

Company Code: 600699

Company Abbreviation: Joyson Electronics

# **Ningbo Joyson Electronic Corp. 2023 Annual Report**



**均胜电子**  
JOYSON ELECTRONICS

## **March 2024**

## Important Notification

- 1. The Company's Board of Directors, Board of Supervisors, directors, supervisors and senior management should guarantee that all information in the annual report is true, accurate and complete, and it contains no false records, misleading statements or major omissions, in addition to undertaking the individual and joint responsibilities.**
- 2. All directors of the Company attended the conferences of the Board of Directors.**
- 3. KPMG Huazhen (Special General Partnership) issued the standard and unqualified auditor's report.**
- 4. Wang Jianfeng (Legal Representative), Li Junyu (CFO) and Zhang Jiaqi (the head of the Accounting Department) guarantee that all financial reports in this annual report are true, accurate and complete.**
- 5. Preplans of profit distribution or transfer from capital reserve to common shares deliberated by the Board of Directors during the reporting period**

Preplan for the appropriation of profits in 2023: The Company plans to distribute a cash dividend of RMB 2.6 (including tax) for every 10 shares to all shareholders based on the total share capital registered as of the record date of equity distribution, excluding the share capital of repurchased shares held in the special account for securities repurchase on that day. Taking 29 February 2024 as an example, it is estimated that a cash dividend of RMB 365,834,667.12 (including tax) will be paid out, calculated based on the Company's total share capital of 1,408,701,543 shares, with 1,645,131 shares deducted from the Company's special securities account for repurchase, resulting in 1,407,056,412 shares. The proposal has yet to be submitted to the General Meeting for approval, and the actual amount to be distributed will be subject to the announcement on the implementation of the equity distribution to be issued by the Company.

### **6. Risk disclosure statements for forward-looking statements**

Applicable  Not applicable

Future plans, development strategies and other forward-looking descriptions in this report do not constitute a substantive commitment of the Company to investors. Please pay attention to the investment risk.

### **7. Whether there is non-operational appropriation of funds by the controlling shareholder and other related parties**

No

**8. Whether there is a violation of the prescribed decision-making procedures to provide external guarantee**

No

**9. Whether more than half of the members of the Board of Directors cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company**

No

**10. Major risks prompt**

The Company has described various risks that the Company may face. Please refer to the Chapter "Management Discussion and Analysis".

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List of documents available for inspection	The Financial Statements signed and sealed by the person-in-charge of the Company, the person-in-charge of the Company's accounting work and the person-in-charge of the accounting department (the head of the accounting department)
	The original audit report containing the seal of the accounting firm and the signature and seal of the certified public accountant
	The original copies of all documents and announcements of the Company which have been disclosed to the public in the information disclosure media designated by the Company during the reporting period

## To Shareholders

Despite grappling with surges in labor and energy costs in specific regions, as well as fluctuations in downstream automobile output, major global automotive markets experienced a robust resurgence in both production and sales volumes in 2023. This revival was propelled by the transition toward electrification and intelligence, improvements in supply chain, resurgence of consumer demand, and the restocking of inventories, among other factors. This also fostered a relatively favorable environment for component producers to thrive.

During the reporting period, the Company prioritized its objective of "stabilizing growth and improving performance". It executed its annual business plan with a focus on cost-cutting, efficiency enhancements, and innovations in emerging business areas. Flexible adjustments were made to navigate market fluctuations, resulting in significant achievements. Particularly, the Automotive Safety business saw quarterly performance improvements, bolstering sustainable development momentum.

In 2023, the Company achieved consolidated operating revenue of RMB 55.7 billion, an increase of approximately 12% over the same period of the previous year. Total profit before taxation reached approximately RMB 1.76 billion, representing a significant increase of approximately 267% over the corresponding period of the previous year, and net profit attributable to the parent company was approximately RMB 1.08 billion, representing a substantial increase of approximately 175% over the same period of the previous year. Moreover, buoyed by a meticulously curated global clientele and a steadfast commitment to sustainable business practices, the Company's net cash flow from operations surged to RMB 3.93 billion in 2023, a substantial increase of RMB 1.76 billion, or 82% growth compared to the previous year. Furthermore, the Company maintains a receivable billing period that ranks among the forefront globally.

Despite shifts in the global automotive industry's competitive landscape, the Company's new business expansion strategy remains fruitful. In 2023, new life cycle orders exceeded RMB 73 billion, surpassing revenue scales. This solidifies the foundation for future growth, especially in the Chinese region, where orders from leading automakers continue to rise. Among the new business orders, those linked to new energy models exceeded RMB 45 billion, constituting more than 60% of the total. Simultaneously, breakthroughs continued in emerging areas such as 800V high-voltage fast charging, intelligent cockpit design, automotive connectivity, and smart driving solutions, mirroring the global trend toward automotive intelligence and electrification. Additionally, the Company proactively engaged in discussions with major global customers regarding price compensation for existing orders. Through these efforts, it secured support from the majority of leading OEMs worldwide, resulting in varied levels of price adjustments and compensation for existing orders.

Looking forward to 2024, global automotive production and sales may face challenges due to heightened uncertainty in the macro-environment, policy adjustments in the new energy

vehicle industry, and intensified competition in China's automotive market. However, the enduring trend towards automotive intelligence and electrification will persist. Additionally, the development of Electric Vertical Takeoff and Landing (eVTOL) vehicles holds great promise. Augmented by the rapid evolution of Artificial Intelligence (AI) technologies like GPT and Sora, the trajectory of intelligent electric vehicles and eVTOLs will continue to embody innovation and growth. Conversely, the trend of Chinese automakers venturing abroad persists, further accelerating the transformation of the global automotive industry landscape. Having established a global footprint in the auto parts sector long ago, the Company now encounters an opportune moment for development amidst this change. The Company will uphold its strategic prowess, seize industry development opportunities and prioritize the following five areas, with the aim to actively cultivate new quality productivity, persistently enhance overall profitability, flexibly boost performance growth, and deliver superior returns to the Company's shareholders.

First, the focus lies on fortifying competitiveness and advancing technological strength, operational efficiency, product innovation, and intelligent manufacturing capabilities of the Company. This approach aims to lead market segments with more competitive products, ultimately securing customer satisfaction.

Second, the commitment is to optimize supply chain management, enhance cost control capabilities, and bolster the cost competitiveness of products. This entails achieving substantial cost savings to ensure the healthy development and continuous profitability improvement of each business division.

Third, the focus remains on continuously strengthening digital-real integration capabilities. This involves propelling enterprise evolution through AI and other advanced technologies, empowering R&D, production, and management functions, and driving industrial digital transformation.

Fourth, the emphasis is on enhancing the synergy among global business divisions to facilitate customer expansion, talent development, back-office support, and management system coordination.

Fifth, endeavors will focus on maximizing the Company's global presence, aiming to establish itself as the preferred partner for Chinese automotive ventures overseas.

## Chapter 1 Definition

### I. Definition

In this report, except otherwise indicated, the following words and expressions shall have the meanings as follows:

Definitions for generally used expressions		
CSRC	refers to	China Securities Regulatory Commission
SSE	refers to	Shanghai Stock Exchange
CAAM	refers to	China Association of Automobile Manufacturers
Company, the Company, listed company or Joyson Electronics	refers to	Ningbo Joyson Electronic Corp.
Joyson Group	refers to	Joyson Holding Co., Ltd.
JSS	refers to	Joyson Auto Safety Holdings S.A.
Preh	refers to	Preh GmbH
JoyNext	refers to	Ningbo JOYNEXT Technology Corp.
Marklines	refers to	An online information service provider specializing in information on the global automotive and related industries
V2X	refers to	Vehicle To Everything, which refers to a communication technology that enables vehicles to exchange data with various elements in their environment (e.g., vehicles, infrastructure, pedestrians, networks, etc.)
5G-V2X, 5G+C-V2X	refers to	V2X technology based on 5th generation mobile telecommunications technology
AI	refers to	Artificial Intelligence
GPT	refers to	Generative Pre-trained Transformer, a neural network-based natural language processing model
Sora	refers to	A text-to-video generative model developed by OpenAI
Yuan, 10,000 yuan, 100 million yuan	refers to	RMB Yuan, RMB 10,000 yuan, RMB 100 million yuan

## Chapter 2 Company Profile and Major Financial Indicators

### I. Company information

Chinese name of the Company	宁波均胜电子股份有限公司
Abbreviation of the Chinese name	均胜电子
English name of the Company	NINGBO JOYSON ELECTRONIC CORP.
Abbreviation of the English name	NJEC
Legal representative of the Company	Wang Jianfeng

### II. Contact persons and contact details

	Board Secretary	Representative of Securities Affairs
Name	Yu Zhaohui	
Address	No. 99 Qingyi Road High-Tech Park Ningbo China	
Tel.	0574-87907001	
Fax	0574-87402859	
E-mail	600699@joyson.cn	

### III. Introduction of basic information on the Company

Registered address	No. 99 Qingyi Road High-Tech Park Ningbo China
Historical changes of registered address	N/A
Office address	No. 99 Qingyi Road High-Tech Park Ningbo China
Postal code	315040
Website address	<a href="https://www.joyson.cn/">https://www.joyson.cn/</a>
E-mail address	600699@joyson.cn

### IV. Information disclosure and places for inspection

Name and website address of the media in which the Company discloses the annual report	Shanghai Securities News
Website address of the stock exchange in which the Company discloses the annual report	<a href="http://www.sse.com.cn/">http://www.sse.com.cn/</a>
Location for preparing the Company's annual report	No. 99 Qingyi Road High-Tech Park Ningbo China

### V. Company stock profile

Company stock profile				
Stock type	Stock exchange where the shares of the Company are listed	Stock abbreviation	Stock code	Former stock abbreviation
A Share	Shanghai Stock Exchange	Joyson Electronics	600699	Liaoyuan Deheng

### VI. Other relevant information

Accounting firm commissioned	Name	KPMG Huazhen (Special General Partnership)
	Address	8th Floor, KPMG Tower Oriental Plaza, 1 East Chang An Avenue, Beijing, China

by the Company (domestic)	Name of certified public accountants	Wang Qi, Xu Wenbin
The sponsor institution that performs continuous supervision duties during the reporting period	Name	China International Capital Corporation Limited
	Address	27/F and 28/F, Tower 2, China World Trade Center, No.1 Jianguomenwai Avenue, Chaoyang District, Beijing
	Name of sponsor representatives	Sun Yingzong, Chen Yiliang
	Duration of continuous supervision	13 July 2023 to 31 December 2024

## VII. Principal accounting data and financial indicators of the Company from 2021 to 2023

### (I) Key accounting data

Unit: Yuan Currency: RMB

Key accounting data	2023	2022	Year-on-year change (%)	2021
Revenue	55,728,475,741.55	49,793,351,660.58	11.92	45,670,032,383.16
Net profits attributable to shareholders of the listed company	1,083,190,849.19	394,184,331.03	174.79	-3,753,291,036.22
Net profit excluding extraordinary gains and losses attributable to shareholders of the listed company	1,003,446,778.09	314,350,973.17	219.21	-3,787,150,934.20
Net cash flow from operating activities	3,929,015,824.86	2,169,819,571.27	81.08	1,821,489,080.18
	Ending of 2023	Ending of 2022	Year-on-year change (%)	Ending of 2021
Net assets attributable to shareholders of the listed company	13,579,034,409.23	12,252,899,554.81	10.82	11,373,274,591.14
Total assets	56,886,848,139.45	54,112,093,352.25	5.13	51,326,681,448.35

### (II) Principal financial indicators

Principal financial indicators	2023	2022	Year-on-year change (%)	2021
Basic EPS (RMB/share)	0.78	0.29	168.97	-2.74
Diluted EPS (RMB/share)	0.78	0.29	168.97	-2.74
Basic EPS excluding extraordinary gains and losses (RMB/share)	0.72	0.23	213.04	-2.77
Weighted average ROE (%)	8.40	3.35	5.05 percentage points increase	-27.96
Weighted average ROE excluding extraordinary gains and losses (%)	7.78	2.67	5.11 percentage points increase	-28.21

Interpretation of principal accounting data and financial indicators of the Company from 2021 to 2023 at the end of the reporting period

Applicable  Not applicable

**Revenue:** The business environment improved as demand gradually recovered in major global automobile markets, the supply chain stabilized, and intelligent electric vehicles rapidly developed. In 2023, the Company's businesses continued to grow steadily, achieving revenue of approximately RMB 55.7 billion, representing an increase of approximately RMB 6.0 billion or approximately 12% year-over-year. Among them, Automotive Electronics achieved revenue of approximately RMB 17.2 billion, an increase of approximately 12% year-over-year; Automotive Safety Systems achieved revenue of approximately RMB 38.6 billion, an increase of approximately 12% year-over-year.

**Net profits attributable to shareholders of the listed company:** The steady growth in the Company's revenue scale has led to the gradual realization of economies of scale. Concurrently, the Company's focus on cost reduction and efficiency measures in recent years has continued to yield results, resulting in significant cost savings, improved gross profit margins, and enhanced profitability in its core business.

**Net profit excluding extraordinary gains and losses attributable to shareholders of the listed company:** The main reason for the change is the same as "net profits attributable to shareholders of the listed company".

**Net cash flow generated from operating activities:** The main reason is that the significant growth in revenue of the Company resulted in an increase in cash inflow from operating activities. Meanwhile, the Company experienced a steady increase in net cash flow from operating activities over the course of the year by continuously strengthening its working capital controls.

**Total assets:** The main reason is the increase in revenue from the Company's various businesses during the period, as well as the appreciation of assets denominated in U.S. dollars and euros.

**Net assets attributable to shareholders of the listed company:** The main reason is the increase in net profits attributable to shareholders of the listed company for the period.

**Earnings per share and weighted average ROE:** The main reason is the increase in net profits attributable to shareholders of the listed company for the period.

#### VIII. Differences in accounting data under domestic and foreign accounting standards

##### (I) Differences in the net profits and the net assets attributable to shareholders of the Company of the financial report disclosed in accordance with the International Accounting Standards and Chinese accounting standards

Applicable  Not applicable

##### (II) Differences in the net profits and the net assets attributable to shareholders of the Company of the financial report disclosed in accordance with foreign and Chinese accounting standards

Applicable  Not applicable

##### (III) Interpretation of the differences between domestic and foreign accounting standards:

Applicable  Not applicable

#### IX. Major financial data of four quarters in 2023

Unit: Yuan Currency: RMB

	Q1 (January-March)	Q2 (April-June)	Q3 (July-September)	Q4 (October-December)
Revenue	13,222,050,685.79	13,792,313,817.44	14,295,673,099.33	14,418,438,138.99
Net profits attributable to shareholders of the listed company	200,186,408.63	275,321,932.92	303,212,005.24	304,470,502.40
Net profit excluding	132,937,321.77	263,184,095.00	275,036,118.67	332,289,242.65

extraordinary gains and losses attributable to shareholders of the listed company				
Net cash flow from operating activities	634,629,291.81	975,870,692.14	1,145,230,626.94	1,173,285,213.97

Explanation of the differences between the quarterly data and the data in disclosed periodic reports

Applicable  Not applicable

#### X. Items and amounts of extraordinary gains and losses

Applicable  Not applicable

Unit: Yuan Currency: RMB

Items of extraordinary gains and losses	2023	Note (if applicable)	2022	2021
Disposal gains or losses of non-current assets, including the reversal of provision for impairment of assets	52,581,623.15		7,798,732.75	-26,515,254.39
Government grants recognised in profit or loss (except for those which are closely related to the company's normal operations, which the company is entitled to under established standards in accordance with government policies and which have a continuing impact on the profits and losses of the company)	55,927,300.65		121,149,805.11	126,716,924.08
For a company which is not a financial institution, gains and losses arising from changes in the fair value of financial assets and financial liabilities held by the company, and those arising from the disposal of financial assets and financial liabilities, other than those held for effective hedging related to normal operations	157,130,011.09		101,778,763.32	105,552,319.60
Fund usage fees received/receivable from non-financial institutions through profit or loss				
Investment income or loss from entrusted investments or asset management	16,942,756.41		11,389,321.81	24,917,824.79
Gain or loss arising from entrusted loans				
Losses on assets arising from uncontrollable factors, such as natural disasters			-4,328,377.75	
Reversal of provision for bad and doubtful debts assessed on an individual basis			5,358,563.31	6,682,952.64
Excess of interest in the fair value of investee's identifiable net assets over investment costs of subsidiaries, associates and joint ventures acquired				
Profit or loss of subsidiaries generated before combination date of a business combination involving enterprises under common control				
Exchange of non-monetary assets				
Debt restructuring				
One-off expenses incurred by a	-180,708,399.81		-241,217,110.79	-147,145,509.13

company as a result of discontinuance of relevant operations, such as staff compensation cost				
One-off Effect of adjustment on profit or loss for the current period due to taxation or accounting laws and other relevant regulations				-86,989,429.43
One-off share-based payment expense recognized for the cancellation and modification of the equity incentive plan				
For cash-settled share-based payments, gains or losses arising from changes in the fair value of employee benefits payable after the vesting date				
Changes in fair value of investment properties accounted for using the fair value model				
Gains of transaction price over the fair value for the transaction with obvious unfair price				
Provisions for contingencies related to transactions out of normal operations				
Custody fees received for entrusted operations				
Other non-operating income and expenses besides the items above	-8,662,708.26		188,262,016.85	-11,329,475.40
Other items qualified as extraordinary gain and loss	-419,123.00		-158,003,829.59	-9,583,343.91
Less: tax effect	-71,956,352.28		3,308,081.02	1,827,546.68
Effect on non-controlling interests (after taxation)	58,908,963.15		-50,953,553.86	-53,380,435.81
Total	79,744,071.10		79,833,357.86	33,859,897.98

Reasons shall be stated for identifying the items not listed in the *Explanatory Announcement No. 1 on Information Disclosure by Companies Issuing Public Securities - Extraordinary Gains and Losses* as non-recurring profit or loss items with material amount and for defining the items of extraordinary gains and losses listed in the *Explanatory Announcement No. 1 on Information Disclosure by Companies Issuing Public Securities - Extraordinary Gains and Losses* as the items of ordinary gains and losses.

Applicable  Not applicable

#### XI. Items measured at fair value

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Beginning balance	Ending balance	Changes in current period	Influence on the profit of current period
Financial assets held for trading	465,785,862.56	280,724,488.06	-185,061,374.50	8,030,711.82
Derivative financial assets	81,775,577.00	104,102,853.50	22,327,276.50	12,297,984.89
Other non-current financial assets	897,303,111.50	292,757,451.58	-604,545,659.92	136,801,314.38
Derivative financial liabilities	-338,758.12	-3,671,464.87	-3,332,706.75	-3,671,464.85
Total	1,444,525,792.94	673,913,328.27	-770,612,464.67	153,458,546.24

## Chapter 3 Management Discussion and Analysis

### I. Business discussion and analysis

In 2023, the Company prioritized the core business objective of "stable growth and improved performance" and diligently advanced its initiatives, particularly focusing on cost reduction and efficiency enhancement. This led to a steady increase in operating income during the reporting period. Moreover, profitability in the main business significantly improved, and the expansion of new orders proved successful. Additionally, various other business management activities progressed positively, as outlined below:

#### (I) Productive new orders and ongoing structural optimization

In recent years, the Company has cultivated strong business relationships with key customers, keenly observing opportunities stemming from the growing adoption of intelligent new energy vehicles, the rising market influence of Chinese automotive manufacturers, and Chinese OEMs expanding overseas. Leveraging its strengths in local deployment and strategic partnerships with super factories globally, the Company has intensified its efforts to penetrate the Chinese market, particularly targeting emerging automakers in the region.

During the reporting period, the Company secured new full life cycle orders totaling around RMB 73.7 billion. Specifically, approximately RMB 43.4 billion was attributed to the Automotive Safety business, while around RMB 30.3 billion was garnered for the Automotive Electronics business. Notably, in the domain of 800V high-voltage fast charging, the Company clinched a global project order for 800V platform power electronic products from a renowned automobile company. This landmark deal amounted to about RMB 13 billion, marking the largest order in the history of the Company's new energy management business. The Company's new expansion strategy has led to ongoing enhancements in its order composition. New energy vehicle-related orders now exceed 60% of domestic new orders, with about 40% originating from leading Chinese automakers. This underscores the rapid growth in the Chinese automotive market. The Company's localization strategy remains a priority, particularly in the automotive safety business, which covers the top 10 customers in the new energy sales list.

#### (II) Steady growth in revenue with strong momentum in core business areas

During the reporting period, the Company's main business revenue reached approximately RMB 55.3 billion, representing a year-on-year increase of roughly 12%. In the automotive safety business, main business revenue reached around RMB 38.5 billion, up 12%. Its global market share remains the second-largest for several consecutive years, with significant growth in the Americas and Asia. Meanwhile, the automotive electronics business generated about RMB 16.8 billion, a rise of 11%. Growth was driven by intelligent cockpit domain controllers and rapid expansion in the Chinese market. The automotive connectivity business has entered a period of rapid growth.

#### (III) Significant improvement in profitability, especially in the automotive safety business

While maintaining steady revenue growth, the Company has implemented various measures to improve efficiency, control costs, and reduce expenses in order to enhance profitability. These efforts have resulted in positive results, especially in gross profit margin, net interest rate and other related indicators. During the reporting period, the Company achieved a gross profit margin of approximately 15.2% for its main business, up 3.16% year-on-year and steadily improving quarter-on-quarter for consecutive periods. It achieved a net profit attributable to the parent company of about RMB 1.083 billion, a substantial increase of 175% over the same period of the previous year. Additionally, it attained a deductible net profit attributable to the

parent company of approximately RMB 1.003 billion, marking a significant increase of 219% over the same period of the previous year. Specifically, the automotive safety business achieved a gross profit margin of approximately 12.8%, representing a significant increase of 3.6% year-on-year. This improvement in performance has been sustained for several consecutive quarters, with profitability achieved in all four major global business regions, notably outstanding in the Asian region. Meanwhile, the automotive electronics business achieved a gross profit margin of approximately 20.7% for its main business, up 2.1% year-on-year. This increase is primarily attributed to the continuous optimization of the product portfolio and effective cost control measures on materials and global shipping, among others. With the "Profit Improvement" program being further implemented, the Company anticipates a sustained enhancement in overall profitability.

**(IV) (iv) Continuous R&D and innovation in automotive intelligence and electrification, with new quality productivity on the horizon**

Represented by the Chinese market, global advancements in automotive intelligence and electrification persist. The Company steadfastly prioritizes technological innovation to spearhead enterprise development. Core areas of focus include intelligent cockpit, intelligent driving domain controllers, 5G + C-V2X vehicle infrastructure cooperative system, high-voltage fast charging for new energy vehicles, and more. With an annual R&D investment totaling about RMB 3.65 billion in 2023, the Company ensures sustained leadership in critical technology domains. In the domain of intelligent driving domain control, the Company unveiled nDrive H, a cutting-edge controller powered by Qualcomm Snapdragon Ride second-generation chip. Additionally, strategic collaboration with Horizon led to the launch of nDrive M, a cost-effective controller based on Horizon's journey chip. Moreover, the Company explores centralized computing unit solutions for centralized electrical and electronic architectures, enriching its product matrix. These integrated smart driving solutions support multi-scenario autonomous driving functions from L2 to L4 levels, seeking relevant order opportunities from domestic and foreign OEMs. In intelligent cockpit development, the Company focuses on creating a seamless user experience with multi-screen linkage, multi-modal interaction, and AI active engagement. It integrates functions like driver and passenger safety detection and parking assistance in response to the integration trend of next-generation intelligent cockpits and driving systems. Regarding intelligent internet connectivity, the Company not only enhances mass production capacity but also promotes V2X product applications in overseas markets. Leveraging its global R&D and production advantages, it develops solutions meeting both Chinese and international standards, facilitating technology adoption in both markets.

In the automotive safety sector, the surge in autonomous driving technology and the evolution of safety regulations across various countries, coupled with heightened crash test rating standards, fuel a rising demand for innovative products. The Company has been actively researching and developing active and passive safety products/technology for future intelligent driving. It has also participated in the formulation of new technical standards as a NTCAS working group member, so as to strengthen its core competitive advantages. For instance, Joyson Safety Systems, a subsidiary of the Company, has been entrusted by the NTCAS working group to draft standards for active seat belts and actively contribute to the formulation of various standards, including the Subjective Evaluation Specification for Intelligent Connected Vehicles. Moreover, it is developing innovative products such as folding wire-controlled steering wheels, canopy-type occupant airbags, adapted airbags for use with large screens in intelligent electric vehicles and smart steering wheels, so as to maintain its leading position in core technology.

**(V) Improvement of cost competitiveness and resilience of earnings through various**

**measures**

One of the Company's primary goals is to significantly enhance cost control capabilities and bolster product cost competitiveness on a global scale across all business divisions. To achieve this, the Company is actively implementing several cost improvement measures tailored to its operational context. These measures include: 1) Enhancing the global supply chain capability through gradual unification of the global purchasing system and resource optimization of suppliers. 2) Managing manufacturing costs by automating production, elevating quality standards, and optimizing production line efficiency. 3) Embracing a "platform-based, modularized" R&D strategy, integrating cost considerations throughout the entire project lifecycle. 4) Strengthening the synergy of global production capacity and leveraging China's management and production advantages. This involves transferring management talent and intelligent manufacturing expertise from China to overseas locations to enhance their performance. Furthermore, the Company proactively adjusted its management and R&D structures based on the development of each division across different regions worldwide, so as to effectively control various expenses and enhance the input-output ratio.

**(VI) Steady progress in optimizing global production capacity and expanding the Chinese market deployment**

Considering the evolving trends in the global automotive and parts industry alongside the surge in new business orders, the Company has persisted in refining its global production capacity layout. It actively facilitates the transfer of overseas production capacity to low-cost countries/regions and China, while boosting the utilization rate of production capacity in Europe and the Americas. Notably, the Company has prioritized strengthening production capacity planning for global platform projects. Leveraging its operational excellence and management experience in Asia, as well as supply chain advantages, it enhances product profitability through a global layout approach, platform-based design, and lean production methodologies. Furthermore, to address the escalating demand for R&D and production in China and Asia, and capitalize on China's supply chain advantages, the Company has continuously advanced the enhancement and optimization of domestic production capacity. During the reporting period, the first phase of the Company's Hefei new industrial base for Automotive Safety was officially completed for production. This intelligent manufacturing base encompasses R&D facilities, testing and validation laboratories, as well as passenger car steering wheel and airbag production facilities. It has successfully undergone audits by several prominent Chinese OEMs, entering a phase of rapid ramp-up for mass production.

**(VII) Well-established global footprint empowering Chinese automakers to go abroad**

Currently, Chinese automakers are actively expanding into Western Europe, Southeast Asia, and other markets. Notably, there is a clear trend towards higher-end branding, and the mode of overseas expansion is evolving from pure product exports to encompassing the entire "research, production, and marketing" chain. As a Chinese component producer with a global footprint, the Company boasts manufacturing bases or R&D centers in key automotive-producing nations worldwide. This strategic setup enables rapid responses to the demands of Chinese automobile brands venturing overseas, empowering them to execute global expansion strategies. Currently, the Company has secured orders from various Chinese automakers for overseas projects and is in negotiations with several Chinese leading players for local collaborations in overseas markets.

## **II. Description of the industry of the Company during the reporting period**

Despite challenges such as the strike by the UAW United Auto Workers in the U.S. and the tightening of NEV subsidy policies in some European countries, all major global automotive markets experienced robust recovery in 2023. This resurgence was fueled by the global shift towards electric and intelligent automobile transformation, supply chain enhancements, rebound in consumer demand, and inventory restocking. According to GlobalData, global light vehicle sales reached around 90.08 million units in 2023, marking a year-on-year growth of approximately 11.1%. In particular, approximately 29.63 million units were sold in China, representing a year-on-year growth of approximately 10.8%, approximately 17.24 million units sold in Europe, a year-on-year growth of approximately 18.3%, and approximately 15.56 million units sold in the U.S., a year-on-year growth of around 12.9%. Notably, the NEV segment is poised to maintain rapid growth, with an increasing penetration rate.

In the Chinese market, various factors such as automobile consumption promotion policies, the rollout of China VI light-duty vehicle emission standards, ongoing incentives like the NEV purchase tax reduction and exemption policy, competitive pricing strategies by automakers, and the introduction of new models, were driving growth in automobile production and sales volume in 2023. Notably, this growth is characterized by an increase in the penetration rate of new energy models, the rapid development of Chinese independent brands, and continued expansion in exports. According to the China Association of Automobile Manufacturers (CAAM), the production and sales of automobiles in the Chinese market reached 30.161 million units and 30.094 million units respectively in 2023, a year-on-year growth of 11.6% and 12%. Notably, the production and sales of passenger cars were 26.124 million units and 26.063 million units respectively, a year-on-year growth of 9.6% and 10.6%. NEV production and sales were 9.587 million units and 9.495 million units respectively, a year-on-year growth of 35.8% and 37.9%. The sales penetration rate grew to 31.6%. Chinese-branded passenger cars achieved a sales volume of 14.596 million units, a year-on-year increase of 24.1% and a market share of 56%. In addition, the Chinese market is experiencing a significant increase in exports. In 2023, OEMs exported 4.91 million units, a 57.9% year-over-year increase. According to CAAM's projection, China's total automobile sales are expected to surpass 31 million units in 2024, indicating a year-on-year growth of over 3%. Of this total, 26.8 million units will be passenger cars, a year-on-year growth of 3%, while 11.5 million new energy vehicles are projected to be sold, with 5.5 million vehicles anticipated to be exported.

The auto parts industry, as an upstream segment, shares a close relationship with the global automotive market's prosperity. Looking ahead, increased global macroeconomic uncertainty, policy adjustments in some countries' NEV industries, and intensifying competition in China's automotive market may impact the overall global automotive industry. However, the smart electric vehicle segment will continue to lead growth in major automotive consumer markets. With China's automotive enterprises displaying strong export momentum and the industry competition landscape gradually evolving, rapid iterations of new technology and business models offer promising development opportunities for components enterprises equipped with leading technology, production capacity, global layouts, and market competitiveness.

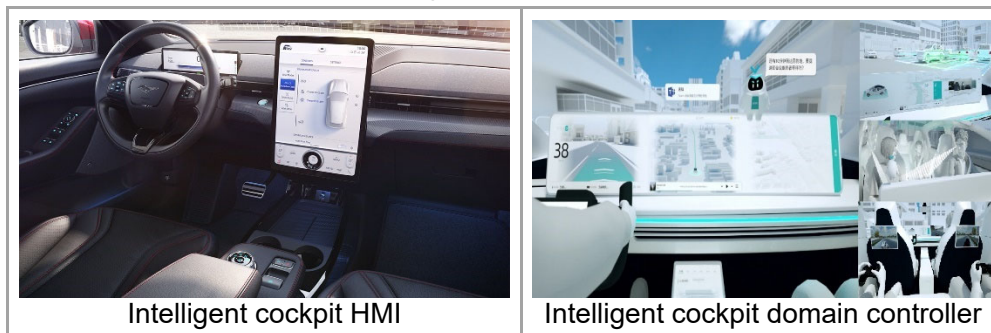
## **III. Description of the main business of the Company during the reporting period**

### **(I) Main business**

As a leading global supplier of automotive electronics and safety systems, the Company offers comprehensive one-stop solutions for key technology areas of smart electric vehicles, catering to the needs of global OEMs. The Company's operations are categorised into two segments: automotive electronics and automotive safety. The former includes intelligent cockpit,

automotive connectivity, intelligent driving, and new energy management, while the latter involves the development of products such as seat belts, safety airbags, intelligent steering wheels, and integrated safety solutions.

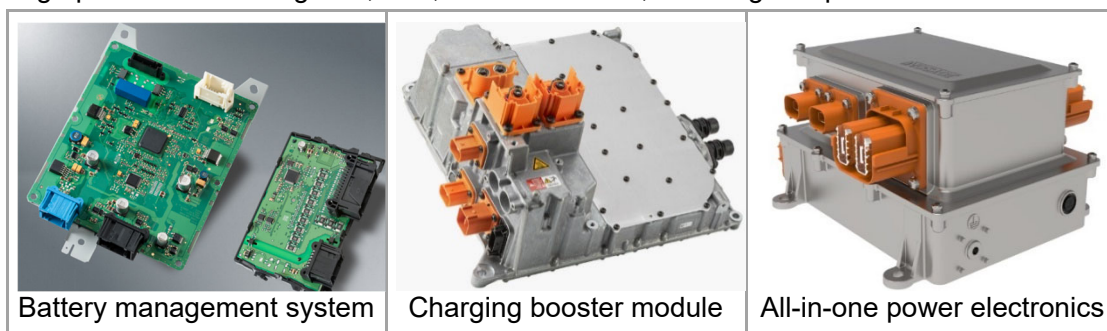
In the field of intelligent cockpit, the Company mainly provides intelligent cockpit human-machine interaction products and intelligent cockpit domain controllers.



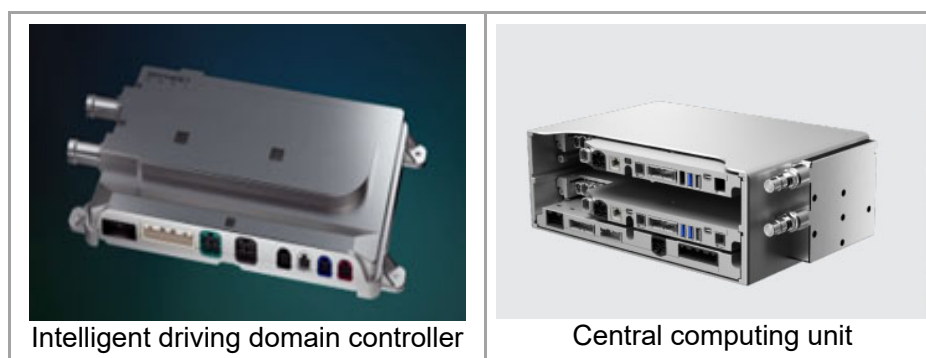
In the area of intelligent automotive connectivity, the Company primarily offers 5G-V2X vehicle infrastructure cooperative system and 5G-V2X integrated digital antenna smart solutions.



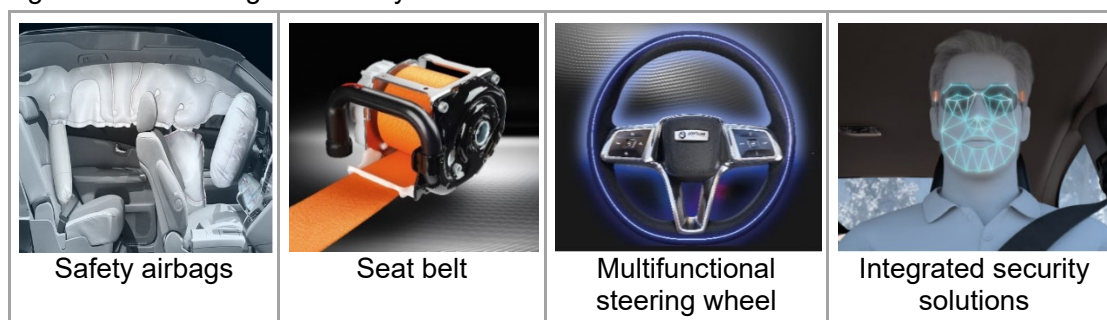
In new energy management, the Company specializes in battery management systems (BMS) and a range of power electronic products including charging booster modules (Booster), on-board chargers (OBC), and DC/DC converters. Our R&D and manufacturing expertise spans all voltage platforms including 12V, 48V, 400V and 800V, ensuring comprehensive solutions.



In intelligent driving, we specialize in domain controllers ranging from L2 to L4 levels, covering driving and parking domain control, driving cabin fusion domain control, and central computing units.



In the automotive safety segment, the Company mainly provides seat belts, airbags, smart steering wheels and integrated safety solutions.



#### (IV) Business model

##### 1. R&D model

The Company prioritizes technological innovation and new product development, boasting extensive experience and an international technical team. Our new product development is usually divided into four stages: pre-analysis, product development, development validation, product and process validation.

##### 2. Sales model

Product sales operate under a direct selling model. The Company primarily sells according to orders, which are typically based on customer-specific needs obtained through competitive bidding. The sales price of the products is determined by factors such as customer requirements, product costs, product life cycle, and technical specifications.

##### 3. Procurement model

For critical raw materials, the Company employs a global centralized purchasing approach, leveraging procurement scale to reduce costs and enhance product profitability. For major raw materials procurement, the Company maintains partnerships with multiple suppliers to ensure supply stability. Regarding non-core components and materials, the local operations team exercises a degree of autonomy in purchasing within the framework of the Company's unified procurement system. At the same time, the Company ensures its control over suppliers by, among others, establishing strategic partnerships with core suppliers.

##### 4. Production model

The company primarily employs a production-to-sales method. Upon completion of product development, the Company devises a plan or instruction based on regular customer order requirements and mobilizes personnel for production. During serial production, the Company primarily utilizes an ERP system for control and management. It establishes a comprehensive information management system across the entire process to ensure timely delivery and adherence to quality and quantity standards.

**(V) Market position**

Amidst the historical shift of the automotive industry from conventional fuel-based vehicles to intelligent electric vehicles, the Company maintains its leadership in the development of automotive electronics and safety systems. It achieves this by consistently enhancing its core technology and independent R&D capabilities, adopting advanced and innovative design, maintaining a global R&D and manufacturing system, adhering to reliable quality management, and offering consistent quality service. The Company serves as a trusted long-term partner to global renowned OEMs as it strives towards a "safer, smarter, and more environmentally friendly" future. These brands include Volkswagen, Benz, BMW, GM, Ford, Hyundai, Honda, Toyota, Geely, Chang'an, Geat Wall, GAC, BYD, NIO, Li Auto and XPENG. According to the *Top 100 Global Automotive Parts Suppliers in 2023* released by Automotive News, the Company claimed the 40th spot globally. Notably, its automotive safety business has consistently held the second position worldwide in market share. Furthermore, it earned the 26th position in the *2023 Top 100 Competitive Enterprises of Software and Information Technology Service Enterprises* selection by the China Electronic Information Industry Federation.

**(VI) Key performance drivers**

Refer to "Management Discussion and Analysis" for details.

**IV. Analysis of core competitive strengths during the reporting period**

√ Applicable □ Not applicable

**1. Extensive and stable customer resources for multi-dimensional cooperation**

The Company's collaboration with global mainstream OEMs starts from the pre- and joint research of new technologies, extends to efficient global mass production and iteration, and ends with efficient localised service response. This cooperation system is close and solid, fully satisfying the needs of OEM customers for suppliers with leading technology, excellent quality, and stable mass production capabilities, and supporting their rapid iteration in the fast-changing trend of intelligent electrification in the automotive industry. The Company's customers comprise of leading international and domestic vehicle manufacturers, including established brands as well as emerging car makers.

**2. Complementary production and supply network advantages between China and overseas markets**

Currently, China's automotive industry chain possesses numerous competitive advantages over overseas markets. These include outstanding R&D capabilities in intelligent electrification, efficient and complete supply chain and production operations, and rapid and high-quality customer service response. The Company's operations in the Chinese market are flourishing, demonstrating strong operational efficiency. Moreover, it has strategically positioned production bases across key automotive-producing regions in Asia, North America, and Europe. With a comprehensive supply chain and robust customer base, the Company is actively bolstering its global competitiveness. Empowering its overseas production and operations from China serves as a solid foundation for the extensive expansion of its global business endeavors. The Company is also dedicated to enhancing the intelligent production capacity of its factories, with a focus on building an intelligent manufacturing management system that embodies "process automation, platform flexibility, IT-driven, and business intelligence". Some of the Company's factories have been awarded prestigious titles such as the "Factory for Tomorrow" in Zhejiang, the "Pilot Demonstration of Intelligent Manufacturing" by the Ministry of Industry and Information Technology, and the "China Leading Intelligent Factory". The Company has set up a quality

control system that is at the forefront of the industry, and both its automotive safety and automotive electronics businesses have obtained ISO9001 and ISO/TS16949 quality certifications.

### **3. Deep vertical integration of hardware and software to provide customers with one-stop automotive electronics solutions**

Thanks to its comprehensive hardware design, software development, and data processing capabilities, the Company boasts a vertically integrated approach to independently conceptualise, design, and produce core hardware, software, and system integration for a wide range of automotive electronics products, including intelligent cockpit/automotive connectivity, intelligent driving systems, and new energy electronic control. The Company leverages hardware and software decoupling, product modularity, and platform-based development to enable the reuse of its underlying technology platform across various vehicle models. This approach helps to reduce R&D costs and shorten development cycles, enabling agile response to customer iteration progress. The platform offers high compatibility, cost efficiency, and iteration flexibility. Furthermore, the Company's independent research and vertical integration of hardware and software allows for flexibility and agility in responding to customer needs, and enables the delivery of customised, platform-based solutions for customers.

### **4. Outstanding market share of automotive safety systems with robust technology advantages and leading competitive edge**

The Company possesses unique capabilities in the design, development, testing, verification and volume production of both active and passive safety products, which is a rarity in the global market. With several decades of technical expertise in key areas such as airbags, inflators, gas generators and new materials, the Company can meet stringent automotive safety standards, giving it with a remarkable competitive advantage in the industry. Through its continuous innovation and commitment to excellent quality, the Company has maintained a top two position in the global automotive safety market share for three consecutive years. Its customer base extends to over 80 OEMs, and it covers various mainstream vehicle platforms across the globe, working with core customers for well over two decades.

### **5. Global R&D footprint with cutting-edge technology standard**

The Company places great emphasis on independent R&D and technological innovation, with major R&D centers located in Asia, Europe, and the Americas. Its R&D teams cover the world's major automotive production areas. The Company has a total of over 5,000 engineering and R&D staff, forming a global innovation network with rapid response capability. The Company also boasts a well-established and highly standardised R&D system, validated for volume production by respected global OEMs. Its development process strictly adheres to ASIL and A-SPICE requirements, with the pinnacle level capable of achieving ASIL-D certification. Furthermore, the relevant laboratories within the R&D centers have attained CNAS and EMC verification. The Company's hardware and software development capabilities have been extensively validated through years of international mass production projects, coupled with local expertise accumulated in China. This has enabled the Company to pursue localised innovation and enhancements for the products in China, while continuously optimising development and validation capabilities. The Company owns more than 4,000 patents globally and engages in formulating industry standards. With this, the Company possesses essential technologies in the domains of automotive safety and electronics. In addition, the Company is actively engaging in emerging technologies, including electrification and intelligence, through the New Energy Research Institute, Intelligent Driving Technology Research Institute, and the Zhejiang Provincial Key Laboratory of Automotive Electronics Intelligence.

### **6. A global management team with extensive industry expertise**

The Company's management team has extensive industry experience and a profound understanding of industry trends, technological advancements, customer development, and manufacturing. On average, they have over 20 years of experience in the automotive safety and automotive electronics domains. The heads of the Company's core subsidiaries have gained extensive exposure through years of working with the world's top automotive companies, giving them with a global perspective. Their previous work experience includes some of the leading domestic and international OEMs, automotive component suppliers, and technology companies.

## V. Main business conditions during the reporting period

Main business conditions during the reporting period are as follows:

### (I) Main business analysis

#### 1. Material changes of accounts from Income Statement and Cash Flow Statement

Unit: Yuan Currency: RMB

Account	Amount for the current period	Amount for the prior period	Flux (%)
Operating income	55,728,475,741.55	49,793,351,660.58	11.92
Operating costs	47,319,214,404.84	43,838,960,783.98	7.94
Selling and distribution expenses	789,472,978.44	845,169,994.95	-6.59
General and administrative expenses	2,636,660,553.33	2,381,932,547.86	10.69
Financial expenses	889,772,538.95	477,527,426.83	86.33
Research and development expenses	2,541,498,016.12	2,138,847,532.48	18.83
Net cash flow from operating activities	3,929,015,824.86	2,169,819,571.27	81.08
Net cash flow from investment activities	-2,828,169,866.39	-2,674,845,073.76	-5.73
Net cash flow from financing activities	-726,052,276.90	-230,944,666.17	214.38

**Reasons for changes in operating income:** The industry's business environment has notably improved, driven by the gradual demand recovery in major global markets and the swift advancement of intelligent electric vehicles. Consequently, orders from the Company's key domestic and overseas clients have experienced continuous growth. As a result, the business has maintained steady growth throughout 2023.

**Reasons for changes in operating costs:** the increase in operating income, the Company's ongoing efforts to optimise its global supply chain and the improving production efficiency as the global supply chain stabilizes.

**Reasons for changes in selling and distribution expenses:** the reduction of warranty and claim expenses as a result of the Company's continuous quality control.

**Reasons for changes in general and administrative expenses:** adjustment of the Company's remuneration based on performance and an increase in travel expenses.

**Reasons for changes in financial expenses:** the decrease in net foreign exchange gains realized during the period from exchange rate fluctuations and an increase in interest expense from global interest rate hike. The Company has taken measures to cope with the situation, such as replacing RMB loans with USD loans and switching from floating rate loans to fixed rate loans.

**Reasons for changes in R&D expenses:** increased R&D expenditures in intelligent cockpit, automotive connectivity, intelligent driving and high-voltage fast charging.

**Reasons for the change of net cash flow from operating activities:** increase in operating income and the ongoing improvement of working capital controls.

**Reasons for the change of net cash flow from investment activities:** increasing investment in domestic production capacity expansion to meet the growing demand in China and overseas markets.

**Reasons for the change of net cash flow from financing activities:** receipt of funds from strategic investors by subsidiaries in the same period last year, which resulted in a year-on-year decrease in net financing activities in the current period.

Detailed description of significant changes in business type, profit composition or profit source of the Company during the reporting period

Applicable  Not applicable

## 2. Revenue & cost of sales analysis

Applicable  Not applicable

**Reasons for changes in operating income:** The industry's business environment has notably improved, driven by the gradual demand recovery in major global markets and the swift advancement of intelligent electric vehicles. Consequently, orders from the Company's key domestic and overseas clients have experienced continuous growth. As a result, the business has maintained steady growth, generating RMB 55.7 billion in operating revenue, or a year-over-year increase of 12%.

**Reasons for changes in operating costs:** Operating costs generally aligned with operating revenues during the period. The stabilization of the global supply chain contributed to the gradual stabilization of most raw material prices. Concurrently, the Company implemented various cost improvement measures globally to bolster the cost competitiveness of its products, resulting in significant improvements in gross profit.

### (1). Main business by segment/product/region/sales model

Unit: Yuan Currency: RMB

Main business by segment						
By segment	Revenue	Operating costs	Gross profit margin (%)	YoY change of revenue (%)	YoY change of operating cost (%)	YoY change of gross profit margin (%)
Automotive components	55,316,716,474.33	46,929,502,919.28	15.16	11.76	7.74	3.16
Total	55,316,716,474.33	46,929,502,919.28	15.16	11.76	7.74	3.16
Main business by product						
By product	Revenue	Operating costs	Gross profit margin (%)	YoY change of revenue (%)	YoY change of operating cost (%)	YoY change of gross profit margin (%)
Automotive Safety Systems	38,528,170,312.12	33,608,529,516.52	12.77	12.00	7.52	3.63
Automotive Electronics	16,788,546,162.21	13,320,973,402.76	20.65	11.21	8.30	2.13
Total	55,316,716,474.33	46,929,502,919.28	15.16	11.76	7.74	3.16
Main business by region						
By region	Revenue	Operating costs	Gross profit margin (%)	YoY change of revenue (%)	YoY change of operating cost (%)	YoY change of gross profit margin (%)
Domestic region	13,156,408,034.89	10,697,945,388.07	18.69	12.55	8.98	2.67
Foreign regions	42,160,308,439.44	36,231,557,531.21	14.06	11.51	7.39	3.30
Total	55,316,716,474.33	46,929,502,919.28	15.16	11.76	7.74	3.16
Main business by sales model						
Sales model	Revenue	Operating costs	Gross profit margin (%)	YoY change of revenue (%)	YoY change of operating cost (%)	YoY change of gross profit margin (%)
Sales to OEM customers	55,316,716,474.33	46,929,502,919.28	15.16	11.76	7.74	3.16 percentage

							points increase
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## Description of main business by segment/product/region/sales model

**Automotive Safety Systems:** The Company has proactively implemented measures to mitigate and alleviate the impact of external factors. In 2023, its automotive safety business achieved main business revenue of approximately RMB 38.5 billion, marking a 12.0% year-on-year increase. With ongoing business enhancements in Europe and the Americas, the overall gross profit margin improved, further strengthening the profitability of its main operations.

**Automotive Electronics:** The Company's automotive electronics business sustained steady growth, achieving main business income of approximately RMB 16.8 billion, marking an 11.2% year-on-year increase. Moreover, the gross profit margin for automotive electronic systems surpassed 20%. Notably, Automotive Electronics in the booming Chinese market experienced an 18% year-on-year increase.

**(2). Production and sale analysis table**

√ Applicable □ Not applicable

Main products	Unit	Production volume	Sales volume	Stock	YoY change of production (%)	YoY change of sales volume (%)	YoY change of inventory (%)
Automotive Safety Systems	Piece	325,155,079	310,987,786	17,235,127	-1.42	-6.19	461.80
Automotive Electronics	Piece	66,331,887	65,287,352	3,524,862	12.12	10.92	42.11

## Description of production and sales volume

Overall production and sales in 2023 are up from 2022.

**(3). Performance of major sales and purchase contracts**

□ Applicable √ Not applicable

**(4). Cost Analysis Table**

Unit: Yuan

By Segment							
By segment	Cost components	Amount for the current period	Percentage of total cost for the current period (%)	Amount for the prior period	Percentage of total cost for the prior period (%)	Flux (%)	Note
Automotive components	Raw materials	33,882,672,315.13	72.20	31,174,544,663.11	71.57	8.69	
Automotive components	Manufacturing overhead	13,046,830,604.15	27.80	12,381,751,180.58	28.43	5.37	
Automotive components	Total	46,929,502,919.28	100.00	43,556,295,843.69	100.00	7.74	
By Product							
By product	Cost components	Amount for the current period	Percentage of total cost for the current period (%)	Amount for the prior period	Percentage of total cost for the prior period (%)	Flux (%)	Note
Automotive Safety Systems	Raw materials	22,909,714,740.08	68.17	21,153,633,037.59	68.61	8.30	
	Manufacturing overhead	10,698,814,776.43	31.83	10,102,871,269.54	31.39	5.90	

Automotive Electronics	Raw materials	10,972,957,575.05	82.37	10,020,911,625.52	74.23	9.50	
	Manufacturing overhead	2,348,015,827.71	17.63	2,278,879,911.04	25.77	3.03	

#### Explanation for Cost Analysis and Other Facts

Compared with the same period of last year, the ratio of raw materials and manufacturing overhead to costs has remained basically stable.

#### (5). Changes in the scope of consolidation due to change in shareholding of major subsidiaries during the reporting period

Applicable  Not applicable

#### (6). Information relating to significant changes or adjustments in the Company's business, products or services during the reporting period

Applicable  Not applicable

#### (7). Major Customers and Suppliers

##### A. Major customers of the Company

Applicable  Not applicable

The combined revenue from the top five clients amounted to RMB 29,617 million, representing 53% of the total annual sales value. Notably, the total revenue from related parties within the top five clients was negligible, accounting for 0% of the overall revenue.

Where the proportion of sales to a single customer exceeds 50% of the total, where there are new customers in the top 5 or where there is heavy reliance on a small number of customers during the reporting period

Applicable  Not applicable

##### B. Major suppliers

Applicable  Not applicable

Total purchasing amount of the top 5 suppliers was RMB 3,796 million, occupying 8% of the annual purchasing amount. The total purchasing amount of related parties among the top 5 suppliers was nil, occupying 0% of the annual purchasing amount.

Where the proportion of purchasing amount from a single supplier exceeds 50% of the total, where there are new suppliers in the top 5 or where there is heavy reliance on a small number of suppliers during the reporting period

Applicable  Not applicable

Others

N/A

### 3. Expenses

Applicable  Not applicable

**Reasons for changes in selling and distribution expenses:** strengthened control of various expenses in the current year, and reduced product warranty and claim expenses by continuously improving quality control.

**Reasons for changes in general and administrative expenses:** recovery in production and sales in major global automobile markets, continuous increase of orders from Chinese and international customers, improving performance, adjusting remuneration, increasing travel expenses, but overall expenses as percentage to operating income maintains a downward trend.

**Reasons for changes in R&D expenses:** increased R&D efforts to capitalize on the global smart electric vehicle development.

**Reasons for changes in financial expenses:** exchange rate fluctuations and an increase in interest expense.

#### 4. Investment in R&D

##### (1).Table for investment in R&D

√ Applicable □ Not applicable

Unit: Yuan

Expensed R&D expenditures	2,541,498,016.11
Capitalized R&D expenditures	1,106,467,090.64
R&D expenditures in total	3,647,965,106.75
R&D expenditures as a percentage of revenue (%)	6.55
R&D capitalization percentage (%)	30.33

##### (2).Table of R&D staff

√ Applicable □ Not applicable

No. of R&D employees	5,344
No. of R&D staff as a percentage of total No. of employees (%)	12.16
Educational background of R&D staff	
Type of academic background	Number of employees
Ph.D.	46
Master's degree	1,522
Bachelor's degree	2,504
College diploma	963
High school and below	309
Age structure of R&D staff	
Age group	Number of employees
Under 30 (excluding 30 years old)	1,076
30-40 (including 30 years old, excluding 40 years old)	2,173
40-50 (including 40 years old, excluding 50 years old)	1,236
50-60 (including 50 years old, excluding 60 years old)	680
Over 60	179

##### (3).Explanation

√ Applicable □ Not applicable

As a technology-driven auto parts enterprise, the Company always adheres to the principle that technology is of the top priority, and maintains high investment level in engineering technologies and R&D, so as to improve the efficiency and effectiveness of R&D input. To seize the opportunities presented by the global intelligent electric vehicle market, the Company prioritizes research and development in active and passive automotive safety products, intelligent driving and cockpit domain controllers, centralized computing units, vehicle infrastructure cooperative system and new energy management products. Additionally, it adjusts the structure and investment in domestic and overseas R&D personnel to align with the evolving competitive landscape, particularly in light of China's leadership in intelligent electric vehicles. This approach aims to enhance the cost-effectiveness of R&D investments in accordance with global trends.

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

Applicable  Not applicable

## 5. Cash flow

Applicable  Not applicable

**Cash flow from operating activities:** an increase in operating income and cash inflow from business operations, enhanced control over working capital, and an increase in net cash flow from operating activities.

**Cash flow from investing activities:** an increase in cash paid by the Company for construction of fixed assets, intangible assets and other long-term assets in 2023, due to the investment increase in the construction of domestic production capacity and R&D to meet the growing market demand.

**Cash flow from financing activities:** receipt of funds from strategic investors by subsidiaries in the same period last year, which resulted in a year-on-year decrease in net financing activities in the current period.

### (II) Explanation for the significant changes in profitability caused by non-principal activities

Applicable  Not applicable

### (III) Analysis of assets and liabilities

Applicable  Not applicable

#### 1. Assets and liabilities

Unit: Yuan

Item	Ending balance of current period	Percentage of total assets in the current period (%)	Ending balance of the previous period	Percentage of total assets in the previous period (%)	Flux (%)	Note
Cash and cash equivalents	5,176,307,912.36	9.10	5,404,946,118.68	9.99	-4.23	
Accounts receivable	8,032,060,897.42	14.12	7,600,885,200.26	14.05	5.67	
Inventories	9,246,184,266.21	16.25	8,511,657,540.51	15.73	8.63	
Long-term equity investments	2,295,314,089.70	4.03	2,087,299,085.33	3.86	9.97	
Fixed assets	10,995,049,413.55	19.33	11,146,163,605.79	20.60	-1.36	
Construction in progress	2,761,083,200.03	4.85	2,148,641,718.01	3.97	28.50	
Right-of-use asset	760,980,443.05	1.34	802,020,507.25	1.48	-5.12	
Accounts payable	9,563,216,990.61	16.81	8,846,698,734.75	16.35	8.10	
Short-term borrowings	4,243,702,858.47	7.46	3,007,586,071.67	5.56	41.10	
Contract liabilities	658,424,110.73	1.16	681,942,351.51	1.26	-3.45	
Long-term borrowings	11,960,007,862.34	21.02	12,467,738,978.16	23.04	-4.07	
Lease obligation	619,134,535.69	1.09	651,639,119.60	1.20	-4.99	
Non-current liabilities due within one year	3,565,209,051.73	6.27	4,129,913,127.96	7.63	-13.67	
Other current liabilities	1,436,056,579.63	2.52	1,483,040,388.09	2.74	-3.17	

Others

**Accounts receivable, inventory and accounts payable:** The ending balance has increased compared with the previous reporting period, mainly due to the rapid growth of the Company's operating income and the corresponding increase in accounts receivable, among other accounts. On the other hand, to meet the needs of customers, the Company strengthened the management of working capital while reserving part of its inventory in advance. The working capital turnover days have decreased.

**Construction in progress:** the Company's planned investment in expanding and upgrading its production capacity based on new business orders and global capacity optimization planning.

**Short-term borrowings, non-current liabilities due within one year and long-term borrowings:** The balance of interest-bearing liabilities at the end of the reporting period increased slightly compared with the end of the previous period. The Company controlled its foreign exchange risk exposure by actively adjusting the currency structure of its borrowings in order to further optimize its debt structure.

## 2. Overseas assets

Applicable  Not applicable

### (1) Asset size

Including: Overseas assets 351 (Unit: 100 million yuan Currency: RMB), accounting for 62% of the total assets.

### (2) Description of the high proportion of overseas assets

Applicable  Not applicable

Unit: 100 million yuan Currency: RMB

Name of overseas assets	Reason	Operating model	Reporting period Revenue	Reporting period Net profit
Anhui Joyson Safety Systems Holding Co., Ltd., controlled subsidiary	Merger and acquisition	Non-wholly-owned subsidiaries	374.76	2.71

## 3. Restrictions of the major assets by end of reporting period

Applicable  Not applicable

## 4. Others

Applicable  Not applicable

## (IV) Industry information analysis

Applicable  Not applicable

Industry information analysis is as follows:

### Automotive industry information analysis

#### 1. Production capacity

Applicable  Not applicable

#### 2. Production and sales of vehicles

Applicable  Not applicable

#### 3. Production and sales of automotive components

Applicable  Not applicable

#### By automotive components

Applicable  Not applicable

	Sales volume			Production volume		
	Cumulative amount in current year	Cumulative amount in previous year	Flux (%)	Cumulative amount in current year	Cumulative amount in previous year	Flux (%)
By automotive components						

Automotive Safety Systems	310,987,786	331,516,562	-6.19	325,155,079	329,840,536	-1.42
Automotive Electronics	65,287,352	58,860,946	10.92	66,331,887	59,161,584	12.12

**By market**

Applicable  Not applicable

By automotive components	Sales volume from OEMs			Sales volume from after-sales service		
	Cumulative amount in current year	Cumulative amount in previous year	Flux (%)	Cumulative amount in current year	Cumulative amount in previous year	Flux (%)
Automotive Safety Systems	310,987,786	331,516,562	-6.19			
Automotive Electronics	65,287,352	58,860,946	10.92			

**4. New energy vehicle business**

Applicable  Not applicable

**5. Automotive finance business**

Applicable  Not applicable

**6. Others**

Applicable  Not applicable

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

See Note 7, 17 Long-term equity investments, 19 Other non-current financial assets.

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

See Note 7, 2 Trading financial assets, 3 Derivative financial assets, and 19 Other non-current financial assets.

## Securities investment

√ Applicable  Not applicable

Unit: Yuan Currency: RMB

Type	Stock Code	Stock Short Name	Initial Investment Cost	Source of Finance	Opening Book Value	Gain or loss from changes in fair value for the current period	Accumulated fair value changes taken to equity	Amount bought for the current period	Amount sold for the current period	Gain or loss on investments for the current period	Ending book value	Accounting accounts
Stock	688306	PIA Automation		Internal funds	46,519,367.25	8,030,711.82					54,550,079.07	Financial assets held for trading
Total	/	/		/	46,519,367.25	8,030,711.82					54,550,079.07	/

## Private equity investment

√ Applicable  Not applicable

In 2021, Ningbo Joyson Technology Co., Ltd., a subsidiary of the Company, invested RMB 10 million and RMB 5 million, respectively, as a limited partner in Suzhou Zhongxin Kangheng Venture Investment Partnership (Limited Partnership) and Hangzhou Lingmai Equity Investment Partnership (Limited Partnership) with its own capital. As of the end of this reporting period, Ningbo Joyson Technology Co., Ltd. still holds shares of the above partnerships as a limited partner.

Derivatives investment

Applicable  Not applicable

See Note 7, 2 Trading financial assets, 3 Derivative financial assets, and 19 Other non-current financial assets.

Securities investment

Applicable  Not applicable

Private equity investment

Applicable  Not applicable

**4. Specific progress of major asset restructuring during the reporting period**

Applicable  Not applicable

**(VI) Disposal of material assets and equity**

Applicable  Not applicable

**(VII) Analysis of major controlled and invested companies**

Applicable  Not applicable

Operation and performance analysis of major controlled and invested companies (in ten thousand RMB)

Company name	Industry	Main products or service	Registered capital	Shareholding ratio (%)	Total assets	Revenue	Net assets	Net profit
Ningbo JOYSONQUIN Automotive Systems Holding Co., Ltd.	Automotive components	Automotive Parts Manufacturing	99,270.00	8.85 (direct)	661,038	511,525	274,709	35,903
				36.36 (indirect)				
Preh GmbH	Automotive components	Automotive Parts Manufacturing	Euro 10 million	100.00	1,077,650	1,291,868	478,152	48,197
Anhui Joyson Safety Systems Holding Co., Ltd.	Automotive components	Automotive Parts Manufacturing	120,407.83	70.00	3,356,300	3,747,582	1,022,549	27,095
Ningbo JOYNEXT Technology Corp.	Automotive components	Automotive Electronics	67,774.08	57.90 (direct)	552,376	588,337	317,965	27,894
				28.75 (indirect)				

**(VIII) Structured subject controlled by the Company**

Applicable  Not applicable

**VI. Discussion and analysis on the company's future development****(I) Industry landscape and trends**

Applicable  Not applicable

In 2023, the major global automotive markets experienced accelerated growth in light vehicle production and sales, fueled by factors such as the global shift towards electric and intelligent automobiles, supply chain enhancements, revived consumer demand, and replenished supplier inventories. This growth trend brought production and sales volumes close to the levels observed in 2019. Moving forward, the automotive industry is witnessing significant transformations driven by the robust growth of smart electric vehicles, the pioneering advancements of Chinese OEMs in automotive connectivity technology, the surge in overseas expansion initiatives, and the rapid integration of various cutting-edge technologies like AI. These developments are not only reshaping the automotive landscape but also presenting both challenges and opportunities for parts companies. The company's strategy, planning, and

business development are deeply rooted in the ethos of "smarter, safer, and more environmentally friendly." This approach enables us to consistently adapt to industry trends and seize business opportunities in the dynamically evolving market.

### **I. New energy vehicles will continue to lead and drive global automotive scale growth**

According to MarkLines, NEV sales in major countries (representing approximately 80% of global sales) are projected to reach 11.96 million units in 2023, marking a notable year-on-year increase of 28.3%. This surge will see the market share rise to 19.5%, outpacing the overall growth rate of global light vehicle sales. Notably, NEV penetration is expected to be particularly high in the European and Chinese markets. In the medium to long term, global new energy vehicles will continue to lead market growth, driven by countries' carbon-neutral policies, improved charging infrastructure, and enhanced electric vehicle supply and user experience by automotive companies.

As the number of NEVs grows rapidly and battery material innovates, coupled with the global expansion of charging infrastructure, the demand for efficient energy management in these vehicles is escalating. Moreover, leading global NEV manufacturers are speeding up the deployment of 800V or higher voltage fast charging systems. This shift from 400V to 800V architecture is creating significant demand for various power electronic products, presenting substantial market opportunities.

The Company's automotive electronics and safety products are compatible with both conventional fuel vehicles and NEVs. With over a decade of R&D and mass production experience in new energy management, particularly in the field of 800V fast charging, we maintain a leading global position with our world-first mass-produced products.

