

Goertek Inc.
Annual Report 2021

Goertek

March 2022

Section I Important Notes, Contents and Interpretations

The Board of Directors, the Board of Supervisors, directors, supervisors and senior management of the Company guarantee that the information presented in this report shall be together be wholly liable for the truthfulness, accuracy and completeness of its contents and free of any false records, misleading statements or material omissions, and will undertake individual and joint legal liabilities.

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

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

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

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

forecast and commitment. Please pay attention to investment risks.

The profit distribution proposal considered and approved by the Board of Directors of the Company is as follows: based on the total share capital registered on the record date of equity distribution minus the repurchased shares in the Company's special repurchase account, the Company will distribute cash dividend of RMB 2.00 (tax inclusive) for per 10 shares to all the shareholders, as well as 0 bonus shares (tax inclusive), and there is no conversion of capital reserves into share capital.

If any discrepancy between the English version and the Chinese version of the annual report, the Chinese version shall prevail.

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Directory of Reference Files

- (1) Financial statements with signatures and seals of the legal representative, the person in charge of accounting and the person in charge of accounting department (accounting supervisor);
- (2) The originals of 2021 annual report and its abstract signed by the legal representative of the Company;
- (3) The originals of the audit report with the seal of Zhongxi Certified Public Accountants (special general partnership) Co., Ltd. and the signature and seal of the certified public accountants;
- (4) The originals of all company documents and announcements publicly disclosed in newspapers designated by China Securities Regulatory Commission (CSRC) during the reporting period.

Interpretation

Terms	Refers to	Content of interpretation
Company, the Company, Goertek Inc.	Refer to	Goertek Inc.
Goertek Group	Refers to	Goertek Group Co., Ltd., Controlling shareholder of the Company
Weifang Goertek	Refers to	Weifang Goertek Electronics Co., Ltd., wholly owned subsidiary of the Company
Weifang Goertek Microelectronics	Refers to	Weifang Goertek Microelectronics Co., Ltd., controlled subsidiary of the Company
Goertek Optical	Refers to	Goertek Optical Technology Co., Ltd., wholly owned subsidiary of the Company
Goertek Technology (Vietnam)	Refers to	Goertek Technology Vina Company Limited, wholly owned subsidiary of the Company
ODM	Refers to	Original Design and Manufacturing
JDM	Refers to	Joint Design and Manufacturing
Micro speaker	Refers to	The micro electro-acoustic components that transform electrical signal into acoustic signal, generate driving force, through the magnetic line cutting of voice coil in magnetic field, to drive the diaphragm vibration, which then pushes the air for sounding. Compared with the micro receiver, it's characterized by higher power, wide frequency response and high fidelity, which is generally used for playing the sound.
MEMS	Refers to	Based on micron/nano technology, Micro electro mechanical system (MEMS) is a technology developed for designing, processing, manufacturing, measuring and controlling micron/nano materials. MEMS can integrate mechanical components, optical system and electric control system of driving components into a whole unit of micro system, featured with miniaturization, intelligence, multi-function, high integration and being suitable for mass production
Speaker module	Refers to	The acoustic component composed of one or several micro speakers and other electronic devices, which are assembled together through an injection molded housing.
Smart wearable devices	Refers to	A portable device that can be worn or carried directly, or integrated into the user's clothes or accessories
Virtual Reality/VR	Refers to	A computer simulation system that can create and experience virtual

		world by using computer to generate a simulation environment into which the users immerse.
Augmented Reality/AR	Refers to	A technology that perfectly integrates virtual information with the real world. By making extensive use of multimedia, 3D modeling, real-time tracking and registration, intelligent interaction, sensing and other technical means, it applies the computer-generated text, images, 3D models, music, video and other virtual information to the real world after simulation. These two kinds of information complement each other to enhance the real world.
Smart wireless earphones	Refers to	The new types of smart wireless earphones represented by TWS (True Wireless Stereo) earphones connect the left and right earphones with smart phones and other terminal devices through Bluetooth technology to form an independent stereo system, which realizes touch control, voice control, body information collection and other functions by adding various sensors.
Micro-system module	Refers to	Also known as SiP (System in Package) packaging module at the system level, it integrates multiple chips and passive components into the same package through advanced packaging such as technologies 3D packaging to form a module with whole or main functions of an electronic system, so as to realize the optimal combination of performance, volume, weight and other indicators. It is a comprehensive emerging microelectronics technology.
Sensor	Refers to	A detection device that is capable of feeling the measured information, and able to transform the perceived information into electrical signals or other required forms of information for output based on certain rules, in order to meet the requirements of information transmission, processing, storage, display, recording and control.
<i>Company Law</i>	Refers to	<i>Company Law of the People's Republic of China</i>
<i>Securities Law</i>	Refers to	<i>Securities Law of the People's Republic of China</i>
<i>Articles of Association</i>	Refers to	<i>Articles of Association of Goertek Inc.</i>
CSRC	Refers to	China Securities Regulatory Commission
RMB, RMB 10,000, RMB 100,000,000	Refer to	yuan (RMB), ten thousand yuan (RMB), hundred million yuan (RMB)
Reporting period	Refers to	January 1, 2021 to December 31, 2021

Explanation on Other Matters

In this report, any difference between the sum of partial sums and the sum of detailed items is due to rounding.

Section II Company Information and Key Financial Indicators

I. Company Information

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

II. Contacts and Contact Information

	Board Secretary	Securities Affairs Representative
Name	Jia Jun'an	Xu Yanqing, Xu Dapeng
Contact address	268 Dongfang Road, High-tech Industrial Development District, Weifang	268 Dongfang Road, High-tech Industrial Development District, Weifang
Tel.	0536-3055688	0536-3055688
Fax	0536-3056777	0536-3056777
E-mail	ir@goertek.com	ir@goertek.com

III. Information Disclosure and Place of the Report

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

IV. Changes in Registration

Organization code	91370700729253432M
The changes in main business since the Company was listed (if any)	No change
Changes of controlling shareholders of the Company (if any)	No change

V. Other Relevant Information

Accounting firm engaged by the Company

Name of the accounting firm	Zhongxi Certified Public Accountants (special general partnership) Co., Ltd.
Business address	Room 1101, No. 11, Chongwenmenwai Street, Dongcheng District, Beijing
Names of accountants signing the report	Du Yeqin, Mou Huiling

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

Applicable Not applicable

Name of the sponsor institution	Business address of the sponsor institution	Name of sponsor representative	Duration of continuous supervision
China Securities Co., Ltd.	9th Floor, Building B, Kayheng Center, No.2 Chaoyangmennei Street, Dongcheng District, Beijing	Guan Feng, Huang Zhenyue	From June 12, 2020 to December 31, 2021

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

Applicable Not applicable

VI. Key Accounting Data and Financial Indicators

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

Yes No

	2021	2020	Year-on-year change	2019

Operating revenue (RMB)	78,221,418,618.02	57,742,742,893.96	35.47%	35,147,806,427.74
Net profit attributable to shareholders of the Company (RMB)	4,274,702,999.38	2,848,007,269.61	50.09%	1,280,542,212.61
Net profit attributable to shareholders of the Company excluding non-recurring profits and losses (RMB)	3,832,421,177.27	2,758,911,040.03	38.91%	1,348,634,308.27
Net cash flow from operating activities (RMB)	8,598,475,527.88	7,682,256,113.68	11.93%	5,451,430,414.59
Basic earnings per share (RMB / share)	1.29	0.89	44.94%	0.40
Diluted earnings per share (RMB / share)	1.28	0.89	43.82%	0.40
Weighted average return on net assets	17.61%	16.40%	1.21%	8.19%
	December 31, 2021	December 31, 2020	Year-on-year change	December 31, 2019
Total assets (RMB)	61,079,051,133.27	49,117,826,313.41	24.35%	34,660,304,627.21
Net assets attributable to shareholders of the Company (RMB)	27,327,747,993.97	19,653,252,273.26	39.05%	16,107,163,639.60

The Company's net profit before and after deducting non-recurring profits and losses in the last three fiscal years, whichever is lower, is negative, and the audit report of last year shows that there is uncertainty in company's ability to continue as a going concern.

Yes No

The net profit before and after deducting non-recurring profits and losses, whichever is lower, is negative.

Yes No

VII. Differences in accounting data between domestic and foreign accounting standards

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

Applicable Not applicable

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

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

Applicable Not applicable

During the reporting periods no differences in net profits and net assets in the financial reports disclosed according to foreign accounting standards and Chinese accounting standards at the same time

VIII. Key Quarterly Financial Indicators

Unit: RMB

	The first quarter	The second quarter	The third quarter	The fourth quarter
Operating revenue	14,028,169,300.89	16,259,628,386.33	22,501,367,860.88	25,432,253,069.92
Net profit attributable to shareholders of the Company	965,953,650.11	765,076,109.61	1,601,494,203.24	942,179,036.42
Net profit attributable to shareholders of the Company excluding non-recurring profits and losses (RMB)	601,329,147.56	808,228,696.46	1,609,128,973.48	813,734,359.77
Net cash flow from operating activities	873,274,388.66	3,108,904,252.54	1,776,650,281.67	2,839,646,605.01

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

Yes No

IX. Items and Amounts of Non-recurring Profits and Losses

Applicable Not applicable

Unit: RMB

Item	2021	2020	2019	Explanation
Profits and losses on disposal of non-current assets (including the write-off portion of the provision for asset impairment)	-122,148,708.58	-219,544,001.32	-195,445,840.66	
Government subsidies included in the current profits and losses (except those closely related to the Company's normal business, comply with national policies and regulations, and continuously grant in accordance with a certain standard quota or quantity)	464,119,437.91	221,372,903.17	177,315,056.36	
In addition to the effective hedging business related to normal business of the Company, the profits and losses from the changes in fair value arising from holding held-for-trading financial assets and held-for-trading financial liabilities, as well as the investment income obtained from the disposal of held-for-trading financial assets, held-for-trading financial liabilities and	185,179,920.90	102,685,404.04	-81,283,474.24	

available-for-sale financial assets				
Other non-operating revenue and expenditures other than those mentioned above	13,554,671.71	5,874,633.40	13,488,075.24	
Other profit and loss items that meet the definition of non-recurring profit and loss	2,603,363.20	3,236,394.55	685,750.54	
Less: Impact of income tax	84,270,186.15	21,159,380.84	-17,148,337.10	
Impact of minority shareholders' interest (after tax)	16,756,676.88	3,369,723.42		
Total	442,281,822.11	89,096,229.58	-68,092,095.66	--

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable Not applicable

It mainly refers to returned service charge for withholding individual income tax and other fees.

Description of defining the non-recurring profit and loss items, which are listed in *Explanatory Announcement No. 1 on Disclosure of the Information regarding the Companies Offering Their Securities to the Public - Non-recurring Profit and Loss*, as recurring profit and loss

Applicable Not applicable

The Company did not classify any item of the non-recurring profit and loss items listed in the *Explanatory Announcement No. 1 on Disclosure of the Information regarding the Companies Offering Their Securities to the Public - Non-recurring Profit and Loss*, as recurring profit and loss in the reporting period.

Section III Discussion and Analysis of Management of the Company

I . The situation of the industry during the reporting period

During the reporting period, the Company's main business divides into three segments including precision components business, smart audio device business and smart hardware business. The main business of the company is categorized into the industry of the manufacturing of computer, communication, and other electronic equipment. The Company's main products include acoustics, optics, microelectronics, structural components and other precision components, as well as smart hardware products such as TWS smart earphones, virtual reality (VR)/augmented reality (AR) products, smart wearable devices, gaming console and accessories, and smart home products. The Company serves the leading global customers in the technology and consumer electronics industry by providing them with vertically integrated product solutions of precision components and smart hardware, as well as the related design, R&D and manufacturing services.

In the mobile era when the smartphones became the core hardware devices, a large number of outstanding well-known enterprises in technology and consumer electronics industry had emerged worldwide based on the integration of advanced hardware devices, software content and innovative applications, and drove the whole industry and related enterprises in its industrial chain to achieve significant growth and enterprise development through a long period of time in the past. As the growth of the smartphone industry has slowed down in recent years, the global technology and consumer electronics industry has begun the transition from the mobile era to the post-mobile era.

According to the statistics of IDC, a well-known consulting agency, the global smartphone shipment in 2021 reached about 1.35 billion units, with approximately 5.3% YoY increase, which has resumed growth in the post-epidemic era. But regarding to its overall performance in recent years, the growth of global smartphone industry has slowed down significantly. Therefore, the players in the global consumer electronics industry are actively exploring and planning on new opportunities of the future growth of the business.

At the same time, advanced communication technologies such as 5G, along with AI, intelligent interaction, sensor, software algorithm are further integrated into the new generation of smart hardware products, thus creating a large number of new applications and demands. These new smart hardware products represented by VR/AR devices, smart wireless earphones, smart wearable devices and smart home products, have developed rapidly in recent years.

According to the statistics of IDC, the global shipment of virtual reality (VR) products reached about 9.36 million units in 2021, with approximately 68.6% YoY increase. The global shipment of augmented reality (AR) products reached about 330,000 units, with approximately 13.8% YoY increase. The global VR industry continues its rapid development in 2021. More well-known

manufacturers in consumer electronics and Internet industries actively invest in VR, which promotes the continuous development of related hardware technology and software content. The global market size of AR products is still relatively small, and AR hardware technology still faces challenges in chips, optical display, communication, power consumption, size and weight. However, AR products have shown great market potential, and have attracted the global attention.

According to the statistics of Futuresource, a famous consulting agency, the global shipment of TWS smart earphones reached about 300 million units in 2021, with approximately 37% YoY increase. With more mature intelligent voice interaction functions and continuous improvement of user experience, the penetration rate of TWS smart earphones in overall earphone market continues to increase and is expected to keep growing in future. According to the statistics of CCS Insight, another well-known consulting agency, the global shipment of smart wearable products represented by smart watches and smart bands reached about 232 million in 2021, with approximately 20.2% YoY increase. While the market size is growing steadily, high-accuracy health monitoring technology is also under developing and improvement, which is expected to create new applications and market demands for smart wearable products in the future.

The rapid development of the new generation of smart hardware products has also boosted the demand for related precision components such as high-precision optical components and modules, precision acoustic components, MEMS sensors and micro-system modules, haptic components, and precision structural parts, thus creating new directions and market space for precision components products.

With the new development stage of the industry and the rise of smart hardware products, the industry also shows a clearer competition pattern. From the perspective of brand and enterprises, the global technology and consumer electronics industry shows a centralized trend in the competition. The leading enterprises with strong competitiveness and brand awareness demonstrate clear competitive advantages by leveraging their resource in technologies, talents, funds, brands and industrial ecosystem, and thus lead the technology and product innovation in the industry to a certain extent.

From the perspective of supply chain, global technology and consumer electronics industry continued to shift the middle-end of the supply chain to China and other developing countries. In particular, with the continuous improvement of China's political/economic environment, fundamental infrastructure, industrial layout, management/technical talent resources and other aspects, the overall competitiveness of electronic manufacturing enterprises of China is improved significantly, thus effectively undertake the demand of global industry, and obtain new development opportunities.

II. The Company's main business during the reporting period

The Company is committed to serve the leading customers in the global technology and consumer electronics industry by providing vertically integrated product solutions of precision components and smart hardware, as well as related design, R&D and

manufacturing services.

The Company's main business divides into three segments including precision components business, smart audio device business and smart hardware business. The precision components business focuses on acoustics, optics, microelectronics, structural components, and other precision components. The related products include micro speaker/receiver, speaker module, haptic component (actuator), wireless charging device, antenna, MEMS microphone, MEMS sensors, micro-system module, VR optical component and module, AR optical component, AR light engine, precision structural parts and etc. The above-mentioned products are widely applied in devices such as smartphones, tablets, smart wireless earphones, VR, AR, smart wearable and smart home devices. Smart audio device business focuses on providing products related to audio, voice interaction, artificial intelligence, and other technologies. The main products include smart wireless earphones (TWS), wired/wireless earphones, smart speakers, etc. Smart hardware business focuses on providing products related to entertainment, health and home security. The main products include VR, AR, smart wearable products, gaming consoles and accessories, smart home products, etc.

The Company has innovative competitive advantages in the fields of acoustics, optics, MEMS microelectronics and precision manufacturing, and owns many intellectual property rights in the field of precision parts and components. In addition, the Company has accumulated rich experience in projects by cooperating with industry-leading customers in the field of smart audio device and smart hardware through "ODM", "JDM" and other business modes. During the reporting period, the Company maintained a good, long-term cooperative relationship with leading customers in the global technology and consumer electronics industry, kept growing in the number of patent applications and in technological capabilities. As a result, the company has been constantly recognized by global customers for its product solutions and service capability, and remains being an industry-leading manufacturer in the fields of micro speakers, MEMS microphones, MEMS sensors, TWS, VR products, smart wearable products, gaming console and accessories, etc.

During the reporting period, due to the continuous growth of demand of smart hardware products such as VR, TWS, smart wearable products, gaming consoles and accessories, and the related precision components, the Company has achieved significant growth in revenue and net profit. At the same time, the Company further improved its position in the industry. During the reporting period, the Company won many honors, including being ranked the 3rd company in the Top-100 China electronic component enterprises based on comprehensive economic indexes, the 86th company in the Top-500 private enterprises in China's manufacturing industry, the 164th company in the Top-500 private enterprises in China, as well as being the executive member company of CITIF.

III. Analysis of Core Competitiveness

1. Industry-leading precision and intelligent manufacturing capabilities

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

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

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

The Company has established a product R&D and manufacturing platform integrating materials, structures, electronic circuits, software algorithms, wireless communication, advanced technology, testing, automation and other technologies. Through cross-domain technology integration, the Company provides customers with advanced and systematic solutions for precision components and smart hardware products. The Company attaches great importance to the integration and cultivation of outstanding talents in the fields of acoustics, optics, microelectronics, wireless communication, precision manufacturing, automation, and other sectors around the world. The Company has set up a team of technical personnel with profound technical strength and rich experience in product projects, and has made a long-term cooperation with many well-known universities and scientific research institutions, such as Beijing University of Aeronautics and Astronautics, Tsinghua University, Shanghai Jiao Tong University, Harbin Institute of Technology, Nanjing University, Southeast University, Changchun Institute of Optics, Fine Mechanics and Physics (CIOMP), Shandong University, China Ocean University(OUC), Changchun University of Science and Technology and Dalian University of Technology, which forms an open and comprehensive technology R&D platform in support of continuous innovation and R&D of technologies and products.

During the reporting period, the Company applied for 3,468 patents, including 2,539 invention patents. A total of 2,675 patents has been granted, including 1,036 invention patents. Till December 31, 2021, the Company has totally applied for 25,818 patents

(including 3,322 foreign patent applications), including 13,102 invention patents; Total of 15,525 patents have been granted, including 4,165 invention patents.

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

Facing the complex macroeconomic situation of domestic and overseas and the slowdown in the growth of the smartphone industry, the management of the Company actively carries out strategical innovation and transformation. While continuing to consolidate the core competitive advantages in the conventional precision component business, the Company firmly grasps the innovation opportunities of smart hardware products in technology and consumer electronics industry. Relying on the high-value customer resources and good customer relationships worldwide, the Company focuses on the market and technology and continues to explore new business growth opportunities in the fields of TWS, VR / AR, gaming and accessories, smart wearable devices, etc. The Company optimizes the allocation of strategical resource, supports strategical product development, continues strengthening and further utilize the customer resource advantages by closely following the world-class customers, in an effort to transform the needs of high-value customers into an inexhaustible driving force for the Company's sustainable development.

4. Excellent core management team

Although the Company experiences a rapid and sound development, the core management team keeps a steady and efficient style as always. Facing the challenges and demands of smart hardware products in the post mobile era such as rapid development, high quality, high precision manufacturing, short delivery cycle and complex customer certification process, the core management team promptly response to the market and makes changes and innovations continuously, to keep and enhance the Company's capabilities of strategic management, operation, R&D, precision and intelligent manufacturing. The Company attaches importance to and promotes the internationalization, specialization and rejuvenation of its core management team, and actively brings in senior management talents and professionals from many international leading enterprises. At the same time, the Company has strengthened the echelon of its talent team, more and more young talents grow up into the Company's core management team through training and practice. The Company boasts a management team with both experience and vitality that continues to promote the Company's stable and fast development in the future.

