), Dalian Jafeng Automation Co., Ltd., Jiangsu Applied Power and Chengdu Senmi Technology Consulting Partnership (LP) were RMB234 million, RMB5 million, RMB10 million, RMB15 million and RMB13,728,100 respectively. As it is not feasible to evaluate the equity of investees using income approach or market approach, and there is no introduction of new external investors and transfer of equity between shareholders, which could be used as a reference for the determination of fair value of equity, resulting in the "limited condition" where cost can be used as the best estimate of fair value, the cost is adopted as the fair value at the balance sheet date.

3) As the difference between the fair value of the receivables financing and the carrying amount is relatively small, the carrying amount is adopted as the fair value.

**5. Continuous and non-continuous level 3 fair value measurement items, information on the adjustment between the opening and closing carrying amount, and sensitivity analysis of unobservable parameters**

**6. Explain the reason for conversion and the governing policy when the conversion happens if conversion happens among consistent fair value measurement items at different levels**

**7. Changes in the valuation technique in the current period and the reason for such changes**

**8. The fair value of financial assets and financial liabilities not measured at fair value**

**9. Others**

**XII. Related Party and Related-party Transactions**

**1. Information related to the parent company of the Company**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Parent company | Place of registration | Business nature | Registered capital | Proportion of share held by the parent company against the Company (%) | Proportion of voting rights owned by the parent company against the Company (%) |
| Jiangsu Yangjie Investment Co., Ltd. | Yangzhou, Jiangsu Province | Industrial investment | RMB20 million | 35.38% | 35.38% |

Notes: Information on the parent company

The Company’s ultimate controlling party is Liang Qin.

Other notes:

**2. Subsidiaries of the Company**

See Note IX for details of the subsidiaries of the Company.

**3. Information on the joint ventures and associated enterprises of the Company**

See Note IX 3 for details of the significant joint ventures or associated enterprises of the Company.

Information on other joint venture or associated enterprise of occurring related-party transactions with the Company in Current Period, or forming balance due to related-party transactions made in previous period:

|  |  |
| --- | --- |
| Name | Relationship with the Company |
| Yangzhou Guoyu | Associate |

Other notes

**4. Information on other related parties**

|  |  |
| --- | --- |
| Related parties | Relationship with the Company |
| Jiangsu Applied Power | Its shares are held by the Company |
| Dalian Jiafeng | Its shares are held by the Company |

Other notes

**5. List of related-party transactions**

**(1) Information on acquisition of goods and reception of labor service**

Information on acquisition of goods and reception of labor service

Unit: RMB

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Related parties | Content of transaction | Current period cumulative | The approval trade credit | Whether exceed trade credit or not | Amount for the previous period |
| Jiangsu Applied Power | Purchase of materials | 10,804,554.84 |  | No | 23,442,076.78 |
| Dalian Jiafeng | Purchase of equipment | 1,212,389.38 |  | No | 13,102,654.88 |
| Hunan Chuwei [Note 1] | Purchase of materials | 44,840,913.55 | 44,840,913.55 | No | 77,662,178.27 |

Information of sales of goods and provision of labor service

Unit: RMB

|  |  |  |  |
| --- | --- | --- | --- |
| Related parties | Content of transaction | Current period cumulative | Amount for the previous period |
| Jiangsu Applied Power | Sale of goods | 470,910.65 | 6,927,482.46 |
| Jiangsu Huanxin [Note 2] | Sale of goods | 3,992,089.88 | 6,403,879.87 |

Notes to acquisition of goods and reception of labor service

Note 1: The Company was transferred 30% equity of Hunan Chuwei by means of public delisting on March 31, and had been transferred 70% equity of Hunan Chuwei accumulatively as of that day, making Hunan Chuwei a subsidiary of the Company and incorporated into the scope of consolidated financial statements. This datum is an amount incurred from January to March.

Note 2: The Company was holding 23.86% equity of Jiangsu Huanxin, and has appointed directors to participate in its production and business activities, and therefore has a significant influence over it. In June 2023, the Company sold all equities it held in Jiangsu Huanxin, and received the equity transfer payment on June 29, 2023.