### **II. Chinese OEMs enter the global market**

According to the CAAM, China's auto exports in 2023 totaled 4.91 million units, marking a 57.9% year-on-year increase and surpassing Japan to become the world's largest auto exporter. Notably, NEV exports are growing at an even faster pace. China's indigenous automotive brands have made significant strides in intelligent electrification, integrated industrial chain, diversified models, R&D, and manufacturing, establishing multiple competitive advantages for global expansion. Traditional and emerging brands alike are targeting Western Europe, Southeast Asia, and other key markets. Moreover, this approach has evolved from mere product exports to comprehensive "research, production, and marketing" strategies, reflecting a more integrated export model. As a Chinese parts company with a fully established global presence, we anticipate new business prospects with the expansion of Chinese OEMs abroad. Leveraging our globalized R&D, production, and sales network, along with our leading technological prowess and steadfast product quality, we are poised to seize these opportunities.

### **III. Automotive connectivity drives the rapid increase in demand for intelligent cockpits, Internet-connected products and autonomous driving components**

National policies, cross-field cutting-edge technologies, and the industrial chain are accelerating the development of intelligent connected vehicles. China has recently implemented policies such as the National Internet of Vehicles Industry Standard System Development Guide (Intelligent Connected Vehicles, 2023)", fostering pilots for integrated vehicle-road-cloud services in connected vehicles. Concurrently, technological advancements in AI, big data, and IoT are accelerating automotive intelligence. The industry is witnessing the introduction of high-level self-driving automotive products, driven by rising consumer demand for passenger and new energy vehicles. This progress is fueling the development of core components like the intelligent cockpit, driving domain controller, and 5G C-V2X connectivity products. Future growth prospects in this sector are promising. Meanwhile, China's automotive electronics sector is rapidly gaining strength, with technology and product advantages steadily expanding. This growth is reshaping

the landscape of the automotive connectivity component industry, leading to increasingly fierce competition. The Company offers integrated solutions and globalized R&D production capacity, seamlessly integrating software and hardware in intelligent cockpit domain control, automotive connectivity, and autonomous driving domain control. By intensifying innovative R&D efforts, enhancing product competitiveness, and expanding market orders, the Company is seizing market opportunities and effectively navigating market competition.

#### **IV. The automotive safety business continues to increase the value per vehicle**

With the enhancement of regulations and crash test ratings globally, alongside growing consumer emphasis on automobile safety, the adoption rate of automotive safety products is poised to rise, leading to an expansion in the market size. Furthermore, amidst the electric and intelligence trend in the automotive industry, there's an increasing need for innovation in automotive safety products. This includes a broader application scope for high-value-added features like active pre-tensioning seat belts, advanced airbags, in-vehicle monitoring systems, steering wheel off-hand detection, high-voltage battery disconnect protectors, and others. This expansion is anticipated to augment the value of automotive safety products per vehicle. Currently, the global automotive safety industry maintains a stable competition landscape with high entry barriers and industry concentration. The Company has consistently secured the second position globally in market share within this sector. Through continuous innovation and R&D efforts, it actively captures opportunities for market expansion and enhances the value of each vehicle through advanced technologies and products.

## **(II) Company development strategy**

√ Applicable □ Not applicable

The Company is poised to seize opportunities in market segments amid the global shift towards intelligent electric vehicles, Chinese OEMs expanding overseas, eVTOL technology, AI advancements, and other emerging trends. It remains strategically focused on three core pillars: intelligence, safety, and environmental sustainability. Emphasizing areas like intelligent cockpit, connectivity, driving systems, new energy management, and automotive safety, it actively explores the integration of cutting-edge technologies such as AI, IoT, and big data in R&D and production. By continuously innovating and upgrading its products and technologies, the Company enhances its competitiveness and delivers intelligent, user-centric cockpit and driving solutions while prioritizing safety. Additionally, the Company will proactively develop new quality productivity, advance the digital and intelligent transformation of the industry, commit to environmentally-friendly and low-carbon operations, and establish itself as a trustworthy partner to prominent global automobile manufacturers. With advanced innovative design, a global manufacturing system, reliable quality management, and consistent quality service, the Company aims to be an innovator and leader in automotive safety and intelligent technology. Specifically:

1. Continued innovation and upgrading of the automotive electronics business, leading the development of the industry;
2. The automotive safety business continues to improve its performance and maintain its scale advantage;
3. Integrating the advantages of the Chinese market and global resources to achieve complementary strengths;
4. Actively responding to dual-carbon action plans and implement global sustainable development goals;
5. Promote digital and intelligent transformation of industry and improve the efficiency of production and operation.

**(III) Business plan**√ Applicable  Not applicable

In 2024, the Company will continue its pursuit of stable growth and enhanced performance. It will focus on strengthening product competitiveness, optimizing cost management, integrating digital and physical resources, leveraging global advantages, refining organizational structure, and securing high-quality new business orders to deliver improved shareholder returns. Details are as follows:

First, the focus lies on fortifying competitiveness and advancing technological strength, operational efficiency, product innovation, and intelligent manufacturing capabilities of the Company. This approach aims to lead market segments with more competitive products, ultimately securing customer satisfaction.

Second, the commitment is to optimize supply chain management, enhance cost control capabilities, and bolster the cost competitiveness of products. This entails achieving substantial cost savings to ensure the healthy development and continuous profitability improvement of each business division.

Third, the focus remains on continuously strengthening digital-real integration capabilities. This involves propelling enterprise evolution through AI and other advanced technologies, empowering R&D, production, and management functions, and driving industrial digital transformation.

Fourth, the emphasis is on enhancing the synergy among global business divisions to facilitate customer expansion, talent development, back-office support, and management system coordination.

Fifth, endeavors will focus on maximizing the Company's global presence, aiming to establish itself as the preferred partner for Chinese automotive ventures overseas.

In light of the prevailing external conditions, automotive industry trends, and the Company's operational context, we aim to achieve an operating income of RMB 60 billion in 2024. These business targets are only forward-looking statements of the Company's business plan for 2024 and do not constitute a material commitment by the Company to investors, nor do they represent the Company's profit forecast for 2024, the achievement of which is subject to changes in the external environment, the development of the industry and other factors. Please note that there is a high degree of uncertainty and investors are advised to be aware of the investment risk.

**(IV) Potential risks**√ Applicable  Not applicable**1. Macroeconomic environment and industry risk**

The Company holds a significant position as a supplier and technology service provider in the automotive components industry, whose growth is closely tied to the development of the downstream automotive industry. The automotive industry is deeply influenced by macroeconomic factors such as politics and economics. Cyclical fluctuations in the global macro-environment and geopolitical events in certain regions can affect automotive production and consumption patterns. While the Company's customers are typically well-established, globally recognised enterprises with strong market competitiveness and risk tolerance, any adverse impact on their business due to macro market conditions could result in a reduction in the Company's orders and other unfavorable conditions, which could negatively impact the Company's operations.

**2. Risk in slower-than-expected emerging areas and industry development**

Although new energy vehicle, intelligent cockpit/connectivity, and intelligent driving have become the industry trend, there is still a risk that the overall commercialization speed can be slower than expected. In the future, the Company will continue to promote product lines in emerging fields, explore new customers, and take advantage of its strengths in these emerging business areas to work extensively with upstream and downstream companies, so as to jointly promote new energy and intelligence of automobiles.

### **3. Risk of rising raw material costs**

In recent years, there has been a rapid increase in the price of certain upstream raw materials. Despite a downward trend in raw material prices since the second half of 2022, they remain relatively high. There also remains a risk that some chips will be in short supply and continue to trigger price increases from suppliers. The Company has utilized global procurement resources to enhance overall bargaining power and actively negotiated compensation with customers to mitigate the impact of the increase in raw material prices. However, if raw material costs continue to rise in the future and the Company is unable to adjust product prices or the adjustment is not timely, it may negatively impact the Company's production costs and profits in the current period.

### **4. Risk of goodwill impairment**

The Company has developed through mergers and acquisitions, resulting in a large cumulative amount of goodwill. In 2023, the Company achieved a significant improvement in its operating results. Additionally, there was no occurrence of goodwill impairment after undergoing the goodwill impairment testing. If significant adverse changes occur in the macro economy, downstream industries, or market environment in the future, or if the operating results of the relevant subsidiaries fail to meet expectations in the next years, the risk of goodwill impairment will persist, which may adversely affect the Company's business results.

### **5. Risk of exchange rate volatility**

Exchange rate fluctuations may have an impact on the Company's future operations and the translation of exchange rates in the consolidated statements of accounts. The Company strives to control the risk of exchange rate fluctuations through its business layout and a series of financial instruments.

## **(V) Others**

Applicable  Not applicable

## **VII. Description of the circumstances and reasons why the Company has not disclosed in accordance with the Code for special reasons such as non-application of the provisions of the Code or state secrets or trade secrets**

Applicable  Not applicable

## Chapter 4 Corporate Governance

### I. Description of corporate governance

√ Applicable □ Not applicable

During the reporting period, the Company, in strict accordance with the requirements of the *Company Law*, the *Securities Law*, the *Guidelines for Corporate Governance of Listed Companies*, and the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, regulated its operations, strengthened internal management, and continuously improved its corporate governance structure. The Company has established a decision-making and operation management system with the General Meeting, the Board of Directors and specialized committees, the Board of Supervisors and the management as the main structure. A corporate governance structure with clear division of power and responsibility, effective checks and balances, scientific decision-making and coordinated operation has been formed. The Company operated in compliance with the law. There are no material differences between corporate governance and the requirements of the relevant regulations of the China Securities Regulatory Commission.

#### 1. About shareholders and General Meetings

The Company convened and held General Meetings in strict accordance with the requirements of the *Company Law*, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and other laws and regulations as well as the requirements of the *Articles of Association* and the *Rules of Procedure for General Meetings*. The Company also engaged lawyers to witness the convening and holding procedures of General Meetings, so as to fully protect the equal rights of all shareholders, especially minority shareholders, and ensure that all shareholders can effectively exercise their respective rights. During the reporting period, the Company convened one Annual General Meeting and two extraordinary general meetings through on-site and online voting. The convening and holding procedures of the meetings were legal and effective, and no infringement of the interests of minority shareholders occurred.

#### 2. About the controlling shareholder and its related parties and the listed company

The controlling shareholder and the de facto controller of the Company are honest and trustworthy. They regulated their own conduct in strict accordance with the provisions of relevant laws and regulations, exercised shareholders' rights and fulfill shareholders' obligations to the Company in accordance with the law. They did not interfere directly or indirectly with the normal decision-making procedures and business activities of the Company beyond the General Meeting, and did not use their control power to harm the legitimate rights and interests of the Company and the other shareholders. The connected transactions conducted by the Company with the controlling shareholder party were fair and reasonable, and the decision-making procedures and information disclosure obligations were strictly fulfilled. The Company was independent of the controlling shareholder in terms of personnel, assets, finances, institutions and operations. The Company's Board of Directors, Board of Supervisors and internal bodies were able to operate independently. During the reporting period, there was no non-operating use of funds and assets of the listed company by the controlling shareholder.

#### 3. About the Company's directors and Board of Directors

During the reporting period, the Board of Directors and the specialized committees of the Company made prudent decisions in strict accordance with the powers and functions conferred by the *Articles of Association*, the *Rules of Procedure of the Board of Directors*, the *Rules of Work of the Audit Committee of the Board of Directors* and other prescribed procedures. The directors attended the meetings of the specialized committees of the Board of Directors, the conferences of the Board of Directors and the General Meetings in a serious and responsible manner. The independent directors of the Company performed their duties independently, attended the conferences of the Board of Directors and the General Meetings on time and expressed independent opinions as required by the regulations. During the reporting period, the Company convened a total of 14 conferences of the Board of Directors through on-site and online voting.

#### **4. About the Company's supervisors and Board of Supervisors**

During the reporting period, the Board of Supervisors of the Company supervised the Company's finances and the lawfulness and compliance of the directors, president and other senior management in performing their duties in strict accordance with the *Articles of Association* and the *Rules of Procedure of the Board of Supervisors* in a responsible manner to the Company and its shareholders, so as to safeguard the legitimate rights and interests of the Company and its shareholders. All the supervisors of the Company attended the meetings of the Board of Supervisors and the General Meetings, attended the conferences of the Board of Directors as a nonvoting delegate, actively participated in various training sessions, and performed their duties in a serious and responsible manner. During the reporting period, the Company convened a total of 9 meetings of the Board of Supervisors by way of on-site voting, at which all supervisors attended in person.

#### **5. About information disclosure and transparency**

In order to better ensure the authenticity, accuracy, completeness, timeliness and fairness of the Company's information disclosure and that the Company's information disclosure is more concise, clear and understandable, the Company strictly fulfilled the *Information Disclosure Management Regulations*, the *Regulations on Internal Reporting of Material Information*, the *Regulations on Registration and Management of Insiders Who Have Access to Insider Information of Listed Companies*, the *Regulations on Accountability for Material Errors in Information Disclosure in Annual Reports* and the *Regulations on Management of External Information Users* in accordance with the relevant requirements of the CSRC and the Shanghai Stock Exchange. During the reporting period, the Company completed the disclosure of four periodic reports and 70 provisional announcements, enabling investors to have a true, timely and effective understanding of the Company's status.

#### **6. About investor relations and stakeholders**

During the reporting period, the Company fully communicated and exchanged ideas with investors via answering calls from investors, SSE E-interactive, and receiving visits from investors for research. By doing so, the Company listened attentively to the opinions and suggestions of investors on the production and operation and strategic development of the Company, and built a corporate culture of serving investors in a respectful manner. The Company has established a sound communication mechanism with investors, enhancing their confidence in the Company's investment. The Company not only safeguards the interests of its shareholders, but also fully respects and safeguards the legitimate rights and interests of banks and other creditors, employees, customers, suppliers and other stakeholders. The Company adheres to the principles of honesty and trustworthiness and fair trade in economic exchanges. The Company also actively practices the concept of green development, integrates the requirements for ecological and environmental protection into the development strategy and corporate governance process, and takes active steps to fulfill social responsibility, with a view to embarking on the path of sustainable, sound and steady development.

#### **7. About registration and management of insiders who have access to insider information**

The Company has formulated the *Regulations on Registration and Management of Insiders Who Have Access to Insider Information of Listed Companies*, with a view to further enhancing the awareness and level of prevention and control of insider trading of listed companies, regulating the management of insider information, strengthening the confidentiality of insider information of the Company, maintaining the fair principle of information disclosure, and protecting the legitimate rights and interests of investors. During the reporting period, the Company strictly followed the rules and regulations to keep inside information confidential and conduct file management and insider registration based on the formation and progress of major matters such as periodic reports, earnings forecasts, election of directors and senior management, and non-public offering of A shares.

#### **8. About internal control specifications**

The Company has established an internal control management system that is suitable for its operation, business characteristics and management requirements. According to the actual situation, it has also formulated the *Anti-Fraud Management Regulations*, the *Guidelines for the Protection of Business Secrets* and other policies to further improve the internal control development system. During the reporting period, the Company conducted a comprehensive evaluation of the effectiveness of the design and operation of internal controls in all the departments and subsidiaries, and formed a self-evaluation report on internal controls. The Board of Directors was of the opinion that the Company has maintained, in all material respects, effective internal control over financial reporting in accordance with the requirements of the Code of Corporate Internal Control and related regulations and that there were no significant deficiencies in internal control over financial reporting.

Whether there are material differences between corporate governance and laws, administrative regulations and the provisions of the CSRC on the governance of listed companies; if there are significant differences, the reasons shall be stated.

Applicable  Not applicable

**II. Specific measures taken by the controlling shareholder and the de facto controller of the Company to ensure the independence of the Company's assets, personnel, finance, institutions and business, as well as the solutions, work progress and follow-up work plan taken to affect the independence of the Company**

Applicable  Not applicable

The fact that the controlling shareholder, the de facto controller and other units controlled by them are engaged in the same or similar business as the Company, and the impact on the Company due to horizontal competition or major changes in horizontal competition, resolutions taken, the progress of resolutions, and follow-up solutions

Applicable  Not applicable

**III. Introduction of General Meetings**

Meeting sessions	Date	Query index of specified website	Disclosure date	Resolutions approved
First Extraordinary General Meeting in 2023	March 21, 2023	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>	22 March 2023	Considered and approved: (1) <i>Proposal on the validation and analysis report on the Company's proposal to issue A shares to specific targets in 2022</i> , (2) <i>Proposal on the provision of guarantees for subsidiaries</i>
2022 Annual General Meeting	20 April 2023	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>	21 April 2023	Considered and approved: (1) <i>Annual work report of the Board in 2022</i> , (2) <i>Annual report and summary in 2022</i> , (3) <i>Annual work report of the Board of Supervisors in 2022</i> , (4) <i>Financial statement in 2022</i> , (5) <i>Profit distribution plan of 2022</i> , (6) <i>Proposal on forecasting daily related party transactions in 2023</i> , (7) <i>Proposal on the issuance of ultra-short-term financing bonds, short-term financing bonds and medium-term notes by company</i> , (8) <i>Proposal to request the general</i>

				<p>meeting of shareholders authorize the board of directors to apply for a comprehensive credit line of up to 26 billion yuan from relevant financial institutions for the Company and its subsidiaries, (9) Proposal to renew the employment of KPMG Hua Zhen (Special General Partnership), (10) Proposal to purchase liability insurance for directors, supervisors and senior managers, (11) Proposal to request the General Meeting to authorize the Board of Directors to fully handle matters related to the issuance of shares to specific targets by way of simplified procedures, (12) Proposal to amend the &lt;Articles of Association&gt;, (13) Proposal on the provision of guarantees for subsidiaries, (14) Proposal on the report on the utilization of previous proceeds, (15) Proposal on the election of Mr. Wang Jianfeng as a non-independent director of the 11th Board of Directors of the Company, (16) Proposal on the election of Mr. Zhu Xuesong as a non-independent director of the 11th Board of Directors of the Company, (17) Proposal on the election of Mr. Chen Wei as a non-independent director of the 11th Board of Directors of the Company, (18) Proposal on the election of Ms. Li Junyu as a non-independent director of the 11th Board of Directors of the Company, (19) Proposal on the election of Mr. Liu Yuan Jianfeng as a non-independent director of the 11th Board of Directors of the Company, (20) Proposal on the election of Mr. Cai Zhengxin as a non-independent director of the 11th Board of Directors of the Company, (21) Proposal on the election of Mr. Wei Xuezhe as an independent director of the 11th Board of Directors of the Company, (22) Proposal on the election of Mr. Lu Guihua as an independent director of the 11th Board of Directors of the</p>
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				Company, (23) Proposal on the election of Mr. Yu Fang as an independent director of the 11th Board of Directors of the Company, (24) Proposal on the election of Mr. Zhou Xingyou as an independent director of the 11th Board of Directors of the Company, (25) Proposal on the election of Mr. Wang Xiaowei as an independent director of the 11th Board of Directors of the Company
Second Extraordinary General Meeting in 2023	1 June 2023	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>	2 June 2023	Considered and approved: (1) Proposal to extend the validity period of the resolution of the General Meeting on the Company's proposal to issue A shares to specific targets in 2022, (2) Proposal to request the General Meeting to extend the validity period of the authorization for the Board of Directors and its authorized persons to handle the matters related to the issuance of shares to specific targets

Holders of preferred shares with resumed voting rights requesting to hold extraordinary general meeting

Applicable  Not applicable

Description of General Meetings

Applicable  Not applicable

#### IV. Overview of directors, supervisors and senior management

##### (I) Changes in shareholdings and remuneration of incumbent and outgoing directors, supervisors and senior management during the reporting period

√ Applicable □ Not applicable

Unit: Share

Name	Office title	Gender	Age	Start date of term	End date of term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase or decrease in shares during the year	Reasons for the change	Total pre-tax remuneration received from the Company during the reporting period (RMB 10,000)	Whether to receive remuneration from a related party of the Company
Wang Jianfeng	Chairman of the Board	Male	54	2011-05-25	2026-04-19	34,056,959	34,056,959	0		450.03	Yes
	President (departed)	Male	54	2011-05-25	2023-04-20						
Zhu Xuesong	Vice Chairman of the Board	Male	55	2019-08-02	2026-04-19						Yes
Chen Wei	Director	Male	54	2019-08-02	2026-04-19						No
Li Junyu	Director	Female	45	2021-04-21	2026-04-19						No
Liu Yuan	Director	Male	49	2022-03-21	2024-03-27						No
Cai Zhengxin	Director	Male	52	2023-04-20	2026-04-19					552.76	No
Lu Guihua	Independent Director	Male	56	2023-04-20	2026-04-19					8.00	No
Yu Fang	Independent Director	Male	49	2023-04-20	2026-04-19					8.00	No
Wei Xuezhe	Independent Director	Male	54	2021-09-03	2026-04-19					12.00	No

Zhou Xingyou	Chairperson of the Board of Supervisors	Male	57	2019-08-02	2024-03-27						Yes
Weng Chunyan	Staff Supervisor	Female	49	2011-05-25	2024-03-27					117.85	No
Wang Xiaowei	Supervisor	Male	48	2011-05-25	2024-03-27						Yes
Chen Wei	President	Male	55	2023-04-20	2026-04-19					840.15	No
	Vice President (departed)	Male	55	2019-07-17	2023-04-20						
Li Junyu	Vice President, CFO	Female	45	2015-04-22	2026-04-19					501.94	No
Liu Yuan	Vice President	Male	49	2022-03-04	2024-03-27					491.80	No
Guo Jishun	Vice President	Male	39	2021-07-16	2024-03-27					265.10	No
Yu Zhaohui	Board Secretary	Male	34	2022-03-04	2026-04-19					125.21	No
Fan Jinhong	Director (departed)	Male	61	2011-05-25	2023-04-20						Yes
Zhu Tian	Independent Director (departed)	Male	60	2017-05-05	2023-04-20					4.00	No
Wei Yunzhu	Independent Director (departed)	Female	55	2017-05-05	2023-04-20					4.00	No
Total	/	/	/	/	/	34,056,959	34,056,959	0	/	3,380.84	/

Note 1: The Company implemented the *Joyson Electronics 2021 Employee Stock Ownership Plan in 2021*. During the reporting period, Mr. Chen Wei, incumbent Director and President of the Company, Mr. Liu Yuan, Director and Vice President of the Company, and Mr. Cai Zhengxin, Director of the Company, each held 600,000 shares under the Employee Stock Ownership Plan, and Ms. Li Junyu, Director, Vice President and CFO of the Company, held 1.1 million shares under the Employee Stock Ownership Plan. So far, the Company has fulfilled the performance appraisal requirements for both the first and second tranches of shares outlined in the Employee Stock Ownership Plan.

Name	Main work experience
Wang	Born in 1970, Han nationality, Master, Senior Economist. Current titles: Chairman of the Board, Ningbo Joyson Electronic Corp.;

Jianfeng	Chairman of the Board, Joyson Holding Co., Ltd. Previous titles: General Manager, TRW (Ningbo) Electronic Component Fasteners Co., Ltd.; General Manager, China Strategic Development Department of TRW; General Manager, Ningbo Yongxing Vehicle Accessories Co., Ltd.
Zhu Xuesong	Born in 1969, Han nationality, EMBA of China Europe International Business School. Current titles: Vice Chairman of the Board, Ningbo Joyson Electronic Corp.; President, Joyson Holding Co., Ltd.; Director, Ningbo PIA Automation Holding Corp.
Chen Wei	Born in 1970, Han nationality, EMBA of China Europe International Business School. Current titles: Director and President, Ningbo Joyson Electronic Corp.; Executive Chairman of the Board, Joyson Safety Systems China. Previous titles: Global Executive Vice President and President of China, Joyson Safety Systems; President China, Key Airbag International Trading (Shanghai) Co., Ltd.; CEO Asia Pacific of Thyssenkrupp Presta (Shanghai) Co., Ltd.; General Manager, ThyssenKrupp Presta Fawer (Changchun) Co., Ltd.; Procurement Project Manager, FAW-Volkswagen Automotive Co., Ltd.
Li Junyu	Born in 1979, Han nationality, Master of MPACC, Wuhan University; EMBA, Peking University - Guanghua School of Management. She holds a Chinese Certified Public Accountant certificate. Current titles: Director, Vice President and CFO, Ningbo Joyson Electronic Corp.; Director, Ningbo JOYNEXT Technology Corp. Previous titles: Deputy CFO, Ningbo Joyson Electronic Corp.; CFO and Finance Manager, Huade Plastic Products Co., Ltd.
Liu Yuan	Born in 1975, Han nationality, EMBA of China Europe International Business School. Current titles: Director and Vice President, Ningbo Joyson Electronic Corp.; Chairman of the Board and CEO, Ningbo Joynext Technology Co., Ltd.; Member of the Board of Supervisors, Preh GmbH, Germany. Previous titles: Vice President, Ningbo Joyson Electronic Corp.; Director of China East Region, Lear (Shanghai) Management Consulting Co., Ltd.; General Manager, Shanghai Lear Automotive Systems Co., Ltd. He has extensive experience in managing international companies with multicultural background, a deep knowledge of the automotive market, and extensive experience in the overall management of company business and operations.
Cai Zhengxin	Born in 1972, Han nationality, Master. Current titles: Director, Ningbo Joyson Electronic Corp.; CEO and President, Preh GmbH. Previous titles: COO and Vice President, Preh GmbH; Deputy General Manager of Sales, Gentex (Shanghai) Electronics Technology Co., Ltd. China; General manager of Factory, Changshu SCI Automobile Safety parts Co., Ltd.; Director of Operations, TRW (Ningbo) Electronic Component Fasteners Co., Ltd.
Lu Guihua	Born in 1968, Han nationality, member of the Communist Party of China. B.S. in Production Process Automation, Zhejiang University; M.S. in Economics (Finance), Hunan University of Finance and Economics; Ph.D. in Accounting, School of Economics and Management, Tsinghua University; Post-doctoral Fellow in Applied Economics, Central University of Finance and Economics; Certified Public Accountant (CPA) in China. Current titles: Independent Director, Ningbo Joyson Electronic Corp.; Professor and Doctoral Supervisor; School of Accountancy, Central University of Finance and Economics. Previous titles: Lecturer and Associate Professor, Accounting Department, Tianjin University of Commerce; Associate Professor, Professor and Master Supervisor, School of Accountancy, Central University of Finance and Economics.
Yu Fang	Born in 1975, Han nationality. B.S. in International Finance, Shanghai Jiaotong University; M.S. in Finance, Tulane University; Ph.D. in Finance, University of Chicago. Current titles: Independent Director, Ningbo Joyson Electronic Corp.; Professor of Finance, China Europe International Business School. Previous titles: Senior Lecturer, Carlson School of Management, University of Minnesota; Fellow, Barclays Global Investors. Awards: "Best Paper Award of FMA 2020", "Best Paper Award, China International Finance 2013

	Annual Conference", "Best Paper Award in the Corporate Finance Category of The Chinese Finance Association's 2013 Annual Conference", "2010 CEIBS Outstanding Teaching Award", "CEIBS Outstanding Research Award" (2014, 2018), and "BJ NEWS Chinese Young Economist Award".
Wei Xuezhe	Born in 1970, Han nationality, Bachelor and Master in Automation, College of Electronic and Information Engineering, Tongji University; Ph.D. in Vehicle Engineering, School of Automotive Studies, Tongji University. Current titles: Independent Director, Ningbo Joyson Electronic Corp.; Professor, School of Automotive Studies, Tongji University. Previous titles: Vice Dean, School of Automotive Studies, Tongji University; Director, New Energy Vehicle Engineering Center, Tongji University. Main research interests: new energy vehicle power systems, including the study of lithium-ion batteries and fuel cell systems. As the project leader, he presided over one project of the National Science and Technology Support Program. He has also participated in more than ten national "863" projects as a project leader and principal researcher. He has published 2 books, more than 100 SCI/EI papers, and applied for more than 20 patents for invention. As a key member, he has participated in the development of a number of technologies, among which "Fuel Cell Car Power System Integration and Control Technology" won the first prize of the Shanghai Science and Technology Progress Award in 2007; "Key Technology of Fuel Cell Car Power Platform" won the second prize of the National Science and Technology Progress Award in 2008; "Key Technology and Application of Integrated Control of Automotive Multi-source Powertrain" won the first prize of the Shanghai Science and Technology Progress Award in 2013. The project of "Key Technology and Industrialization of Battery Management System" led by him won the second prize of the Shanghai Science and Technology Progress Award in 2017; the project of "Key Technology and Industrialization of Long-Life Commercial Vehicle Fuel Cell System" won the China Automotive S&T Award (S&T Progress) in 2020.
Zhou Xingyou	Born in 1967, Han nationality, Master of Law of East China University of Political Science and Law. Current titles: Chairman of Board of Supervisors, Ningbo Joyson Electronic Corp.; Supervisor, Joyson Holding Co., Ltd.; Chairman of the Board, Ningbo PIA Automation Holding Corp.; Executive Director, PIA Automation (Suzhou) Co., Ltd.; Executive Director, Shanghai PIA Medical Technology Co., Ltd.
Weng Chunyan	Born in 1975, Han nationality, Master. Current title: Staff Supervisor, Ningbo Joyson Electronic Corp. Previous titles: Assistant to Chairman of the Board, Joyson Holding Co., Ltd.; Chairman of the Board, General Manager and Human Resources Manager, Ningbo Joyson Technology Co., Ltd.
Wang Xiaowei	Born in 1976, Han nationality, Master of Law of East China University of Political Science and Law. Current titles: Supervisor, Ningbo Joyson Electronic Corp.; Attorney, Securities and Investment Department, Joyson Holding Co., Ltd. Previous title: Deputy Director Lawyer (Partner), Zhejiang Tongzhou Law Firm.
Guo Jishun	Born in 1985, Senior Engineer. He received his undergraduate degree in Electronic Information Engineering from the University of Electronic Science and Technology of China, and later received his master's degree from the Department of Information Engineering at National Tsing Hua University and the Department of Computer Science at ETH Zürich, and his PhD in Artificial Intelligence and Robotics at Stanford University. Current titles: Vice President, Ningbo Joyson Electronic Corp. Part-time titles: Secretary General, Federation Learning Branch, Chinese Association of Automation; member, Shenzhen Artificial Intelligence and Advanced Manufacturing Expert Group, etc. Previous titles: Algorithm Engineer, Google; Senior Engineer in Artificial Intelligence, Baidu Institute of Deep Learning; Chief Scientist, Digital Science; Head of Intelligent Driving Technology Department, GAC R&D Center, etc.
Yu	Born in 1990, Chinese national, no permanent residence overseas. Bachelor's degree, East China University of Political Science and

Zhaohui	Law; Master's degree in Business Administration, Peking University. Current title: Board Secretary, Ningbo Joyson Electronic Corp. Previous title: Board Secretary, Ningbo JOYNEXT Technology Corp. He has worked for many years in the professional field of board secretary. He possesses professional knowledge of finance, management and law necessary to perform the duties of Board Secretary, and has good professional ethics and personal qualities. He has obtained the qualification certificate for board secretary granted by the Shanghai Stock Exchange.
Fan Jinhong (departed)	Born in 1963, Han nationality, Master, Senior Economist. Current title: Vice Chairman of the Board, Joyson Holding Co., Ltd. Previous titles: Vice Chairman of the Board and Director, Ningbo Joyson Electronic Corp.; President, Joyson Holding Co., Ltd.
Zhu Tian (departed)	Born in 1964, PhD. Current titles: Professor of Economics, Vice Provost and Director of EMBA Program, China Europe International Business School. Previous title: Independent Director, Ningbo Joyson Electronic Corp. He taught at the Hong Kong University of Science and Technology (1995-2005) and worked as an industry analyst at First Bank Chicago (now part of JP Morgan Chase) (1994-1995).
Wei Yunzhu (departed)	Born in 1969, bachelor's degree. Current title: Independent Director, Shanghai Holystar Information Technology Co., Ltd. Previous titles: Independent Director, Ningbo Joyson Electronic Corp.; Deputy General Manager, Suli Co., Ltd.; Manager and Senior Audit Manager, Wan Long Certified Public Accountants and RSM China Certified Public Accountants (Special General Partnership); Audit Manager, Zhongyuehua (Shanghai) Certified Public Accountants (General Partnership).

## Other information

Applicable  Not applicable

**(II) Incumbency of incumbent and outgoing directors, supervisors and senior management during the reporting period****1. Incumbency in shareholders**

√ Applicable □ Not applicable

Name of incumbent	Name of shareholder	Office title in the shareholder	Start date of term	End date of term
Wang Jianfeng	Joyson Holding Co., Ltd.	Chairman of the Board	1 January 2004	
Fan Jinhong	Joyson Holding Co., Ltd.	Vice Chairman of the Board	1 January 2004	
Zhu Xuesong	Joyson Holding Co., Ltd.	President	1 January 2014	
Zhou Xingyou	Joyson Holding Co., Ltd.	Supervisor	8 October 2017	
Weng Chunyan	Joyson Holding Co., Ltd.	Supervisor	October 2009	
Wang Xiaowei	Joyson Holding Co., Ltd.	Attorney	5 December 2007	
Description of incumbency in shareholders	Mr. Zhou Xingyou started to serve as Vice President of Joyson Holding Co., Ltd. in October 2017 and was later appointed as Supervisor of Joyson Group in August 2019.			

**2. Incumbency in other companies/institutions**

√ Applicable □ Not applicable

Name of incumbent	Name of other companies/institutions	Office title in other companies/institutions	Start date of term	End date of term
Wang Jianfeng	Ningbo PIA Automation Holding Corp.	Director	December 2019	
Zhu Xuesong	Ningbo JOYSONQUIN Automotive Systems Holding Co., Ltd.	Director	September 2019	
Zhu Xuesong	Ningbo PIA Automation Holding Corp.	Director	April 2023	
Zhou Xingyou	Ningbo PIA Automation Holding Corp.	Chairman of the Board	December 2019	
Wang Xiaowei	Ningbo PIA Automation Holding Corp.	Supervisor	December 2019	
Zhu Tian	China Europe International Business School	Professor of Economics	September 2005	
Zhu Tian	China Europe International Business School	Vice Provost, Director of EMBA Program	January 2017	
Wei Yunzhu	Shanghai Holystar Information Technology Co., Ltd.	Independent Director	October 2023	
Wei Yunzhu	Zhongyuehua (Shanghai) Certified Public Accountants (General Partnership)	Audit Manager	June 2023	February 2024
Wei Xuezhe	School of Automotive	Professor	January	

	Studies, Tongji University		2011	
Wei Xuezhe	Avary Holding (Shenzhen) Co., Ltd.	Independent Director	April 2023	
Lu Guihua	School of Accountancy, Central University of Finance and Economics	Professor, Doctoral Supervisor	September 2011	
Lu Guihua	Zhejiang Juhua Co., Ltd.	Independent Director	April 2023	
Lu Guihua	WPG (Shanghai) Smart Water Public Co., Ltd.	Independent Director	December 2021	
Lu Guihua	Beijing Foreign Enterprise Human Resources Service Co., Ltd.	Independent Director	November 2022	
Lu Guihua	Beijing Shunxin Agriculture Co., Ltd.	Independent Director	December 2019	November 2023
Yu Fang	China Europe International Business School	Professor	August 2009	
Description of incumbency in other companies/institutions				

### (III) Remuneration of directors, supervisors and senior management

√ Applicable □ Not applicable

Decision-making procedures for the remuneration of directors, supervisors and senior management	The remuneration of directors and supervisors is determined by the General Meeting, and the remuneration of senior management is determined by the Board of Directors.
Whether a director recuses himself/herself from the Board of Directors' discussion of his/her remuneration matters	Yes
Details of recommendations issued by the Remuneration and Evaluation Committee or the Specialized Meeting of Independent Directors on matters relating to the remuneration of directors, supervisors and senior management	The Remuneration and Evaluation Committee of the Company's Board of Directors made recommendations to the Board at its initial 2024 meeting regarding the remuneration of directors and senior management. The committee considered the remuneration of non-independent directors to be reasonably set and in line with industry and regional norms; The annual allowances for independent directors were deemed reasonable, accounting for the capital market conditions, industry averages, and the professional contributions made by independent directors to the Board during the reporting period; The remuneration system for senior management will be developed based on industry factors, enterprise scale, operational region, comparable company data, and specific business performance. All remuneration assessments and payments will comply with the Company's <i>Articles of Association</i> , relevant remuneration and assessment management systems, and other applicable regulations.

Basis for determining the remuneration of directors, supervisors and senior management	Independent directors are remunerated by an annual allowance of RMB 120,000 per person per year before tax. Except for the Chairman of the Board of Directors, the other non-independent directors do not receive remuneration solely for their role as directors of the Company. Non-independent directors who also hold specific full-time management positions in the Company are compensated based on their actual management roles. Similarly, supervisors of the Company do not receive remuneration solely for their supervisory positions within the Company. Instead, they are compensated based on their actual positions and responsibilities within the Company. A (base salary + performance pay) annual salary system is adopted to determine the remuneration of senior management. The performance salary is determined according to the actual production and operation performance accomplished by the Company and the Company's business objectives.
Actual payment of remuneration to directors, supervisors and senior management	The directors and supervisors of the Company receive remuneration strictly in accordance with the amounts approved by the General Meeting. Similarly, senior management receives remuneration strictly in accordance with the amounts approved by the Board of Directors.
Total actual remuneration received by all directors, supervisors and senior management at the end of the reporting period	RMB 33,808,400

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

Applicable  Not applicable

Name	Office title	Change	Type of change
Fan Jinhong	Director	Departure	Term expires
Cai Zhengxin	Director	Election	By-election
Lu Guihua	Independent Director	Election	By-election
Yu Fang	Independent Director	Election	By-election
Wei Yunzhu	Independent Director	Departure	Term expires
Zhu Tian	Independent Director	Departure	Term expires
Wang Jianfeng	President	Departure	Job change
Chen Wei	President	Appointment	Appointment
Chen Wei	Vice President	Departure	Job change
Li Junyu	Vice President	Appointment	Appointment

#### (V) Description of penalties imposed by securities regulatory institutions in the past three years

Applicable  Not applicable

#### (VI) Others

Applicable  Not applicable

#### V. Information about the conferences of the Board of Directors convened during the reporting period

Meeting sessions	Date	Resolutions approved

31st Meeting of the 10th Board of Directors	23 February 2023	Considered and approved: (1) <i>Proposal on the Company's fulfillment of the conditions for the issuance of A shares to specific targets</i> , (2) <i>Proposal to adjust the Company's program of issuing A Shares to specific targets in 2022</i> , (3) <i>Proposal on the validation and analysis report on the Company's proposal to issue A shares to specific targets in 2022</i> ; (4) <i>Proposal on revision of measures to fill the diluted immediate returns on the issue of A shares to specific targets and commitments of relevant entities</i> , (5) <i>Proposal on the signing of &lt;Supplemental Agreement (II) to the Subscription Agreement for the Issue of Shares to Specific Targets with Effective Conditions&gt; and related party transactions</i> ,
32nd Meeting of the 10th Board of Directors	5 March 2023	Considered and approved: (1) <i>Proposal on the provision of guarantees for subsidiaries</i> , (2) <i>Proposal to convene the First Extraordinary General Meeting of the Company in 2023</i>
33rd Meeting of the 10th Board of Directors	30 March 2023	Considered and approved: (1) <i>Annual work report of the Board in 2022</i> , (2) <i>Annual report and summary in 2022</i> , (3) <i>Report on financial results in 2022</i> , (4) <i>Profit distribution plan of 2022</i> , (5) <i>Proposal on forecasting daily related party transactions in 2023</i> , (6) <i>Proposal on accounting policy changes of the Company</i> , (7) <i>Proposal on the amount of wealth management products to be purchased by using idle own funds in 2023</i> , (8) <i>Proposal on the issuance of ultra-short-term financing bonds, short-term financing bonds and medium-term notes by company</i> , (8) <i>Proposal to request the general meeting of shareholders authorize the board of directors to apply for a comprehensive credit line of up to 26 billion yuan from relevant financial institutions for the Company and its subsidiaries</i> , (9) <i>Proposal to renew the employment of KPMG Hua Zhen (Special General Partnership)</i> , (10) <i>Proposal on the report on the evaluation of the Company's internal control</i> , (11) <i>Report on the performance of the Audit Committee of the Board of Directors for 2022</i> , (12) <i>Proposal on the replacement and election of non-independent directors for the 11th Board of Directors of the Company</i> , (13) <i>Proposal on the replacement and election of independent directors for the 11th Board of Directors of the Company</i> , (14) <i>Proposal to purchase liability insurance for directors, supervisors and senior managers</i> , (15) <i>Special report on the deposit and actual use of the Company's proceeds for 2022</i> , (16) <i>Proposal to request the General Meeting to authorize the Board of Directors to fully handle matters related to the issuance of shares to specific targets by way of simplified procedures</i> , (17) <i>Proposal to amend the &lt;Articles of Association&gt;</i> , (18) <i>Proposal to amend selected management policies</i> , (19) <i>Proposal on the provision of guarantees for subsidiaries</i> , (20) <i>Proposal on the implementation location of investment projects with new proceeds</i> , (21) <i>Proposal on the report on the utilization of previous proceeds</i> , (22) <i>Proposal to convene the Company's 2022 Annual General Meeting</i>
1st Meeting of the 11th Board of Directors	20 April 2023	Considered and approved: (1) <i>Proposal on the election of the Chairman of the Board and Vice Chairman of the Board of the 11th Board of Directors of the Company</i> , (2) <i>Proposal</i>

		<i>on the election of members of the specialized committees of the 11th Board of Directors, (3) Proposal on the appointment of the Company's senior management</i>
2nd Meeting of the 11th Board of Directors	25 April 2023	Considered and approved: (1) <i>First Quarterly Report 2023</i> , (2) <i>Report on social responsibility and environmental, social and governance for 2022</i>
3rd Meeting of the 11th Board of Directors	16 May 2023	Considered and approved: (1) <i>Proposal to extend the validity period of the resolution of the General Meeting on the Company's proposal to issue A shares to specific targets in 2022</i> , (2) <i>Proposal to request the General Meeting to extend the validity period of the authorization for the Board of Directors and its authorized persons to handle the matters related to the issuance of shares to specific targets</i> , (3) <i>Proposal to convene the Second Extraordinary General Meeting of the Company in 2023</i>
4th Meeting of the 11th Board of Directors	29 May 2023	Considered and approved: <i>Proposal on the progress of the sale of equity interests in equity participation companies</i>
5th Meeting of the 11th Board of Directors	17 July 2023	Considered and approved: <i>Proposal on the agreement to transfer part of the shares of Guangdong Senssun Weighing Apparatus Group Ltd.</i>
6th Meeting of the 11th Board of Directors	4 August 2023	Considered and approved: <i>Proposal on the use of proceeds to replace self-financing funds pre-invested in fundraising projects and paid for issue expenses</i>
7th Meeting of the 11th Board of Directors	21 August 2023	Considered and approved: (1) <i>Full text and summary of 2023 Semi-Annual Report</i> , (2) <i>Special report on the deposit and actual use of the Company's proceeds for the first half of 2023</i> , (3) <i>Proposal on continuing to use temporarily idle proceeds for cash management</i> , (4) <i>Proposal to amend the &lt;Articles of Association&gt;</i>
8th Meeting of the 11th Board of Directors	4 September 2023	Considered and approved: <i>Proposal to increase the shareholding of Guangdong Senssun Weighing Apparatus Group Ltd.</i>
9th Meeting of the 11st Board of Directors	23 October 2023	Considered and approved: <i>2023 Quarterly Report (Ended September 30, 2023)</i>
10th Meeting of the 11st Board of Directors	14 December 2023	Considered and approved: <i>Proposal to increase the shareholding of Guangdong Senssun Weighing Apparatus Group Ltd.</i>
11st Meeting of the 11st Board of Directors	20 December 2023	Considered and approved: <i>Proposal to acquire the shares of the equity incentive shareholding platform of controlled subsidiaries and related party transactions</i>

## VI. Performance of duties by directors

### (I) Participation of directors in the conferences of the Board of Directors and General Meetings

Director Name	Whether an independent director	Participation in the conferences of the Board of Directors						Participation in General Meetings
		Number of the conferences of the	Number of personal attenda	Number of participations online	Number of delegated attenda	Number of absences	Whether two consecutive meeting	Number of attendances at General

		Board of Directors to be attended during the year	Conferences	Conferences	Conferences	Conferences	Conferences were not attended in person	Meetings
Wang Jianfeng	No	14	14	1	0	0	No	2
Zhu Xuesong	No	14	14	1	0	0	No	3
Chen Wei	No	14	14	11	0	0	No	2
Li Junyu	No	14	14	1	0	0	No	3
Liu Yuan	No	14	14	1	0	0	No	2
Cai Zhengxin	No	11	11	8	0	0	No	0
Wei Xuezhe	Yes	14	14	11	0	0	No	1
Lu Guihua	Yes	11	11	8	0	0	No	0
Yu Fang	Yes	11	11	8	0	0	No	0
Fan Jinhong (departed)	No	3	3	1	0	0	No	2
Zhu Tian (departed)	Yes	3	3	3	0	0	No	1
Wei Yunzhu (departed)	Yes	3	3	3	0	0	No	1

Description of failure to attend two consecutive conferences of the Board of Directors in person  
 Applicable  Not applicable

Number of the conferences of the Board of Directors convened during the year	14
Including: Number of on-site meetings	0
Number of online meetings	1
Number of hybrid meetings	13

## (II) Directors' dissent on matters relating to the Company

Applicable  Not applicable

## (III) Others

Applicable  Not applicable

## VII. Specialized committees under the Board of Directors

Applicable  Not applicable

### (I) Membership of specialized committees under the Board of Directors

Categories of Specialized Committees	Member Name
Audit Committee	Lu Guihua, Yu Fang, Wang Jianfeng, Wei Yunzhu (departed), Zhu Tian (departed), Zhu Xuesong (departed)
Nomination, Remuneration and Evaluation Committee	Wei Xuezhe, Chen Wei, Lu Guihua, Zhu Tian (departed), Wang Jianfeng (departed)
Strategy and ESG Committee	Wang Jianfeng, Zhu Xuesong, Li Junyi, Chen Wei, Liu Yuan, Wei Xuezhe, Yu Fang, Zhu Tian (departed)

**(II) Five meetings held by the Audit Committee during the reporting period**

Date	Content	Important Comments and Suggestions	Other Performance of Duties
21 February 2023	Considered and approved: <i>Proposal on the signing of &lt;Supplemental Agreement (II) to the Subscription Agreement for the Issue of Shares to Specific Targets with Effective Conditions&gt; and related party transactions</i>	N/A	N/A
20 March 2023	Considered and approved: (1) <i>Annual report and summary in 2022</i> , (2) <i>Report on financial results in 2022</i> , (3) <i>Proposal on accounting policy changes of the Company</i> , (4) <i>Proposal to renew the employment of KPMG Hua Zhen (Special General Partnership)</i> , (5) <i>Proposal on the report on the evaluation of the Company's internal control</i> , (6) <i>Report on the performance of the Audit Committee of the Board of Directors for 2022</i> , (7) <i>Special report on the deposit and actual use of the Company's proceeds for 2022</i> , (8) <i>Proposal on the implementation location of investment projects with new proceeds</i> , (9) <i>Proposal on the report on the utilization of previous proceeds</i>	N/A	N/A
23 April 2023	Considered and approved: <i>First Quarterly Report 2023</i>	N/A	N/A
10 August 2023	Considered and approved: (1) <i>Full text and summary of 2023 Semi-Annual Report</i> , (2) <i>Special report on the deposit and actual use of the Company's proceeds for the first half of 2023</i> , (3) <i>Proposal on continuing to use temporarily idle proceeds for cash management</i>	N/A	N/A
20 October 2023	Considered and approved: <i>2023 Quarterly Report (Ended September 30, 2023)</i>	N/A	N/A

**(III) Two meetings held by the Nomination, Remuneration and Evaluation Committee during the reporting period**

Date	Content	Important Comments and Suggestions	Other Performance of Duties
20 March 2023	Considered and approved: (1) <i>Annual report and summary in 2022</i> , (2) <i>Proposal on the replacement and election of non-independent directors for the 11th Board of Directors of the Company</i> , (3) <i>Proposal on the replacement and election of independent directors for the 11th Board of Directors of the Company</i>	N/A	N/A
20 April 2023	Considered and approved: <i>Proposal on the appointment of the Company's senior management</i>	N/A	N/A

**(IV) Two meetings held by the Strategy and ESG Committee during the reporting period**

Date	Content	Important	Other
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		Comments and Suggestions	Performance of Duties
21 February 2023	Considered and approved: (1) <i>Proposal on the Company's fulfillment of the conditions for the issue of A shares to specific targets</i> , (2) <i>Proposal on the adjustment of the Company's proposal for the issue of A shares to specific targets for 2022</i> , (3) <i>Proposal on the validation and analysis report on the Company's proposal to issue A shares to specific targets in 2022</i>	N/A	N/A
23 April 2023	Considered and approved: <i>Report on social responsibility and environmental, social and governance for 2022</i>	N/A	N/A

**(V) Specifics of matters in question**

Applicable  Not applicable

**VIII. Description of the risks identified by the Board of Supervisors in the Company**

Applicable  Not applicable

**IX. Overview of staff of the parent company and major subsidiaries at the end of the reporting period****(I) Staff overview**

Number of in-service staff of the parent company	51
Number of in-service staff of major subsidiaries	43,914
Total number of in-service staff	43,965
Number of retired staff at the expense of the parent company and major subsidiaries	
<b>Breakdown by Profession</b>	
Profession	Number of staff
Production	36,244
Sales	330
Technician	5,344
Finance	686
Administration	1,190
Others	171
Total	43,965
<b>Educational Background</b>	
Category	Number (person)
Ph.D.	68
Master	2,981
Bachelor's degree	7,401
College diploma	9,189
Under college diploma	24,326
Total	43,965

**(II) Remuneration policy**

Applicable  Not applicable

During the reporting period, the Company developed a remuneration system that is linked to job responsibilities, competitive markets, individual competencies and performance based on the strategic direction and operational needs of the Company. The Company's compensation

philosophy is to enable each and every employee that has contributed to the development of the Company to receive the reward that can reflect his/her contribution, so that his/her can grow and achieve success together with the Company. The Company provides competitive remuneration through an effective policy to attract external talent for business development, while also ensuring stability within the internal team. In order to ensure the internal fairness of the remuneration, the Company has established an employee competency management system and implemented a comprehensive remuneration policy based on positions and responsibilities, with the employees' working ability and performance as the criteria. To maintain external equity in remuneration, the Company promptly and flexibly adjusts its remuneration policy based on research into regional compensation structures. The Company places emphasis on total compensation, ensuring that employees are adequately rewarded alongside opportunities for career advancement within the Company.

### **(III) Training programs**

Applicable  Not applicable

The concept of talent development of Joyson Electronics is: mutual achievement and collaborative development. To achieve efficient allocation of human resources, foster organizational cultural identity, and enhance synergy in work styles, the Company has implemented a diversified global joint training model for professions and functions where necessary, providing essential intellectual support for business development. In recent years, the Company has proactively recruited PhDs and master's degree holders specializing in intelligent cockpit design, intelligent driving systems, and new energy vehicles, enhancing its competitiveness in these specialized fields. The Company collaborated with globally renowned universities and institutions to jointly develop engineering PhDs and master's degree holders, offering personalized enhancement programs for employees. The Company encouraged personal improvement and developed targeted training programs to meet the needs of each and every employee. For selected common needs, the Company has developed training programs to provide training services to employees in need. During the reporting period, the Company emphasized the integration of global business teams through enhanced communication and collaboration methods on a globalized platform. Employees engaged in learning, interaction, communication, and knowledge sharing through the Company's global online learning platform, effectively promoting corporate culture, fostering a learning organization, and enhancing global collaboration. The Company organized "Joyson Talks", featuring regular appearances by influential industry experts, technology leaders, and corporate executives invited to share insights on selected topics at Joyson.

### **(IV) Outsourcing of labor services**

Applicable  Not applicable

## **X. Preplans of profit distribution or transfer from capital reserve to common shares**

### **(I) Development, implementation or adjustment of the cash dividend policy**

Applicable  Not applicable

The Company attaches importance to reasonable investment returns to investors. The Company has clearly stipulated its distribution policy in the Articles of Association, including the principle of profit distribution, profit distribution method, conditions for profit distribution and minimum dividend distribution ratio, decision-making procedures for profit distribution, as well as the conditions and procedures for adjustment of the profit distribution plan.

During the reporting period, the management of the Company, in accordance with the provisions of the Company's Articles of Association regarding the dividend policy and taking into account factors such as profitability, cash flow, investment arrangements, capital requirements and shareholders' return planning, proposed to the Board of Directors a proposal for the distribution of profit for the year 2022, namely, to distribute a cash dividend of RMB 1.0 (including tax) for every 10 shares to all shareholders, amounting to a total cash dividend of RMB 136,808,462.40 (including tax). The profit distribution plan for the year 2022 was considered and

approved by the Annual General Meeting of the Company in April 2022, and the cash dividends had been paid out by the end of May 2023.

Preplan for the appropriation of profits in 2023: The Company intends to distribute a cash dividend of RMB 2.6 per 10 shares (including tax) to all shareholders on the basis of the total share capital registered on the date of share registration for the implementation of the equity distribution less the number of repurchased shares in the Company's special securities account for repurchase on the date of share registration. As of the end of February 2024, the current total share capital of the Company is 1,408,701,543 shares, there are 1,645,131 shares in the special account for securities repurchase, and the number of shares after deducting the number of repurchased shares in the special account for securities repurchase is 1,407,056,412 shares. Based on the above number of shares, it is estimated that a cash dividend of RMB 365,834,667.12 (including tax) will be distributed. The proposal has not yet been submitted to the General Meeting for approval. The actual distribution amount will be determined and announced by the Company upon the implementation of the equity distribution.

The formulation and implementation of the Company's cash dividend policy complies with the requirements of the Company's *Articles of Association* and the resolutions of the General Meetings. The dividend standards and proportions are clear and definite. Relevant decision-making procedures and mechanisms are complete. Independent directors fulfill their duties and play their due role. Minority shareholders have full expression of opinions and appeals, while the legitimate rights and interests of minority shareholders are fully maintained.

## (II) Special description of the cash dividend policy

Applicable  Not applicable

Whether it complies with the provisions of the Articles of Association or the resolutions of the General Meetings	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether the criteria and percentage of dividends are clear and unambiguous	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether relevant decision-making procedures and mechanisms are complete	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether independent directors perform their duties and responsibilities and play their proper roles	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Whether minority shareholders have adequate opportunities to express their opinions and demands, and whether their legitimate rights and interests are adequately protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

Applicable  Not applicable

## (IV) Preplan of profit distribution and conversion of capital reserve into share capital during the reporting period

Applicable  Not applicable

Unit: Yuan Currency: RMB

Number of bonus shares per 10 shares (shares)	0
Number of dividend payout per 10 shares (RMB) (tax included)	2.6
Number of capitalized shares per 10 shares (shares)	0
Amount of cash dividends (tax included)	365,834,667.12
Net profit attributed to common shareholders in consolidated annual financial statements on profit sharing	1,083,190,849.19
Percentage in consolidated annual financial statements (%)	33.77

Amount of shares repurchased in cash included in cash dividends	0
Total dividend amount (tax included)	365,834,667.12
Percentage of the total dividend amount in consolidated annual financial statements (%)	33.77

Notes: The above cash dividend amount (including tax) is calculated on the basis of 1,407,056,412 shares derived from the Company's current total share capital of 1,408,701,543 shares after deducting the number of shares in the Company's special account for securities repurchase as of the end of February 2024 of 1,645,131 shares. The Company's share repurchase program through centralized bidding transactions is still ongoing. The final amount of cash dividends (including tax) will be determined and announced by the Company upon the implementation of the equity distribution.

## XI. Equity incentive plan, employee share ownership plan or other employee incentives of the Company and their effect

### (I) Matters related to equity incentive plan have been disclosed in the provisional announcements without progress or change in subsequent implementation

Applicable  Not applicable

Overview	Query
In December 2023, the Company acquired a 2.9093% stake in JoyNext from Zhoushan Junying Enterprise Management Consulting Partnership (Limited Partnership) and Zhoushan Junxing Enterprise Management Consulting Partnership (Limited Partnership), which are equity incentive platforms of its controlling subsidiaries. The transaction amounted to RMB 122,190,500.	For details, please refer to the <i>Announcement on acquisition of shares of equity incentive holding platform of controlling subsidiaries and related party transactions</i> disclosed by the Company on 22 December 2023

### (II) Incentives not disclosed in the provisional announcements or with subsequent progress

Equity incentives

Applicable  Not applicable

Others

Applicable  Not applicable

Employee Stock Ownership Plan

Applicable  Not applicable

During 2021, the Company implemented the 2021 Employee Stock Ownership Plan and completed the non-traded transfer of shares, with a total of 27 employees participating in the above plan. During the reporting period, Mr. Chen Wei, incumbent Director and President of the Company, Mr. Liu Yuan, Director and Vice President of the Company, and Mr. Cai Zhengxin, Director of the Company, each held 600,000 shares under the Employee Stock Ownership Plan, and Ms. Li Junyu, Director, Vice President and CFO of the Company, held 1.1 million shares under the Employee Stock Ownership Plan. As at the end of the reporting period, a total of 5 employees abandoned the Employee Stock Ownership Plan for personal reasons and returned a total of 1.6 million corresponding shares.

According to the relevant documents on the employee stock ownership plan, such as the *Joyson Electronics 2021 Employee Stock Ownership Plan (draft)* and the *Management measures of Joyson Electronics for 2021 Employee Stock Ownership Plan*, 2022 is the first performance assessment year, and the company-level performance assessment target for share unlocking is "The Company's return on net assets will be 5% in 2022 or its net profit margin will be 2.5% in 2022". According to the actual performance of the Company in 2022, the corresponding share will not be unlocked all incentive recipients that fail to meet the performance assessment target at the company level in 2022, and the unlocked part will be deferred to 2023 for assessment.

2023 is the second performance review year. The performance assessment unlocking target at the corporate level is “7% return on corporate net assets in 2023 or 3.5% corporate net profit margin in 2023”. Based on the Company’s actual performance in 2023, the shares allocated for the first and second tranches of the employee share ownership plan have achieved the performance assessment targets at the corporate level. The lock-up period for the first tranche has expired, while the lock-up period for the second tranche has not yet concluded.

Other incentive programs

Applicable  Not applicable

**(III) Equity incentives granted to directors and senior management during the reporting period**

Applicable  Not applicable

**(IV) Establishment and implementation of the evaluation mechanism and incentive mechanism for senior management during the reporting period**

Applicable  Not applicable

The Board of Directors of the Company has formulated assessment standards and assessment methods based on actual performance and specific positions, and linked the remuneration of senior management with performance. At the end of the year, the Board of Directors appraised senior management based on the completion of the targets and determined the rewards for senior management based on the appraisal results. For details, see “Remuneration of directors, supervisors and senior management” in this section.

In addition, the Company implemented the Employee Stock Ownership Plan during 2021 in strict compliance with the relevant laws and regulations, aiming to provide incentives to some directors (excluding independent directors), senior management, middle management and key employees of the Company and its subsidiaries, etc. A detailed performance evaluation mechanism has been established to create greater value for the Company and shareholders. For details, please refer to “Equity incentive plan, employee share ownership plan or other employee incentives of the Company and their effect” in this section.

**XII. Establishment and implementation of the internal control system during the reporting period**

Applicable  Not applicable

The Company has enhanced its internal control policies in alignment with the *Company Law*, the *Guidelines for Standardized Operations*, and other relevant regulations. Additionally, the Company has promptly revised its rules and regulations to reflect changes in laws, regulations, and the Company’s operational context. The Company has enhanced its corporate governance structure and established an internal control environment to standardize operations in accordance with relevant national laws and regulations, as well as the specific needs of the Company’s production, operations, and management. These measures are effectively implemented and play a crucial role in management control across key aspects of the Company’s operations, including procurement, production, sales, connected transactions, information disclosure, and other critical areas. The Company can provide reasonable assurance regarding the preparation of accurate and reliable financial statements, the sound operation of its business activities, and the management of business risks. Overall, the Company’s internal control system has been effective, with no significant or material internal control deficiencies.

For more details, please refer to the *Joyson Electronics 2023 Annual Internal Control Evaluation Report* disclosed by the Company on the website of the SSE ([www.sse.com.cn](http://www.sse.com.cn)) and designated media.

Description of significant deficiencies in internal control during the reporting period

Applicable  Not applicable

**XIII. Management control over subsidiaries during the reporting period**

Applicable  Not applicable

(I) In compliance with the *Company Law* of the region/country where the subsidiary is located and the *Articles of Association* of the subsidiary, the Company has established a governance structure of “Shareholders-Board of Directors-Management” at the subsidiary level, fully respecting the corporate governance guidelines of the subsidiaries, especially those of overseas subsidiaries. The Board of Directors of the subsidiary mainly consisted of some senior executives of Joyson Electronics, corporate management, externally hired senior professional managers and external non-executive directors. Under the premise of keeping pace with the headquarters of Joyson Electronics, the Board of Directors of the subsidiary was responsible for the key objectives, strategic planning and other development aspects of the subsidiary in the future;

(II) Developing a system for internal reporting of material information. In order to meet the governance requirements for information disclosure compliance for A-share listed companies, the Company has been implementing the *Regulations on Internal Reporting of Material Information* to its domestic and overseas subsidiaries since 2018. The document made clear multiple aspects such as the scope of material information, obligors for information reporting, internal reporting procedures and management responsibilities, effectively ensuring the rapid transmission, collection and management of material information between the parent company and the subsidiaries, and safeguarding the legitimate rights and interests of investors;

(III) Defining the position and boundaries of “Shareholders- Board of Directors-Management of overseas and domestic subsidiaries; setting clearly authorized quantitative targets in daily operations for the subsidiaries’ finance, sales, legal, procurement, human resources, general management and other dimensions;

(IV) Formulating a performance evaluation and incentive and restraint system for the subsidiaries;

(V) Implementing the ethical compliance system. The Company has been implementing the *Anti-Fraud Management Regulations, the Guidelines for the Protection of Business Secrets, the Policy on Conflict of Interest and Declaration of Specific Interest Relationships* and other policies since 2018 in order to strengthen corporate governance and internal control, reduce corporate risks, regulate business practices, and safeguard the legitimate rights and interests of the Company. The documents effectively regulated the conduct of senior and middle-level management and all employees of the Company and its subsidiaries, prompted all relevant personnel to strictly comply with relevant laws and regulations, professional ethics and the Company’s rules and regulations, and prevented acts that are detrimental to the interests of the Company and its shareholders from occurring.

**XIV. Information on the internal control audit report**

Applicable  Not applicable

KPMG Huazhen LLP (Special General Partnership) has audited the effectiveness of the Company’s internal control over financial reporting and issued the *Audit Report on Internal Control of Ningbo Joyson Electronic Corp.* (KPMG Huazhen SHEN ZI No. 2403532). For details, please refer to the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

Whether to disclose the internal control audit report: Yes

Type of opinion on the internal control audit report: Standard unqualified opinion

**XV. Rectification of problems identified in the Special Campaign to Improve the Governance of Listed Companies**

N/A

**XVI. Others**

Applicable  Not applicable

## Chapter 5 Environmental and Social Responsibility

### I. Environmental information

Whether to establish environmental protection-related mechanisms	Yes
Funds invested in environmental protection during the reporting period (Unit: RMB 10,000)	3,916

#### (I) Environmental issues of Company and its major subsidiaries belonging to key pollutant discharging units as announced by the environmental protection department

√ Applicable □ Not applicable

##### 1. Pollutant discharge information

√ Applicable □ Not applicable

During the reporting period, all of the Company's key domestic pollutant emission units strictly complied with the requirements of national and local pollutant emission standards. All of them applied for pollutant discharge permits or completed the registration of pollutant discharge permits and discharged pollutants in strict compliance with the requirements of pollutant discharge permits. They complied with the relevant emission standards, and the concentration of pollutants met the standards.