IV. Analysis of Main Business

1. Overview

In 2021, the national economy was recovering after the outbreak of the epidemic, new changes presented in both domestic and overseas, and more challenges appeared in the process to maintain the stability of the economy. Under that situation, China government maintained the continuity and pertinence of macro policies, provided necessary support for economic recovery, and

adopted a series of effective measures, such as optimizing enterprise supporting policies, improving business environment, strengthening technology innovation and stabilizing the industry and supply chain, which finally supported China's economy to achieve a relatively high growth rate among its fellow countries.

Facing the complex global political and economic environment, the repeated COVID-19 outbreaks in some countries and regions, as well as the challenges in global supply chain operation, the management and all staff of the Company made their best efforts to respond, and successfully completed business development, project delivery, epidemic prevention and control, operation improvement and other important work. Finally, the Company has achieved excellent business results with a remarkable growth in both revenues and profits in 2021.

In recent years, the growth of the global smartphone market has slowed down. However, COVID-19 has impacted people's lives and work style, bringing in significant increase of demand for smart hardware devices in the applications such as online telecommuting, social entertainment, sports and health. As a result, the emerging market of smart hardware products represented by VR, TWS, smart wearable, gaming consoles and accessories maintained a stable and rapid growth. Due to the Company's strategic investment in smart hardware business in recent years, the growth of the new smart hardware product market has accelerated the sound development of the Company's business, in both precision components, smart audio devices and smart hardware sectors.

During the reporting period, the Company continued to uphold the product strategy of "precision components + smart hardware" by actively promoting the business of precision components, such as acoustics, optics, microelectronics and structural parts, as well as smart hardware products such as VR/AR, smart wireless earphones (TWS), smart wearable and smart home devices. Especially, the businesses in VR, TWS, gaming consoles and accessories has experienced a rapid growth. By continuing to focus on leading customers in the technology and consumer electronics industry and to improve customer service and relationships, the Company's business development have also achieved fruitful results. The promotion of the internal reform of the Company has realized more efficient decision-making process, and the continuous improvement of the internal management and operation, lays a good foundation for the further development of the Company in the future.

During the reporting period, the Company achieved a revenue of RMB 78,221.4186 million, with a 35.47% YoY increase. The Company realized a net profit attributable to shareholders of listed companies of RMB 4,274.703 million, with a 50.09% YoY increase. The operating cost of the Company was RMB 67,167.6667 million, with a 38.54% YoY increase.

During the reporting period, the total amount of the Company's sales expenses, administrative expenses, R&D expenses and financial expenses was RMB 6,733.702 million, with an 11.81% YoY increase.

During the reporting period, the Company further strengthened the development of new technologies, products and techniques, actively brought in high-level R&D talents, and invested RMB 4,301.3428 million in R&D, accounting for 5.50% of the revenue and 15.40% of the latest audited net assets of the Company.

During the reporting period, the net cash flow from operating activities of the Company was RMB 8,598.4755 million, with an 11.93% YoY increase. The main reasons are as follows: during the reporting period, the Company expanded the business scale, improved the operating cycle, and thus the net cash flow from operating activities increased.

2. Revenue and cost

1) Composition of operating revenue

Unit: RMB

	2021		2020		Year-on-year change
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total of operating revenue	78,221,418,618.02	100%	57,742,742,893.96	100%	35.47%
Classified by industry					
Electronic components	76,946,324,805.73	98.37%	56,531,616,437.84	97.90%	36.11%
Other business income	1,275,093,812.29	1.63%	1,211,126,456.12	2.10%	5.28%
Classified by product					
Precision components	13,840,133,491.33	17.69%	12,205,410,031.94	21.13%	13.39%
Smart audio device	30,297,084,891.23	38.73%	26,674,264,183.42	46.20%	13.58%
Smart hardware	32,809,106,423.17	41.94%	17,651,942,222.48	30.57%	85.87%
Other business income	1,275,093,812.29	1.63%	1,211,126,456.12	2.10%	5.28%
Classified by region					
Domestic	7,571,525,782.78	9.68%	6,999,168,774.17	12.12%	8.18%
Overseas	70,649,892,835.24	90.32%	50,743,574,119.79	87.88%	39.23%
Classified by sales mode					
Direct selling	77,770,329,729.13	99.42%	57,438,222,579.69	99.47%	35.40%
Distribution	451,088,888.89	0.58%	304,520,314.27	0.53%	48.13%

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

√ Applicable □ Not applicable

Unit: RMB

	Operating revenue	Operating cost	Gross profit margin	YoY change (%) of operating revenue	YoY change (%) of operating cost	YoY change (%) of gross profit margin
Classified by industry						
Electronic components	76,946,324,805.73	66,054,072,404.35	14.16%	36.11%	39.24%	-1.92%
Classified by product						
Precision components	13,840,133,491.33	10,641,616,932.91	23.11%	13.39%	14.57%	-0.79%
Smart audio device	30,297,084,891.23	27,167,160,928.24	10.33%	13.58%	19.64%	-4.54%
Smart hardware	32,809,106,423.17	28,245,294,543.20	13.91%	85.87%	82.89%	1.40%
Classified by region						
Domestic	6,878,087,190.33	5,921,035,748.23	13.91%	7.59%	8.97%	-1.10%
Overseas	70,068,237,615.40	60,133,036,656.12	14.18%	39.75%	43.15%	-2.04%
Classified by sales mode						
Direct selling	76,499,084,617.78	65,666,703,312.23	14.16%	36.05%	39.18%	-1.93%
Distribution	447,240,187.95	387,369,092.12	13.39%	47.68%	50.64%	-1.70%

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

Applicable Not applicable

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

Yes No

Classification of industry	Item	Unit	2021	2020	Year-on-year change
Electronic components industry	Sales volume	Ten thousand PCS	540,341.87	413,499.31	30.68%
	Output volume	Ten thousand PCS	546,976.95	416,352.11	31.37%
	Inventory volume	Ten thousand PCS	34,036.09	27,401.01	24.21%

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

Applicable Not applicable

During the reporting period, both of the production volume and sales volume of the Company increased.

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

Applicable Not applicable

5) Composition of operating cost

Classification of industry

Unit: RMB

Classification of industry	Item	2021		2020		Year-on-year change
		Amount	Proportion in operating cost	Amount	Proportion in operating cost	
Electronic components	Direct materials	55,843,214,176.77	84.54%	39,047,644,492.84	82.31%	43.01%
	Direct labor expenses	4,058,480,923.72	6.14%	3,401,428,878.80	7.17%	19.32%
	Manufacturing expenses	6,152,377,303.86	9.31%	4,990,659,944.90	10.52%	23.28%

Explanation

During the reporting period, the Company's overall sales volume increased. At the same time, the sales revenue of Smart audio devices and intelligent hardware products with relatively high material cost increased.

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

√ Yes □ No

During the reporting period, the Company established a subsidiary company GOERTEK MICROELECTRONICS KOREA CO.,LTD.

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

□ Applicable √ Not applicable

(8) Major customers and suppliers

Major customers of the Company

Sales revenue from top five customer	67,695,045,138.61
Proportion of total sales revenue from top five customers in total annual sales amount	86.54%
Proportion of sales revenue from related parties among top five customers in total annual sales amount	0.00%

Information of top five customers

No.	Name of customer	Sales amount (RMB)	Proportion in total annual sales amount
1	Customer 1	33,238,529,094.59	42.49%

2	Customer 2	18,457,651,840.69	23.60%
3	Customer 3	8,715,498,516.63	11.14%
4	Customer 4	3,918,367,657.28	5.01%
5	Customer 5	3,364,998,029.42	4.30%
Total	--	67,695,045,138.61	86.54%

Other information of major customers

Applicable Not applicable

The top five customers do not have associated relationship with the Company, and the Company's directors, supervisors, senior management, core technicians, shareholders holding more than 5% of total shares, actual controllers and other related parties do not directly or indirectly own rights and interests in the main customers.

Major suppliers of the Company

Total purchase amount from top five suppliers (RMB)	19,062,697,560.63
Proportion of total purchase amount from top five suppliers in total annual purchase amount	30.54%
Proportion of purchase amount from related parties among top five suppliers in total annual purchase amount	0.00%

Information of top five suppliers

No.	Name of supplier	Purchase amount (RMB)	Proportion of total annual purchase amount
1	Supplier 1	7,471,595,122.65	11.97%
2	Supplier 2	5,464,068,547.98	8.75%
3	Supplier 3	2,732,526,729.39	4.38%
4	Supplier 4	1,834,123,435.48	2.94%
5	Supplier 5	1,560,383,725.13	2.50%
Total	--	19,062,697,560.63	30.54%

Other information of major suppliers

Applicable Not applicable

The top five suppliers do not have associated relationship with the Company, and the Company's directors, supervisors, senior management, core technicians, shareholders holding more than 5% of total shares, actual controllers and other related parties do not directly or indirectly own rights and interests in the main suppliers.

3. Expenses

Unit: RMB

	2021	2020	Year-on-year change	Note of significant change

Selling expenses	444,869,977.08	476,066,518.64	-6.55%	No significant change
Administrative expenses	1,951,657,773.32	1,629,730,793.00	19.75%	No significant change
Financial expenses	167,099,982.36	490,688,772.09	-65.95%	The main reasons are as follows: Reduced loss on exchange during the reporting period; convertible bonds were converted into common stocks of the Company, interest expense reduced; interest income from money funds increased
R&D expenses	4,170,074,282.10	3,425,971,011.65	21.72%	No significant change

4. R&D Investment

√ Applicable □ Not applicable

Names of major R&D projects	Purpose of project	Status of project	Objectives	Expected benefits to future development of the Company
R&D project of micro speaker module	Develop a new generation of micro speaker module products with high sensitivity, low distortion, large amplitude, waterproof and dustproof features.	In progress	According to specific technical requirements of the customers, the Company has completed the research and development of a number of advanced micro speaker module products, and realized the mass production in smart phones, tablet computers, smart wearable and other products for main customers.	The project helps consolidate the Company's competitive advantage and market share in the field of acoustic precision components.
R&D project of MEMS sensor and micro system module	Develop new generation of MEMS sensors and micro-system module products that are applied to smart wireless earphones, smart wearable devices and other products.	In progress	Complete the R&D, verification and mass production of MEMS sensors and micro-system module products for terminal products, such as TWS smart wireless earphones, smart wearable devices.	The project facilitates the business expansion the Company in the field of MEMS sensors and micro-system modules, and further enhances the Company's comprehensive strength in the field of MEMS.
R&D project of VR/AR precision optical components and modules	Develop the precision optical components and module products by using emerging optical technologies such as "Pancake" folded-lightpath lenses and waveguide technology, and promote their application in	In progress	Complete the R&D and mass production of optical lens and module products for new generation of all-in-one VR products, and improve the ability of comprehensive solution of optical devices and light-engine modules for AR products.	The project helps enhance the Company's competitive advantage and market share in the field of VR/AR precision optical components and modules, promote the Company's ability to provide customers with customized VR / AR optical solutions, and improve the Company's vertical integration

Names of major R&D projects	Purpose of project	Status of project	Objectives	Expected benefits to future development of the Company
	VR/AR products.			ability and profitability in the field of VR/AR.
R&D project of all-in-one VR HMD	Develop lightweight all-in-one VR HMD products featured with high-definition display, precise motion tracking and other features.	In progress	Cooperate with customers to complete R&D, validation, mass production and delivery of a variety of new-generation all-in-one VR HMD products.	The project helps consolidate the Company's competitive advantage and market share in the field of VR.
R&D project of TWS smart wireless earphones	Develop a new generation of TWS smart wireless earphones	In progress	Cooperate with customers to complete R&D, validation, mass production and delivery of a variety of new-generation of TWS smart wireless earphones	It helps consolidate the Company's competitive advantage and market share in the field of TWS smart wireless earphones.
R&D project of smart wearable devices for sport and health related applications	Develop a new generation of smart wearable devices with functions of independent communication, health monitoring features and etc.	In progress	Cooperate with customers to complete R&D, validation, mass production and delivery of a new generation of smart watches and smart bands.	It helps consolidate the Company's competitive advantage and market share in smart wearable devices such as smart watches and smart bands, and supports the Company's smart wearable business for further growth.
R&D project of smart wireless lightweight AR glasses	Develop wireless lightweight AR glasses and their main functional modules for future AR applications.	In progress	Complete the R&D and trial production of a variety of AR glasses products that, with the functions of data processing and wireless communication, apply advanced precision optics and micro-display technologies such as optical waveguide and silicon-based LED, so as to develop the solution capability for AR glasses and their main functional modules.	It helps enhance the Company's R&D experience and technology accumulation in the field of AR and facilitates the business expansion of the Company in AR field.

R&D personnel of the Company

	2021	2020	Year-on-year change
Number of R&D personnel	12,895	12,177	5.90%
Proportion of R&D personnel	13.46%	13.94%	-0.48%
Academic structure of R&D personnel	—	—	—
Undergraduate	9,148	8,409	8.79%

Postgraduate	2,414	1,982	21.80%
PhD	63	58	8.62%
Age of R&D personnel	—	—	—
Below the age of 30	5,105	4,821	5.89%
Aged between 30 to 40	7,162	6,838	4.74%
Over the age of 40	628	518	21.24%

The Company's investment in R&D

	2021	2020	Year-on-year change
Amount of R&D Investment (RMB)	4,301,342,763.66	3,532,801,720.56	21.75%
Proportion of R&D investment in operating revenue	5.50%	6.12%	-0.62%
Capitalized amount of R&D investment (RMB)	662,993,650.30	541,498,060.65	22.44%
Proportion of capitalized R&D investment in R&D investment	15.41%	15.33%	0.08%

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

5. Cash flow

Unit: RMB

Item	2021	2020	Year-on-year change
Sub-total of cash inflow from operating activities	85,523,439,745.15	60,932,031,432.73	40.36%
Sub-total of cash outflow from operating activities	76,924,964,217.27	53,249,775,319.05	44.46%
Net cash flow from operating activities	8,598,475,527.88	7,682,256,113.68	11.93%
Sub-total of cash inflow from investment activities	3,276,323,800.48	505,861,986.28	547.67%
Sub-total of cash outflow from investment activities	10,044,700,261.35	5,806,999,821.95	72.98%
Net cash flow from investing activities	-6,768,376,460.87	-5,301,137,835.67	27.68%

Sub-total of cash inflow from financing activities	14,003,754,499.97	15,780,475,210.72	-11.26%
Sub-total of cash outflow from financing activities	13,616,577,139.69	14,138,013,422.54	-3.69%
Net cash flow from financing activities	387,177,360.28	1,642,461,788.18	-76.43%
Net increase in cash and cash equivalents	2,224,708,917.50	3,818,588,192.22	-41.74%

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

Applicable Not applicable

(1) The sub-total of cash inflow from operating activities was RMB 85,523.4397 million, with year-on-year increase of 40.36%, mainly due to the expansion of the Company's sales and the increase of sales receipts and advances received during the reporting period.

(2) The sub-total of cash outflow from operating activities was RMB 76,924.9642 million, with year-on-year increase of 44.46%, mainly due to the increase of the Company's purchase of raw materials and payment of employee salaries during the reporting period.

(3) The sub-total of cash inflow from investment activities was RMB 3,276.3238 million, with year-on-year increase of 547.67%, mainly due to the fact that the structural deposits purchased by the Company were collected at maturity during the reporting period.

(4) The sub-total of cash outflow from investment activities was RMB 10,044.7003 million, with year-on-year increase of 72.98%, mainly due to the increase of the Company's purchase of fixed assets and other long-term assets, and purchase of structured deposits during the reporting period.

(5) The net cash flow from financing activities was 387.1774 million, with a year-on-year decrease of 76.43%, mainly due to RMB 3,995 million in cash received by the Company from issuing bonds during the previous reporting period.

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

Applicable Not applicable

The net cash flow from operating activities exceeded the net profit of current year by 99.64%, mainly due to the improvement of the Company's refined operation capacity, optimization of operation cycle and reduction of capital occupation.

V. Analysis of Non-main Business

Applicable Not applicable

Unit: RMB

	Amount	Proportion in total	Explanation of the cause	Whether it is
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		profit		sustainable
Investment income	469,239,884.79	10.19%	It is mainly due to the investment income obtained from transaction of foreign exchange and equity disposal of the Company	No
Gains from changes in fair value	-48,848,625.93	-1.06%	It is mainly due to the change in valuation of the Company's stock foreign exchange derivatives	No
Asset impairment	-241,075,506.45	-5.23%	It is mainly due to the provision for inventory depreciation	No
Non-operating revenue	22,444,738.18	0.49%	It is mainly due to the unpayable payments and liquidated damages received	No
Non-operating expenditure	99,858,949.06	2.17%	It is mainly due to the losses on scrapping of non-current assets of the Company	No

VI. Analysis of Assets and Liabilities

1. Major changes in asset composition

Unit: RMB

	December 31, 2021		January 1, 2021		YoY change (%)	Note of significant change
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Cash and bank balances	10,048,521,696.09	16.45%	7,788,139,761.68	15.72%	0.73%	No significant change
Accounts receivable	11,899,214,525.92	19.48%	9,951,611,596.65	20.09%	-0.61%	No significant change
Inventories	12,082,308,485.38	19.78%	9,170,731,903.19	18.52%	1.26%	During the reporting period, inventory reserves increased along with business growth of the Company
Long-term equity investments	437,402,203.91	0.72%	337,410,802.56	0.68%	0.04%	No significant change
Fixed assets	18,123,352,480.76	29.67%	14,674,535,924.15	29.63%	0.04%	During the reporting period, the Company raised funds to invest in projects, increased the purchase of production equipment, and transferred of part of the infrastructure projects reached usable state to fixed assets

Construction in progress	2,127,055,853.77	3.48%	2,078,910,639.92	4.20%	-0.72%	No significant change
Right-of-use assets	330,796,520.66	0.54%	462,821,988.61	0.93%	-0.39%	No significant change
Short-term borrowings	4,284,859,347.02	7.02%	3,189,865,281.20	6.44%	0.58%	During the reporting period, the demand for daily operating funds increased and short-term borrowings increased
Contract liabilities	2,210,825,761.69	3.62%	772,033,187.85	1.56%	2.06%	During the reporting period, the goods were prepared for customers, and advance from customers increased
Long-term borrowings	2,204,215,784.74	3.61%	2,754,299,262.02	5.56%	-1.95%	No significant change
Lease liabilities	210,209,955.40	0.34%	298,830,498.84	0.60%	-0.26%	From January 1, 2021, the Company implemented the new lease rules, and paid the rent as agreed

Foreign assets account for a relatively high proportion

Applicable Not applicable

2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Item	Opening balance	Profit and loss from changes in fair value in the report period	Cumulative changes in fair value included in equity	Impairment accrued in current period	Purchase amount in the reporting period	Sales amount in the reporting period	Other changes	Closing balance
Financial assets								
1. Held-for-trading financial assets (excluding derivative financial assets)	125,327,442.62	64,914,061.44			2,745,091,734.73	2,635,098,910.00		300,234,328.79
2.	125,462,174.67	-104,999,182.31						20,462,992.36

Derivative financial assets							
3. Other debt investments							
4. Investment in other equity instruments	357,307,056.65		53,916,285.45		129,080,638.64	64,601,040.12	465,677,764.54
Sub-total of financial assets	608,096,673.94	-40,085,120.87	53,916,285.45		2,874,172,373.37	2,699,699,950.12	786,375,085.69
Total of above amounts	608,096,673.94	-40,085,120.87	53,916,285.45		2,874,172,373.37	2,699,699,950.12	786,375,085.69
Financial liabilities	43,578,775.71	-8,763,505.06			6,427,059.28	43,578,775.71	15,190,564.34