**(2) Information on related-party trusteeship/contract**

Lists of trusteeship/contract of the Company:

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Name of the entruster/contractee | Name of the entrustee/ contractor | Type | Start date | Due date | Pricing basis | Income recognized in this Current Period |

Notes:

Lists of entrust/contract:

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Name of the entruster/contractee | Name of the entrustee/ contractor | Type | Start date | Due date | Pricing basis | Charge recognized in this Current Period |

Notes:

**(3) Information on related-party lease**

The Company was lessor:

Unit: RMB

|  |  |  |  |
| --- | --- | --- | --- |
| Name of lessee | Category of leased assets | The lease income confirmed in the current period | The lease income confirmed in the previous period |

The Company was lessee:

Unit: RMB

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Name of lessor | Category of leased assets | Rental expense of simplified short-term leases and low-value asset leases (if applicable) | | Variable lease payments that are not covered in the measurement of the lease liabilities (if applicable) | | Rent payable | | Interest expense on lease liabilities borne | | Added right-of-use assets | |
| Current period cumulative | Amount for the previous period | Current period cumulative | Amount for the previous period | Current period cumulative | Amount for the previous period | Current period cumulative | Amount for the previous period | Current period cumulative | Amount for the previous period |

Notes:

**(4) Information on related-party guarantee**

The Company was guarantor:

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Secured party | Amount of guarantee | Start date | End date | Execution accomplished or not |

The Company was secured party

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Guarantor | Amount of guarantee | Start date | End date | Execution accomplished or not |

Notes:

**(5) Information on inter-bank lending of capital of related parties**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Related parties | Amount | Start date | Maturity date | Remarks |
| Borrowing | | | | |
| Lending | | | | |

**(6) Information on assets transfer and debt restructuring by related party**

Unit: RMB

|  |  |  |  |
| --- | --- | --- | --- |
| Related parties | Content of transaction | Current period cumulative | Amount for the previous period |

**(7) Information on remuneration for key management personnel**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |
| Key management's emoluments | 2,603,908.68 | 3,525,503.09 |

**(8) Other related-party transactions**

**6. Accounts receivable and payable of related party**

**(1) Accounts receivable**

Unit: RMB

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Items | Related parties | Closing balance | | Opening balance | |
| Carrying balance | Bad debt provision | Carrying balance | Bad debt provision |
| Accounts receivable | Jiangsu Huanxin | 1,298,917.70 | 64,945.89 | 3,977,145.23 | 198,857.26 |
| Subtotal |  | 1,298,917.70 | 64,945.89 | 3,977,145.23 | 198,857.26 |

**(2) Accounts payable**

Unit: RMB

|  |  |  |  |
| --- | --- | --- | --- |
| Items | Related parties | Closing carrying balance | Opening carrying balance |
| Accounts payable | Jiangsu Applied Power | 5,424,032.04 | 10,158,197.16 |
| Accounts payable | Dalian Jiafeng | 1,809,123.90 | 3,551,630.00 |
| Subtotal |  | 7,233,155.94 | 13,709,827.16 |
| Notes payable | Jiangsu Applied Power | 2,680,000.00 | 2,160,000.00 |
| Subtotal |  | 2,680,000.00 | 2,160,000.00 |

**7. Commitments of related party**

**8. Other**

**XIII. Stock Payment**

**1. The overall situation of share-based payments**

☑Applicable □ Not applicable

Unit: RMB

|  |  |
| --- | --- |
| Total equity instruments granted in the current period | 0.00 |
| Total equity instruments vested in the current period | 0.00 |
| Total equity instruments expired in the current period | 0.00 |
| The range of exercise prices of share options outstanding at the end of the period and the remaining contractual life | Phase IV restricted share incentives: RMB35.52 per share; 12 months  Phase III restricted share incentives: RMB24.68 per share; 2 months |

Other notes

(1) Phase IV restricted share incentives

Pursuant to the resolution of the 18th meeting of the Fourth Board of Directors, the announcement on the resolution of the 19th meeting of the Fourth Board of Directors, and the resolution of the first extraordinary shareholders’ meeting of 2022, the Company granted restricted A shares (class II) of 800,000 shares (each with par value of RMB1) to 110 incentive objects including Chen Runsheng at a grant price of RMB35.52 per share. The first vesting period of class II restricted shares is from the first trading day after expiry of the 12-month period from the grant date to the last trading day of the 24-month period from the grant date, and the second vesting period is from the first trading day after expiry of the 24-month period from the grant date to the last trading day of the 36-month period from the grant date. Equity for each vesting period accounts for 50.00% of the total granted equity.