Company name	Type of pollutant	Major pollutants and characteristic pollutants	Permitted emission concentration limit value	Emission concentration	Way of discharge	Approved emissions of pollutant discharge permits	Total actual emissions for the year	Number of discharge outlets	Excess emissions	Pollutant emission standards implemented
Shanghai Lingang Joys on Safety Systems Co., Ltd.	Exhaust gas	VOCs	70mg/m <sup>3</sup>	2.18-8.76mg/m <sup>3</sup>	Organizationized emission standard after reaching the standard	6.1238	5.4042	5	N/A	DB31/933-2015 Emission limit values for atmospheric pollutant items
		Particulate matter	30mg/m <sup>3</sup>	1.0-1.3mg/m <sup>3</sup>		0.3519	0.0123	6	N/A	
	Wastewater	Chemical oxygen demand	500mg/L	4.0-92mg/L		4.979	1.2881	3	N/A	DB31/199-2018 Integrated Wastewater Discharge Standard Table 2 Level 3 standard
		Ammonia nitrogen	45mg/L	0.141-6.09mg/L		0.7075	0.1136	3	N/A	
		Total nitrogen	70mg/L	0.81-17mg/L		/	0.2461	3	N/A	
Noise	The noise at the factory boundary meets the Class 3 area standard in GB 12348-2008 <i>Emission standard for industrial enterprises noise at boundary</i>									
Ningbo Preh Joys	Exhaust gas	Volatile organic compounds	50~120 mg/m <sup>3</sup>	1.2~44.6mg/m <sup>3</sup>	Organizationized	/	/	6	N/A	Emission standard of air pollutants for industrial surface coating (DB33/2146-2018)
		Particulate	30~120	<20mg/m <sup>3</sup>	Organizationized	/	/	5	N/A	

on Auto moti ve Elec troni cs Co., Ltd.	matter	mg/m <sup>3</sup>		e d e m i s i o n s a f t e r r e a c h i n g t h e s t a n d a r d					Emission standard of pollutants for synthetic resin industry (GB31572-2015)  Integrated emission standard of air pollutants (GB16297-1996)
	Tin and its compounds	8.5mg/m <sup>3</sup>	0.004~0.008mg/m <sup>3</sup>		/	/	4	N/A	
	Acetate	50~60mg/m <sup>3</sup>	<0.006mg/m <sup>3</sup>		/	/	3	N/A	
	Benzene	1mg/m <sup>3</sup>	<0.004mg/m <sup>3</sup>		/	/	2	N/A	
	Odor concentration	800-1,000 (dimensionless quantity)	173~229mg/m <sup>3</sup>		/	/	2	N/A	
	Total volatile organic compounds	100~120 mg/m <sup>3</sup>	<0.01mg/m <sup>3</sup>		9.215	2.7732	2	N/A	
	Benzene series	40mg/m <sup>3</sup>	<0.01mg/m <sup>3</sup>		/	/	1	N/A	
	Nitrogen oxide	240mg/m <sup>3</sup>	<3mg/m <sup>3</sup>		/	/	1	N/A	
	Sulfur dioxide	550mg/m <sup>3</sup>	<3mg/m <sup>3</sup>		/	/	1	N/A	
	Non-methane total hydrocarbons	60mg/m <sup>3</sup>	2.44mg/m <sup>3</sup>		/	/	1	N/A	
Wastewater	pH value	6~9	7.3	/	/	1	N/A	Integrated Wastewater Discharge Standard GB 8978-1996	
	Suspended solids	400mg/L	73mg/L	/	/	1	N/A		
	BOD5	300mg/L	78.5mg/L	/	/	1	N/A		
	Chemical oxygen demand (COD)	500mg/L	172mg/L	/	/	1	N/A	Indirect discharge for emission limitation of nitrogen and phosphorus for industrial wastewater DB33/ 887 2013  Wastewater quality standards for discharge to municipal sewers GB/T31962-2015	
	Total nitrogen (as N)	70mg/L	61.6mg/L	/	/	1	N/A		
	Ammonia nitrogen (NH <sub>3</sub> -N)	35	33mg/L	/	/	1	N/A		
	Total phosphorus (as P)	8	6.64mg/L	/	/	1	N/A		
Noise	The noise at the factory boundary meets the Class 2 functional area standard in GB 12348-2008 <i>Emission standard for industrial enterprises noise at boundary</i>								

## 2. Construction and operation of anti-pollution facilities

√ Applicable □ Not applicable

During the reporting period, the Company mainly used RTO, RCO, hydrocyclone mist eliminator and activated carbon cotton adsorber to treat the exhaust gas, which were in good working condition, and discharged wastewater in accordance with the requirements of the local ecological and environmental authorities.

## 3. Environmental impact assessment of construction projects and other administrative permits for environmental protection

√ Applicable □ Not applicable

The Company conducts environmental impact assessment of construction projects and obtains approval in strict accordance with relevant laws, regulations and standards, and strictly implements administrative licensing matters such as environmental impact assessment approval, acceptance approval and discharge permit.

## 4. Emergency response plan for environmental emergencies

√ Applicable □ Not applicable

The Company and its subsidiaries have prepared emergency response plans for environmental emergencies in accordance with the relevant laws and regulations of the countries in which they are located and the actual situation, formulated special plans and on-site disposal plans according to actual needs, submitted them to the local ecological and environmental protection authorities for record in a timely manner, and revised and reviewed the emergency response plans according to the changes on site. As a result of the emergency drills for the plans, emergency response, environmental monitoring, emergency disposal and system operation have become increasingly compatible with the emergency plans to further prevent and effectively respond to environmental pollution emergencies.

## 5. Environmental self-monitoring program

Applicable  Not applicable

The Company has formulated its environmental self-monitoring program in accordance with the requirements of the discharge permit, EIA documents and the general rules of self-monitoring technical guidelines for discharge units, and has commissioned qualified third parties to regularly monitor the emissions and issue monitoring reports.

## 6. Administrative penalties imposed for environmental issues during the reporting period

Applicable  Not applicable

During the reporting period, Shanghai Lingang Joyson Safety Systems Co., Ltd., a subsidiary of the Company, received an administrative penalty decision (Pu No. 2230101047) from the Management Committee of Lin-gang Special Area of China (Shanghai) Pilot Free Trade Zone. This decision imposed an administrative fine of RMB 29,000 due to the failure to ensure the normal operation of monitoring equipment. The Company has already paid the fine and taken corrective actions to ensure the proper functioning of the monitoring equipment.

## 7. Other environmental information that should be disclosed

Applicable  Not applicable

### (II) Description of environmental protection conditions of companies except for key pollutant discharge units

Applicable  Not applicable

#### 1. Administrative penalties imposed for environmental issues

Applicable  Not applicable

#### 2. Refer to other environmental information disclosed by key pollutant discharge units

Applicable  Not applicable

The Company and its subsidiaries strictly abide by national laws and regulations on environmental protection in daily management and production operation, and pays attention to energy conservation, emission reduction and ecological environment protection. The Company has established an effective environmental risk management system, constantly strengthened environmental supervision and management, as well as the continuous transformation of environmental protection equipment and facilities, to ensure the normal operation of environmental protection equipment and facilities.

#### 3. Reason for non-disclosure of other environmental information

Applicable  Not applicable

### (III) Relevant information contributing to ecological protection, pollution prevention and control, and fulfillment of environmental responsibilities

Applicable  Not applicable

As a leading global automotive components supplier, the Company has been committed to the concept of green development and low-carbon development. While striving for business development, the Company constantly improves the efficiency of energy resource utilization, reduces pollutant emissions, and continuously explores new ideas of low-carbon operations based on production and operation practices. The Company has established an overall EHS management policy and management structure at the global level, formulated various internal policies such as the *Environmental Operation and Control Procedures*, put in place an environmental management system in accordance with ISO 14001, and continuously strived to achieve various environmental goals for environmental protection, energy conservation and emission reduction, etc.

#### (IV) Measures for carbon emission reduction and effect during the reporting period

Whether to adopt carbon reduction measures	Yes
Reduction of CO <sub>2</sub> equivalent emissions (Unit: ton)	44,966
Types of carbon reduction measures (e.g., using clean energy to generate electricity, using carbon reduction technologies in production processes, developing and producing new products that contribute to carbon reduction, etc.)	Energy-saving projects such as purchase of green power, PV power generation, liquid nitrogen cold energy reuse, thermal energy recovery and reuse, and frequency conversion of circulating water pumps; continuous promotion of ISO 50001 energy management system certification

Detailed description

Applicable  Not applicable

“Peaking carbon dioxide emissions” and “achieving carbon neutrality” are becoming a focus of global attention and a global consensus. In recent years, the Company has developed a low-carbon "Joyson model" path, aligning with its transition towards a more environmentally friendly approach. Regarding product development, the Company actively promotes lightweight and low-carbon design principles and consistently introduces environmentally friendly products. In energy management, the Company actively pursues carbon neutrality by sourcing green power externally, installing photovoltaic power generation facilities, and implementing various energy-saving and emission-reduction measures.

During the reporting period, the Company saw a significant increase in the reduction of carbon dioxide equivalent emissions compared to the previous period. This increase was primarily driven by an expanded scope of reporting in the current period, including the impact of purchasing renewable electricity on carbon dioxide reduction.

## II. Fulfillment of social responsibility

### (I) Whether to disclose a separate social responsibility report, sustainability report or ESG report

Applicable  Not applicable

During the reporting period, the Company fulfilled its own responsibilities in the areas of environment, safety, community and supply chain with respect to important issues of concern to the stakeholders, and achieved significant results in various aspects. For details, please refer to the Company's annual report on social responsibility and environmental, social and governance to be disclosed subsequently.

### (II) Details of fulfillment of social responsibility

Applicable  Not applicable

Detailed description

Applicable  Not applicable

**III. Consolidation and expansion of achievements in poverty alleviation and rural revitalization**

Applicable  Not applicable

Detailed description

Applicable  Not applicable

## Chapter 6 Significant Events

### I. Fulfillment of commitments

#### (I) Commitments fulfilled during the reporting period or not yet fulfilled as at the end of the reporting period by the parties to the undertakings such as the de facto controller, shareholders, related parties, purchasers of the Company and the Company

√ Applicable □ Not applicable

Background of Commitments	Type of Commitments	Promisor	Details of Commitment	Date of Commitment Making	Where there a time limit for performance	Term of Commitment	Fulfillment of Commitments
Commitments relating to material asset reorganization	Resolve horizontal competition issues	Joyson Group, Wang Jianfeng	The Company undertakes that as the largest shareholder of Deheng Company during its term, we will not engage in any other business that competes with the main business of Deheng Company, so as to ensure that the interests of Deheng Company and all shareholders are not harmed, as follows: 1. The Company will not engage in any other business directly or indirectly that competes with the main business of Deheng Company in any ways (including but not limited to its sole proprietorship, joint venture or ownership of shares and other interests of another company or enterprise); 2. The Company will take legal and effective measures to urge the Company's wholly-owned subsidiaries, holding subsidiaries and other enterprises controlled by the Company which existing or setting up in the future not to engage in other businesses that compete with the main business of Deheng Company; 3. If any other business opportunity obtained by the Company (including the existing or future subsidiaries of the Company and other enterprises controlled by the Company) is in competition with or may be in	10 January 2011	No	Long-term	Yes

			<p>competition with the main business of Deheng Company, the Company will immediately notify Deheng Company and give priority to the business opportunity to Deheng Company; 4. For the normal production and business activities of Deheng Company, the Company guarantees that it will not damage the interests of Deheng Company and minority shareholders of Deheng Company by taking advantage of its controlling shareholder status. The actual controller, Wang Jianfeng, undertakes that: 1. He will not engage in any business directly or indirectly that is in competition with the main business of Deheng Stock in any way (including but not limited to his sole proprietorship, joint venture or ownership of shares and other interests of another company or enterprise); 2. Legal and effective measures will be taken to urge existing or future wholly-owned subsidiaries, holding subsidiaries and other controlled enterprises not to engage in businesses that compete with the main business of Deheng Company; 3. If Any business opportunity obtained by Wang Jianfeng (including existing or future subsidiaries and other controlled enterprises) is in competition with or may be in competition with the main business of Deheng Company, it will immediately notify Deheng Company and give priority to Deheng Company for such business opportunity; 4. As for the normal production and business activities of Deheng Company, Wang Jianfeng guarantees that he will not damage the interests of Deheng Company and minority shareholders of Deheng Company by taking advantage of his status as the actual controller.</p>				
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	Resolve related-party transaction issues	Joyson Group, Wang Jianfeng	<p>1. Joyson Group shall not take advantage of its position and significant influence as the controlling shareholder of Deheng Company to seek that Deheng Company grant Joyson Group or other enterprises under its control the right to be superior to the third party in the market in business cooperation and other aspects; Wang Jianfeng shall not take advantage of its position and significant influence as the actual control to seek that Deheng Company grant myself or other enterprises under my control the right to be superior to the third party in the market in business cooperation and other aspects. 2. Joyson Group shall not take advantage of his position and significant influence as the controlling shareholder of Deheng Company to seek the priority right to conclude transactions with Deheng Company; Wang Jianfeng shall not take advantage of his position and significant influence as the actual controller of Deheng Company to seek the priority right to conclude transactions with Deheng Company. 3. Joyson Group/Wang Jianfeng and other enterprises controlled by Joyson Group/Wang Jianfeng shall not illegally occupy the funds and assets of Deheng Company under no circumstances, and shall not require Deheng Company to provide any form of guarantee to Joyson Group and Wang Jianfeng and other enterprises under Joyson Group/Wang Jianfeng control. 4. Joyson Group and Wang Jianfeng and other enterprises controlled by Joyson Group/Wang Jianfeng shall not perform unnecessary related party transactions, Joyson Group and Wang Jianfeng shall ensure that if it's necessary to perform related transactions inevitably: (1) Urge</p>	10 January 2011	No	Long-term	Yes
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			Deheng Company to implement the decision-making procedure of affiliated transaction in accordance with relevant laws, regulations and normative documents such as the <i>Company Law of the People's Republic of China</i> , the <i>Rules Governing the Listing of Stocks on Shanghai Stock Exchange</i> and the articles of association of Deheng Stock, and I shall strictly comply with the relevant provisions to perform the obligation of withdrawal voting of related shareholders; (2) Abide by the principles of equality and mutual benefit, honesty and credit, equal value and compensation, fair and reasonable trading, conduct transactions with Deheng Company at fair market prices, and do not engage in any behavior that damages the interests of Deheng Company by using such transactions; (3) Urge Deheng Company to fulfill information disclosure obligations and go through relevant approval procedures according to relevant laws and regulations and normative documents such as the <i>Company Law of the People's Republic of China</i> , the <i>Rules Governing the Listing of Stocks on Shanghai Stock Exchange</i> and the articles of association of Deheng Company.				
	Asset injection	Joyson Group, Wang Jianfeng	Guarantee listed company "independent personnel, independent assets, independent financial, independent institutions, independent business".	10 January 2011	No	Long-term	Yes
	Restrictions on dealings in shares	Joyson Holding Co., Ltd.	(1) The Company's ownership of shares in Deheng Company may not be transferred or entrusted to another party for management, nor may these shares be repurchased by Deheng Company, for a period of 36 months from the date of registration of the private offering shares in the Company's name. In accordance with the <i>Agreement on Profit Compensation</i> signed by the parties, aside from the	10 January 2011	No	Long-term	Yes

			share repurchase conducted by Deheng Company, all actions were carried out in compliance with the relevant provisions of the China Securities Regulatory Commission and the Shanghai Stock Exchange. (2) If the secondary market price of Deheng Company shares falls below RMB 20 per share (adjusted for any ex-dividend or ex-rights actions such as dividends, bonuses, capital increases, new share issuances, or share allotments), the Company will refrain from reducing its current holdings of Deheng Company shares.				
	Resolve horizontal competition issues	Joyson Group	The Company undertakes that, during the period when it is the largest shareholder of Joyson Electronics, it will not engage in any other business that competes with the main business of Joyson Electronics, to ensure that the interests of Joyson Electronics and all shareholders will not be damaged, as follows: A. The Company will not, directly or indirectly, engage in any other business that competes with the main business of Joyson Electronics in any way (including but not limited to its sole proprietorship, joint venture or ownership of shares and other interests in another company or enterprise). B. The Company will take legal and effective measures to prevent wholly owned subsidiaries, holding subsidiaries and other enterprises controlled by the Company from which existing or setting up in the future engaging in other businesses that compete with the main business of Joyson Electronics. C. If the Company (including its existing or future subsidiaries and other enterprises under the control of the Company) has any other business opportunity that is competitive with or may be competitive with the main business of Joyson Electronics, the Company will immediately notify	26 May 2012	No	Long-term	Yes

			Joyson Electronics and give priority to Joyson Electronics to give such business opportunity. D. As for the normal production and business activities of Joyson Electronics, the Company shall not damage the interests of Joyson Electronics and its minority shareholders by taking advantage of its controlling shareholder status. The Company warrants that it has the right to sign this letter of commitment, and this letter of commitment, once signed by the Company, constitutes a valid, legal, binding and irrevocable liability of the Company.				
	Resolve horizontal competition issues	Wang Jianfeng	During the period when Joyson Group is the largest shareholder of Joyson Electronics, I and other enterprises under my control will not engage in businesses that compete with the main business of Joyson Electronics, so as to ensure that the interests of Joyson Electronics and all shareholders will not be damaged, and I hereby undertake as follows: ① I will not, directly or indirectly, engage in any business that competes with the main business of Joyson Electronics in any way (including but not limited to my sole proprietorship, joint venture or ownership of shares and other interests in another company or enterprise). ② I will take legal and effective measures to prevent my existing or future wholly owned subsidiaries, holding subsidiaries and other enterprises under my control from engaging in businesses that compete with the main business of Joyson Electronics. ③ If I (including my existing or future subsidiaries and other companies under my control) have any business opportunity that is competitive with or likely to be competitive with Joyson Electronics' main business, I will immediately notify Joyson Electronics and give priority to Joyson Electronics for such business	26 May 2012	No	Long-term	Yes

			<p>opportunity. ④ As for the normal production and business activities of Joyson electronics, I guarantee that I will not damage the interests of Joyson Electronics and minority shareholders of Joyson Electronics by using the status of actual controller. Once signed, this letter of commitment shall constitute a valid, legal, binding and irrevocable liability for me.</p>				
	Resolve related-party transaction issues	Joyson Group	<p>In order to reduce and standardize related party transactions between the Joyson Group and the enterprises under Joyson Group control with Joyson Electronics and ensure that the interests of all shareholders of Joyson Electronics are not damaged, the Company promises as follows during the period of the largest shareholder of Joyson Electronics: ① Joyson Group shall not take advantage of its position and significant influence as the controlling shareholder of Joyson Electronics to seek that Joyson Electronics grant Joyson Group or other enterprises under its control the right to be superior to the third party in the market in business cooperation and other aspects. ② Joyson Group shall not take advantage of his position and significant influence as the controlling shareholder of Joyson Electronics to seek the priority right to conclude transactions with Joyson Electronics. ③ Joyson Group shall not illegally occupy the funds and assets of Joyson Electronics under no circumstances, and shall not require Joyson Electronics to provide any form of guarantee to Joyson Group and other enterprises under Joyson Group control. ④ Joyson Group and other enterprises controlled by Joyson Group shall not perform unnecessary related party transactions. Joyson Group should ensure that if it's necessary to</p>	26 May 2012	No	Long-term	Yes

			perform related transactions inevitably: A. Urge Joyson Electronics to implement the decision-making procedure of affiliated transaction in accordance with relevant laws, regulations and normative documents such as the <i>Company Law of the People's Republic of China</i> , the <i>Rules Governing the Listing of Stocks on Shanghai Stock Exchange</i> and the articles of association of Joyson Electronics, and I shall strictly comply with the relevant provisions to perform the obligation of withdrawal voting of related shareholders; B. Abide by the principles of equality and mutual benefit, honesty and credit, equal value and compensation, fair and reasonable trading, conduct transactions with Joyson Electronics at fair market prices, and do not engage in any behavior that damages the interests of Joyson Electronics by using such transactions; C. Urge Joyson Electronics to fulfill information disclosure obligations and go through relevant approval procedures according to relevant laws and regulations and normative documents such as the <i>Company Law of the People's Republic of China</i> , the <i>Rules Governing the Listing of Stocks on Shanghai Stock Exchange</i> and the articles of association of Joyson Electronics. The Company warrants that it has the right to sign this letter of commitment, and this letter of commitment, once signed by the Company, constitutes a valid, legal, binding and irrevocable liability of the Company.				
	Resolve related-party transaction issues	Wang Jianfeng	In order to reduce and standardize related party transactions between the enterprises under my control with Joyson Electronics and ensure that the interests of all shareholders of Joyson Electronics are not damaged, I promise as follows during the period of the actual controller of Joyson Electronics:	26 May 2012	No	Long-term	Yes

		<p>① I shall not take advantage of its position and significant influence as the actual controller of Joyson Electronics to seek that Joyson Electronics grant me or other enterprises under my control the right to be superior to the third party in the market in business cooperation and other aspects. ② I shall not take advantage of the status and significant influence as the actual controller of Joyson Electronics to seek the priority right to conclude transactions with Joyson Electronics. ③ I and the enterprises under my control shall not illegally occupy the funds and assets of Joyson Electronics under no circumstances, and shall not require Joyson Electronics to provide any form of guarantee to me and other enterprises under my control. ④ I and other enterprises controlled by me shall not perform unnecessary related party transactions. I shall ensure that if it's necessary to perform related transactions inevitably: A. Urge Joyson Electronics to implement the decision-making procedure of affiliated transaction in accordance with relevant laws, regulations and normative documents such as the <i>Company Law of the People's Republic of China</i>, the <i>Rules Governing the Listing of Stocks on Shanghai Stock Exchange</i> and the articles of association of Joyson Electronics, and I shall strictly comply with the relevant provisions to perform the obligation of withdrawal voting of related shareholders; B. Abide by the principles of equality and mutual benefit, honesty and credit, equal value and compensation, fair and reasonable trading, conduct transactions with Joyson Electronics at fair market prices, and do not engage in any behavior that damages the interests of Joyson Electronics by using such transactions; C. Urge Joyson</p>				
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			Electronics to fulfill information disclosure obligations and go through relevant approval procedures according to relevant laws and regulations and normative documents such as the <i>Company Law of the People's Republic of China</i> , the <i>Rules Governing the Listing of Stocks on Shanghai Stock Exchange</i> and the articles of association of Joyson Electronics.				
	Asset injection	Joyson Group	<p>① Ensure the independence of personnel of the listed company: A. Ensure that the general manager, deputy general manager, CFO, secretary of the board of directors and other senior management personnel of the listed company are full-time employed and paid by the listed company, and do not hold any position other than director and supervisor in the Company. B. Ensure complete independence between the labor, personnel and wage management of the listed company and Joyson Group. C. The selection of directors, supervisors, managers, and other senior management personnel recommended by the Company to the listed company shall be carried out through legal procedures and shall not interfere with the appointment and removal decisions made by the board of directors and the general meeting of shareholders.</p> <p>② Guarantee the independence and integrity of listed companies' assets: A. Guarantee that listed companies have business systems related to operations and independent and complete assets. B. Ensure that the listed company's funds or assets occupied by the Company. C. Ensure that the domicile of the listed company is independent of the Company.</p> <p>③ Ensure the financial independence of listed companies: A. Ensure that listed companies</p>	26 May 2012	No	Long-term	Yes

		<p>establish independent financial departments and independent financial accounting system and the standard and independent financial accounting institution. B. Ensure that listed companies open bank accounts independently and do not share bank accounts with the Company. C. Ensure that financial personnel of listed companies do not take part-time jobs in the Company. D. Ensure that listed companies pay tax independently in accordance with the law. E. Guarantee that the listed company can make financial decisions independently, and the Company will not interfere in the use of funds of the listed company. ④ Ensure the institutional independence of listed companies: A. Ensure that listed companies establish and improve the corporate governance structure, have an independent and complete organizational structure. B. Ensure that the general meeting of shareholders, board of directors, independent directors, board of supervisors and general manager of the listed company independently exercise their functions and powers in accordance with laws, regulations, and the Company's article of association. ⑤ Ensure the business independence of the listed company: A. Ensure that the listed company has the assets, personnel, qualifications, and ability to carry out business activities independently, and has the ability to operate independently in the market. B. The Company shall not interfere in the business activities of the listed company except through the exercise of shareholders' rights. C. Ensure that the Company and its holding subsidiaries or other affiliated companies avoid engaging in businesses that are materially competitive with listed companies. D. Ensure that related party</p>				
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			transactions between the Company and its holding subsidiaries with listed companies are minimized; In the event of necessary and unavoidable affiliated party transactions, it shall ensure fair operation in accordance with market principles and fair prices, and perform transaction procedures and information disclosure obligations in accordance with relevant laws, regulations and normative documents.				
	Asset injection	Wang Jianfeng	<p>① Ensure the independence of personnel of the listed company: A. Ensure that the general manager, deputy general manager, chief financial officer, secretary of the board of directors and other senior management personnel of the listed company are full-time employed and paid by the listed company, and do not hold any position other than director and supervisor in the Company. B. Ensure complete independence between the labor, personnel and wage management of the listed company and other enterprises under my control.</p> <p>② Guarantee the independence and integrity of listed companies' assets: A. Guarantee that listed companies have business systems related to operations and independent and complete assets. B. Ensure that the listed company's funds or assets occupied by other enterprises under my control. C. Ensure that the domicile of the listed company is independent of other enterprises under my control.</p> <p>③ Ensure the financial independence of listed companies: A. Ensure that listed companies establish independent financial departments and independent financial accounting system and the standard and independent financial accounting institution. B. Ensure that listed companies open bank accounts independently and do not share</p>	26 May 2012	No	Long-term	Yes

			<p>bank accounts with other enterprises under my control. C. Ensure that financial personnel of listed companies do not take part-time jobs in other enterprises under my control. D. Ensure that listed companies pay tax independently in accordance with the law. ④ Ensure the institutional independence of listed companies: A. Ensure that listed companies establish and improve the corporate governance structure, have an independent and complete organizational structure. B. Ensure that the general meeting of shareholders, board of directors, independent directors, board of supervisors and general manager of the listed company independently exercise their functions and powers in accordance with laws, regulations, and the Company's article of association. ⑤ Ensure the business independence of the listed company: A. Ensure that the listed company has the assets, personnel, qualifications, and ability to carry out business activities independently, and has the ability to operate independently in the market. B. Ensure that other enterprises under my control avoid engaging in businesses that are materially competitive with listed companies. C. Ensure that related party transactions between the Company and its holding subsidiaries with listed companies are minimized; In the event of necessary and unavoidable affiliated party transactions, it shall ensure fair operation in accordance with market principles and fair prices, and perform transaction procedures and information disclosure obligations in accordance with relevant laws, regulations and normative documents.</p>				
	Others	Joyson Group,	As of the date of issuance of this letter of commitment, My/the Company's stock pledge	August 2020	Yes	Duration of	Yes

Commitments relating to refinancing		Wang Jianfeng	financing is due to legitimate financing needs, and the funds incorporated into the stock pledge have not been used for illegal purposes, and there is no overdue repayment of principal and interest or any other default situation.			equity pledge	
	Others	Joyson Group, Wang Jianfeng	I/the Company will urge the debtors guaranteed by the stock pledge of Joyson Electronics to repay their debts on time, and ensure that the stock of Joyson Electronics held by me/the Company will not be exercised by the pledgee due to the debtor's overdue repayment of debts or other breaches of contract.	August 2020	Yes	Duration of equity pledge	Yes
	Others	Joyson Group, Wang Jianfeng	I/we will pay attention to the trend of the stock in the secondary market positively, completes the warning attention and transfer flexible the overall financing arrangements in time, in the event of the Joyson electronic stock pledged of myself/the Company reach the warning line, closeout line, or the pledgee to exercise the pledgee's situation, I/the Company will actively negotiate with the pledgee (creditor), by taking measures such as margin call, additional provision of collateral, cash repayment or advance buyback, I/the Company shall try to avoid exercising the pledge right of Joyson Electronics shares held by myself/the Company and avoid changing the controlling shareholder and actual controller of Joyson Electronics.	August 2020	Yes	Duration of equity pledge	Yes
	Others	Directors and senior management of the Company	In view of the Company's intention to make a non-public offering of ordinary shares denominated in RMB (A shares) to specific targets, Joyson Group (hereinafter referred to as the "Non-Public Offering"). In order to safeguard the legitimate rights and interests of the Company and all shareholders, the directors and/or senior management of the Company make the following commitments in	13 May 2022	No	Long-term	Yes

			<p>accordance with the relevant regulations of the CSRC: "1. I undertake not to transfer benefits to other units or individuals without compensation or on unfair terms, or to damage the interests of the Company in other ways; 2. I undertake to exercise restraint in my official consumption behavior; 3. I undertake not to use the Company's assets to engage in investment or consumption activities unrelated to the performance of my duties; 4. I agree that the remuneration system formulated by the Board of Directors or the Remuneration and Evaluation Committee is linked to the implementation of the Company's measures to fill returns; 5. I agree that if the Company intends to implement equity incentives for me in the future, the exercise conditions of the Company's equity incentives will be linked to the implementation of the Company's measures to fill returns; 6. After the date of this undertaking and before the completion of the implementation of this non-public offering, if the CSRC, the stock exchange and other securities regulatory authorities make other new regulatory provisions regarding the measures to fill returns and their undertakings, and if the relevant contents of this undertaking cannot meet such provisions of the CSRC, the stock exchange and other securities regulatory authorities, I undertake to issue additional undertakings at that time in accordance with the latest provisions of the CSRC, the stock exchange and other securities regulatory authorities; 7. I undertake to effectively implement the relevant measures to fill returns established by the Company and any commitments I have made in this regard to fill returns. If I violate such commitments and cause losses to the Company or</p>				
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			investors, I am willing to bear the corresponding compensation responsibility in accordance with the law. ”				
	Others	Joyson Group, Wang Jianfeng	In view of the Company's intention to make a non-public offering of ordinary shares denominated in RMB (A shares) to specific targets, Joyson Group (hereinafter referred to as the "Non-Public Offering"). In order to safeguard the legitimate rights and interests of the Company and all shareholders, the controlling shareholder of the Company, Joyson Group, and the de facto controller, Wang Jianfeng, make the following commitments in accordance with the relevant regulations of the CSRC: "1. I/The Company undertake(s) not to interfere with the business management activities of the Company beyond my/the Company's authority and not to encroach on the interests of the Company; 2. After the date of this undertaking and before the completion of the implementation of this non-public offering, if the CSRC, the stock exchange and other securities regulatory authorities make other new regulatory provisions regarding the measures to fill returns and their undertakings, and if the relevant contents of this undertaking cannot meet such provisions of the CSRC, the stock exchange and other securities regulatory authorities, I/the Company undertake to issue additional undertakings at that time in accordance with the latest provisions of the CSRC, the stock exchange and other securities regulatory authorities; 3. I/The Company undertake(s) to effectively implement the relevant measures to fill returns established by the Company and any commitments I/the Company have/has made in this regard to fill returns. If I violate such commitments and cause losses to the	13 May 2022	No	Long-term	Yes

			Company or investors, I/the Company am/is willing to bear the corresponding compensation responsibility in accordance with the law. ”				
	Others	Joyson Group	In view of the fact that Ningbo Joyson Electronic Corp. (hereinafter referred to as “Joyson Electronics”) intends to apply to issue no more than 40,616,919 (including 40,616,919) ordinary shares denominated in RMB (A Share) to the controlling shareholder Joyson Holding Co., Ltd., the Company, as the subscriber of the issue, hereby undertakes the following with respect to the relevant information of the Company and the source of funds for the subscription: “1. The Company has the ability to subscribe for the issue of shares. The funds for the subscription are from the Company’s own funds or self-financing funds. There is no external fund raising, holding, structuring arrangement or direct or indirect use of funds of Joyson Electronics and its related parties other than the Company for the subscription. Except for the participation of the Company in the issue as a subscriber to the issue, there are no cases of financial assistance, compensation, promise of benefits or other agreed arrangements provided to the Company by the issuer, its de facto controller or major shareholders directly or through their stakeholders. 2. The Company undertakes not to have the following circumstances: (1) Shareholding prohibited under relevant laws and regulations; (2) Shareholding by intermediaries of this issue or their principals, senior management, managers and other personnel in violation of the law; (3) Improper transfer of benefits. 3. All shareholders of the Company are natural persons and do not belong to companies without actual business operations, and there are no	14 April 2023	Yes	From the issuance of the commitment letter to the completion of the issuance of A shares to specific targets	Yes

			irregular shareholdings or improper transfer of benefits. 4. None of the natural shareholders of the Company is a person who has left the Securities Regulatory Commission system and does not involve the shareholding of persons who have left the Securities Regulatory Commission system. ”				
	Restrictions on dealings in shares	Joyson Group	In view of the fact that Ningbo Joyson Electronic Corp. (hereinafter referred to as “Joyson Electronics”) intends to apply to issue no more than 40,616,919 (including 40,616,919) ordinary shares denominated in RMB (A Share) (hereinafter referred to as “the Offering”) to the controlling shareholder Joyson Holding Co., Ltd. (hereinafter referred to as “the Company”), the Company, as the subscriber of the Offering, hereby undertakes the following commitments in respect of the matters related to the Offering: “1. The shares of Joyson Electronics acquired by the Company through the Offering shall not be transferred or sold for a period of 36 months from the date of the closing of the Offering (the foregoing period hereinafter referred to as the “restriction of sale period”). After the completion of the Offering and up to the date of the expiry of the restriction of sale period, any additional shares held by the Company as a result of share dividends or transfer of shares from capital reserve to shareholders of Joyson Electronics shall also be subject to the aforesaid restriction of sale arrangement. 2. The shares of Joyson Electronics already held by the Company prior to the Offering will not be transferred or sold for a period of 18 months from the date of closing of the Offering. ”	12 April 2023	Yes	36 months and 18 months after completion of the public offering	Yes

**(II) If there is a profit forecast for the Company's assets or projects, and the reporting period is still within the period of profit forecast, the Company makes an explanation as to**

**whether the assets or projects have achieved the original profit forecast**

Achieved  Failed  Not applicable

**(III) Completion of performance commitments and their impact on goodwill impairment testing**

Applicable  Not applicable

**II. Information on non-operating use of funds by controlling shareholders and other related parties during the reporting period**

Applicable  Not applicable

**III. Information on illegal guarantee**

Applicable  Not applicable

**IV. Statement by the Board of Directors of the Company on the “Non-Standard Opinion Audit Report” issued by the accounting firm**

Applicable  Not applicable

**V. The Company’s analysis of and explanation on the reasons and effects of changes in accounting policies, accounting estimates or corrections to significant accounting errors****(I) The Company’s analysis of and explanation on the reasons and effects of changes in accounting policies and accounting estimates**

Applicable  Not applicable

The Company made changes and adjustments to its accounting policies and accounting subjects in accordance with the Accounting Standards for Business Enterprises issued or revised by the Ministry of Finance, which did not have a significant impact on its financial status and business results.

**(II) The Company’s analysis of and explanation on the reasons and effects of corrections to significant accounting errors**

Applicable  Not applicable

**(III) Communication with previous accounting firm**

Applicable  Not applicable

**(IV) Approval process and others**

Applicable  Not applicable

**VI. Appointment and dismissal of accounting firm**

Unit: 10,000 yuan Currency: RMB

	Current accounting firm
Name of domestic accounting firm	KPMG Huazhen (Special General Partnership)
Remuneration of domestic accounting firm	395
Service year of domestic accounting firm	7
Name of certified public accountants of domestic accounting firm	Wang Qi, Xu Wenbin
Cumulative number of years of audit services provided by certified public accountants of domestic accounting firm	Wang Qi 1 year, Xu Wenbin 1 year
Name of foreign accounting firm	N/A
Remuneration of foreign accounting firm	N/A
Service year of foreign accounting firm	N/A

	Name	Remuneration
Accounting firm for internal control auditing	KPMG Huazhen (Special General Partnership)	295
Financial consultant		
Sponsor	China International Capital Corporation Limited	522

Description of the appointment and dismissal of accounting firm

Applicable  Not applicable

The 33rd Meeting of the 10th Board of Directors of the Company and the 2022 Annual General Meeting considered and approved the *Proposal to renew the employment of KPMG Hua Zhen*

(*Special General Partnership*) and agreed to re-appoint KPMG Hua Zhen (Special General Partnership) as the financial auditor and internal control auditor of the Company for 2023.

Description of changing accounting firm during the audit period

Applicable  Not applicable

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

Applicable  Not applicable

## **VII. Information on the risk of delisting**

### **(I) Causes of delisting risk warning**

Applicable  Not applicable

### **(II) Countermeasures the Company intends to take**

Applicable  Not applicable

### **(III) Information on and reasons for the termination of listing**

Applicable  Not applicable

## **VIII. Matters related to bankruptcy reorganization**

Applicable  Not applicable

## **IX. Material litigation and arbitration matters**

During the reporting period, the Company had material litigation and arbitration matters  
 During the reporting period, the Company did not have any material litigation or arbitration

## **X. Information on punishment and rectification of the listed company and its directors, supervisors, senior management, controlling shareholders, and de facto controllers due to violations of laws and regulations**

Applicable  Not applicable

## **XI. Integrity of the Company and its controlling shareholders and de facto controllers during the reporting period**

Applicable  Not applicable

## **XII. Substantial connected transactions**

### **(I) Connected transactions in the ordinary course of business**

#### **1. Matters that have been disclosed in the provisional announcements without progress or change in subsequent implementation**

Applicable  Not applicable

#### **2. Matters that have been disclosed in the provisional announcements with progress or change in subsequent implementation**

Applicable  Not applicable

Overview	Query
The Company's 2022 Annual General Meeting considered and approved the <i>Proposal on forecasting daily related party transactions in 2023</i> , approving the Company's proposed lease	For details, please refer to the Information of the <i>2022 Annual General Meeting of Joyson Electronics</i> disclosed on the website of the SSE ( <a href="http://www.sse.com.cn">http://www.sse.com.cn</a> ) on April 13, 2023 and

<p>of properties to related parties totaling approximately RMB 13.01 million, proposed acceptance of labor services from related parties totaling RMB 30.82 million, proposed provision of labor services to related parties totaling RMB 4.93 million, proposed sale of goods to related parties totaling around RMB 36.75 million, and proposed purchase of goods from related parties totaling around RMB 362 million in 2023.</p>	<p>the <i>2022 Annual General Meeting resolution announcement of Joyson Electronics</i> (Announcement No.: Lin 2023-033) disclosed on the website of the Stock Exchange (<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>) on April 21, 2023.</p>
<p>The 15th Meeting of the 11th Board of Directors and the 8th Meeting of the 11th Board of Supervisors of the Company considered and approved the <i>Proposal on forecasting daily related party transactions in 2024</i>. The Company actually leased properties to related parties totaling approximately RMB 13.57 million, actually received labor services from related parties totaling approximately RMB 27.80 million, actually provided labor services to related parties totaling approximately RMB 5.69 million, actually sold goods to related parties totaling approximately RMB 51.45 million and actually purchased goods from related parties totaling approximately RMB 331 million in 2023. The total amount of the above daily related party transactions actually occurred was approximately RMB 429 million, which did not exceed the total amount of RMB 448 million estimated at the beginning of the year. The matter will also be submitted to the Company's General Meeting for consideration.</p>	<p>For details, please refer to the <i>Announcement of Joyson Electronics on the forecast of daily related party transactions for 2024</i> (Announcement No.: Lin 2024-014) disclosed on the website of the Shanghai Stock Exchange (<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>) on 28 March 2024.</p>

### 3. Matters that have not been disclosed in the provisional announcements

Applicable  Not applicable

#### (II) Related party transactions arising from the acquisition and sale of assets or equity

##### 1. Matters that have been disclosed in the provisional announcements without progress or change in subsequent implementation

Applicable  Not applicable

Overview	Query
<p>In December 2023, the Company acquired a 2.9093% stake in JoyNext from Zhoushan Junying Enterprise Management Consulting Partnership (Limited Partnership) and Zhoushan Junxing Enterprise Management Consulting Partnership (Limited Partnership), which are equity incentive platforms of its controlling subsidiaries. The transaction amounted to RMB 122,190,500.</p>	<p>For details, please refer to the <i>Announcement on acquisition of shares of equity incentive holding platform of controlling subsidiaries and related party transactions</i> disclosed by the Company on 22 December 2023</p>

##### 2. Matters that have been disclosed in the provisional announcements with progress or change in subsequent implementation

Applicable  Not applicable

**3. Matters that have not been disclosed in the provisional announcements**

Applicable  Not applicable

**4. In case of performance agreement, information on performance realization during the reporting period shall be disclosed**

Applicable  Not applicable

**(III) Substantial connected transactions of joint outbound investment****1. Matters that have been disclosed in the provisional announcements without progress or change in subsequent implementation**

Applicable  Not applicable

**2. Matters that have been disclosed in the provisional announcements with progress or change in subsequent implementation**

Applicable  Not applicable

**3. Matters that have not been disclosed in the provisional announcements**

Applicable  Not applicable

**(IV) Credits and debts with connected parties****1. Matters that have been disclosed in the provisional announcements without progress or change in subsequent implementation**

Applicable  Not applicable

**2. Matters that have been disclosed in the provisional announcements with progress or change in subsequent implementation**

Applicable  Not applicable

**3. Matters that have not been disclosed in the provisional announcements**

Applicable  Not applicable

**(V) Financial businesses among the Company, related financial companies, financial companies controlled by the Company, and connected parties**

Applicable  Not applicable

**(VI) Others**

Applicable  Not applicable

**XIII. Material contracts and their enforcement****(I) Custody, contracting and leasing****1. Custody**

Applicable  Not applicable

**2. Contracting**

Applicable  Not applicable

**3. Leasing**

Applicable  Not applicable

**(II) Guarantee**

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

External guarantees of the Company (excluding guarantees to its subsidiaries)														
Guarantor	Relationship between the Guarantor and the listed company	Secured party	Amount of guarantee	Date of guarantee (date of signature of agreement)	Guarantee start date	Guarantee maturity date	Guarantee type	Collateral (if any)	Has the guarantee been fulfilled	Is the guarantee overdue	Overdue amount under guarantee	Counter guarantee	Related-party guarantee or not	Association relationship
Total amount of guarantee during the Reporting Period (excluding guarantee for subsidiaries)														
Total guarantee balance at the end of the Reporting Period (A) (excluding guarantee for subsidiaries)														
Guarantees of the Company and its subsidiaries for subsidiaries														
Total amount of guarantee for subsidiaries during the Reporting Period						12,449,389,622.66								
Total guarantee balance to subsidiaries at the end of the Reporting Period (B)						9,634,933,232.47								
Total amount of the Company's guarantee (including guarantee for subsidiaries)														
Total guarantee amount (A+B)						9,634,933,232.47								
Proportion of total guarantee amount to the Company's net assets (%)						70.95								
Including:														
Amount of guarantee provided for shareholders, actual controller and their related parties (C)														
Amount of debt-related guarantee provided directly or indirectly for the guaranteed parties with asset-liability ratio exceeding 70% (D)														
Amount of total guarantee exceeding 50% of net assets (E)						2,845,416,027.99								

Total amount of guarantees in the above three items (C+D+E)	2,845,416,027.99
Descriptions of possible joint and several liability for repayment under ongoing guarantee	
Descriptions of guarantee	In 2023, the amount of the Company's guarantee to subsidiaries was USD 599,596,477.94, EUR 420,508,102.55, JPY 20,683,000,000.00, RMB 2,966,820,000.00, and RMB 895,875,000.00 offshore. Total guarantee balance to subsidiaries at the end of the reporting period was USD 292,216,654.04, EUR 399,482,981.47, JPY 19,648,850,000.00, RMB 2,546,600,000.00, and RMB 895,875,000.00 offshore. The exchange rates are 7.0827 Yuan per USD, 7.8592 Yuan per Euro, 0.0502 Yuan per Yen, and 0.9964 Yuan per Yuan offshore.

### (III) Information on entrusting others to manage cash assets

#### 1. Commissioned financial management

##### (1) Overview of commissioned financial management

Applicable  Not applicable

Unit: Yuan Currency: RMB

Type	Source of Finance	Amount incurred	Undue balance	Overdue unrecovered amount
Trust financing products	Internal funds	110,000,000	46,066,458.31	
Bank financing products	Internal funds	460,000,000	180,000,000.00	

#### Others

Applicable  Not applicable

**(2) Individual commissioned financial management**

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Trustee	Type	Amount	Start date	Expiry date	Source s of fund	Use of fund	Existen ce of restrict ed circum stances	Determi nation of remuner ation	Annualiz ed rate of return	Expe cted gains (if any)	Actual gains or losses	Amounts outstanding	Over due unre cover ed amo unt	Compli ance with statuto ry proced ures	Wheth er there is a plan to entrust financi al manag ement in the future	Amo unt of provi sion for impair ment (if any)
China Industrial Trust	Trust financing products	110,000,000.00	2017/7/21	2025/2/11	Internal funds	Non principal-guaranteed floating income products	No	Determined in agreement	8.00%		15,444,921.46	46,066,458.31		Yes		
Industrial and Commercial Bank of China	Bank financing products	210,000,000.00	2022/10/21	2023/1/31	Internal funds	Non principal-guaranteed floating income products	No	Determined in agreement	2.25%		228,974.78			Yes		
Bank of China	Bank financing products	49,750,000.00	2022/11/7	2023/2/7	Internal funds	Non principal-guaranteed floating income products	No	Determined in agreement	2.40%		246,809.07			Yes		
Bank of China	Bank financing products	50,250,000.00	2022/11/7	2023/2/7	Internal funds	Non principal-guaranteed floating income products	No	Determined in agreement	2.40%		-2,478.07			Yes		
China Construction Bank	Bank financing products	40,000,000.00	2022/12/30	2023/1/4	Internal funds	Non principal-guaranteed floating income products	No	Determined in agreement	2.44%		2,614.61			Yes		
Industrial and Commercial Bank of China	Bank financing products	210,000,000.00	2023/2/7	2023/5/18	Internal funds	Non principal-guaranteed floating income products	No	Determined in agreement	2.10%		1,726,027.40			Yes		
Bank of China	Bank financing products	49,750,000.00	2023/2/20	2023/5/22	Internal funds	Non principal-guaranteed floating income products	No	Determined in agreement	2.40%		168,980.21			Yes		

Bank of China	Bank financing products	50,250,000.00	2023/2/20	2023/5/23	Internal funds	Non principal-guaranteed floating income products	No	Determined in agreement	2.40%		682,014.36			Yes		
Industrial and Commercial Bank of China	Bank financing products	150,000,000.00	2023/5/24	2023/9/5	Internal funds	Non principal-guaranteed floating income products	No	Determined in agreement	2.10%		1,282,191.78			Yes		
Bank of China	Bank financing products	31,000,000.00	2023/6/26	2023/9/24	Internal funds	Non principal-guaranteed floating income products	No	Determined in agreement	1.99%		199,402.19			Yes		
Bank of China	Bank financing products	29,000,000.00	2023/6/26	2023/9/25	Internal funds	Non principal-guaranteed floating income products	No	Determined in agreement	2.02%		99,394.52			Yes		
Industrial and Commercial Bank of China	Bank financing products	100,000,000.00	2023/9/8	2023/12/18	Internal funds	Non principal-guaranteed floating income products	No	Determined in agreement	2.15%		830,136.99			Yes		
Industrial and Commercial Bank of China	Bank financing products	180,000,000.00	2023/12/21	2024/4/3	Internal funds	Non principal-guaranteed floating income products	No	Determined in agreement	2.15%		107,950.68	180,000,000.00		Yes		
China Construction Bank	Bank financing products	40,000,000.00	2023/12/22	2023/12/27	Internal funds	Non principal-guaranteed floating income products	No	Determined in agreement	2.15%		11,759.10			Yes		

**Others**

Applicable  Not applicable

**(3) Provision for impairment of commissioned funds**

Applicable  Not applicable

**2. Commissioned loans**

**(1) Overview of commissioned loans**

Applicable  Not applicable

**Others**

Applicable  Not applicable

**(2) Individual commissioned loan**

Applicable  Not applicable

**Others**

Applicable  Not applicable

**(3) Provision for impairment of commissioned loan**

Applicable  Not applicable

**3. Others**

Applicable  Not applicable

**(IV) Other material contracts**

Applicable  Not applicable

**XIV. Explanation of the progress of the use of proceeds**

Applicable  Not applicable

**(I) Overall use of proceeds**

Applicable  Not applicable

Unit: Yuan

Sources of proceeds	Time to put proceeds in place	Total amount of proceeds	Including: oversubscribed fund amount	Net proceeds after issue expenses	Total committed investment of proceeds	Adjusted total committed investment of proceeds (1)	Cumulative total committed investment of proceeds as of the end of the reporting period (2)	Cumulative progress of investment as at the end of the reporting period (%) (3) = (2)/(1)	Amount invested during the year (4)	Percentage of current year's amount invested (%) (5) = (4)/(1)	Total amount of proceeds from change of use
Issue of shares to specific targets	22 October 2020	2,499,999,992.49	-	2,473,565,317.48	2,500,000,000.00	2,473,565,317.48	2,145,990,143.20	87	156,020,059.15	6	-
Issue of shares to specific targets	5 July 2023	365,146,101.81	-	354,972,618.25	369,207,800.00	354,972,618.25	354,972,618.25	100	354,972,618.25	100	-

**(II) Breakdown of equity investment projects**

√ Applicable □ Not applicable

Unit: Yuan

Item	Project nature	Whether it involves a change of direction	Sources of proceeds	Time to put proceeds in place	Whether to use over-provisioned funds	The project's total committed investment of proceeds	Adjusted total investment of proceeds (1)	Amount invested during the year	Cumulative total committed investment of proceeds as of the end of the reporting period (2)	Cumulative progress of investment as at the end of the reporting period (3) = (2)/(1)	Date on which the project is ready for its intended use	Completed or not	Whether the progress of inputs is in line with the planned schedule	Specific reasons why inputs did not progress as planned	Benefits realized during the year	Benefits realized or R&D results of the project	Whether there has been a significant change in the feasibility of the project, and if so, please provide details	Amount of savings
Intelligent Automotive Electronics Capacity Expansion Project (Note 1)	Production and construction	No	Issue of shares to specific targets	22 October 2020	No	1,800,000,000.00	1,773,565,317.48	156,020,059.15	1,445,990,143.20	82	31 December 2023	No	Yes	N/A	358,777,576.29	14.2 million pieces	No	-
Replenish the working capital	Repay a loan with supplementary worki	No	Issue of shares to specific targets	22 October 2020	No	700,000,000.00	700,000,000.00	-	700,000,000.00	100	N/A	N/A	Yes	N/A	N/A	N/A	No	-

	ng capital																	
Acquisition of 8.0392% of the shares of JoyNext (Note 2)	Others	No	Issue of shares to specific targets	5 July 2023	No	321,568,000.00	307,332,824.54	307,332,824.54	307,332,824.54	100	N/A	Yes	Yes	N/A	N/A	N/A	No	-
Replenish the working capital	Repay a loan with supplementary working capital	No	Issue of shares to specific targets	5 July 2023	No	47,639,793.71	47,639,793.71	47,639,793.71	47,639,793.71	100	N/A	N/A	Yes	N/A	N/A	N/A	No	-

Note 1: The Company held the 15th Meeting of the 11th Board of Directors of Directors and the 8th Meeting of the 11th Board of Supervisors on March 27, 2024, and considered and passed the *Proposal on the completion of the proceeds investment projects and permanent replenishment of the working capital with the unprovided proceeds*. It is proposed to permanently allocate all the proceeds from the 2020 Private Offering, amounting to RMB 296,985,200 (as of 29 February 2024, excluding interest income from bank deposits, proceeds from cash management of idle funds, handling fees, etc., which have been received and accumulated in the special fundraising account but not yet transferred), to replenish working capital for the Company's daily production, operations, and business development needs. The actual amount transferred will be based on the balance of the special account at the time of fund transfer. As of the date of this annual report, the proposal has yet to be submitted to the General Meeting for consideration.

Note 2: The equity investment projects for specific targets in 2022 were completed in 2023. The Company plans to use the remaining proceeds of RMB 62,473.19, as of 31 December 2023 (the actual amount subject to the balance of the special proceeds account at the time of transfer), to permanently replenish the working capital of completed equity investment projects. Following the transfer of funds and permanent replenishment to these projects' working capital, the Company will close the special proceeds account. Subsequently, the agreements related to the supervision of the special proceeds account with the sponsor and the account-opening bank will be terminated accordingly. In accordance with Article 6.3.21 of the *SSE Guidelines No. 1 for the Self-Regulation of Listed Companies — Standardized Operation*, if after completing the equity investment projects, the remaining funds (including interest income) amount to less than RMB 5 million or less than 5% of the net proceeds, the required procedures for "approval by the Board of Directors and the express consent of the sponsor and the Board of Supervisors" may be exempted.

**(III) Changes or termination of equity investments during the reporting period**

Applicable  Not applicable

**(IV) Other use of proceeds during the reporting period**

## 1. Prior investment and replacement of equity investment projects

√ Applicable  Not applicable

During the 6th Meeting of the 11th Board of Directors and the 4th Meeting of the 11th Board of Supervisors of the Company held on 4 August 2023, the *Proposal on the use of proceeds to replace self-financing funds pre-invested in fundraising projects and paid for issue expenses* was considered and approved, respectively. It was agreed that the Company would use the proceeds to replace the self-financing funds pre-invested in the equity investment projects from the date of the 23rd Meeting of the 10th Board of Directors to 4 August 2023, amounting to RMB 307,332,824.54, as well as the self-financing funds for which the issuance expenses have been paid, amounting to RMB 4,847,078.24, making a total of RMB 312,179,902.78 in the proposed proceeds to be replaced. KPMG Huazhen (Special General Partnership) issued KPMG Huazhen Zhuang Zi No. 2301540 *Assurance Report on Ningbo Joyson Electronic Corp.'s Pre-investment of Proceeds Investment Projects with Self-financing Funds and Payment of Issue Expenses*.

As of 31 December 2023, the Company has used RMB 312,179,436.78 of the proceeds to replace self-financing funds that were initially invested in the investment projects and payment of issuance expenses. The variance between the proceeds actually replaced by the Company and the expected proceeds was primarily due to handling fees during the advance period of the special account for proceeds. This led to an insufficient balance in the special account to fully cover the issuance costs paid in advance at the time of replacement.

## 2. Temporary replenishment of working capital with idle proceeds

 Applicable √ Not applicable

## 3. Cash management of idle proceeds and investment in related products

√ Applicable  Not applicable

Unit: 100 million yuan Currency: RMB

Date of consideration by the Board of Directors	Amount of proceeds for effective consideration of cash management	Start date	End date	Cash management balance at the end of the reporting period	Whether the maximum balance for the period exceeds the authorized amount
23 August 2022	7	23 August 2022	22 August 2023	0	No
21 August 2023	2.1	21 August 2023	20 August 2024	1.8	No

Others  
N/A

4. Permanent replenishment of working capital or repayment of bank loans with over-provisioned funds

Applicable  Not applicable

5. Others

Applicable  Not applicable

**XV. Description of other significant matters that have a significant impact on the value judgments and investment decisions made by investors**

Applicable  Not applicable

## Chapter 7 Changes in Equity and Shareholders

### I. Changes in equity

#### (I) Changes in shares

##### 1. Table of share changes

Unit: Share

	Before the change		Flux (+, -)					After the change	
	Number of shares	Shareholding percentage (%)	Issuance of new shares	Issuance of additional shares	Shares transferred from housing provident fund	Others	Subtotal	Number of shares	Shareholding percentage (%)
I. Restricted common shares	0	0	40,616,919	0	0	0	40,616,919	40,616,919	2.88
1. Shareholding by the State									
2. Shareholding by the state-owned legal person									
3. Other domestic capital	0	0	40,616,919	0	0	0	40,616,919	40,616,919	2.88
Including: Shareholding by the domestic non-state-owned legal person	0	0	40,616,919	0	0	0	40,616,919	40,616,919	2.88
Shareholding by the domestic natural person									
4. Shareholding by foreign capital									
Including: Shareholding by the overseas legal person									
Shareholding by the overseas natural person									
II. Non-restricted common shares	1,368,084,624	100	0	0	0	0	0	1,368,084,624	97.12
1. Ordinary shares denominated in RMB	1,368,084,624	100	0	0	0	0	0	1,368,084,624	97.12
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III. Total number of shares	1,368,084,624	100	40,616,919	0	0	0	40,616,919	1,408,701,543	100

##### 2. Description of changes in shares

Applicable  Not applicable

Upon the approval of the Shanghai Stock Exchange's *Notice on the Audit Opinions on the Issue of Shares by Ningbo Joyson Electronic Corp. to Specific Targets* and the approval of the China Securities Regulatory Commission's *Approval of the Registration of the Issue of Shares by Ningbo Joyson Electronic Corp. to Specific Targets* (ZHENG JIAN XU KE [2023] No. 1169), the Company made a private offering of 40,616,919 ordinary shares denominated in RMB (A Share) to Joyson Group at an issuance price of RMB 8.99/share and

completed the share registration procedures on 13 July 2023 at the Shanghai Branch of China Securities Depository and Clearing Co., Ltd. Joyson Group undertakes not to transfer or sell the shares of this private offering within 36 months from the date of closing of the offering. For details, please refer to the *Ningbo Joyson Electronic Corp.'s 2022 Listing Announcement on the Issue of A Shares to Specific Targets* disclosed by the Company on 15 July 2023.

### 3. Impact of changes in shares on financial indicators such as EPS and net assets per share for the most recent year and reporting period (if any)

Applicable  Not applicable

The Company's share capital will increase from 1,368,084,624 shares to 1,408,701,543 shares through the issuance of shares to specific parties. This increase will result in a short-term dilution of the net assets per share and earnings per share of the Company. However, the proceeds were mainly used for the acquisition of minority interests in the controlling subsidiaries to further enhance the profitability of the Company. The increase of the company's share capital was accompanied by a corresponding increase in the Company's earnings and net assets. Net assets per share and earnings per share will be enhanced in the long run.

### 4. Other contents that the Company deems necessary or required by the securities regulatory institution

Applicable  Not applicable

#### (II) Changes in restricted shares

Applicable  Not applicable

Unit: Share

Name of shareholder	Opening restricted shares	Unlocked in current year	Increased in current year	Closing restricted shares	Reason for restriction	Date of unlocking
Joyson Holding Co., Ltd.	0	0	40,616,919	40,616,919	Non-public offering	13 July 2026
Total	0	0	40,616,919	40,616,919	/	/

## II. Securities issuance and listing

### (I) Issuance of securities as of the reporting period

Applicable  Not applicable

Unit: Share Currency: RMB

Types of stocks and derivatives	Issue date	Issue price (or rate)	Number of issued shares	Date of listing	Number of tradable shares	Date of termination of transaction
Type of common shares						
A Share	4 July 2023	8.99	40,616,919	13 July 2023	40,616,919	

Issuance of securities as of the reporting period (regarding bonds with different interest rates within their duration, please state separately):

Applicable  Not applicable

Please refer to the "Description of changes in shares" in this section.

### (II) Changes in the total shares and shareholder structure of the Company and changes in the Company's assets and liabilities structure

Applicable  Not applicable

During the reporting period, the Company completed a non-public offering of 40,616,919 RMB-denominated ordinary shares (A shares) to Joyson Group. The total share capital of the Company increased from 1,368,084,624 shares at the beginning of the period to 1,408,701,543

shares at the end of the period, with 40,616,919 restricted common shares. Prior to this capital change, Joyson Group, the controlling shareholder, held 34.85% of the Company's shares, and Mr. Wang Jianfeng, the de facto controller, held 2.49%, totaling 37.34% of the shares. After this share change, Joyson Group holds 36.73% of the Company's shares, and Mr. Wang Jianfeng holds 2.42%, together totaling 39.15% of the shares. Joyson Group remains the controlling shareholder, and Mr. Wang Jianfeng remains the de facto controller. This share change did not result in any change in control of the Company.

At the end of the previous period, the Company's total assets amounted to RMB 54.112 billion and total liabilities amounted to RMB 36.408 billion. At the end of the reporting period, the Company's total assets amounted to RMB 56.887 billion and total liabilities amounted to RMB 37.760 billion. The Company's liability/asset ratio decreased from 67.3% at the end of the previous period to 66.4% at the end of the current reporting period. For details of the changes in the structure of assets and liabilities, please refer to "Section III - Management Discussion and Analysis" of this report under the heading "V. Main business conditions during the reporting period (III) Analysis of assets and liabilities". During the reporting period, the total number of shares and changes in the shareholder structure of the Company had no significant impact on the Company's asset and liability structure.