Other changes

None

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

Yes No

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

Items	Book value at year end (RMB)	Reasons for restrictions
Cash and bank balances	910,620,794.05	Deposit for bills and borrowings
Notes receivable	6,095,782.39	Bill pledge and others
Other non-current assets	122,540,194.44	When large-denomination certificates of deposit was pledged to the bank, the bank issued a financing guarantee
Accounts receivable	5,000,000.00	Re-insurance accounts receivable not derecognized
Total	1,044,256,770.88	

VII. Analysis of Investment

1. Overall situation

Applicable Not applicable

Investment amount in 2021 (RMB)	Investment amount in 2020 (RMB)	YoY change (%)
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533,092,515.56	207,730,344.46	156.63%
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2. Major equity investments acquired during the reporting period

Applicable Not applicable

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

√ Applicable □ Not applicable

Unit: RMB

Name of project	Investment mode	Whether it is the investment in fixed assets	Project industry	Amount invested during the reporting period	Accumulated actual investment by the end of the reporting period	Source of funds	Project progress	Estimated income	Accumulated income by the end of the reporting period	Reasons for failure to reach the planned progress and expected benefits	Disclosure date (if any)	Disclosure index (if any)
Project of Dongguan Songshan Lake Goertek Industrial Park	Self-built	Yes	Electronic components	119,630,009.50	310,725,561.33	Self-raised funds	13.93%	Not applicable	Not applicable	Not applicable	January 3, 2019	For details, see Announcement of Goertek Inc. on <i>Signing of Investment Cooperation Agreement between the Wholly-owned Subsidiary of the Company and the Management Committee of Dongguan Songshan Lake High-tech Industrial Development Zone</i> published in the information disclosure media such as CNINFO (http://www.cninfo.com.cn), <i>Securities Times, China Securities Journal</i> ,

													<i>Shanghai Securities News, Securities Daily.</i>
Total	--	--	--	119,630,009.50	310,725,561.33	--	--				--	--	--

4. Financial asset investment

(1) Securities investment

√ Applicable □ Not applicable

Unit: RMB

Type of security	Security code	Short name	Initial investment cost	Accounting measurement model	Book value at the beginning	Profit and loss from changes in fair value in the report period	Cumulative changes in fair value included in equity	Purchase amount in the reporting period	Sales amount in the reporting period	Profit and loss in the reporting period	Book value at the end of the reporting period	Accounting items	Source of funds
Domestic and foreign stocks	KOPN	KOPN	169,951,481.05	Fair value measurements	120,327,442.62	63,575,754.04			85,098,910.00	69,142,817.18	98,804,286.66	Held-for-trading financial assets	Self-raised funds
Total			169,951,481.05	--	120,327,442.62	63,575,754.04			85,098,910.00	69,142,817.18	98,804,286.66	--	--
Date of announcement disclosure by the Board of Directors for approval of securities investment			February 11, 2017										
Date of announcement disclosure by shareholders meeting for approval of securities investment			March 2, 2017										

(2) Derivatives investment

√ Applicable □ Not applicable

Unit: RMB 10,000

Name of derivative investment operator	Associated relationship	Whether it is related party transaction	Type of derivatives investment	Initial amount of derivative investment	Start date	End date	Opening balance	Amount of purchase during the reporting period	Amount of sales during the reporting period	Amount of provision for impairment (if any)	Closing balance	Proportion of investment amount in the Company's net asset at the end of the reporting period	Actual profit and loss amount in the reporting period
Bank	Non associated relationship	No	Option	330,812.43			330,812.43	243,551.74	453,225.87		121,138.30	4.34%	4,083.00
Bank	Non associated relationship	No	Forward	515,467.10			515,467.10	1,288,528.97	1,285,014.09		518,981.98	18.58%	25,495.32
Bank	Non associated relationship	No	Swap	214,630.06			214,630.06	191,271.00	227,381.46		178,519.60	6.39%	4,766.87
Total				1,060,909.59	--	--	1,060,909.59	1,723,351.71	1,965,621.42		818,639.88	29.31%	34,345.19
Source of funds for derivatives investment				Self-raised funds									
Litigation involved (if any)				None									
Date of announcement disclosure by the Board of Directors for approval of the investment in derivatives				March 27, 2021									

Date of announcement disclosure by shareholders meeting for approval of the investment in derivatives	May 8, 2021
Risk analysis and control measures for derivatives positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>1. The financial derivatives transactions carried out by the Company are for the purpose of fixing costs, avoiding and preventing risks of foreign exchange rate and interest rate, and prohibiting any risk speculation. The trading quota of the Company's financial derivatives shall not exceed the authorized quota as reviewed and approved by the Board of Directors or the general meeting of shareholders. 2. The Company has formulated a strict management system for financial derivatives transactions, which clearly stipulates the operating principles, approval authority, responsible departments and persons, internal operating procedures, information isolation measures, internal risk reporting system and risk handling procedures, and information disclosure of financial derivatives transactions, in order to control trading risks arising therefrom. 3. The Company shall carefully review the terms of contracts signed with qualified banks and other financial institutions, and strictly implement the risk management system to prevent legal risks. 4. The Company's business personnel will continue to track the changes in the open market price or fair value of financial derivatives, timely assess the changes in risk exposure of financial derivatives transactions, and regularly report to the management of the Company. If any abnormal situation, inform the Board of Directors of the risk and take emergency measures accordingly. 5. The internal audit department regularly conducts internal audit on the compliance of financial derivatives transactions.</p>
In case of changes in market price or fair value of invested derivatives during the reporting period, the analysis of fair value of the derivatives shall disclose the specific methods used and the setting of relevant assumptions and parameters	Changes in the fair value of foreign exchange derivatives are calculated based on the difference between the fair market price and the contract price in the month of the settlement date determined by the Company.
Description of whether the accounting policies and specific accounting principles for the Company's derivatives have changed significantly compared with that of previous reporting period	The accounting policies and specific accounting principles for the Company's derivatives have no significant change compared with that of previous reporting period.
Special opinions of independent directors on the Company's derivatives investment and risk control	The Company carries out financial derivatives transactions mainly to avoid foreign exchange risks associated with RMB exchange rate fluctuations and effectively control the cost uncertainty caused by foreign exchange risks. The Company has formulated the <i>Management System of Goertek's Financial Derivatives Trading Business</i> , which is conducive to strengthen the management and control of the risks associated with financial derivatives transactions. The deliberation, approval, voting and other procedures of this proposal are in line with the relevant provisions of <i>Company Law</i> , <i>Articles of Association</i> , and overall interests of the Company, without damage to the legitimate rights and interests of minority shareholders. Therefore, the Company has been approved to carry out the

	business above.
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5. Use of raised funds

√ Applicable □ Not applicable

(1) Overall use of raised funds

√ Applicable □ Not applicable

Unit: RMB 10,000

Year of raising	Means of raising	Total fund raised	The total amount of raised funds used during the reporting period	Accumulated amount of raised funds that have been used	Total amount of raised funds with changed purposes during the reporting period	Accumulated total amount of raised funds with changed purposes	Proportion of accumulated total amount of raised funds with changed purposes	Total amount of raised funds that have not been yet used	Purpose of the raised funds that have not been yet used	The amount of raised funds that have been idle for more than two years
2020	Public issuance of convertible bonds	398,903.00	129,831.49	207,055.93	0.00	0.00	0.00%	191,847.07	Supplementing working capital and deposited in the special account for raised funds	0.00
Total	--	398,903.00	129,831.49	207,055.93	0.00	0.00	0.00%	191,847.07	--	0.00
Description of overall use of raised funds										
The Company actually invested RMB 1,298.3149 million in current period. As of December 31, 2021, the Company had used a total of RMB 2,070.5593 million of raised funds. The amount of unused raised funds was RMB 1,918.4707 million (interest excluded), of which RMB 1,200 million was used to temporarily supplement the working capital, and the remaining funds was deposited in the special account for raised funds of the Company.										

(2) Projects in which the raised funds were proposed to be invested

√ Applicable □ Not applicable

Unit: RMB 10,000

Committed investment projects and investment of over-raised funds	Whether the project has been	Total committed investment	Total investment after adjustment	Amount invested during the	Accumulated investment	Investment progress at the end	The date on which the project	Benefits realized during the	Whether it achieved the	Whether there is any significant
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	changed (including partial changes)	nt of raised funds	nt (1)	reporting period	amount at the end of the reporting period (2)	of the period (3) =(2)/(1)	reaches its intended usage state	reporting period	expected benefits	t change in the feasibility of the project
Committed investment projects										
The project of true wireless smart earphones	No	218,903	218,903	93,433	164,620.2	75.20%	August 31, 2022	33,365.12	Not applicable	No
AR/VR and related optical module project - AR/VR project	No	60,000	60,000	30,375.77	30,375.77	50.63%	August 31, 2022	46,014.2	Yes	No
AR/VR and related optical module project - optical module project	No	40,000	40,000	3,168.4	3,168.4	7.92%	August 31, 2022	825.17	Not applicable	No
Qingdao R&D center project	No	80,000	80,000	2,854.32	8,891.56	11.11%	August 31, 2022	Not applicable	Not applicable	No
Sub-total of committed investment projects	--	398,903	398,903	129,831.49	207,055.93	--	--	80,204.49	--	--
Direction of the investment with over raised funds										
Not applicable										
Total	--	398,903	398,903	129,831.49	207,055.93	--	--	80,204.49	--	--
Descriptions and reasons for failure of meeting the planned schedule or expected revenue (by project)	Due to the impact of the project and the actual needs of the Company, the project of Qingdao R&D Center was behind schedule. The Company may accelerate subsequent investment according to the actual needs, and will strive to achieve the maximum efficiency of the raised funds.									
Description of significant change in the feasibility of the project	Not applicable									
Amount, use of over-raised funds and progress of use thereof	Not applicable									
Change in location of the project invested with raised funds	Applicable									
	Occurred in previous years									
	On August 20, 2020, the Company held the 8th meeting of the 5th Board of Directors and the 6th meeting									

	<p>of the 5th Board of Supervisors, which reviewed and approved the Proposal on <i>Changing the Implementation Subject and Implementation Location of Some Investment Projects with Raised Capital and Increasing the Capital of Wholly-owned Subsidiaries</i>, and agreed to change: the implementation subject of AR/VR and related optical module projects from Goertek Inc. to wholly-owned subsidiaries Weifang Goertek and Goertek Optical; The implementation location was changed accordingly from Goertek Photoelectric Park in Weifang High-tech Zone to Weifang Goertek Plant, east of Gaoxin No.2 Road, south of Yuqing East Street in Weifang comprehensive free trade zone and Goertek Optical Plant, phase III of Goertek Photoelectric Park in Weifang High-tech Zone; The Company increased the capital to Weifang Goertek with the raised funds of RMB 600 million and increased the capital to Goertek Optical with the raised funds of RMB 400 million, for the purpose of specific implementation of above-mentioned investment projects.</p>
Adjustment on how to invest the projects with raised funds	Not applicable
Upfront investment of the project with raised funds and replacement thereof	<p>Applicable</p> <p>On July 9, 2020, the Company held the 7th meeting of the 5th Board of Directors and the 5th meeting of the 5th Board of Supervisors, which reviewed and approved the <i>Proposal on Replacing the Self-raised Funds Invested in the Projects in Advance with the Raised Funds</i>, and agreed to use the raised funds to replace the self-raised funds of RMB 315.7238 million invested in the investment projects in advance. The fund replacement above has been verified by Zhongxi Certified Public Accountants (special general partnership) Co., Ltd., and an authentication report has been issued.</p>
Temporary replenishment of working capital with idle raised funds	<p>Applicable</p> <p>On July 9, 2020, the Company held the 7th meeting of the 5th Board of Directors and the 5th meeting of the 5th Board of Supervisors, which reviewed and approved the <i>Proposal on Temporary Replenishment of Working Capital with Idle Raised Funds</i>. It was agreed that the Company shall use the idle raised funds not exceeding RMB 2.5 billion to temporarily supplement working capital. The use period shall not exceed 12 months from the date of approval by the Board of Directors. After expiration, it shall be returned to the special account for raised funds in a timely manner. The Company returned RMB 0.8 billion and RMB 1.7 billion of the raised funds to the special account for raised funds in advance on September 17, 2020 and November 4, 2020 respectively. On November 5, 2020, the Company held the 11th meeting of the 5th Board of Directors and the 9th meeting of the 5th Board of Supervisors, which reviewed and approved the <i>Proposal on Temporary Replenishment of Working Capital with Partial Idle Raised Funds</i>. It was agreed that the Company temporarily supplements the working capital with idle raised funds of no more than RMB 2,500 million. The validity period shall not exceed 12 months from the date of approval by the Board of Directors. After expiration, it shall be returned to the special account for raised funds in a timely manner. The Company returned RMB 0.5 billion and RMB 2 billion of the raised funds to the special account for raised funds in advance on October 29, 2021 and November 3, 2021 respectively.</p> <p>On November 8, 2021, the Company held the 24th meeting of the 5th Board of Directors and the 19th meeting of the 5th Board of Supervisors, which reviewed and approved the <i>Proposal on Temporary Replenishment of Working Capital with Partial Idle Raised Funds</i>. It was agreed that the Company temporarily supplements the working capital with idle raised funds of RMB 1,200 million. The validity period of which shall not exceed 12 months from the date of approval by the Board of Directors. After</p>

	expiration, it shall be returned to the special account for raised funds in a timely manner.
Amount and reasons for the balance of raised funds in the implementation of the project	Not applicable
Purpose of the raised funds that have not been yet used	The unused raised funds shall be deposited in the special account for raised funds.
Problems or other situations in the use and disclosure of raised funds	None

(3) Changes in the projects in which the raised funds were proposed to be invested

Applicable Not applicable

There was no change in the projects in which the raised funds were proposed to be invested during the reporting period.

VIII. Sales of major assets and equities

1. Sales of major assets

Applicable Not applicable

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

2. Sales of major equity

Applicable Not applicable

IX. Analysis of major subsidiaries and associates

Applicable Not applicable

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

Unit: RMB

Name of company	Type of company	Main business	Registered capital	Total assets	Net asset	Operating revenue	Operating profit	Net profit
Weifang Goertek	Subsidiary	Electronic component	1,405,601,925.00	10,971,185,728.12	3,904,375,154.73	27,282,319,193.58	1,695,784,116.30	1,491,760,091.98

		manufac ring						
Goertek Technol ogy (Vietna m)	Subsid iary	Electron ic compo nent manufac turing	362,762,400.00	9,395,840,422.98	2,096,244,381.21	20,651,380,53 6.59	1,285,740,95 9.38	1,280,038,47 4.51
Goertek (HongK ong) Co., Limited	Subsid iary	Electron ic compo nent manufac turing	1,542,045.00	6,835,046,824.10	1,075,332,121.44	19,422,367,89 2.29	836,073,059. 54	706,793,733. 63

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Name of company	Approach on acquisition and disposal of subsidiaries during the reporting period	Impact on overall production, operation and performance
GOERTEK MICROELECTRONICS KOREA CO.,LTD.	Newly established	No significant impact

Description of major subsidiaries and associates

None

X. Structural Entities Controlled by the Company

Applicable Not applicable

XI. Outlook for the Future Development of the Company

1. Industry trend and competition

In the mobile era, smartphones and related smart hardware products have been the main focus of innovation and the growth drivers of the global technology and consumer electronics industry over the past many years. However, the growth of smartphone industry has slowed down in recent years. According to the statistics of IDC, a well-known consulting agency, the global smartphone shipment in 2022 is expected to reach 1.39 billion units, with year-on-year increase of approximately 3%. It is predicted that the average annual compound growth rate of smartphone shipments around the world will be about 3% from 2022 to 2025. As the core hardware in the mobile era, the slowdown of smartphone market also reflects the transition to the post-mobile era of the global technology and consumer electronics industry.

In the post-mobile era, along with the development of new technologies such as semiconductor, 5G, micro-display, sensor, intelligent interaction, battery, cloud and edge computing, the new generation of smart hardware products are greatly improved in

functions, and are suitable for more diversified applications. Many new smart hardware devices with great potential have revealed themselves. In particular, the products such as VR/AR, smart wearable devices and smart wireless earphones have maintained a rapid growth in recent years, which attracts extensive attention in the global market. These products are expected to become the driving force for further development of global intelligent hardware market in the post-mobile era.

According to the statistics of IDC, the global shipment of VR/AR products is expected to reach 19.10 million units in 2022, with approximately 67.5% YoY increase. The CAGR of global VR shipment from 2022 to 2025 is expected to be about 59.2%. The number of end users keeps growing steadily along with the upgrade of VR hardware. With the development and maturity of VR content and applications such as social networking, games, entertainment and live broadcasting, VR products are expected to boost in the next few years. According to the statistics of IDC, the global shipment of AR products is expected to reach 1.35 million units in 2022, with approximately 309% YoY increase. The CAGR of global AR shipment from 2022 to 2025 is expected to reach approximately 121.4%. With the concept of "integration of virtual content and real life" and the ability to seamlessly connect to smartphone ecosystem, AR product shows unlimited future possibilities and great market potentials, and is expected to become one of the core smart hardware products in consumer electronics industry in the post-mobile era. Many well-known brand companies and start-ups in the industry continue to explore and tackle the key technological roadblocks in semiconductor chips, optical waveguide, micro displays, new materials and other fields. The break-thru of those technologies are also expected to create a broader path for AR products in the next few years.

According to the statistics of CCS Insight, a famous consulting agency, the global shipment of smart wearable products is expected to reach 270 million units in 2022, with approximately 16.4% YoY increase. In the post epidemic era, consumers pay greater attention to sports and health. For billions of people over the globe who may have hypertension, diabetes or other sub-health situations, high precision and reliable health monitoring technologies, especially blood pressure monitoring and non-invasive blood sugar level monitoring technology, are the focus of innovation in smart wearable devices, and have attracted significant amount of investment from many industry leaders. The maturity and application of above technologies are expected to bring dramatic growth for smart wearable products in future.

According to the statistics of Futuresource, a well-known consulting agency, the global shipment of smart wireless earphones is expected to keep growing steadily in the next few years, and the CAGR of TWS earphones from 2021 to 2025 is expected to reach about 21.8%. With improved voice interaction function, more product choices, better features and user experience, the TWS product penetration in the global earphone market is expected to increase continuously.

The rapid development of emerging intelligent hardware products has also boosted the demand for related precision components such as precision optics and modules, precision acoustic components, MEMS sensors and micro system modules, haptic components and precision structural parts, which creates new business opportunities for the precision components of the Company.

From the perspective of competition among brand companies, the global technology and consumer electronics industry may continue to demonstrate a centralized trend. In the post-mobile era, massive investment in technological innovation and R&D is required for the development of smart hardware products, for which the "soft power" of the ecosystem, such as developer base, user base, software applications, entertainment content, community loyalty and data monetization, becomes more and more crucial. The leading enterprises with capital, talent, technology and ecosystem advantages are expected to strengthen their competitive advantages, so as to lead technology and product innovation in the industry.

From the perspective of supply chain, the middle-end of supply chain is expected to remain relying on developing countries. The electronic manufacturers in China are strengthening their overall competitiveness, and continue to expand their business in other countries. China manufacturers are expected to meet the needs of smart hardware production in the post-mobile era and gain the new opportunities of development. At the same time, we also need to pay attention to the development and changes of international political and economic situation. The changes in science, technology, trade and other policies between countries, as well as major international events and their development, may also have significant impact to the competition and supply chain of global industry. Therefore, we need to pay continuous attention and respond positively.

2. Strategy for future development

Looking into the future, the Company will actively respond to the strategy of actualizing innovation-driven development and accelerating the development of modern industrial system, and grasp the opportunities of transformation from the mobile era to the post-mobile era by closely following the development of 5G, AI, IoT, cloud computing and other advanced technologies. The Company will continue to strengthen its development in the field of advanced precision components and next generation smart hardware products, constantly consolidate the strategical cooperation with world-class customers, and earnestly fulfill the economic and social responsibilities of the enterprises, thus achieving a long-term, stable and healthy growth of the business, and maximize the enterprise value and the return to shareholders.