(2) Phase III restricted share incentives

Pursuant to the resolution of the 10th meeting of the Fourth Board of Directors, the announcement on the resolution of the 12th meeting of the Fourth Board of Directors, and the resolution of the first extraordinary shareholders’ meeting of 2021, the Company granted restricted A shares (class II) of 3.55 million shares (each with par value of RMB1) to 589 incentive objects including Chen Runsheng at a grant price of RMB24.90 per share. The first vesting period of class II restricted shares is from the first trading day after expiry of the 12-month period from the grant date to the last trading day of the 24-month period from the grant date, and the second vesting period is from the first trading day after expiry of the 24-month period from the grant date to the last trading day of the 36-month period from the grant date. Equity for each vesting period accounts for 50.00% of the total granted equity. The vesting conditions for the first vesting period of the current period have been met.

**2. Equity-settled share-based payments**

☑Applicable □ Not applicable

Unit: RMB

|  |  |
| --- | --- |
| Determination method for grant-date fair value of equity instruments | Black-Scholes model |
| Determination method for the number of equity instruments expected to vest | The number of outstanding shares at the balance sheet date |
| Reasons for significant difference between the estimates in current period and preceding period | None |
| Capital reserve accumulated due to equity-settled share-based payment | 82,925,268.75 |
| Total expenses incurred due to equity-settled share-based payment | 19,269,720.00 |

Other notes

According to the closing price on the grant date, the total grant-date fair value of the above-mentioned equity instruments calculated based on the grant-date fair value and grant price of the equity instruments amounts to RMB66,459,100. According to relevant provisions of *CASBE - Stock Payment*, expenses related to share-based payment shall be amortized over the vesting periods of class II restricted shares. In the current period, employee services in exchange for equity-settled share-based payment amount to RMB8,613,720.00, with RMB63,996,300.00 included into accumulated costs and expenses, and capital reserve increased accordingly.

According to the closing price on the grant date, the total grant-date fair value of the above-mentioned equity instruments calculated based on the grant-date fair value and grant price of the equity instruments amounts to RMB22,061,300. According to relevant provisions of *CASBE - Stock Payment*, expenses related to share-based payment shall be amortized over the vesting periods of class II restricted shares. In the current period, employee services in exchange for equity-settled share-based payment amount to RMB10,656,000.00, with RMB18,928,968.75 included into accumulated costs and expenses, and capital reserve increased accordingly.

**3. Cash-settled share-based payments**

□ Applicable Not applicable☑

**4. Modification and termination of share-based payments**

Pursuant to the resolution of the 21st Meeting of the Fourth Board of Directors, the Company adjusted the grant price of Phase III restricted share incentives from RMB24.90 per share to RMB24.68 per share according to the 2021 Annual Equity Distribution Plan.

**5. Others**

**XIV. Commitments and Contingency**

**1. Significant commitments**

Significant commitments on balance sheet date

At the balance sheet date, letters of guarantee issued by the Company totaled RMB200,000,000.00, and letters of credit issued totaled USD708,800.00.

**2. Contingency**

**(1) Significant contingency on balance sheet date**

**(2) Explanation shall be given even if there is no significant contingency for the Company to disclose**

There was no significant contingency in the Company to disclose.

**3. Others**

**XV. Events after Balance Sheet Date**

**1. Significant non-adjustment matters**

Unit: RMB

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Contents | Influence number to the financial position and operating results | Reason of inability to estimate influence number |

**2. Profit distribution**

**3. Sales return**

**4. Notes to other events after balance sheet date**

**XVI. Other Significant Events**

**1. The accounting errors correction in previous period**

**(1) Retrospective restatement**

Unit: RMB

|  |  |  |  |
| --- | --- | --- | --- |
| Content | Processing program | Name of the influenced report items during comparison period | Accumulative impact |

**(2) Prospective application**

|  |  |  |
| --- | --- | --- |
| Content | Processing program | Reason for adopting prospective application |

**2. Debt Restructuring**

**3. Assets replacement**

**(1) Non-monetary assets exchange**

**(2) Other assets replacement**

**4. Pension plans**

**5. Discontinued operations**

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Item | Revenue | Fees | Profit before tax | Income tax expenses | Net profit | Profit from discontinued operations attributable to owners of the parent company |

Other notes

**6. Segment information**

**(1) Determination basis and accounting policies of reportable segment**

and is mainly engaged in R&D, manufacturing and sales of discrete semiconductor products such as semiconductor components, semiconductor chips and semiconductor silicon wafers. The Company will treat this business as a whole for management, evaluation, and performance assessment. As a result, the Company is not required to disclose segment information. Please refer to section V ii. 1 of notes to the financial statements for details on operating revenue and operating costs classified by product and region.