### (III) Existing internal staff shares

Applicable  Not applicable

## III. Information about shareholders and de facto controller

### (I) Total number of shareholders

Total number of shareholders by the end of reporting period (individual)	89,971
Total number of common shareholders at the end of the month before the disclosure date of the annual report (individual)	89,338
Total number of preferred shareholders whose voting rights have been restored by the end of reporting period (individual)	N/A
Total number of preferred shareholders whose voting rights have been restored at the end of the month before the disclosure date of the annual report (individual)	N/A

### (II) Table of top 10 common shareholders, top 10 outstanding common shareholders (or non-restricted common shareholders) at the end of the reporting period

Unit: Share

Shareholding by top 10 common shareholders (excluding shares lent through securities ending and borrowing)							
Name of shareholder (full name)	Increase or decrease during the reporting period	Total common shares held at the end of the reporting period	Shareholding percentage (%)	Number of restricted common shares held	Pledge, mark or lock-up		Nature of shareholder
					Status	Amount	
Joyson Holding Co., Ltd.	40,616,919	517,457,701	36.73	40,616,919	Pledged	334,473,996	Domestic non-state-owned legal person
Hong Kong Securities Clearing Co., Ltd.	13,079,147	41,081,740	2.92	0	N/A	0	Others
Wang Jianfeng	0	34,056,959	2.42	0	N/A	0	Domestic natural person

Golden Eagle Fund - SPD Bank - Wanxiang Trust - Wanxiang Trust - Joyson No. 2 Business Management Class Single Fund Trust	0	24,472,245	1.74	0	N/A	0	Others
Zhejiang Rongzhen Asset Management Co., Ltd.	14,080,000	16,870,963	1.20	0	Pledged	16,870,963	Domestic non-state-owned legal person
					Frozen	16,870,963	
Ningbo Joyson Electronic Corp. - 2021 Employee Stock Ownership Plan	0	9,000,000	0.64	0	N/A	0	Others
CCB - Efund Environmental Protection Theme Flexible Allocation Hybrid Securities Investment Fund	8,809,400	8,809,400	0.63	0	N/A	0	Others
CUAM - China Life - Participating Life Insurance - CUAM China Life Balanced Equity Portfolio Single Asset Management Plan (Available for Sale)	7,054,296	7,054,296	0.50	0	N/A	0	Others
ICBC - China Universal CSI New Energy Vehicle Industry Index Initiating Securities Investment Fund (LOF)	1,130,900	6,971,332	0.49	0	N/A	0	Others
BOC - Huaxia Zhongzheng New Energy Vehicle ETF	1,542,704	6,354,716	0.45	0	N/A	0	Others

## Top 10 non-restricted common shareholders

Name of shareholder	Number of non-restricted common shares held at the end of the reporting period	Type and number of shares	
		Type	Amount
Joyson Holding Co., Ltd.	476,840,782	Ordinary shares denominated in RMB	476,840,782
Hong Kong Securities Clearing Co., Ltd.	41,081,740	Ordinary shares denominated in RMB	41,081,740
Wang Jianfeng	34,056,959	Ordinary shares denominated in RMB	34,056,959
Golden Eagle Fund - SPD Bank - Wanxiang Trust - Wanxiang Trust - Joyson No. 2 Business Management Class Single Fund Trust	24,472,245	Ordinary shares denominated in RMB	24,472,245
Zhejiang Rongzhen Asset Management Co., Ltd.	16,870,963	Ordinary shares denominated in RMB	16,870,963
Ningbo Joyson Electronic Corp. - 2021 Employee Stock Ownership Plan	9,000,000	Ordinary shares denominated in RMB	9,000,000
CCB - Efund Environmental Protection Theme Flexible Allocation Hybrid Securities Investment Fund	8,809,400	Ordinary shares denominated in RMB	8,809,400
CUAM - China Life - Participating Life Insurance - CUAM China Life Balanced Equity Portfolio Single Asset Management Plan (Available for Sale)	7,054,296	Ordinary shares denominated in RMB	7,054,296

ICBC - China Universal CSI New Energy Vehicle Industry Index Initiating Securities Investment Fund (LOF)	6,971,332	Ordinary shares denominated in RMB	6,971,332
BOC - Huaxia Zhongzheng New Energy Vehicle ETF	6,354,716	Ordinary shares denominated in RMB	6,354,716
Note on special account for securities repurchase among top 10 common shareholders	N/A		
Description of the above shareholders involved in entrustment/entrusted voting right and waiver of voting right	N/A		
Description of connection or acting-in-concert relationship of the above shareholders	Joyson Investment Holding Co., Ltd. is the controlling shareholder of the Company, and Mr. Wang Jianfeng is the de facto controller of the Company.		
Description of the reinstated preferred shareholders and the number of shares held	N/A		

Participation of top 10 common shareholders in lending of shares through securities ending and borrowing

√ Applicable □ Not applicable

Unit: Share

Participation of top 10 common shareholders in lending of shares through securities ending and borrowing								
Name of shareholder (full name)	General and credit account holdings at the beginning of the period		Outstanding shares lent through securities ending and borrowing at the beginning of the period		General and credit account holdings at the end of the period		Outstanding shares lent through securities ending and borrowing at the end of the period	
	Total number	Percentage (%)	Total number	Percentage (%)	Total number	Percentage (%)	Total number	Percentage (%)
ICBC - China Universal CSI New Energy Vehicle Industry Index Initiating Securities Investment Fund (LOF)	5,840,432	0.43	0	0	6,971,332	0.49	87,600	0.01
BOC - Huaxia Zhongzheng New Energy Vehicle ETF	4,812,012	0.35	356,200	0.03	6,354,716	0.45	274,500	0.02

Change in top 10 common shareholders from the previous period

√ Applicable □ Not applicable

Unit: Share

Changes in top 10 common shareholders from the end of the previous period					
Name of shareholder (full name)	Additions/with draws during the reporting period	Number of outstanding shares lent through securities ending and borrowing at the end of the period		Number of general and credit account holdings and outstanding shares lent through securities ending and borrowing at the end of the period	
		Total number	Percentage (%)	Total number	Percentage (%)
CCB - Efund Environmental Protection Theme Flexible Allocation Hybrid Securities Investment Fund	Addition	0	0	8,809,400	0.63

CUAM - China Life - Participating Life Insurance - CUAM China Life Balanced Equity Portfolio Single Asset Management Plan (Available for Sale)	Addition	0	0	7,054,296	0.50
BOC - Huaxia Zhongzheng New Energy Vehicle ETF	Addition	274,500	0.02	6,629,216	0.47
CITIC Securities Co., Ltd.	Withdrawal	0	0	1,523,178	0.11
Agricultural Bank of China Co., Ltd. - Zhongzheng 500 ETF	Withdrawal	1,591,200	0.11	6,984,058	0.50
Lord Abbert Fund - Industrial Bank - Shenzhen City China Merchants Guoxie First Equity Investment Fund Management Co., Limited. - Shenzhen Guoxiang Phase I Equity Investment Fund Partnership (Limited Partnership)	Withdrawal	0	0	6,049,293	0.43

Number and conditions of shares held by the Top 10 shareholders with selling restrictions

Applicable  Not applicable

Unit: Share

No.	Name of restricted shareholders	Number of restricted shares held	Situation on tradable restricted shares		Restrictions conditions
			Time available for trading	Number of increased tradable shares	
1	Joyson Holding Co., Ltd.	40,616,919	13 July 2026	0	No transfer or sale for 36 months from the closing date of the issue

**(III) Strategic investors or general legal persons who became Top 10 shareholders through placement of new shares**

Applicable  Not applicable

#### IV. Controlling shareholder and de facto controller

##### (I) Controlling shareholder

###### 1 Legal person

Applicable  Not applicable

Name	Joyson Holding Co., Ltd.
Person-in-charge or legal representative	Wang Jianfeng
Date of incorporation	4 September 2001
Major business	Industrial project investment; cooperation management consulting; own house lease
Shareholdings of other domestic and foreign listed companies held and participated within the report period	Joyson Group owns 45.61% of the shares of Ningbo PIA Automation Holding Corp. (stock abbreviation "PIA Automation", stock code "688306"), which is listed on the Science and Technology Innovation Board.
Other information	N/A

###### 2 Natural person

Applicable  Not applicable

**3 Special statement on no controlling shareholder in the Company**

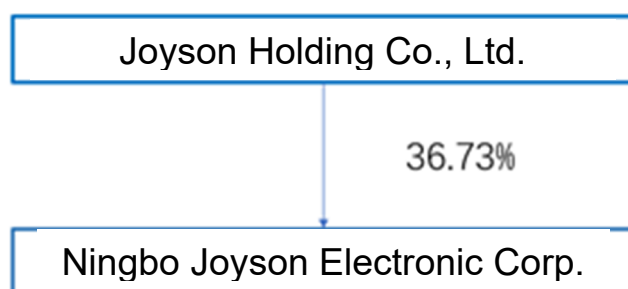
Applicable  Not applicable

**4 Description of the changes in controlling shareholders during the reporting period**

Applicable  Not applicable

**5 Block diagram on the property right and control relationship between the Company and its controlling shareholder**

Applicable  Not applicable

**(II) Information on the de facto controller****1 Legal person**

Applicable  Not applicable

**2 Natural person**

Applicable  Not applicable

Name	Wang Jianfeng
Nationality	China
Whether to obtain the right of residence in other countries or regions	No
Major occupations and titles	Current Chairman of Ningbo Joyson Electronic Co., Ltd., Chairman of Joyson Holding Co., Ltd., former General Manager of TRW (Ningbo) Electronic Component Fasteners Co., Ltd., General Manager of China Strategic Development Department of TRW and General Manager of Ningbo Yongxing Vehicle Accessories Co., Ltd.
Domestic and foreign listed companies controlled over the past 10 years	Mr. Wang Jianfeng controls Ningbo PIA Automation Holding Corp. (stock abbreviation "PIA Automation ", stock code "688306") by controlling Joyson Group.

**3 Special statement on no de facto controller in the Company**

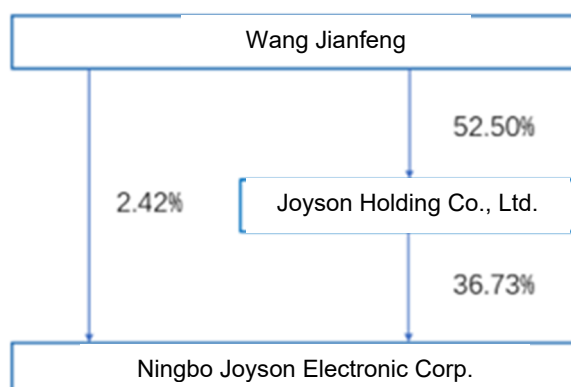
Applicable  Not applicable

**4 Description of the changes in control of the Company during the reporting period**

Applicable  Not applicable

**5 Block diagram on the property right and control relationship between the Company and its de facto controller**

Applicable  Not applicable



**6 The de facto controller controls the Company through trust or other asset management methods**

Applicable  Not applicable

**(III) Other information on controlling shareholder and de facto controller**

Applicable  Not applicable

**V. The controlling shareholder or the largest shareholder of the Company and its concert parties have pledged a total of 80% or more of their shares in the Company**

Applicable  Not applicable

**VI. Other corporate shareholders holding more than 10% shares**

Applicable  Not applicable

**VII. Information on share reduction due to restrictions on shareholdings**

Applicable  Not applicable

**VIII. Specific implementation of share repurchase in the reporting period**

Applicable  Not applicable

## **Chapter 8 Information on Preferred Shares**

Applicable  Not applicable

## **Chapter 9 Information on Bonds**

### **I. Enterprise bonds, corporate bonds, and non-financial enterprise debt financing instruments**

Applicable  Not applicable

### **II. Information on convertible corporate bonds**

Applicable  Not applicable

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## Chapter 10 Financial Reports

### I. Audit report

√ Applicable  Not applicable

### AUDITOR'S REPORT

The Shareholders of Ningbo Joyson Electronic Corp.:

#### I. Opinion

We have audited the accompanying financial statements of Ningbo Joyson Electronic Corp. ("Ningbo Joyson Electronic"), which comprise the consolidated and company balance sheets as at 31 December 2023, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of Ningbo Joyson Electronic as at 31 December 2023, and the consolidated and company financial performance and cash flows of Ningbo Joyson Electronic for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

#### II. Basis for Opinion

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

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## AUDITOR'S REPORT (continued)

### III. Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition	
Refer to Note III. 26 of the accounting policy to the financial statements and Note V. 46 to the footnote of the consolidated financial statements.	
The Key Audit Matter	How the matter was addressed in our audit
<p>Ningbo Joyson Electronic is mainly engaged in the R&amp;D, production and sales of automotive components. In 2023, an amount of RMB 54,097,789,327.53 was recognised for the sales of automotive components of Ningbo Joyson Electronic.</p> <p>Ningbo Joyson Electronic's revenue is recognized when the control over goods is passed to customers. By taking customer contracts and business arrangement into consideration, Ningbo Joyson Electronic recognizes the revenue of sales of automotive components when the control is passed to buyers (buyers collect goods by themselves or goods are delivered to the carrier designated by buyers).</p>	<p>Our audit procedures to address revenue recognition are as follows:</p> <p>Understand and evaluate the design and implementation effectiveness of key internal controls over financial reporting related to revenue recognition;</p> <p>Check the terms and conditions related to the transferring of control of key customer contracts on a sampling basis, and evaluate whether the accounting policy of revenue recognition of Ningbo Joyson Electronic is in accordance with Accounting Standards for Business Enterprises;</p> <p>On a sampling basis, reconcile the revenue recorded in the current year to relevant supporting documents such as relevant orders, shipping notes, sales invoices, delivery notes, etc. in order to evaluate whether revenue is recognised in accordance with the accounting policy of Ningbo Joyson Electronic;</p>

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**AUDITOR'S REPORT (continued)**

**Key Audit Matters (continued)**

<b>Revenue recognition (continued)</b>	
Refer to Note III. 26 of the accounting policy to the financial statements and Note V. 46 to the footnote of the consolidated financial statements.	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
We identified revenue recognition as a key audit matter. Because income is one of the key performance indicators that measures the performance of Ningbo Joyson Electronic. In order to achieve a specific target or budget, management may bring forward or delay the timing of revenue recognition, which give rise to the risk of revenue not being correctly presented.	Select samples of sales transactions recorded before and after 31 December 2023 and check relevant supporting documents, including shipping notes or good acceptance notes, to evaluate whether revenue is recorded in the appropriate accounting period;  Select revenue related journal entries that subject to specific risk criteria and check the supporting documents.

## AUDITOR'S REPORT (continued)

### Key Audit Matters (continued)

<b>Goodwill impairment</b>	
Refer to Note III. 19 and 32(1) of the accounting policy to the financial statements and Note V. 18 to the footnote of the consolidated financial statements.	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>As at 31 December 2023, the book value of the goodwill of Ningbo Joyson Electronic was RMB 7,790,142,632.60. The provision for impairment was RMB 2,243,140,668.90. The carrying amount of the goodwill was RMB 5,547,001,963.70, accounting for 9.75% of the total assets. Goodwill was derived from acquisitions of a couple of businesses by Ningbo Joyson Electronic in previous years.</p> <p>Impairment test for goodwill is performed by the management at the yearend. In the test, the management compares the recoverable amount with the carrying amount of the asset group or asset groups (including the allocated goodwill), so as to determine whether there is any impairment. The recoverable amount is the higher of either fair value less cost of disposal or present value of discounted further cashflow. This involves significant management judgement and estimate, especially the followings:</p> <ul style="list-style-type: none"> <li>Future revenue growth rate;</li> <li>Future changes in working capital;</li> <li>Future capital expenditures;</li> <li>The discount rates.</li> </ul>	<p>Our audit procedures to address the goodwill impairment are as follows:</p> <ul style="list-style-type: none"> <li>Understand and evaluate the design and implementation effectiveness of key internal controls related to goodwill impairment test;</li> <li>Evaluate whether goodwill impairment method and goodwill allocation method to asset group or asset groups are in accordance with the Accounting Standards for Business Enterprises, based on our understanding on the business of Ningbo Joyson Electronics;</li> <li>Based on our understanding on the industry of Ningbo Joyson Electronic, evaluate the appropriateness of the key assumptions such as revenue growth rate, change in working capital and capital expenditures used by management in calculating the present value of future cash flows by considering the historical performance of asset groups or asset groups and the budget approved by the board;</li> </ul>

**AUDITOR'S REPORT (continued)**

**Key Audit Matters (continued)**

<b>Goodwill impairment (continued)</b>	
Refer to Note III. 19 and 32(1) of the accounting policy to the financial statements and Note V. 18 to the footnote of the consolidated financial statements.	
<b>The Key Audit Matter</b>	<b>How the matter was addressed in our audit</b>
<p>We identified assessment of goodwill impairment as a key audit matter. Because the assessment involves complex valuation methodology and the inputs in the valuation model are subject to significant management judgments. Those judgments are inherently uncertain and may probably be affected by management bias.</p>	<p>Compare the forecasted sales volume with the expected future production supply plan of the OEMs, obtain asset retirement and replacement plan during the forecast period and reference to the selling price and other procurement costs, evaluate whether the expected capital expenditure is reasonable;</p> <p>Use the work of KPMG valuation specialists, compare with other companies in the same industry, and evaluate the reasonableness of the discount rate used in calculating the present value of future cash flows;</p> <p>Perform sensitivity analysis on the discount rate and other key assumptions used in calculating present value of estimated future cash flows prepared by management, and evaluate the impact of changes in key assumptions on impairment test and whether it indicates management bias;</p> <p>Compare the actual performance of relevant asset group and asset groups this year with key assumptions used by the management in calculating the present value of estimated future cash flows, and evaluate and whether there are indicators of management bias;</p> <p>Evaluate whether the disclosure of goodwill impairment assessment and the key assumptions disclosed in the financial statements are in accordance with the Accounting Standards for Business Enterprises.</p>

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## **AUDITOR'S REPORT (continued)**

### **IV. Other Information**

Ningbo Joyson Electronic's management is responsible for the other information. The other information comprises all the information included in 2023 annual report of Ningbo Joyson Electronic, other than the financial statements and our auditor's report thereon.

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

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

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

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

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

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

Those charged with governance are responsible for overseeing the financial reporting process of Ningbo Joyson Electronic.

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## **AUDITOR'S REPORT (continued)**

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

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

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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## AUDITOR'S REPORT (continued)

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

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

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

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

KPMG Huazhen LLP

Certified Public Accountants  
Registered in the People's Republic of China

Wang Qi (Engagement Partner)

Beijing, China

Xu Wenbin

March 27th 2024

## II. Financial Statements

Ningbo Joyson Electronic Corp.

Consolidated balance sheet as at 31 December 2023

(Expressed in Renminbi Yuan)

	Note	31 December 2023	31 December 2022
<b>Current assets</b>			
Cash at bank and on hand	VII.1	5,176,307,912.36	5,404,946,118.68
Financial assets held for trading	VII.2	280,724,488.06	465,785,862.56
Derivative financial assets	VII.3	104,102,853.50	81,775,577.00
Bills receivable	VII.4	372,281,224.41	485,781,482.02
Accounts receivable	VII.5	8,032,060,897.42	7,600,885,200.26
Receivables under financing	VII.7	304,464,372.05	191,969,883.88
Prepayments	VII.8	221,922,570.07	177,923,434.03
Other receivables	VII.9	1,225,911,898.70	941,624,473.88
Including: Interest receivable			
Dividends receivable		235,101,636.88	209,201,636.88
Inventories	VII.10	9,246,184,266.21	8,511,657,540.51
Contract assets			
Assets held for sale			
Non-current assets due within one year	VII.12	53,896,294.36	105,397,480.54
Other current assets	VII.13	1,344,528,098.85	1,008,139,368.35
Total current assets		26,362,384,875.99	24,975,886,421.71
<b>Non-current assets:</b>			
Long-term receivables	VII.16	130,518,130.59	173,151,941.34
Long-term equity investments	VII.17	2,295,314,089.70	2,087,299,085.33
Other non-current financial assets	VII.19	292,757,451.58	897,303,111.50
Fixed assets	VII.21	10,995,049,413.55	11,146,163,605.79
Construction in progress	VII.22	2,761,083,200.03	2,148,641,718.01
Right-of-use assets	VII.25	760,980,443.05	802,020,507.25
Intangible assets	VII.26	3,588,422,389.76	3,238,405,757.25
Development costs	VIII.2	1,002,097,835.84	1,090,506,883.25
Goodwill	VII.27	5,547,001,963.70	5,421,070,282.61
Long-term deferred expenses	VII.28	57,995,084.47	61,396,466.27
Deferred tax assets	VII.29	1,185,981,911.37	1,042,547,303.53
Other non-current assets	VII.30	1,907,261,349.82	1,027,700,268.41
Total non-current assets		30,524,463,263.46	29,136,206,930.54
Total assets		56,886,848,139.45	54,112,093,352.25

Ningbo Joyson Electronic Corp.  
Consolidated balance sheet as at 31 December 2023 (continued)  
(Expressed in Renminbi Yuan)

	Note	31 December 2023	31 December 2022
<b>Current liabilities:</b>			
Short-term loans	VII.32	4,243,702,858.47	3,007,586,071.67
Financial liabilities held for trading			
Derivative financial liabilities	VII.34	3,671,464.87	338,758.12
Bills payable	VII.35	147,194,172.60	74,763,040.23
Accounts payable	VII.36	9,563,216,990.61	8,846,698,734.75
Contract liabilities	VII.38	658,424,110.73	681,942,351.51
Employee benefits payable	VII.39	1,441,458,424.22	1,205,880,150.82
Taxes payable	VII.40	975,765,210.33	760,263,622.83
Other payables	VII.41	595,909,215.61	684,787,448.10
Including: Interest payable			
Dividends payable			
Non-current liabilities due within one year	VII.43	3,565,209,051.73	4,129,913,127.96
Other current liabilities	VII.44	1,436,056,579.63	1,483,040,388.09
Total current liabilities		22,630,608,078.80	20,875,213,694.08
<b>Non-current liabilities:</b>			
Long-term loans	VII.45	11,960,007,862.34	12,467,738,978.16
Debentures payable			
Lease liabilities	VII.47	619,134,535.69	651,639,119.60
Long-term payables	VII.48	234,355,091.59	250,926,817.76
Long-term employee benefits payable	VII.49	1,448,273,927.21	1,279,433,377.39
Provisions	VII.50	284,309,825.89	328,567,283.77
Deferred income	VII.51	101,279,991.09	102,951,886.93
Deferred tax liabilities	VII.29	432,121,342.52	365,035,260.10
Other non-current liabilities	VII.52	50,384,998.91	86,909,259.08
Total non-current liabilities		15,129,867,575.24	15,533,201,982.79
Total liabilities		37,760,475,654.04	36,408,415,676.87
<b>Shareholders' equity:</b>			
Share capital	VII.53	1,408,701,543.00	1,368,084,624.00
Capital reserve	VII.55	10,583,025,518.64	10,264,449,615.03
Less: Treasury shares	VII.56	225,263,700.64	225,263,700.64
Other comprehensive income	VII.57	-185,887,522.46	-206,248,529.18
Special reserve	VII.58	198,638.30	-
Surplus reserve	VII.59	189,103,446.47	150,565,499.47
Retained earnings	VII.60	1,809,156,485.92	901,312,046.13
Total equity attributable to shareholders of the Company		13,579,034,409.23	12,252,899,554.81
Non-controlling interests		5,547,338,076.18	5,450,778,120.57
Total shareholders' equity		19,126,372,485.41	17,703,677,675.38
Total liabilities and shareholders' equity		56,886,848,139.45	54,112,093,352.25

Wang Jianfeng  
Legal Representative  
  
*(Signature and stamp)*

Li Junyu  
The person in charge  
of accounting affairs  
  
*(Signature and stamp)*

Zhang Jiaqi  
The head of the  
accounting department  
  
*(Signature and stamp)*

Ningbo Joyson Electronic Corp.  
Company balance sheet as at 31 December 2023  
(Expressed in Renminbi Yuan)

	Note	31 December 2023	31 December 2022
<b>Current assets:</b>			
Cash at bank and on hand		1,538,792,192.52	1,428,909,497.68
Financial assets held for trading		280,724,488.06	465,785,862.56
Derivative financial assets		12,297,984.89	4,506,938.96
Accounts receivable	XIX.1	505,584,682.76	490,829,106.09
Prepayments		9,817,489.40	22,394,423.57
Other receivables	XIX.2	2,984,860,744.11	2,265,223,464.49
Including: Interest receivable			
Dividends receivable		213,978,327.42	208,028,327.42
Other current assets		12,310,387.04	10,550,190.79
Total current assets		5,344,387,968.78	4,688,199,484.14
<b>Non-current assets:</b>			
Long-term equity investments	XIX.3	14,651,376,063.55	14,203,670,850.09
Other non-current financial assets		-	562,210,000.00
Fixed assets		641,447,478.50	664,084,944.66
Construction in progress		1,132,102.96	129,444.95
Right-of-use assets		251,456.54	382,651.22
Intangible assets		188,866,150.31	194,248,348.29
Deferred tax assets		48,281,962.97	60,617,863.25
Other non-current assets		304,268,000.00	4,113,400.04
Total non-current assets		15,835,623,214.83	15,689,457,502.50
Total assets		21,180,011,183.61	20,377,656,986.64

Ningbo Joyson Electronic Corp.  
Company balance sheet as at 31 December 2023 (continued)  
*(Expressed in Renminbi Yuan)*

	31 December 2023	31 December 2022
Current liabilities:		
Short-term loans	1,909,539,023.84	1,536,366,128.58
Accounts payable	15,626,771.09	15,977,628.12
Employee benefits payable	10,683,800.72	1,984,226.40
Taxes payable	14,992,440.70	12,973,026.84
Other payables	120,625,811.53	141,897,700.02
Including: Interest payable		
Dividends payable	900,000.00	
Non-current liabilities due within one year	1,810,778,900.24	2,340,512,842.40
Total current liabilities	3,882,246,748.12	4,049,711,552.36
Non-current liabilities:		
Long-term loans	3,262,626,973.10	2,921,466,218.46
Debentures payable		
Long-term employee benefits payable	3,004,513.23	1,280,309.81
Total non-current liabilities	3,265,631,486.33	2,922,746,528.27
Total liabilities	7,147,878,234.45	6,972,458,080.63
Shareholders' equity:		
Share capital	1,408,701,543.00	1,368,084,624.00
Capital reserve	12,127,188,314.60	11,796,515,320.18
Less: Treasury shares	225,263,700.64	225,263,700.64
Other comprehensive income	4,920,846.06	-2,152,276.05
Surplus reserve	162,299,964.44	123,762,017.44
Retained earnings	554,285,981.70	344,252,921.08
Total shareholders' equity	14,032,132,949.16	13,405,198,906.01
Total liabilities and shareholders' equity	21,180,011,183.61	20,377,656,986.64

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Wang Jianfeng  
Legal Representative  
*(Signature and stamp)*

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Li Junyu  
The person in charge  
of accounting affairs  
*(Signature and stamp)*

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Zhang Jiaqi  
The head of the  
accounting department  
*(Signature and stamp)*

Ningbo Joyson Electronic Corp.  
Consolidated income statement for the year ended 31 December 2023  
(Expressed in Renminbi Yuan)

	Note	2023	2022
I. Total operating income		55,728,475,741.55	49,793,351,660.58
Including: Operating income	VII.61	55,728,475,741.55	49,793,351,660.58
II. Total operating costs		54,336,869,215.26	49,823,498,369.20
Less: Operating costs	VII.61	47,319,214,404.84	43,838,960,783.98
Taxes and surcharges	VII.62	160,250,723.58	141,060,083.10
Selling and distribution expenses	VII.63	789,472,978.44	845,169,994.95
General and administrative expenses	VII.64	2,636,660,553.33	2,381,932,547.86
Research and development expenses	VII.65	2,541,498,016.12	2,138,847,532.48
Financial expenses	VII.66	889,772,538.95	477,527,426.83
Including: Interest expenses		1,120,903,090.07	932,113,896.25
Interest income		75,591,612.48	95,002,125.32
Add: Other income	VII.67	149,695,248.24	121,149,805.11
Investment income	VII.68	204,952,080.54	124,472,224.10
Including: Income from investments in associates and joint ventures		151,633,231.54	113,082,902.29
Gains from changes in fair value ("-" for losses)	VII.70	157,130,011.09	101,778,763.32
Credit losses ("-" for losses)	VII.71	-35,990,605.81	15,761,949.12
Impairment losses ("-" for losses)	VII.72	-125,056,620.17	-49,259,277.40
Gains from asset disposals ("-" for losses)	VII.73	28,606,746.65	7,798,732.75
III. Operating profit ("-" for loss)		1,770,943,386.83	291,555,488.38
Add: Non-operating income	VII.74	9,280,185.89	200,461,038.05
Less: Non-operating expenses	VII.75	17,942,894.15	12,199,021.20
IV. Profit before income tax ("-" for loss)		1,762,280,678.57	479,817,505.23
Less: Income tax expenses	VII.76	522,188,957.14	246,556,120.67
V. Net profit for the year ("-" for net loss)		1,240,091,721.43	233,261,384.56

Ningbo Joyson Electronic Corp.  
Consolidated income statement for the year ended 31 December 2023  
(continued)  
(Expressed in Renminbi Yuan)

	Note	2023	2022
V. Net profit for the year (“-” for net loss) (continued)			
(1) Net profit classified by continuity of operations			
1. Net profit from continuing operations (“-” for net loss)		1,240,091,721.43	233,261,384.56
2. Net profit from discontinued operations (“-” for net loss)		-	-
(2) Net profit classified by ownership:			
1. Shareholders of the Company (“-” for net loss)		1,083,190,849.19	394,184,331.03
2. Non-controlling interests (“-” for net loss)		156,900,872.24	-160,922,946.47
VI. Other comprehensive income, net of tax		61,067,606.94	939,416,346.79
(1) Other comprehensive income (net of tax) attributable to shareholders of the Company		20,361,006.72	655,238,255.41
1. Item that will not be reclassified to profit or loss:		-36,596,588.01	266,420,899.48
a. Remeasurement of defined benefit plan		-36,596,588.01	266,420,899.48
b. Other comprehensive income that cannot be transferred to profit or loss under the equity method			
c. Changes in fair value of investments in other equity instruments			
d. Changes in fair value of the Company’ own credit risk			
2. Items that may be reclassified to profit or loss:		56,957,594.73	388,817,355.93
a. Other comprehensive income recognised under equity method		32,126,452.98	16,254,373.83
b. Changes in fair value of other debt investments			
c. Amount of financial assets reclassified into other comprehensive income			
d. Provision for credit impairment of other debt investments			

e. Effective portion of gains or losses arising from hedging instruments		-75,316,449.68	119,464,022.92
f. Translation differences arising from translation of foreign currency financial statements		100,147,591.43	253,098,959.18
g. Others			
(2) Other comprehensive income (net of tax) attributable to non-controlling interests		40,706,600.22	284,178,091.38
VII. Total comprehensive income for the year		1,301,159,328.37	1,172,677,731.35
(1) Attributable to shareholders of the Company		1,103,551,855.91	1,049,422,586.44
(2) Attributable to non-controlling interests		197,607,472.46	123,255,144.91
VIII. Earnings per share:			
(1) Basic earnings per share (Yuan/share)		0.78	0.29
(2) Diluted earnings per share (Yuan/share)		0.78	0.29

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Wang Jianfeng  
Legal Representative  
*(Signature and stamp)*

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Li Junyu  
The person in charge  
of accounting affairs  
*(Signature and stamp)*

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Zhang Jaiqi  
The head of the  
accounting department  
*(Signature and stamp)*

Ningbo Joyson Electronic Corp.  
Company income statement for the year ended 31 December 2023  
*(Expressed in Renminbi Yuan)*

	Note	2023	2022
I. Operating income	XIX.4	147,391,682.77	128,467,774.85
Less: Operating costs	XIX.4	-	-
Taxes and surcharges		9,218,270.06	9,728,741.81
General and administrative expenses		136,778,433.05	126,551,250.62
Financial expenses		192,370,171.43	125,807,702.11
Including: Interest expenses		303,558,447.48	295,984,844.80
Interest income		26,179,756.30	81,442,463.29
Add: Other income		13,850,487.71	12,847,829.27
Investment income	XIX.5	493,852,224.92	125,062,917.53
Including: Income from investments in associates and joint ventures		49,832,815.35	48,364,546.19
Gains from changes in fair value		94,548,696.71	101,778,014.62
II. Operating profit (“-” for loss)		411,276,217.57	106,068,841.73
Add: Non-operating income		26,406.95	43,416.34
Less: Non-operating expenses		133,103.46	131,461.19
III. Profit before income tax (“-” for loss)		411,169,521.06	105,980,796.88
Less: Income tax expenses		25,790,051.04	-55,009,154.12
IV. Net profit for the year (“-” for net loss)		385,379,470.02	160,989,951.00
(1). Net profit from continuing operations (“-” for net loss)		385,379,470.02	160,989,951.00
(2). Net profit from discontinued operations (“-” for net loss)		-	-

Ningbo Joyson Electronic Corp.  
 Company income statement for the year ended 31 December 2023(continued)  
 (Expressed in Renminbi Yuan)

	2023	2022
V. Other comprehensive income, net of tax	7,073,122.11	6,916,401.93
(1) Item that will not be reclassified to profit or loss	-	-
a. Re-measurement of changes in defined benefit plans		
b. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
c. Changes in fair value of investments in other equity instruments		
d. Changes in fair value of the Company's own credit risk		
(2) Item that may be reclassified to profit or loss	7,073,122.11	6,916,401.93
a. Other comprehensive income recognised under equity method	7,073,122.11	6,916,401.93
b. Changes in fair value of other debt investments		
c. Amount of financial assets reclassified into other comprehensive income		
d. Provision for credit impairment of other debt investments		
e. Cash flow hedge reserve		
f. Foreign currency translation differences		
g. Others		
VI. Total comprehensive income for the year	392,452,592.13	167,906,352.93

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 Wang Jianfeng  
 Legal Representative  
 (Signature and stamp)

\_\_\_\_\_  
 Li Junyu  
 The person in charge  
 of accounting affairs  
 (Signature and stamp)

\_\_\_\_\_  
 Zhang Jiaqi  
 The head of the  
 accounting department  
 (Signature and stamp)

Ningbo Joyson Electronic Corp.  
Consolidated cash flow statement for the year ended 31 December 2023  
(Expressed in Renminbi Yuan)

	Note	2023	2022
<b>I. Cash flows from operating activities:</b>			
Proceeds from sale of goods and rendering of services		62,582,548,295.52	55,131,430,682.50
Refund of taxes		781,552,709.66	538,419,412.36
Proceeds from other operating activities	VII.78	154,523,986.04	343,664,018.49
Sub-total of cash inflows		63,518,624,991.22	56,013,514,113.35
Payment for goods and services		45,716,126,965.92	41,855,569,117.00
Payment to and for employees		10,321,488,889.66	8,486,540,909.99
Payment of various taxes		1,744,489,630.43	1,630,511,149.15
Payment for other operating activities	VII.78	1,807,503,680.35	1,871,073,365.94
Sub-total of cash outflows		59,589,609,166.36	53,843,694,542.08
Net cash inflow from operating activities ("-" for cash outflow)	VII.79	3,929,015,824.86	2,169,819,571.27
<b>II. Cash flows from investing activities:</b>			
Investment returns received			
Investment income received		549,059,675.50	51,781,535.56
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		630,703,769.87	101,442,629.45
Net proceeds from disposal of subsidiaries and other business units	VII.78	300,000,000.00	200,000,000.00
Proceeds from other investing activities	VII.78	1,150,128,132.07	1,683,244,592.40
Sub-total of cash inflows		2,629,891,577.44	2,036,468,757.41
Payment for acquisition of fixed assets, intangible assets and other long-term assets		3,770,427,441.01	3,303,932,232.09
Payment for acquisition of investments		4,000,000.00	117,017,000.00
Payment for other investing activities	VII.78	1,683,634,002.82	1,290,364,599.08
Sub-total of cash outflows		5,458,061,443.83	4,711,313,831.17
Net cash outflow from investing activities		-2,828,169,866.39	-2,674,845,073.76

Ningbo Joyson Electronic Corp.  
Consolidated cash flow statement for the year ended 31 December 2023  
(continued)  
(Expressed in Renminbi Yuan)

	Note	2023	2022
<b>III. Cash flows from financing activities</b>			
Proceeds from investors		354,972,618.25	891,666,668.00
Including: Proceeds from non-controlling shareholders of subsidiaries		-	891,666,668.00
Proceeds from borrowings		8,413,356,407.07	5,709,959,097.64
Proceeds from other financing activities	VII.78	642,853,335.87	218,833,224.39
Sub-total of cash inflows		9,411,182,361.19	6,820,458,990.03
Repayments of borrowings		8,727,176,951.99	5,664,901,983.88
Payment for dividends, profit distributions or interest		1,053,603,615.49	775,989,213.99
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries		13,674,023.51	13,059,587.24
Payment for other financing activities	VII.78	356,454,070.61	610,512,458.33
Sub-total of cash outflows		10,137,234,638.09	7,051,403,656.20
Net cash outflow from financing activities		-726,052,276.90	-230,944,666.17
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		33,200,744.51	32,244,865.96
<b>V. Net increase in cash and cash equivalents (“-” for decrease)</b>	VII.79	407,994,426.08	-703,725,302.70
Add: Cash and cash equivalents at the beginning of the year		3,845,521,051.52	4,549,246,354.22
<b>VI. Cash and cash equivalents at the end of the year</b>	VII.79	4,253,515,477.60	3,845,521,051.52

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(Signature and stamp)

Ningbo Joyson Electronic Corp.  
Company cash flow statement for the year ended 31 December 2023  
*(Expressed in Renminbi Yuan)*

		2023	2022
<b>I. Cash flows from operating activities:</b>			
Proceeds from sale of goods and rendering of services		170,766,060.60	104,765,004.23
Proceeds from other operating activities		9,192,860,457.10	4,040,674,072.02
Sub-total of cash inflows		9,363,626,517.70	4,145,439,076.25
Cash paid for goods and services			
Payment to and for employees		42,955,890.34	39,937,432.44
Payment of various taxes		13,363,290.66	10,016,794.12
Payment for other operating activities		9,182,999,258.15	4,236,314,882.10
Sub-total of cash outflows		9,239,318,439.15	4,286,269,108.66
Net cash inflow from operating activities ("-" for cash outflow)		124,308,078.55	-140,830,032.41
<b>II. Cash flows from investing activities:</b>			
Investment income received		679,751,609.02	113,544,477.53
Net proceeds from disposal of subsidiaries and other operating activities	VII.61	300,000,000.00	200,000,000.00
Proceeds from other investing activities		1,148,951,259.82	1,680,960,000.00
Sub-total of cash inflows		2,128,702,868.84	1,994,504,477.53
Payment for acquisition of fixed assets, intangible assets and other long-term assets		1,749,844.60	1,770,658.28
Payment for acquisition of investments		715,720,600.00	685,863,816.72
Payment for other investing activities		1,379,366,002.82	1,259,761,239.08
Sub-total of cash outflows		2,096,836,447.42	1,947,395,714.08
Net cash inflow from investing activities		31,866,421.42	47,108,763.45

Ningbo Joyson Electronic Corp.  
Company cash flow statement for the year ended 31 December 2023  
(continued)  
(Expressed in Renminbi Yuan)

	2023	2022
<b>III. Cash flows from financing activities:</b>		
Cash received from investors	354,972,618.25	
Proceeds from borrowings	5,469,926,120.00	3,392,997,564.78
Proceeds from other financing activities	168,647,078.24	26,841,989.55
Sub-total of cash inflows	5,993,545,816.49	3,419,839,554.33
Repayments of borrowings	5,422,637,880.00	3,342,116,045.00
Payment for dividends, profit distributions or interest	453,318,309.47	266,007,837.38
Sub-total of cash outflows	5,875,956,189.47	3,608,123,882.38
Net cash inflow from financing activities ("-" for cash outflow)	117,589,627.02	-188,284,328.05
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	4,747,716.43	9,779,288.30
<b>V. Net increase in cash and cash equivalents ("-" for decrease)</b>	278,511,843.42	-272,226,308.71
Add: Cash and cash equivalents at the beginning of the year	1,143,646,415.13	1,415,872,723.84
<b>VI. Cash and cash equivalents at the end of the year</b>	1,422,158,258.55	1,143,646,415.13

\_\_\_\_\_  
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accounting department  
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Ningbo Joyson Electronic Corp.  
 Consolidated statement of changes in shareholders' equity for the year ended 31 December 2023  
 (Expressed in Renminbi Yuan)

	Attributable to shareholders of the Company								Non-controlling interests	Total
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Subtotal		
I. Balance at the beginning of the year	1,368,084,624.00	10,264,449,615.03	225,263,700.64	-206,248,529.18	-	150,565,499.47	901,312,046.13	12,252,899,554.81	5,450,778,120.57	17,703,677,675.38
Add: Changes in accounting policies										
II. Balance at the beginning of the year	1,368,084,624.00	10,264,449,615.03	225,263,700.64	-206,248,529.18	-	150,565,499.47	901,312,046.13	12,252,899,554.81	5,450,778,120.57	17,703,677,675.38
III. Changes in equity during the year ("-" for decreases)	40,616,919.00	318,575,903.61		20,361,006.72	198,638.30	38,537,947.00	907,844,439.79	1,326,134,854.42	96,559,955.61	1,422,694,810.03
1. Total comprehensive income				20,361,006.72			1,083,190,849.19	1,103,551,855.91	197,607,472.46	1,301,159,328.37
2. Shareholders' contributions and decrease of capital	40,616,919.00	318,575,903.61						359,192,822.61	-87,373,493.34	271,819,329.27
(1) Contribution by ordinary shareholders	40,616,919.00	314,355,699.25						354,972,618.25		354,972,618.25
(2) Contribution by holders of other equity instruments										
(3) Amount of share based payment included in shareholders' equity		33,899,325.60						33,899,325.60	5,137,898.42	39,037,224.02
(4) Others		-29,679,121.24						-29,679,121.24	-92,511,391.76	-122,190,513.00
3. Appropriation of profits						38,537,947.00	-175,346,409.40	-136,808,462.40	-13,674,023.51	-150,482,485.91
(1) Appropriation for surplus reserve						38,537,947.00	-38,537,947.00			
(2) General risk reserves										
(3) Distributions to shareholders							-136,808,462.40	-136,808,462.40	-13,674,023.51	-150,482,485.91
(4) Others										
4. Specific reverse					198,638.30			198,638.30		198,638.30
(1) Appropriation during the year					15,283,112.06			15,283,112.06		15,283,112.06
(2) Utilisation during the year					-15,084,473.76			-15,084,473.76		-15,084,473.76
III. Balance at the end of the year	1,408,701,543.00	10,583,025,518.64	225,263,700.64	-185,887,522.46	198,638.30	189,103,446.47	1,809,156,485.92	13,579,034,409.23	5,547,338,076.18	19,126,372,485.41

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 (Signature and stamp)

Ningbo Joyson Electronic Corp.  
 Consolidated statement of changes in shareholders' equity for the year ended 31 December 2022  
 (Expressed in Renminbi Yuan)

	Attributable to shareholders of the Company								Non-controlling interests	Total
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Subtotal		
I. Balance at the beginning of the year	1,368,084,624.00	10,434,247,237.80	225,263,700.64	-861,486,784.59		134,466,504.37	523,226,710.20	11,373,274,591.14	5,481,443,316.23	16,854,717,907.37
Add: Changes in accounting policies										
Correction of previous accounting errors										
Others										
II. Adjusted balance at the beginning of the year	1,368,084,624.00	10,434,247,237.80	225,263,700.64	-861,486,784.59		134,466,504.37	523,226,710.20	11,373,274,591.14	5,481,443,316.23	16,854,717,907.37
III. Changes in equity during the year ("+" for increases)		-169,797,622.77		655,238,255.41		16,098,995.10	378,085,335.93	879,624,963.67	-30,665,195.66	848,959,768.01
1. Total comprehensive income				655,238,255.41			394,184,331.03	1,049,422,586.44	123,255,144.91	1,172,677,731.35
2. Shareholders' contributions and decrease of capital		-169,797,622.77						-169,797,622.77	-140,860,753.33	-310,658,376.10
(1) Contribution by ordinary shareholders										
(2) Contribution by holders of other equity instruments										
(3) Amount of share based payment included in shareholders' equity		38,353,022.33						38,353,022.33	369,592.57	38,722,614.90
(4) Others		-208,150,645.10						-208,150,645.10	-141,230,345.90	-349,380,991.00
3. Appropriation of profits						16,098,995.10	-16,098,995.10		-13,059,587.24	-13,059,587.24
(1) Appropriation for surplus reserve						16,098,995.10	-16,098,995.10			
(2) General risk reserves										
(3) Distributions to shareholders									-13,059,587.24	-13,059,587.24
(4) Others										
III. Balance at the end of the year	1,368,084,624.00	10,264,449,615.03	225,263,700.64	-206,248,529.18		150,565,499.47	901,312,046.13	12,252,899,554.81	5,450,778,120.57	17,703,677,675.38

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Ningbo Joyson Electronic Corp.

Company statement of changes in shareholders' equity for the year ended 31 December 2023

(Expressed in Renminbi Yuan)

	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Total
I. Balance at the beginning of the year	1,368,084,624.00	11,796,515,320.18	225,263,700.64	-2,152,276.05	123,762,017.44	344,252,921.08	13,405,198,906.01
Add: Changes in accounting policies							-
Correction of previous accounting errors							-
Others							-
II. Balance at the beginning of the year	1,368,084,624.00	11,796,515,320.18	225,263,700.64	-2,152,276.05	123,762,017.44	344,252,921.08	13,405,198,906.01
III. Changes in equity during the year ("-" for decreases)	40,616,919.00	330,672,994.42		7,073,122.11	38,537,947.00	210,033,060.62	626,934,043.15
1. Total comprehensive income				7,073,122.11		385,379,470.02	392,452,592.13
2. Shareholders' contributions and decrease of capital	40,616,919.00	330,672,994.42					371,289,913.42
(1) Contribution by ordinary shareholders	40,616,919.00	314,355,699.25					354,972,618.25
(2) Contribution by holders of other equity instruments							
(3) Amount of share based payment included in shareholders' equity		16,317,295.17		-			16,317,295.17
(4) Others							
3. Appropriation of profits					38,537,947.00	-175,346,409.40	-136,808,462.40
(1) Appropriation for surplus reserve					38,537,947.00	-38,537,947.00	
(2) Contribution by ordinary shareholders						-136,808,462.40	-136,808,462.40
(3) Others							
IV. Balance at the end of the year	1,408,701,543.00	12,127,188,314.60	225,263,700.64	4,920,846.06	162,299,964.44	554,285,981.70	14,032,132,949.16

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Ningbo Joyson Electronic Corp.  
 Company statement of changes in shareholders' equity for the year ended 31 December 2022  
 (Expressed in Renminbi Yuan)

	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained earnings	Total
I. Balance at the beginning of the year	1,368,084,624.00	11,775,337,550.29	225,263,700.64	-9,068,677.98	107,663,022.34	199,361,965.18	13,216,114,783.19
Add: Changes in accounting policies							
Correction of previous accounting errors							
Others							
II. Balance at the beginning of the year	1,368,084,624.00	11,775,337,550.29	225,263,700.64	-9,068,677.98	107,663,022.34	199,361,965.18	13,216,114,783.19
III. Changes in equity during the year ("-" for decreases)		21,177,769.89		6,916,401.93	16,098,995.10	144,890,955.90	189,084,122.82
1. Total comprehensive income				6,916,401.93		160,989,951.00	167,906,352.93
2. Shareholders' contributions and decrease of capital		21,177,769.89					
(1) Contribution by ordinary shareholders							
(2) Contribution by holders of other equity instruments							
(3) Amount of share based payment included in shareholders' equity		21,177,769.89					21,177,769.89
(4) Others							
3. Appropriation of profits					16,098,995.10	-16,098,995.10	
(1) Appropriation for surplus reserve					16,098,995.10	-16,098,995.10	
(2) Contribution by ordinary shareholders							
(3) Others							
IV. Balance at the end of the year	1,368,084,624.00	11,796,515,320.18	225,263,700.64	-2,152,276.05	123,762,017.44	344,252,921.08	13,405,198,906.01

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### **III. Basic information of the company**

#### **1. Company status**

√ Applicable  Not applicable

Ningbo Joyson Electronic Co., Ltd. (originally named “Liaoyuan Deheng Co., Ltd.” and was renamed “Liaoyuan Joyson Electronics Co., Ltd.”, it was changed to current name in February 2014, hereinafter referred to as “Joyson Electronics” or “the Company”), formerly known as Liaoyuan Deheng Co., Ltd., was established on 7 August 1992, registered with Liaoyuan City Business Administration, and approved by Jilin Province Economic Reform Committee, numbered Ji Gai Pi [1992] No.40. Led by Liaoyuan Chemical Fiber Corporation, the Company cooperated with Shanghai Second Textile Machine Co., Ltd., China Chemical Fiber Company and China Jilin International Economic Technical Cooperation Company to establish a directional raising funds company. The raised shares amounted to 65,000,000, with par value of RMB1.00 yuan per share.

On 10 November 1993, upon the approval of Zheng Jian Fa Shen Zi [1993] No. 69 issued by the China Securities Regulatory Commission, Liaoyuan Deheng Co., Ltd. (hereinafter referred to as “Deheng”) raised capital from public by issuing 25,000,000 ordinary shares, totaling 90,000,000 shares thereafter. The increased shares were listed on Shanghai Stock Exchange on 6 December 1993.

The 12th meeting of the 6th Board of Directors of the Company on 15 April 2011 and the 2nd extraordinary shareholders’ meeting of the Company on 9 May 2011 approved Proposal on the Relevant Conditions of Significant Assets Restructuring and Non-public Offering of Stock of Liaoyuan Deheng Co., Ltd., the Proposal on the Specific Scheme of Significant Assets Restructuring and Assets Purchase by Issuing Shares and Related Party Transactions of Liaoyuan Deheng Co., Ltd., the Proposal on Signing the “Report on Assets Purchase by Issuing Shares and Related Party Transactions of Liaoyuan Deheng Co., Ltd. (draft)” to carry out significant assets restructuring of the Company. On 29 November 2011, China Securities Regulatory Commission issued the Reply on the Approval of Liaoyuan Deheng Co., Ltd. to Purchase Assets by Issuing Shares to Ningbo Joyson Investment Group Co., Ltd. (Zheng Jian Xu Ke (2011) No.1905), approving Liaoyuan Deheng Co., Ltd to purchase assets by issuing shares to Joyson Holding Co., Ltd (formerly “Ningbo Joyson Investment Group Co., Ltd.”, hereinafter referred to as “Joyson Group”) and persons acting in concert. On 13 December 2011, the renewed registration of relevant assets was completed. The 75% equity of Joyson Electronics, 100% equity of Changchun Joyson Auto Parts Co., Ltd., 82.3% equity of Huade Plastic Manufacturing Co., Ltd. and 100% of Shanghai Huade Benyuan Auto Mirror Co., Ltd. held by Joyson Group and persons acting in concert have all been transferred to Deheng. This significant transaction of assets transfer has been completed.

On 29 March 2012, upon the approval of the 6th meeting of the 7th Board of Directors, the Company purchased 74.90% equity of Preh Holding GmbH (hereinafter referred to as “Preh Holding”) and 5.10% equity of Preh GmbH (hereinafter referred to as “Preh”) by issuing shares, in the meantime, the Company also purchased 25.10% equity of Preh Holding held by DB AGFund IV GmbH & Co. KG and other institutions and individuals by cash payment. Upon the completion of the transaction, the Company held 100% equity of Preh Holdings and 5.10% of Preh. As at 14 December 2012, Preh Holdings and Preh completed the registration of changes in equity and their corresponding equity has been transferred to the Company.

Upon the approval of the 9th meeting of the 8th Board of Directors of the Company on 15 December 2014 and the 1st extraordinary shareholders' meeting on 12 February 2015, the Company acquired 100% equity of Quin GmbH (hereinafter referred to as “Quin”) by raising funds through non-public offering of shares. As at 27 January 2015 (German time), the transfer of 75% shares of Quin has been completed.

Upon the approval of the 25th meeting of the 8th Board of Directors of the Company on 29 January 2016 and the 3rd extraordinary shareholders' meeting on 25 April 2016, the newly established wholly-owned subsidiary of the Company-Knight Merger Inc. merged KSS Holdings, Inc. (hereinafter referred to as “KSS”), and another subsidiary of the Company-Preh, purchased the automobile information segment of TechniSat Digital GmbH, Daun with the Company. On 4 February 2016, the 26th meeting of the 8th Board of Directors approved relevant proposals for the non-public issuance of shares, so as to raise the funds from non-public offering of shares to replace part of the consideration paid by the Company previously for the automobile information segment of KSS and TechniSat Digital GmbH using self-raised funds. As at 29 April 2016 and 2 June 2016, the acquisition of the automobile information segment business of TechniSat Digital GmbH and the acquisition of 100% equity in KSS have been completed respectively.

Upon the approval of 36th meeting of the 8th Board of Director of the Company on 14 April 2017 and the annual shareholder's meeting of 2016 on 5 May 2017 on changing the investor of certain fund-raising project, Ningbo JoysonQuin Automotive Systems Holdings Co., Ltd., a wholly-owned subsidiary (formerly known as “Ningbo Joyson Automotive Electronics Co., Ltd.”, hereinafter referred to as “JoysonQuin”) would invest RMB171,250,964.62 to acquire the subsequent 25% share of Quin. As at 10 January 2018, JoysonQuin has completed the acquisition of 25% share of Quin.

Upon the approval of the 2nd, 6th and 7th meetings of the 9th Board of Directors on 24 June, 10 November, and 21 November 2017, and the 2nd extraordinary shareholders' meeting of 2017 on 12 December 2017, the Company acquired the business of the liquidated Takata Corporation other than its phase stabilized ammonium nitrate business (hereinafter referred to as “Takata related business”) through its wholly-owned subsidiary, KSS Holdings, Inc. (subsequently known as Joyson Auto Safety Holdings S.A.). As at 12 April 2018, the acquisition of Takata related business has been completed.

Upon the approval of the 13th meeting of the 9th Board of Director of the Company on 2 May 2018 and the annual shareholders' meeting of 2017 on 23 May 2018, the Company repurchased part of its public shares using its own funds no less than RMB1.8 billion but no more than RMB2.2 billion. The repurchase price does not exceed RMB27.50 per share and the number of repurchase shares is not less than 65,454,500 shares, representing not less than 6.89% of the total shares issued by the Company (the Company's total number of shares is 949,289,000). As at 23 November 2018, the accumulated shares repurchased by the Company is 71,958,239, representing 7.58% of the Company's total number of shares. The repurchase price ranges from RMB21.26 per share to RMB27.26 per share with total cash of RMB1.801 billion paid. The repurchase has been completed. Upon the approval of the 19th meeting of the 9th Board of Director of the Company on 22 April 2019 and the 2018 annual shareholders' meeting on 28 June 2019, the Company converted capital reserve to share capital by 4 shares for each 10 shares to all shareholders. Totally 350,932,304 shares capital

were converted, which was calculated based on the total shares of 877,330,761 after being deducted repurchased shares of 71,958,239 from the total shares issued on the date of record determined by the implementation of announcement. After the completion of capital reserve conversion, Company's capital shares increased to 1,300,221,304 shares. As at 30 July 2019, the new trading shares got listed.

Upon the approval of the 25th meeting of the 9th Board of Director of the Company on 19 December 2019, the Company cancelled 62,958,239 treasury shares in security-repurchase account. After the cancellation, the security-repurchase account holds 9,000,000 treasury shares. The Company's registered capital was revised to RMB1,237,263,065 and total shares changed to 1,237,263,065 shares.

Upon the approval of the 27th meeting of the 9th Board of Directors on 22 April 2020, the 2019 annual shareholders' meeting on 12 May 2020, as well as the approval from China Securities Regulatory Commission regarding the request of non-public offering from the Company (Zheng Jian Xu Ke (2020) No.1829), the Company is eligible to privately issue no more than 371,178,919 new shares to fund the expansion of production capacity of the intelligent automotive products and working capital. Up till 22 October 2020, the Company issued 130,821,559 shares to 9 designated parties with RMB19.11 per share. The consideration was fully paid in cash, with the amount of RMB2,499,999,992.49. The Company received the cash of RMB2,476,415,086.84 after deducting underwriting and sponsoring fee of RMB23,584,905.65. After the non-public offering, the share capital is changed to 1,368,084,624 shares.

On 24 November and 15 December 2020, the Company entered into Share Transfer Agreement and its Supplemental Agreement, and Performance Commitment and Compensation Agreement with Guangdong Senssun Weighing Apparatus Group Ltd. ("Senssun"). Pursuant to those agreements, Senssun was to purchase 51% shares of Ningbo JoysonQuin Automotive Systems Holding Co., Ltd. from the Company in cash. The transaction was approved on the third shareholders' meeting on 31 December 2020, and the transaction was consummated on the same day.

Upon the approval of the 16th meeting of the 10th Board of Director of the Company on 14 October 2021 and 2nd extraordinary shareholders' meeting of 2021 on 1 November 2021, the Company launched the 2021 Joyson Employee Stock Ownership Plan, which was to grant restricted stock units ("RSU") to 27 qualified employees with the 9,000,000 treasury shares. The face value was RMB1 per share and the granting price was RMB9.5 per share. The Company received the RSU subscription proceeds of RMB85,500,000 in total on 8 November 2021, and transferred 9,000,000 treasury shares to the Company's Employee Stock Ownership account on the same day. In 2022, two employees quit the Employee Stock Ownership plan, and the Company's RSU obligation decreased to RMB 81,700,000.00. In 2023, three employees who were granted share-based payments left their employment and withdrew from the Employee Share Ownership Plan, and their shares were subsequently re-granted to the three employees, and the Company's restricted share subscription obligation was RMB85,500,000.00, which was consistent with the previous year.

Upon the approval of the 23th meeting of the 10th Board of Director of the Company and the extraordinary shareholders's meeting of 2022 on 13 May 2022 and 31 May 2022, as well as the approval from China Securities Regulatory Commission regarding the request of non-public offering from the Company (Zheng Jian Xu Ke (2023) No.1169) on 26 May 2023. The company is eligible to privately issue no more than 40,616,919 new shares to acquire 8.0392% of the shares of Joynext and supplement working capital of the company. Up till 5 July 2023, the Company issued 40,616,919 shares to 1 designated party with RMB8.99 per share. The consideration was fully paid in cash privately, with the amount of RMB365,146,101.81. The Company received the cash of RMB354,972,618.25 after deducting underwriting and sponsoring fee of RMB10,173,483.56 (excluding VAT). After the non-public offering, the share capital is changed to 1,408,701,543 shares.

The Company and its subsidiaries (“the Group”) are principally engaged in R&D, production and sale of automotive components, including Human Machine Interface products, telematics, automobile safety systems, and electronic products of new energy vehicle, etc.. The principal locations of the Group's operations include China, the United States, Japan, Germany, Mexico, Italy, Romania, Portugal, Poland, Brasil and India. Please refer to Note VII for related information of the Company's subsidiaries.

#### **IV. Basis of preparation**

##### **1. Basis of preparation**

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

##### **2. Going concern basis**

Applicable  Not applicable

There is no material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

#### **V. Significant accounting policies and accounting estimates**

Notes on specific accounting policies and accounting estimates:

Applicable  Not applicable

See Note V.41 “Changes in significant accounting policies and accounting estimates”

##### **1. Statement of compliance**

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards (“CAS”) issued by the Ministry of Finance (“MOF”). These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2023, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

These financial statements also comply with the disclosure requirements of “Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No. 15: General Requirements for Financial Reports” as revised by the China Securities Regulatory Commission (“CSRC”) in 2023.

##### **2. Accounting period**

The accounting period is from 1 January to 31 December.

##### **3. Operating cycle**

Applicable  Not applicable

The Company takes the period from the acquisition of assets for processing to until the ultimate realisation of cash or cash equivalents as a normal operating cycle. The operating cycle of the Company is usually 12 months, and is used to classify the liquidity of assets and liabilities.

##### **4. Functional currency**

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency for consolidating the components of the Group are US Dollar, Mexican Peso, Brazilian Real, Hungarian Forint, Thai Baht, Indonesian Rupiah, Malaysian Ringgit, Philippine Peso, Russian Ruble, South African Rand, Sterling Pound,

Euro, Romanian Leu, Polish Zloty, Swedish Krona, Swiss franc, Czech Koruna, Indian Rupee, Japanese Yen, Korean Won ,Hong Kong dollar and Renminbi respectively. Their financial statements have been translated based on the accounting policy set out in Note V.10.

#### 5. Method used to determine the materiality threshold and the basis for selection

√ Applicable  Not applicable

<i>Item</i>	<i>Materiality threshold</i>
Significant receivables for which provisions for bad and doubtful debts are individually assessed	The original value of individually provided for, reversed, and written off bad debt provision exceeded RMB10 million
Significant prepayments/other receivables/accounts payable/contractual liabilities aged over 1 year	Prepayments/other receivables/accounts payable/contractual liabilities with an individual age of over 1 year exceeding RMB10 million
Significant construction projects in progress	The carrying amount of a single item of construction in progress exceeds 0.05% of the Group's total assets
Changes in the scope of consolidation due to significant new and liquidated subsidiaries	Net assets at the end of the period of companies with changes in the scope of consolidation due to significant new or liquidated subsidiaries exceeded 0.05% of the Group's net assets
Significant joint ventures or associates	Carrying value of long-term equity investments in joint ventures or associates exceeding 5% of group net assets
Significant subsidiaries	Carrying value of net assets of subsidiaries exceeds 1% of group net assets
Significant non-wholly-owned subsidiaries	Carrying value of net assets attributable to minority shareholders of non-wholly owned subsidiaries exceeds 1% of Group net assets
Significant cash flows from investing activities	Individual cash flows exceeding 0.5% of the Group's total assets
Significant capitalised research and development projects	Carrying amount of individual development expenditure exceeds 0.05% of the Group's total assets

#### 6. Accounting treatments for business combinations involving entities under common control and not under common control

√ Applicable  Not applicable

Business combination is the transaction between two separate companies or more which are combined into one reporting entity. The business combination includes business combinations involving entities under common control and business combinations involving entities not under common control.

(1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The one which acquires the control right of other combination entities is called the merging company while the other combining entities are called the merged companies. The combination date is the date on which one combining enterprise obtains control of other combining entities.

The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings.

Any costs directly attributable to the combination are recognised in profit or loss when incurred.

(2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. For a business combination not under the common control, the party acquiring control over other entities involved in the merger is the purchaser at the acquisition date and the other entities participating in the consolidation are the acquiree. The acquisition date is the date on which the acquirer obtains control of the acquiree.

For a business combination not under common control, the combination costs comprise the assets paid (including the equity of the acquiree held at the acquisition date), the liabilities incurred or assumed, and the fair value of the equity securities issued by the acquirer at the acquisition date in order to obtain the control over the acquiree. The intermediary fees, such as auditing, legal services, assessment and consulting, and other administrative expenses are recognised in profit or loss for the current period when incurred. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree are measured at the fair value. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. Where the cost of acquisition is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer shall firstly review the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the cost of the combination. If the cost of the combination is still less than the fair value of the acquiree's identifiable net assets obtained in the merger, the difference is recognised in profit or loss for the current period after reassessment. If the contingent consideration involved is included in the combination cost at its fair value on the acquisition date and there is a new or additional evidence for the existence of a new or further evidence of the existence of the acquisition date within 12 months after the acquisition date, the consolidated goodwill will also be adjusted.

The deductible temporary difference that the acquirer obtained from the acquiree wasn't confirmed because of not fitting for the confirmation condition of the deferred tax asset recognition on the purchase date. It will be recognised in the 12 months after the purchase

date if the purchaser obtains new or further information indicating that the situation above exists and the purchaser's economic benefits created from the deductible temporary differences can be achieved on the purchase date. Meanwhile, the goodwill should be offset. If the goodwill is not adequate, the difference will be recognised as profit or loss for the current period. In addition to the above, the recognition of deferred income tax assets related to business combination is recognised in profit or loss for the current period.

For a business combination involving entities not under common control and achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its acquisition-date fair value and recognises any resulting difference between the fair value and the carrying amount as investment income or other comprehensive income for the current period. In addition, any amount recognised in other comprehensive income that may be reclassified to profit or loss, in prior reporting periods relating to the previously-held equity interest, and any other changes in the owners' equity under equity accounting, are transferred to investment income on the acquisition date; Any previously-held equity interest that is designated as equity investment at fair value through other comprehensive income, the other comprehensive income recognised in prior reporting periods is transferred to retained earnings and surplus reserve at the date of acquisition.

## **7. Criteria of control and preparation of consolidated financial statements**

√ Applicable  Not applicable

### **(1) General principles**

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Subsidiaries represent the entities controlled by the Company. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Company will re-evaluate the changes in the relevant elements of the above-mentioned control definition once the relevant facts and circumstances have changed.

### **(2) Subsidiaries acquired through a business combination**

From the date of obtaining the actual control of the net assets and production and operation decisions of the subsidiaries, the Group began to incorporate them into the scope of consolidation; from the date of loss of actual control, the Group ceased to include them in the consolidation scope. For the disposal of subsidiaries, the results of operations and cash flows prior to disposal have been properly included in the consolidated income statement and consolidated cash flow statement; the subsidiaries disposed in the current period shall not adjust the beginning balance of the consolidated balance sheet. Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date. The business results and cash flows of the subsidiaries acquired not under the common control are included in the consolidated income statement and consolidated cash flow statement as appropriate, and the opening balance and the balance of the consolidated financial statements are not adjusted. Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. The operating results and cash flows of the subsidiaries under the common control from the beginning of the current period to the combination date are appropriately included in the consolidated income statement and consolidated cash flow statement, and the comparative figures of the consolidated financial statements are adjusted at the same time.

In the preparation of the consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiaries and the Company are not consistent, the financial statements of the subsidiaries shall be adjusted in accordance with the Company's accounting policies and accounting periods. For the subsidiaries acquired through business combination not under the common control, the financial statements are adjusted based on the fair value of the identifiable net assets at the acquisition date.

All significant balances, transactions and unrealised profits in the Group are offset in the preparation of the consolidated financial statements. For unrealised loss from the intra-group transactions, where there is evidence that indicates the loss is related to the impairment loss of relevant assets, the loss shall be recognised fully.

The shareholders' equity, current net profit or loss and comprehensive income of the subsidiary that are not separately attributable to the Company are presented separately as minority interests, profit or loss and other comprehensive income for minority shareholders in the consolidated financial statements under shareholders' equity, net profit and comprehensive income. The portion of the net profits and losses of the subsidiaries in the current period is listed as "minority shareholders' profit and loss" under the item of net profit in the consolidated income statement. If the losses of the subsidiaries shared by the minority shareholders are higher than the minority shareholders' share at the beginning shareholders' equity of the subsidiary, and the minority interests are still offset.

### (3) Disposal of subsidiaries

When the Company has lost control of the original subsidiary due to disposal of part of the equity investment or other reasons, the remaining equity will be reassessed at the fair value at the date of loss of control. The difference between the consideration obtained from disposal of the equity and the fair value of the remaining equity less the share of the net assets of the original subsidiary that is calculated on the basis of the original shareholding from the date of purchase and is included in the current period of loss of control investment income. Other comprehensive income related to the original equity investment of the subsidiary shall be accounted for on the same basis as the assets or liabilities directly disposed by the purchaser at the time of loss of control (that is, in addition to the re-measurement of the original subsidiary's benefit plan net liabilities or net assets, the rest shall be converted into current investment income). Thereafter, the remaining shares of the Company shall be subsequently measured in accordance with Note V.11. or Note V.19.

If the Company disposes of the equity investment of the subsidiary through several transactions until the loss of control right, it needs to distinguish whether the transactions involving the disposal of the equity investment of the subsidiary until the loss of control rights belong to a bundled transaction. The terms, conditions and economic impact of disposing of transactions in a subsidiary's equity investments are, in one or more of the following cases, generally indicating that multiple transactions should be accounted for as a bundled transaction:

- arrangements are entered into at the same time or in contemplation of each other;
- arrangements work together to achieve an overall commercial effect;
- the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement;
- one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

If each of the multiple transactions does not form part of a bundled transaction, the transactions conducted before the loss of control of the subsidiary are accounted for in accordance with the accounting policy for partial disposal of equity investment in subsidiaries where control is retained (see Note V.6 ).

If each of the multiple transactions forms part of a bundled transaction which eventually results in the loss of control in the subsidiary, these multiple transactions are accounted for as a single transaction. In the consolidated financial statements, the difference between the consideration received and the corresponding proportion of the subsidiary's net assets (calculated continuously from the acquisition date) in each transaction prior to the loss of control shall be recognised in other comprehensive income and transferred to profit or loss when the parent eventually loses control of the subsidiary.