(1) Actively grasp the new opportunities in the post-mobile era, and further promote the Company's strategy of "precision components + smart hardware". Further develop the businesses of precision components, such as acoustics, optics, microelectronics and structural parts, and the businesses of smart hardware devices, such as VR/AR, smart wireless earphones, smart wearable and smart home devices. Continue to strengthen the advantages of precision components business in smartphone and other traditional hardware, and actively develop precision components and system hardware business related to new generation of smart hardware products. Utilize the synergy between the Company's component and hardware device business, continue to strengthen the core competence in precision manufacturing and intelligent manufacturing, and provide customers with the first-class vertically integrated product solutions and "one-stop" R&D and manufacturing services.

(2) Continue the key-account strategy, remain customer orientation, and utilize the Company's advantages in customer resource.

Focus on serving leading customers in the global technology and consumer electronics industry, and continue to consolidate long-term strategic cooperation with customers. Closely follow the strategical planning and development of world-class customers, and to create a global system of R&D, manufacturing and sales services accordingly. Continue to satisfy our customers with our business, technology, engineering, operation and delivery services, in order to achieve win-win cooperation and to grow with the world-class customers.

(3) Adhere to technological innovation and continue to invest in R&D. Constantly improve the Company's technical competitiveness in acoustics, optics, microelectronics, precision manufacturing, automation, IT technology, software algorithm and so on, and actively expand the layout in emerging technologies such as micro system modules, optical waveguide, nano-imprinting, haptics and etc., to build the core technical competitiveness of the enterprise. Firmly implement the talent strategy by integrating the outstanding talents in management and technology fields around the world, build and effectively motivate a first-class talent team, thus to provide sufficient talents for future development of the Company.

(4) Constantly improve corporate governance and management, and promote the standardized and efficient internal operation. Continuously improve the internal structure, processes and internal management system. Strengthen the awareness of lean operation, improve the level of lean operation and seek benefits from it. Being market-oriented and customer-oriented, continues to push forward internal reform and innovation, and to build core competitiveness upon continuous reform and innovation activities. Create an excellent corporate culture, undertake the core values of "customer orientation, personnel growth, integrity and pragmatism, win-win cooperation", and earnestly fulfill the economic and social responsibilities of the enterprise, to become a respected world-class enterprise.

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

In 2021, the Company grasped the business opportunities of the new generation of smart hardware such as VR, TWS, smart wearable devices, gaming consoles and accessories, implement the "precision components + smart hardware" strategy and utilized the synergy between the components business and system device business. The Company adhered to customer-orientation philosophy and focused on key business accounts, provided customers with high-quality R&D and manufacturing "one-stop" service, and achieved customer satisfaction. The Company also explored new business opportunities in precision optical components and modules, micro-system modules, MEMS sensors, haptic components, etc. From internal operation perspective, the Company continuously improved the level of lean operation, and obtained solid progresses in input/output efficiency, operation cycle, inventory turnover, and capital cost. The Company continued to invest in R&D and technological innovation, increased the quantity of both patent applications and patent approvals, strengthened the capabilities of R&D and talent team, and thus further consolidated the core competitiveness in technology field. The Company also formulated and implemented effective systems and measures to ensure stable operation of business activities and control the risks. With all the measures above, the Company has finally achieved an excellent

business performance in 2021.

Looking into the year of 2022, the Company still faces many challenges due to the ongoing global epidemic, the slow recovery of global economy, the high and fluctuated commodity prices, and other complexities and uncertainties that may applied to the external environment. On the bright side, there are also new opportunities in global technology and consumer electronics industry. With the further integration and development of advanced technologies such as 5G, AI and the new generation of smart hardware products, the Company faces new opportunities in both precision components and smart hardware business. The management and all staff of the Company will continue to implement our strategy and to achieve business objectives, so as to return the shareholders and investors with excellent business performance and continuous growth of enterprise value.

(1) Maintain strategic focus and grasp development opportunities. The Company will seize the business opportunities of smart hardware products in the post-mobile era by adhering to the "precision components + smart hardware" strategy and utilize the synergy between the components and system device business. With core technological capabilities and advanced precision component solutions, the Company will further enhance the effort in business development of smart hardware products. And through that business development, the Company will create more applications and demand for the precision components. By integrating the core capabilities in precision manufacturing and intelligent manufacturing, the Company will be able to provide first-class "one-stop" R&D and manufacturing services to global customers.

(2) Adhere to the customer-orientation philosophy and key-accounts strategy, and identify and serve strategic customers. Follow the strategy and business plan of core customers, the Company will carry out corresponding business, products and capacity plans, work with the customer in their frameworks and schedules and provide industry-leading R&D and manufacturing services. The Company will continuously build excellent customer service team to satisfy our customers in long term in all aspects of business, technology, engineering, operation, and delivery, to enhance customer loyalty and achieve win-win cooperation with customers.

(3) Empower business expansion and create new opportunities. Based on the consolidation of the existing business advantages in precision components and smart hardware products, the Company will further explore new directions and opportunities. By grasping the opportunities in micro-system modules, MEMS sensors, precision optical components and modules, haptic components, precision structured parts, VR, smart home products and other products, the Company will secure the key projects of core customers, and also follow up with new directions and opportunities in automotive electronics, advanced materials, micro-display technology and other fields with future potentials.

(4) Improve lean operation and complete successful delivery of key projects. The Company will continue to promote the awareness and improve the level of lean operation, and to support the business objectives with high-quality and efficient operation. The Company will make thorough planning of its resources, ensure the delivery of key projects that closely related to the strategy and the business objectives, and to achieve the goals of the Company.

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

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

4. The demand and planning of fund

The Company maintains a healthy asset and liability structure, and obtained a good long-term cooperative relationship with banks and other major financial institutions. In 2021, the Company successfully completed the conversion and delisting of the previously issued convertible bonds, and successfully completed the signing of long-term loan agreements between its subsidiary companies and International Finance Corporation, which further improved the Company's balance sheet structure and cost of funds. The Company will continue to improve the management of cash, asset-liability ratio and debt structure, to actively avoid liquidity risks and foreign exchange risks, to control financial derivatives trading activities with strict standards, and thus providing stable and sufficient financial support to the development of the Company.

5. Future risks

(1) Macroeconomic risks

COVID-19 pandemic has not yet stopped globally, and the global economy is still in recovery. Unfavorable factors that affecting investment and consumption still exist, which may hinder global technology and consumer electronics industry from rapid development in the short term. The world political and economic situation remains complex and grim. Trade disputes between major countries and geopolitical events have brought uncertainties to global economy, which may adversely affect the business of enterprises. The slow growth of some smart hardware products such as smartphones, may affect the market demand of precision components, which may bring negative impact to the Company's performance.

(2) Operational risks

① Risks of concentrated customer structure

The competitive pattern of global technology and consumer electronics industry, along with the Company's business model and key account strategy, determined a relatively concentrated customer structure. As a result, the business income from a few core

customers accounts for a large proportion of the Company's overall revenue. Although the above customers are global industry leaders who have significant competitive advantages and market position, and have maintained long-term and stable cooperative relations with the Company, under some special circumstances, they may bring fluctuations and risks to the Company's business if their business activities fluctuate.

② Risks of exchange rate fluctuation

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

③ Risks of the leaving of core technical talents

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

(3) Risks of management

In recent years, the Company has successfully expanded its business in each product line. The business scale has been expanded significantly, as well as the variety of products and the size of the staff has grown rapidly. The growing business brings higher requirements to the Company in overall operation and management ability. The Company implements the strategic plan of developing core customer business and exploring new opportunities, which also requires the Company's management to maintain excellent abilities of judgment, execution and management. If the Company's management fails to match the business growth, or fails to be improved to meet the needs of the Company's development, it may affect the execution of strategic planning and the delivery of business objectives, thus bringing management risks to the Company.

XII. Reception, research, communication, interview and other activities during the reporting period

Applicable Not applicable

Reception time	Reception place	Reception mode	Type of reception object	Reception object	Main content of discussion and information	Index of basic information of survey

					provided	
March 30, 2021	The Company	Other	Institution	Investors participating in the Company's performance presentation meeting of 2020	The Company's operation and business development	Refer to the record of investor relations activities on March 30, 2021 published on www.cnifo.com.cn
April 22, 2021	The Company	Communication over phone	Institution	E Fund, Bosera Fund, Dacheng Fund, Hua An Fund and other funds	The Company's operation and business development	Refer to the record of investor relations activities on April 22, 2021 published on www.cnifo.com.cn
July 22, 2021	The Company	Communication over phone	Institution	SOOCHOW Fund, CR Yuanta Fund, BOC Fund, YINHUA Fund and other funds	The Company's operation and business development	Refer to the record of investor relations activities on July 22, 2021 published on www.cnifo.com.cn
August 27, 2021	The Company	Communication over phone	Institution	Fullgoal Fund, Xingquan Fund, 99 Fund, CCB Fund and other funds	The Company's operation and business development	Refer to the record of investor relations activities on August 27, 2021 published on www.cnifo.com.cn
October 27, 2021	The Company	Communication over phone	Institution	E Fund, Hua An Fund, GF Securities, Harvest Fund and other funds	The Company's operation and business development	Cninfo.com, record of investor relations activities on October 27, 2021 published on www.cnifo.com.cn

Section IV Corporate Governance

I . Corporate Governance in Practice

During the reporting period, the Company continuously improved the corporate governance structure, the internal management and control system, and continued to carry out corporate governance activities in strict accordance with the requirements of relevant laws, regulations and normative documents such as *Company Law*, *Securities Law*, *Corporate Governance of Listed Companies*, *Rules Governing the Listing of Shares on Shenzhen Stock Exchange* as well as with relevant documents of China Securities Regulatory Commission and the relevant instructions of Shandong Securities Regulatory Bureau, so as to further standardize the Company's operation and improve the level of corporate governance.

By the end of the reporting period, the actual practice of corporate governance met the relevant requirements of the above laws, administrative regulations, departmental rules and normative documents on the governance of listed companies, and no documents concerning administrative supervision measures taken by the supervised departments was received.

By the end of the reporting period, the details of actual practice of corporate governance are as follows:

1. Shareholders and shareholders' meetings: The Company has convened and held shareholders' meetings in strict accordance with the *Rules for General Meeting of Shareholders of Listed Companies* and the *Company's Rules of Procedure of Shareholders' Meetings*, so as to ensure that all shareholders, especially minority shareholders, enjoy equal status and fully exercise their rights; In addition, lawyers were engaged to witness the legitimacy of the convening, holding and voting procedures of each general meeting of shareholders.

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

3. Directors and the Board of Directors: The Company elects directors in strict accordance with the selection and appointment procedures stipulated in the *Articles of Association*. There are three independent directors in the Board, the number of directors and the composition of the Board of Directors meet the requirements of laws and regulations and the *Articles of Association*. All directors can carry out their work in accordance with *Rules of Procedure of the Board of Directors* and *Working System for Independent Directors*, they attended all the Board of Directors meetings, and all the related trainings as required.

4. Supervisors and the Board of Supervisors: The election of supervisors and the composition of the Board of Supervisors were in strict accordance with relevant provisions of *Company Law* and *Articles of Association*. The Company's supervisors strictly followed the *Rules of Procedure of the Board of Supervisors*. All supervisors scrupulously attended the sessions, seriously fulfilled their duties diligently, and supervised and issued opinions for major issues, related-party transactions, and financial status.

5. Performance appraisals and incentives: The Company has gradually improving its fair and transparent performance evaluation standards and incentive a restraint mechanisms for directors, supervisors and senior management. The appointment of Company's senior management is open and transparent, and in line with the provisions of laws and regulations.

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

7. Information disclosure and transparency: The Company duly performed the disclosure obligations in accordance with the provisions of *Rules Governing the Listing of Shares on Shenzhen Stock Exchange*, *Articles of Association* and *Investor Relations Management Rules*, and discloses information as per the law, so as to ensure that the information disclosure is true, timely, accurate and complete. All shareholders were given equal access to the information. The Company has gradually revised and improved the Insider Information Management Rules, further improved the insider information management, strengthened the confidentiality of insider information, maintained the fair principle of information disclosure and protected the legitimate rights and interests of investors. The Company has appointed the secretary of the Board of Directors as the head of investor relations management of the Company, responsible for the Company's information disclosure and investor relations management. The Company has designated *Securities Times*, *China Securities Journal*, *Shanghai Securities News*, *Securities Daily* and *cninfo.com.cn* to disclose Company's information in a faithful, accurate and timely manner, strictly in accordance with relevant laws and regulations, so that all shareholders have a fair chance to get information.

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

Yes No

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

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

The Company is completely separated from the controlling shareholders in terms of business, personnel, assets, organization and finance. The ownership of the assets are clear and belongs to the Company. The Company has the capability of self-operation in

its marketing, production and procurement, does not depend on major shareholders or their affiliated enterprises. There is no mixed operation with major shareholders.

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

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

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

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

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

III. Horizontal Competition

Applicable Not applicable

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

1. General meeting of shareholders during the reporting period

Session	Type of meeting	Percentage of investor participation	Convening date	Disclosure date	Meeting resolution
General meeting of shareholders of 2020	Annual general meeting of shareholders	35.29%	May 7, 2021	May 8, 2021	Resolutions for the <i>Annual General Meeting of Shareholders</i> disclosed by the Company on Cninfo (www.cninfo.com.cn) and the four designated newspapers on 8 May 2021(Announcement No 2021-083)
The first extraordinary general meeting of shareholders in 2021	Extraordinary general meeting of shareholders	48.53%	November 25, 2021	November 26, 2021	Resolutions for the <i>First Extraordinary General Meeting of Shareholders in 2021</i> disclosed by the Company on Cninfo (www.cninfo.com.cn) and the four designated newspapers on 26 November 2021(Announcement No 2021-125)
The second extraordinary general meeting of shareholders in 2021	Extraordinary general meeting of shareholders	45.94%	December 16, 2021	December 17, 2021	Resolutions for the <i>Second Extraordinary General Meeting of Shareholders in 2021</i> disclosed by the Company on Cninfo (www.cninfo.com.cn) and the four designated newspapers on 17 December 2021(Announcement No 2021-132)

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

Applicable Not applicable

V. Directors, Supervisors and Senior Management

1. Basic Information

Name	Position	Appointment status	Gender	Age	Term start date	Term end date	Number of shares held at the beginning of the period	Number of shares increased during the period	Number of shares decreased during the period	Other increase or decrease changes	Number of shares held at the end of the period	Reason for change in shares
Jiang Bin	Chairman	Incumbent	Male	56	July 27, 2007	November 7, 2022	373,487,406		86,090,000		287,397,406	Shareholding reduction; transfer to persons acting in concert
Jiang Long	Vice Chairman	Incumbent	Male	48	July 27, 2007	November 7, 2022	197,255,197	53,090,000			250,345,197	Shares granted to persons acting in concert
	President				October 30, 2014	November 12, 2022						
Duan Huilu	Director	Incumbent	Male	46	February 4, 2016	November 7, 2022	4,474,500		1,000,000		3,474,500	Reduction
	Vice President	Incumbent			March 25, 2011	November 12, 2022						
	Chief Financial Officer	Resigned			August 12, 2010	January 27, 2021						
Liu Chengmin	Director	Incumbent	Male	51	November 29, 2016	November 7, 2022						
Xia Shanhong	Independent Director	Incumbent	Female	64	October 20, 2016	November 7, 2022						

Wang Kun	Independent Director	Incumbent	Female	46	November 8, 2019	November 7, 2022						
Wang Tianmiao	Independent Director	Incumbent	Male	62	October 20, 2016	November 7, 2022						
Sun Hongbin	Chairman of Board of Supervisors	Incumbent	Male	56	September 17, 2013	November 7, 2022	8,889,534		1,800,000		7,089,534	Reduction
Feng Jianliang	Employee representative Supervisor	Resigned	Male	48	July 27, 2007	April 27, 2021						
Xu Xiaofeng	Employee representative Supervisor	Incumbent	Female	45	September 17, 2013	October 17, 2022						
Gao Xiaoguang	Vice President	Incumbent	Male	46	April 12, 2012	November 12, 2022						
Liu Chunfa	Vice President	Incumbent	Male	46	October 10, 2013	November 12, 2022	1,151,864		287,864		864,000	Reduction
Jiang Hongzhai	Vice President	Incumbent	Male	52	October 10, 2013	November 12, 2022						
Jia Jun'an	Vice President, Secretary of the Board	Incumbent	Male	51	October 10, 2013	November 12, 2022	200,000				200,000	
Feng Pengbo	Vice President	Resigned	Male	54	October 24, 2016	September 10, 2021						
Yu Dachao	Vice President	Incumbent	Male	44	October 24, 2016	November 12, 2022						

Kazuyoshi Yoshinaga	Vice President	Incumbent	Male	55	October 24, 2016	November 12, 2022						
Li Yongzhi	Chief Financial Officer	Incumbent	Male	44	January 27, 2021	November 12, 2022						
Wei Wenbin	Employee representative Supervisor	Appointed	Male	44	April 27, 2021	October 17, 2022						
Li Youbo	Vice President	Appointed	Male	45	June 2, 2021	November 12, 2022						
Zhu Shengbo	Vice President	Appointed	Male	48	June 2, 2021	November 12, 2022						
Total	--	--	--	--	--	--	585,458,501	53,090,000	89,177,864		549,370,637	--

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

Yes No

During the reporting period, chief financial officer Duan Huilu and vice president Feng Pengbo resigned because of job re-arrangement, and the employee representative supervisor Feng Jianliang resigned during the term of office due to job adjustment.

Changes in directors, supervisors and senior management

Applicable Not applicable

Name	Position	Type	Date	Reason
Duan Huilu	Chief Financial Officer	Resigned	January 27, 2021	Job arrangement
Feng Jianliang	Employee representative supervisor	Resigned	April 26, 2021	Job adjustment
Wei Wenbin	Employee representative supervisor	Elected	April 27, 2021	Job arrangement
Li Youbo	Vice President	Appointed	June 2, 2021	Job arrangement
Zhu Shengbo	Vice President	Appointed	June 2, 2021	Job arrangement
Feng Pengbo	Vice President	Resigned	September 10, 2021	Job arrangement

2. Biographical Information

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

Directors:

Mr. Jiang Bin:

Mr. Jiang, Chairman of the company, master's degree holder of business administration from Tsinghua University, bachelor's degree holder of electronic engineering from Beihang University. Mr. Jiang founded Goertek Inc. in 2001. He has more than 30 years of working experience in the electro-acoustic industry. He also serves as standing member of the 12th executive committee of the All-China Federation of Industry and Commerce, rotating chairman of China Electronic Components Association, and vice chairman of Industry of Virtual Reality Alliance. He has successively won the titles of National Model Worker, Outstanding Entrepreneur of Chinese Electronic Information Industry, National Labor Medal of Shandong Province, Labor Model of Shandong Province, Outstanding Entrepreneur of Shandong Province, etc.

Mr. Jiang Long:

Mr. Jiang , Vice Chairman and President of the company, Ph.D in strategic management, the University of Maryland, a master's degree holder in management science from Renmin University of China, and a bachelor's degree holder in materials engineering from Tsinghua University. Joined the Company in 2004, Mr. Jiang successively served as vice president, senior vice president and executive vice president of the company. Mr. Jiang is also the Vice President of China Audio Industry Association and the chairman of China Electronic Components Association-Electroacoustic Chapter. Mr. Jiang has extensive experience in marketing, sales and business management.

Mr. Duan Huilu:

Mr. Duan, Director and Vice President of the company, bachelor's degree holder from Shandong University of Finance and Economics. He joined the company in 2001 and successively served as the company's accountant, finance manager, finance department manager and chief financial officer. Mr. Duan has more than 20 years of working experience.

Mr. Liu Chengmin:

Mr. Liu, Director of the company, master's degree holder in mechanics from Harbin Institute of Technology. Mr. Liu currently serves as chairman of Beijing Fargo Capital Co., Ltd., managing partner of Tianjin Longyuan Yunteng Investment Management Partnership, and technology consultant of China Ping An Trust Co., Ltd. Mr. Liu used to serve as director of the telecom division of Huawei's domestic marketing department, senior executive vice president of Tencent and president of Tencent Wireless Internet Business Group. He has rich experience in telecom and Internet.