**(2) The financial information of reportable segment**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Domestic | Overseas | Offset among segment | Total |
| Operating revenue | 1,985,604,059.05 | 639,138,327.57 |  | 2,624,742,386.62 |
| Operating cost | 1,434,543,143.22 | 389,982,604.10 |  | 1,824,525,747.32 |

**(3) If the Company has no reporting segments, or if it is unable to disclose the total assets and liabilities of each reporting segment, the reasons shall be explained.**

**(4) Other notes**

**7. Other significant transactions and events with influence on investors’ decision-making**

**8. Other**

1. The Company as lessee

(1) Please refer to Note V i. 14 of notes to the financial statements for details on right-of-use assets.

(2) Please refer to Note III xxvi. of notes to the financial statements for details on the Company’s accounting policies on short-term leases and leases for which the underlying asset is of low value. The amounts of short-term leases and low-value asset leases included into profit or loss are as follows:

|  |  |  |
| --- | --- | --- |
| Item | Amount in current period | Amount in the same period last year |
| Expense relating to short-term leases | 2,699,498.51 | 1,620,580.61 |
| Total | 2,699,498.51 | 1,620,580.61 |

(3) Profit or loss and cash flows related to leases

|  |  |  |
| --- | --- | --- |
| Item | Amount in current period | Amount in the same period last year |
| Interest expenses on lease liabilities | 694,174.35 | 166,697.23 |
| Total cash outflows related to leases | 6,325,931.16 | 1,636,936.70 |

(4) Please refer to Note VIII ii. of notes to the financial statements for details on maturity analysis of lease liabilities and related liquidity risk management.

**XVII. Notes to Main Items in the Financial Statements of the Parent Company**

**1. Accounts receivable**

**(1) Accounts receivable listed by category**

Unit: RMB

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Type | Closing balance | | | | | Opening balance | | | | |
| Carrying balance | | Bad debt provision | | Carrying amount | Carrying balance | | Bad debt provision | | Carrying amount |
| Amount | Percentage | Amount | Withdrawal proportion | Amount | Percentage | Amount | Withdrawal proportion |
| Of which: |  |  |  |  |  |  |  |  |  |  |
| Accounts receivable of bad debt provision withdrawn by groups | 1,513,919,965.35 | 100.00% | 87,787,806.28 | 5.80% | 1,426,132,159.07 | 999,478,962.06 | 100.00% | 52,199,216.53 | 5.22% | 947,279,745.53 |
| Of which: |  |  |  |  |  |  |  |  |  |  |
| Total | 1,513,919,965.35 | 100.00% | 87,787,806.28 | 5.80% | 1,426,132,159.07 | 999,478,962.06 | 100.00% | 52,199,216.53 | 5.22% | 947,279,745.53 |

Bad debt provision withdrawn by group: RMB87,787,806.28

Unit: RMB

|  |  |  |  |
| --- | --- | --- | --- |
| Name | Closing balance | | |
| Carrying balance | Bad debt provision | Withdrawal proportion |
| Within one year | 1,468,975,659.98 | 73,448,783.00 | 5.00% |
| One to two years | 29,381,300.62 | 2,938,130.06 | 10.00% |
| Two to three years | 8,324,223.06 | 4,162,111.53 | 50.00% |
| Above three years | 7,238,781.69 | 7,238,781.69 | 100.00% |
| Total | 1,513,919,965.35 | 87,787,806.28 |  |

Notes to the determination basis for the Group:

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable.