### (4) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

## **8. Joint arrangement**

√ Applicable  Not applicable

A joint arrangement is an arrangement of which two or more parties have joint control. The Group classifies the joint arrangement into joint operations and joint ventures in accordance with their rights and obligations under the joint venture arrangement. A joint operation refers to the joint venture arrangement in which the Group enjoys the relevant assets of the arrangement and undertakes the relevant liabilities of the arrangement. A joint venture refers to a joint venture arrangement in which the Group has the right to enjoy only the net assets of the arrangement.

The Group's investment in the joint venture is accounted for using the equity method and is accounted for in accordance with the accounting policies described in Note V.19 (2).

The Group as a party of joint arrangement recognises the assets held jointly by the Group, the liabilities assumed by the Group alone and the jointly held assets and liabilities recognised in accordance with the share of the Group. As a joint venture, the Group recognises that the Group's share of the common operating assets; the recognition of the expenses incurred by the Group as a result of the sale of the Group; and the recognition of the costs of the joint operation in accordance with the share of the Group. When the Group invests or sells assets jointly as a joint venture (the asset does not constitute a business, the same below), or purchases assets from a joint operation, The Group only recognises that the transaction resulted from the sale of the asset to a third party of the profits and losses attributable to co-operation of other participants in the part. In the event of asset impairment losses, the Group recognises the loss in full in the event that the Group invests or sells the assets to the joint operation. The Group recognises the loss as a result of the share of the Group's assets acquired from joint operation.

## **9. Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdraw on demand, and short-term (generally from the date of purchase, within three months due), highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

## **10. Foreign currency transactions and translation of foreign currency financial statements**

√ Applicable  Not applicable

### **(1) Foreign currency transactions**

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to functional currency. However, foreign currency exchange transactions or transactions involving the conversion of foreign currency are converted to functional currency based on the actual exchange rate.

### **(2) Conversion of foreign currency monetary items and foreign currency non-monetary items**

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally

recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition, construction or production of qualifying assets (see Note V.23).

Non-monetary items that are measured at historical cost in foreign currencies are translated to RMB using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the re-translation of available-for-sale financial assets, which are recognised in other comprehensive income.

### (3) Translation of foreign currency statement

In the case of foreign currency monetary items that substantially constitute net investment in overseas operations, exchange differences arising as a result of exchange rate changes are recognised as other comprehensive income as “translation differences of foreign currency statements”; for disposal of overseas operations, it is included in the disposal of current profits and losses. Assets and liabilities of foreign operation are translated to RMB at the spot exchange rate at the balance sheet date. Equity items, excluding “Retained earnings”, are translated to RMB at the spot exchange rates at the transaction dates. Income and expenses of foreign operation are translated to RMB at the current average exchange rates at the transaction dates. The undistributed profit at the beginning of the year is the undistributed profit at the end of the previous year. The undistributed profit at the end of the year is calculated according to the profit distribution after conversion. The resulting translation differences are recognised in other comprehensive income.

In the preparation of consolidated financial statements involving a foreign operation, if there is a foreign currency monetary item that substantially constitutes a net investment in a foreign operation, the exchange difference arising from change in exchange rates is recognised as other comprehensive income as a “translation difference”. The disposal of a foreign operation is recognised in profit or loss.

The opening balance and the actual balance of the previous year are stated based on the amount after the translation of the financial statements of previous year.

In case of disposal of the whole owner's equity of the Group's foreign operations or the loss of control over the foreign operation due to the disposal of part of the equity investment or other reasons, the balance of the equity attributable to the foreign enterprise. The difference in translation of foreign currency statements of owners' equity of the Company shall be transferred to the profit or loss of the current disposal period. In the event of disposal of part of equity investment or other reasons that reduce the proportion of overseas business interests, but not lose control over the overseas operation, the foreign currency translation differences related to the disposal of foreign operations shall be vested in minority interests and not transferred to the current profits and losses. When the overseas operation is part of the equity interest in the joint venture or joint venture, the foreign currency translation difference related to the overseas operation shall be transferred to the profit or loss of the current period according to the proportion of disposal of the overseas operation.

## **11. Financial instruments**

Applicable  Not applicable

Financial instruments include cash at bank and on hand, investments in debt and equity securities other than those classified as long-term equity investments (see Note V.19), receivables, payables, loans and borrowings, debentures payable and share capital.

### (1) Recognition of fair value of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable without a significant financing component or not considering financing component is initially measured at the transaction price according to Note V.34.

## (2) Classification and subsequent measurement of financial assets

### (a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income (“FVOCI”), or at fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group’s business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according

to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(b) Subsequent measurement of financial assets

- Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

- Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised cost.

- Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortised cost

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

#### (4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- The Group currently has a legally enforceable right to set off the recognised amounts;
- The Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

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

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or;  
the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

#### (6) Impairment

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost;
- contract assets;
- debt investments measured at FVOCI.

Financial assets measured at fair value, including debt investments or equity securities at FVPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for bills receivable, accounts receivable, receivables under financing and contract assets arising from ordinary business activities such as sale of goods and provision of services are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for bills receivable, trade receivables, receivables under financing and contract assets, the Group measures loss allowance at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments:

- If the financial instrument is determined to have low credit risk at the balance sheet date;
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

(a) Categories of groups for collective assessment based on credit risk characteristics and basis for determination

Bills receivable	Based on the different credit risk characteristics of acceptors, the Group classifies bills receivable into two groups: bank acceptance bills and commercial acceptance bills.
Accounts receivable	Historically, there is no significant difference in terms of occurrence of losses among different customer types for the Group. Therefore, the Group makes provisions for bad and doubtful debts arising from accounts receivable on the basis of all customers being one group without further segmentation by different customer types.
Receivables under financing	The Group's receivables under financing are bank acceptance bills held for dual purposes. As the accepting banks have high credit ratings, the Group considers all receivables under financing as a single group.
Other receivables	The Group's other receivables mainly include consideration receivable, other accounts receivable, tax refund receivable, deposit receivable, funding from related parties, dividend receivable and others. Based on the nature of the receivables and the credit risk characteristics of the counterparties, the Group classifies other receivables, except dividend receivable and consideration receivable, into

	four portfolios, namely, other account portfolio, deposits portfolio, tax refund portfolio and funding from related parties portfolio. The Group makes bad debt provision for dividend receivables and consideration receivables on an individual basis.
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(b) Criteria for individual assessment

Bills receivable, accounts receivable, receivables under financing, and contract assets are usually assessed collectively as a group based on credit risk characteristics to make provisions. When a counterparty is significantly different from other counterparties in the group in terms of credit risk characteristics, or if there has been a significant change in its credit risk characteristics, the individual approach is adopted for receivables due from this counterparty. For example, when a counterparty is in serious financial difficulties and the expected credit loss ratio of receivables due from this counterparty is significantly higher than the average expected credit loss ratio of the relevant ageing overdue range, it should be individually assessed for provisioning purposes.

*Financial instruments that have low credit risk*

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers that financial instruments such as funds receivable from government departments, and various types of deposits, as well as cash advance to employee for business operation purpose, are regarded as having relatively low credit risks.

*Significant increases in credit risk*

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the

assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. Unless the Group does not have to pay unnecessary additional cost or effort to obtain reasonable and evidence-based information, proving that although it is more than 30 days past due, the credit risk has not increased significantly since the initial recognition.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

#### *Credit-impaired financial assets*

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

#### *Presentation of allowance for ECL*

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

#### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs

## (7) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

When the Company repurchases its own shares, those shares are treated as treasury shares. All expenditure relating to the repurchase is recorded in the cost of the treasury shares, with the transaction recording in the share register. Treasury shares are excluded from profit distributions and are presented as a deduction under shareholders' equity in the balance sheet.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is deducted from capital reserve (share premium), surplus reserve and retained earnings sequentially. If the cost of treasury shares cancelled is less than the total par value, the difference is credited to the capital reserve (share premium).

When treasury shares are disposed of, any excess of proceeds above cost is recognised in capital reserve (share premium); otherwise, the shortfall is deducted against capital reserve (share premium), surplus reserve and retained earnings sequentially.

## (8) Convertible instruments

### - Convertible instruments containing an equity component

Convertible instruments issued by the Group that can be converted to equity shares, where the number of shares to be issued and the value of consideration to be received at that time do not vary, are accounted for as compound financial instruments containing both liability and equity components.

The initial carrying amount of a compound financial instrument is allocated to its equity and liability components. The amount recognised in the equity is the difference between the fair value of the instrument as a whole and the separately determined fair value of the liability component (including the fair value of any embedded derivatives other than the equity component). Transaction costs that relate to the issuance of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method, unless it is designated upon recognition at fair value through profit or loss. The equity component is not re-measured.

If the convertible instrument is converted, the liability component, together with the equity component, is transferred to equity. If the convertible instrument is redeemed, the consideration paid for the redemption, together with the transaction costs that relate to the redemption, are allocated to the liability and equity components. The method used to allocate the consideration and transaction costs is the same as that used for issuance. After allocating the consideration and transaction costs, the difference between the allocated and carrying amounts is charged to profit and loss if it relates to the liability component or is directly recognised in equity if it relates to the equity component.

### - Other convertible instruments not containing an equity component

For other convertible instruments issued by the Group which do not contain an equity component, at initial recognition, the derivative component is measured at fair value, and any excess of proceeds over the derivative component is recognised as the liability component.

The derivative component is subsequently measured at fair value, and gains or losses from the changes in the fair value are recognised in profit or loss. The liability component is subsequently carried at amortised cost using the effective interest method.

On conversion, the carrying amounts of the derivative and liability components are transferred to equity. If the instrument is redeemed, any difference between the redemption amount paid and the carrying amounts of both components is recognised in profit or loss.

#### (9) Preference shares and perpetual debentures

At initial recognition, the Group classifies the preference shares, perpetual debentures issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Preference shares and perpetual debentures issued containing both equity and liability components are accounted for using the accounting policy for convertible instruments containing an equity component. Preference shares and perpetual debentures issued not containing an equity component are accounted for using the accounting policy for other convertible instruments not containing an equity component.

Preference shares and perpetual debentures issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the preference shares and perpetual debentures are redeemed according to the contractual terms, the redemption price is charged to equity.

#### **12. Bills receivable**

##### **Method of determining expected credit losses on bills receivable and accounting treatment**

Applicable  Not applicable

See Note V.11 (6).

#### **13. Accounts receivable**

##### **Method of determining expected credit losses on accounts receivable and accounting treatment**

Applicable  Not applicable

See Note V.11 (6).

#### **14. Receivables financing**

Applicable  Not applicable

See Note V.11 (6).

#### **15. Other receivables**

##### **Method of determining expected credit losses on other receivables and accounting treatment**

Applicable  Not applicable

See Note V.11 (6).

## 16. Inventories

√ Applicable  Not applicable

### (1) Classification

Inventories include raw materials, work in progress, semi-finished goods, finished goods, reusable materials and goods in transit. Reusable materials include low-value consumables, packaging materials and other materials, which can be used repeatedly but do not meet the definition of fixed assets.

### (2) Measurement method of cost of inventories

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditure incurred in bringing the inventories to their present location and condition. Borrowing costs directly related to the production of qualifying inventories are also included in the cost of inventories (see Note V.23). In addition to the purchase cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

Costs of a construction contract comprise the direct and indirect costs attributable to the contract and incurred during the period from the date of entering into the contract to the final completion of the contract. The costs incurred plus recognised profits (or less recognised losses) and progress billings in respect of construction contract are offset and the net amount is presented in the balance sheet. The excess of (a) costs incurred plus recognised profits (less recognised losses) over (b) progress billings is presented in the balance sheet as inventory, or as advances from customers when (b) exceeds (a).

Cost of inventories recognised is calculated using the weighted average method.

### (3) Basis for determining the net realisable value and method for provision for obsolete inventories

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value of materials held for use in the production is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices.

In determining the net realisable value of inventories, taking the conclusive evidence obtained, taking into account the purpose of the holding of the inventory and the effect of the events after the balance sheet date.

At the balance sheet date, inventories are carried at the lower of cost and net realisable value. Any excess of the cost over the net realisable value of each category of inventories is recognised as a provision for the impairment, and is recognised in profit or loss. Provision for impairment of inventories is usually based on the difference between the cost of a single item of inventory and its net realisable value.

After the provision for diminution in value of inventories is made, if the factors affecting the inventory write-down have disappeared and the net realisable value of the inventories is higher than its carrying amount, the amount of reversal shall be reversed in the original provision for diminution in value of inventories, and recorded in profit or loss.

(4) Inventory count system

The Group maintains a perpetual inventory system.

(5) Amortisation of low-value consumables and packaging materials

The low-value consumables are amortised at one-off amortisation method at the time of requisition and included in the costs of relevant assets or profit or loss.

**Criteria and method for provision for Inventory Impairment**

√ Applicable  Not applicable

See Note V.16 (3).

**17. Contract assets**

**Recognition method and criteria for contract assets**

√ Applicable  Not applicable

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between the performance obligation and the customer's payment.

The Group presents as receivables the right it has to receive consideration from customers on an unconditional basis (i.e., dependent only on the passage of time), and as contractual assets the right that it has transferred to a customer to receive consideration, and that right depends on factors other than the passage of time.

**Method of determining expected credit losses on contract assets and accounting treatment**

√ Applicable  Not applicable

See Note V.11 (6).

**18. Assets held for sale**

√ Applicable  Not applicable

The Group classified a non-current asset or disposal group as held for sale when the carrying amount of a non-current asset or disposal group will be recovered through a sale transaction rather than through continuing use.

A disposal group refers to a group of assets to be disposed of, by sale or otherwise, together as a whole in a single transaction and liabilities directly associated with those assets that will be transferred in the transaction.

A non-current asset or disposal group is classified as held for sale when all the following criteria are met:

- According to the customary practices of selling such asset or disposal group in similar transactions, the non-current asset or disposal group must be available for immediate sale in their present condition subject to terms that are usual and customary for sales of such assets or disposal groups;
- Its sale is highly probable, that is, the Group has made a resolution on a sale plan and has obtained a firm purchase commitment. The sale is to be completed within one year.

Non-current assets or disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell (except financial assets (see note V.11), deferred tax assets (see note V.38) and investment properties with subsequent measurement using the fair value model) initially and subsequently. Any excess of the carrying amount over the fair value less costs to sell is recognised as an impairment loss in profit or loss.

## 19. Long-term equity investments

√ Applicable □ Not applicable

Long-term equity investments referred to in this section refer to long-term investments in which the Company has control, joint control or significant influence over the investee. The long-term investments in which the Company has no control, joint control or significant influence over the investee are accounted as at FVTPL. See note V.11 for accounting policies.

The term “joint control” refers to the control that the Company has in common with an arrangement in accordance with the relevant agreement, and the related activities (i.e. the activities with significant influences over the rewards of the arrangements) of the arrangement must be agreed upon by the participants who share the control.

When determining whether there is joint control over an investee, the Group usually considers the following factors:

- Whether any participant can not control the related activities of the invested entity alone;
- Whether decisions concerning the related activities of the invested entity need to be agreed by the controlling parties.

Significant influence means that the Company has the right to participate in decision-making on the financial and operating policies of the investee, but it cannot control or jointly control the formulation of these policies with other parties.

### (1) Initial recognition

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company’s share of the carrying amount of the subsidiary’s equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to retained earnings. For a long-term equity investment in a subsidiary acquired through a business combination achieved in stages which do not form a bundled transaction and involving entities under common control, the Company determines the initial cost of the investment in accordance with the above policies. The difference between this initial cost and the sum of the carrying amount of previously-held investment and the consideration paid for the shares newly acquired is adjusted to capital premium in the capital reserve, with any excess adjusted to retained earnings.
- For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving entities under common control and achieved through multiple transactions in stages which do not form a bundled transaction, the initial cost comprises the carrying amount of the previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date.

The intermediary fees, such as audit, legal service, assessment consultation and other related management expenses incurred by the merger party or the purchaser for the business combination shall be recorded into the profit or loss at the time of occurrence.

- Other equity investments other than long-term equity investment arising from business combination are initially measured at cost. The cost is determined by the difference

between the cash purchase price actually paid by the Company and the equity securities issued by the Company in respect of the long-term investment. Fair value, the value agreed upon in the investment contract or agreement, the fair value or the book value of the assets transferred out in the non-monetary asset exchange transaction, and the fair value of the long-term equity investment. The costs, taxes and other necessary expenses directly related to the acquisition of the long-term investment are included in the investment cost.

## (2) Subsequent measurement

Unless the investments are qualified for held for sale (See Note V.18), long-term investments with common control over the investees (other than those that form a common operating entity) or significant influence are accounted for using the equity method. In addition, the Company adopts the cost method to calculate the long-term investment that can control the investee.

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

When the cost method is adopted, the long-term equity investment is measured at the initial investment cost, and the cost of the long-term investment is added or withdrawn. The investment income is recognised in cash dividends or profits declared by the investee, except for the actual paid price or cash dividend declared or unpaid cash dividend or profit included in the consideration.

Long-term equity investment accounted for using the cost method are stated in the balance sheet at cost less accumulated impairment losses.

For the impairment of long-term equity investment accounted for using the cost method, refer to Note V.27.

In the Group's consolidated financial statements, long-term equity investment accounted for using the cost method are accounted for in accordance with the policies described in Note V.7.

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

When the initial investment cost of a long-term equity investment is greater than the fair value of the investee's identifiable net assets at the time of investment, the initial investment cost of the long-term equity investment shall not be adjusted. When the initial investment cost is less than the investment, the difference between the investment cost and the fair value of the investee's identifiable net assets at the time of investment shall be included in profit or loss and the cost of the long-term equity investment shall be adjusted accordingly.

When the equity method is adopted, it shall recognise its share of the investee's net profits or losses, as well as its share of the investee's other comprehensive income, as investment income or losses and other comprehensive income, and adjust the carrying amount of the long-term equity investment accordingly. The carrying amount of the long-term equity investment shall be reduced by the portion of any profit distribution or cash dividends declared by the investee. The portion of the investee's owners' equity changes, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution, shall be recognised in the capital reserve, and the carrying amount of the long-term equity investment shall be adjusted accordingly. The Company shall recognise its share of the investee's net profits or losses after making appropriate adjustments based on the fair value of the investee's identifiable net assets at the acquisition date. Where the accounting policies and accounting period adopted by the investee are not consistent with those used by the Company, the Company shall use its

own accounting policies and accounting period, adjust the relevant items of the financial statements of the investee, and recognise investment income or loss and other comprehensive income, based on the adjusted financial statements of the investee. The unrealised profits or losses resulting from transactions between the Group and its associate or joint venture in which the invested or sold assets do not constitute a business shall be eliminated in proportion to the Group's equity interest in the investee, based on which investment income or losses shall be recognised. Any losses resulting from transactions between the Group and its investee, which are attributable to asset impairment, shall be recognised in full instead of being eliminated.

When the net loss attributable to the investee is recognised, the book value of the long-term equity investment and other long-term equity investments which substantially constitute the net investment in the investee shall be reduced to zero. In addition, if the Group has the obligation to bear additional losses on the investee, it shall recognise the estimated liabilities according to the obligation assumed and take into account the current investment loss. If the investee's net profit is realised in a later period, the Group will resume the recognition of the amount of the share of proceeds after the amount of the share of profits has made up the unrecognised loss share.

For the impairment of long-term equity investment accounted for using the equity method, refer to Note V.27

## **20. Investment Property**

Not applicable

## **21. Fixed assets**

### **(1) Recognition of fixed assets**

Applicable  Not applicable

Fixed assets are tangible assets held by the Company for production, rendering of services, leasing or administration with a useful life exceeding one year. Fixed assets shall be recognised only when it is probable that economic benefits will flow to the Company and the amounts can be reliably measured. The fixed assets are initially measured at cost and taking into account the effect of the estimated disposal costs.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note V.22.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognised as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day maintenance of fixed assets are recognised in profit or loss as incurred.

Useful lives, residual values and depreciation methods are reviewed at least at each year-end, in case of any changes, they will be accounted for as changes in accounting estimates. Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

### **(2) Depreciation of fixed assets**

Applicable  Not applicable

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

<i>Class</i>	<i>Depreciation method</i>	<i>Estimated useful life (years)</i>	<i>Residual value rate (%)</i>	<i>Depreciation rate (%)</i>
Plant and buildings	Straight-line method	10 - 50 years	0 - 10	2 - 10
Machinery and equipment	Straight-line method	5 - 15 years	0 - 10	6 - 20
Other equipment	Straight-line method	5 years	4 - 10	18 - 19
Motor vehicles	Straight-line method	2 - 20 years	0 - 10	5 - 50
Land	No Depreciation	Not definite	Not applicable	Not applicable

The estimated net residual value is the amount after deducting the estimated disposal cost from the disposal of the asset, which is assumed by the Group when the estimated useful life of the fixed asset is full and at the end of its useful life.

The overseas land held by the Group is in possession of ownership, without definite useful life, therefore, no provision is made, and it is stated in the balance sheet at cost less accumulated impairment losses.

### **(3) Impairment of the fixed assets**

For the impairment of the fixed assets, refer to Note V.27.

### **(4) Disposal of fixed assets**

When the fixed asset is holding for disposal or when no future economic benefit is expected to be generated from its use or disposal, the carrying amount of a fixed asset is derecognised. Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item, and are recognised in profit or loss on the date of retirement or disposal.

## **22. Construction in progress**

√ Applicable □ Not applicable

The cost of construction in progress is determined according to the actual expenditure incurred, including all necessary construction expenditures incurred during the construction period and other relevant expenses. The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note V.23), and any other costs directly attributable to bringing the asset to working condition for its intended use. The criteria for carrying forward construction in progress to fixed assets when it reaches its intended state of use are as follows:

<i>Class</i>	<i>Point of transfer to fixed assets</i>	<i>The criteria</i>
Plant and buildings	Upon reaching the state of intended use	After the completion of the construction of housing buildings and the issuance of the completion inspection report, after the administrative departments of planning, fire safety and quality acceptance of administrative approval, to achieve the intended use of state
Machinery and equipment	Upon reaching the state of intended use	After the equipment installation and commissioning for trial production, the relevant products to meet the production process and customer requirements, the use of equipment or management department to submit an application for acceptance, in accordance with the process through the approval, to achieve the intended use of the state
Other equipment	Upon reaching the state of intended use	Upon receipt and normal use of other equipment, the department using the equipment or the information technology department submits a request for acceptance, which is approved in accordance with the process and reaches the intended serviceable condition
Motor vehicles	Upon reaching the state of intended use	Acceptance application is submitted by the equipment use department, and after passing the approval in accordance with the process, it reaches the pre-determined usable state.

For the impairment of the construction in progress, refer to Note V.27.

When an enterprise sells products or by-products produced before a fixed asset is available for its intended use, the proceeds and related cost are accounted for in accordance with CAS 14 – Revenue and CAS 1 – Inventories respectively, and recognised in profit or loss for the current period.

### 23. Borrowing costs

Applicable  Not applicable

Borrowing costs include interest on borrowings, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings. Borrowing costs that can be directly attributable to the acquisition, construction or production of qualifying assets, capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, and construction or production that are necessary to prepare the asset for its intended use or sale are in progress, and ceases when the assets become ready for their intended use or sale. Other borrowing costs are recognised as financial expenses when incurred.

Where funds are borrowed specifically for the acquisition, and construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset. To the extent that the Group borrows funds generally and uses them for the acquisition, and construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings. The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense when incurred.

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, and construction or production that are necessary to prepare the asset for its intended use or sale are in progress, and ceases when the assets become ready for their intended use or sale. Assets qualified for capitalisation refer to assets such as fixed assets, investment properties and inventories that need to be purchased or constructed for a considerable period of time to reach their intended use or sale.

Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally for a continuous period of more than three months. The borrowing costs continue to be capitalised in the period when it is interrupted normally.

## 24. Biological assets

Applicable  Not applicable

## 25. Oil and gas assets

Applicable  Not applicable

## 26. Intangible assets

Applicable  Not applicable

Intangible assets are identifiable non-monetary assets that are owned or controlled by the Group and have no physical form.

### (1) Measurement method, useful life and impairment

Applicable  Not applicable

Intangible assets are initially measured at cost. Expenses relating to intangible assets are included in the cost of intangible assets if the relevant economic benefits are likely to flow to the Company and the cost can be reliably measured. Expenditures for other items other than the above are recognised in profit or loss when incurred.

The acquired domestic land use rights are usually accounted for as intangible assets. Construction of self-developed buildings and other buildings, the relevant land use rights and building construction costs are accounted for as intangible assets and fixed assets. In the case of outsourced houses and buildings, the relevant consideration will be allocated between the land use rights and the building, and for those that are difficult to rationally allocate, all of them are accounted for as fixed assets.

The acquired overseas land with indefinite useful life are measured as fixed asset. For details, refer to Note V. 21.

Intangible asset with finite useful life is systematically and reasonably amortized during its useful life with method that reflects the pattern in which the asset's economic benefits are expected to be realised. If the pattern cannot be determined reliably, the straight-line method shall be used, unless the intangible asset is classified as held for sale (see Note V.18). Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note V 27).

The respective amortisation periods for intangible assets are as follows:

<i>Item</i>	<i>Amortisation period (years)</i>	<i>Basis of determination</i>	<i>Depreciation method</i>
Land-use right	40 - 50 years	Duration of title registration	Straight-line method
Software and patents	5 - 10 years	Expected years of economic benefits	Straight-line method
Non-patents	5 - 12 years	Expected years of economic benefits	Straight-line method
Capitalised development costs	5 years	Expected years of economic benefits	Straight-line method
Customer relationship and platform	12 years	Expected years of economic benefits	Straight-line method
Trademarks	20 years	Expected years of economic benefits	Straight-line method
Franchise, industrial property right	5 years	Expected years of economic benefits	Straight-line method

For an intangible asset with definite useful life, the Group reviews the useful life and amortisation method at the end of each financial year. It shall be accounted for as changes in accounting estimates in case of any differences.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. The Group reassesses the useful lives of intangible assets with indefinite useful lives in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Group estimates its useful life and accounts for it in accordance with the same policy as intangible assets with finite useful lives described above.

For the impairment of the intangible assets, refer to Note V.27.

## **(2) Expenditures on research and development**

Applicable  Not applicable

Expenditure on an internal research and development project is classified into expenditure incurred during the research phase and expenditure incurred during the development phase.

Expenditure for market research, preliminary analysis of technology and feasibility study for project establishment during the research phase is expensed when incurred. Before the mass production, if the Group has obtained the order from OEMs to produce the specified product, and the management has approved the new product's feasibility study, relevant design and testing expenditures incurred in the development phase meeting the following conditions simultaneously can be capitalized:

- It is technically feasible to complete the intangible assets so that it can be used or sold;
- There is intention to complete, use or sell the intangible assets;
- The ways in which intangible assets generate economic benefits, including the existence of a market or intangible assets in which products can be proved to exist where the intangible assets are produced, and intangible assets which will be used internally can prove the usefulness on their own;
- There is sufficient technical, financial and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;
- Expenditure attributable to the development stage of the intangible assets can be reliably measured.

If they do not meet the above conditions, expenditure incurred during the development phase is included in profit or loss. Other development expenses should be recognized as expenses during the period in which they are incurred. Development expenditures that have been charged to profit or loss in previous periods should not be recognized as assets in future periods. Capitalized expenditure during the development phase are listed as development cost on the balance sheet and will be converted to intangible assets from the date the project reaches its intended use.

If it is not possible to distinguish between expenditure at the research stage and expenditure at the development stage, all the expenditures that are expected to be incurred shall be recognised in profit or loss.

Capitalized development expenditures are stated in the balance sheet at cost less impairment allowances (see Note V 27).

When an enterprise sells products or by-products produced before a fixed asset is available for its intended use, the proceeds and related cost are accounted for in accordance with CAS 14 – Revenue and CAS 1 – Inventories respectively, and recognised in profit or loss for the current period.

## **27. Impairment of long-term assets**

Applicable  Not applicable

For non-current non-financial assets such as fixed assets (excluding land), construction in progress, right-of-use assets, intangible assets with definite useful life, long-term equity investments in subsidiaries, joint ventures, associates and long-term deferred expenses, etc., the carrying amounts of these assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment. If any indication exists, the recoverable amount of the asset is estimated. Land, goodwill, intangible assets with an indefinite useful life, and intangible assets that are not yet ready their usable status, impairment test is carried out annually, irrespective of whether there is any indication of impairment.

The Group calculates and recognises the provision for impairment based on individual asset. If it is difficult to estimate the recoverable amount of an individual asset, it is estimated based on the cash generating unit which the asset belongs. An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value less costs to sell and its present value of expected future cash flows. The fair value of the asset is determined according to the price of the sale agreement in the arm's length transaction; if there is no sales agreement but there is an active market for the asset, the fair value shall be determined according to the buyer's bid of the asset; if there is no sales agreement and the active market of the asset, the fair value of assets is estimated based on the best available information. Disposal costs include legal costs related to the disposition of assets, related taxes, removal charges, and direct costs incurred to bring the asset to a salable condition. The present value of the expected future cash flow of the asset shall be determined by discounting the discounted cash flow at the appropriate discount rate according to the expected future cash flow generated during the continuous use of the asset and at the final disposal.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly.

Goodwill separately presented in the financial statements is allocated to the asset group or asset groups that are expected to benefit from the synergies of the business combination when carrying out an impairment test. If the recoverable amount of the asset group or the combination of the asset group including the goodwill of the assessed goodwill is lower than its book value, the impairment loss shall be recognised. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

## **28. Long-term deferred expenses**

Applicable  Not applicable

Long-term deferred expenses are expenses that have occurred but shall be allocated over the reporting period and subsequent periods with allocation period of one year or more. Long-term deferred expenses mainly include leasehold improvements. Long-term deferred expenses are amortised on a straight-line basis over the expected benefit period.

Amortisation period of expenses:

<i>Item</i>	<i>Amortisation period</i>
Leasehold improvements	Shorter of 10 years or the lease term

## 29. Contract liabilities

Applicable  Not applicable

The Group disclosed a contract asset or a contract liability in balance sheet according to the relationship between satisfying performance obligations and client payment. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer

## 30. Employee benefits

Applicable  Not applicable

The Group's employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. According to applicable local laws and regulations, the Company and other subsidiaries provide employee pension plan and social security benefits (if any).

### (1) Short-term employee benefits

Applicable  Not applicable

Short-term employee benefits mainly include wages, bonuses, allowances and subsidies, employee benefits, medical insurance, maternity insurance, work injury insurance, housing provident fund, trade union funds and staff education funding and non-monetary benefits, etc. In the accounting period in which employees provides services for the Group, the actual short-term employee's remuneration shall be recognised as liabilities and included in the current profit or loss or related asset cost. Non-monetary benefits are measured at fair value.

### (2) Post-employment benefits

Applicable  Not applicable

- Post-employment benefits-defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable is recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or include in the cost of assets where appropriate.

- Post-employment benefits-defined benefit plans

In accordance with the projected unit credit method, the Group measures the obligations under defined benefit plans using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, and discount obligations under the defined benefit plans to determine the present value of the defined benefit liability.

The Group attributes benefit obligations under a defined benefit plan to periods of service provided by respective employees. Service cost and interest expense on the defined benefit liability are charged to profit or loss or recognised as part of the cost of assets, and remeasurements of defined benefit liability are recognised in other comprehensive income.

### (3) Termination benefits

Applicable  Not applicable

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of when the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal or when the Group recognises the costs associated with the restructuring involving the payment of termination benefits. But if the termination benefits are not expected to be fully paid within twelve months after the end of the annual reporting period, then shall be accounted for as other long-term employee benefits.

The recognition of the costs associated with the restructuring involving the payment of termination benefits refers to when the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The employees' internal retirement plan is accounted for using the same principle of the above-mentioned termination benefits. The Group recognises the salaries of the early retired employees and social insurance premiums expected to be paid for the period from the date when the employee ceases to provide service to the normal retirement date as profit or and loss (termination benefits) when it satisfies the conditions for recognition of provisions.

#### **(4) Other long-term employee benefits**

Applicable  Not applicable

If other long-term employee benefits provided by the Group to employees meet the defined contribution plan, they shall be accounted for as defined contribution plans, otherwise, they shall be accounted for as defined benefit plan.

#### **31. Provision**

Applicable  Not applicable

A provision is recognised for an obligation related to a contingency if the following conditions are met.

- The Group has a present obligation;
- It is probable that an outflow of economic benefits will be required to settle the obligation;
- The obligation can be estimated reliably.

At the balance sheet date, considering the factors such as risks, uncertainties and time value of money related to a contingency, a provision is measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighing all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

If the expenses required to settle the estimated liabilities are expected to be compensated in whole or in part by the third party, the amount of the compensation will be recognised as an asset separately and the amount of the compensation will not exceed the book value of the estimated liability.

(1) Onerous contract to be fulfilled

An onerous contract is a contract that the fulfilling of contractual obligation would inevitably costs more than expected economic benefits. Where the pending contract becomes an onerous contract and the obligation arising from the onerous contract satisfies the conditions for recognition of the aforesaid provision, the portion where the estimated loss of the contract exceeds the recognised impairment loss, if any, of the asset of the contract is recognised as provision.

(2) Restructuring obligation

In the case of a detailed and formal restructuring plan that has been disclosed, the amount of the estimated liability shall be determined in accordance with the direct expenses related to the restructuring.

(3) Warranty provisions

Warranty provisions is made based on contract terms, existing knowledge and historical experience. In the event that such contingencies have already become a current obligation and the fulfillment of such current obligations is likely to result in an outflow of economic benefits, the best estimate of the contingencies required for the fulfillment of the relevant current obligations is recognised as provision.

### 32. Share-based payments

Applicable  Not applicable

(1) Accounting treatment of share-based payments

Share-based payments are transactions in which an equity instrument is granted or a liability is determined on the basis of equity instruments for the purpose of obtaining services from employees or other parties. Share-based payments are divided into equity-settled share-based payments and cash-settled share-based payments.

- Equity-settled share-based payments

Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted to employees vest immediately, the fair value of the equity instruments granted is fully recognised as costs or expenses on the grant date, with a corresponding increase in capital reserve. If the equity instruments granted do not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises an amount during the vesting period based on the best estimate of the number of equity instruments expected to vest. The Group measures the services received at the grant-date fair value of the equity instruments and recognises the costs or expenses as the services are received, with a corresponding increase in capital reserve.

If the fair value of the other party's services can be measured reliably, the fair value of the other party's services is measured at fair value on the acquisition date. If the fair value of the other party's services cannot be reliably measured, the fair value of the equity

instruments can be measured reliably, it shall be measured based on the fair value of the equity instruments when the services are received, and included in relevant costs or expenses, with a corresponding increase in shareholder equity.

When the Group receives services, but has no obligation to settle the transaction because the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group also classifies the transaction as equity-settled.

- Cash-settled share-based payments

Where the Group receives services from employees by incurring a liability to deliver cash or other assets for amounts that are determined based on the price of shares or other equity instruments, the service received from employees is measured at the fair value of the liability incurred. If a cash-settled share-based payment vests immediately, the Group immediately recognises on the grant date the costs or expenses and the liability incurred at the fair value of the liability incurred. If a cash-settled share-based payment does not vest until the completion of services for a period, or until the achievement of a specified performance condition, the Group recognises costs or expenses as services are received, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting.

Until the liability is settled, the enterprise shall remeasure the fair value of the liability at each balance sheet date and at the date of settlement, with changes recognised in profit or loss for the current period.

When the Group receives services and has the obligation to settle the transaction, but the relevant equity instruments are issued by the Company's ultimate parent or its subsidiaries outside the Group, the Group classifies the transaction as cash-settled.

(2) The accounting policies for modifications and cancellations of the share-based payment transactions

When the Group makes amendments to the share-based payment plan, if the fair value of the equity instruments granted is increased, the increase in the fair value of the equity instruments shall be recognised accordingly. The increase in the fair value of equity instruments refers to the difference between the fair value of the equity instruments before and after the modification. If the modification reduces the total fair value of the share-based payments or other unfavorable means, the accounting treatment of the acquired services will continue to be treated as if the change had never occurred unless the Group has cancelled some or all of the rights granted equity instruments.

During the waiting period, if the equity instruments granted are cancelled, the Group will cancel the equity instruments granted as an accelerated right of exercise. The amount recognised in the remaining waiting periods shall be immediately recognised in the profit or loss and the capital reserve shall be recognised. If the employee or other party can choose to meet the non-exercisable conditions but is not satisfied within the waiting period, the Group will treat it as a cancellation of the grant of equity instruments.

(3) Accounting treatment for share payment transactions involving the Group and its shareholders or actual controller

Accounting treatment for share payment transactions that involves the Group and its shareholders or actual controller and that one of the settlement company and receiving company is within the Group and the other one is not is as follows:

- If the settlement company cleared with its own equity instruments, the share-based payment transactions are treated as an equity settlement, otherwise as a cash settlement.

If the settlement company is the investor of the receiving company, it shall recognise long-term equity investment of the receiving company in accordance with the fair value of the equity instruments or the fair value of the liability, and recognise capital reserve (other capital reserve) or liabilities.

- If the receiving company does not have settlement obligation or provide its own equity instruments for its employees, the share payment transactions shall be recognised as equity payment; if the receiving company has settlement obligation and does not provide its own equity instruments to its employees, the share payment transactions shall be recognised as cash payment.

If the share payment transactions incur within subsidiaries, the settlement company and the receiving company are different, the accounting treatment of share payment transactions in each company's individual financial statement shall refer to the principles mentioned above.

### **33. Other financial instruments such as preference shares and perpetual bonds**

Applicable  Not applicable

### **34. Revenue recognition**

Applicable  Not applicable

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group considers all information that is reasonably available to the entity, maximises the use of observable inputs to estimate the stand-alone selling price.

For the contract with a warranty, the Group analyses the nature of the warranty provided, if the warranty provides the customer with a distinct service in addition to the assurance that the product complies with agreed-upon specifications, the Group recognises for the promised warranty as a performance obligation. Otherwise, the Group accounts for the warranty in accordance with the requirements of CAS No.13-Contingencies.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's performance; or
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- the Group has a present right to payment for the goods or services;
- the Group has transferred physical possession of the goods to the customer;
- the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- the customer has accepted the goods or services.

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The Group recognises loss allowances for expected credit loss on contract assets (see Note V.11). Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is the description of accounting policies regarding revenue from the Group's principal activities:

(a) Sale of automotive components

Revenue is recognised when the Group transfers the control over automotive components to customers (i.e. goods accepted by customers)/satisfies the performance obligation in the contract.

(b) Sale of R&D

Sale of R&D means the right of the Group to collect consideration for contractual and independently identifiable performance obligations relating to R&D services. Revenue is recognised when the customer passes the acceptance and the development results are submitted.

(c) Sale of tooling

Before the mass production, the Group sometimes carries out tooling development activities for customers. Pursuant to the sales agreement, the ownership of the tooling belongs to customers, while the Group is entitled a lump-sum payment or compensation due to agreement termination to get the cost recovered. Revenue of tooling is recognised when the Group transfers the control over tooling to customers, obtains the

verification report and the consent of mass production of relevant products from customers/satisfies the performance obligation in the contract.

## **(2) Differences in accounting policies for revenue recognition due to the adoption of different business models for similar businesses**

Applicable Not applicable

### **35. Contract costs**

Applicable  Not applicable

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract.
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the "assets related to contract costs") are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period. The Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

### **36. Government grants**

Applicable  Not applicable

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contribution from the government in the capacity as an investor in the Group. Government grants are divided into asset-related government grants and income-related government subsidies. Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets; the rest of the government subsidies are defined as government grants related to income. If the government document does not specify the object of subsidy, the subsidy is divided into income-related government grants

and government subsidies related to assets in the following ways: (1) If the government documents specify the specific items for which the subsidy is targeted, the budget of the project will be divided into the relative proportion of the expenditure amount of the asset and the expenditure amount of the expenses, which shall be reviewed at each balance sheet date and changed if necessary. (2) If the government document only specifies the use for general statements, without specifying a specific project, it shall be accounted for as government grants related to income.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value. If the fair value can not be obtained reliably, it shall be measured at the nominal amount. Government grants measured at nominal amount are recognised directly in profit or loss.

A government grants is recognised and measured based on the amount actually received. But if there is conclusive evidence at the end of the period that relevant requirements of the financial supporting policy is expected to be met, it shall be measured based on the amount receivable. (1) The grant receivable receivable has been confirmed by the authorised government department, or it can be reasonably measured according to relevant provisions of the officially announced fiscal fund management method, and it is expected that there will be no significant uncertainty regarding its amount; (2) It is based on the local financial department which formally promulgates and voluntarily publishes the financial support projects with financial fund management measures, and the measures are for inclusive purpose (any enterprise that meets the prescribed conditions may apply) instead of specifically targeting at specific companies; (3) The relevant grant has been expressly committed with an appropriation limit, and the appropriation is guaranteed by corresponding financial budget, so it can be reasonably guaranteed that it can be received within the prescribed time limit; (4) In accordance with the specific circumstances of the Group relating to the grant, other relevant conditions (if any) should be met.

#### (1) Basis and accounting policy of government grants related to assets

Government grants related to an asset shall be recognized as deferred income and shall be amortised to other income or non-operating income in a reasonable and systematic manner over the useful life of the relevant assets.

#### (2) Basis and accounting policy of government grants related to income

A grant that compensate the Group for expenses to be incurred in the future is initially recognised as deferred income, and released to other income or non-operating income in the periods in which the expenses or losses are recognised, otherwise, the government grant shall be directly recognised in other income or non-operating income.

During COVID-19, the Group received government grants to subsidise its personnel cost. The Group offset against the related expenses in the periods in which the expenses or losses are recognised.

### **37. Specific reserve**

Applicable  Not applicable

The Group recognises a safety fund in the specific reserve pursuant to relevant government regulations, with a corresponding increase in the costs of the related products or expenses.

When the safety fund is subsequently used for revenue expenditure, the specific reserve is reduced accordingly. When the safety fund is subsequently used for the construction or acquisition of fixed assets, the Group recognises the capitalised expenditure incurred as the cost of the fixed assets when the related assets are ready for their intended use. In

such cases, the specific reserve is reduced by the amount that corresponds to the cost of the fixed assets and the credit side is recognised in the accumulated depreciation with respect to the related fixed assets. Consequently, such fixed assets are not depreciated in subsequent periods.

### **38. Deferred tax assets and deferred tax liabilities**

√ Applicable  Not applicable

Income tax expenses include current tax and deferred tax.

At the balance sheet date, the current income tax liabilities (or assets) for the current period and the previous period are measured at the expected amount of income tax payable (or refunded) in accordance with the tax law. The amount of taxable income on which the current income tax expenses are calculated is calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years in accordance with the relevant tax laws.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods.

The difference between the book value of certain assets and liabilities items and their tax bases, and the difference between the carrying amount of the items that cannot be recognised as assets and liabilities but which can determine the basis of taxation thereof according to the tax law and the basis of taxation temporary differences, the use of balance sheet debt method to recognise deferred income tax assets and deferred income tax liabilities.

The initial recognition of goodwill and the initial recognition of assets or liabilities arising from a transaction that is neither a business combination nor an accounting profit or taxable income (or deductible loss) and the deferred income tax liabilities are not recognised. In addition, for taxable temporary differences related to investments in subsidiaries, associates and joint ventures, if the Group is able to control the timing of the reversal of temporary differences and the temporary differences are unlikely to be reversed in the foreseeable future and the deferred income tax liabilities are not recognised. In addition to the above exceptions, the Group recognises all other deferred income tax liabilities arising from taxable temporary differences.

Deductible temporary differences relating to the initial recognition of assets or liabilities arising from transactions that are neither a business combination nor in the event of an accounting profit or taxable income (or deductible loss), and are not recognised deferred tax assets. In addition, deductible temporary differences related to investments in subsidiaries, associates and joint ventures, if temporary differences are not likely to be reversed in the foreseeable future or are not likely to be available in the future for deductible temporary differences in the taxable income, not to confirm the relevant deferred income tax assets. In addition to the above exceptions, the Group recognises deferred income tax assets arising from other deductible temporary differences to the extent that it is probable that taxable income will be available to offset the deductible temporary differences.

For deductible losses and tax deductions that can be carried forward for subsequent years, it is probable that the amount of future taxable income used to offset deductible losses and tax credits will be limited to the corresponding deferred income tax assets.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts

of the assets and liabilities, using tax rates enacted at the reporting date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

In addition to the recognition of other comprehensive income or directly included in the shareholders' equity transactions and events related to the current income tax and deferred income tax into other comprehensive income or shareholders' equity, and business combination of deferred income tax adjustment of the carrying value of goodwill, the rest current income tax and deferred income tax expense or income are recognised to profit or loss.

The Group's current income tax assets and current income tax liabilities are presented at the amount after being offset when the Group has a statutory right to settle on a net basis and is intended to settle on a net basis or when assets are acquired and liabilities are settled simultaneously.

When the Group has a statutory right to settle current income tax assets and current income tax liabilities on a net basis, different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered. The Group's current income tax assets and current income tax liabilities are presented at the amount after being offset.

Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profit nor taxable profit (or deductible loss) and does not give rise to equal taxable and deductible temporary differences. Deferred tax is also not recognised for taxable temporary differences arising from the initial recognition of goodwill.

### **39. Lease**

√ Applicable  Not applicable

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the lessee has the right to direct the use of the asset.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. For a contract that contains lease and non-lease components, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The lessor allocates the consideration in the contract in accordance with the accounting policy in Note V.34.

**(1) Determination method and accounting treatment for leases of short-term leases and leases of low-value assets as a simplified treatment for lessees**

Applicable  Not applicable

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated 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. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note V.27.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

## **(2) Criteria for classification and accounting treatment of leases as lessors**

Applicable  Not applicable

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are recognised in accordance with the accounting policy in Note V.11. Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

## **40. Other significant accounting policy and accounting estimates**

Applicable  Not applicable

### **(1) Goodwill**

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving entities under common control.

Goodwill is not amortised and is stated in the balance sheet at cost less accumulated impairment losses (see Note V.27). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

### **(2) Hedging accounting**

Hedge accounting is a method which recognises in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period(s) to represent the effect of risk management.

Hedged items are the items that expose the Group to risks of changes in fair value or future cash flows and that are designated as being hedged and can be reliably measured. The Group's hedged items include a firm commitment that is settled with a fixed amount of foreign currency and exposes the Group to foreign currency risk and net investments in overseas institutions that exposes the Group to foreign currency risk.

A hedging instrument is a designated financial instrument whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, the foreign currency risk component of a non-derivative financial asset or non-derivative financial liability may also be designated as a hedging instrument provided that it is not an investment in an equity instrument for which an entity has elected to present changes in the fair value in other comprehensive income.

The Group assesses at the inception of a hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship is regarded as having met the hedge effectiveness requirements if all of the following conditions are satisfied:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

When a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective of the designated hedging relationship remains unchanged, the Group rebalances the hedging relationship. Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements.

The Group discontinues applying hedge accounting in any of the following circumstances:

- The hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting.
- The hedging instrument expires or is sold, terminated or exercised.
- There is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship.
- The hedging relationship no longer meets other criteria for applying hedge accounting.

(i) Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income as a cash flow hedge reserve. The amount of the cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

- the cumulative gain or loss on the hedging instrument from inception of the hedge;
- the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The change in the amount of the cash flow hedge reserve is recognised in other comprehensive income in each period.

The portion of the gain or loss on the hedging instrument that is determined to be ineffectiveness is recognised in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it in the initial cost or other carrying amount of the asset or liability.

For cash flow hedges other than those covered above, that amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When the Group discontinues hedge accounting for a cash flow hedge, the amount of the accumulated cash flow hedge reserve recognised in other comprehensive income is accounted for as follows:

- If the hedged future cash flows are still expected to occur, that amount will remain in the cash flow hedge reserve, and be accounted for in accordance with the above policy.
- If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

(ii) Fair value hedges

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or a portion of such an asset, liability or firm commitment.

The gain or loss from remeasuring the hedging instrument is recognised in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the recognised hedged item not measured at fair value and is recognised in profit or loss.

Any adjustment to the carrying amount of a hedged item is amortised to profit or loss if the hedged item is a financial instrument (or a component thereof) measured at amortised cost. The amortisation is based on a recalculated effective interest rate at the date that amortisation begins.

(iii) Hedges of a net investment in a foreign operation

A hedge of a net investment in a foreign operation is a hedge of the exposure to foreign exchange risk associated with a net investment in a foreign operation. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income. When disposing a foreign operation, in whole or in part, the aforesaid gain or loss on the hedging instrument will be transferred from equity to profit or loss as a reclassification adjustment. The portion of the gain or loss on the hedging instrument that is determined to be ineffective is recognised in profit or loss.

### **(3) Dividends distributions**

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

### **(4) Related parties**

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

### **(5) Segment reporting**

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

### **(6) Significant accounting estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Except for accounting estimates relating to depreciation and amortisation of assets such as fixed assets and intangible assets and provision for impairment of various types of assets. Other significant accounting estimates are as follows:

- (i) Note VIII: Development cost
- (ii) Note VII.29: Recognition of deferred tax assets;
- (iii) Note VII.49 Post-employment benefits-defined benefit plans;
- (iv) Note VII.50: Provisions; and
- (v) Note XIII: Fair value measurements of financial instruments.

#### **41. Changes in significant accounting policies and accounting estimations**

##### **(1) Changes in significant accounting policies**

Applicable  Not applicable

Description of and reasons for changes in accounting policies

In 2023, the Group has adopted the revised accounting requirements and guidance under CASs newly issued by the Ministry of Finance (“MOF”).

“The accounting treatment of deferred tax related to assets and liabilities arising from a single transaction excluded from the scope of the initial recognition exemption” in CAS Bulletin No.16 (Caikuai [2022] No.31) (“CAS Bulletin No.16”)

According to the provisions, the Group does not apply the initial recognition exemption under CAS 18 Income Taxes to temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profits nor taxable profit (or deductible losses) and gives rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. When such transactions occur, the Group recognises the corresponding deferred tax liabilities for the new taxable temporary differences arising from the initial recognition of the transaction in accordance with relevant provisions in CAS 18 Income Tax.

In addition, the Group has sufficient deductible temporary differences, for which deferred tax assets have not yet been recognised, in the future periods when the aforementioned new taxable temporary differences are expected to reverse. Therefore, the Group has recognised additional deferred tax assets at the equal amount to the new deferred tax liabilities. The additional deferred tax assets and liabilities meet the conditions for offsetting and are presented on a net basis in the balance sheet. As a result of the net presentation, applying the above provisions does not have a material impact on the financial position or financial performance of the Group.

##### **(2) Changes in significant accounting estimations**

Applicable  Not applicable

##### **(3) The first implementation of the new lease standards from 2023 to adjust the financial statements at the beginning of the year for the first implementation**

Applicable  Not applicable

#### **42. Others**

Applicable  Not applicable

### **VI. Taxation**

#### **1. Main types of taxes and corresponding tax rates**

Main types of taxes and corresponding tax rates

Applicable  Not applicable

<i>Tax type</i>	<i>Tax basis</i>	<i>Tax rate</i>
Value-added tax (VAT)	Output VAT is calculated on revenue from product sales and rendering of services. The basis for VAT payable is to deduct input VAT from the output VAT for the period.	<ol style="list-style-type: none"> <li>1) The Company and its subsidiaries in China: 3%, 6%, 9%, 13%</li> <li>2) Subsidiaries in Germany: 19%, 7%</li> <li>3) Subsidiaries in Mexico: 16%</li> <li>4) Subsidiaries in Portugal: 23%, 13%, 6%</li> <li>5) Subsidiaries in Romania: 19%, 9%, 5%</li> <li>6) Subsidiaries in Italy: 22%, 10%, 4%</li> <li>7) Subsidiaries in Poland: 23%</li> <li>8) Subsidiaries in Japan: 10%</li> <li>9) Subsidiaries in Brazil: 0%-25%</li> <li>10) Subsidiaries in Uruguay: 22%</li> <li>11) Subsidiaries in Hungary: 27%</li> <li>12) Subsidiaries in Russia: 20%</li> <li>13) Subsidiaries in Indonesia: 11%</li> <li>14) Subsidiaries in Singapore: 7%</li> <li>15) Subsidiaries in Philippines: 12%</li> <li>16) Subsidiaries in Thailand: 7%</li> <li>17) Subsidiaries in Korea: 10%</li> <li>18) Subsidiaries in Malaysia: 6%, 10%</li> </ol>
Business tax	Based on taxable revenue	Subsidiaries in the U.S.: 2.90% - 7.25%
City maintenance and construction tax	Based on VAT paid or taxable items	The Company and its subsidiaries in China: 1%, 5%, 7%
Corporate income tax	Based on taxable profits	<ol style="list-style-type: none"> <li>1) The Company and its subsidiaries in China: 25%</li> <li>2) Subsidiaries in the U.S.: 21%</li> <li>3) Subsidiaries in Mexico: 30%</li> <li>4) Subsidiaries in Germany: Corporate income tax: 15.825% Trade Tax: 7%-17% Solidarity surcharge: 5.50%</li> <li>5) Subsidiaries in Portugal: 21%</li> <li>6) Subsidiaries in Romania: 5%, 16%</li> <li>7) Subsidiaries in Italy: 24%</li> <li>8) Subsidiaries in Poland: 19%</li> <li>9) Subsidiaries in Japan: 23.2%</li> <li>10) Subsidiaries in Brazil: 34%</li> <li>11) Subsidiaries in Uruguay: 25%</li> <li>12) Subsidiaries in Hungary: 9%</li> <li>13) Subsidiaries in Indonesia: 22%</li> <li>14) Subsidiaries in Singapore: 17%</li> <li>15) Subsidiaries in Philippines: 25%</li> <li>16) Subsidiaries in Korea: 24%</li> <li>17) Subsidiaries in Thailand: 20%</li> <li>18) Subsidiaries in Malaysia: 24%</li> </ol>
Others	<ol style="list-style-type: none"> <li>1) The Company and its subsidiaries in China: Education surcharge: 3% of the turnover tax. Local education surcharge: 2% of the turnover tax.</li> <li>2) Subsidiaries in the U.S.: Local tax: 1%-12% of the taxable income. State Tax-Income Tax/Franchise Tax: 2.5% - 11.5% of the taxable income.</li> <li>3) Subsidiaries in Portugal: State surtax: No taxation for taxable income below 1,500,000 euros; 3% for taxable income between 1,500,000 euros and 7,500,000 euros; 5% for taxable income between 7,500,000 euros and 35,000,000 euros; 9% for taxable income over 35,000,000 euros.</li> <li>4) Subsidiaries in Italy: Regional tax: 3.9% of the taxable income.</li> <li>5) Subsidiaries in Brazil: Surtax: 10% of the exceeding part over the taxable income of BRL 240,000 Social contribution fee: 9% of the taxable income;</li> </ol>	<ol style="list-style-type: none"> <li>1) The Company and its subsidiaries in China: Education surcharge: 3% Local education surcharge: 2%</li> <li>2) Subsidiaries in the U.S.: Local tax: 1% - 12% State Tax-Income Tax/Franchise Tax: 2.5% - 11.5%</li> <li>3) Subsidiaries in Portugal: State surtax: 3%, 5%, 9%</li> <li>4) Subsidiaries in Italy: Regional tax: 3.9%</li> <li>5) Subsidiaries in Brazil: Surtax: 10% Social contribution fee: 9%</li> </ol>

Explanation of the disclosure if there are taxpayers with different corporate income tax rates

√Applicable □Not applicable

Please refer to Note VI.1.

## 2. Tax preferential treatments

√Applicable □Not applicable

- (1) Ningbo Joyson Technology Co., Ltd. (“Joyson Technology”) obtained the high-tech enterprise certificate with the license No. GR202133100357, which was issued jointly by Ningbo Science and Technology Bureau, Ningbo Finance Bureau, Ningbo State Tax Bureau and Ningbo Local Tax Bureau on 10 December 2021. The certificate is valid for three years. The corporate income tax rate applicable to Joyson Technology during 2021 to 2023 is 15%.
- (2) Ningbo Preh Joyson Automotive Electronic Co., Ltd. (“Ningbo Preh”) obtained the high-tech enterprise certificate with the license No. GR202133101047, which was issued jointly by Ningbo Science and Technology Bureau, Ningbo Finance Bureau, Ningbo State Tax Bureau and Ningbo Local Tax Bureau on 10 December 2021. The certificate is valid for three years. The corporate income tax rate applicable to Ningbo Preh during 2021 to 2023 is 15%.
- (3) Joyson Safety Systems (Huzhou) Co., Ltd. (“Joyson Safety (Huzhou)”) obtained the high-tech enterprise certificate with the license No. GR202133008884, which was issued jointly by Science and Technology Department of Zhejiang Province, Financial Department of Zhejiang Province, State Tax Bureau of Zhejiang Province and Local Tax Bureau of Zhejiang Province on 16 December 2021. The certificate is valid for three years. The corporate income tax rate applicable to Joyson Safety (Huzhou) during 2021 to 2023 is 15%.
- (4) Joyson Safety Systems (Changxing) Co., Ltd. (“Joyson Safety (Changxing)”) obtained the high-tech enterprise certificate with the license No. GR202333012415, which was issued jointly by Science and Technology Department of Zhejiang Province, Financial Department of Zhejiang Province, State Tax Bureau of Zhejiang Province and Local Tax Bureau of Zhejiang Province on 8 December 2023. The certificate is valid for three years. The corporate income tax rate applicable to Joyson Safety (Changxing) during 2023 to 2025 is 15%.
- (5) Ningbo Joyson Safety Systems Co., Ltd. (“Ningbo Joyson Safety”) obtained the high-tech enterprise certificate with the license No. GR202233102206, which was issued jointly by Ningbo Science and Technology Bureau, Ningbo Finance Bureau, State Tax Bureau Ningbo Tax Bureau on 1 December 2022. The certificate is valid for three years. The corporate income tax rate applicable to Ningbo Joyson Safety during 2022 to 2024 is 15%.

(6) Joyson Safety Systems Electronics (Shanghai) Co., Ltd. (“Joyson Junan Electronics”) obtained the high-tech enterprise certificate with the license No. GR202231000813, which was issued jointly by Shanghai Science and Technology Bureau, Shanghai Finance Bureau, State Tax Bureau Shanghai Tax Bureau on 20 September 2022. The certificate is valid for three years. The corporate income tax rate applicable to Takata Electronics during 2022 to 2024 is 15%.

(7) Shanghai Lingang Joyson Automotive Safety Systems Co., Ltd. (hereinafter referred to as “Lingang Joyson”) obtained a number jointly issued by the Shanghai Municipal Science and Technology Commission, the Shanghai Municipal Finance Bureau, and the State Administration of Taxation and Shanghai Taxation Bureau on 12 December 2023. It is a high-tech enterprise certificate of No. GR202331005393, valid for three years. Lingang Joyson will collect corporate income tax at a rate of 15% from 2023 to 2025.

(8) Ningbo Joynext Technology Corp. (hereinafter referred to as “Joynext”) obtained the high-tech enterprise certificate with the license No. GR202333100810 jointly issued by Ningbo Science and Technology Bureau, Ningbo Finance Bureau, and Ningbo Taxation Bureau of the State Administration of Taxation on 8 December 2023. The high-tech enterprise certificate is valid for three years. From 2023 to 2025, the corporate income tax of Grantland Intelligence will be levied at a tax rate of 15%.

(9) Joyson Safety Systems (Philippines) Corporation has applied a 5% income tax rate since 2004. According to the local tax laws, Joyson Safety Systems (Philippines) Corporation should be subject to income tax at a rate of 25% for operating income which is not related to manufacturing activities, such as scrap income, spare parts resale and other operating income since 2022.

(10) Joyson Safety Systems Macedonia DOOEL opened a new plant in the Macedonia High-Tech Development Zone in 2015. According to the local tax laws, Joyson Safety Systems Macedonia DOOEL is subject to an income tax exemption policy valid for 10 years.

(11) Joyson Safety Systems Polska Sp. z o.o. opened a new plant in special economic zone. According to the local tax laws, Joyson Safety Systems Polska Sp. z o.o. could apply the income tax exemption policy every year when meets certain qualifications.

(12) Joyson Safety Systems Maroc S.A.R.L. set up a new plant in Tangier, Morocco. According to local tax laws, Joyson Safety Systems Maroc S.A.R.L. applies a preferential income tax policy of 8.75%, valid until 2035.

(13) Joyson Safety Systems Uruguay S.A. invested a new project in Uruguay. According to local tax laws, Joyson Safety Systems Uruguay S.A. applies a 90% exemption of income tax policy.

### 3. Others

Applicable Not applicable

## VII. Notes to the consolidated financial statements

### 1. Cash at bank and on hand

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Cash on hand	941,360.13	1,238,494.41
Deposits with banks	4,594,295,372.86	3,828,679,436.93
Other monetary funds	581,071,179.37	1,575,028,187.34
Total	5,176,307,912.36	5,404,946,118.68
Including: Total overseas deposits	1,584,249,695.93	1,624,899,961.80

At December 31, 2023, the Group's other monetary funds consisted primarily of margin deposits as well as funds in transit.

As at 31 December 2023, the details of the Group's restricted cash at bank and on hand can be referred to Note VII.31 Assets with restricted ownership or right of use.

### 2. Financial assets held for trading

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Financial assets at fair value through profit or loss	280,724,488.06	465,785,862.56
Including: equity investment in listed companies	226,174,408.99	419,266,495.31
financial products	54,550,079.07	46,519,367.25
Total	280,724,488.06	465,785,862.56

Other Information:

Applicable Not applicable

The Group invested some financial products issued by banks and other financial institutions with its idle funds. These wealth management products usually have a preset maturity period and expected return, covering a wide range of investments, including government and corporate debentures, central bank bills, currency market funds, and other Chinese listed and unlisted equity securities. These financial products are classified as financial assets at fair value through profit or loss and presented as financial assets held for trading.

### 3. Derivative financial assets

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Items</i>	2023	2022
Derivative financial assets without designated hedging relationships		
Including: Foreign currency forward contracts	12,297,984.89	4,506,938.96
Hedging instruments		
Including: Foreign currency forward contracts	-	229,831.10
Interest rate swaps	91,804,868.61	77,038,806.94
Total	104,102,853.50	81,775,577.00

Other information:

The Group measures forward foreign exchange contracts without designated hedging relationships at their fair value and recognises changes in profit or loss for the period. As at

31 December 2023, the fair value of such forward foreign exchange contracts held by the Group was RMB12,297,984.89, which was included in derivative financial assets.

The Group used interest rate swaps to hedge the cash flow risk of cash flow risk of the bank borrowing with floating interest rate, which is to convert certain floating interest rate into fixed interest rate. As at 31 December 2023, the nominal amount of interest rate swaps held by the Group was EUR240,073,313.00 and USD101,488,075.00, while the fair value of the interest swaps were RMB88,873,736.91, and RMB82,098,757.31 respectively, were included in derivative financial assets at the end of the year. The non-current portion RMB79,167,625.61 was recorded in other non-current liabilities. See Note VII.19 for details. The derivative financial assets/liabilities arising from the interest rate swap arrangement was mainly originated from the interest rate swap contract entered between the subsidiaries and Deutsche Bank. See Note XII.2 for details.

#### 4. Bills receivable

Applicable Not applicable

##### (1) Classification of bills receivable

Applicable Not applicable

Unit: Yuan Currency: RMB		
<i>Item</i>	2023	2022
Bank acceptance bills	123,395,966.54	483,172,725.46
Commercial acceptance bills	248,885,257.87	2,608,756.56
Total	372,281,224.41	485,781,482.02

All of the above bills are due within one year.

The Group considers that the credit ratings of the accepting banks of the bank acceptance bills held are high and the credit standing of the acceptors of the commercial acceptance bills held are good, and there is no significant credit risk.

##### (2) The pledged bills receivable of the Group at the end of the year

Applicable Not applicable

Unit: Yuan Currency: RMB	
<i>Item</i>	<i>Amount pledged at year end</i>
Bank acceptance bills	50,000,000.00
Total	50,000,000.00

##### (3) Outstanding endorsed or discounted bills that have not matured at the end of the year

Applicable Not applicable

Unit: Yuan Currency: RMB		
<i>Item</i>	<i>Amount derecognised at year end</i>	<i>Amount not derecognised at year end</i>
Bank acceptance bills	52,232,480.43	81,209,447.45
Commercial acceptance bills	-	80,786,564.02
Total	52,232,480.43	161,996,011.47

The Group endorsed bills receivable that have not matured to the suppliers to settle certain accounts payable. The management of the Group believes that almost all the risks and rewards of the ownership of the bills that have not matured have been transferred, and the

present obligations of relevant accounts payable have been discharged, so the relevant bills receivable and accounts payable have been both derecognised.