Ms. Xia Shanhong:

Ms. Xia, Independent Director of the company. Ms. Xia used to serve as deputy director of the Institute of Electronics, Chinese Academy of Sciences, director, researcher and doctoral supervisor of the State Key Laboratory of Transducer Technology, and received special government allowance from the State Council. She received a bachelor's degree from Tsinghua University, a master's degree from the Chinese Academy of Sciences and a doctorate from the University of Cambridge in England. Ms. Xia is the Royal Fellowship visiting scholar of the Royal Society and the Berkeley Scholarship visiting scholar of the University of California, Berkeley. She used to be the chief scientist of the National 973 Project, member of the MEMS overall expert group of the National 863 Program and member of its advanced manufacturing technology expert group, member of the expert review team of the Department of Information Sciences of the National Natural Science Foundation of China, and chairman of the Transducers. Ms. Xia currently serves as member and director of Chinese Institute of Electronics, director of China Instrument and Control Society as well as vice chairman of its sensor branch, member of Chinese Society of Micro-Nano Technology, and editorial board member of many international academic journals.

Mr. Wang Tianmiao:

Mr. Wang, Independent Director of the company. Professor and Ph.D Tutor of Beihang University, Honorary Director of Institute of Robotics at Beijing University of Aeronautics and Astronautics, Dean of Zhongguancun College of Innovation Angel. He received a doctorate and masters' degree holder from Northwestern Polytechnic University and a bachelor's degree holder from Xi'an Jiaotong University. He is one of the distinguished professors of the Changjiang Scholars, winner of the National Science Fund for Distinguished Young Scholars, member of the Advanced Robot Technology Innovation Team for National Defense, chief expert group leader in the field of advanced manufacturing under 863 National High-tech R&D Program in the 11th Five-Year Plan, head of the expert group of the Service Robotics program in the 12th Five-Year Plan, and president of the IEEE Robotics and Automation Society (Beijing region). He is mainly engaged in the research of advanced robot theory and technology, including bionic structure, medical robot, service robot and so on. Mr. Wang has won two second-class awards of National Science and Technology Progress Award and one first-class award of Beijing Science and Technology Progress Award. He is also an independent director of Shanghai STEP Electric Corporation.

Ms. Wang Kun:

Ms. Wang, Independent Director of the company. She serves as an associate professor in the School of Accounting, School of Economics and Management at Tsinghua University. She received her doctorate in Accounting from Hong Kong University of Science and Technology and her bachelor's degree in Accounting from Nankai University. She joined the School of Accounting, School of Economics and Management at Tsinghua University in April 2003, and worked as a lecturer and associate professor. She served as deputy director and senior researcher of the Research Center of Corporate Governance of Tsinghua University from January 2010. Ms. Wang served as the Ph. D. program director of the Accounting Department of the School of Economics and Management of Tsinghua University from January 2011 to December 2013. She has won the Excellence in Teaching Award of the School of Economics and Management of Tsinghua University for several times. Ms. Wang is also an Independent Director of China International Futures Co., Ltd. Ms. Wang used to be the Independent Director of Beijing Thunisoft Co., Ltd. and Integrated Electronic Systems Lab Co., Ltd. Ms. Wang has rich experience in the fields of finance and auditing.

Supervisors:

Mr. Sun Hongbin:

Chairman of the Board of Supervisors. Bachelor in industrial automation from Shandong University. He used to serve as deputy general manager of the company, manager and director of the business department of China Electronics Import and export Shandong Corporation. Mr. Sun owns more than 30 years of working experience in marketing, and import & export business.

Ms. Xu Xiaofeng:

Employee Representative of the Board of Supervisors. Bachelor of Business Administration, China University of Petroleum. She graduated from the Zhengzhou University of Aeronautics, Electrical Technology Major. Ms. Xu joined the company in 2001,

and successively served as the assistant manager of the quality control department, the enterprise development department and the operation department, and is now in charge of the company's employee service center. Ms. Xu has rich experience in business management.

Mr. Wei Wenbin:

Employee Representative of the Board of Supervisors. Graduated from Jilin University majoring in material forming and control engineering, he is currently in charge of the staff management department of the company. Mr. Wei joined the company in 2004, and successively served as the head of the company's production and operation management department, human resources management department, lean manufacturing management department and other related departments.

Senior Management:

Mr. Jiang Long:

Refer to the resume above for details.

Mr. Duan Huilu:

Refer to the resume above for details.

Mr. Gao Xiaoguang:

Vice President of the company. Master's Degree in business administration from Southern Cross University in Australia. He joined the company in 2001, and successively served as manager of the device marketing department, deputy manager of the device marketing department, general manager of the device business department and head of the marketing. He has rich experience in market developing and key client maintaining.

Mr. Liu Chunfa:

Vice President of the company. Mr. Liu graduated from Lanzhou Railway Institute. He successively served as engineer of R & D department, chief of quality assurance department, assistant manager, technical manager of technical engineering department, senior product manager, head of manufacturing department, senior manager of R & D department, etc. Mr. Liu has rich experience in the fields of electroacoustic components, especially in miniature loudspeakers and receivers.

Mr. Jiang Hongzhai:

Vice President of the company. Mr. Jiang graduated from Shandong College of Information Technology.. Joined the company in 2006, Mr. Jiang is mainly responsible for the management of mold, injection molding, stamping and so on. Mr. Jiang used to serve as factory director of Yuefeng Electronic Technology (Dongguan) Co., Ltd., and engineer of Weifang Radio Eighth Factory. Mr. Jiang has more than 20 years of technical management experience in the field of precision machining.

Mr. Jia Junan:

Vice President and the Secretary of the Board. Ph.D in Economics, Xiamen University, Master of Economics, Shandong University, Bachelor of Economics, Shandong University of Finance and Economics. Mr. Jia is the member of the Chinese Institute of Certified Public Accountants (CICPA) and the Association of Chartered Certified Accountants (ACCA). Mr. Jia joined the company in 2010 and served as deputy general manager of financial department. He used to serve as the tax manager of KPMG Enterprise Consulting (China) Co., Ltd., Qingdao Branch. Mr. Jia holds the Certificate for Secretary of the Board of Directors, and his qualification complies with relevant provisions of *Rules Governing the Listing of Shares on Shenzhen Stock Exchange* and the *Articles of Association*.

Mr. Yu Dachao:

Vice President of the company. Bachelor's in computer science and engineering, Tianjin University of Technology. He was in charge of the company's Bluetooth headsets, active 3D glasses and accessories for household video games. He has rich experience in the R&D and manufacturing of electronic accessories.

Mr. Kazuyoshi Yoshinaga:

Vice President of the company. Japanese. He holds a master's degree in business administration from University of Washington and a bachelor's degree in mechanics from Tongji University. He used to be the associate partner of IBM and has extensive experience in the field of strategy and transformation management. He also serves as deputy secretary-general of the China Virtual Reality Industry Association.

Mr. Li Yongzhi:

Chief Financial Officer of the company and the Head of the Accounting Office. Mr. Li holds a bachelor's degree in management and a master's degree in business management from Hefei University of Technology. He joined Goertek in 2005 and successively served as accountant and financial manager of the financial department. Mr. Li is senior accountant and certified management accountant (CMA), with more than 15 years of experience in corporate finance. After deliberation and approval by the 14th meeting of the fifth Board of Directors, he was appointed as the Chief Financial Officer of the company. His term of office begins from the approval date of Board of Directors to the expiration date of the current Board of Directors' term of office.

Mr. Li Youbo:

Vice President of the company. Mr. Li holds a bachelor's degree in automation from Dalian University of Technology. He joined the company in 2003 and successively served as engineer, technical manager, head of the business department, etc. Mr. Li has nearly 20 years of experience in R&D and manufacturing of electroacoustic components.

Mr. Zhu Shengbo:

Vice President of the company. Mr. Zhu graduated from Shenyang University of Technology. He joined the company in 2005 and successively served as production manager, assistant minister, minister, senior minister and head of the business department. He

used to serve as production director of Dongguan Samsung Electro-Mechanics Co., Ltd. Mr. Zhu has more than 20 years of experience in manufacturing, operation and management of consumer electronic products such as parts, accessories and devices.

Positions held in shareholders' entities

√ Applicable □ Not applicable

Name	Name of the shareholder entity	Position undertaken in shareholder entity	Term start date	Term end date	Receive remuneration or allowance from shareholders' entity (Yes/No)
Jiang Bin	Goertek Group Co., Ltd.	Chairman	November 15, 2021	November 14, 2024	No
Jiang Long	Goertek Group Co., Ltd.	Director	November 15, 2021	November 14, 2024	No
Duan Huilu	Goertek Group Co., Ltd.	Director	November 15, 2021	November 14, 2024	No
Sun Hongbin	Goertek Group Co., Ltd.	General Manager	November 15, 2021	November 14, 2024	Yes

Positions held in other entities

√ Applicable □ Not applicable

Name	Name of other entity	Position undertaken in other entity	Term start date	Term end date	Receive remuneration or allowance from shareholders' entity (Yes/No)
Jiang Bin	Weifang Goertek Electronics Co., Ltd.	Chairman	November 23, 2019	November 22, 2022	No
Jiang Bin	Beijing Goertek Investment Management Co., Ltd.	Executive Director	January 22, 2019	January 21, 2022	No
Jiang Bin	Weifang Goer Education Investment Co., Ltd.	Executive Director	March 22, 2019	March 21, 2022	No
Jiang Long	Rongcheng Goertek Technology Co., Ltd.	Executive Director	July 15, 2020	July 14, 2023	No
Jiang Long	Goertek Technology Vina Company Limited	Chairman	January 31, 2019	December 31, 2021	No
Jiang Long	Goertek Electronics, Inc.	Executive Director	May 1, 2020	April 30, 2023	No
Jiang Long	Weifang Goertek Electronics Co., Ltd.	Director / General Manager	November 26, 2019	November 25, 2022	No
Jiang Long	Goertek Technology Co., Ltd.	Executive Director /	December 10, 2021	December 9, 2026	No

		General Manager			
Jiang Long	Goertek Intelligence Technology Co., Ltd.	Executive Director / General Manager	August 18, 2020	August 17, 2023	No
Jiang Long	Goertek Microelectronics Inc.	Chairman	October 20, 2020	October 30, 2023	No
Jiang Long	Qingdao Goertek Intelligent Sensor Co., Ltd.	Executive Director	October 22, 2021	October 21, 2024	No
Jiang Long	Weifang Goertek Microelectronics Co., Ltd.	Executive Director	December 9, 2019	December 8, 2022	No
Jiang Long	Shanghai Ganyuzhi Technology Co., Ltd.	Executive Director	October 14, 2020	October 13, 2023	No
Jiang Long	Beijing Goertek Microelectronics Co., Ltd.	Executive Director	August 7, 2020	August 6, 2023	No
Jiang Long	Wuxi Goertek Microelectronics Co., Ltd.	Executive Director	August 7, 2020	August 6, 2023	No
Jiang Long	Shenzhen Goertek Microelectronics Co., Ltd.	Executive Director	July 23, 2020	July 22, 2023	No
Jiang Long	Rongcheng Goertek Microelectronics Co., Ltd.	Executive Director	November 1, 2021	October 31, 2024	No
Jiang Long	Qingdao Goertek Microelectronics Research Institute Co., Ltd.	Executive Director	November 30, 2020	November 29, 2023	No
Jiang Long	Enkris Semiconductor Inc.	Director	November 18, 2021	November 17, 2024	No
Duan Huilu	Goertek Technology Vina Company Limited	Director	January 31, 2019	December 31, 2021	No
Duan Huilu	Goertek Technology Co., Ltd.	Supervisor	August 14, 2021	August 13, 2024	No
Duan Huilu	Goertek Investment Co., Ltd.	Executive Director / General Manager	December 7, 2015	December 6, 2022	No
Duan Huilu	Weifang Goertek Electronics Co., Ltd.	Director	November 23, 2021	November 22, 2024	No
Duan Huilu	Weifang Goertek Trading Co., Ltd.	Executive Director / General Manager	August 26, 2020	August 25, 2023	No
Duan Huilu	Beijing Goertek Investment Management Co., Ltd.	Supervisor	January 22, 2019	January 21, 2022	No

Duan Huilu	Goertek (HongKong) Co., Limited	Director	April 26, 2019	April 25, 2022	No
Duan Huilu	Qingdao Goertek Commercial Factoring Co., Ltd.	Executive Director / General Manager	January 11, 2021	January 10, 2024	No
Sun Hongbin	Weifang Hanhui Enterprise Management Co., Ltd.	Executive Director	September 18, 2019	September 17, 2022	No
Sun Hongbin	Weifang Gaoe Education Investment Co., Ltd.	Director / General Manager	September 11, 2018	February 3, 2021	No
Sun Hongbin	Weifang Hanzhi Enterprise Management Co., Ltd.	Executive Director	October 11, 2017	October 10, 2023	No
Sun Hongbin	Weifang Goer Education Investment Co., Ltd.	General Manager	March 22, 2019	March 21, 2022	No
Sun Hongbin	Weifang Goer Real Estate Co., Ltd	Executive Director / General Manager	August 4, 2018	August 3, 2024	No
Sun Hongbin	Qingdao Goer Real Estate Co., Ltd.	Executive Director / General Manager	May 29, 2017	May 28, 2023	No
Sun Hongbin	Weifang Goer Farm Co., Ltd.	General Manager	September 23, 2017	September 22, 2023	No
Sun Hongbin	Weifang Goer Manor Trading Co., Ltd.	Executive Director	January 27, 2018	January 26, 2024	No
Sun Hongbin	Weifang Goer Property Service Co., Ltd	Executive Director / General Manager	February 23, 2018	February 22, 2024	No
Sun Hongbin	Dotcom Investment Co., Ltd	Executive Director / General Manager	June 4, 2015	December 24, 2021	No
Sun Hongbin	Weifang GoerHome Decoration Engineering Co., Ltd	Executive Director / General Manager	April 9, 2017	July 14, 2021	No
Sun Hongbin	Shandong Goer Education Group Co., Ltd.	General Manager	January 3, 2020	January 2, 2023	No

Sun Hongbin	Beihang Goer (Weifang) Intelligent Robot Co., Ltd	Director / General Manager	January 22, 2019	August 31, 2021	No
Sun Hongbin	GoerTek Group International Limited	Executive Director	August 13, 2018		No
Liu Chunfa	Goertek Vina Co., Ltd.	Director	January 1, 2019	December 31, 2021	No
Liu Chunfa	Goertek Technology Vina Company Limited	Director	January 31, 2019	December 31, 2021	No
Liu Chunfa	Shanghai Goertek Technology Co., Ltd.	Supervisor	April 25, 2020	April 24, 2023	No
Jiang Hongzhai	Yili Precision Manufacturing Co., Ltd.	Executive Director	July 5, 2019	July 4, 2022	No
Jiang Hongzhai	Weifang Goertek Communication Technology Co., Ltd.	Executive Director	June 26, 2021	June 25, 2024	No
Jiang Hongzhai	Dongguan JoyForce Precision Manufacturing Co., Ltd.	Executive Director	December 11, 2019	December 10, 2022	No
Jiang Hongzhai	Kunshan Goertek Electronics Co., Ltd.	Executive Director	November 9, 2020	November 8, 2023	No
Jiang Hongzhai	Nanning Goertek Electronics Co., Ltd.	Chairman	November 12, 2021	November 11, 2024	No
Jiang Hongzhai	Nanning Goertek Trading Co., Ltd.	Chairman	November 29, 2021	November 28, 2024	No
Yu Dachao	Beijing Goertek Technology Co., Ltd.	Executive Director / General Manager	November 30, 2019	November 29, 2022	No
Yu Dachao	Xian Goertek Electronic Technology Co., Ltd.	Executive Director	May 7, 2019	May 6, 2022	No
Yu Dachao	Qingdao Goertek Acoustics Technology Co., Ltd.	Executive Director / General Manager	December 10, 2021	December 9, 2024	No
Yu Dachao	Yishui TECO Electronic Technology Co., Ltd.	Chairman / General Manager	December 10, 2019	December 9, 2022	No
Yu Dachao	Goertek Technology Vina Company Limited	Director	January 31, 2021	January 30, 2024	No
Gao Xiaoguang	Yishui Goertek Electronics Co., Ltd.	Executive Director / General	February 13, 2021	February 12, 2024	No

		Manager			
Gao Xiaoguang	Shenzhen Goertek Technology Co., Ltd.	Executive Director / General Manager	October 29, 2021	October 28, 2024	No
Gao Xiaoguang	Shanghai Goertek Technology Co., Ltd.	Executive Director	April 25, 2020	April 24, 2023	No
Gao Xiaoguang	Goertek Electronics, Inc.	Manager	December 19, 2018	December 18, 2021	No
Gao Xiaoguang	AKM Industrial Company Limited	Non-executive director	March 12, 2015		No
Jia Jun'an	Goertek Investment Co., Ltd.	Supervisor	December 7, 2021	December 6, 2024	No
Jia Jun'an	Weifang Goertek Electronics Co., Ltd.	Supervisor	November 26, 2019	November 25, 2022	No
Jia Jun'an	AKM Industrial Company Limited	Non-executive director	November 17, 2015		No
Li Yongzhi	Goertek Optical Technology Co., Ltd.	Supervisor	March 23, 2021	March 22, 2024	No
Li Yongzhi	Goertek Intelligence Technology Co., Ltd.	Supervisor	August 18, 2020	August 17, 2023	No
Li Yongzhi	Kunshan Goertek Electronics Co., Ltd.	Supervisor	November 9, 2020	November 8, 2023	No
Li Yongzhi	Qingdao Goertek Commercial Factoring Co., Ltd.	Supervisor	January 11, 2021	January 10, 2024	No
Li Yongzhi	Nanning Goertek Electronics Co., Ltd.	Supervisor	November 12, 2021	November 11, 2024	No
Li Yongzhi	Nanning Goertek Trading Co., Ltd.	Supervisor	November 29, 2021	November 28, 2024	No
Li Yongzhi	Xian Goertek Electronic Technology Co., Ltd.	Supervisor	May 7, 2019	May 6, 2022	No
Li Yongzhi	Yishui TECO Electronic Technology Co., Ltd.	Supervisor	December 10, 2019	December 9, 2022	No
Li Yongzhi	Rongcheng Goertek Technology Co., Ltd.	Supervisor	July 15, 2020	July 14, 2023	No
Li Yongzhi	Goertek Technology Vina Company Limited	Supervisor	January 31, 2019	January 30, 2022	No
Li Yongzhi	Goertek Microelectronics Inc.	Director	December 23, 2020	December 22, 2023	No
Kazuyoshi Yoshinaga	Goertek Vina Co., Ltd	General Manager	December 20, 2021		No
Kazuyoshi	Goertek Technology Vina Company	General	September 1, 2021		No

Yoshinaga	Limited	Manager			
Kazuyoshi Yoshinaga	Goertek Precision Industry Vietnam Company Limited	General Manager	September 1, 2021		No
Li Youbo	Shanghai Goertek Technology Co., Ltd.	General Manager	July 23, 2020	July 22, 2023	No
Zhu Shengbo	Nanning Goertek Electronics Co., Ltd.	Director	November 12, 2021	November 11, 2024	No
Zhu Shengbo	Nanning Goertek Trading Co., Ltd.	Director	November 29, 2021	November 28, 2024	No
Zhu Shengbo	Goertek Vina Co., Ltd	Chairman	January 1, 2019	December 31, 2021	No
Zhu Shengbo	Goertek Technology Vina Company Limited	Director	January 31, 2019	January 30, 2022	No
Zhu Shengbo	Goertek Precision Industry Vietnam Company Limited	Executive Director	October 30, 2020	October 29, 2025	No
Zhu Shengbo	Goertek Technology (Hong Kong)Co., Ltd.	Executive Director	August 7, 2020		No
Wei Wenbin	Weifang Goertek Communication Technology Co., Ltd.	General Manager	June 26, 2021	June 25, 2024	No
Description of incumbency in other units	None				

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

Applicable Not applicable

3. Remuneration of Directors, Supervisors and Senior Management

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

The remuneration plan of directors and supervisors of the company shall be formulated by the remuneration and assessment committee of the Board of Directors, which shall be approved by the Board of Directors and submitted to the general meeting of shareholders for approval before implementation.