□ Applicable ☑Not applicable

Disclosure by aging

Unit: RMB

|  |  |
| --- | --- |
| Ages | Closing balance |
| Within one year (inclusive) | 1,468,975,659.98 |
| One to two years | 29,381,300.62 |
| Two to three years | 8,324,223.06 |
| Above three years | 7,238,781.69 |
| Three to four years | 7,238,781.69 |
| Total | 1,513,919,965.35 |

**(2) Bad debt provision withdrawal, reversed or recovered in the current period**

Withdrawal of bad debt provision in the current period:

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Type | Opening balance | Changes in the current period | | | | Closing balance |
| Withdrawal | Reversed or recovered | Write-off | Others |
| Bad debt provision withdrawn by groups | 52,199,216.53 | 35,654,888.55 | 82,755.89 | 149,054.69 |  | 87,787,806.28 |
| Total | 52,199,216.53 | 35,654,888.55 | 82,755.89 | 149,054.69 |  | 87,787,806.28 |

Of which the bad debt provision recovered or reversed with significant amount in the current period:

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Entity | Amount reversed or recovered | Way of recovery |

**(3) Accounts receivable with actual verification in current period**

Unit: RMB

|  |  |
| --- | --- |
| Item | Written-off amount |
| Unrecoverable accounts receivable | 149,054.69 |

Of which the verification of significant accounts receivable:

Unit: RMB

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Entity | Nature | Written-off amount | Reason for verification | Verification procedures performed | Whether occurred because of related-party transactions |

Notes to verification of accounts receivable:

**(4) Top 5 of the closing balance of the accounts receivable collected according to arrears party**

Unit: RMB

|  |  |  |  |
| --- | --- | --- | --- |
| Entity | Closing balance | Proportion to total closing balance | Closing balance of bad debt provision |
| No. 1 | 278,078,429.88 | 18.37% | 13,903,921.49 |
| No. 2 | 167,594,896.91 | 11.07% | 8,379,744.85 |
| No. 3 | 104,122,369.50 | 6.88% | 5,206,118.48 |
| No. 4 | 53,846,885.90 | 3.56% | 2,692,344.30 |
| No. 5 | 44,695,040.81 | 2.95% | 3,529,281.33 |
| Total | 648,337,623.00 | 42.83% |  |

**(5) Accounts receivable derecognized due to the transfer of financial assets**

**(6) Amount of assets and liabilities formed due to the transfer and the continued involvement of accounts receivable**

Other notes:

**2. Other Receivables**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Closing balance | Opening balance |
| Other receivables | 32,964,845.36 | 180,771,875.41 |
| Total | 32,964,845.36 | 180,771,875.41 |

**(1) Other receivables**

**1) Category of other receivables by account nature**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Nature of receivables | Closing carrying balance | Opening carrying balance |
| Call loans | 28,117,939.19 | 175,119,878.84 |
| Guarantee deposits | 12,503,175.18 | 23,976,029.95 |
| Prepayments for taxes of agent import customs declaration | 69,913.19 | 96,389.18 |
| Temporary payment receivable | 2,827,888.90 | 2,906,486.26 |
| Others |  | 94,388.02 |
| Total | 43,518,916.46 | 202,193,172.25 |

**2) Withdrawal of bad debt provision**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Bad debt provision | Stage 1 | Stage 2 | Stage 3 | Total |
| Expected credit loss in the next 12 months | Expected loss in the duration (credit impairment not incurred) | Expected loss in the duration (credit impairment incurred) |
| Balance as at January 1, 2023 | 4,731,084.28 | 9,885,226.52 | 6,804,986.04 | 21,421,296.84 |
| Balance as at January 1, 2022 in the current period |  |  |  |  |
| --Transferred to stage 2 | -1,502,494.08 | 1,502,494.08 |  |  |
| --Transferred to stage 3 |  | -271,941.80 | 271,941.80 |  |
| Provision withdrawn in the current period | -2,988,577.42 | -8,110,790.64 | 232,142.32 | -10,867,225.74 |
| Balance as at June 30, 2023 | 240,012.79 | 3,004,988.15 | 7,309,070.16 | 10,554,071.10 |

Changes of carrying amount with significant amount changed of loss provision in the current period

□ Applicable ☑Not applicable

Disclosure by aging

Unit: RMB

|  |  |
| --- | --- |
| Ages | Closing balance |
| Within one year (inclusive) | 4,800,255.78 |
| One to two years | 30,049,881.52 |
| Two to three years | 2,719,418.00 |
| Above three years | 5,949,361.16 |
| Three to four years | 5,949,361.16 |
| Total | 43,518,916.46 |

**3) Bad debt provision withdrawal, reversed or recovered in the current period**

Withdrawal of bad debt provision in the current period:

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Type | Opening balance | Changes in the current period | | | | Closing balance |
| Withdrawal | Reversed or recovered | Write-off | Others |