**(4) Disclosure by bad debt provision method**

Applicable Not applicable

Provision for bad debts is made on a single item basis:

Applicable Not applicable

Provision for bad debts by combination:

Applicable Not applicable

Bad debt provision is made according to the general model of expected credit loss

Applicable Not applicable

**(5) Provision for bad debts**

Applicable Not applicable

**(6) Notes receivable written off in the current period**

Applicable Not applicable

## 5. Accounts receivable

√Applicable □Not applicable

### (1) The ageing analysis of accounts receivable is as follows:

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Ageing	2023	2022
Within 1 year (inclusive)		
Of which: Sub-items within 1 year (inclusive)		
Within 1 year (inclusive)	8,001,844,256.74	7,610,468,723.04
Subtotal of within 1 year (inclusive)	8,001,844,256.74	7,610,468,723.04
Over 1 year but within 2 years (inclusive)	178,942,876.09	114,688,062.51
Over 2 years but within 3 years (inclusive)	5,210,102.81	6,242,037.09
Over 3 years	780,381.79	4,917,597.90
Total	8,186,777,617.43	7,736,316,420.54

### (2) Accounts receivable by provisioning method

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Category	2023					2022				
	Book value		Provision for bad and doubtful debts		Carrying amount	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Individually assessment	63,365,669.84	0.77	48,157,002.99	76.00	15,208,666.85	56,756,411.68	0.73	49,764,286.41	87.68	6,992,125.27
Of which:										
Individually assessment	63,365,669.84	0.77	48,157,002.99	76.00	15,208,666.85	56,756,411.68	0.73	49,764,286.41	87.68	6,992,125.27
Collectively assessment	8,123,411,947.59	99.23	106,559,717.02	1.31	8,016,852,230.57	7,679,560,008.86	99.27	85,666,933.87	1.12	7,593,893,074.99
Of which:										
Asset Group	8,123,411,947.59	99.23	106,559,717.02	1.31	8,016,852,230.57	7,679,560,008.86	99.27	85,666,933.87	1.12	7,593,893,074.99
Total	8,186,777,617.43	/	154,716,720.01	/	8,032,060,897.42	7,736,316,420.54	/	135,431,220.28	/	7,600,885,200.26

### Rationale for individual assessment in 2023:

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Name	Amount at year end			
	Book value	Provision for bad and doubtful debts	Percentage (%)	Reason
Client A	22,668,948.55	22,668,948.55	100.00	Unrecoverable
Client B	15,604,953.21	15,604,953.21	100.00	Unrecoverable
Others	25,091,768.08	9,883,101.23	39.39	Certain credit risk
Total	63,365,669.84	48,157,002.99	76.00	

### Note on rationale for individual assessment:

□Applicable √Not applicable

### Rationale for collective assessment:

√Applicable □Not applicable

### Criteria for collective assessment in 2023: credit risk characteristics

Unit: Yuan Currency: RMB

Name	Amount at year end		
	Book value	Provision for bad and doubtful debts	Percentage (%)
Collectively assessed for impairment based on credit risk characteristics	8,123,411,947.59	106,559,717.02	1.31
Total	8,123,411,947.59	106,559,717.02	1.31

### Assessment of ECLs on accounts receivable:

Applicable Not applicable

At all times the Group measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the number of overdue days and the loss given default. According to the historical experience of the Group, there are no significant differences in the losses of different customer groups. Therefore, different customer groups are not further distinguished when calculating impairment loss based on the overdue information.

Unit: Yuan Currency: RMB

	<i>Loss given default</i>	<i>Carrying amount at the end of the year</i>	<i>Impairment loss at the end of the year</i>
Current	0.66%	7,203,791,625.07	47,840,655.53
Overdue within 1 year	3.60%	737,184,249.66	26,515,104.51
Overdue 1 - 2 years (inclusive)	17.06%	177,054,810.50	30,197,200.94
Overdue 2 - 3 years (inclusive)	30.95%	4,882,984.51	1,511,453.37
Overdue Over 3 years	99.40%	498,277.85	495,302.67
Total	1.31%	8,123,411,947.59	106,559,717.02

The loss given default is measured based on the actual credit loss experience in the past, and is adjusted taking into consideration the differences among the economic conditions during the historical data collection period, the current economic conditions and the economic conditions during the expected lifetime.

#### ECL Assessment & Bad Debt Provision Movement

Applicable Not applicable

#### Basis of classification of stages and percentage of provision for bad debts

Applicable Not applicable

Note on significant changes in the carrying amount of receivables under financing for which a change in the allowance for losses has occurred during the period:

Applicable Not applicable

#### (3) Movements of provision for bad and doubtful debts:

Applicable Not applicable

Unit: Yuan Currency: RMB

Category	Balance at the beginning of the year	Amount of change in the current period				Balance at the end of the year
		Additions during the year	Recovery or reversal	Written-off during the year	Other changes	
Provision based on individual or collective assessment	135,431,220.28	34,444,710.80	-	18,513,904.58	3,354,693.51	154,716,720.01
Total	135,431,220.28	34,444,710.80	-	18,513,904.58	3,354,693.51	154,716,720.01

Among them, the amount of bad debt provision recovered or reversed in the current period is important:

Applicable Not applicable

#### Other information:

There is no significant single item of accounts receivable recoveries or reversals during the year.

#### (4) Accounts receivable written off during the year

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>Write-off amount</i>
Accounts receivable written off	18,513,904.58

Write-off of important accounts receivable

Applicable Not applicable

Notes on write-off of accounts receivable:

Applicable Not applicable

As some receivables of the Group's subsidiaries could not be collected, the Group wrote off the provision for bad and doubtful debts amounting to RMB18,513,904.58 during the year. There is no significant single item of accounts receivable written off during the year.

**(5) Five largest accounts receivable by debtor at the end of the year**Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Debtor</i>	<i>Balance at the end of the year</i>	<i>Percentage of total account receivables</i>	<i>Ending balance of provision for bad and doubtful debts</i>
Debtor A	1,288,329,123.74	15.74%	11,170,831.71
Debtor B	393,989,169.81	4.81%	6,478,140.06
Debtor C	383,682,649.48	4.69%	12,461,763.04
Debtor D	299,135,099.98	3.65%	1,563,774.67
Debtor E	270,974,270.51	3.31%	6,591,929.35
Total	2,636,110,313.52	32.20%	38,266,438.83

Other information:

Applicable Not applicable**6. Contract assets****(1) Contract assets**Applicable Not applicable**(2) Amount and reasons for significant changes in book value during the reporting period**Applicable Not applicable**(3) Provision for impairment of contract assets in the current period**Applicable Not applicable

Other information:

Applicable Not applicable**7. Receivables under financing**Applicable Not applicable**(1). Receivables under financing by category**

Unit: Yuan Currency: RMB

<i>Item</i>	<i>2023</i>	<i>2022</i>
Bills receivable	285,585,494.93	151,820,900.00
Accounts receivable	18,878,877.12	40,148,983.88
Total	304,464,372.05	191,969,883.88

**(2). The pledged receivables under financing of the Group at the end of the year**Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>Amount pledged</i>
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	<i>at year end</i>
Bank acceptance bills	8,261,620.40

**(3). Outstanding endorsed or discounted receivables under financing that have not matured at the end of the year**

Applicable Not applicable

Unit: Yuan Currency: RMB		
<i>Item</i>	<i>Amount derecognised at year end</i>	<i>Amount not derecognised at year end</i>
Bank acceptance bills	1,376,880,892.57	-

**(4) Disclosure by bad debt provision method**

Applicable Not applicable

Provision for bad debts is made on a single item basis:

Applicable Not applicable

Provision for bad debts by combination:

Applicable Not applicable

Bad debt provision is made according to the general model of expected credit loss

Applicable Not applicable

**(5) Provision for receivables under financing**

Applicable Not applicable

According to the historical experience of the Group, the Group has not made provisions on bills receivable and accounts receivable presented as financing of receivables because the Group considers that the bank acceptance bills and accounts receivable held by the Group do not have significant credit risk and will not incur significant losses due to default of the banks

**(6) Receivables under financing written off in the current period**

Applicable Not applicable

**(7) Increase/decrease changes and fair value changes of receivables under financing in the current period:**

Applicable Not applicable

**(8) Other information**

Applicable Not applicable

Subsidiaries of the Group endorse part of bills receivable (Bank acceptance bills) to their suppliers according to its daily fund management needs. Based on the credit risk rating of the issuing banks, the management of the Group believes that almost all the risks and rewards of the ownership of the bills will be transferred if the notes are endorsed or discounted. In addition, subsidiaries of the Group factor part of accounts receivable or bills receivable without recourse to financial institutions, thereby the risks and rewards of the ownership of these accounts receivable are transferred to factoring institutions.

The business model for managing the above bills receivable and accounts receivable is based on the objective of collecting contractual cash flows and selling them, and the Group classifies such bills receivable and accounts receivable as financial assets at fair value through other comprehensive income, which are presented as receivables under financing.

## 8. Prepayments

Applicable Not applicable

### (1) The ageing analysis of prepayments is as follows:

Unit: Yuan Currency: RMB

Ageing	2023		2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	157,398,582.66	70.92	130,689,808.98	73.46
Over 1 year but within 2 years	44,753,582.78	20.17	33,597,699.11	18.88
Over 2 years but within 3 years	9,895,504.25	4.46	4,669,285.90	2.62
Over 3 years	9,874,900.38	4.45	8,966,640.04	5.04
Total	221,922,570.07	100.00	177,923,434.03	100.00

Explanation of the reasons for not timely settlement of prepayments with an age of more than 1 year and an important amount:

N/A

### (2) Five largest prepayments by debtor at the end of the year:

Applicable Not applicable

Unit: Yuan Currency: RMB

Debtor	Balance at the end of the year	Percentage of total prepayments (%)
Debtor A	14,439,066.11	6.51
Debtor B	4,985,135.36	2.25
Debtor C	4,682,666.39	2.11
Debtor D	4,314,700.80	1.94
Debtor E	4,070,376.58	1.83
Total	32,491,945.24	14.64

Other information:

N/A

## 9. Other receivables

### List of items

Applicable Not applicable

Unit: Yuan Currency: RMB

	2023	2022
Interest receivable		
Dividends receivable	235,101,636.88	209,201,636.88
Others	990,810,261.82	732,422,837.00
Total	1,225,911,898.70	941,624,473.88

Other information:

Applicable Not applicable

### Interest receivable

#### (1) Classification of interest receivable

Applicable Not applicable

#### (2) Important overdue interest

Applicable Not applicable

#### (3) Disclosure by bad debt provision method

Applicable Not applicable

#### (4) Bad debt provision is made according to the general model of expected credit loss

Applicable Not applicable

#### (5) Provision for bad debts

Applicable Not applicable

**(6) Interest receivables written off in the current period**

Applicable Not applicable

**Dividends receivable**

**(1) Dividends receivable**

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Investee</i>	<i>2023</i>	<i>2022</i>
JoysonQuin	235,101,636.88	209,201,636.88
Less: Provision for bad and doubtful debts	-	-
<b>Total</b>	<b>235,101,636.88</b>	<b>209,201,636.88</b>

**(2) Significant dividends receivable aged over 1 year**

Applicable Not applicable

**(3) Disclosure by bad debt provision method**

Applicable Not applicable

**(4) Bad debt provision is made according to the general model of expected credit loss**

Applicable Not applicable

**(5) Provision for bad debts**

Applicable Not applicable

**(6) Dividends receivable written off in the current period**

Applicable Not applicable

Other information:

Applicable Not applicable

## Other receivables

### (1) The ageing analysis is as follows:

Applicable Not applicable

Unit: Yuan Currency: RMB

Ageing	2023	2022
Within 1 year (inclusive)	839,884,155.96	416,488,505.29
Of which: Sub-items within 1 year (inclusive)		
Over 1 year but within 2 years (inclusive)	77,680,530.08	102,169,386.94
Over 2 years but within 3 years (inclusive)	24,383,499.98	172,143,370.01
Over 3 years	50,407,970.81	41,621,574.76
Total	992,356,156.83	732,422,837.00

### (2) Others categorised by nature

Applicable Not applicable

Unit: Yuan Currency: RMB

Nature	2023	2022
Consideration receivables(Note)	366,430,000.00	-
Transaction receivables	129,445,520.55	197,104,248.82
Tax refund receivables	289,501,358.16	237,168,301.59
Funding from related parties	12,862,400.00	114,462,400.00
Deposits	89,335,882.42	99,344,433.11
Paid on behalf	29,506,753.49	21,980,148.61
Others	75,274,242.21	62,363,304.87
Less: Provision for bad and doubtful debts	1,545,895.01	-
Total	990,810,261.82	732,422,837.00

Note: The consideration receivables mainly consists of the Company's final payment for the disposal of 51% shares of JoysonQuin to Senssun. Pursuant to the agreement, the progress and amount of the payment depends on the actual completion of the performance of JoysonQuin from 2021 to 2023. As at December 31, 2023, RMB336,430,000.00 of the final payment was yet to be received and is expected to be settled in 2024.

### (3) Movements of provision for bad and doubtful debts

Applicable Not applicable

Unit: Yuan Currency: RMB

	Stage 1	Stage 2	Stage 3	Total
	12-month ECL	Lifetime ECL- Not credit impaired	Lifetime ECL- Credit impaired	
Balance at the beginning of the year	-	-	-	-
- Transfer to stage 2	-	-	-	-
- Transfer to stage 3	-	-	-	-
- Reverse to stage 2	-	-	-	-
- Reverse to stage 1	-	-	-	-
Additions during the year	1,545,895.01	-	-	1,545,895.01
Reversals during the year	-	-	-	-
Transfers out during the year	-	-	-	-
Written-off during the year	-	-	-	-
Change in exchange rate	-	-	-	-
As of 31 December 2023	1,545,895.01	-	-	1,545,895.01

Explanation on the significant changes in the book balance of other receivables with changes in loss provision in the current period:

Applicable Not applicable

Basis of the provision for bad debts in the current period and the assessment of whether the credit risk of financial instruments has increased significantly.

Applicable Not applicable

**(4) Provision for bad and doubtful debts**

Applicable Not applicable

**(5) Other receivables written off during the year**

Applicable Not applicable

**(6) Five largest other receivables by debtor at the end of the year**

Applicable Not applicable

Unit: Yuan Currency: RMB

Debtor	Balance at the end of the year	Percentage of total other receivables (%)	Nature of the receivable	Ageing	Ending balance of provision for bad and doubtful debts
Debtor A	336,430,000.00	33.96	Consideration receivables	Within 1 year	-
Debtor B	89,127,423.97	9.00	Tax refund receivables	Within 1 year	-
Debtor C	72,625,757.01	7.33	Tax refund receivables	Within 1 year	-
Debtor D	33,484,432.59	3.38	Tax refund receivables	Within 1 year	-
Debtor E	30,000,000.00	3.03	Consideration receivables	Within 1 year	-
Total	561,667,613.57	56.70	/	/	-

**(7) Presented in other receivables due to centralised management of funds**

Applicable Not applicable

Other information

Applicable Not applicable

**10. Inventories**

**(1) Inventories by category**

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	2023			2022		
	Book value	Provision for impairment of inventories/Provision for impairment of costs to fulfill a contract with a customer	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount
Raw materials	5,533,272,851.73	294,541,174.24	5,238,731,677.49	5,350,804,645.18	234,559,105.50	5,116,245,539.68
Work in progress	1,639,809,453.48	22,154,652.58	1,617,654,800.90	1,365,457,979.16	19,522,947.90	1,345,935,031.26
Costs to fulfill a contract with a customer	1,475,546,208.40	66,211,030.05	1,409,335,178.35	1,113,469,732.01	38,275,634.28	1,075,194,097.73
Finished goods	1,126,231,683.77	145,769,074.30	980,462,609.47	1,091,563,159.80	117,280,287.96	974,282,871.84
Total	9,774,860,197.38	528,675,931.17	9,246,184,266.21	8,921,295,516.15	409,637,975.64	8,511,657,540.51

Costs to fulfill a contract with a customer refer to costs and expenses incurred by the Group for the fulfillment of its contractual obligations, such as product customization design and development, after the Group has entered into supply agreements with certain OEM customers and prior to the formal delivery of the relevant products, and such costs and

expenses will be recovered upon delivery of subsequent deliveries. The costs and expenses incurred by the Group are capitalized and are expected to be amortized in the future in terms of sales to OEM customers.

**(2) Provision for impairment of inventories**

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the year	Increase during the year		Decrease during the year Reversal/Written-off	Balance at the end of the year
		Accrual	Other		
Raw materials	234,559,105.50	140,317,890.50	26,382,545.76	106,718,367.52	294,541,174.24
Work in progress	19,522,947.90	5,050,010.62	1,470,314.52	3,888,620.45	22,154,652.58
Costs to fulfill a contract with a customer	38,275,634.28	27,935,395.77	-	-	66,211,030.05
Finished goods	117,280,287.96	52,736,685.98	8,847,176.41	33,095,076.05	145,769,074.30
Total	409,637,975.64	226,039,982.87	36,700,036.69	143,702,064.02	528,675,931.17

The Reason for Reversal or Write-off of Inventory Impairment Provision in the Current Period

Applicable Not applicable

Group Assessed Provision for Inventory Impairment

Applicable Not applicable

Criteria for group assessed provision for Inventory Impairment

Applicable Not applicable

**(3) Explanation that the ending balance of inventory contains the capitalized amount of borrowing costs**

Applicable Not applicable

**(4) Explanation of the amortization amount of contract performance costs in the current period**

Applicable Not applicable

Other information:

Applicable Not applicable

**11. Assets held for sale**

Applicable Not applicable

**12. Non-current assets due within one year**

Applicable Not applicable

Significant debt investments and other debt investments at the end of the period:

Applicable Not applicable

**13. Other current assets**

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	2023	2022
Deferred expense	236,006,364.11	162,883,847.43
Prepaid tax	1,080,252,790.70	807,565,893.56
Others	28,268,944.04	37,689,627.36
Total	1,344,528,098.85	1,008,139,368.35

**14. Debt investment**

**(1) Debt investment**

Applicable Not applicable

**(2) Important debt investments at the end of the period**Applicable Not applicable**(3) Withdrawal of provision for impairment**Applicable Not applicable

The amount of provision for impairment in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly

Applicable Not applicable**(4) Debt investment written off in the current period**Applicable Not applicable

Other information:

Applicable Not applicable**15. Other debt investments****(1) Other debt investments**Applicable Not applicable**(2) Other important debt investments at the end of the period**Applicable Not applicable**(3) Provision for impairment**Applicable Not applicable

The amount of provision for impairment in the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly

Applicable Not applicable**(4) Other debt investments written off in the current period**Applicable Not applicable

Other information:

Applicable Not applicable**16. Long-term receivables****(1) Long-term receivables**Applicable Not applicable

Unit: Yuan Currency: RMB

Project	2023			2022		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Compensation receivables (Note)	173,101,003.85	-	173,101,003.85	264,948,239.77	-	264,948,239.77
Others	11,313,421.10	-	11,313,421.10	13,601,182.11	-	13,601,182.11
Less: Due within one year	53,896,294.36	-	53,896,294.36	105,397,480.54	-	105,397,480.54
Total	130,518,130.59	-	130,518,130.59	173,151,941.34	-	173,151,941.34

Note: The Group sells auto parts and accessories products to OEM customers and confirms the sales price based on the agreed order quantity. As some of the OEMs failed to achieve the contracted order quantity, resulting in the group's economic interests being damaged. The Group negotiated with these OEMs and agreed to receive corresponding compensation from the OEMs as a means to compensate for the economic losses arising from the order quantity not meeting expectations.

**(2) Disclosure by bad debt provision method**

Applicable Not applicable

**(3) Bad debt provision is made according to the general model of expected credit loss**

Applicable Not applicable

**(4) Provision for bad debts**

Applicable Not applicable

**(5) Long-term receivables written off in the current period**

Applicable Not applicable

**17. Long-term equity investments**

**(1) Investments in subsidiaries**

Applicable Not applicable

Unit: Yuan Currency: RMB

Investee	Balance at the beginning of the year	Movements during the year							Balance at the end of the year	Balance of provision for impairment at the end of the year	
		Increase in capital	Decrease in capital	Investment income recognised under equity method	Other comprehensive income	Other equity movements	Declared distribution of cash dividends or profits	Provision for impairment			Other
A, Joint ventures											
- Yanfeng Key Auto Safety Systems Ltd. (Note I)	109,796,659.35	-	-	20,133.50	-	-	-	-	-	109,816,792.85	-
Subtotal	109,796,659.35	-	-	20,133.50	-	-	-	-	-	109,816,792.85	-
B, Associates											
- Ningbo JoysonQuin Automotive Systems Holding Co., Ltd. (Note II)	1,927,587,999.04	-	489,520,665.39	144,448,289.39	33,161,109.44	-	25,900,000.00	-	-	1,589,776,732.48	-
- Innoventis GmbH	5,273,821.99	-	-	-	-	-	-	-	309,982.42	5,583,804.41	-
- AutoIO Technology Co., LTD.	32,947,242.60	-	-	589,950.46	-	-	-	-	-	33,537,193.06	-
- Suzhou SME-CQ Automotive Safety Technology Co., Ltd.	11,693,362.35	-	-	107,085.60	-	-	-	-	-	11,800,447.95	-
- Guangdong Senssun Weighing Apparatus Group Ltd.	-	539,366,002.82	-	6,467,772.59	-1,034,656.46	-	-	-	-	544,799,118.95	-
Subtotal	1,977,502,425.98	539,366,002.82	489,520,665.39	151,613,098.04	32,126,452.98	-	25,900,000.00	-	309,982.42	2,185,497,296.85	-
Total	2,087,299,085.33	539,366,002.82	489,520,665.39	151,633,231.54	32,126,452.98	-	25,900,000.00	-	309,982.42	2,295,314,089.70	-

Yanfeng Key Auto Safety Systems Ltd. (“YFK”) was a joint venture of the Group’s subsidiary, Key Safety Systems, Inc. (hereinafter referred to as “KSS”) and Yanfeng Automotive Trim Systems Co., Ltd (hereinafter referred to as “Yanfeng”). KSS and Yanfeng held 49.9% and 50.1% of the equity interests in YFK respectively.

On 29 May 2023, the Company entered into the "Share Transfer Agreement between Guangdong Senssun Weighing Apparatus Group Ltd. and Ningbo Joyson Electronic Corp in relation to Ningbo JOYSONQUIN Automotive Systems Holding Co., Ltd" with effective conditions, transferring 12% of equity interest in JoysonQuin to Senssun at a transaction price of RMB510,000,000.00. Upon completion of the transaction, the Company still holds 37% equity interest in JoysonQuin and still has significant influence over it.

On 17 July 2023, the Company entered into the Share Transfer Agreement with the shareholders of Senssun to acquire 10,600,000 shares of unlimited outstanding shares, accounting for 8.03% of the shares of Senssun, at a transfer price of RMB31.00 per share for a total amount of RMB330,000,000.00. Upon completion of the transaction, the Company will be the second largest shareholder of Senssun and will have significant influence over it, which will be accounted for under the equity method and presented as long-term equity investment. On 4 September 2023 and 14 December 2023, the Company increased its shareholding in Senssun by 2,600,000 shares and 4,003,700 shares, representing 1.9686% and 3.0313% of the shares of Senssun, respectively, by way of block trading.

## (2). Impairment testing of long-term equity investments

Applicable Not applicable

**18. Investment in other equity instruments****(1) Investment in other equity instruments**

Applicable Not applicable

**(2) Investment in non-trading equity instruments**

Applicable Not applicable

Other information:

Applicable Not applicable

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

Applicable Not applicable

Unit: Yuan Currency: RMB		
<i>Item</i>	2023	2022
Financial assets designated at fair value through profit or loss	292,757,451.58	897,303,111.50
Including: Equity investments	150,492,442.65	84,027,247.41
Reinsurance of defined benefit plan	63,097,383.32	61,245,698.76
Unsettled consideration of selling 51% shares of JoysonQuin	-	562,210,000.00
Derivative financial assets (Note VII.3)	79,167,625.61	189,820,165.33
<b>Total</b>	<b>292,757,451.58</b>	<b>897,303,111.50</b>

Other information:

Applicable Not applicable

In other non-current financial assets, investment in equity instruments refer to equity investments that the Group do not have significant influence and are classified as financial assets at fair value through profit or loss and presented as other non-current financial assets.

The reinsurance of defined benefit plan represents the contracts that Preh and Joyson Safety signed with Allianz, Swiss Life and Generali China to secure the payment of its staff pension. Its changes in fair value offset the present value of plan assets for the defined benefit plan. The reinsurance of defined benefit plan is classified as financial assets at fair value through profit or loss and presented as other non-current financial assets.

**20. Investment property**

Not applicable

**21. Fixed assets****List of items**

Applicable Not applicable

Unit: Yuan Currency: RMB		
<i>Item</i>	2023	2022
Fixed assets	10,995,049,413.55	11,146,163,605.79
Fixed assets liquidation		
<b>Total</b>	<b>10,995,049,413.55</b>	<b>11,146,163,605.79</b>

**(1) Fixed assets**

Applicable Not applicable

Unit: Yuan Currency: RMB						
<i>Item</i>	<i>Plant &amp; buildings</i>	<i>Machinery &amp; equipment</i>	<i>Other equipment</i>	<i>Motor vehicles</i>	<i>Land use rights</i>	<i>Total</i>
I. Cost						
i. Balance at the beginning of the year	5,304,594,715.54	10,647,783,858.73	5,057,611,217.33	36,106,065.99	1,356,235,320.63	22,402,331,178.22
ii. Additions during the year	290,075,532.36	1,057,003,897.37	557,744,390.55	11,328,230.51	73,501,234.26	1,989,653,285.05
- Purchases	132,976,515.91	387,777,250.42	184,738,776.57	10,238,957.91	30,593,960.44	746,325,461.25

- Transfers from construction in progress	29,101,475.15	379,241,035.66	238,063,390.16	608,219.98	-	647,014,120.95
- Change in exchange rate	127,997,541.30	289,985,611.29	134,942,223.82	481,052.62	42,907,273.82	596,313,702.85
iii. Decrease during the year	69,527,289.90	338,066,250.33	190,930,383.56	2,612,921.90	43,965,191.53	645,102,037.22
- Disposals or scrap	69,527,289.90	338,066,250.33	190,930,383.56	2,612,921.90	43,965,191.53	645,102,037.22
- Change in exchange rate						
iv. Balance at the end of the year	5,525,142,958.00	11,366,721,505.77	5,424,425,224.32	44,821,374.60	1,385,771,363.36	23,746,882,426.05
II. Accumulated depreciation						
i. Balance at the beginning of the year	1,578,737,863.83	6,028,734,370.38	3,618,745,420.21	25,362,884.90	-	11,251,580,539.32
ii. Additions during the year	260,258,077.51	1,144,917,396.45	533,956,449.23	9,131,486.71	5,831,800.14	1,954,095,210.04
- Charge for the year	213,833,284.03	966,567,288.80	438,395,481.35	8,733,718.35	5,676,566.45	1,633,206,338.98
- Change in exchange rate	46,424,793.48	178,350,107.65	95,560,967.88	397,768.36	155,233.69	320,888,871.06
iii. Decrease during the year	49,903,696.80	238,416,872.87	172,210,385.45	1,754,685.54	-	462,285,640.66
- Disposals or scrap	49,903,696.80	238,416,872.87	172,210,385.45	1,754,685.54	-	462,285,640.66
- Change in exchange rate						
iv. Balance at the end of the year	1,789,092,244.54	6,935,234,893.96	3,980,491,483.99	32,739,686.07	5,831,800.14	12,743,390,108.70
III. Provision for impairment						
i. Balance at the beginning of the year		4,587,033.11	-	-	-	4,587,033.11
ii. Additions during the year		8,332,452.70	4,076.10	-	-	8,336,528.80
- Charge for the year		8,111,455.25	4,076.10	-	-	8,115,531.35
- Change in exchange rate		220,997.45	-	-	-	220,997.45
iii. Decrease during the year		4,480,658.11	-	-	-	4,480,658.11
- Disposals or scrap		4,480,658.11	-	-	-	4,480,658.11
iv. Balance at the end of the year		8,438,827.70	4,076.10	-	-	8,442,903.80
IV. Carrying amounts						
i. At the end of the year	3,736,050,713.46	4,423,047,784.11	1,443,929,664.23	12,081,688.53	1,379,939,563.22	10,995,049,413.55
ii. At the beginning of the year	3,725,856,851.71	4,614,462,455.24	1,438,865,797.12	10,743,181.09	1,356,235,320.63	11,146,163,605.79

**(2) Temporarily idle fixed assets**

Applicable Not applicable

**(3) Fixed assets leased out under operating leases**

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Year-end carrying amount
Plant & buildings	96,972,226.68

**(4) Fixed assets pending certificates of ownership**

Applicable Not applicable

**(5) Impairment testing of fixed assets**

Applicable Not applicable

**The recoverable amount is recognized at fair value less costs of disposal.**

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	carrying amount	recoverable amount	Impairment amount	Determination of fair value and cost of disposal	Basis for determining key parameters
CAF Mold	106,375.00	-	106,375.00	Management's consolidated judgment with reference to market factors	Management makes a full provision for impairment by reference to market factors for idle machinery and equipment that is no longer in use and has no value for internal redeployment or external transfers.
TBOX Vibration Fixture	4,076.10	-	4,076.10		
Mold Fixture Equipment	30,047.50	-	30,047.50		

Mountings	8,302,405.20	-	8,302,405.20		
<b>Total</b>	<b>8,442,903.80</b>	<b>-</b>	<b>8,442,903.80</b>	<b>/</b>	<b>/</b>

Other information:

Applicable Not applicable

## 22. Construction in progress

### List of items

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<b>2023</b>	<b>2022</b>
Construction in progress	2,761,083,200.03	2,148,641,718.01
Construction materials		
<b>Total</b>	<b>2,761,083,200.03</b>	<b>2,148,641,718.01</b>

### (1) Construction in progress

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Project</i>	<b>2023</b>			<b>2022</b>		
	<i>Book value</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>	<i>Book value</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>
Machinery, software & other equipment	2,329,686,000.65	-	2,329,686,000.65	1,664,963,581.84	-	1,664,963,581.84
Decoration, renovation, etc.	213,289,603.27	-	213,289,603.27	281,838,208.92	-	281,838,208.92
Tooling	218,107,596.11	-	218,107,596.11	201,839,927.25	-	201,839,927.25
<b>Total</b>	<b>2,761,083,200.03</b>	<b>-</b>	<b>2,761,083,200.03</b>	<b>2,148,641,718.01</b>	<b>-</b>	<b>2,148,641,718.01</b>

**(2) Movements of major construction projects in progress during the year**

√Applicable Not applicable

Unit: Yuan Currency: RMB

Project	Budget	Balance at the beginning of the year	Additions during the year	Transfers to fixed assets	Transfers to intangible assets	Transfers to Long-term deferred expenses	Change in exchange rate	Balance at the end of the year	Percentage of actual cost to budget (%)	Project progress	Accumulated capitalised interest	Including: Interest capitalised in 2022	Interest rate for capitalisation in 2022 (%)	Sources of funding
Machinery & equipment (excluding Tooling)	5,110,906,991.73	1,664,963,581.84	1,066,692,299.47	530,333,563.49	-	-	128,363,682.83	2,329,686,000.65	46%	46%	89,067,772.70	46,702,474.83	6.9%	Own funds, loan
Decoration, renovation, etc.	302,966,415.58	281,838,208.92	29,164,430.52	45,184,796.38	1,109,304.90	-	-51,418,934.89	213,289,603.27	70%	70%	-	-	-	Own funds
Tooling	260,234,662.50	201,839,927.25	82,539,520.74	71,495,761.08	-	-	5,223,909.20	218,107,596.11	84%	84%	-	-	-	Own funds
<b>Total</b>	<b>5,674,108,069.81</b>	<b>2,148,641,718.01</b>	<b>1,178,396,250.73</b>	<b>647,014,120.95</b>	<b>1,109,304.90</b>	<b>-</b>	<b>82,168,657.14</b>	<b>2,761,083,200.03</b>	<b>-</b>	<b>-</b>	<b>89,067,772.70</b>	<b>46,702,474.83</b>	<b>-</b>	<b>-</b>

**(3) Provision for impairment of construction in progress in the current period**

Applicable Not applicable

Other information

Applicable Not applicable

**Construction materials**

**(1)Construction materials**

Applicable Not applicable

## 23. Productive biological assets

### (1) Productive biological assets using the cost measurement model

Applicable  Not applicable

### (2) Productive biological assets measured at fair value

Applicable  Not applicable

Other information

Applicable  Not applicable

## 24. Oil and gas properties

Applicable  Not applicable

## 25. Right-of-use assets

### (1) Right-of-use assets

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Plant & building	Machinery & equipment	Office equipment	Motor vehicles	Total
<b>Cost</b>					
1. Balance at the beginning of the year	902,547,200.90	40,489,550.47	57,928,925.56	36,259,473.52	1,037,225,150.45
2. Additions during the year	106,345,861.66	13,516,287.38	42,214,233.04	13,526,283.60	175,602,665.68
(1) Purchases	88,081,431.98	10,936,499.04	37,638,818.43	11,754,293.02	148,411,042.47
(2) Change in exchange rate	18,264,429.68	2,579,788.34	4,575,414.61	1,771,990.58	27,191,623.21
3. Decreases during the year	93,501,278.12	9,194,081.10	19,444,972.83	15,219,191.38	137,359,523.43
(1) Disposals	93,501,278.12	9,194,081.10	19,444,972.83	15,219,191.38	137,359,523.43
(2) Change in exchange rate					
4. Balance at the end of the year	915,391,784.44	44,811,756.75	80,698,185.77	34,566,565.74	1,075,468,292.70
<b>II. Accumulated depreciation</b>					
1. Balance at the beginning of the year	190,463,012.39	10,512,561.10	28,716,305.50	5,512,764.21	235,204,643.20
2. Additions during the year	125,577,837.99	12,977,654.46	23,451,759.26	18,317,301.36	180,324,553.07
(1) Charge for the year	121,915,273.41	12,022,413.74	20,508,198.12	16,272,675.98	170,718,561.25
(2) Change in exchange rate	3,662,564.58	955,240.72	2,943,561.14	2,044,625.38	9,605,991.82
3. Decreases during the year	61,499,969.94	9,132,724.89	15,373,809.05	15,034,842.74	101,041,346.62
(1) Disposals	61,499,969.94	9,132,724.89	15,373,809.05	15,034,842.74	101,041,346.62
(2) Change in exchange rate					
4. Balance at the end of the year	254,540,880.44	14,357,490.67	36,794,255.71	8,795,222.83	314,487,849.65
<b>III. Impairment provision</b>					
1. Balance at the beginning of the year					
2. Additions during the year					
(1) Charge for the year					
3. Decreases during the year					
(1) Disposals					
4. Balance at the end of the year					
<b>IV. Carrying amounts</b>					
1. At the end of the year	660,850,904.00	30,454,266.08	43,903,930.06	25,771,342.91	760,980,443.05
2. At the beginning of the year	712,084,188.51	29,976,989.37	29,212,620.06	30,746,709.31	802,020,507.25

### (2) Impairment testing of right-of-use assets

Applicable  Not applicable

## 26. Intangible assets

### (1) Intangible assets

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Land use rights	Software and patent right	Non-patent know-hows	Capitalised development costs	Customer relationship and platform	Trademarks	Franchise, industrial property right	Total
<b>I. Cost</b>								
i. Balance at the beginning of the year	470,626,893.26	1,164,768,665.88	893,911,314.13	5,271,958,929.46	344,473,852.79	176,464,073.86	10,983,013.36	8,333,186,742.74
ii. Additions during the year	2,955,752.99	171,008,923.12	31,522,675.00	1,453,404,512.18	5,841,306.32	2,992,333.68	2,114,043.73	1,669,839,547.02
- Purchases		108,884,253.68		42,130,077.18			1,384,832.14	152,399,163.01
- Internal development during the year		4,338,313.00		1,234,397,986.89				1,238,736,299.88
- Transfers from construction in progress		1,109,304.90						1,109,304.90
- Change in exchange rate	2,955,752.99	56,677,051.54	31,522,675.00	176,876,448.11	5,841,306.32	2,992,333.68	729,211.59	277,594,779.23
iii. Decrease during the year		82,422,139.43		53,066,911.95			8,617,060.31	144,106,111.69
- Disposals		82,422,139.43		53,066,911.95			8,617,060.31	144,106,111.69

- Change in exchange rate									
iv. Balance at the end of the year	473,582,646.25	1,253,355,449.57	925,433,989.13	6,672,296,529.69	350,315,159.11	179,456,407.54	4,479,996.78	9,858,920,178.07	
II. Accumulated depreciation or amortisation									
i. Balance at the beginning of the year	83,239,891.71	1,043,459,906.62	620,939,194.42	3,082,427,791.53	195,814,536.77	58,286,091.49	10,506,637.30	5,094,674,049.84	
ii. Additions during the year	7,333,336.95	186,195,209.38	31,522,675.00	1,028,320,346.12	33,572,203.88	9,957,796.97	1,261,141.46	1,298,162,709.76	
- Charge for the year	6,686,257.22	146,055,160.39		896,180,616.23	26,070,152.44	7,714,849.11	596,181.81	1,083,303,217.21	
- Change in exchange rate	647,079.73	40,140,048.99	31,522,675.00	132,139,729.89	7,502,051.44	2,242,947.86	664,959.65	214,859,492.55	
iii. Decreases during the year		72,389,357.53		44,416,804.94			8,137,287.63	124,943,450.10	
- Disposals		72,389,357.53		44,416,804.94			8,137,287.63	124,943,450.10	
iv. Balance at the end of the year	90,573,228.66	1,157,265,758.47	652,461,869.42	4,066,331,332.71	229,386,740.65	68,243,888.46	3,630,491.13	6,267,893,309.50	
III. Impairment provision									
i. Balance at the beginning of the year				106,935.65				106,935.65	
ii. Additions during the year				2,497,543.16				2,497,543.16	
- Charge for the year				2,429,297.28				2,429,297.28	
- Change in exchange rate				68,245.88				68,245.88	
iii. Decreases during the year								-	
- Disposals									
- Change in exchange rate									
iv. Balance at the end of the year				2,604,478.81				2,604,478.81	
III. Carrying amounts									
i. At the end of the year	383,009,417.59	96,089,691.10	272,972,119.71	2,603,360,718.17	120,928,418.46	111,212,519.08	849,505.65	3,588,422,389.76	
ii. At the beginning of the year	387,387,001.55	121,308,759.26	272,972,119.71	2,189,424,202.28	148,659,316.02	118,177,982.37	476,376.06	3,238,405,757.25	

The Group's intangible assets formed through internal research and development accounted for 72.55% of the book value of intangible assets at year-end.

**(2) Land use rights pending certificates of ownership**

Applicable  Not applicable

**(3) Impairment testing of intangible assets**

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	carrying amount	recoverable amount	Impairment amount	Years of the projection period	Key parameters for the forecast period	Key parameters of the stabilization period	Basis for determining key parameters for the stabilization period
Android Multimedia Hard Disk	11,721,187.30	9,116,708.49	2,604,478.81	5.00	Discount rate 15%	2.20%	Recognized based on long-term inflation rates published by Oxford Economics

Other information:

Applicable  Not applicable

**27. Goodwill**

**(1) Changes in goodwill**

Applicable  Not applicable

Unit: Yuan Currency: RMB

Name of investee or events from which goodwill arose	Balance at the beginning of the year	Additions during the year		Disposals during the year		Balance at the end of the year
		Additions due to business combinations	Change in exchange rate	Disposals	Change in exchange rate	
KSS Holdings, Inc.	6,813,673,326.06	-	115,540,708.70	-	-	6,929,214,034.76
Preh Car Connect GmbH	783,473,427.43	-	46,050,661.65	-	-	829,524,089.08
Others	29,661,101.32	-	1,743,407.44	-	-	31,404,508.76
Total	7,626,807,854.81	-	163,334,777.79	-	-	7,790,142,632.60

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

Applicable  Not applicable

Unit: Yuan Currency: RMB

Name of investee or events from which goodwill arose	Balance at the beginning of the year	Additions during the year		Disposals during the year		Balance at the end of the year
		Accrual	Change in exchange rate	Disposal	Change in exchange rate	
KSS Holdings, Inc.	2,205,737,572.20	-	37,403,096.70	-	-	2,243,140,668.90
Preh Car Connect GmbH	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	2,205,737,572.20	-	37,403,096.70	-	-	2,243,140,668.90

### (3) Information of goodwill related asset group or asset groups

√Applicable □Not applicable

Item	Components of the asset group or set of asset groups and basis for allocation	Operating segment and basis for allocation	Whether this is consistent with previous years
Joyson Safety System-AM region Joyson Safety System-EMEA region Joyson Safety System-China region Joyson Safety System-ROA region	The joyson safety system asset groups where KSS Holdings, Inc. belongs to are managed according to the AM region, EMEA region, China region, and ROA region. Based on the analysis of asset groups that can benefit from the synergies of corporate mergers, these regional divisions constitute the minimum level for monitoring goodwill based on internal management purposes. Therefore, the goodwill formed by the acquisition of KSS Holdings, Inc. is tested for impairment according to the four asset groups of the AM region, EMEA region, China region, and ROA region.	Joyson Safety System Segment	Yes
Joynext-EMEA region	The joynext asset group where Preh Car Connect GmbH belongs to generates cash inflows independently of other asset groups. The group conducts goodwill impairment tests on it as a separate asset group.	Joyson Electronics Segment	Yes

### (4) Method used to determine the recoverable amount

The recoverable amount is determined by reference to the present value of expected future cash flows

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Carrying amount	Recoverable amount	Impairment amount	Length of forecast period	Key parameters for the forecast period	Basis for determining the key parameters for the forecast period	Key parameters for the stable period	Basis for determining the key parameters for the forecast period
Joyson Safety System-AM region	3,395,293,607.60	3,796,327,200.00	-	5 years	Growth rate 7%	The management prepares financial budgets based on the orders on hand and feasibility of orders in each region	Growth rate 0%	Growth rate 0% for stable period
					Operating cost and capex	The management prepares financial budgets related to operating costs and capital expenditures based on the historical operating conditions and experience of each region, combined with future business plans	Operating cost and capex	The management prepares financial budgets related to operating costs and capital expenditures based on the historical operating conditions and experience of each region, combined with future business plans
					Pre-tax discount rate 22.53%	Pre-tax discount rate is the weighted average cost that reflects the current time value of market currency and specific risks of related asset groups	Pre-tax discount rate 22.53%	Discount rate is the same with forecast period
Joyson Safety System-EMEA region	3,561,877,567.55	4,879,980,300.00	-	5 years	Growth rate 1%	The management prepares financial budgets based on the orders on hand and feasibility of orders in each region	Growth rate 0%	Growth rate 0% for stable period
					Operating cost and capex	The management prepares financial budgets related to operating costs and capital expenditures based on the historical operating conditions and experience of each region, combined with future business plans	Operating cost and capex	Operating cost and capex is the same with forecast period
					Pre-tax discount rate 14.04%	Pre-tax discount rate is the weighted average cost that reflects the current time value of market currency and specific risks of related asset groups	Pre-tax discount rate 14.04%	Discount rate is the same with forecast period

Item	Carrying amount	Recoverable amount	Impairment amount	Length of forecast period	Key parameters for the forecast period	Basis for determining the key parameters for the forecast period	Key parameters for the stable period	Basis for determining the key parameters for the forecast period
Joyson Safety System-China region	5,492,969,690.26	5,751,152,400.00	-	5 years	Growth rate 6%	The management prepares financial budgets based on the orders on hand and feasibility of orders in each region	Growth rate 0%	Growth rate 0% for stable period
					Operating cost and capex	The management prepares financial budgets related to operating costs and capital expenditures based on the historical operating conditions and experience of each region, combined with future business plans	Operating cost and capex	Operating cost and capex is the same with forecast period
					Pre-tax discount rate 13.63%	Pre-tax discount rate is the weighted average cost that reflects the current time value of market currency and specific risks of related asset groups	Pre-tax discount rate 13.63%	Discount rate is the same with forecast period
Joyson Safety System-ROA region	3,800,840,324.20	3,810,492,600.00	-	5 years	Growth rate 8%	The management prepares financial budgets based on the orders on hand and feasibility of orders in each region	Growth rate 0%	Growth rate 0% for stable period
					Operating cost and capex	The management prepares financial budgets related to operating costs and capital expenditures based on the historical operating conditions and experience of each region, combined with future business plans	Operating cost and capex	Operating cost and capex is the same with forecast period
					Pre-tax discount rate 11.88%	Pre-tax discount rate is the weighted average cost that reflects the current time value of market currency and specific risks of related asset groups	Pre-tax discount rate 11.88%	Discount rate is the same with forecast period

Item	Carrying amount	Recoverable amount	Impairment amount	Length of forecast period	Key parameters for the forecast period	Basis for determining the key parameters for the forecast period	Key parameters for the stable period	Basis for determining the key parameters for the forecast period
Joynext-EMEA region	1,461,248,258.47	2,548,841,838.91	-	5 years	Growth rate 6%	The management prepares financial budgets based on the orders on hand and feasibility of orders in each region	Growth rate 6%	Growth rate 0% for stable period
					Operating cost and capex	The management prepares financial budgets related to operating costs and capital expenditures based on the historical operating conditions and experience of each region, combined with future business plans	Operating cost and capex	Operating cost and capex is the same with forecast period
					Pre-tax discount rate 14.2%	Pre-tax discount rate is the weighted average cost that reflects the current time value of market currency and specific risks of related asset groups	Pre-tax discount rate 14.2%	Discount rate is the same with forecast period

Other information

Applicable Not applicable

## 28. Long-term deferred expenses

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the year	Additions during the year	Transfers from construction in progress	Amortisation for the year	Change in exchange rate	Balance at the end of the year
Leasehold improvements	61,396,466.27	14,633,363.42	-	17,675,865.91	-358,879.31	57,995,084.47

Other information

Applicable Not applicable

## 29. Deferred tax assets and deferred tax liabilities

### (1) Unoffset deferred tax assets

√Applicable Not applicable

Unit: Yuan Currency: RMB

Item	2023		2022	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Unrealised profits of intra-group transactions	71,531,643.03	10,729,746.45	34,834,734.57	7,961,137.96
Deductible tax losses	2,605,444,819.83	678,308,070.72	2,563,594,853.94	730,366,816.30
Inventories and receivables	679,946,585.32	135,915,666.00	1,086,847,380.59	179,015,689.10
Long-term assets	314,899,713.21	72,970,511.70	305,580,211.97	79,878,676.11
Lease liability	1,163,989,042.33	199,836,707.49	-	-
Accrued expenses and provision	3,139,612,574.74	718,285,729.58	3,457,738,522.57	777,134,405.19
Less: Amount offset	-	630,064,520.57	-	731,809,421.13
Total	7,975,424,378.46	1,185,981,911.37	7,448,595,703.64	1,042,547,303.53

### (2) Unoffset deferred tax liabilities

√Applicable Not applicable

Unit: Yuan Currency: RMB

Item	2023		2022	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Long-term assets	2,748,712,399.01	760,391,705.82	2,855,353,511.34	786,011,426.30
Right-of-use assets	1,101,824,861.79	189,301,968.71	-	-
Others	383,618,103.19	112,492,188.56	1,139,166,022.35	310,833,254.93
Less: Amount offset	-	630,064,520.57	-	731,809,421.13
Total	4,234,155,363.99	432,121,342.52	3,994,519,533.69	365,035,260.10

### (3) Deferred income tax assets or liabilities presented on a net basis after offset

√Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Offsetting amount of deferred tax assets and liabilities at the end of the current period	Balance of deferred tax assets or liabilities at the end of the period after offset	Offsetting amount of deferred tax assets and liabilities at the beginning of the current period	Balance of deferred tax assets or liabilities at the beginning of the period after offset
Deferred tax assets	630,064,520.57	1,185,981,911.37	731,809,421.13	1,042,547,303.53
Deferred tax liabilities	630,064,520.57	432,121,342.52	731,809,421.13	365,035,260.10

### (4) Details of unrecognised deferred tax assets

√Applicable Not applicable

Unit: Yuan Currency: RMB

Item	2023	2022
Deductible temporary differences	625,263,270.36	555,120,484.21
Deductible tax losses	4,461,331,561.88	3,626,041,931.17
Total	5,086,594,832.24	4,181,162,415.38

### (5) Expiration of deductible tax losses for those deferred tax assets not recognised

√Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Year</i>	<i>Balance at the end of the year</i>	<i>Balance at the beginning of the year</i>
2023	/	42,393,286.68
2024	-	-
2025	-	-
2026	37,982,266.11	37,982,266.11
2027 and thereafter	4,423,349,295.77	3,545,666,378.38
Total	4,461,331,561.88	3,626,041,931.17

Other information

√Applicable Not applicable

As at 31 December 2023, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB3,828,791,792.81 (2021: RMB3,099,023,847.61). Deferred tax liabilities have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

### 30. Other non-current assets

√Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>2023</i>			<i>2022</i>		
	<i>Book value</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>	<i>Book value</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>
Payment to vehicle manufacturer (Note I)	376,167,839.32	-	376,167,839.32	359,086,494.09	-	359,086,494.09
Prepayment for long-term assets purchasing	631,346,599.33	-	631,346,599.33	406,039,222.68	-	406,039,222.68
Overpayment of tax in previous years by overseas subsidiaries	227,187,053.87	2,231,602.00	224,955,451.87	204,536,389.65	-	204,536,389.65
Others (Note II)	674,791,459.31	-	674,791,459.30	58,038,161.99	-	58,038,161.99
Total	1,909,492,951.83	2,231,602.00	1,907,261,349.82	1,907,261,349.83	-	1,027,700,268.41

Note I: As a common practice in industry, the Group has agreed in the supply upfront framework agreement with certain OEMs that the Group makes certain payment to the OEMs. In view of the fact that the Group has obtained relevant supply agreements and has business relationship with these customers for many years, the Group is able to estimate the future purchase volume by the customers. The payment is expected to be recovered from the customers' future orders. Therefore, the Group capitalizes the payment and amortizes it offsetting the revenue when the expected future purchases are realized. The amortization period is expected to exceed one year.

Note II: "Others" includes the costs incurred in the initial activities carried out by the Group for the fulfillment of the contract, which are costs and expenses incurred by the Group for the fulfillment of contractual obligations prior to the formal delivery of the relevant products after the signing of supply agreements with certain Oems, and such costs and expenses will be recovered in subsequent supply orders. Accordingly, the costs and expenses incurred by the Group are capitalised and amortised when anticipated future vendor purchases occur. The amortization period is expected to exceed one year.

### 31. Assets with restrictive ownership title or right of use

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	2023				2022			
	Book value	Carrying amount	Type of restriction	Reason for restriction	Book value	Carrying amount	Type of restriction	Reason
Cash at bank and on hand	922,792,434.76	922,792,434.76	Pledges, deposits	Pledged loan, deposit	1,559,425,067.15	1,559,425,067.15	Pledges, deposits	Pledged loan, deposit
Bills receivable	50,000,000.00	50,000,000.00	Pledges	Pledge loan	95,847,117.23	95,847,117.23	Pledges	Pledge loan
Accounts receivable	1,092,427,354.67	1,081,918,192.41	Collateral	Mortgage loan	1,519,366,687.56	1,502,881,893.39	Collateral	Mortgage loan
Receivables financing	8,261,620.40	8,261,620.40	Collateral	Mortgage loan	-	-	Collateral	Mortgage loan
Prepayments	23,813,866.84	23,813,866.84	Collateral	Mortgage loan	30,671,403.00	30,671,403.00	Collateral	Mortgage loan
Other receivables	169,119,816.12	169,119,816.12	Collateral	Mortgage loan	126,094,440.38	126,094,440.38	Collateral	Mortgage loan
Inventories	1,840,802,690.61	1,767,922,294.11	Collateral	Mortgage loan	2,009,883,245.60	1,937,158,548.32	Collateral	Mortgage loan
Other current assets	738,700,405.59	738,700,405.59	Collateral	Mortgage loan	464,161,805.86	464,161,805.86	Collateral	Mortgage loan
Long-term receivables	9,598,121.16	9,598,121.16	Collateral	Mortgage loan	12,005,377.34	12,005,377.34	Collateral	Mortgage loan
Fix asset	6,345,499,643.14	3,727,907,500.83	Collateral	Mortgage loan	6,006,239,333.91	3,847,272,956.34	Collateral	Mortgage loan
Construction in progress	239,324,877.62	239,324,877.62	Collateral	Mortgage loan	229,659,163.13	229,659,163.13	Collateral	Mortgage loan
Right-of-use assets	404,553,418.87	132,254,567.57	Collateral	Mortgage loan	434,752,762.98	151,326,756.15	Collateral	Mortgage loan
Intangible assets	734,123,999.81	310,978,857.95	Collateral	Mortgage loan	751,330,209.82	363,925,964.61	Collateral	Mortgage loan
Development costs	151,773,106.91	151,773,106.91	Collateral	Mortgage loan	150,481,318.60	150,481,318.60	Collateral	Mortgage loan
Deferred tax assets	332,641,060.66	332,641,060.66	Collateral	Mortgage loan	333,196,946.84	333,196,946.84	Collateral	Mortgage loan
Other non-current assets	96,119,168.35	96,119,168.35	Collateral	Mortgage loan	110,403,041.84	110,403,041.84	Collateral	Mortgage loan
Total	13,159,551,585.51	9,763,125,891.28			13,833,517,921.24	10,914,511,800.18		

Other information:

□Applicable √Not applicable

### 32. Short-term loan

#### (1) Short-term loans by category

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Category	2023	2022
Pledged loans	315,928,839.21	509,318,337.16
Mortgage loans	499,686,111.11	-
Guaranteed loans	710,629,444.05	690,909,662.58
Unsecured loans	2,713,458,464.10	1,807,358,071.93
Discounted note payable loans	4,000,000.00	-
Total	4,243,702,858.47	3,007,586,071.67

As at 31 December 2023, short-term loans consist of:

The pledged loan mainly includes the short-term loan principal of USD 34,800,000.00, equivalent to RMB 246,477,960.00, borrowed from the Agricultural Bank of China through margin pledge.

The mortgage loans are mainly short-term loans borrowed from the Postal Savings Bank of China with the company's real estate as collateral.

Guaranteed loans mainly include short-term loans of RMB 100,000,000.00 borrowed from Industrial and Commercial Bank of China ; To borrow short-term loans of RMB 350,000,000.00 from the Bank of China; To borrow the short-term loan principal of RMB257,000,000.00 from Industrial Bank of China. The above loans are secured by Joyson Group.

As of December 31, 2023, the annual interest rate range of the above borrowings is 0.46% to 9.82%.

## (2) Short-term borrowings that are overdue but not repaid

Applicable Not applicable

Among them, the important overdue and outstanding short-term borrowings are as follows:

Applicable Not applicable

Other information

Applicable Not applicable

## 33. Trading financial liabilities

Applicable Not applicable

## 34. Derivative financial liabilities

Applicable Not applicable

<i>Item</i>	Unit: Yuan Currency: RMB	
	2023	2022
Interest rate swaps	2,752,293.65	67,123.14
Forward contract of foreign currency	919,171.22	271,634.98
Total	3,671,464.87	338,758.12

Other information:

The Group uses interest rate swaps to mitigate the cash flow risks of cash flow risks of the bank loan with variable interest rate , which is converting the variable interest rates into fixed ones. As at 31 December 2023, the nominal amount of interest rate swaps held by the Group was EUR20,000,000.00, and the fair value of the interest swaps was RMB2,752,293.65, which were included in derivative financial liabilities.

In addition, the Group has entered into certain forward contracts of foreign currency to hedge the uncertainty arising from fluctuations of foreign currency exchange rate. As at 31 December 2023, the nominal amounts of the foreign currency forward contract held by the Group were USD6,000,000.00 (sell US dollar against Brazilian Real), and the fair value of the forward contract was RMB919,171.22, which were included in derivative financial liabilities.

**35. Bills payable**√Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Bank acceptance bills	147,194,172.60	74,763,040.23

As at 31 December 2023, there was no overdue bills payable.

**36. Accounts payable****(1)List of accounts payable**√Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Purchase of raw material	9,123,076,687.88	8,253,082,427.71
Construction payable	440,140,302.73	593,616,307.04
Total	9,563,216,990.61	8,846,698,734.75

**(2)Significant accounts payable with ageing of more than one year**Applicable Not applicable

Other information

Applicable Not applicable**37. Advance receipts****(1) List of advance receipts**Applicable Not applicable**(2) Important advance receipts with ageing of more than one year**Applicable Not applicable**(3). Amounts and reasons for significant changes in carrying value during the reporting period**Applicable Not applicable

Other information

Applicable Not applicable**38. Contract liabilities****(1) Contract liabilities**√Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Advances from sales of automotive components	69,494,381.38	46,721,001.86
Advances on tooling and R&D services	588,929,729.35	635,221,349.65
Total	658,424,110.73	681,942,351.51

**(2) Significant contract liabilities with ageing of more than one year:**√Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>Balance at the end of the year</i>	<i>Reasons for not being transferred</i>
Item 1	67,285,650.00	The project has not been accepted

Item 2	31,065,219.62	The project has not been accepted
Item 3	19,825,067.86	The project has not been accepted
Item 4	13,365,054.90	The project has not been accepted
Total	131,540,992.38	

**(3). Amounts and reasons for significant changes in carrying value during the reporting period**

Applicable Not applicable

Other information

Applicable Not applicable

**39. Employee benefits payable**

**(1) Employee benefits payable**

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the year	Accrued during the year	Decreased during the year	Balance at the end of the year
I.Short-term employee benefits	1,132,581,362.13	10,580,835,385.18	10,403,437,264.36	1,342,348,256.08
II.Post-employment benefits - defined contribution plans	44,157,506.02	184,538,255.05	182,484,937.73	47,547,021.71
III.Termination benefits	29,141,282.67	40,923,215.86	20,765,448.27	51,563,146.43
Total	1,205,880,150.82	10,806,296,856.09	10,606,687,650.36	1,441,458,424.22

**(2) Short-term employee benefits**

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the year	Accrued during the year	Decreased during the year	Change in exchange rate	Balance at the end of the year
I.Salaries, bonuses, allowances	701,507,553.83	8,267,904,431.15	8,109,991,612.26	20,350,935.33	879,771,308.05
II.Staff welfare	8,003,564.89	2,330,167.14	392,012.89	125,362.49	10,067,081.63
III.Social insurance	127,317,045.02	660,082,818.71	640,363,503.27	5,625,284.81	152,661,645.27
Including: Medical insurance	1,382,195.04	36,002,216.56	35,435,012.69	-60,119.62	1,889,279.29
Work-related injury insurance	42,332.15	668,870.74	643,203.02	2,027.54	70,027.41
Maternity insurance	13,719.61	1,515,805.77	1,515,582.27	194.01	14,137.12
Comprehensive insurance	125,878,798.22	621,895,925.64	602,769,705.29	5,683,182.88	150,688,201.45
IV.Housing fund	26,293,619.28	90,166,404.19	88,986,816.33	141,352.02	27,614,559.16
V.Labour union fee, staff and workers' education fee	13,841,743.60	892,589.75	4,868,716.31	37,289.73	9,902,906.77
VI.Short-term paid absences and other short-term employee benefits	255,617,835.51	1,559,458,974.24	1,558,834,603.30	6,088,548.75	262,330,755.20
Total	1,132,581,362.13	10,580,835,385.18	10,403,437,264.36	32,368,773.13	1,342,348,256.08

**(3) Post-employment benefits-defined contribution plans**

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the year	Accrued during the year	Decreased during the year	Balance at the end of the year
Basic pension insurance	27,741,095.34	180,559,344.47	179,241,829.98	29,482,937.91

Unemployment insurance	16,416,410.68	3,978,910.58	3,243,107.75	18,064,083.80
Total	44,157,506.02	184,538,255.05	182,484,937.73	47,547,021.71

#### 40. Taxes payable

√Applicable □Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Value-added tax	481,413,997.18	331,871,119.63
Corporate income tax	265,326,973.13	229,777,806.16
Withholding individual income tax	181,602,638.20	112,986,758.07
Other taxes of overseas subsidiaries	28,023,975.80	57,038,267.21
Other taxes of domestic subsidiaries	19,397,626.02	28,589,671.76
Total	975,765,210.33	760,263,622.83

Other information:

N/A

#### 41. Other payables

##### List of items

√Applicable □Not applicable

Unit: Yuan Currency: RMB

	2023	2022
Dividends payable	900,000.00	-
Other payables	595,009,215.61	684,787,448.10
Total	595,909,215.61	684,787,448.10

#### Interest payable

##### (1) List by category

□Applicable √Not applicable

#### Dividends payable

√Applicable □Not applicable

##### (1) List by category

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
ESOP Dividends	900,000.00	
Total	900,000.00	

Other information:

N/A

#### Other payables

##### (1) Other payables listed according to the nature of the payment

√Applicable □Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Freight charges payable	216,314,839.28	260,617,846.00
Service charges payable	187,266,825.65	208,914,451.32
ESOP Repurchase Obligation	85,500,000.00	81,700,000.00
Royalty payable	41,612,996.70	40,628,724.77
Purchase of minority shareholders' equity payable	15,390,513.00	47,465,600.00
Others	48,924,040.98	45,460,826.01
Total	595,009,215.61	684,787,448.10

**(2) Significant item of other payables with ageing of more than one year**√Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>Balance at the end of the year</i>	<i>Reasons for non-repayment</i>
ESOP Repurchase Obligation (subscribed in 2021 – 2022)	70,300,000.00	Unlock conditions not met

Other information:

Applicable Not applicable**42. Liabilities held for sale**Applicable Not applicable**43. Non-current liabilities due within one year**

Unit: Yuan Currency: RMB

<i>Item</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
Long-term loans due within one year (Note VII.45)	3,394,824,710.63	3,438,016,919.61
Long-term debentures payable due within one year (Note VII.46)	-	523,442,622.94
Long-term payables due within one year (Note VII.48)	37,194,670.18	39,947,994.28
Lease liabilities due within one year (Note VII.47)	133,189,670.92	128,505,591.13
Total	3,565,209,051.73	4,129,913,127.96

**44. Other current liabilities**√Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>2023</i>	<i>2022</i>
Provisions (Note VII.50)	892,625,815.54	933,769,415.07
Others	543,430,764.09	549,270,973.02
Total	1,436,056,579.63	1,483,040,388.09

**45. Long-term loans**√Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>2023</i>	<i>2022</i>
Pledged loans	7,290,528,881.73	9,075,194,553.16
Mortgage loans	1,477,976,716.39	410,687,284.95
Guaranteed loans	3,377,953,065.52	2,718,995,056.92
Unsecured loans	3,208,373,909.33	3,700,879,002.74
Less: Long-term loans due within one year (Note VII.43)	-3,394,824,710.63	-3,438,016,919.61
Total	11,960,007,862.34	12,467,738,978.16

Explanation on the classification of long-term loans:

As at 31 December 2023, long-term loans mainly consist of:

Pledged loans mainly include multiple long-term loans from Deutsche Bank, including the principal amount of USD 272,000,000.00, equivalent to RMB 1,926,494,400.00; Principal JPY 19,648,850,000.00, equivalent to RMB 986,719,440.55; Principal EUR 400,000,000.00,

equivalent to RMB 3,143,680,000.00 and the principal amount of RMB 895,875,000.00. The principal amount of long-term loans borrowed from Agricultural Bank of China is USD 37,000,000.00, equivalent to RMB 262,059,900.00. The maturity period is from March 11, 2024 to October 12, 2026. The above-mentioned loans are pledged by bank certificates of deposit and margin deposits.

The mortgage loan mainly includes multiple long-term loans from the Bank of China with a total principal of RMB 300,000,000.00; Multiple long-term loans from China Construction Bank totalling RMB 556,220,000.00; Long-term loans from the Export-Import Bank of China totaling RMB 450,000,000.00; Borrows a long-term loan principal of EUR 20,000,000.00 from Unicredit Bank, equivalent to RMB 157,184,000.00. The maturity period is from September 7, 2024 to December 31, 2033. The loans mentioned above is mortgaged by real property.