The remuneration standard for senior management shall be formulated by the remuneration and assessment committee, and implemented after approval by the Board of Directors. Allowances for independent directors shall be paid on a regular basis.

Remuneration of directors, supervisors and senior management during reporting period

Unit: RMB 10,000

Name	Position	Gender	Age	Appointment status	The total amount of pre-tax remuneration received from the	Whether to get paid by the related party of the company

					company	
Jiang Bin	Chairman	Male	56	Incumbent	180	No
Jiang Long	Vice Chairman, President	Male	48	Incumbent	180	No
Xia Shanhong	Director	Female	64	Incumbent	18	No
Wang Kun	Independent Director	Female	46	Incumbent	18	No
Sun Hongbin	Chairman of Board of Supervisors	Male	56	Incumbent	0	Yes
Feng Jianliang	Employee Representative Supervisor	Male	48	Resigned	15	No
Xu Xiaofeng	Employee representative Supervisor	Female	45	Incumbent	45	No
Duan Huilu	Director, Vice President	Male	46	Incumbent	120	No
Gao Xiaoguang	Vice President	Male	46	Incumbent	120	No
Liu Chunfa	Vice President	Male	46	Incumbent	120	No
Jiang Hongzhai	Vice President	Male	52	Incumbent	120	No
Jia Jun'an	Vice President, Secretary of the Board	Male	51	Incumbent	120	No
Feng Pengbo	Vice President	Male	54	Resigned	83	No
Yu Dachao	Vice President	Male	44	Incumbent	120	No
Kazuyoshi Yoshinaga	Vice President	Male	55	Incumbent	120	No
Liu Chengmin	Director	Male	51	Incumbent	18	No
Wang Tianmiao	Independent Director	Male	62	Incumbent	18	No
Li Yongzhi	Chief Financial Officer	Male	44	Incumbent	110	No
Wei Wenbin	Employee representative Supervisor	Male	44	Incumbent	30	No
Li Youbo	Vice President	Male	45	Incumbent	70	No
Zhu Shengbo	Vice President	Male	48	Incumbent	70	No

Total	--	--	--	--	1,695	--
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VI. Performance of Directors' Duties during the Reporting Period

1. Board of Directors

Session	Convening date	Disclosure date	Meeting resolution
The 13th meeting of the 5th Board of Directors	January 15, 2021	January 16, 2021	Resolutions were disclosed by the Company on Cninfo (www.cninfo.com.cn) and the four designated newspapers on 16 January 2021(Announcement No 2021-002)
The 14th meeting of the 5th Board of Directors	January 27, 2021	January 28, 2021	Resolutions were disclosed by the Company on Cninfo (www.cninfo.com.cn) and the four designated newspapers on 28 January 2021(Announcement No 2021-012)
The 15th meeting of the 5th Board of Directors	January 29, 2021	January 30, 2021	Resolutions were disclosed by the Company on Cninfo (www.cninfo.com.cn) and the four designated newspapers on 30 January 2021(Announcement No 2021-018)
The 16th meeting of the 5th Board of Directors	February 9, 2021	February 10, 2021	Resolutions were disclosed by the Company on Cninfo (www.cninfo.com.cn) and the four designated newspapers on 10 February 2021(Announcement No 2021-031)
The 17th meeting of the 5th Board of Directors	March 1, 2021	March 2, 2021	Resolutions were disclosed by the Company on Cninfo (www.cninfo.com.cn) and the four designated newspapers on 2 March 2021(Announcement No 2021-044)
The 18th meeting of the 5th Board of Directors	March 26, 2021	March 27, 2021	Resolutions were disclosed by the Company on Cninfo (www.cninfo.com.cn) and the four designated newspapers on 27 March 2021(Announcement No 2021-050)
The 19th meeting of the 5th Board of Directors	April 16, 2021	April 17, 2021	Resolutions were disclosed by the Company on Cninfo (www.cninfo.com.cn) and the four designated newspapers on 17 April 2021(Announcement No 2021-068)
The 20th meeting of the 5th Board of Directors	April 21, 2021	April 22, 2021	Resolutions were disclosed by the Company on Cninfo (www.cninfo.com.cn) and the four designated newspapers on 22 April 2021(Announcement No 2021-074)
The 21st meeting of the 5th Board of Directors	June 2, 2021	June 3, 2021	Resolutions were disclosed by the Company on Cninfo (www.cninfo.com.cn) and the four designated newspapers on 3 June 2021(Announcement No 2021-088)
The 22nd meeting of the 5th Board of Directors	August 26, 2021	August 27, 2021	Resolutions were disclosed by the Company on Cninfo (www.cninfo.com.cn) and the four designated newspapers on 27 August 2021(Announcement No 2021-100)
The 23rd meeting of the 5th Board of Directors	October 26, 2021		The board approved: Proposal on the examination of "Goertek Quarterly Report in Q3 2021"

Session	Convening date	Disclosure date	Meeting resolution
The 24th meeting of the 5th Board of Directors	November 8, 2021	November 9, 2021	Resolutions were disclosed by the Company on Cninfo (www.cninfo.com.cn) and the four designated newspapers on 8 November 2021(Announcement No 2021-116)
The 25th meeting of the 5th Board of Directors	November 30, 2021	December 1, 2021	Resolutions were disclosed by the Company on Cninfo (www.cninfo.com.cn) and the four designated newspapers on 1 December 2021(Announcement No 2021-127)

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

Directors' attendance at Board of Directors and general meeting of shareholders							
Name	Number of Attendance required during the reporting period (times)	Attendance in person (times)	Attendance by Tele-communication (times)	Entrusted presence (times)	Absence (times)	Whether there is absence in person for two consecutive times	Attendance of the general meeting of shareholders (times)
Jiang Bin	13	12	1	0	0	No	3
Jiang Long	13	11	2	0	0	No	2
Duan Huilu	13	13	0	0	0	No	3
Xia Shanhong	13	1	12	0	0	No	1
Wang Tianmiao	13	1	12	0	0	No	1
Liu Chengmin	13	1	10	2	0	Yes	2
Wang Kun	13	1	12	0	0	No	3

Statement on failure to attend the Board of Directors for two consecutive times

Due to the Corona Virus Disease, director Liu Chengmin was unable to personally attend the 16th meeting of the 5th Board of Directors and the 17th meeting of the 5th Board of Directors, and delegated director Duan Huilu and independent director Wang Kun to vote respectively.

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

Whether directors raise any objection to relevant matters of the Company

Yes No

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

4. Other details on the performance of duties by directors

Whether proposals made by directors were adopted by the Company

Yes No

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

During the reporting period, the directors of the Company carried out work in strict accordance with *Company Law, Securities Law, Corporate Governance of Listed Companies, Rules Governing the Listing of Shares on Shenzhen Stock Exchange, Self-Regulatory Directives No.1 for Listed Companies on the Shenzhen Stock Exchange - Normative Operation of Listed Companies on the Main Board, Articles of Association and Rules of Procedure of the Board of Directors*. They fulfilled their duty of due diligence by forming a consensus after full discussion on major governance and business matters of the Company, and resolutely supervising and driving the implementation of the board resolution, so as to ensure the decision-making process being scientific,

timely and efficient, play a positive role in the sustained, healthy and stable development of the Company, and effectively safeguard the legitimate rights and interests of the Company and all shareholders.

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

Committee name	Members	Number of meetings held	Convening date	Meeting content	Important opinions and suggestions proposed	Performance of other duties	Specific objections (if any)
Audit committee	Wang Kun, Jiang Bin, Xia Shanhong	5	January 25, 2021	The audit committee approved: 1. <i>Special Audit Report on the Deposit and Use of Funds Raised in Q4 2020</i> ; 2. <i>Inspection Report on Related Transactions and Guarantees of the Company in Q4 2020</i> ; 3. <i>Internal Audit Work Report of 2020</i> ; 4. <i>Internal Audit Work Plan of 2021</i> ; 5. <i>Proposal on Nominating Mr. Du Lanzhen as Head of Internal Audit</i>	Approved		
			March 26, 2021	The audit committee approved: 1. <i>Proposal on Approving of Financial Accounts of 2020</i> ; 2. <i>Proposal on Approving of Financial Report and Abstract of 2020</i> ; 3. <i>Proposal on Approving of Self-assessment Report on Internal Control of 2020</i> ; 4. <i>Proposal on the Re-appointment of the Accounting Firm</i> ; 5. <i>Report on the Audit Work of the Accounting Firm of 2020</i> ; 6. <i>Report on the Performance of the Audit Committee of the Board of Directors in 2020</i>	Approved		
			April 21, 2021	The audit committee approved: 1. <i>Proposal on Approving of Quarterly Report of the Company in Q1 2021 and Abstract of the Quarterly Report of the Company in Q1 2021</i> ; 2. <i>Inspection Report on Related Transactions and Guarantees in Q1 2021</i> ; 3. <i>Internal Audit Work Report in Q1 2021</i>	Approved		
			August 26, 2021	The audit committee approved: 1. <i>Proposal on approving of Interim Report of 2021 and Abstract of Interim Report of 2021</i> ; 2. <i>Special Audit Report on the Deposit and Use of Raised Funds</i>	Approved		

Committee name	Members	Number of meetings held	Convening date	Meeting content	Important opinions and suggestions proposed	Performance of other duties	Specific objections (if any)
				<i>in the Semiannual Period of 2021; 3. Inspection Report on Related Transactions and Guarantees of the Company in Q2 2021; 4. Internal Audit Work Report in Q2 2021</i>			
			October 26, 2021	The audit committee approved: 1. <i>Proposal on Approving of Quarterly Report in Q3 2021 and Abstract of Quarterly Report in Q3 2021</i> ; 2. <i>Inspection Report on Related Transactions and Guarantees in Q3 2021</i> ; 3. <i>Internal Audit Work Report in Q3 2021</i> ; 4. <i>Special Audit Report on the Deposit and Use of Funds raised in Q3 2021</i>	Approved		
Remuneration and assessment committee	Jiang Bin, Xia Shanhong, Wang Tianmiao	3	January 22, 2021	The remuneration and assessment committee approved: Proposal on the Remuneration of the Chief Financial Officer	Approved		
			April 13, 2021	The remuneration and assessment committee approved: 1. <i>Proposal on approving of Goertek Home No 5 Employee Stock Ownership Plan (Draft)</i> ; 2. <i>Proposal on approving of Administrative Measures of Goertek Home No 5 ESOP</i> ; 3. <i>Proposal on approving of Stock Option Incentive Plan of Goertek of 2021 (Draft)</i> ; 4. <i>Proposal on approving of Measures for the Examination and Administration of the Implementation of the Goertek Stock Option Incentive Plan of 2021</i>	Approved		
			May 31, 2021	The remuneration and assessment approved: <i>Proposal on the Remuneration of Vice President</i>	Approved		

VIII. Performance of the Board of Supervisors

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

Yes No

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

IX. Personnel of the Company

1. Number of staff, specialty composition and educational level

Number of staff of the parent company at the end of the Reporting Period	37,319
Number of Staff of major subsidiaries at the end of the Reporting Period	58,461
Total number of staff at the end of the Reporting Period	95,780
Total number of staff who receive remuneration during the Reporting Period	95,780
Number of retired staff the Company and its major subsidiaries are required to compensate	0
Specialty composition	
Category	Number
Production staff	69,815
Sales staff	670
Technical staff	19,753
Financial staff	306
Administrative staff	5,236
Total	95,780
Educational level	
Category	Number
PhD	78
Postgraduate	3,435
Undergraduate	16,170
College degree	18,823
Below College degree	57,274
Total	95,780

2. Remuneration policy

Goertek continued to put emphasis on the attraction, motivation and retention of talents, implemented competitive incentive policies on salary and welfare, and fulfilled the cultural concept of “we make, we share, we grow”.

Facing COVID-19 and economic challenges, the Company still steadily applied employee promotion and salary adjustment plan to raise the salary level of employees. The Company also implemented special remuneration policies for core positions and talents

that support the development of strategic business, so as to effectively attract and retain talents, enrich the Company's talent pool and improve the quality and quantity of talents. In terms of incentive policy, through the issuance of ESOPs and new stock option plans, more and more core employees can share the fruit of company growth. The cohesion of the management team and the key staffs has been effectively enhanced. In addition to material incentives, the Company fully investigated in the demands of employees, strived to build welfare system with its own characteristics, made full use of related resources, and cared for employees in an all-round way by providing diversified benefits in children's education, house ownership, health security, and convenient life.

3. Training programmes

In 2021, the Human Resources Management Department followed Goertek's strategy and business development requirements, improved its all-category, full-field and whole-process talent training system, carried out diversified learning and training activities, strengthened the construction of a learning organization and promoted organizational performance. Along with the business reform, after a year of construction of the training system and intensive cultivation of the project, the Company further improved the training organization, operation and management system for all staffs covering cadres, technical personnel, professionals and new employees ,Wing Project of Goertek, thus helping the Company to achieve business objectives.

In 2022, the Company will focus on building a global training management center and further reforming talent training mode. The Company will increase investment in the strengthening of talents training capacity, policy management, training development and resource management and make substantial breakthroughs in teacher recruitment, curriculum management, organization-related knowledge management, informatization and digitalization of training and so on, so as to helping the Company to become a leader in the construction of leadership college, engineering college, new employee training college and professional development college. That's how the Company achieves its cultural concept of "we make, we share, we grow", and its mission of a better life enriched by technology.

4. Labor outsourcing

Applicable Not applicable

X. Profit Distribution and Conversion of Capital Reserves into Share Capital

Formulation, execution or adjustment of profit distribution policy, especially the cash dividend during the Reporting Period

Applicable Not applicable

The Company has strictly implemented the *Shareholder Return Plan for the Next Three Years (2019-2021)*, and clarifies the standard, ratio, and the decision making procedures of the distribution policy, which ensures the continuity and stability of the profit distribution policy, in order to fully protect the legitimate rights and interests of minority investors. In addition, the Company has

conducted share repurchase in 2021. In accordance with the requirements of *Company Law, Rules Governing the Listing of Shares on Shenzhen Stock Exchange and Implementation Rules of Shenzhen Stock Exchange on the Share Repurchase of Listed Companies*: the shares repurchased can be regarded as the amount of cash dividends and shall be included in the relevant calculation of cash dividends proportion of the year.

Special description of the cash dividend policy	
Whether in compliance with provisions in the Articles of Association or requirements of the resolution of the extraordinary general meeting of shareholders:	Yes
Whether the dividend standard and the proportion are definite and clear:	Yes
Whether the related decision-making procedures and mechanisms are complete:	Yes
Whether independent directors perform their duties responsibly and play their due roles:	Yes
Whether minority shareholders have the opportunity to fully express their opinions and demands and their legitimate rights and interests are fully protected:	Yes
Whether the conditions and procedures are transparent and comply with regulations while the cash dividend policy is adjusted or changed:	The cash dividend policy has not been adjusted.

The profits of Goertek in the Reporting Period and the parent company's profits distributable to shareholders are positive, but the Company did not put forward a proposed plan for cash dividend distribution.

Applicable Not applicable

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

Applicable Not applicable

Number of bonus shares per 10 shares	0
Dividend per 10 shares (RMB) (tax inclusive)	2.00
Conversion of capital reserves into share capital per 10 shares (shares)	0
Shares base of the distribution proposal (shares)	3,342,055,585
Cash dividend amount (RMB) (tax inclusive)	668,411,117.00
Cash dividend amount distributed by other means (such as shares repurchase) (RMB)	1,999,998,595.63
Total cash dividends (including other means) (RMB)	2,668,409,712.63
Distributable profit (RMB)	15,372,823,358.48
Proportion of total cash dividends (including other means) in total profit distribution	100%
Cash dividends	
If the Company is in developing stage, and there are major capital expenditure arrangements, the minimum proportion of cash dividends in profit distribution should reach 20%.	
Detailed description of the proposal for profit distribution or capitalization from capital reserve funds	
According to the standard unqualified opinion audit report issued by ZHONGXI CPAs (Special General Partnership) for Goertek,	

the parent company reports a net profit of RMB 758,580,163.40 in 2021, net distributable profit of RMB 10,437,290,148.25 at the end of 2021, and the balance of capital reserves of RMB 7,706,634,091.21. The net distributable profit in the consolidated balance sheet is RMB 15,372,823,358.48. The profit distribution in 2021 is as follows: based on the total share capital registered on the record date of equity distribution minus the repurchased shares in the Company's special repurchase account, the Company will distribute cash dividend of RMB 2.00 (tax inclusive) for per 10 shares to all the shareholders, as well as 0 bonus shares (tax inclusive), and there is no conversion of capital reserves into share capital.

XI. Equity Incentive Plan, Employee Stock Ownership Plan or Other Employee Incentives

Applicable Not applicable

1. Equity incentive

Stock Option Incentive Plan in 2021 (hereinafter referred to as “the Incentive Plan”):

On April 16, 2021, Goertek convened the 19th meeting of the 5th Board of Directors, which approved *Proposal of 2021 Stock Option Incentive Plan of Goertek Inc. (Draft)* and the Summary, *Proposal of Rules on the Implementation and Assessment of 2021 Stock Option Incentive Plan*, and *Proposal of Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Relevant to 2021 Stock Option Incentive Plan*. The 14th meeting of the 5th Board of Supervisors approved relevant proposals, reviewed the list of participants awarded for the first time, and expressed the review opinions. Independent directors of the Company expressed their agreed opinions on the Incentive Plan independently.

On April 17, 2021, Goertek disclosed the *List of Participants Awarded for the First Time of the Incentive Plan* on the website <http://www.cninfo.com.cn>. The Company publicized the names and positions of these participants from April 20 to April 29, 2021. During the publicity period, the Supervisors did not receive any objections, and no feedback was recorded. On April 30, 2021, the Company disclosed the *Result of Review by the Board of Supervisors on the List of Participants Awarded for the First Time of 2021 Share Option Incentive Plan*. On May 8, 2021, the Company disclosed *Self-examination Report on the Trading of Shares by Insiders of the 2021 Share Option Incentive Plan*.

On May 7, 2021, the proposals mentioned above were approved on the annual general meeting of 2020. The Board of Directors were authorized to handle relevant matters regarding the Incentive Plan.

On June 2, 2021, Goertek convened the 21st meeting of the 5th Board of Directors and the 16th meeting of the 5th Board of Supervisors. *Proposal of the Adjustment of Participants Awarded for the First Time of the 2021 Share Option Incentive Plan*, *Number of Stock Options and Exercise Price*, and the *Proposal of Resolution of Grant Stock Options to the Participants* were approved. The Board of Supervisors expressed the results of review on the list of incentive participant. Independent Directors expressed their agreed opinions on relevant matters independently. Beijing Tian Yuan Law Firm issued the *Legal Opinions of Beijing Tian Yuan Law Firm on Relevant Matters Regarding the Adjustment and First Grant of the 2021 Share Option Incentive Plan*.

On June 24, 2021, Goertek completed the registration of the 2021 Incentive Plan.

Stock options granted to Directors and senior management

Applicable Not applicable

The Appraisal and incentive mechanism for senior management

The remuneration plan of directors and supervisors of the company shall be formulated by the remuneration and assessment committee of the Board of Directors, which shall be approved by the Board of Directors and submitted to the general meeting of shareholders for approval before implementation. The remuneration standard for senior management shall be formulated by the remuneration and assessment committee, and implemented after approval by the Board of Directors.