Of which the bad debt provision recovered or reversed with significant amount in the current period:

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Entity | Amount reversed or recovered | Way of recovery |

**4) Other receivables with actual verification in the current period**

Unit: RMB

|  |  |
| --- | --- |
| Item | Written-off amount |

Of which the verification of significant other receivables:

Unit: RMB

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Entity | Nature | Written-off amount | Reason for verification | Verification procedures performed | Whether occurred because of related-party transactions |

Notes to the verification of other receivables:

**5) Top five of the closing balance of other receivables collected according to the arrears party**

Unit: RMB

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Entity | Nature | Closing balance | Ages | Proportion to total closing balance of other receivables | Closing balance of bad debt provision |
| No. 1 | Call loans | 28,000,000.00 | One to two years | 64.34% | 2,800,000.00 |
| No. 2 | Guarantee deposits | 2,000,000.00 | Above three years | 4.60% | 2,000,000.00 |
| No. 3 | Guarantee deposits | 2,000,000.00 | Above three years | 4.60% | 2,000,000.00 |
| No. 4 | Guarantee deposits | 130,000.00 | One to two years | 0.30% | 13,000.00 |
| No. 4 | Guarantee deposits | 1,200,000.00 | Two to three years | 2.76% | 600,000.00 |
| No. 4 | Guarantee deposits | 600,000.00 | Above three years | 1.38% | 600,000.00 |
| No. 5 | Guarantee deposits | 570,000.00 | Within one year | 1.31% | 28,500.00 |
| No. 5 | Guarantee deposits | 930,000.00 | One to two years | 2.14% | 93,000.00 |
| Total |  | 35,430,000.00 |  | 81.43% | 8,134,500.00 |

**6) Receivables involving government grants**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Entity | Project of government grants | Closing balance | Closing aging | Estimated recovering time, amount and basis |

**7) Derecognition of other receivables due to the transfer of financial assets**

**8) The amount of the assets and liabilities formed due to the transfer and the continued involvement of other receivables**

Other notes:

**3. Long-term equity investment**

Unit: RMB

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Item | Closing balance | | | Opening balance | | |
| Carrying balance | Allowance for impairment | Carrying amount | Carrying balance | Allowance for impairment | Carrying amount |
| Investments in subsidiaries | 1,181,622,408.56 | 10,559,705.89 | 1,171,062,702.67 | 472,591,973.78 | 10,559,705.89 | 462,032,267.89 |
| Investments in associates and joint ventures | 60,747,681.56 |  | 60,747,681.56 | 466,606,774.74 |  | 466,606,774.74 |
| Total | 1,242,370,090.12 | 10,559,705.89 | 1,231,810,384.23 | 939,198,748.52 | 10,559,705.89 | 928,639,042.63 |

**(1) Investment to subsidiaries**

Unit: RMB

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Investees | Opening balance (carrying amount) | Increase/decrease for the current period | | | | Closing balance (carrying amount) | Closing balance of allowance for impairment |
| Investments increased | Investments decreased | Allowance for impairment | Others |
| J&V Semiconductor | 24,763,812.52 | 1,112,100.00 |  |  |  | 25,875,912.52 |  |
| Yangjie Semiconductor | 50,488,634.94 | 55,605.00 |  |  |  | 50,544,239.94 |  |
| Jaywin Chip | 35,384.97 |  |  |  |  | 35,384.97 | 8,515,196.25 |
| MCC Jiangsu | 2,732,779.98 | 136,485.00 |  |  |  | 2,869,264.98 |  |
| MCC Shenzhen | 8,972,597.81 | 631,875.00 |  |  |  | 9,604,472.81 |  |
| MCC Hong Kong | 60,785,900.00 |  |  |  |  | 60,785,900.00 |  |
| Yangjie Korea | 4,383,377.26 |  |  |  |  | 4,383,377.26 |  |
| Shanghai Paiqi | 474,890.36 |  |  |  |  | 474,890.36 | 2,044,509.64 |
| Hangzhou E-Giant | 3,000,000.00 |  |  |  |  | 3,000,000.00 |  |
| Yixing Jiexin | 36,447,005.00 | 30,330.00 |  |  |  | 36,477,335.00 |  |
| Chengdu Qingyang | 101,259,720.00 |  |  |  |  | 101,259,720.00 |  |
| Shanghai Lingxin | 5,093,240.00 |  |  |  |  | 5,093,240.00 |  |
| Sihong Hongxin | 101,516,989.96 | 187,035.00 |  |  |  | 101,704,024.96 |  |
| Yangjie Wuxi | 52,077,935.09 | 288,135.00 |  |  |  | 52,366,070.09 |  |
| Wuxi Jiexiwei | 10,000,000.00 |  |  |  |  | 10,000,000.00 |  |
| Yangzhou Jieguan |  | 32,100,000.00 |  |  |  | 32,100,000.00 |  |
| Hunan Chuwei |  | 293,760,000.00 |  |  | 380,728,869.78 | 674,488,869.78 |  |
| Total | 462,032,267.89 | 328,301,565.00 |  |  | 380,728,869.78 | 1,171,062,702.67 | 10,559,705.89 |