The guaranteed loans mainly include multiple long-term loans from China Construction Bank with a total principal of RMB 1,250,000,000.00; To borrow a long-term loan principal of RMB 414,000,000.00 from Agricultural Bank of China; To borrow multiple long-term loans of RMB 1,053,150,000.00 from the Bank of China; To borrow multiple long-term loans from Industrial Bank with a total principal of RMB 267,400,000.00; To borrow the long-term loan principal of RMB 220,000,000.00 from China Merchants Bank. The maturity period is from February 28, 2024 to April 5, 2028. The above borrowings are secured by Joyson Group.

The unsecured loans mainly include multiple long-term loans from the Industrial and Commercial Bank of China with a total principal of RMB1,206,000,000.00; To borrow a number of long-term loans from the Agricultural Bank of China with a total principal of RMB 170,000,000.00; To borrow a number of long-term loans from Postal Savings Bank of China with a total principal of RMB 447,000,000.00; To borrow a long-term loan principal of RMB 162,600,000.00 from China Merchants Bank; To borrow a long-term loan principal of EUR100,000,000.00 from Commerzbank, equivalent to RMB 785,920,000.00. In addition, borrows a 7-year promissory note from the Bayerische Landesbank for EUR 16,500,000.00, equivalent to RMB 129,676,800.00; To borrow a 7-year promissory note for EUR 34,000,000.00 from the Bayerische Landesbank, equivalent to RMB 267,212,800.00. The maturity period is from January 19, 2024 to April 26, 2028.

Other information:

Applicable Not applicable

As at 31 December 2023, the details of the pledges and collaterals for the above-mentioned loans can be referred to Note VII.31 Assets with restricted ownership or right of use.

As of December 31, 2023, the annual interest rate range of pledged loans is 1.5% to 9.03%, the annual interest rate range of mortgage loans is 1.15% to 4.85%, the annual interest rate range of guaranteed loans is 3.2% to 6.75%, and the annual interest rate range of credit loans is 1.15% to 5.65%.

#### **46. Debentures payable**

##### **(1) Debentures payable**

Applicable Not applicable

Unit: Yuan Currency: RMB		
<i>Item</i>	<i>2023</i>	<i>2022</i>
20 Joyson Electronic MTN001 (102000393)	-	523,524,590.13
Sub-total	-	523,524,590.13
Less: Debentures payable due within one year (Note VII.43)	-	523,442,622.94
Total	-	-

**(2) Movements of debentures payable: (excluding other financial instruments classified as financial liabilities, such as preference shares and perpetual debentures)**

Applicable Not applicable

**(3) Description of conversion conditions and conversion time of convertible corporate bonds**

Applicable Not applicable

**(4) Description of other financial instruments classified as financial liabilities**

Basic information on other financial instruments such as preferred shares and perpetual bonds issued at the end of the period

Applicable Not applicable

Statement of changes in financial instruments such as preferred shares and perpetual bonds issued at the end of the period

Applicable Not applicable

Explanation of the basis for classifying other financial instruments as financial liabilities:

Applicable Not applicable

Other notes:

Applicable Not applicable

**47. Lease liabilities**

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>2023</i>	<i>2022</i>
Long-term lease liabilities	752,324,206.61	780,144,710.73
Less: Lease liabilities due within one year (Note VII.43)	-133,189,670.92	-128,505,591.13
Total	619,134,535.69	651,639,119.60

Other information:

The Group leases premises and buildings as office buildings and production plants. The lease terms for the plants and office buildings range from 2 to 20 years. In addition, the Group also leases machinery and transportation tools for the production and manufacture of auto parts. The lease terms of machinery, equipment and transportation tools range from 2 to 5 years.

**48. Long-term payables**

**List of items**

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>2023</i>	<i>2022</i>
Long-term payables	234,355,091.59	250,926,817.76
Total	234,355,091.59	250,926,817.76

Other information:

Applicable Not applicable

**(1) Long-term payables listed according to the nature of the payment**

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>31 December 2023</i>	<i>31 December 2022</i>
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Government interest-free loans of Preh Portugal	6,261,531.70	8,718,999.36
Long-term quality claims payable(Note VII.50)	265,288,230.07	282,155,812.68
Less: Payables under finance leases due within one year (Note VII.43)	-37,194,670.18	-39,947,994.28
<b>Total</b>	<b>234,355,091.59</b>	<b>250,926,817.76</b>

Other information:

Applicable Not applicable

#### 49. Long-term employee benefits payable

Applicable Not applicable

##### (1) Table of long-term employee benefits payable

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
I. Post-employment benefits-defined benefit plans	1,210,279,590.32	1,097,686,574.06
II. Dismissal benefits		
III. Other long-term employee benefits payable	237,994,336.89	181,746,803.33
<b>Total</b>	<b>1,448,273,927.21</b>	<b>1,279,433,377.39</b>

##### (2) Movement of defined benefit plans

The present value of defined benefit plan obligations:

Applicable Not applicable

The present value of defined benefit plan obligations:

<i>Item</i>	2023	2022
Balance at the beginning of the year	1,167,651,886.40	1,601,198,282.14
Included in profit or loss	60,319,540.08	39,526,160.73
- Current service cost	34,529,312.37	32,761,295.55
- Settlement losses ("-" for gain)	11,932,645.95	10,413,784.31
- Net interest	37,722,873.66	17,178,649.49
Included in other comprehensive income	-58,106,969.60	403,925,974.80
- Actuarial losses ("-" for gain)	-58,106,969.60	403,925,974.80
Other changes	-3,396,817.75	-69,146,581.67
- Consideration paid during settlement	-2,207,215.70	-24,546,985.35
- Benefits paid	-46,751,526.26	-80,908,309.14
- Exchange differences	45,561,924.21	36,308,712.82
<b>Balance at the end of the year</b>	<b>1,282,681,578.33</b>	<b>1,167,651,886.40</b>

Plan assets

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Balance at the beginning of the year	69,965,312.34	123,235,404.14
Included in profit or loss	3,318,428.49	3,207,176.47
- Net interest	3,318,428.49	3,207,176.47
Included in other comprehensive income	6,714,522.89	137,336.91
- Return of plan assets (excluding the return included in net interest)	6,714,522.89	137,336.91
Other changes	-7,596,275.71	-56,614,605.18

- Benefits paid	-8,835,031.04	-65,653,323.99
- Employee contribution	-	-
- Exchange differences	1,238,755.33	9,038,718.81
Balance at the end of the year	72,401,988.01	69,965,312.34

Net defined benefit plan liabilities  
Applicable Not applicable

Unit: Yuan Currency: RMB

Item	2023	2022
Balance at the beginning of the year	1,097,686,574.06	1,477,962,878.00
Included in profit or loss	57,001,111.59	36,318,984.26
Included in other comprehensive income	51,392,446.71	-404,063,311.71
Other changes	4,199,457.96	-12,531,976.49
Balance at the end of the year	1,210,279,590.32	1,097,686,574.06

Description of the content of the defined benefit plans and its associated risks, its impact on the company's future cash flow, timing and uncertainty:

Applicable Not applicable

The defined benefit plans are the pension plans provided by Preh, Joynext and Joyson Safety System to their employees. In terms of defined benefit plan, an actuarial valuation is performed by independent actuary on the balance sheet date, and the cost and vesting period of benefits are determined using the expected cumulative benefit unit method.

Description of significant actuarial assumptions and sensitivity analysis results of defined benefit plans

Applicable Not applicable

	2023	2022
Discount rate	3.10%-6.12%	1.30%-7.90%
Forecast salary growth rate	2.00%-9.00%	2.00%-9.00%

Other information

Applicable Not applicable

The amount by which a 1% increase or decrease in the discount rate and forecast salary growth rate would have resulted in an increase or decrease in the Group's defined benefit plan obligations, with other assumptions remaining unchanged, was not material to the financial statements.

## 50. Provisions

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	2022	20233	Reasons for the provision
Warranty provision	683,162,302.7	585,376,429.2	Note I
Sales rebate	472,458,946.6	503,460,253.6	Note II
Onerous contract	9,844,852.1	-	Note III
Restructuring provision	73,327,436.4	70,369,016.2	Note IV
Environment recovery obligation	23,543,160.9	17,729,942.2	Note V
Less: provisions due within one year (Note VII.44)	-933,769,415.0	-892,625,815.5	
Total	328,567,283.7	284,309,825.8	/

Other notes, including relevant important assumptions and estimates of important estimated liabilities:

Note I: The Group provides product warranty to the customers of automotive components during the warranty period in the event of any quality issue. The Group estimated and accrued the provision for product warranty in respect of automotive components sold to customers based on the Group's experience of recent claims and recalls by OEMs. It is possible that the experience of recent claims is not indicative of future claims that it will receive in respect of past sales, so a considerable level of management judgement is required and exercised to estimate the provision. Any increase or decrease in the provision would affect profit or loss in future years. When the Group reaches a compensation agreement with the relevant OEMs and agrees on the amount and progress of payment, the Group will recognize the amount as payable.

Note II: As a common practice in industry, the Group will reduce the price of parts and components to OEM customers after a certain period of time or when reaching certain purchase volume, based on contractual agreements or negotiation between both parties. If it is a variable consideration, the Group will estimate the purchase volume and corresponding discount when determining the transaction price, and continue to update it within the contract period.

Note III: The provision of onerous contract was separately recognised in purchase price allocation in the acquisition of Takata Business in 2018. It is related to the sales contracts entered before the acquisition date but to be fulfilled by the Group after acquisition date. The inevitable cost to fulfill the contract exceeded the expected economic benefits. The fair value of the onerous contract can be measured properly, which was recognized as a liability by the Group in the business combination.

Note IV: The restructuring provision was recognized when the Group has a detailed and formal plan for the restructuring, including the business lines, the locations, the function and number of employees to be compensated, the expected restructuring expenditures, the timeline of exercising the plan and etc., and it is publicly announced and carried out or the key information of the plan has been notified to all affected parties. The amount of the restructuring provision is the direct expenditures arising from the restructuring, which does not include costs of ongoing activities.

Note V: The environment recovery obligation is mainly for the Group's certain plants in the U.S. to carry out the activities required by local laws and regulations to recover pollution and damage caused by daily production and operation. The fair value of the environment recovery obligation can be measured properly and recognised by the Group in the business combination.

## 51. Deferred income

Deferred income

Applicable  Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>Balance at the beginning of the year</i>	<i>Additions during the year</i>	<i>Reductions during the year</i>	<i>Balance at the end of the year</i>	<i>Reasons for the deferral</i>
Government grant - asset related	101,595,086.93	43,489,137.35	40,626,291.78	101,279,991.09	Government grants related to asset
Government grant - income related	1,356,800.00	-	1,356,800.00	-	Government grants related to income
<b>Total</b>	<b>102,951,886.93</b>	<b>43,489,137.35</b>	<b>41,983,091.78</b>	<b>101,279,991.09</b>	<b>/</b>

Other information:

Applicable Not applicable

## 52. Other non-current liabilities

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>2023</i>	<i>2022</i>
Repurchase obligation of employee incentive plan	25,125,472.02	47,036,879.57
Income tax provisions	21,666,718.86	39,737,214.64
Others	3,592,808.03	135,164.87
Total	50,384,998.91	86,909,259.08

## 53. Share capital

Applicable Not applicable

Unit: Yuan Currency: RMB

	<i>Balance at the beginning of the year</i>	<i>Changes during the year (+/-)</i>				<i>Balance at the end of the year</i>	
		<i>Issuance of new shares</i>	<i>Bonus shares</i>	<i>Transfer from reserves</i>	<i>Others</i>		
Total shares	1,368,084,624.00	40,616,919.00	-	-	-	40,616,919.00	1,408,701,543.00

Other information:

On 5 July 2023, the Company completed the private offering of 40,616,919 shares to 1 designated party with RMB8.99 per share. The consideration was fully paid in cash, with amount of RMB365,146,101.81.

## 54. Other equity instruments

### (1) Basic information on other financial instruments such as preferred shares and perpetual bonds issued at the end of the period

Applicable Not applicable

### (2) Statement of changes in financial instruments such as preferred shares and perpetual bonds issued at the end of the period

Applicable Not applicable

Changes in the increase or decrease of other equity instruments in the current period, explanations for the reasons for the changes, and the basis for relevant accounting treatment:

Applicable Not applicable

Other information:

Applicable Not applicable

## 55. Capital reserve

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>Balance at the beginning of the year</i>	<i>Additions during the year</i>	<i>Reductions during the year</i>	<i>Balance at the end of the year</i>
Share premium	10,174,225,864.55	284,676,578.01	-	10,458,902,442.56
Other capital reserves	90,223,750.48	33,899,325.60	-	124,123,076.08
Total	10,264,449,615.03	318,575,903.61	-	10,583,025,518.64

Other notes, including the increase or decrease in the current period, and the reasons for the changes:

The increase in share premium (capital premium) during the year was due to the non-public offering from the Company deducting underwriting and sponsoring fee of RMB354,972,618.25, of which the amount credited to share capital was RMB40,616,919.00 (Note VII.53), and the amount credited to capital reserve was RMB314,355,699.25.

In addition, the Company's purchase of minority interests in a subsidiary, JoyNext, resulted in a reduction of share premium by RMB29,679,121.24 (Note X.2).

The addition to other capital reserves during the year is the ESOP expense of the Company and its subsidiary.

#### 56. Treasury shares

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the year	Additions during the year	Reductions during the year	Balance at the end of the year
Treasury shares	225,263,700.64	-	-	225,263,700.64
Total	225,263,700.64	-	-	225,263,700.64

Other notes, including the increase or decrease in the current period, and the reasons for the changes:

Not applicable

#### 57. Other comprehensive income

Applicable  Not applicable

Item	Balance at the beginning of the year	Movements during the year					Balance at the end of the year
		Before-tax amount	Less: Previously recognized amount transferred to profit or loss	Less: Income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests	
Items that will not be reclassified to profit or loss	-255,660.54	-51,392,446.71	-	-6,736,783.59	-36,596,588.01	-8,059,075.11	-36,852,248.55
Including: Remeasurement of defined benefit plan	-255,660.54	-51,392,446.71	-	-6,736,783.59	-36,596,588.01	-8,059,075.11	-36,852,248.55
Items that may be reclassified to profit or loss	-205,992,868.64	78,537,101.78	-21,775,142.25	-5,411,026.03	56,957,594.73	48,765,675.33	-149,035,274.91
Including: Other comprehensive income recognised under equity method	-5,058,106.80	32,126,452.98	-	-	32,126,452.98	-	27,068,346.18
Effective portion of gains or losses arising from cash flow hedging instruments	21,483,140.09	-147,640,292.26	-21,775,142.25	-5,411,026.03	-75,316,449.68	-45,137,674.30	-53,833,309.59
Translation differences arising from translation of foreign currency financial statements	-222,417,901.93	194,050,940.06	-	-	100,147,591.43	93,903,349.63	-122,270,310.50
Total	-206,248,529.18	27,144,654.07	-21,775,142.25	-12,147,809.62	20,361,006.72	40,706,600.22	-185,887,522.46

#### 58. Special Reserve

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the year	Additions during the year	Reductions during the year	Balance at the end of the year
Safety production costs		15,283,112.06	15,084,473.76	198,638.30
Total		15,283,112.06	15,084,473.76	198,638.30

#### 59. Surplus reserve

Applicable  Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the year	Additions during the year	Reductions during the year	Balance at the end of the year
Statutory surplus reserve	150,565,499.47	38,537,947.00	-	189,103,446.47

Notes of the surplus reserve, including the increase or decrease in the current period, and the reasons for the change:

Not applicable

## 60. Retained earnings

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Retained earnings at the beginning of the year	901,312,046.13	523,226,710.20
Total adjustments for opening retained earnings ("+" for increase; "-" for decrease)		
Retained earnings at the beginning of the year (after adjustment)	901,312,046.13	523,226,710.20
Add: Net profits for the year attributable to shareholders of the Company ("-" for net loss)	1,083,190,849.19	394,184,331.03
Less: Appropriation for statutory surplus reserve	38,537,947.00	16,098,995.10
Dividends to ordinary shares	136,808,462.40	
Appropriation for staff & workers bonus & welfare fund	-	
Retained earnings at the end of the year	1,809,156,485.92	901,312,046.13

Adjustment of undistributed profits at the beginning of the period:

1. Due to the retrospective adjustment of "Accounting Standards for Business Enterprises" and related new regulations, the undistributed profit at the beginning of the period is affected by RMB0.
2. Due to the change of accounting policy, the undistributed profit at the beginning of the period is affected by RMB0.
3. Due to the correction of major accounting errors, the undistributed profit at the beginning of the period is affected by RMB0.
4. The change in the scope of consolidation due to the same control affects the undistributed profit at the beginning of the period of RMB0.
5. Other adjustments affects the undistributed profit of RMB 0 at the beginning of the period in total.

As at 31 December 2023, the retained earnings attributable to the Company included appropriation to surplus reserves made by the Company's subsidiaries amounting to RMB248,770,502.88(2022: RMB199,052,040.97 ).

Pursuant to the approval of the shareholders' general meeting on 21 April 2023, the Company paid a cash dividend of RMB1 for every 10 shares, totalling RMB136,808,462.40, to the ordinary shareholders.

## 61. Operating income and operating costs

### (1) Operating income and operating costs

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023		2022	
	<i>Income</i>	<i>Cost</i>	<i>Income</i>	<i>Cost</i>
Principal activities	55,316,716,474.33	46,929,502,919.27	49,496,643,527.95	43,556,295,843.69
Other operating activities	411,759,267.22	389,711,485.57	296,708,132.63	282,664,940.29
Total	55,728,475,741.55	47,319,214,404.84	49,793,351,660.58	43,838,960,783.98

### (2) Disaggregation of operating income and operating costs

Applicable Not applicable

Unit: Yuan Currency: RMB

	2023	
	<i>Income</i>	<i>Cost</i>
By type of business		
- Automotive safety systems	38,576,838,767.	33,635,150,190.

- Automotive electronic systems	17,151,636,973.	13,684,064,214.
By geographical regions		
- Domestic	13,232,953,511.	10,786,260,469.
- Foreign	42,495,522,230.	36,532,953,935.
By timing of transfer of goods or services		
- Revenue recognized at a point in time	55,679,807,285.	47,319,214,404.
- Sales of automotive components	54,097,789,327.	46,105,620,582.
- Sales of R&D	1,131,323,264.	821,820,152.
- Sales of tooling	450,694,693.	391,773,669.

### (3) Description of performance obligations

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Project	Time for performance obligation satisfied	Important payment terms	Nature of company's commitment to transfer goods	Principal or not	Amounts assumed by the company that are expected to be refunded to the customer	Types of quality assurance offered by the company and related obligations
Sales of automotive components	Customers obtain control of the commodity	Payment on delivery	Commodity	Yes	503,460,253.68	Statutory warranty, service warranty
Sales of R&D	Customers accept and confirm the development results	Service progress acceptance payment	Service	Yes	-	Nil
Sales of tooling	Customers test and confirm the report and agree that the Group should start mass production of the products related to the mold, and the ownership of the mold is transferred to the customer	Payment on delivery	Commodity	Yes	-	Statutory warranty, service warranty

### (4)Description of apportionment to remaining performance obligations

□Applicable √Not applicable

### (5)Significant Contract Changes or Significant Transaction Price Adjustments

□Applicable √Not applicable

### 62. Taxes and surcharges

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	2023	2022
Business tax	7,272,803.71	10,641,616.07
City maintenance and construction tax	25,301,282.80	22,363,771.01
Education surcharge	21,041,498.73	18,410,213.44
Property tax	50,467,995.15	38,323,365.44
Land use tax	2,199,912.89	2,803,535.33
Stamp duty	15,525,297.59	13,954,774.95
Land value added tax	38,441,932.71	34,562,806.86
Total	160,250,723.58	141,060,083.10

### 63. Selling and distribution expenses

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	2023	2022
------	------	------

Warranty expenses	352,321,530.53	412,406,583.08
Staff costs	280,812,037.20	269,553,597.19
Sample charge	51,769,266.23	59,363,658.06
Travel expenses	21,217,153.73	13,161,125.31
Service charge	20,036,453.78	27,543,501.95
Depreciation and amortisation	17,730,859.35	16,711,558.53
Advertisement	15,383,665.81	11,547,351.80
Rental charges	5,701,077.24	4,847,434.88
Others	24,500,934.57	30,035,184.15
Total	789,472,978.44	845,169,994.95

#### 64. General and administrative expenses

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	2023	2022
Staff costs	1,481,451,967.82	1,315,599,715.91
Restructuring cost	239,671,700.34	233,101,819.93
Service charge	253,528,115.41	218,678,767.04
Repair and maintenance	165,319,442.56	155,098,609.43
Depreciation and amortisation	132,791,066.08	139,077,717.38
Travel expenses	55,196,858.73	31,467,340.65
Insurance	51,518,801.05	83,719,137.28
Office expenses	34,498,767.64	36,765,755.90
Rental charge	8,809,287.27	8,089,048.05
Others	213,874,546.43	160,334,636.29
Total	2,636,660,553.33	2,381,932,547.86

Other information:

In 2023, the Group decided to restructure some of the subsidiaries of Joyson Safety Systems in order to maintain market productivity, optimize the Group's internal resources and improve production efficiency, in which one-off costs incurred due to the discontinuation of the relevant operating activities, such as expenses for the relocation of employees, amounted to RMB180,708,399.81.

#### 65. Research and development expense

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	2023	2022
Staff expenditures	1,600,416,379.91	1,408,878,980.65
Material costs	318,693,429.37	228,632,918.53
Outsourcing service fee	217,256,559.05	164,915,301.26
Depreciation of equipment	124,546,369.11	89,374,865.82
Repair and maintenance	83,494,724.25	68,777,957.20
Tooling costs	36,679,533.76	21,839,566.10
Consulting fee	40,106,259.25	12,563,072.22
Office expenses	23,036,022.78	23,316,739.47
Travel expenses	42,630,999.80	18,572,929.26
Rental charge	12,743,671.32	12,081,234.77
Others	41,894,067.52	89,893,967.20
Total	2,541,498,016.12	2,138,847,532.48

Other information:

N/A

#### 66. Financial expenses

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Interest expenses from loans and payables	1,131,004,403.67	919,333,968.19
Interest expenses from lease liabilities	41,881,281.57	39,230,749.38
Less: Borrowing costs capitalised	51,982,595.18	26,450,821.32
Less: Interest income from deposits and receivables	75,591,612.48	95,002,125.32
Net exchange losses	179,630,170.27	381,906,007.16
Other financial expenses	24,091,231.63	22,321,663.06
<b>Total</b>	<b>889,772,538.95</b>	<b>477,527,426.83</b>

Other information:

The ratio to capitalize interest cost of borrowings is 4.1% - 6.9%, for the year (2022: 4.3% - 6.6%).

#### 67. Other income

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Government grants		
- Government grants related to income	109,068,956.46	87,724,976.03
- Government grants related to assets	40,626,291.78	33,424,829.08
<b>Total</b>	<b>149,695,248.24</b>	<b>121,149,805.11</b>

#### 68. Investment income

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Investment income from long-term equity investments accounted for using the equity method	151,633,231.54	113,082,902.29
Investment income from disposal and liquidation of long-term equity investments	21,999,236.60	-
Investment income from financial assets at fair value through profit or loss during the holding period	15,552,872.14	-7,544,193.80
Investment income from disposal of financial assets held for trading	15,766,740.26	18,933,515.61
<b>Total</b>	<b>204,952,080.54</b>	<b>124,472,224.10</b>

#### 69. Gains from net exposure hedging

Applicable Not applicable

#### 70. Gains from changes in fair value

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Losses from changes in fair value of financial assets held for trading	8,030,711.82	-3,231,123.13
Gains / (Losses) from changes in fair value of derivative financial assets/liabilities \	12,297,984.89	4,506,938.96

Gains from changes in fair value of other non-current financial assets	136,801,314.38	100,502,947.49
Total	157,130,011.09	101,778,763.32

Other information

N/A

#### 71. Credit losses

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Other receivables	1,545,895.01	-6,924,437.63
Accounts receivable	34,444,710.80	-8,837,511.49
Total	35,990,605.81	-15,761,949.12

Other information

N/A

#### 72. Impairment losses

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Inventories	99,528,864.58	44,721,223.31
Other non-current assets	2,231,602.00	-
Fixed assets	8,115,531.36	4,434,752.75
Intangible assets	2,429,297.28	103,301.34
development cost	12,751,324.95	-
Total	125,056,620.17	49,259,277.40

Other information:

N/A

#### 73. Losses from asset disposals

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Losses from disposals of fixed assets	28,606,746.65	-3,217,846.73
Gains from disposals of right of use assets	-	11,016,579.48
Total	28,606,746.65	7,798,732.75

Other information:

N/A

#### 74. Non-operating income

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022	<i>Amount recognised in extraordinary gain and loss</i>
Overpayment of tax in previous years by overseas subsidiaries	-	197,584,983.48	-
Others	9,280,185.89	2,876,054.57	9,280,185.89
Total	9,280,185.89	200,461,038.05	9,280,185.89

Government subsidies included in current profit and loss

Applicable Not applicable

## 75. Non-operating expenses

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022	<i>Amount recognised in extraordinary gain and loss</i>
<i>Losses from scrapping of non-current assets</i>	16,193,930.42	9,554,702.93	16,193,930.42
Including: Losses from scrapping of fixed assets	16,193,930.42	9,554,702.93	16,193,930.42
Donations	1,748,223.48	2,509,049.64	1,748,223.48
Others	740.25	135,268.63	740.25
Total	17,942,894.15	12,199,021.20	17,942,894.15

Other information:

N/A

## 76. Income tax expenses

### (1) Income tax expenses

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Current tax expense for the year	526,852,309.62	391,365,267.02
Changes in deferred tax assets/liabilities	-10,184,673.96	-144,485,643.49
Tax filling differences	5,521,321.48	-323,502.86
Total	522,188,957.14	246,556,120.67

### (2) Reconciliation between income tax expenses and accounting profit

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023
Profits before taxation ("-" for losses)	1,762,280,678.57
Expected income tax expenses at statutory or applicable tax rate	440,570,169.64
Effect of different tax rates applied by subsidiaries	-135,181,408.21
Adjustments to income tax of previous years	5,521,321.48
Effect of non-taxable income	-12,620,274.32
Effect of non-deductible costs, expense and losses	59,579,170.67
Effect of using the deductible losses for which no deferred tax asset was recognised in previous period	-134,792,477.32
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognised this year	359,390,878.76
R&D super deduction effect	-119,268,270.72
Withholding income tax of dividends of overseas subsidiaries	37,127,324.32
Impact of the changes in tax law	21,862,522.84
Income tax expenses	522,188,957.14

Other information:

N/A

## 77. Other comprehensive income

Applicable Not applicable

For details, please refer to Note VII.57

## 78. Cash flow statement

### (1) Cash relating to operating activities:

a. Proceeds relating to other operating activities:

Applicable Not applicable

Unit: Yuan Currency: RMB		
<i>Item</i>	2023	2022
Proceeds of restricted cash	-	1,083,436.80
Proceeds of employee petty cash and borrowings	-	4,741,322.93
Government grants received	107,712,156.46	137,294,148.64
Insurance company compensation received	4,248,137.15	1,471,597.85
Interest received	35,100,734.16	101,397,053.27
Compensation received	5,520,925.21	26,838,145.21
Others	1,942,033.06	70,838,313.79
<b>Total</b>	<b>154,523,986.04</b>	<b>343,664,018.49</b>

b. Payments relating to other operating activities:

Applicable Not applicable

Unit: Yuan Currency: RMB		
<i>Item</i>	2023	2022
Payment for other operating expenses	1,503,048,996.37	1,335,549,488.90
Payment for restricted cash	74,203.42	
Payment for bank charges	288,363.52	8,146,559.18
Payment for deposit	729,710.43	452,000,000.00
Others	303,362,406.61	75,377,317.86
<b>Total</b>	<b>1,807,503,680.35</b>	<b>1,871,073,365.94</b>

### (2) Cash relating to investing activities:

a. Proceeds relating to significant investing activities:

Applicable Not applicable

Unit: Yuan Currency: RMB		
<i>Item</i>	2023	2022
Proceeds from selling 12% equity of Joyson Quin in 2023	510,000,000.00	-
Consideration for selling 51% equity of Joyson Quin in 2020	300,000,000.00	200,000,000.00
<b>Total</b>	<b>810,000,000.00</b>	<b>200,000,000.00</b>

b. Payments relating to significant investing activities:

Applicable Not applicable

c. Proceeds relating to other investing activities:

Applicable Not applicable

Unit: Yuan Currency: RMB		
<i>Item</i>	2023	2022
Redemption of financial products	1,047,351,259.82	1,680,960,000.00
Others	102,776,872.25	2,284,592.40

Total	1,150,128,132.07	1,683,244,592.40
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d. Payments relating to other investing activities:

√Applicable Not applicable

Item	2023	2022
Purchase of financial products	840,000,000.00	1,210,010,000.00
Intentional purchase of equity investment	304,268,000.00	-
Purchase of equity in listed companies	539,366,002.82	49,751,239.08
Settlement of payables relating to acquisition of Takata business in escrow account	-	30,603,360.00
Total	1,683,634,002.82	1,290,364,599.08

**(3) Cash relating to financing activities:**

a. Proceeds relating to other financing activities:

√Applicable Not applicable

Unit: Yuan Currency: RMB

Item	2023	2022
Proceeds of restricted cash	642,853,335.87	218,833,224.39
Total	642,853,335.87	218,833,224.39

b. Payments relating to other financing activities:

√Applicable Not applicable

Unit: Yuan Currency: RMB

Item	2023	2022
Payment for the purchase of minority interests in subsidiaries	106,800,000.00	301,915,391.00
Repayment of restricted cash	6,146,500.05	81,613,173.05
Repayment of lease liabilities	218,112,828.16	189,372,856.02
Upfront fee of the refinancing	7,283,334.85	19,983,608.37
Others	18,111,407.55	17,627,429.89
Total	356,454,070.61	610,512,458.33

c. Changes in liabilities arising from financing activities

√Applicable Not applicable

Unit: Yuan Currency: RMB

	Balance at the beginning of the year	Additions during the year		Decreases during the year		Balance at the end of the year
		Cash	Non-cash	Cash	Non-cash	
Short-term loans	3,007,586,071.67	3,778,598,903.04	369,317,556.17	2,911,799,672.42	-	4,243,702,858.47
Long-term loans (including due within one year)	15,905,755,897.77	4,634,757,504.03	970,312,996.42	6,155,993,825.24	-	15,354,832,572.97
Debentures payable (including due within one year)	523,442,622.94	-	6,557,377.06	530,000,000.00	-	-
Lease liability (including due within one year)	784,828,790.52	-	185,608,244.25	218,112,828.16	-	752,324,206.61
Total	20,221,613,382.90	8,413,356,407.07	1,531,796,173.90	9,815,906,325.82	-	20,350,859,638.05

## 79. Supplementary information on cash flow statement

### (1) Supplement to cash flow statement

√Applicable □Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
(i) Reconciliation of net profit to cash flows from operating activities:		
Net profit (“-” for net loss)	1,240,091,721.43	233,261,384.56
Add: Impairment losses and credit losses	161,047,225.98	33,497,328.28
Depreciation of fixed assets	1,633,206,338.98	1,642,764,038.74
Amortisation of intangible assets	1,083,303,217.21	1,057,059,642.88
Amortisation of long-term deferred expenses	17,675,865.91	15,647,351.91
Amortisation of right-of-use assets	170,718,561.25	172,023,143.30
Losses from disposal of fixed assets, intangible assets, and other long-term assets (“-” for gains)	-28,606,746.65	-7,798,732.75
Losses from scrapping of fixed assets (“-” for gains)	16,193,930.42	9,554,702.93
Losses from changes in fair value (“-” for gains)	-157,130,011.09	-101,778,763.32
Financial expenses (“-” for income)	1,120,903,090.07	932,113,896.25
Losses arising from investments (“-” for gains)	-204,952,080.54	-124,472,224.10
Decrease in deferred tax assets (“-” for increase)	-143,434,607.84	-67,652,304.36
Increase in deferred tax liabilities (“-” for decrease)	67,086,082.42	21,105,842.26
Decrease in gross inventories (“-” for increase)	-824,796,279.86	-1,525,393,699.68
Decrease in operating receivables (“-” for increase)	-1,403,212,754.36	-1,723,074,237.22
Increase in operating payables (“-” for decrease)	1,180,922,271.53	1,602,962,201.59
Net cash inflow from operating activities	3,929,015,824.86	2,169,819,571.27
(ii) Change in cash and cash equivalents:		
Cash at the end of the year	4,253,515,477.60	3,845,521,051.52
Less: Cash at the beginning of the year	3,845,521,051.52	4,549,246,354.22
Add: Cash equivalents at the end of the year	-	-
Less: Cash equivalents at the beginning of the year	-	-
Net increase in cash and cash equivalents (“-” for net decrease)	407,994,426.08	-703,725,302.70

**(2) Net cash paid for acquisition of subsidiaries in the current period**

□Applicable ✓Not applicable

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

□Applicable ✓Not applicable

**(4) Details of cash and cash equivalents**

✓Applicable □Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Cash at bank and on hand	4,253,515,477.60	3,845,521,051.52
Including: Cash on hand	941,360.13	1,238,494.41
Bank deposits available on demand	4,252,574,117.47	3,844,282,557.11
Cash equivalents	-	-
Closing balance of cash and cash equivalents	4,253,515,477.60	3,845,521,051.52
Including: Restricted cash and cash equivalents held by the Company or subsidiaries of the Group		

Other information:

□Applicable ✓Not applicable

**80. Notes to items in the statement of changes in the owner's equity**

Explain the item names and adjusted amounts of "other" items that adjusted the closing balance of the previous year:

□Applicable ✓Not applicable

**81. Foreign currency monetary items****(1) Foreign currency monetary items**

✓Applicable □Not applicable

In local currency

<i>Item</i>	<i>Balance at foreign currency at the end of the period</i>	<i>Exchange rate</i>	<i>RMB equivalent at the end of the period</i>
Cash at bank and on hand			
- US Dollar (USD)	57,846,067.59	7.0827	409,706,342.93
- Euro (EUR)	36,796,259.75	7.8592	289,189,164.63
- New Lei (RON)	37,052,072.20	1.5782	58,477,025.38
- Peso (MXN)	48,107,117.71	0.4181	20,113,585.91
- Yen (JPY)	138,246,428.38	0.0502	6,939,970.70
- Pound (GBP)	103,823.95	9.0411	938,682.71
- Won (KRW)	53,452,766.00	0.0055	293,990.21
- Poland (PLN)	47,110,151.48	1.8107	85,302,351.28
- Hungarian (HUF)	441,126,478.00	0.0205	9,043,092.80
- Uruguay (UYU)	3,202,074.52	0.1849	592,170.21
- Argentina (ARS)	5,740.00	0.0085	48.55
- Swedish (SEK)	795,021.84	0.7110	565,260.53
Accounts receivable			
- US Dollar (USD)	329,638,237.23	7.0827	2,334,728,742.85
- Euro (EUR)	27,951,642.36	7.8592	219,677,547.64
- New Lei (RON)	43,987,154.37	1.5782	69,422,242.53
- Yen (JPY)	66,385,660.30	0.0502	3,332,560.15
- Baht (THB)	33,709,306.31	0.2074	6,991,310.13
- Pound (GBP)	1,205.17	9.0411	10,896.06
- Won (KRW)	2,711,671,270.00	0.0055	14,914,191.99
- Poland (PLN)	6,519.00	1.8107	11,803.95
- Hungarian (HUF)	15,810,514.00	0.0205	324,115.54
- Peso (MXN)	38,135,761.00	0.4181	15,944,561.67

Short-term loans			
- US Dollar (USD)	99,310,660.04	7.0827	703,387,611.87
- Euro (EUR)	22,201,022.95	7.8592	174,482,279.55
Accounts payable			
- US Dollar (USD)	234,826,392.40	7.0827	1,663,204,889.47
- Euro (EUR)	18,821,705.28	7.8592	147,923,546.12
- New Lei (RON)	59,396,076.76	1.5782	93,741,204.79
- Peso (MXN)	169,023,534.55	0.4181	70,668,739.80
- Yen (JPY)	2,139,989,022.44	0.0502	107,427,448.93
- Baht (THB)	29,995,243.58	0.2074	6,221,013.52
- Pound (GBP)	217,295.41	9.0411	1,964,589.53
- Won (KRW)	203,730,178.07	0.0055	1,120,515.98
- Poland (PLN)	3,428,182.88	1.8107	6,207,410.74
- Switzerland (CHF)	341,849.82	8.4184	2,877,828.52
- Czech (CZK)	1,942,454.38	0.3098	601,700.73
- Uruguay (UYU)	7,835,327.82	0.1849	1,449,013.03
- Swedish (SEK)	143,238.31	0.7110	101,842.44
Long-term loans			
- US Dollar (USD)	140,206,415.07	7.0827	993,039,976.00
- Euro (EUR)	1,395,037.35	7.8592	10,963,877.54

**(2) Description of overseas business entities: for important overseas business entities, its main overseas business location, functional currency for bookkeeping and the basis for selection shall be disclosed; if the functional currency for bookkeeping changes, the reason shall also be disclosed**

Applicable Not applicable

The Company's subsidiaries, Preh and Joyson Safety, are important overseas operating entities of the Company, mainly located in Germany, the United States, Portugal, Romania, Japan and Mexico and other countries. They mainly produce and sell automotive components. For the functional currency of bookkeeping and the basis for selection, please refer to Note V.4 "Functional Currency of Bookkeeping".

## 82. Leases

### (1) As a lessee

Applicable Not applicable

Variable lease payments not included in the measurement of the lease liability

Applicable Not applicable

Lease costs for short-term leases or low-value assets with simplified treatment

Applicable Not applicable

Rental expenses for practical expedient of short-term leases is RMB36,253,100.23.

The Group leases houses and buildings as offices and production plants, with lease terms ranging from 2 to 20 years. In addition, the Group also leases machinery and transport for the production and manufacture of automotive parts, with lease terms ranging from 2 to 5 years.

Sale and leaseback transactions and basis of judgment

Applicable Not applicable

Total Cash outflow for Leases is 264,189,878.98(Unit: Yuan Currency: RMB)

### (2) As a lessor

Operating lease

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	<i>including: Revenue of the variable lease payments not included in lease receipts</i>
Lease income	19,006,083.41	
Total	19,006,083.41	

The Group lease out some plants and buildings with lease terms from 1 to 15 years. The lessees do not guarantee the residual value of the leased assets at the end of the lease term. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Financial leases as lessor  
Applicable Not applicable

Reconciliation of undiscounted lease receivable to net investment in leases  
Applicable Not applicable

Undiscounted lease receivable for the next five years  
Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Within 1 year (inclusive)	15,441,791.17	14,473,649.93
Over 1 year but within 2 years (inclusive)	4,509,806.22	4,811,545.49
Over 2 years but within 3 years (inclusive)	2,101,373.94	2,909,896.61
Over 3 years but within 4 years (inclusive)	2,101,373.94	2,909,896.61
Over 4 years but within 5 years (inclusive)	2,101,373.94	2,909,896.61
Over 5 years	22,623,115.05	18,202,454.28

**(3) Recognition of gains and losses on sales under finance leases as a manufacturer or distributor**

Applicable Not applicable

Other information:  
N/A

**83. Others**

Applicable Not applicable

**VIII. Research and development expenses**

**(1) Presentation by nature**

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023	2022
Staff expenditures	2,157,571,812.35	1,955,922,402.28
Material costs	459,594,695.05	323,484,818.16
Outsourcing service fee	392,514,766.99	276,555,585.57
Depreciation of equipment	151,149,629.85	98,167,219.35
Repair and maintenance	97,301,454.22	82,529,445.13
Tooling costs	38,780,933.67	23,861,386.98
Consulting fee	73,202,029.95	37,752,709.04
Office expenses	29,759,366.81	31,223,101.00
Travel expenses	62,474,643.35	22,668,133.96

Rental charge	35,194,665.31	17,255,969.58
Others	150,421,109.20	164,448,523.70
Total	3,647,965,106.75	3,033,869,294.75
Including: research and development expenditures that are expensed	2,541,498,016.11	2,138,847,532.48
research and development expenditures that are capitalised	1,106,467,090.64	895,021,762.27

Other information:

Applicable Not applicable

## (2) Expenditures on research and development projects which are eligible for capitalization

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the year	Additions during the year		Decreases during the year		Change in exchange rate	Balance at the end of the year
		Internal development expenditure	Others	Recognised as intangible assets	Transferred to profit or loss		
Seat belt, latch and winch	160,903,079.89	161,240,187.26	-	155,472,984.21	-	11,062,115.05	177,732,397.99
Steering wheel control button	92,938,956.87	129,882,072.09	-	61,341,812.10	-	5,700,497.12	167,179,713.98
Display integration	80,550,190.35	28,200,677.72	-	-	-	10,450,719.68	119,201,587.74
Commercial vehicle center console	38,187,827.14	40,227,535.86	-	4,384,528.57	-	3,224,764.96	77,255,599.39
Dual system engine development	30,289,245.11	24,365,077.96	-	-	-	-	54,654,323.07
Low voltage battery management system	8,616,593.98	29,904,475.77	-	-	-	752,054.05	39,273,123.80
Electronic control unit	37,566,134.70	36,263,886.13	-	38,943,503.95	-	1,769,030.28	36,655,547.16
High performance airbag product development	100,795,951.64	175,418,824.60	-	252,033,174.35	-	9,650,589.54	33,832,191.43
Passenger car center console	144,707,569.01	48,719,048.72	-	160,078,375.60	-	-553,433.43	32,794,808.70
High performance gas generator development	41,116,184.45	51,335,536.96	-	64,836,245.96	-	3,554,519.12	31,169,994.57
System vehicle development	16,832,905.61	10,519,499.98	-	-	-	-	27,352,405.59
Air conditioning controller	13,697,360.90	13,875,397.41	-	6,987,720.92	-	993,450.75	21,578,488.14
Sensor intelligent driving control hardware	-	17,519,104.10	-	-	-	-	17,519,104.10
Top console key	17,721,445.41	30,541,914.24	-	34,492,886.24	-	-68,419.23	13,702,054.18
Driver monitoring and safety assistance	13,945,288.71	19,138,532.89	-	20,104,465.55	-	231,827.33	13,211,183.39
Universal screen technology	48,436,357.60	16,383,075.29	-	52,948,596.35	-	-476,190.59	11,394,645.95
Intelligent controller	-	10,968,426.04	-	-	-	-	10,968,426.04
Other items	244,201,791.88	261,963,817.62	-	387,112,006.08	12,751,324.95	10,319,962.15	116,622,240.62
Total	1,090,506,883.25	1,106,467,090.64	-	1,238,736,299.88	12,751,324.95	56,611,486.78	1,002,097,835.84

## Significant acquired research and development projects in progress

Applicable Not applicable

Item	Development progress	Estimated completion time	How economic benefits are expected to be generated	Point in time at which capitalisation commences	Basis
Seat belt, latch and winch	38%	2026	There is a market for products made using this technology	2022	Pass the feasibility review of new product development
Steering wheel control button	83%	2024	There is a market for products made using this technology	2022	Pass the feasibility review of new product development
Display integration	93%	2024	There is a market for products made using this technology	2021	Pass the feasibility review of new product development
Commercial vehicle center console	44%	2026	There is a market for products made using this technology	2021	Pass the feasibility review of new product development
Dual system engine development	86%	2024	There is a market for products made using this technology	2021	Pass the feasibility review of new product development
Low voltage battery management system	68%	2025	There is a market for products made using this technology	2022	Pass the feasibility review of new product development
Electronic control unit	84%	2024	There is a market for products made using this technology	2022	Pass the feasibility review of new product development

High performance airbag product development	55%	2025	There is a market for products made using this technology	2022	Pass the feasibility review of new product development
Passenger car center console	54%	2024	There is a market for products made using this technology	2021	Pass the feasibility review of new product development
High performance gas generator development	45%	2025	There is a market for products made using this technology	2022	Pass the feasibility review of new product development

Provision for impairment of development expenditures

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the year	Additions during the year	Decreases during the year	Balance at the end of the year	Testing for impairment
Intelligent controller	-	3,116,197.88	-	3,116,197.88	Based partly on future cash flows
Amplifier technology and software radio	-	9,635,127.07	-	9,635,127.07	Full provision
Total	-	12,751,324.95	-	12,751,324.95	

### (3) Significant outsourced R&D projects in progress

Applicable Not applicable

## IX. Change of consolidation scope

### 1. Business consolidation not under common control

Applicable Not applicable

### 2. Business consolidation under the same control

Applicable Not applicable

### 3. Counter purchase

Applicable Not applicable

### 4. Disposal of subsidiaries

Whether there is a situation in which the control right is lost after a single disposal of the investment in the subsidiary

Applicable Not applicable

Other information:

Applicable Not applicable

### 5. Changes in the scope of consolidation due to other reasons

Explain the changes in the scope of consolidation caused by other reasons (such as the establishment of new subsidiaries, liquidation of subsidiaries, etc.) and related circumstances:

Applicable Not applicable

Name of subsidiary	Form/lose control of the judgment basis
Guangzhou Junyou Auto Technology Co., Ltd.	Newly established subsidiary

### 6. Other

Applicable Not applicable

## X. Interests in other entities

### 1. Interests in subsidiaries

#### (1) Composition of the Group

Applicable Not applicable

Name of the Subsidiary	Principal place of business	Currency of stated capital	Stated capital	Registration place	Business nature	Shareholding percentage (%)		Acquisition method
						Direct	Indirect	
Ningbo Joyson Technology Co., Ltd.	Ningbo	RMB	610,000,000.00	Ningbo	Manufacturing of automotive components	100		Establishment
Ningbo Joyson Advanced Energy Institute Co. Ltd.	Ningbo	RMB	300,000,000.00	Ningbo	Software development	100		Establishment
Ningbo Joyson Intelligent Automotive Research Institute Co., Ltd.	Ningbo	RMB	100,000,000.00	Ningbo	Software development	100		Establishment
Ningbo Junzhi Auto Technology Co., Ltd. (formerly known as Ningbo Joyson Intelligent Telematics Co., Ltd.)	Ningbo	RMB	500,000,000.00	Ningbo	Manufacturing of automotive components	100		Establishment
Joycharge GmbH	Germany	EUR	50,000.00	Germany	Manufacturing of automotive components		100	Establishment
Ningbo Joynext Technology Corp. (formerly known as Ningbo Joynext Technology Co. Ltd.)	Ningbo	RMB	677,740,836.00	Ningbo	R&D and production of satellite navigation and communication equipments	57.9	28.75	Establishment
Shanghai Joynext Technology Co., Ltd.	Shanghai	RMB	3,000,001.00	Shanghai	Automotive information business products		86.65	Business combinations involving entities not under common control
Dalian Joynext Technology Co., Ltd. (formerly known as Dalian Joyson Preh Car Connect Co., Ltd.)	Dalian	RMB	4,000,000.00	Dalian	Automotive information business products		86.65	Establishment
Ningbo Joynext Information Technology Service Co., Ltd.	Ningbo	RMB	4,000,000.00	Ningbo	Software development technical services		86.65	Establishment
JOYNEXT GMBH (formerly known as Preh Car Connect GmbH)	Germany	EUR	141,000.00	Germany	Automotive information business products		86.65	Business combinations involving entities not under common control
JOYNEXT Sp.z.o.o (formerly known as Preh Car Connect Polska Sp. z o.o.)	Poland	JPY	5,000,000.00	Poland	Automotive information business products		86.65	Business combinations involving entities not under common control
JOYNEXT K.K. (formerly known as Preh Car Connect Japan K.K., JP)	Japan	PLN	10,720,000.00	Japan	Automotive information business products		86.65	Business combinations involving entities not under common control
Joynext Technology GmbH	Germany	EUR	25,000.00	Germany	Automotive information business products		86.65	Establishment
Guangzhou Junyou Auto Technology Co., Ltd.	广州	RMB	50,000,000.00	广州	Manufacturing of automotive components	100		Establishment
Shanghai Joyson Bairui Automatic Driving Development Co., Ltd.	Shanghai	RMB	180,000,000.00	Shanghai	Automotive technology research and development	100		Establishment
SF automotive GmbH & Co. KG(Note 1)	Germany	EUR	25,000.00	Germany	Manufacturing of safety systems		13.27	Business combinations involving entities not under common control
Joyson Electronic USA LLC	USA	USD	4,000,000.00	USA	Investment holding	100		Establishment
Joyson Europe GmbH	Germany	EUR	100,000.00	Germany	Manufacturing of automotive components	100		Establishment
BP Center GmbH	Germany	EUR	54,347.00	Germany	Automotive technology research and development	100		Business combinations involving entities not under common control
Preh GmbH	Germany	EUR	10,000,000.00	Germany	Manufacturing of automotive components	100		Business combinations involving entities under common control
Preh Beteiligungs GmbH	Germany	EUR	71,581.00	Germany	Manufacturing of automotive components		100	Business combinations involving entities under common control
Preh Portugal, Lda	Portugal	EUR	2,763,000.00	Portugal	Manufacturing of automotive components		100	Business combinations involving entities under common control
Preh Romania S.R.L.	Romania	EUR	364,500,000.00	Romania	Manufacturing of automotive components		100	Business combinations involving entities under common control
Preh de Mexico, S.A. de C.V.	Mexico	EUR	7,000,000.00	Mexico	Manufacturing of automotive components		100	Business combinations involving entities under common control
Preh, Inc.	USA	EUR	500,000.00	USA	Manufacturing of automotive components		100	Business combinations involving entities under common control
Ningbo Preh Joyson Automotive Electronics Co., Ltd.	Ningbo	EUR	178,526,650.00	Ningbo	Manufacturing of automotive components		100	Business combinations involving entities under common control
Preh Sweden AB	Sweden	EUR	500,000.00	Sweden	Manufacturing of automotive components		100	Business combinations involving entities not under common control
Preh Thüringen GmbH (formerly known as Preh Car Connect Thüringen GmbH)	Germany	EUR	900,000.00	Germany	Manufacturing of automotive components		100	Business combinations involving entities not under common control
Joyson Auto Safety Holdings S.A.(Note 1)	Luxembourg	EUR	52,305.00	Luxembourg	Investment holding		60.32	Business combinations involving entities not under common control
Joyson Auto Safety	Luxembourg	EUR	34,500.00	Luxembourg	Investment holding		60.32	Business combinations

S.A.(Note 1)				g				involving entities not under common control
Joyson Safety Systems Holdings No.3 S.à r.l.(Note 1)	Luxembourg	EUR	1,200.00	Luxembourg	Investment holding		60.32	Business combinations involving entities not under common control
Joyson Safety Systems Hungary Kft.(Note 1)	Hungary	HUF	1,100,300,000.00	Hungary	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Joyson Safety Systems Sibiu S.R.L.(Note 1)	Romania	RON	46,000.00	Romania	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Joyson Safety Systems Czech s.r.o.(Note 1)	Czech	CZK	20,000.00	Czech	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Joyson Safety Systems Poland sp. z o.o.(Note 1)	Poland	PLN	126,568,500.00	Poland	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Takata South Africa (Pty.) Ltd.(Note 1)	South Africa	ZAR	1,000,000.00	South Africa	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Joyson Safety Systems Arad S.R.L.(Note 1)	Romania	RON	46,000.00	Romania	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Platin 1543. GmbH(Note 1)	Germany	EUR	-	Germany	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Joyson Safety Systems Sachsen GmbH(Note 1)	Germany	EUR	25,000.00	Germany	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Recall Services Europe GmbH(Note 1)	Germany	EUR	25,000.00	Germany	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Joyson Safety Systems Ignition GmbH.(Note 1)	Germany	EUR	25,000.00	Germany	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
JOYSON ITALIA S.R.L. (formerly known as Joyson Safety Systems Italia S.r.l.)	Italy	EUR	11,000,000.00	Italy	Manufacturing safety systems	of	100	Business combinations involving entities under common control
Joyson PlasTec GmbH (formerly known as Joyson Safety Systems PlasTec GmbH)	Germany	EUR	25000	Germany	Manufacturing safety systems	of	100	Business combinations involving entities under common control
Joyson Safety Systems Holdings No. 1 S.à r.l.(Note 1)	Luxembourg	EUR	1,200.00	Luxembourg	Investment holding		60.32	Business combinations involving entities not under common control
Joyson Safety Systems Holdings No. 2 S.à r.l.(Note 1)	Luxembourg	EUR	1,200.00	Luxembourg	Investment holding		60.32	Business combinations involving entities not under common control
Joyson KSS Auto Safety Special Finance Ltd.(Note 1)	Cayman Islands	USD	-	Cayman Islands	Investment holding		60.32	Business combinations involving entities not under common control
Joyson Safety Systems Japan G.K. (formerly known as Joyson Safety Systems Japan KK) (Note 1)	Japan	JPY	3,881,431,115.00	Japan	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Joyson Safety Systems International Finance B.V.(Note 1)	Netherlands	JPY	1,364,077.50	Netherlands	Investment holding		60.32	Business combinations involving entities not under common control
Joyson Safety Systems Orsova S.R.L.(Note 1)	Romania	RON	46,000.00	Romania	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Joyson Safety Systems Deta S.R.L.(Note 1)	Romania	RON	46,000.00	Romania	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Joyson Safety Systems Jibou S.R.L.(Note 1)	Romania	RON	46,000.00	Romania	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Joyson Safety Systems Maroc S.à r.l.(Note 1)	Morocco	MAD	71,687,000.00	Morocco	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Joyson Safety Systems Rus LLC(Note 1)	Russia	RUB	806,000,000.00	Russia	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
RTA Holdings, Inc.(Note 1)	Philippines	PHP	60,000,000.00	Philippines	Investment holding		24.13	Business combinations involving entities not under common control
RTA Properties, Inc.(Note 1)	Philippines	PHP	40,000,000.00	Philippines	Manufacturing safety systems	of	38.6	Business combinations involving entities not under common control
PT. Joyson Safety Systems Indonesia(Note 1)	Indonesia	IDR	53,538,000,000.00	Indonesia	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Joyson Safety Systems (M) Sdn. Bhd.(Note 1)	Malaysia	MYR	500,000.00	Malaysia	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Joyson-TOA Safety Systems Co., Ltd.(Note 1)	Thailand	THB	200,000,000.00	Thailand	Manufacturing safety systems	of	42.22	Business combinations involving entities not under common control
Joyson Safety Systems (Philippines) Corporation(Note 1)	Philippines	PHP	1,500,000,000.00	Philippines	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control
Joyson Safety Systems Korea Co., Ltd.(Note 1)	Korea	KRW	60,000,000,000.00	Korea	Manufacturing safety systems	of	60.32	Business combinations involving entities not under common control

KSS Holdings, Inc.(Note 1)	USA	USD	1,000.00	USA	Investment holding		60.32	Business combinations involving entities not under common control
KSS Acquisition Company(Note 1)	USA	USD	550,000.00	USA	Investment holding		60.32	Business combinations involving entities not under common control
Key Safety Systems, Inc.(Note 1)	USA	USD	1,000.00	USA	Investment holding		60.32	Business combinations involving entities not under common control
Joyson Safety Systems Acquisition LLC(Note 1)	USA	USD	-	USA	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
SSSeating Liquidation Holdings , LLC (formerly known as SynTec Seating Solution LLC)(Note 1)	USA	USD	-	USA	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
Joyson Safety Systems France Sarl(Note 1)	France	EUR	50,000.00	France	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
Aviation Occupant Safety, LLC(Note 1)	USA	USD	-	USA	Manufacturing of safety systems		39.21	Business combinations involving entities not under common control
Breed Automotive Technology, Inc.(Note 1)	USA	USD	3,000.00	USA	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
Key Automotive Accessories, Inc.(Note 1)	USA	USD	2,000.00	USA	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
KEY SAFETY SYSTEMS FOREIGN HOLDCO, LLC(Note 1)	USA	USD	-	USA	Investment holding		60.32	Business combinations involving entities not under common control
Key Safety Restraint Systems, Inc.(Note 1)	USA	USD	5,000.00	USA	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
Key Automotive of Florida, LLC(Note 1)	USA	USD	-	USA	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
Joyson Safety Systems Uruguay S.A.(Note 1)	Uruguay	UYU	5,277,000.00	Uruguay	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
Joyson Safety Systems Brasil Ltda(Note 1)	Brazil	USD	52,187,651.80	Brazil	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
Key Asian Holdings, Inc.(Note 1)	USA	USD	1,000.00	USA	Investment holding		60.32	Business combinations involving entities not under common control
Key Cayman GP LLC(Note 1)	Cayman Islands	USD	-	Cayman Islands	Investment holding		60.32	Business combinations involving entities not under common control
Joyson Safety Systems India Private Limited (formerly known as KSS India Private Limited ) (Note 1)	India	INR	500,000.00	India	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
Joyson Safety systems Hong Kong Limited (formerly known as Key Safety Systems Hong Kong Limited)(Note 1)	Hong Kong	USD	45,742,691.00	Hong Kong	Investment holding		60.32	Business combinations involving entities not under common control
Key Automotive Accessories Co., Ltd.(Note 1)	Tianjin	USD	3,250,000.00	Tianjin	Manufacturing of safety systems		48.26	Business combinations involving entities not under common control
Joyson Safety Systems (Huzhou) Co., Ltd.(Note 1)	Huzhou	USD	55,000,000.00	Huzhou	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
Joyson JunAn Safety Systems (Shanghai) Co., Ltd.(formerly known as Key Safety Systems (China) Trading Co.,Ltd)(Note 1)	Shanghai	USD	200,000.00	Shanghai	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
Key Cayman L.P.(Note 1)	Cayman Islands	USD	-	Cayman Islands	Investment holding		60.32	Business combinations involving entities not under common control
Joyson Safety Systems Luxembourg S.à r.l.(Note 1)	Luxembourg	EUR	14,241.00	Luxembourg	Investment holding		60.32	Business combinations involving entities not under common control
Ningbo Joyson Safety Systems Mexico S.de R.L. de C.V.(Note 1)	Mexico	MXN	3,000.00	Mexico	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
Equipo Automotriz Americana S.A. de C.V.(Note 1)	Mexico	MXN	50,000.00	Mexico	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
Falcomex S.A. de C.V.(Note 1)	Mexico	MXN	100	Mexico	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
Safety Autoparts Mexico S. de R.L.de C.V.(Note 1)	Mexico	MXN	3,000.00	Mexico	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
Joyson Safety Systems Torino S.r.l. (formerly known as Key Safety Systems S.r.l.)(Note 1)	Italy	EUR	25,897,840.00	Italy	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control
Joyson Safety Systems Ribita S.R.L. (formerly known as Key Safety Systems RO. S.R.L.)(Note 1)	Romania	RON	186,855,640.00	Romania	Manufacturing of safety systems		60.32	Business combinations involving entities not under common control

1)									
Joyson Safety Systems UK Limited.(Note 1)	UK	GBP	2	UK	Manufacturing safety systems	of		60.32	Business combinations involving entities not under common control
Joyson Safety Systems Macedonia Dooel(Note 1)	Macedonia	EUR	10,505,000.00	Macedonia	Manufacturing safety systems	of		60.32	Business combinations involving entities not under common control
Key Safety Systems Deutschland, GmbH(Note 1)	Germany	EUR	52,000.00	Germany	Manufacturing safety systems	of		60.32	Business combinations involving entities not under common control
Key Automotive Accessories De Mexico(Note 1)	Mexico	MXN	60,000.00	Mexico	Manufacturing safety systems	of		60.32	Business combinations involving entities not under common control
Key Automotive Direct de Mexico, S. de R.L. de C.V.(Note 1)	Mexico	MXN	3,000.00	Mexico	Manufacturing safety systems	of		60.32	Business combinations involving entities not under common control
Joyson Safety Systems de Mexico S. de R.L. (formerly known as Key Safety Systems de Mexico) (Note 1)	Mexico	MXN	3,500.00	Mexico	Manufacturing safety systems	of		60.32	Business combinations involving entities not under common control
Joyson Safety Systems Holdings No.4 S.à r.l.(Note 1)	Luxembourg	EUR	18,000.00	Luxembourg	Investment holding			60.32	Business combinations involving entities not under common control
Ningbo Joyson Intelligent Safety Systems Co., Ltd.(Note 1)	Ningbo	USD	2,000,000.00	Ningbo	Manufacturing safety systems	of		60.32	Establishment
Ningbo Joyson Safety Systems Co., Ltd.	Ningbo	RMB	866,870,584.36	Ningbo	Manufacturing safety systems	of		60.32	Establishment
Joyson Safety Systems (Shanghai) Co., Ltd.	Shanghai	RMB	150,000,000.00	Shanghai	Manufacturing safety systems	of		60.32	Establishment
Joyson Safety Systems Technical Center (Shanghai) Co. Ltd.	Shanghai	RMB	15,000,000.00	Shanghai	Manufacturing safety systems	of		60.32	Business combinations involving entities not under common control
Joyson Safety Systems Electronics (Shanghai) Co., Ltd (formerly known as Takata Automotive Electronics Shanghai Co., Ltd.) (Note 1)	Shanghai	RMB	34,850,799.00	Shanghai	Manufacturing safety systems	of		60.32	Business combinations involving entities not under common control
Joyson Safety Systems (Changxing) Co., Ltd.(Note 1)	Changxing	RMB	202,242,527.04	Changxing	Manufacturing safety systems	of		60.32	Business combinations involving entities not under common control
Joyson Safety Systems (Tianjin) Co., Ltd. (Note 1)	Tianjin	RMB	124,390,400.00	Tianjin	Manufacturing safety systems	of		60.32	Business combinations involving entities not under common control
Joyson Safety Systems (Jingzhou) Co., Ltd.(Note 1)	Jingzhou	RMB	100,000,000.00	Jingzhou	Manufacturing safety systems	of		60.32	Business combinations involving entities not under common control
Joyson Safety Systems Germany GmbH(Note 1)	Germany	EUR	25,000.00	Germany	Manufacturing safety systems	of		60.32	Business combinations involving entities not under common control
Joyson Safety Systems Aschaffenburg GmbH(Note 1)	Germany	EUR	25,000.00	Germany	Manufacturing safety systems	of		60.32	Business combinations involving entities not under common control
Ningbo Joyson Key Safety Systems Co., Ltd.(Note 1)	Ningbo	RMB	1,050,000,000.00	Ningbo	Manufacturing safety systems	of		60.32	Establishment
Shanghai Lingang Joyson Safety Systems Co., Ltd.(Note 1)	Shanghai	RMB	200,000,000.00	Shanghai	Manufacturing safety systems	of		60.32	Establishment
Joyson Safety Systems Global Services GmbH(Note 1)	Germany	EUR	25,000.00	Germany	Investment holding			60.32	Establishment
Highland Industries Inc.(Note 1)	USA	USD	1,000.00	USA	Manufacturing safety systems	of		60.32	Establishment
Ningbo JunAn Safety System Co., Ltd	Ningbo	USD	50,000,000.00	Ningbo	Manufacturing safety systems	of		60.32	Establishment
Joyson Anand Abhishek Safety Systems Pvt. Limited	India	INR	2,850,000,000.00	India	Manufacturing safety systems	of		39.21	Establishment
Joyson Safety Systems Receivable LLC	USA	USD	-	USA	Manufacturing safety systems	of		60.32	Establishment
Joyson Safety Systems (Anhui) Co., Ltd.(Note 1)	Hefei	RMB	500,000,000.00	Hefei	Manufacturing safety systems	of		60.32	Establishment
JSS Holding Hong Kong Limited	Hong Kong	HKD	10,000.00	Hong Kong	Investment holding			70	Establishment
Anhui Joyson Auto Safety System Holdings Co., Ltd.	Hefei	RMB	1,204,078,338.71	Hefei	Manufacturing safety systems	of	70		Establishment

Note 1: These companies are held by the Company through its non-wholly-owned subsidiary, Anhui Joyson Auto Safety System Holdings Co., Ltd. The proportion of ownership interest indirectly held by the Company is multiplied by the Company's proportion of ownership interest directly to Anhui Joyson Auto Safety System Holdings Co., Ltd. of 70.00% and the ownership interest to these companies held by Anhui Joyson Auto Safety System Holdings Co., Ltd.