2. Implementation of employee stock ownership plan

Applicable Not applicable

All valid employee stock ownership plans during the reporting period

Participants	Number	Total shares held	Changes	Shareholding percentage	Source of funds
Goertek Home No. 3 ESOP: part of Directors, Supervisors, senior management, key management personnel, and key business personnel	1,600	1,349,600	None	0.04%	self-raised
Goertek Home No. 4 ESOP: Directors (excluding Independent Directors), Supervisors, senior management, key management personnel and key business personnel	4,000	20,539,684	None	0.60%	n.a.
Goertek Home No. 5 ESOP: Directors (excluding Independent Directors), Supervisors, senior management, key management personnel and key business personnel	25	11,000,000	None	0.32%	self-raised

Total shares held of Directors, Supervisors and senior management in ESOPs during the reporting period

Name	Position	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Shareholding percentage
Duan Huilu, Feng Jianliang,	Directors,	8,036,551	3,289,000	0.10%

Xu Xiaofeng, Wei Wenbin, Gao Xiaoguang, Liu Chunfa, Jiang Hongzhai, Jia Jun'an, Feng Pengbo, Yu Dachao, Yoshinaga Kazuyoshi, Li Yongzhi, Li Youbo, Zhu Shengbo	Supervisors, senior management			
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Changes of Asset Management Agency during the reporting period

Applicable Not applicable

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

Applicable Not applicable

During the reporting period, the Goertek Home No. 3 ESOP, and Home No. 4 ESOP after the expiration of the lock-up period, sold part of shares in accordance with relevant regulations. By the end of the reporting period, Goertek's Home No. 3 ESOP held 1.3496 million shares, shareholding percentage was 0.04%, while the Home No. 4 ESOP held 20.5397 million shares, shareholding percentage was 0.60%. The Home No. 5 ESOP held 11 million shares, shareholding percentage was 0.32%.

Exercise of shareholders' rights during the reporting period

During the reporting period, the ESOPs exercised the shareholders' rights to participate in cash dividend of 2020, but did not participate in voting of the general meeting of shareholders or exercise other shareholders' rights.

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

Applicable Not applicable

Changes in members of the Management Committee of the ESOPs

Applicable Not applicable

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

Applicable Not applicable

In accordance with the *Accounting Standard for Business Enterprises No.11 - Share-based Payments*: if an equity-settled share-based payment in exchange for services received from employees could not exercise until the completion of services for a vesting period, or until the achievement of a specified performance condition, Goertek at each balance sheet date during the vesting period recognizes the services received for the current period as related costs or expenses, and capital reserve, at amount equal to the fair value of the equity instruments at the grant date, based on the best estimate of the number of equity instruments expected to exercise. The expenses amortization of the Goertek Home No. 4 ESOP and the Goertek Home No. 5 ESOP in 2021 is RMB 422.8195 million and RMB 111.0332 million respectively, which is recognized as related expenses and capital reserve.

Termination of ESOP during the reporting period

Applicable Not applicable

Explanation on Other Matters

None

3. Other employee incentive measures

Applicable Not applicable

XII. Construction and implementation of the Company's Internal Control System During the Reporting Period

1. Construction and implementation of internal control

During the reporting period, in order to ensure the development of business activities and the realization of Goertek's strategic goals, Goertek attached great importance to the construction of internal control system. We gradually established a basic compliance, sound and effective internal control system covering all aspects of operation and management in accordance with the industry and asset structure characteristics.

(1) Internal supervision

The Company has established the *Internal Audit System*, and has set up an independent internal audit department, which is responsible for internal audit work, the audit and efficiency supervision of financial revenue, expenditure, the implementation of financial system, the Company's rules and regulations. The internal audit department also responsible for making proposals on the improvement of the Company's internal control system.

Under the direct leadership of the Audit Committee, the audit department independently carries out internal audit and supervision, supervising the operation and management, financial condition and internal control implementation of the Company and its subsidiaries. Besides, the audit department issues independent audit opinions, and regularly reports summaries and working plans to the Audit Committee.

(2) Risk assessment

In combination with characteristics of the industry and actual operating status, the Company timely assesses internal and external risks such as environmental risk, business risk and financial risk, weighs the risk and return according to the results of risk analysis and risk tolerance, determines strategies, and practically makes the risk controllable.

(3) Control activities

The Company constantly implements the workings of internal control in all kinds of business processes, conducts various internal controls, avoids the mere formality of internal policies and regulations, and improves the effectiveness and soundness of internal control.

(4) Information disclosure

The Company formulated the *Information Disclosure Policy*, the *Accountability System Regarding Major Errors in the Annual Report Information Disclosure and the Policy on Management of the Personnel with Inside Information*. According to the

requirements of relevant laws and regulations, the *Policy on Management of the Personnel with Inside Information* has been revised in time, which has detailed the scope of inside information and related personnel, and the administrative measures on registration of personnel with inside information in material matters. The Company's information disclosure in 2021 complied with the relevant laws and regulations of the regulatory authorities and the provisions of the above-mentioned control system.

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

Yes No

XIII. Management and controls of subsidiaries during the Reporting Period

Not applicable

XIV. Self-assessment Report on Internal Control or Audit Report on Internal Control

1. Self-assessment on internal control

Disclosure date of the Internal Control Self-assessment Report	March 30, 2022	
Disclosure index of the Internal Control Self-assessment Report	Disclosed on www.cninfo.com.cn on March 30, 2022	
Proportion of the total assets of entities included in the assessment scope to the total assets of the Company's consolidated financial statements	100.00%	
Proportion of the total revenue of entities included in the assessment scope to the total revenue of the Company's consolidated financial statements	100.00%	
Defect Identification Standard		
Category	Financial report	Non-financial report
Qualitative criteria	The qualitative standard of the assessment of internal control defects in financial reporting are as follows: Signs of material defects in financial reporting include: (1) Fraud of directors, supervisors and senior management on the financial report; (2) Corrections of previously disclosed financial	The qualitative standard of the assessment of internal control defects in non-financial reporting determined by Goertek are as follows: The identification of defects in non-financial report is mainly determined by the impact of defects on the effectiveness of business processes and the possibility of

	<p>reports;</p> <p>(3) Material misstatement of current period financial statements identified by certified public accountant but not identified by the Company's internal control;</p> <p>(4) Ineffective supervision on the financial statements by the audit committee and the internal audit department.</p> <p>Signs of important defects in financial reporting include:</p> <p>(1) Failure to select and apply accounting policies in accordance with Generally Accepted Accounting Principles;</p> <p>(2) No anti-fraud procedures and control measures have been established;</p> <p>(3) No corresponding control mechanism has been established or implemented for the accounting treatment of unconventional or special transactions, and there is no corresponding compensatory control;</p> <p>(4) One or more defects is or are existing in the control of the financial reporting process, that the prepared financial statements cannot be reasonably guaranteed to be true and complete.</p> <p>General defects: other internal control defects.</p>	<p>occurrence. If the possibility of defect occurrence is low, and the defect will reduce the efficiency and effectiveness of work, or increase the uncertainty of the effectiveness, or make it deviate from the expected goal, it is a general defect. If the possibility of defect occurrence is relatively high, and the defect will significantly reduce the efficiency or effectiveness of work, or significantly increase the uncertainty of the effectiveness, or make it significantly deviate from the expected goal, it is an important defect. If the possibility of defect occurrence is high, and the defect will seriously reduce the efficiency or effectiveness of work, or seriously increase the uncertainty of the effectiveness, or make it seriously deviate from the expected goal, it is a material defect</p>										
<p>Quantitative criteria</p>	<p>The quantitative standard of the assessment of internal control defects in financial reporting are as follows:</p> <p>(1) If one of the following conditions is met, it may be recognized as a material defect:</p> <table border="1" data-bbox="520 1375 1031 1883"> <thead> <tr> <th>Item</th> <th>Impact of defects</th> </tr> </thead> <tbody> <tr> <td>Potential misstatement of total profit</td> <td>≥ 5%, with an amount ≥ RMB 10 million</td> </tr> <tr> <td>Potential misstatement of total assets</td> <td>≥ 1%</td> </tr> <tr> <td>Potential misstatement of revenue</td> <td>≥ 1%</td> </tr> </tbody> </table> <p>(2) If one of the following conditions is met, it may be recognized as an important defect:</p> <table border="1" data-bbox="520 1980 1031 2027"> <thead> <tr> <th>Item</th> <th>Impact of defects</th> </tr> </thead> <tbody> </tbody> </table>	Item	Impact of defects	Potential misstatement of total profit	≥ 5%, with an amount ≥ RMB 10 million	Potential misstatement of total assets	≥ 1%	Potential misstatement of revenue	≥ 1%	Item	Impact of defects	<p>The quantitative standard of the assessment of internal control defects in non-financial reporting is in accordance with the quantitative standard of defects in financial reporting.</p>
Item	Impact of defects											
Potential misstatement of total profit	≥ 5%, with an amount ≥ RMB 10 million											
Potential misstatement of total assets	≥ 1%											
Potential misstatement of revenue	≥ 1%											
Item	Impact of defects											

	Potential misstatement of total profit	3%≤misstatement <5%	
	Potential misstatement of total assets	0.5≤misstatement <1%	
	Potential misstatement of revenue	0.5≤misstatement <1%	
	(3) If one of the following conditions is met, it may be recognized as a minor defect:		
	Item	Impact of defects	
	Potential misstatement of total profit	<3% of total profit	
	Potential misstatement of total assets	<0.5% of total assets	
Potential misstatement of revenue	<0.5% of total revenues		
Number of material defects in financial reporting			0
Number of material defects in non-financial reporting			0
Number of important defects in financial reporting			0
Number of important defects in non-financial reporting			0

2. Audit Report on internal control

Applicable Not applicable

Audit Opinion in Audit Report on Internal Control	
In our opinion, the Company has maintained effective internal control of financial reports in accordance with the <i>Basic Rules for Internal Control of Enterprises</i> as of 31 December 2021.	
Disclosure of the Audit Report on Internal Control	Disclosed
Disclosure date of the Audit Report	March 30, 2022

on Internal Control	
Disclosure index of the Audit Report on Internal Control	www.cninfo.com.cn, March 30, 2022
Type of internal control audit report opinions	standard unqualified opinion
Material defects found in non-financial reporting	No

Whether the Auditor set out the Audit Report on internal control with any opinions of non-standardization.

Yes No

Whether the Audit Report on internal control is consistent with the Self-assessment Report on internal control opinion.

Yes No

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

Not applicable

Section V Environmental and social responsibilities

I. Major Environmental Issues

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

√ Yes □ No

Name of the Company or subsidiaries	Type of major pollutants and name of particular pollutants	Type of discharge	Number of discharging ports	Locations of discharging ports	Concentration of pollutant discharged	Enforced standards of pollutant concentration	Total discharge volume	Total approved discharge volume	Discharge exceeding the standard
Goertek Inc.	Hazardous waste	Indirect discharge	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	None
Yili Precision Manufacturing Co., Ltd.	COD; ammonia nitrogen	Intermittent discharge	1	In the plant	COD: 50mg/L; ammonia nitrogen: 5mg/L	COD: 500mg/L; ammonia nitrogen: 45mg/L	COD: 8.523t/a; ammonia nitrogen: 0.168t/a	COD: 23.189t/a; ammonia nitrogen: 2.3389t/a	None

Construction and operation of pollution prevention facilities

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

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

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

The construction projects of Goertek Inc. have obtained The Environmental Impact Assessment and Approval from the High-tech Branch of Weifang Municipal Ecology and Environment Bureau in accordance with the regulations, and have obtained environmental protection acceptance opinions according to *The Interim Measures for Environmental Protection Acceptance of Construction Project Completion*.

The construction projects of Yili Precision Manufacturing Co., Ltd. have obtained The Environmental Impact Assessment and Approval from the Anqiu Branch of Weifang Municipal Ecology and Environment Bureau in accordance with the regulations, and have obtained environmental protection acceptance opinions according to *The Interim Measures for Environmental Protection Acceptance of Construction Project Completion*.

Emergency response plan for unexpected environmental events

In view of various risk factors, combined with *The National Environmental Emergency Response Plan* and *The Guidelines to Develop Emergency Response Plan for Environmental Pollution Accidents*, Goertek has formulated The Environmental Emergency Response Plan, and has reported the plan to the High-tech Branch of Weifang Municipal Ecology and Environment Bureau for recording (No. 370708-2021-079-L). Goertek also organizes relevant training and drills on a regular basis, in order to improve the emergency response ability of employees and achieve continuous improvement.

In view of various risk factors, Yili Precision Manufacturing Co., Ltd. refers to the *National Environmental Emergency Plan* and *Guidelines to Develop Emergency Response Plan for Environmental Pollution Accidents*, formulates the *Yili Environmental Emergency Plan*, and puts it on record in Anqiu Branch of Weifang Ecological Environment Bureau (record No. 370784-2020-004-H). Relevant training and drills are organized on a regular basis to further improve employees' ability to deal with emergency events and achieve continuous improvement.

Environmental self-monitoring programme

The Company entrusts third-party monitoring organization to monitor the environmental factors of the plant area and issue an inspection report every year.

The main waste water outlet of Yili Precision Manufacturing Co., Ltd. is equipped with on-line monitoring equipment of COD, ammonia nitrogen, flow rate and PH value, which is connected with the local department of environmental protection authorities. Environmental self-monitoring of waste water, waste gas, groundwater and soil pollutants is carried out in strict accordance with the requirements of the pollutant discharge permit, and related information is disclosed as required. Environmental self-monitoring of waste water, waste gas, groundwater and soil pollutants is carried out in strict accordance with the requirements of the pollutant discharge permit, and related information is disclosed as required.

Administrative penalties received for environmental issues during the reporting period

None

Other environmental information that should be disclosed

None

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

Applicable Not applicable

The Company took “compliant use of energy, improved efficiency, reduce emission, full participation of all staffs and green development” as its energy management policy, and implemented this policy onto its product manufacturing chain. By taking the establishment of energy management system as a scientific management basis, the Company optimized its organizational structure of management, improved systems and processes, and emphasized the focus of management, so as to tap the potential of energy saving, actively improve the overall level of energy efficiency, and integrate emission reduction and green development targets into its internal operation.

The Company strived to promote clean energy application, increased the proportion of green energy in all energy sources, introduced distributed photovoltaic power generation and solar heat collection projects, and successfully achieved the annual emission reduction of 32,993tCO₂e. It also conducted energy-saving-oriented technological transformation to improve equipment energy efficiency, applied energy-saving technologies such as vacuum pump, frequency conversion, automatic control and so on. An annual emission reduction of 25,492tCO₂e has been reached.

Other information related to environmental protection

None

II. Performance of Social Responsibility

During the reporting period, while the Company was committed to achieving its own development, it has also performed well in the protection of the rights and interests of shareholders, creditors, employees, suppliers, customers and consumers, as well as in environmental protection and sustainable development, public relations and social public welfare undertakings. For details, see the Corporate Social responsibility Report of 2021 released on "www.cninfo.com.cn" on March 30, 2022. For details, see the *Corporate Social responsibility Report of 2021* released on "www.cninfo.com.cn" on March 30, 2022.

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

The Company has always responded positively to relevant calls of the authorities at all levels on targeted poverty alleviation, such as *The Poverty Alleviation Plan for the 13th Five-Year Plan Period (2016-2020)* issued by the State Council. In addition, the Company has carried out tailored accurate poverty alleviation efforts according to *The Circular on Information Disclosure of Poverty Alleviation Work of Listed Companies* issued by Shenzhen Stock Exchange, and implements relevant arrangements and requirements of *The Opinions of the China Securities Regulatory Commission on Giving Full Play to the Role of the Capital Market to Serve the National Poverty Alleviation Strategy*.

In September, 2020, the Company renewed *The Agricultural and Sideline Products Purchasing Agreement with the Anqiu Bangquan Fruit and Vegetable Planting Professional Cooperative*. The Company will purchase products from the cooperative and

keep the price from fluctuation to reduce the production and operation risk of poor households, and ensure that the per capita income of registered poor households will increase by no less than RMB 2,000 each year. The support duration will be no less than 2 years, and the agreements could be renewed.

Section VI Important Matters

I. Fulfilment of Commitments

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

√ Applicable □ Not applicable

Commitment matters	Commitment party	Commitment type	Commitment content	Commitment time	Commitment period	Performance of commitments
Commitments made during the share merger reform	Not applicable					
Commitments made in the report of acquisition or in the report of equity changes	Not applicable					
Commitments made during asset restructuring	Not applicable					
Commitments made during initial public offering or refinancing	Mr. Jiang Bin, the actual controller, and Mr. Jiang long, shareholder and the related party of the actual controller	Commitment to restricted stock	Mr. Jiang Bin and Mr. Jiang Long promise that the Company shares transferred each year during their tenure will not exceed 25% of the total company shares held by them, and the shares will not be transferred within six months after their resignation in future	October 8, 2007	Long-term standing	Strictly fulfilled
	Mr. Jiang Bin and Ms. Hu Shuangmei, the actual controllers of the Company,	Horizontal competition related	At present, there is no competition between the main businesses of Goertek Inc. and the commitment parties (company and persons) in this clause or other entities	October 8, 2007	Long-term standing	Strictly fulfilled

	Goertek Group Co., Ltd and Mr. Jiang Long, the shareholders who hold more than 5% of the Company shares	commitment	<p>controlled by the commitment parties (company and persons). In future, in order to fundamentally avoid the possibility of competing with Goertek Inc., the commitment parties (company and persons) promise as follows: 1) The commitment parties (company and persons) will not engage in the same or similar business as Goertek Inc. in order to avoid direct or indirect competition to the production and operation of Goertek Inc. Efforts will be made to urge other entities controlled by the commitment parties (company and persons) not to directly or indirectly participate in or carry out any business activity that compete with the production and operation of Goertek Inc. 2) If the commitment parties (company and persons) and the other entities controlled by the commitment parties (company and persons) except Goertek Inc., have competitive businesses of the same kind with Goertek Inc., which may bring unfair impacts on Goertek Inc. in terms of market share, business opportunities and resource allocation, etc. The commitment parties (company and persons) and other entities controlled by the commitment parties (company and persons) except Goertek Inc. will voluntarily give up business competition with Goertek Inc. 3) The commitment parties (company and persons) undertake to give Goertek Inc. the pre-emption right on the purchase of any assets and business to be sold, and will do its best to ensure that the price of the transaction is determined on the basis of fair, reasonable and normal commercial transactions with independent third parties. 4) The commitment parties (company and persons) will not be</p>			
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			restricted from engaging in or continuing to engage in existing production business, in particular to provide Goertek Inc. with relevant materials and services needed for its operation. Since the date of issuance of this letter of commitment, the commitment parties (company and persons) undertake to indemnify Goertek Inc. for any loss or expense suffered or incurred in violation of any of the terms of this commitment.			
	Controlling shareholder	Other commitments	<p>1. In addition to setting a guarantee for the non-public offering of the exchangeable bonds, the stocks to be exchanged shall not be subject to other restrictions such as freeze by judicial domicile before the bond issue. No restriction is imposed on the sale of shares prepared for exchange when entering the stock exchange period, and the transfer of this part of shares does not violate the controlling shareholder's commitments to the Company, investors and Shenzhen Stock Exchange. 2. The controlling shareholder will not increase its holdings of the Company shares within six months before and after current holders exercise the stock exchanges. 3. The controlling shareholder does not have situation stipulated in <i>Article 6 of the Several Provisions on Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Executives of Listed Companies (Announcement [2017] No. 9, CSRC)</i>. 4. The controlling shareholder will not directly transfer control of Goertek Inc. to others through the current issuance of exchangeable bonds; 5. During the stock exchange period, if there are situations not allowed as stipulated by the <i>Several Provisions on Shareholding Reduction by Shareholders, Directors,</i></p>	January 11, 2021	From the issuance date of the commitment to the completion of current non-public offering of exchangeable bonds	The 2021 Goertek Exchangeable Bonds was delisted on January 17, 2022, thus the commitment has been completely fulfilled