**(2) Investment to joint ventures and associated enterprises**

Unit: RMB

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Investee | Opening balance (carrying amount) | Increase/decrease for the current period | | | | | | | | Closing balance (carrying amount) | Closing balance of allowance for impairment |
| Investments increased | Investments decreased | Investment gains and losses recognized under equity method | Adjustment of other comprehensive income | Other equity changes | Cash dividend/ profit declared for distribution | Allowance for impairment | Others |
| I. Joint Ventures | | | | | | | | | | | |
| II. Associated Enterprises | | | | | | | | | | | |
| Yangzhou Guoyu Electronics Co., Ltd. [Note 1] | 36,790,996.72 |  |  | 5,702,460.48 |  |  | -1,683,572.42 |  |  | 40,809,884.78 |  |
| Jiangsu Intelligent Microsystem Industrial Technology Co., Ltd. [Note 2] | 19,937,796.78 |  |  |  |  |  |  |  |  | 19,937,796.78 |  |
| Jiangsu Huanxin Semiconductor Co., Ltd. [Note 3] | 51,253,013.42 |  | 60,000,000.00 | 8,746,986.58 |  |  |  |  |  | 0.00 |  |
| Hunan Jiechuwei Semiconductor Technology Co., Ltd. [Note 4] | 358,624,967.82 | 293,760,000.00 |  | 22,103,901.96 |  |  |  |  | -674,488,869.78 | 0.00 |  |
| Subtotal | 466,606,774.74 | 293,760,000.00 | 60,000,000.00 | 36,553,349.02 | 0.00 | 0.00 | -1,683,572.42 | 0.00 | -674,488,869.78 | 60,747,681.56 |  |
| Total | 466,606,774.74 | 293,760,000.00 | 60,000,000.00 | 36,553,349.02 | 0.00 | 0.00 | -1,683,572.42 | 0.00 | -674,488,869.78 | 60,747,681.56 |  |

**(3) Other notes**

**4. Operating revenue and cost of sales**

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Item | Current period cumulative | | Amount for the previous period | |
| Revenue | Cost | Revenue | Cost |
| Principal business | 2,089,490,919.10 | 1,592,348,790.48 | 2,336,107,373.08 | 1,630,962,247.88 |
| Other business | 126,340,911.49 | 73,646,212.21 | 118,253,618.83 | 88,425,992.51 |
| Total | 2,215,831,830.59 | 1,665,995,002.69 | 2,454,360,991.91 | 1,719,388,240.39 |

Relevant information of revenue:

Unit: RMB

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Category of contracts | Segment 1 | Segment 2 |  | Total |
| Product categories | 2,215,831,830.59 |  |  | 2,215,831,830.59 |
| Of which: |  |  |  |  |
| Semiconductor components | 2,034,347,104.96 |  |  | 2,034,347,104.96 |
| Semiconductor chips | 55,143,814.14 |  |  | 55,143,814.14 |
| Other business | 126,340,911.49 |  |  | 126,340,911.49 |
| Total | 2,215,831,830.59 |  |  | 2,215,831,830.59 |
| Classification by operating region | 2,215,831,830.59 |  |  | 2,215,831,830.59 |
| Of which: |  |  |  |  |
| Domestic | 1,703,619,495.10 |  |  | 1,703,619,495.10 |
| Overseas | 512,212,335.49 |  |  | 512,212,335.49 |
| Total | 2,215,831,830.59 |  |  | 2,215,831,830.59 |
| Market or customer type |  |  |  |  |
| Of which: |  |  |  |  |
|  |  |  |  |  |
| Contract type |  |  |  |  |
| Of which: |  |  |  |  |
|  |  |  |  |  |
| Classification by time of commodity transfer | 2,215,831,830.59 |  |  | 2,215,831,830.59 |
| Of which: |  |  |  |  |
| Recognized at a point in time | 2,215,831,830.59 |  |  | 2,215,831,830.59 |
| Total | 2,215,831,830.59 |  |  | 2,215,831,830.59 |
| Classification by contract term |  |  |  |  |
| Of which: |  |  |  |  |
|  |  |  |  |  |
| Classification by sales channel |  |  |  |  |
| Of which: |  |  |  |  |
|  |  |  |  |  |
| Total |  |  |  |  |