## (2) Material non-wholly owned subsidiaries

√Applicable □Not applicable

Expressed in ten thousand, Currency: RMB

Name of the Subsidiary	Proportion of ownership interest held by non-controlling interests	Profit or loss allocated to non-controlling interests during the year	Dividend declared to non-controlling shareholders during the year	Balance of non-controlling interests at the end of the year
Anhui Joyson Auto Safety System Holdings Co., Ltd. and its subsidiaries	30.00%	10,327	1,367	502,519
Ningbo Joynext Technology Corp.	13.35%	4,539	-	52,215

Description of the proportion of shares held by minority shareholders of subsidiaries is different from the proportion of voting rights:

Applicable Not applicable

Other information:

Applicable Not applicable

**(3) Key financial information about material non-wholly owned subsidiaries**

Applicable Not applicable

Expressed in ten thousand, Currency: RMB

Name of the Subsidiary	Balance at the end of the year						Balance at the beginning of the year					
	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
Anhui Joyson Auto Safety System Holdings Co., Ltd. and its subsidiaries	1,456,325	1,899,975	3,356,300	1,443,894	889,857	2,333,751	1,448,893	1,822,319	3,271,212	1,293,421	966,745	2,260,166
Ningbo Joynext Technology Corp. and its subsidiaries	340,656	211,720	552,376	181,023	53,388	234,411	274,424	212,509	486,933	193,144	18,253	211,397

Name of the Subsidiary	2023				2022			
	Operating income	Net profit ("-" for net loss)	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit ("-" for net loss)	Total comprehensive income	Cash flow from operating activities
Anhui Joyson Auto Safety System Holdings Co., Ltd. and its subsidiaries	3,747,582	27,095	11,497	227,048	3,352,809	-46,590	15,680	49,814
Ningbo Joynext Technology Corp. and its subsidiaries	588,337	27,894	40,621	12,934	497,492	26,219	32,493	22,195

**(4) Significant restrictions on the use of business group assets and the settlement of business group debts**

Applicable Not applicable

**(5) Financial support or other support provided to structured entities included in the scope of consolidated financial statements**

Applicable Not applicable

Other information:

Applicable Not applicable

**2. Transactions in which the share of owner's equity in the subsidiary changes and still controls the subsidiary**

Applicable Not applicable

**(1) Description of changes in owners' share of equity in subsidiaries:**

Applicable Not applicable

This year, Joyson Electronics purchased minority shareholders' equity of its subsidiary Ningbo Joynext Technology Corp. The difference between the purchase cost and the share of the subsidiary's net assets calculated in proportion to the equity acquired was adjusted to reduce the capital reserve in the consolidated balance sheet.

**(2) The impact of the transaction on minority shareholders' rights and those belonging to the parent company:**

Applicable Not applicable

Unit: Yuan Currency: RMB

	<i>Purchase minority shareholders' equity of Ningbo Joynext Technology Corp</i>
Purchase cost	122,190,513.00
- cash	106,800,000.00
- Consideration not yet paid	15,390,513.00
Less: the share of the subsidiary's net assets calculated in proportion to the equity acquired	92,511,391.76
Difference balance	29,679,121.24
Among them: adjust the capital reserve	29,679,121.24
adjust the surplus reserve	
adjust the retained earnings	

**3. Equity in joint ventures or associates**

Applicable Not applicable

**(1) Material joint ventures or associates:**

Applicable Not applicable

Name of investee	Principal place of business	Registered place	Nature of business	Shareholding percentage		Accounting treatment of investments in joint ventures or associates
				Direct	Indirect	
Associates						
Ningbo JoysonQuin Automobile Systems Holding Co., Ltd.	Ningbo	Ningbo	Automobile components manufacturing	8.85%	36.36%	Equity method

**(2) Key financial information of material joint ventures**

Applicable Not applicable

**(3) Key financial information of material associates**

Applicable Not applicable

	<i>Ningbo JoysonQuin Automobile Systems Holding Co., Ltd</i>	
	2023	2022
Current assets	3,276,624,077.54	2,843,483,224.65
Non-current assets	3,333,759,343.52	3,019,605,928.87
Total assets	6,610,383,421.06	5,863,089,153.52
Current liabilities	3,280,049,959.34	2,952,250,729.39
Non-current liabilities	583,241,442.25	536,136,595.22
Total liabilities	3,863,291,401.59	3,488,387,324.61
Net assets	2,747,092,019.47	2,374,701,828.91
Non-controlling interests	81,008,301.61	68,451,241.91
Equity attributable to shareholders of the Company	2,666,083,717.86	2,306,250,587.00
Group's share of net assets	986,450,975.61	1,130,062,787.64
Adjustments	603,325,756.87	797,525,211.40
-- Goodwill	603,325,756.87	797,525,211.40
-- Unrealized profit from insider transactions		
-- Others		
The carrying value of an investment in an associate	1,589,776,732.48	1,927,587,999.04
Fair value of equity investments in associates with publicly quoted prices		

Operating income	5,115,252,330.19	4,096,923,189.96
Net profit	359,033,233.88	241,315,581.10
Net profit from discontinued operations		
Other comprehensive income	77,301,430.51	33,172,191.49
Total comprehensive income	436,334,664.39	274,487,772.59
Dividends received from associates during the year	25,900,000.00	

**(4) Aggregated financial information of non-material joint ventures and associates**

Applicable Not applicable

Unit: Yuan Currency: RMB

	2023	2022
Joint ventures:		
Total book value of investments	109,816,792.85	109,796,659.35
The total number of the following items based on shareholding ratio		
-- Net profit	20,133.50	177,323.08
-- Other comprehensive income		
-- Total comprehensive income	20,133.50	177,323.08
Associates:		
Total book value of investments	595,720,564.37	49,914,426.94
The total number of the following items based on shareholding ratio		
-- Net profit	5,285,399.29	402,257.28
-- Other comprehensive income	-1,004,944.56	
-- Total comprehensive income	6,130,152.19	402,257.28

**(5) Description of significant limitations on the ability of joint ventures or associates to transfer funds to the Company**

Applicable Not applicable

**(6) Excessive losses incurred by joint ventures or associates**

Applicable Not applicable

**(7) Unrecognized commitments related to investment in joint ventures**

Applicable Not applicable

**(8) Contingent liabilities related to investments in joint ventures or associates**

Applicable Not applicable

**4. Important joint operations**

Applicable Not applicable

**5. Interests in structured entities not included in the scope of the consolidated financial statements**

Relevant explanations of structured entities not included in the scope of the consolidated financial statements:

Applicable Not applicable

**6. Others**

Applicable Not applicable

## XI. Government grants

### 1. Government grants recognized at the end of the reporting period based on receivable amounts

Applicable Not applicable

Ending Balance of grants receivables is nil

Reason for not receiving the expected amount of government grants at the expected time

Applicable Not applicable

### 2. Liability items involving government grants

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Balance at the beginning of the year	Additions during the year	Recognition as other income	Change during the year	Balance at the end of the year	Government grants related to assets/income
Long-term asset subsidy	47,520,842.10	37,066,151.06	28,069,452.12	3,904,020.08	52,613,520.95	related to assets
Subsidies for significant technology innovation project	11,097,583.14	2,771,016.68	2,867,721.05	-548,180.17	11,549,058.95	related to assets
Government grants related to R&D	42,976,661.69	3,651,969.61	9,689,118.61	-177,898.50	37,117,411.19	related to assets
Subsidies for significant technology innovation project	1,356,800.00	-	1,356,800.00	-	-	related to income
Total	101,595,086.93	43,489,137.35	40,626,291.78	3,177,941.41	101,279,991.09	/

### 3. Other income

Applicable Not applicable

Unit: Yuan Currency: RMB

	2023	2022
Government grants related to assets	40,626,291.78	33,424,829.08
Government grants related to income	109,068,956.46	87,724,976.03
Total	149,695,248.24	121,149,805.11

## XII. Risk related to financial instruments

### 1. Risk related to financial instruments

Applicable Not applicable

The Group has exposure to the following main risks from its use of financial instruments in the normal course of the Group's operations:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

The following mainly presents information about the Group's exposure to each of the above risks and their sources, their changes during the year, and the Group's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Group aims to seek 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 Group's financial performance. Based on such objectives, the Group's risk

management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.

### (1)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. The Group's credit risk is primarily attributable to cash at bank, receivables, contract assets and financial products. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

#### (a) Accounts receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, for the five largest balances of accounts receivable and other receivables by debtors at the end of the year, refer to Note VII.5 and Note VII.9.

In respect of receivables, the management of the Group has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and their bank credit records where available. Receivables are due within 30 – 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

For details of accounts receivable, refer to Note V.5.

### (2).Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Company and its individual subsidiaries are responsible for their own cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily unutilized marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables set out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the balance sheet date) and the earliest date the Group can be required to pay:

Item	2023 Contractual undiscounted cash flow				Total	Carrying amount at balance sheet date
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 year but less than 5 years	More than 5 years		
Short-term loan	4,352,379,700.86	-	-	-	4,352,379,700.86	4,243,702,858.47

Derivative financial liabilities	3,671,464.87	-	-	-	3,671,464.87	3,671,464.87
Bills payable	147,194,172.60	-	-	-	147,194,172.60	147,194,172.60
Accounts payable	9,563,216,990.61	-	-	-	9,563,216,990.61	9,563,216,990.61
Other payables	595,009,215.61	-	-	-	595,009,215.61	595,009,215.61
Long-term loan	3,282,597,682.33	3,591,761,156.61	9,889,987,329.71	320,184,382.66	17,084,530,551.31	15,354,832,572.97
Long-term payables	41,675,031.70	70,827,000.00	212,481,000.00	-	324,983,031.70	271,549,761.77
Lease liabilities	184,852,141.39	149,510,268.23	338,963,089.19	301,098,304.00	974,423,802.81	752,324,206.61
Total	18,170,596,399.97	3,812,098,424.84	10,441,431,418.90	621,282,686.66	33,045,408,930.37	30,931,501,243.51

In view of the Group's financing continuing capability, the Group believes that there is no significant liquidity risk. As at 31 December 2023, the Group's unutilized loan facility was RMB5,087,268,700 (31 December 2022: RMB4,035,899,100 ).

### (3).Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to fair value interest risk and cash flow interest rate risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The fair value interest rate risk and cash flow interest rate risk that the Group exposed to are not significant.

(a) The interest-bearing financial instruments held by the Group on 31 December are as follows:

Fixed Rate Financial Instruments:

Item	2023	
	Effective interest rate	Amounts
Financial assets		
- Cash at bank	0.0%-3.45%	581,071,179.35
- Long-term receivables	5.21%	173,101,003.85
Financial liabilities		
- Long-term payables	0.0%-8.12%	-271,549,761.77
- Debenture payable	-	-
- Lease liabilities	1.49%-8.34%	-752,324,206.62
Total		-269,701,785.19

Variable Rate Financial Instruments:

Item	2023	
	Effective interest rate	Amounts
Financial assets		
- Cash at bank	0.0% - 2.75%	4,595,236,732.99
Financial liabilities		
- Short-term loans	0.46%-9.28%	-4,243,702,858.47
- Long-term loans	1.15%-9.07%	-15,354,832,572.97
Total		-15,003,298,698.45

(b) Sensitivity analysis

As at 31 December 2023, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would decrease the Group's equity by RMB112,524,740.24, and net profit by RMB112,524,740.24.

### (4).Foreign currency risk

In respect of cash at bank and on hand, accounts receivable and payable, short-term loans and long-term loans denominated in foreign currencies other than the functional currency, the

Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates and doing hedging when necessary to address short-term imbalances.

As at 31 December, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of foreign currency financial statements are excluded.

	2023		2022	
	<i>Balance at foreign currency</i>	<i>Balance at RMB equivalent</i>	<i>Balance at foreign currency</i>	<i>Balance at RMB equivalent</i>
Cash at bank and on hand		881,161,685.84		528,987,625.13
- US Dollar (USD)	57,846,067.59	409,706,342.93	34,028,050.38	236,991,759.67
- Euro (EUR)	36,796,259.75	289,189,164.63	28,509,670.55	211,624,433.52
- New Lei (RON)	37,052,072.20	58,477,025.38	2,599,258.92	3,881,993.20
- Peso (MXN)	48,107,117.71	20,113,585.91	71,461,757.64	25,561,870.71
- Yen (JPY)	138,246,428.38	6,939,970.70	138,705,505.38	7,268,168.48
- Baht (THB)	-	-	2,900.00	584.06
- Pound (GBP)	103,823.95	938,682.71	21,948.46	184,237.57
- Won (KRW)	53,452,766.00	293,990.21	20,480,247.00	112,641.36
- Russian (RUB)	-	-	446.34	42.05
- Poland (PLN)	47,110,151.48	85,302,351.28	22,695,703.27	36,036,237.65
- Hungarian (HUF)	441,126,478.00	9,043,092.80	381,509,451.00	7,096,075.79
- Uruguay (UYU)	3,202,074.52	592,170.21	30,297.00	5,236.63
- Argentina (ARS)	5,740.00	48.55	5,740.00	223.55
- Singapore (SGD)	-	-	29.00	150.31
- Swedish (SEK)	795,021.84	565,260.53	336,342.67	223,970.58
Accounts receivable		2,665,357,972.51		2,367,146,597.23
- US Dollar (USD)	329,638,237.23	2,334,728,742.85	251,230,692.75	1,749,721,282.73
- Euro (EUR)	27,951,642.36	219,677,547.64	72,869,293.59	540,901,479.39
- New Lei (RON)	43,987,154.37	69,422,242.53	11,164,021.47	16,673,466.07
- Yen (JPY)	66,385,660.30	3,332,560.15	220,899,368.18	11,575,126.89
- Baht (THB)	33,709,306.31	6,991,310.13	18,164,811.30	3,658,393.00
- Pound (GBP)	1,205.17	10,896.06	1,185.63	9,952.30
- Won (KRW)	2,711,671,270.00	14,914,191.99	1,061,999,083.00	5,840,994.96
- Poland (PLN)	6,519.00	11,803.95	3,186.56	5,059.62
- Hungarian (HUF)	15,810,514.00	324,115.54	3,931,432.00	73,124.64
- Peso (MXN)	38,135,761.00	15,944,561.67	106,918,837.49	38,244,868.17
- Russian (RUB)	-	-	4,701,162.00	442,849.46
Short-term loans		877,869,891.42		785,530,980.12
- US Dollar (USD)	99,310,660.04	703,387,611.87	89,503,136.77	623,353,546.33
- Euro (EUR)	22,201,022.95	174,482,279.55	21,848,257.93	162,177,433.79
Long-term loans		1,004,003,853.54		401,641,950.74
- US Dollar (USD)	140,206,415.07	993,039,976.00	57,669,062.22	401,641,950.74
- Euro (EUR)	1,395,037.35	10,963,877.54	-	-
Accounts payable		2,103,509,743.60		3,313,223,834.57
- US Dollar (USD)	234,826,392.40	1,663,204,889.47	288,078,870.28	2,006,354,099.97
- Euro (EUR)	18,821,705.28	147,923,546.12	134,433,821.77	997,888,815.59
- New Lei (RON)	59,396,076.76	93,741,204.79	52,496,745.29	78,403,889.09
- Peso (MXN)	169,023,534.55	70,668,739.80	200,951,979.23	71,880,522.97
- Yen (JPY)	2,139,989,022.44	107,427,448.93	2,533,270,504.05	132,743,374.41
- Baht (THB)	29,995,243.58	6,221,013.52	26,258,398.34	5,288,441.43
- Pound (GBP)	217,295.41	1,964,589.53	571,199.23	4,794,703.44
- Won (KRW)	203,730,178.07	1,120,515.98	745,048,683.00	4,097,767.76
- Poland (PLN)	3,428,182.88	6,207,410.74	5,437,110.07	8,633,043.37
- Switzerland (CHF)	341,849.82	2,877,828.52	288,303.55	2,174,731.34
- Czech (CZK)	1,942,454.38	601,700.73	1,428,267.38	436,674.91
- Uruguay (UYU)	7,835,327.82	1,449,013.03	222,593.00	38,473.66
- Swedish (SEK)	143,238.31	101,842.44	734,789.96	489,296.63
Receipt and payment difference	-	561,848,228.91	-	-946,077,237.34

Net foreign currency of monetary items	-	-438,863,830.21	-	-1,604,262,543.07
Gross balance sheet exposure				
- US Dollar (USD)	-86,859,162.69	-615,197,391.56	-149,992,326.14	-1,044,636,554.64
- Euro (EUR)	59,973,547.09	471,344,101.30	-54,903,115.56	-407,540,336.47
- New Lei (RON)	21,643,149.81	34,158,063.12	-38,733,464.90	-57,848,429.82
- Peso (MXN)	-82,780,655.84	-34,610,592.22	-22,571,384.10	-8,073,784.09
- Yen (JPY)	-1,935,356,933.76	-97,154,918.08	-2,173,665,630.49	-113,900,079.04
- Baht (THB)	3,714,062.72	770,296.61	-8,090,687.04	-1,629,464.37
- Pound (GBP)	-112,266.29	-1,015,010.76	-548,065.14	-4,600,513.57
- Won (KRW)	2,561,393,857.93	14,087,666.22	337,430,647.00	1,855,868.56
- Russian (RUB)	-	-	4,701,608.34	442,891.51
- Poland (PLN)	43,688,487.60	79,106,744.49	17,261,779.76	27,408,253.90
- Switzerland (CHF)	-341,849.82	-2,877,828.52	-288,303.55	-2,174,731.34
- Hungarian (HUF)	456,936,992.00	9,367,208.34	385,440,883.00	7,169,200.43
- Czech (CZK)	-1,942,454.38	-601,700.73	-1,428,267.38	-436,674.91
- Uruguay (UYU)	-4,633,253.30	-856,842.82	-192,296.00	-33,237.03
- Argentina (ARS)	5,740.00	48.55	5,740.00	223.55
- Singapore (SGD)	-	-	29.00	150.31
- Swedish (SEK)	651,783.53	463,418.09	-398,447.29	-265,326.05
Notional amounts of foreign currency forward contracts used as economic hedges		-		-
- US Dollar (USD)	-	-	-	-
Net balance sheet exposure				
- US Dollar (USD)	-92,859,162.69	-656,984,991.56	-149,992,326.14	-1,044,636,554.64
- Euro (EUR)	22,330,136.54	175,497,009.06	-54,903,115.56	-407,540,336.47
- New Lei (RON)	21,643,149.81	34,158,063.12	-38,733,464.90	-57,848,429.82
- Peso (MXN)	-82,780,655.84	-34,610,592.22	-22,571,384.10	-8,073,784.09
- Yen (JPY)	-1,935,356,933.76	-97,154,918.08	-2,173,665,630.49	-113,900,079.04
- Baht (THB)	3,714,062.72	770,296.61	-8,090,687.04	-1,629,464.37
- Pound (GBP)	-112,266.29	-1,015,010.76	-548,065.14	-4,600,513.57
- Won (KRW)	2,561,393,857.93	14,087,666.22	337,430,647.00	1,855,868.56
- Russian (RUB)	-	-	4,701,608.34	442,891.51
- Poland (PLN)	43,688,487.60	79,106,744.49	17,261,779.76	27,408,253.90
- Switzerland (CHF)	-341,849.82	-2,877,828.52	-288,303.55	-2,174,731.34
- Hungarian (HUF)	456,936,992.00	9,367,208.34	385,440,883.00	7,169,200.43
- Czech (CZK)	-1,942,454.38	-601,700.73	-1,428,267.38	-436,674.91
- Uruguay (UYU)	-4,633,253.30	-856,842.82	-192,296.00	-33,237.03
- Argentina (ARS)	5,740.00	48.55	5,740.00	223.55
- Singapore (SGD)	-	-	29.00	150.31
- Swedish (SEK)	651,783.53	463,418.09	-398,447.29	-265,326.05

## 2. Hedge

### (1) Company engages in hedging activities for risk management purposes

√Applicable □Not applicable

<i>Item</i>	<i>Corresponding risk management strategy and target</i>	<i>Qualitative and quantitative information on the hedged risk</i>	<i>Economic relationship between the hedged items and the relevant hedging instruments</i>	<i>Effective realisation of the expected risk management target</i>	<i>Impact of the corresponding hedging activities on the risk exposure</i>
Cash flow hedging	The group borrows bank loans settled at floating interest rates, which puts the group at risk of interest rate fluctuations. The Group signs interest rate swap contracts to manage the interest rate risk generated by such transactions.	Based on the forecast of floating interest rates, the Group hedges the floating interest rates by signing interest rate swap contracts with banks with good credit ratings	The main terms of an interest rate swap contract, such as currency, term, and amount, are consistent with the hedged loan, and there is an economic relationship between the hedged item and the hedging instrument.	Interest rate swap contracts can effectively hedge interest rate risks associated with expected fluctuations in floating interest rates.	Reduce the interest rate risk exposure generated by floating rate borrowings faced by the Group.
Fair value hedging	The group purchases goods in currencies other than the accounting base currency, which exposes the group to foreign exchange risks arising from expected foreign currency transactions. The Group signs forward foreign exchange contracts to manage the exchange rate risk generated by such transactions.	Based on the forecast of foreign currency transactions, the Group hedges the expected foreign currency by signing forward foreign exchange contracts with banks with good credit ratings.	The main terms of forward foreign exchange contracts, such as currency, term, and amount, are consistent with the hedged transaction terms, and there is an economic relationship between the hedged item and the hedging instrument.	Forward foreign exchange contracts can effectively hedge foreign exchange risk associated with expected fluctuations in foreign exchange fluctuation.	Reduce the foreign exchange risk exposure generated by foreign currency transactions faced by the Group.
Net investment in overseas operations hedging	The group operates in multiple countries, and some companies invest in subsidiary companies with different accounting currencies, which puts their net investments in subsidiary companies at risk of foreign currency exchange rate fluctuations. Investors use loan contracts to manage the foreign exchange risk of their net investments in overseas operations.	When obtaining foreign currency loans, the investor designates the overall foreign exchange risk component of the loan as a hedging instrument, and hedges the expected total foreign currency exposure of the net investment in overseas operations held by it with the aforementioned foreign currency as the accounting base currency during the loan term.	The currency of the investor's foreign currency loan contract is the same as the accounting base currency of the relevant overseas subsidiary, and the underlying variables of the hedging instrument and the hedged item are exchange rates of the same currency. There is an economic relationship between the hedged item and the hedging instrument.	Foreign currency loan contracts can effectively hedge against the risk of foreign currency exchange rate fluctuations in net investments in overseas operations.	Reduce the foreign currency risk exposure of the Group to its overseas operating net investments in subsidiaries using foreign currency as the accounting base currency.

Other information:

□Applicable √Not applicable

### (2) Where the Company engages in hedging activities that meet the criteria and applies hedge accounting

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Book value relevant to the hedged items and the hedging instruments	Hedge adjustment to the accumulative fair value of the hedged items contained in the recognised book value of the hedged items	Hedge effectiveness and the source of the invalidity from the hedge	Impact of hedge accounting on the Company's financial statements
Interest rate risk -Floating interest rate loans	RMB2,762,777,770.33	RMB21,775,142.25	Differences in the term or time between hedging instruments and the hedged item	- Other comprehensive income: RMB121,506,148.34; - The amount reclassified from cash flow hedging reserves to profit and loss RMB21,775,142.25; - The ineffective portion of hedging recognized in profit and loss: RMB0.
Exchange rate risk -Foreign currency transactions	RMB42,496,200.00	RMB919,171.20	The impact of counterparty and the Group's own credit risk on the fair value of hedging instruments, which is not reflected in the fair value of hedged items due to exchange rate fluctuations; Differences in the term or time between hedging instruments and the hedged item	-Financial expense: RMB919,171.20;
Foreign exchange risk -Net investment in overseas operations	RMB895,875,000.00	RMB26,134,143.92	The hedging instrument is equivalent in amount and currency to the hedged item	- Other comprehensive income: RMB26,134,143.92;

Other information:

□Applicable √Not applicable

**(3) The company carries out hedging business for risk management, expects to achieve risk management objectives but does not apply hedge accounting**

□Applicable √Not applicable

### 3. Transfer of financial assets

(1) By manner of transfer

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Manner of transfer	Nature of financial assets transferred	Amount of financial assets transferred	Derecognised	Basis for derecognition
Endorsed	Bank acceptance bills	81,209,447.45	Not derecognised	Acceptance by a bank with a low credit rating and the bills are outstanding
Endorsed	Commercial acceptance bills	80,786,564.02	Not derecognised	Acceptance by a company with a low credit rating and the bills are outstanding
Endorsed or discounted	Bank acceptance bills	4,043,221,792.17	Derecognised	Acceptance by a bank with a high credit rating or the bills have matured
Factoring	Factoring business	650,930,826.21	Derecognised	Factoring without recourse
Total	/	4,856,148,629.85	/	/

**(2) Financial assets derecognised due to transfer**

√Applicable □Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>Manner of transfer</i>	<i>Amount derecognised</i>	<i>Gain or loss related to derecognition</i>
Bank acceptance bills	Endorsed or discounted	4,043,221,792.17	-2,298,820.77
Factoring business without recourse	Factoring	650,930,826.21	-43,615,945.98
Total	/	4,694,152,618.38	-45,914,766.75

**(3) Continued Involvement in Transferred Financial Assets**

Applicable Not applicable

Other information:

Applicable Not applicable

**XIII. Fair value disclosure**

**1.Final fair value of assets and liabilities measured at fair value at the end of the year**

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>31 December 2023</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
<b>I. Fair value measured on a recurring basis</b>				
i. Financial assets held for trading	54,550,079.07	409,444,888.10	213,589,825.97	677,584,793.14
1. Financial assets at fair value through profit or loss	54,550,079.07	330,277,262.49	-	384,827,341.56
(1) Investments in debt instruments	54,550,079.07	-	-	54,550,079.07
(2) Investments in equity instruments	-	226,174,408.99	-	226,174,408.99
(3) Derivative financial assets	-	104,102,853.50	-	104,102,853.50
2. Financial assets designated as at fair value through profit or loss	-	79,167,625.61	213,589,825.97	292,757,451.58
(1) Investments in debt instruments				-
(2) Investments in equity instruments	-	-	150,492,442.65	150,492,442.65
(3) Reinsurance of defined benefit plan	-	-	63,097,383.32	63,097,383.32
(4) Derivative financial assets		79,167,625.61	-	79,167,625.61
ii. Receivables under financing			304,464,372.05	304,464,372.05
<b>Total assets measured at fair value on a recurring basis</b>	54,550,079.07	409,444,888.10	518,054,198.02	982,049,165.19
iv. Trading financial liabilities	-	3,671,464.85	-	3,671,464.85
1. Financial liabilities at fair value through profit or loss	-	3,671,464.85	-	3,671,464.85
Including: Trading bonds issued				-
Derivative financial liabilities	-	3,671,464.85	-	3,671,464.85
Other non-current liabilities				
2. Financial liabilities designated as at fair value through profit or loss				
<b>Total liabilities measured at fair value on a recurring basis</b>		3,671,464.85	-	3,671,464.85
<b>II. Fair value measurement on a non-recurring basis</b>				
i Assets held for sale				
<b>Total assets not measured at fair value on a non-</b>				

recurring basis				
Total liabilities not measured at fair value on a non-recurring basis				

**2. Basis for determining the market value of fair value measurements categorised of Level 1 on a recurring and non-recurring basis**

Applicable Not applicable

**3. Valuation techniques used and the qualitative and quantitative information of key parameters for fair value measurements categorised of Level 2 on a recurring and non-recurring basis**

Applicable  Not applicable

The fair value of forward exchange contracts included in derivative financial assets is determined by discounting the difference between the contractual exercise price and the market forward price. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period.

The fair value of interest rate swaps included in derivative financial assets is the estimated amount that would be received or paid to terminate the swap at the end of the reporting period, taking into account of current interest rates and the current creditworthiness of the swap counterparties.

The fair value of financial products are determined by discounting the future cash flow using the expected rate of return.

**4. Valuation techniques used and the qualitative and quantitative information of key parameters for fair value measurements categorised of Level 3 on a recurring and non-recurring basis**

Applicable  Not applicable

Other non-current financial assets of recurring Level 3 fair value measurements mainly include equity investments of unlisted companies. The fair value was determined based on investment cost, the stage of development and related indicators of comparable companies of the invested companies.

During 2023, there were no transfers between Level 1 and Level 2 of the Group's financial instruments, as well as no transfers into or out of Level 3.

**5. For fair value measurements categorised of Level 3 on a recurring basis, reconciliation information between opening and closing carrying values and sensitivity analysis of unobservable parameters**

Applicable Not applicable

**6. For fair value measurements on a recurring basis that were converted between levels during the current period, the reasons for the conversion and the policy for determining the point of conversion**

Applicable  Not applicable

**7. Changes in valuation techniques that occurred during the current period and the reasons for such changes**

Applicable Not applicable

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

Applicable Not applicable

The carrying amounts of all financial instruments are not materially different from their fair value as at 31 December.

## 9. Others

Applicable Not applicable

## XIV. Related parties and related party transactions

### 1.Information about the parent of the Company

Applicable Not applicable

*Expressed in ten thousand, Currency: RMB*

<i>Company name</i>	<i>Registered place</i>	<i>Business nature</i>	<i>Registered capital</i>	<i>Shareholding percentage (%)</i>	<i>Percentage of voting rights (%)</i>
Joyson Holding Co., Ltd.	Ningbo	Industrial project investment, corporate management consulting, self-owned housing rental, etc.	12,000.00	36.73	36.73

Information about the parent of the Company:N/A

The ultimate controlling party of the Company is Mr. Wang Jianfeng, the Company's chairman and legal representative.

### 2.Information about the subsidiaries of the Company

For information about the subsidiaries of the Company, refer to Note

Applicable Not applicable

For information about the subsidiaries of the Company, refer to Note X. 1(1).

### 3.Information about joint ventures and associates of the Company

For information about the joint ventures and associates of the Company, refer to Note X.5.

Applicable Not applicable

Other joint ventures or associates with which the Company had related party transactions during the current period, or with which the Company had related party transactions in prior periods that resulted in balances, are as follows

Applicable Not applicable

<i>Name of joint ventures or associates</i>	<i>Relationship with the Company</i>
Ningbo JOYSONQUIN Automotive Systems Holding Co., Ltd.	Associate
Guangdong Senssun Weighing Apparatus Group Ltd.	Associate
Suzhou SME-CQ Automotive Safety Technology Co., Ltd.	Associate
Yanfeng KSS (Shanghai) Automotive Safety Systems Co., Ltd.	Joint venture

Other information:

Applicable Not applicable

### 4.Information on other related parties

<i>Name of other related parties</i>	<i>Related party relationship</i>
Ningbo PIA Automation Holding Co., Ltd.	Under common control of ultimate controlling party

<i>Name of other related parties</i>	<i>Related party relationship</i>
Ningbo Sci-Tech Park Joyson Property Management Co., Ltd.	Under common control of ultimate controlling party
Ningbo Dongqian Lake Tourist Resort Hanling Development Co., Ltd.	Under common control of ultimate controlling party
Ningbo Junya Hotel Management Co., Ltd	Under common control of ultimate controlling party
Ningbo Junyun Hotel Management Co., Ltd	Under common control of ultimate controlling party
Ningbo Joyson Real Estate Development Co., Ltd	Under common control of ultimate controlling party
PIA Automation Amberg GmbH	Under common control of ultimate controlling party
PIA Automation Holding GmbH	Under common control of ultimate controlling party
PIA Automation Bad Neustadt GmbH	Under common control of ultimate controlling party
PIA Automation Canada Inc.	Under common control of ultimate controlling party
PIA Automation USA Inc.	Under common control of ultimate controlling party
PIAMEX AUTOMATION, S. de R.L. de C.V.	Under common control of ultimate controlling party
Suzhou SME-CQ AUTOMOTIVE Safety TECHNOLOGY CO. Ltd.	Associates
Yanfeng KSS (Shanghai) Automotive Safety Systems Co., Ltd.	A joint venture of subsidiaries
Ningbo JoysonQuin Automotive Systems Holding Co., Ltd	Associates
Guangdong Senssun Weighing Apparatus Group Ltd.	Associates
Ningbo Joyson Quin Automotive Trim Co., Ltd.	A subsidiary of associates
Shanghai Joyson Benyuan Automotive Components Co., Ltd	A subsidiary of associates
Ningbo Joyson Quin New Energy Technology Co., Ltd.	A subsidiary of associates
JoysonQuin Automotive Systems GmbH	A subsidiary of associates
JoysonQuin Automotive Systems Mexico S.A. de C.V.	A subsidiary of associates
JoysonQuin Automotive Systems Polska Sp. z o.o.	A subsidiary of associates
JoysonQuin Automotive Systems Romania S.R.L.	A subsidiary of associates
JoysonQuin Automotive Systems North America LLC	A subsidiary of associates
Ningbo JoysonQuin Intelligence and Technology Co., Ltd.	A subsidiary of associates
Ningbo Joyson Automotive Trim Technology Co., Ltd.	A subsidiary of associates
Zhu Xuesong	Vice-chairman
Cai Zhengxin	Director
Chen Wei	Director, Executive
Li Junyu	Director, Executive
Liu Yuan	Director, Executive
Zhou Xingyou	Supervisor
Weng Chunyan	Supervisor
Wang Xiaowei	Supervisor
Guo Jishun	Executive

<i>Name of other related parties</i>	<i>Related party relationship</i>
Yu Zhaohui	Executive
Fan Jinhong	Director (Resigned)

## 5. Transactions with related parties

### (1) Purchase/sale of goods and receiving/rendering of services

Purchase of goods/receiving of services

√Applicable □Not applicable

Unit: Yuan Currency: RMB

<i>Name of related party</i>	<i>Nature of transaction</i>	<i>2023</i>	<i>2022</i>
PIA Automation Bad Neustadt GmbH	Purchase of goods/Receiving of services	114,061,477.41	153,320,062.84
Suzhou SME-CQ AUTOMOTIVE Safety TECHNOLOGY CO. Ltd.	Purchase of goods	91,578,542.21	14,908,931.22
Ningbo PIA Automation Holding Corp.	Purchase of goods/Receiving of services	80,119,378.41	89,089,503.67
JOYSONQUIN Automotive Systems Polska Sp. z o.o.	Purchase of goods/Receiving of services	30,024,911.94	12,260.96
Ningbo Sci-Tech Park Joyson Property Management Co., Ltd.	Receiving of services	21,764,279.68	18,756,424.13
Ningbo Joyson Automotive Trim Technology Co., Ltd.	Purchase of goods/Receiving of services	10,252,760.55	4,256,406.00
Ningbo JoysonQuin Automotive Systems Holding Co., Ltd	Purchase of goods/Receiving of services	3,514,246.81	1,121,406.44
JOYSONQUIN Automotive Systems GmbH	Purchase of goods/Receiving of services	1,940,861.38	3,078,348.66
Ningbo JoysonQuin Intelligence and Technology Co., Ltd.	Purchase of goods	1,499,377.05	1,174,830.18
JOYSONQUIN Automotive Systems North America LLC	Receiving of services	1,422,518.33	1,732,423.12
PIA Automation Amberg GmbH	Purchase of goods/Receiving of services	790,603.02	951,416.36
PIAMEX AUTOMATION, S. de R.L. de C.V.	Purchase of goods	632,869.46	-
Ningbo Junya Hotel Management Co., Ltd	Receiving of services	628,838.00	1,076,438.01
JOYSONQUIN Automotive Systems México S.A. de C.V.	Receiving of services	152,473.30	42,686.18
Ningbo Joyson Quin Automotive Trim Co., Ltd.	Receiving of services	18,958.06	-
Ningbo Junyun Hotel Management Co., Ltd	Receiving of services	13,200.00	2,878.00
Shanghai Joyson Benyuan Automotive Components Co., Ltd	Receiving of services	2,729.69	113,892.49
Total		358,418,025.30	289,637,908.26

Sale of goods/rendering of services  
Applicable  Not applicable

Unit: Yuan Currency: RMB

<i>Name of related party</i>	<i>Nature of transaction</i>	<i>2023</i>	<i>2022</i>
JOYSONQUIN Automotive Systems Polska Sp. z o.o.	Sales of goods	34,852,769.87	59,309,012.30
Ningbo JoysonQuin Automotive Systems Holding Co., Ltd	Sales of goods/rendering of services	5,385,706.52	7,434,044.85
JOYSONQUIN Automotive Systems México S.A. de C.V.	Sales of goods	4,873,398.94	40,866,203.05
PIA Automation USA Inc.	Sales of goods	4,183,503.12	-
Shanghai Joyson Benyuan Automotive Components Co., Ltd	Sales of goods/rendering of services	2,153,419.63	2,686,847.86
Ningbo PIA Automation Holding Co., Ltd.	Sales of goods/rendering of services	1,815,925.48	1,508,034.94
Ningbo Joyson Quin Automotive Trim Co., Ltd.	Sales of goods/rendering of services	1,738,128.79	1,003,039.88
Ningbo Sci-Tech Park Joyson Property Management Co., Ltd.	Rendering of services	947,553.22	998,732.61
Yanfeng KSS (Shanghai) Automotive Safety Systems Co., Ltd.	Sales of goods	680,711.06	6,736,178.81
Ningbo Joyson Real Estate Development Co., Ltd	Rendering of services	412,731.35	-
Ningbo JoysonQuin Intelligence and Technology Co., Ltd.	Rendering of services	51,237.58	13,530.18
PIA Automation Bad Neustadt GmbH	Rendering of services	40,650.42	46,961.38
Ningbo Dongqian Lake Tourist Resort Hanling Development Co., Ltd.	Sales of goods/rendering of services	-	336,308.93
Ningbo Joyson Quin New Energy Technology Co., Ltd.	Sales of goods/rendering of services	-	115,334.40
<b>Total</b>		<b>57,135,735.98</b>	<b>121,054,229.19</b>

Description of related transactions for the purchase and sale of goods, provision and receipt of services

Applicable Not applicable

## **(2)Related party trusteeship/contracting arrangement and entrusted management/outsourcing**

Table on the Company's trusteeship/contracting arrangement

Applicable Not applicable

Description of affiliated party trusteeship/contracting

Applicable Not applicable

Table on the Company's entrusted management/outsourcing

Applicable Not applicable

Description of affiliated party management/outsourcing

Applicable Not applicable

### (3) Leases

The Group as the lessor:

Applicable  Not applicable

Unit: Yuan Currency: RMB

<i>Name of lessee</i>	<i>Type of assets leased</i>	<i>Lease income recognised in 2023</i>	<i>Lease income recognised in 2022</i>
Ningbo PIA Automation Holding Corp.	Buildings	9,158,503.00	6,988,320.00
Ningbo Joyson Quin Automotive Trim Co., Ltd.	Buildings	1,744,632.00	1,744,632.00
Ningbo Science and Technology Park Junsheng Property Management Co. Ltd	Buildings	1,049,616.00	1,049,616.00
Joyson Group Co. Ltd	Buildings	810,006.96	810,006.96
Ningbo Dongqian Lake Tourism Resort Hanling Ancient Village Development Co., Ltd.	Buildings	-	810,006.96
Ningbo Joyson Real Estate Development Co., Ltd	Buildings	810,006.96	-
Total		13,572,764.92	11,402,581.92

The Group as the lessee:

Applicable  Not applicable

Unit: Yuan Currency: RMB

<i>Name of lessor</i>	<i>Type of assets leased</i>	<i>Lease expense recognised in 2023</i>	<i>Lease expense recognised in 2022</i>
Ningbo Joyson Asset Management Co. Ltd	Buildings	-	426,667.00
Joyson Holding Co., Ltd.	Buildings	-	224,000.00
Total		-	650,667.00

Description of affiliated leases

Applicable  Not applicable

### (4) Guarantee

The Company as the guarantor holder

Applicable  Not applicable

The Company as the guarantee holder

Applicable  Not applicable

Unit: Yuan Currency: RMB

<i>Name of guarantee</i>	<i>Amount of guarantee</i>	<i>Inception date of guarantee</i>	<i>Maturity date of guarantee</i>	<i>Guarantee completed (Yes/No)</i>
Joyson Holding Co., Ltd.	350,000,000.00	20/05/2021	31/12/2031	No
Joyson Holding Co., Ltd.	140,000,000.00	11/06/2021	31/12/2031	No
Joyson Holding Co., Ltd.	75,000,000.00	18/06/2021	31/12/2031	No
Joyson Holding Co., Ltd.	150,000,000.00	25/06/2021	31/12/2031	No
Joyson Holding Co., Ltd.	103,150,000.00	13/08/2021	25/10/2024	No
Joyson Holding Co., Ltd.	300,000,000.00	07/09/2021	25/10/2024	No
Joyson Holding Co., Ltd.	300,000,000.00	28/02/2022	31/12/2031	No
Joyson Holding Co., Ltd.	225,000,000.00	07/03/2022	31/12/2031	No
Joyson Holding Co., Ltd.	169,000,000.00	14/07/2021	13/07/2024	No
Joyson Holding Co., Ltd.	250,000,000.00	04/11/2021	25/10/2024	No
Joyson Holding Co., Ltd.	250,000,000.00	11/11/2021	25/10/2024	No
Joyson Holding Co., Ltd.	250,000,000.00	22/12/2022	21/12/2024	No
Joyson Holding Co., Ltd.	260,000,000.00	26/7/2023	26/7/2026	No
Joyson Holding Co., Ltd.	167,500,000.00	20/4/2023	19/4/2026	No
Joyson Holding Co., Ltd.	150,000,000.00	25/5/2023	31/12/2031	No
Joyson Holding Co., Ltd.	200,000,000.00	22/12/2023	22/12/2025	No
Total	3,339,650,000.00			

Description of affiliated guarantees  
Applicable Not applicable

**(5) Funding from related party**

Applicable Not applicable

There was no new fund lending during this year.

**(6) Transfer of assets and debt restructuring**

Applicable Not applicable

**(7) Remuneration of key management personnel**

Applicable Not applicable

Expressed in ten thousand, Currency: RMB

<i>Item</i>	<i>2023</i>	<i>2022</i>
Remuneration of key management personnel	3,380.84	1,861.98

**(8) Other related party transactions**

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Related party</i>	<i>Nature of related party transactions</i>	<i>2023</i>	<i>2022</i>
Guangdong Senssun Weighing Apparatus Group Ltd.	Share Acquisition	539,366,002.82	-
Ningbo JoysonQuin Automotive Systems Holding Co., Ltd.	Interest income	1,354,694.40	4,979,114.40
Ningbo PIA Automation Holding Co., Ltd.	Share Acquisition	-	49,999,995.28
Total		540,720,697.22	54,979,109.68

## 6. Receivables from and payables to related parties

### (1) Receivables

√Applicable □Not applicable

Unit: Yuan Currency: RMB

Item	Related parties	2023		2022	
		Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts
Other receivables	Guangdong Senssun Weighing Apparatus Group Ltd.	336,430,000.00			
Accounts receivables/Other receivables/Prepayment	Ningbo JOYSONQUIN Automotive Systems Holding Co., Ltd.	249,007,108.83		324,951,645.04	
Prepayment/Accounts receivables/Other non-current assets	PIA Automation Bad Neustadt GmbH	33,352,071.32		36,633,755.54	
Prepayment/Accounts receivables/Other non-current assets	PIA Automation Holding GmbH	29,088,901.95		11,359,795.46	
Accounts receivables	PIA Automation USA Inc.	4,203,622.96			
Accounts receivables	Yanfeng KSS (Shanghai) Automotive Safety Systems Co., Ltd.	3,656,355.20		7,092,229.19	
Accounts receivables	JOYSONQUIN Automotive Systems México S.A. de C.V.	1,506,997.84		9,378,675.98	
Accounts receivables	Shanghai Joyson Benyuan Automotive Components Co., Ltd	2,325,516.10		6,032,879.52	
Accounts receivables/Other receivables	JOYSONQUIN Automotive Systems Polska Sp. z o.o.	946,052.38		1,851,047.46	
Accounts receivables	Ningbo Joyson Quin Automotive Trim Co., Ltd.	475,412.22		781,620.31	
Prepayment	Ningbo Sci-Tech Park Joyson Property Management Co., Ltd.	269,755.80		262,924.51	
Other receivables	Joyson Holding Co., Ltd.	-		22,603.10	
Accounts receivables/Other receivables	Ningbo JoysonQuin Intelligence and Technology Co., Ltd.	-		2,286.17	
Accounts receivables	JOYSONQUIN Automotive Systems Romania S.R.L.	-		990.21	
<b>Total</b>		<b>661,261,794.60</b>	<b>-</b>	<b>398,370,452.49</b>	<b>-</b>

## (2) Payables

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Related parties	2023	2022
Accounts payable/Other payables	Yanfeng KSS (Shanghai) Automotive Safety Systems Co., Ltd.	117,892,226.98	107,892,226.98
Accounts payable	PIA Automation Holding GmbH	72,285,896.84	71,612,448.56
Accounts payable	PIA Automation Bad Neustadt GmbH	40,925,032.74	37,779,967.29
Accounts payable	Suzhou SME-CQ Automotive Safety Technology Co., Ltd.	21,729,752.80	5,911,056.97
Accounts payable	JOYSONQUIN Automotive Systems Polska Sp. z o.o.	12,006,447.73	
Accounts payable	Ningbo Joyson Automotive Trim Technology Co., Ltd.	7,661,172.12	3,276,039.45
Accounts payable/Other payables	Ningbo Sci-Tech Park Joyson Property Management Co., Ltd.	3,947,677.09	2,516,785.80
Accounts payable	Ningbo JoysonQuin Intelligence and Technology Co., Ltd.	1,484,932.43	1,187,227.68
Accounts payable	Ningbo JoysonQuin Automotive Systems Holding Co., Ltd	1,393,055.76	92,455.13
Accounts payable	PIAMEX AUTOMATION, S. de R.L. de C.V.	635,913.14	
Accounts payable	PIA Automation Amberg GmbH	147,218.53	98,784.48
Accounts payable	JOYSONQUIN Automotive Systems GmbH	93,700.29	287,061.36
Accounts payable	Ningbo Junya Hotel Management Co., Ltd	20,440.00	210,000.00
Accounts payable	JOYSONQUIN Automotive Systems México S.A. de C.V.	13,051.46	
Accounts payable	JOYSONQUIN Automotive Systems North America LLC	-	129,542.37
Accounts payable	Shanghai Joyson Benyuan Automotive Components Co., Ltd	-	98,948.91
	Total	280,236,517.91	231,092,544.98

## 7. Commitments of related parties

Applicable Not applicable

## 8. Others

Applicable Not applicable

## XV. Share-based payments

### 1 Equity instruments

Applicable Not applicable

Quantity:share Unit: Yuan Currency: RMB

Type of grantees	Granted during the year		Exercised during the year		Unlocked during the year		Forfeited during the year	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Directors (excluding independent directors), senior management, middle management, key employees and other employees of Joyson Electronics	5,700,000	29,193,058.77	16,680,000	72,152,695.93	16,685,000	67,317,705.04	3,520,000	20,659,679.00
President of Joyson Electronics, directors (excluding independent directors), senior management, middle management, key employees and other employees of Joynext	70,000	304,297.00	2,591,875	11,303,633.00	1,907,500	6,183,882.25	-	-

Outstanding stock options or other equity instruments at the end of the period

Applicable Not applicable

## 2 Equity-settled share-based payments

Applicable  Not applicable

Unit: Yuan Currency: RMB

Method for determining the fair value of equity instruments at the grant date	Market Price of Joyson Electronics Shares
Key parameters for the fair value of equity instruments at the grant date	Closing price of Joyson Electronics shares on the date of grant
Basis for determining the number of equity instruments expected to vest	Best estimate of equity instruments corresponding to active incentive recipients, assessment of the annual review of the company level and the incentive recipients' level at the same time after the assessment is met
Reasons for material differences between estimates for the current period and previous period	No significant differences
Cumulative amount of equity-settled share-based payments recognised in capital reserves	43,603,565.06

Other information:

N/A

## 3.Cash-settled share-based payment

Applicable Not applicable

## 4. Expenses recognized during the year arising from share-based payments

Applicable  Not applicable

Unit: Yuan Currency: RMB

<i>Type of grantees</i>	<i>Equity-settled share-based payments</i>	<i>Cash-settled share-based payments</i>
Directors (excluding independent directors), senior management, middle management, key employees and other employees of Joyson Electronics	20,124,703.52	-
President of Joyson Electronics, directors (excluding independent directors), senior management, middle management, key employees and other employees of Joynext	15,556,616.39	-

## 5. Modification and termination of share-based payment

Applicable Not applicable

## 6.Other

Applicable Not applicable

## XVI. Commitments and contingencies

### 1. Significant commitments

Applicable Not applicable

Significant external commitments existing at the balance sheet date, nature and amount.

#### (1) Capital commitments

<i>Item</i>	<i>2023</i>	<i>2022</i>
Investment in fixed assets, intangible assets and long-term assets	635,969,192.67	462,675,487.88
Total	635,969,192.67	462,675,487.88

### 2. Contingencies

#### (1) Significant contingencies existing at the balance sheet date

Applicable Not applicable

The Group is the defendant in certain cases and the designated party to the litigation that occurred in the course of other day-to-day business activities. The management has assessed the possible adverse consequences of these contingencies, lawsuits and other legal procedures, and believes that any resulting liabilities will not have material adverse effects on the Group's financial position, operating performance or cash flows.

#### (2) The Company should state even if there are no material contingencies that need to be disclosed:

Applicable Not applicable

### 3. Others

Applicable Not applicable

## XVII. Subsequent events

### 1. Material non-adjusting post balance sheet date events

Applicable Not applicable

### 2. Profit distribution

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>Amount</i>
The dividend to be distributed	365,834,667.12

The Board of Directors proposed on March 27, 2024 that the Company pay a cash dividend of RMB2.6 per 10 shares to ordinary shareholders, for a total amount of RMB 365,834,667.12. The proposal is subject to shareholder approval. Cash dividends proposed after the balance sheet date are not recognized as liabilities at the balance sheet date.

### 3. Sales return

Applicable Not applicable

### 4. Description of subsequent events

Applicable Not applicable

## XVIII. Other significant items

### 1. Correction of previous accounting errors

#### (1) Retrospective restatement

Applicable Not applicable

#### (2) Future application

Applicable Not applicable

## 2. Debt restructuring

Applicable Not applicable

## 3. Asset replacement

### (1) Non-monetary asset exchange

Applicable Not applicable

### (2) Other asset replacement

Applicable Not applicable

## 4. Annuity plan

Applicable Not applicable

## 5. Termination of operation

Applicable Not applicable

## 6. Segment reporting

### (1) The basis for determining the reporting segment and accounting policies

Applicable Not applicable

The Group has several reporting segments, which are automotive safety systems business, Automotive electronics business and so on. Each reporting segment is a separate business unit which offers different products and services, and is managed separately in terms of different technology and marketing strategies.

For the purposes of assessing performance of the segments and allocating resources, the Group management regularly reviews the operating income from external customers, the gross margin of external transactions, total assets and liabilities.

### (2) Information about revenue, profit, assets and liabilities of the reporting segments

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Automotive safety systems business segment	Automotive electronics business segment	Others	Elimination among segments	Total
Operating income from external customers	37,475,823,768.45	17,759,360,844.48	1,400,710,369.37	-907,419,240.75	55,728,475,741.55
The gross margin of external customers	4,731,935,882.60	3,455,383,121.63	398,494,939.34	-176,552,606.86	8,409,261,336.71
Total assets	33,563,004,733.00	15,985,178,326.10	24,467,148,107.03	-17,128,483,026.68	56,886,848,139.45
Total liabilities	23,337,507,105.50	8,045,015,480.68	8,775,755,746.09	-2,397,802,678.23	37,760,475,654.04

### (3) If the Company has no reporting segment, or cannot disclose the total assets and liabilities of each reporting segment, it shall explain the reasons

Applicable Not applicable

### (4) Other information

Applicable Not applicable

## 7. Other important transactions and matters affecting investors' decision-making

Applicable Not applicable

## 8. Others

Applicable Not applicable

## XIX. Notes to the Company's financial statements

### 1. Accounts receivable

#### (1) Accounts receivable by aging:

Applicable Not applicable

Unit: Yuan Currency: RM

Ageing	2023	2022
Within 1 year (inclusive)		
Of which: sub-items within 1 year (inclusive)		
Within 1 year (inclusive)	75,464,930.94	59,756,832.71
Subtotal within 1 year (inclusive)	75,464,930.94	59,756,832.71
Over 1 year but within 2 years (inclusive)	6,364,867.29	48,190,324.29
Over 2 years but within 3 years (inclusive)	9,817,104.03	215,617,467.23
Over 3 years	413,937,780.50	167,264,481.86
Total	505,584,682.76	490,829,106.09

**(2) Accounts receivable by provisioning method:**

Applicable Not applicable

Unit: Yuan Currency: RMB

Category	2023					2022				
	Book value		Provision for bad and doubtful debts		Carrying amount	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment	-	-	-	-	-	-	-	-	-	-
Of which:										
Collective assessment	505,584,682.76	100	-	-	505,584,682.76	490,829,106.09	100	-	-	490,829,106.09
Of which:										
- Accounts receivable due from subsidiaries and related parties	505,584,682.76	100	-	-	505,584,682.76	490,829,106.09	100	-	-	490,829,106.09
Total	505,584,682.76	100	-	-	505,584,682.76	490,829,106.09	100	-	-	490,829,106.09

Individual assessment in 2023:

Applicable Not applicable

Collective assessment in 2023:

Applicable Not applicable

Recognition standards and explanations for collective assessment in 2023:

Applicable Not applicable

If the provision for bad and doubtful debts is made according to the general model of expected credit loss, please refer to the disclosure of other receivables:

Applicable Not applicable

**(3) Provision for bad and doubtful debts**

Applicable Not applicable

Accrual or reversal of provision for bad and doubtful debts during the year

Applicable Not applicable

**(4) Accounts receivable written off during the year**

Applicable Not applicable

Important accounts receivable

Applicable Not applicable

**(5) Five largest accounts receivable by debtor at the end of the year**

Applicable Not applicable

Unit: Yuan Currency: RMB

Debtor	Balance at the end of the year	Percentage of total account receivables	Ending balance of provision for bad and doubtful debts
Debtor A	233,040,450.43	46.09%	-
Debtor B	106,725,055.98	21.11%	-
Debtor C	84,910,343.61	16.79%	-
Debtor D	36,837,642.24	7.29%	-

Debtor E	13,006,237.24	2.57%	-
Total	474,519,729.50	93.85%	-

Other information:

N/A

## 2. Other receivables

### List of items

Applicable Not applicable

Unit: Yuan Currency: RMB

Item	2023	2022
Interest receivable	-	63,746,402.74
Dividends receivable	213,978,327.42	208,028,327.42
Others	2,770,882,416.69	1,993,448,734.33
Total	2,984,860,744.11	2,265,223,464.49

Other information:

Applicable Not applicable

### Interest receivable

#### (1) Classification of interest receivable

Applicable Not applicable

#### (2) Important overdue interest

Applicable Not applicable

#### (3) Provision for bad and doubtful debts

Applicable Not applicable

Other information:

Applicable Not applicable

### Dividends receivable

Applicable Not applicable

Unit: Yuan Currency: RMB

Item/Investee	2023	2022
Ningbo JoysonQuin Automotive Systems Holding Co., Ltd.	213,978,327.42	208,028,327.42
Total	213,978,327.42	208,028,327.42

### Others receivables

#### (1) Disclosure by age

Applicable Not applicable

Unit: Yuan Currency: RMB

Ageing	2023	2022
Within 1 year (inclusive)		
Of which: sub-items within 1 year (inclusive)		
Within 1 year (inclusive)	961,720,328.73	362,853,006.43
Sub-total of within 1 year (inclusive)	961,720,328.73	362,853,006.43
Over 1 year but within 2 years (inclusive)	53,020,794.84	799,461,127.34
Over 2 years but within 3 years (inclusive)	826,397,628.89	114,462,400.00
Over 3 years	929,743,664.23	716,672,200.56
Total	2,770,882,416.69	1,993,448,734.33

#### (2) Others categorised by nature

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Nature of receivables</i>	2023	2022
Affiliated Companies - Within Joyson lendings and borrowings	2,375,525,579.69	1,728,009,916.79
Receivables for share transferred to associate	336,430,000.00	
Related Party - Outside Joyson lendings and borrowings	12,862,400.00	114,462,400.00
Related party paid-on-behalf	35,775,075.93	133,429,722.25
Deposits	52,732.70	69,699.88
Third-party advance payment	10,236,628.36	17,476,995.41
Total	2,770,882,416.69	1,993,448,734.33

**(3) Movements of provision for bad and doubtful debts**

Applicable Not applicable

The amount of movements of provision for bad and doubtful debts for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

Applicable Not applicable

**(4) Provision for bad and doubtful debts**

Applicable Not applicable

**(5) Other receivables written off during the year**

Applicable Not applicable

**(6) Five largest other receivables by debtor at the end of the year:**

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Debtor</i>	<i>Nature</i>	<i>Carrying amount at the end of year</i>	<i>Ageing</i>	<i>Proportion of the total balance (%)</i>	<i>Provision for bad and doubtful debts</i>
Entity A	Affiliated Companies - Within Joyson lendings and borrowings	911,230,797.97	Over 3 years	32.89%	-
Entity B	Affiliated Companies - Within Joyson lendings and borrowings	632,435,000.00	Within 3 years	22.82%	-
Entity C	Affiliated Companies - Within Joyson lendings and borrowings	470,649,342.27	Over 3 years	16.99%	-
Entity D	Receivables for share transferred to associate	336,430,000.00	Within 1 years	12.14%	-
Entity E	Related Party - Outside Joyson lendings and borrowings	142,144,000.00	Within 1 years	5.13%	-
Total	/	2,492,889,140.24	/		-

**(7) Presented in other receivables due to centralised management of funds**

Applicable Not applicable

**3. Long-term equity investments**

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	2023			2022		
	<i>Book value</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>	<i>Book value</i>	<i>Provision for impairment</i>	<i>Carrying amount</i>
Investments in subsidiaries	13,906,937,967.70	-	13,906,937,967.70	13,807,674,663.17	-	13,807,674,663.17
Investments in joint ventures and associates	744,438,095.85	-	744,438,095.85	395,996,186.92	-	395,996,186.92
Total	14,651,376,063.55	-	14,651,376,063.55	14,203,670,850.09	-	14,203,670,850.09

### (1) Investments in subsidiaries

√Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Investee</i>	<i>Balance at the beginning of the year</i>	<i>Increase during the year</i>	<i>Decrease during the year</i>	<i>Balance at the end of the year</i>	<i>Provision for impairment</i>	<i>Balance of provision for impairment at the end of the year</i>
Ningbo Junzhi Automobile Technology Co., Ltd	133,000,000.00	-	-	133,000,000.00	-	-
Ningbo Joyson Technology Co., Ltd	638,407,746.53	-	-	638,407,746.53	-	-
Ningbo Joynext Technology Corp.	1,117,026,604.62	124,910,067.52	-	1,241,936,672.14	-	-
Joyson Europe GmbH	29,694,340.00	79,271,000.00	-	108,965,340.00	-	-
Preh GmbH	2,747,785,210.41	-	-	2,747,785,210.41	-	-
Ningbo Preh Joyson Automotive Electronics Co., Ltd.	6,980,230.71	5,983,019.96	-	12,963,250.67	-	-
Ningbo Joyson Safety System Co., Ltd.	6,980,189.97	2,447,599.08	-	9,427,789.05	-	-
Shanghai Joyson Bairui Automatic Driving Research and Development Co., Ltd	185,000,000.00	-	-	185,000,000.00	-	-
Joyson Electronic USA LLC	26,346,800.00	-	-	26,346,800.00	-	-
Ningbo Joyson New Energy Institute Co., Ltd.	155,209,313.67	23,400,000.00	-	178,609,313.67	-	-
Ningbo Joyson Technology Research Institute Co., Ltd.	246,748,382.03	-	146,748,382.03	100,000,000.00	-	-
Anhui Joyson Auto Safety System Holdings Co., Ltd.	8,514,495,845.23	-	-	8,514,495,845.23	-	-
Guangzhou Junyou Auto Technology Co., Ltd.	-	10,000,000.00	-	10,000,000.00	-	-
Total	13,807,674,663.17	246,011,686.56	146,748,382.03	13,906,937,967.70	-	-

### (3) Investments in associates

√Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Investee</i>	<i>Balance at the beginning of the year</i>	<i>Movement</i>					<i>Balance at the end of the year</i>	<i>Balance of provision for impairment at the end of the year</i>
		<i>Increase in investment during the year</i>	<i>decrease in investment during the year</i>	<i>Investment income recognized under the equity method</i>	<i>Other comprehensive income adjustment</i>	<i>Declared distribution of cash dividends or profits</i>		
I. Joint ventures								
Subtotal								
II. Associates								
Ningbo JoysonQuin Automobile Systems Holding Co., Ltd	395,996,186.92	-	245,375,573.23	43,449,425.90	11,575,354.68	5,950,000.00	199,695,394.27	
Guangdong Senssun Weighing Apparatus Group Ltd.	-	539,366,002.83	-	6,383,389.45	-1,006,690.70	-	544,742,701.58	
Total	395,996,186.92	539,366,002.83	245,375,573.23	49,832,815.35	10,568,663.98	5,950,000.00	744,438,095.85	

## 4. Operating income and operating costs

### (1) Operating income and operating costs

√Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>2023</i>		<i>2022</i>	
	<i>Operating income</i>	<i>Operating costs</i>	<i>Operating income</i>	<i>Operating costs</i>
Principal activities	-	-	-	-
Other operating activities	147,391,682.77	-	128,467,774.85	-
Total	147,391,682.77	-	128,467,774.85	-

### (2) Revenue from contracts with customers

√Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>2023</i>
Revenue recognised at a point in time	
- Royalty income	86,385,898.54
- Service income	10,664,214.71
Total	97,050,113.25

**(3)Description of performance obligations**

Applicable Not applicable

**(4)Description of apportionment to remaining performance obligations**

Applicable Not applicable

**(5)Significant Contract Changes or Significant Transaction Price Adjustments**

Applicable Not applicable

Other information

N/A

**5. Investment income**

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>2023</i>	<i>2022</i>
Income from long-term equity investments accounted for using cost method	143,541,160.80	62,333,820.00
Income from long-term equity investments accounted for using equity method	49,832,815.35	48,364,546.19
Investment income from disposal of long-term equity investments	268,119,968.65	
Investment income from financial assets held for trading during the holding period	15,552,872.14	-4,568,964.27
Investment income from disposal of financial assets at fair value through profit or loss	16,805,407.98	18,933,515.61
Total	493,852,224.92	125,062,917.53

**6.Others**

Applicable Not applicable

**XX. Supplementary information**

1. Extraordinary gains and losses in 2023

Applicable Not applicable

Unit: Yuan Currency: RMB

<i>Item</i>	<i>Amount</i>	<i>Note</i>
Disposal gains or losses of non-current assets, including the reversal of provision for impairment of assets	52,581,623.15	
Government grants recognised in profit or loss (except for those which are closely related to the company's normal operations, which the company is entitled to under established standards in accordance with government policies and which have a continuing impact on the profits and losses of the company)	55,927,300.65	
For a company which is not a financial institution, gains and losses arising from changes in the fair value of financial assets and financial liabilities held by the company, and those arising from the disposal of financial assets and	157,130,011.09	

financial liabilities, other than those held for effective hedging related to normal operations		
Investment income or loss from entrusted investments or asset management	16,942,756.41	
Losses on assets arising from uncontrollable factors, such as natural disasters	-	
One-off expenses incurred by a company as a result of discontinuance of relevant operations, such as staff compensation cost	-180,708,399.81	
Other non-operating income and expenses besides the items above	-8,662,708.26	
Other items that qualify as extraordinary gains and losses	-419,123.00	
Less: Tax effect	-71,956,352.28	
Effect on non-controlling interests after taxation	58,908,963.15	
Total	79,744,071.10	

Reasons shall be stated for identifying the items not listed in the Explanatory Announcement No. 1 on Information Disclosure by Companies Issuing Public Securities - Extraordinary Gains and Losses as non-recurring profit or loss items with material amount and for defining the items of extraordinary gains and losses listed in the Explanatory Announcement No. 1 on Information Disclosure by Companies Issuing Public Securities - Extraordinary Gains and Losses as the items of ordinary gains and losses.

Applicable  Not applicable

Other information:

N/A

## 2. Return on net assets and earnings per share

Applicable  Not applicable

<i>Profit for the reporting period</i>	<i>Weighted average return on net assets (%)</i>	<i>Earnings per share</i>	
		<i>Basic earnings per share</i>	<i>Diluted earnings per share</i>
Net profit attributable to the Company's ordinary equity shareholders	8.40%	0.78	0.78
Net profit excluding extraordinary gain and loss attributable to the Company's ordinary equity shareholders	7.78%	0.72	0.72

## 3. Differences in accounting data under domestic and foreign accounting standards

Applicable  Not applicable

## 4. Others

Applicable  Not applicable

Chairman of the Board: Wang Jianfeng  
Board approval and filing date: 27 March 2024