Information about performance obligations:

None

Information in relation to the transaction price apportioned to the residual contract performance obligation:

At the end of the Reporting Period, the revenue corresponding to the performance obligations that have been contracted but have not been performed or completed was RMB681,465,768.20, of which RMB630,727,381.97 is expected to be recognized in 2023, and RMB50,738,386.23 in 2024, and RMB0.00 in 2025.

Other notes:

**5. Investment income**

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Current period cumulative | Amount for the previous period |
| Investment income from long-term equity investments under cost method |  | 3,172,883.12 |
| Investment income from long-term equity investments under equity method | 27,806,362.44 | -349,114.45 |
| Investment income from disposal of long-term equity investments | 8,746,986.58 |  |
| Investment income from financial products | 1,380,112.49 | 11,851,463.18 |
| Interest income from discounted notes | -2,293,471.89 | -1,109,259.07 |
| Investment income from forward foreign exchange settlement and others |  | 3,617,963.27 |
| Total | 35,639,989.62 | 17,183,936.05 |

**6. Others**

**XVIII. Supplementary Materials**

**1. Items and amounts of non-recurring profit or loss**

☑Applicable □ Not applicable

Unit: RMB

|  |  |  |
| --- | --- | --- |
| Item | Amount | Remarks |
| Gains on disposal of non-current assets, including write-off of provision for impairment | -220,257.03 |  |
| Government grants recorded in the current profit or loss (except for those acquired in the ordinary course of company's business, in line with national policies and regulations, or granted continuously according to certain standard quotas or amounts) | 21,766,005.54 |  |
| Gains on assets consigned to the third party for investment or management | 1,694,478.14 |  |
| Gain/loss from change of fair value of trading financial assets and liabilities, and investment incomes from disposal of trading financial assets and liabilities as well as financial assets available for sale, other than valid hedging related to the Company's common businesses | -15,580,233.35 |  |
| Other non-operating revenue or expenditures | -4,453,473.39 |  |
| Less: Income tax effects | 1,041,676.13 |  |
| Minority interests effects | 1,414,109.40 |  |
| Total | 750,734.38 |  |

Details of other profit and loss items in line with the definition of non-recurring gains and losses:

□ Applicable ☑Not applicable

There are no other profit and loss items in line with the definition of non-recurring gains and losses in the Company.

Note to defining the non-recurring profit and loss items listed in the *Explanatory Notice of Information Disclosure by Companies Offering Securities to the Public No. 1 - Non-recurring Gains and Losses* as recurring profit and loss items

□ Applicable ☑Not applicable

**2. Return on equity and earnings per share**

|  |  |  |  |
| --- | --- | --- | --- |
| Profit of the Reporting Period | Weighted average ROE | EPS | |
| EPS-basic (RMB/share) | EPS-diluted (RMB/share) |
| Net profit attributable to shareholders of ordinary shares | 6.21% | 0.79 | 0.79 |
| Net profit attributable to shareholders of ordinary shares after deducting non-recurring profit or loss | 6.20% | 0.79 | 0.79 |

**3. Accounting data differences under PRC GAAP and those under IFRSs**

**(1) Differences between disclosed net profits and net assets in financial statements in accordance with international accounting standards and Chinese accounting standards**

□ Applicable ☑Not applicable

**(2) Differences between disclosed net profits and net assets in financial statements in accordance with foreign accounting standards and Chinese accounting standards**

□ Applicable ☑Not applicable

**(3) Explain reasons for the differences between accounting data under domestic and overseas accounting standards; for any adjustment made to the difference existing in the data audited by the foreign auditing agent, such foreign auditing agent’s name shall be clearly stated.**

**4. Others**