			<i>Supervisors and Senior Executives of Listed Companies and the Implementing Rules of the Shenzhen Stock Exchange for the Sale of Shares by Shareholders, Directors, Supervisors and Senior Management of Listed Companies</i> , the controlling shareholder undertakes to suspend the application for share exchange until relevant circumstances are eliminated.			
Equity incentive commitments	The Company	Others commitments	Stock option incentive plan of 2021: The Company undertakes not to provide loans or any other form of financial assistance to any participants to obtain relevant rights and interests under this incentive plan, including guarantee for their loans	April 16, 2021	From the issuance date of the commitment to the completion of the implementation of the stock option incentive plan of 2021	Strictly fulfilled
Other commitments made to minority shareholders	Controlling shareholders and actual controller	Commitment of profit dilution counter-measures	Commitment of profit dilution counter-measures in accordance with relevant regulations of China Securities Regulatory Commission	September 10, 2019	From the issuance date of the commitment to the completion of the convertible bonds	Goertek Convertible Bond No.2 was delisted on March 11, 2021, thus the commitment has been completely fulfilled
	Directors and senior	Commitment of	Commitment of profit dilution counter-measures in	September	From the	Goertek

	management	profit dilution counter-measures	accordance with relevant regulations of China Securities Regulatory Commission	10, 2019	issuance date of the commitment to the completion of the convertible bonds	Convertible Bond No.2 was delisted on March 11, 2021, thus the commitment has been completely fulfilled
	The Company	Others commitments	From March 5, 2020 to the end of the use of the funds raised from convertible bonds issuing or within 36 months after the funds raised are in place, the Company will no longer increase the funds usage in financial business (including capital investment, borrowing, guarantee and other forms of capital investment). The Company will not use the funds raised directly or in disguise for financial business	March 5, 2022	From March 5, 2020 to the end of the use of funds raised or within 36 months after the funds raised are in place	Strictly fulfilled
	The Company	Others commitments	The Company promises not to carry out venture capital investment during the period of temporary liquidity replenishment with raised funds, and undertakes to use these raised funds during temporary liquidity replenishment only for production and operation related to the main business. The Company shall not directly or indirectly use raised funds for the Subscription or placement of stocks, or for the trading of stocks and their derivatives, convertible bonds, etc.	November 5, 2020	During the time period of temporary liquidity replenishment with raised funds starting from November 5, 2020	All raised funds have been returned on November 3, 2021, thus the commitment has been completely fulfilled
	The Company	Others	The Company promises not to carry out venture capital	November 8,	During the	Strictly

		commitments	investment during the period of temporary liquidity replenishment with raised funds, and undertakes to use these raised funds during temporary liquidity replenishment only for production and operation related to the main business. The Company shall not directly or indirectly use raised funds for the Subscription or placement of stocks, or for the trading of stocks and their derivatives, convertible bonds, etc.	2021	time period of temporary liquidity replenishment with raised funds starting from November 8, 2021	fulfilled
	Directors and senior management	Commitment to restricted stock	The directors and senior management of the Company promise not to reduce their holdings of company shares within 6 months from November 18, 2020, not to engage in insider trading or short-swing trading, and not to buy or sell company stocks during sensitive time periods	November 17, 2020	In the next six consecutive months from November 18, 2020	Completely fulfilled on May 17, 2021
	The Company, actual controller of the Company	Horizontal competition related commitment	1. The commitment parties (company and persons) are committed, during the time period of being the controlling shareholders or actual controller of Goertek Microelectronics Co., Ltd. (hereafter referred to as "Goermicro"), to making Goermicro (including its holding subsidiaries and branches) the only company engaged in the R&D, production and sales of MEMS devices and micro-system modules, among all entities controlled by the commitment parties (company and persons) 2. During the time period when the commitment parties (company and persons) are the controlling shareholder or actual controller of Goermicro, the commitment parties (company and persons) undertake that after the completion of the spin-off of Goermicro, all reasonable efforts will be made to ensure that, except Goermicro and its holding	November 8, 2021	During the period that the Company and the actual controller of the Company act as the controlling shareholder or actual controller of Goermicro	Strictly fulfilled

		<p>subsidiaries, the Company and other enterprises (hereafter referred to as “affiliated enterprises”) controlled by the commitment parties (company and persons) will not engage in business that has significant adverse impact to the main business of Goermicro and its subsidiaries. 3. The commitment parties (company and persons) will supervise and restrict the business activities of the affiliated enterprises. After the completion of the spin-off, if any future business opportunities obtained by the Company and/or affiliated enterprises from any third party that competes with the main business of Goermicro and/or its holding subsidiaries, the Company and/or affiliated enterprises shall immediately notify Goermicro and make every effort to facilitate the acquisition of such business opportunities by Goermicro and/or its holding subsidiaries, or to take other measures conducive to avoiding and resolving horizontal competition. 4. The commitment parties (company and persons) undertakes that no advantage of its (their) status of being the controlling shareholder (actual controller) will be taken to engage in or participate in acts that harm the interests of Goermicro and / or other shareholders (especially minority shareholders). The commitment parties (company and persons) will not use the information learned or known from Goermicro and/or its holding subsidiaries to assist any third party to engage in business activities that have a significant adverse impact on the main business of Goermicro and/or its holding subsidiaries. 5. If, in the course of actual implementation, the commitment parties (company and</p>			
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			persons) violates the above commitments, the commitment parties (company and persons) will compensate Goermicro and/or its holding subsidiaries with the benefits and gains obtained from the transaction. If the violation of the above commitments causes economic losses to Goermicro and/or its holding subsidiaries, the commitment parties (company and persons) will bear the corresponding liability of compensation in accordance with laws			
	The Company, actual controller of the Company	Commitments related to affiliate transactions	1. After the completion of the spin-off of Goermicro, the commitment parties (company and persons) will exercise and perform rights and obligations as a micro-shareholder or actual controller of Goermicro in good faith, fully respect the independent legal entity status of Goermicro, and guarantee its independent operation and decision-making process. 2. After the completion of the spin-off, the commitment parties (company and persons) will try its best to avoid and reduce affiliate transactions between Goermicro and/or its holding subsidiaries and the commitment parties (company and persons) and their controlled companies (except Goermicro and/or its holding subsidiaries, hereafter referred to as "affiliated enterprises") . For affiliate transactions that cannot be avoided or can be conducted with reasonable causes, the commitment parties (company and persons) and their affiliated enterprises will follow the principles of fairness and openness. Agreements with Goermicro and/or its holding subsidiaries will be signed in accordance with relevant laws and regulations. The approval procedures and	November 8, 2021	Long-term standing	Strictly fulfilled

		<p>information disclosure obligations in accordance with laws and regulations, articles of association and other relevant provisions will be performed corresponding.</p> <p>When the meeting of board of directors and the meeting of shareholders' of Goermicro deliberate and approve matters relating to affiliate transactions involving the commitment parties (company and persons) and affiliated enterprises, the commitment parties (company and persons) will urge the directors nominated by the Company and its affiliates (if any) and itself to withdraw from the relevant voting. The commitment parties (company and persons) undertake that the above affiliate transactions will be carried out strictly and in good faith in accordance with normal commercial conditions. The commitment parties (company and persons) and its affiliated enterprises will carry out the above affiliate transactions at fair values and will not seek benefits beyond such transactions from Goermicro and/or its controlling subsidiaries. The commitment parties (company and persons) will not harm the legitimate rights and interests of Goermicro and other shareholders through affiliate transactions. 3. After the completion of the spin-off, the commitment parties (company and persons) and its affiliated enterprises will avoid any illegal acts to occupy funds and assets of Goermicro and/or its holding subsidiaries as far as possible. 4. The commitment parties (company and persons) will urge the affiliated enterprises to abide by the above commitments. If the commitment parties (company and persons) and/or the affiliated enterprises violate the above commitments,</p>			
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			the commitment parties (company and persons) will compensate for Goermicro and/or its holding subsidiaries with the benefits and gains obtained from the transaction. If the violation of the above commitments causes economic losses to Goermicro and/or its holding subsidiaries, the commitment parties (company and persons) will bear the corresponding liability for compensation in accordance with laws			
Whether the commitments are fulfilled on time	Yes					
If the commitments are not fulfilled within the time limit, specific reasons for the failure of complying and the work plan for the next step shall be explained in details	Not applicable					

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

Applicable Not applicable

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

Applicable Not applicable

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

III. External Guarantee in Violation of Regulations

Applicable Not applicable

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

IV. Explanation of the Board of Directors on the Relevant Information of the Latest “Qualified Audit Report”

Applicable Not applicable

V. Explanation of the Accounting Firm's “Non-standard Audit Report” by the Board of Directors, the Board of Supervisors and Independent Directors (if Any) During the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

1. Accounting policy changes caused by the implementation of the new accounting standards of lease

On December 7, 2018, the Ministry of Finance issued *The Accounting Standards for Enterprises No.21–Leases (2018 Revision)* (*Finance and Accounting [2018] No. 35*) (hereinafter referred to as “new standards of lease”). With the resolution of the 18th meeting of the 5th board of directors on March 26, 2021, the Company has implemented the above-mentioned new standards of lease from January 1, 2021, and related accounting policies has been changed in accordance with the provisions of the new standards of lease. For details, see “Section 10, Financial Report, V, 37, (1) Important accounting policy changes” in this report.

2. There is no change in accounting estimates during the reporting period.
3. There is no correction of major accounting errors during the reporting period.

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

Applicable Not applicable

During the reporting period, the Company established a subsidiary company GOERTEK MICROELECTRONICS KOREA CO., LTD.

VIII. Appointment and Dismissal of Accounting Firms

Accounting firm currently appointed

Name of the domestic accounting firm	Zhongxi Certified Public Accountants (special general partnership) Co., Ltd.
Remuneration of the domestic accounting firm (RMB million)	200
Consecutive audit service years of the domestic accounting firm	3
Name of certified public accountant of the domestic accounting firm	Du Yeqin, Mou Huiling
Consecutive audit service years of certified public accountant of the domestic accounting firm	Du Yeqin for 2 years and Mou Huiling for 1 year

Whether to reappoint accounting firm in current period

Yes No

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

Applicable Not applicable

Due to the demand of public issuance of convertible bonds in 2020, the Company hired China Securities Co., Ltd. as its sponsor, and the sponsor's representatives were Guan Feng and Huang Zhenyue. The continuous supervision period was from June 12, 2020 to December 31, 2021. No remuneration was paid during the supervision period of 2021.

IX. Delisting After the Disclosure of Annual Report

Applicable Not applicable

X. Bankruptcy or Reorganization Related Events

Applicable Not applicable

No bankruptcy reorganization related events occurred during the reporting period.

XI. Significant Lawsuit and Arbitration Events

Applicable Not applicable

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

XII. Punishment and Rectification

Applicable Not applicable

No punishment and rectification occurred during the reporting period.

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

Applicable Not applicable

XIV. Significant Affiliated Transactions

1. Affiliated transactions related to daily operations

Applicable Not applicable

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

2. Affiliated transactions involving the acquisition or sale of assets or equity

Applicable Not applicable

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

3. Affiliated transactions of joint external investment

Applicable Not applicable

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

4. Affiliated transactions of credits and liabilities

Applicable Not applicable

No significant affiliated transactions of credits and liabilities occurred during the reporting period.

5. Business with affiliated financial company

Applicable Not applicable

There was no deposit, loan, credit granting or other financial business between the Company and the affiliated financial company and its related parties.

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

Applicable Not applicable

There was no deposit, loan, credit granting or other financial business between the affiliated parties and the financial company controlled by the Company.

7. Other significant affiliated transactions

Applicable Not applicable

No other significant affiliated transactions occurred during the reporting period.

XIV. Significant Contracts and Their Executions**1. Trusteeship, contracting and leasing****(1) Trusteeship**

Applicable Not applicable

No trusteeship occurred during the reporting period.

(2) Contracting

Applicable Not applicable

No contracting occurred during the reporting period.

(3) Leasing

Applicable Not applicable

No significant leasing occurred during the reporting period.

2. Significant guarantees

Applicable Not applicable

Unit: RMB 10,000

External guarantee of the Company and its subsidiaries (excluding guarantees for subsidiaries)										
Name of guaranteed party	Disclosure date of the amount limit of the guarantee	The amount limit of the guarantee	Actual occurrence date	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the guarantee is complete	Whether guarantee for affiliated parties
Not applicable										
Total amount of external guarantee limit approved during the reporting period (A1)				Total amount of actual external guarantee occurred during the reporting period (A2)						
Total amount of external guarantee limit approved at the end of the reporting period (A3)				Total balance of actual external guarantee occurred at the end of the reporting period (A4)						
The Company's guarantee to its subsidiaries										
Name of guaranteed party	Disclosure date of the amount limit of the guarantee	The amount limit of the guarantee	Actual occurrence date	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the guarantee is complete	Whether guarantee for affiliated parties
Goertek (HongKong) Co., Limited	April 17, 2020	191,271.00	September 10, 2020	6,375.70	Joint liability guarantee			1 year	Yes	No
Goertek (HongKong) Co., Limited	March 27, 2021	191,271.00	September 10, 2021	6,375.70	Joint liability guarantee			1 year	No	No
Goertek (HongKong) Co., Limited	April 17, 2020	191,271.00	October 20, 2020	6,375.70	Joint liability guarantee			1 year	Yes	No
Goertek (HongKong) Co., Limited	March 27, 2021	191,271.00	October 20, 2021	6,375.70	Joint liability guarantee			1 year	No	No
Goertek	April 20,	191,271.00	January 16,	72,667.04	Joint			3 years	No	No

(HongKong) Co., Limited	2019		2020		liability guarantee					
Goertek (HongKong) Co., Limited	April 20, 2019	191,271.00	January 17, 2020	3,203.79	Joint liability guarantee			3 years	No	No
Goertek (HongKong) Co., Limited	April 20, 2019	191,271.00	February 24, 2020	70,132.70	Joint liability guarantee			3 years	Yes	No
Goertek (HongKong) Co., Limited	April 20, 2019	191,271.00	February 24, 2020	45,267.47	Joint liability guarantee			3 years	No	No
Goertek (HongKong) Co., Limited	April 17, 2020	191,271.00	May 19, 2020	4,239.84	Joint liability guarantee			1 year	Yes	No
Goertek (HongKong) Co., Limited	April 17, 2020	191,271.00	November 29, 2020	9,563.55	Joint liability guarantee			6 months	Yes	No
Goertek Technology Vina Company Limited	September 11, 2019	63,757.00	August 14, 2020	318.79	Joint liability guarantee			1 year	Yes	No
Goertek (HongKong) Co., Limited	April 17, 2020	191,271.00	August 20, 2020	15,939.25	Joint liability guarantee			1 year	Yes	No
Goertek (HongKong) Co., Limited	March 27, 2021	191,271.00	August 20, 2021	15,939.25	Joint liability guarantee			1 year	No	No
Goertek Technology Vina Company Limited	September 11, 2019	63,757.00	September 24, 2020	6,056.92	Joint liability guarantee			1 year	Yes	No

Goertek Technology Co., Ltd.	August 22, 2018	80,000.00	September 20, 2018	39,682.93	Joint liability guarantee			8 years	Yes	No
Goertek Technology Vina Company Limited	March 27, 2021	191,271.00	August 16, 2021	19,127.10	Joint liability guarantee			1 year	Yes	No
Goertek Technology Vina Company Limited	January 18, 2020	45,000.00	June 10, 2020	2,689.37	Joint liability guarantee			1 year	Yes	No
Goertek Technology Vina Company Limited	July 10, 2020	84,000.00	December 1, 2020	862.42	Joint liability guarantee			1 year	Yes	No
Goertek Technology Vina Company Limited	March 27, 2021	156,500.00	August 1, 2021	1,434.22	Joint liability guarantee			1 year	No	No
Goertek Technology Vina Company Limited	March 27, 2021	156,500.00	June 6, 2021	1,391.11	Joint liability guarantee			1 year	No	No
Goertek Technology Vina Company Limited	March 27, 2021	156,500.00	June 6, 2021	193.18	Joint liability guarantee			1 year	No	No
Goertek Technology Vina Company Limited	January 18, 2020	45,000.00	February 21, 2020	28,390.00	Joint liability guarantee			1 year	Yes	No
Goertek Technology Vina Company	March 27, 2021	156,500.00	July 30, 2021	25,928.34	Joint liability guarantee			1 year	No	No

Limited										
Goertek Technology Vina Company Limited	January 18, 2020	45,000.00	August 27, 2020	270.28	Joint liability guarantee			1 year	Yes	No
Goertek Technology Vina Company Limited	July 10, 2020	84,000.00	August 20, 2020	1,748.52	Joint liability guarantee			1 year	Yes	No
Goertek Technology Vina Company Limited	March 27, 2021	156,500.00	October 18, 2021	3,595.59	Joint liability guarantee			1 year	No	No
Goertek Technology Vina Company Limited	March 27, 2021	156,500.00	June 29, 2021	6,216.41	Joint liability guarantee			1 year	No	No
Weifang Goertek Microelectronics Co., Ltd.	January 18, 2020	4,000.00	March 2, 2020	882.99	Joint liability guarantee			1 year	Yes	No
Weifang Goertek Microelectronics Co., Ltd.	January 18, 2020	4,000.00	March 10, 2020	138.75	Joint liability guarantee			1 year	Yes	No
Weifang Goertek Microelectronics Co., Ltd.	March 27, 2021	650.00	March 27, 2021	11.00	Joint liability guarantee			1 year	No	No
Goertek Microelectronics Inc.	July 10, 2020	32,000.00	November 19, 2020	26.34	Joint liability guarantee			1 year	Yes	No
Goertek Microelectronics	March 27, 2021	2,640.00	November 19, 2021	47.93	Joint liability			1 year	No	No

onics Inc.					guarantee					
Goertek Intelligence Technology Co., Ltd.	March 27, 2021	1,500.00	June 10, 2021	196.26	Joint liability guarantee			1 year	No	No
Total amount of guarantee limit to subsidiaries approved during the reporting period (B1)		1,080,040.8			Total amount of actual guarantee to subsidiaries occurred during the reporting period (B2)					401,664.13
Total amount of guarantee limit to subsidiaries approved at the end of the reporting period (B3)		1,271,311.8			Total balance of actual guarantee to subsidiaries occurred at the end of the reporting period (B4)					188,842.99
The guarantee of subsidiaries to subsidiaries										
Name of guaranteed party	Disclosure date of the amount limit of the guarantee	The amount limit of the guarantee	Actual occurrence date	Actual amount guaranteed	Guarantee type	Collateral (if any)	Counter-guarantee (if any)	Guarantee period	Whether the guarantee is complete	Whether guarantee for affiliated parties
Not applicable										
Total amount of guarantee limit to subsidiaries approved during the reporting period (C1)					Total amount of actual guarantee to subsidiaries occurred during the reporting period (C2)					
Total amount of guarantee limit to subsidiaries approved at the end of the reporting period (C3)					Total balance of actual guarantee to subsidiaries occurred at the end of the reporting period (C4)					
Total amount of company guarantee (namely the sum of the previous three items)										
Total amount of guarantee limit approved during the reporting period (A1+B1+C1)		1,080,040.8			Total amount of actual external guarantee occurred during the reporting period (A2+B2+C2)					401,664.13
Total amount of external guarantee limit approved at the		1,271,311.8			Total balance of actual external guarantee					188,842.99

end of the reporting period (A3+B3+C3)		occurred at the end of the reporting period (A4+B4+C4)	
The proportion of the total amount of actual guarantee (i.e. A4+B4+C4) to the net assets of the Company			6.91%
Including:			
Balance of guarantees for shareholders, actual controllers and their affiliate parties (D)			
Debt guarantee balance provided directly or indirectly to the guaranteed parties with an asset-liability ratio of more than 70% (E)			188,784.06
Amount of total guarantees exceeding 50% of net assets (F)			
Total amount of the above three kinds of guarantees (D+E+F)			188,784.06
Explanation of unexpired guarantee contracts that have occurred liabilities during the reporting period or where there is evidence that they may bear possible joint and several liabilities (if any)		None	
Description of external guarantees provided in violation of prescribed procedures (if any)		None	

Specific description of complex guarantees

None

3. Management trust of cash assets

(1) Entrusted financial investment

Applicable Not applicable

No entrusted financial management occurred during the reporting period.

(2) Entrusted loans

Applicable Not applicable

No entrusted loans occurred during the reporting period.

4. Other major contracts

Applicable Not applicable

No other significant contracts occurred during the reporting period.

XVI. Explanation of Other Significant Matters

Applicable Not applicable

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

XVII. Significant Matters Occurred to Subsidiaries of the Company

Applicable Not applicable

On November 10, 2020, the Company held the 12th meeting of the 5th board of directors and the 10th meeting of the 5th board of supervisors, which approved *The Proposal of Planning the Spin-off of the Holding Subsidiary*. It agreed to plan and prepare the spin-off of the Company's holding subsidiary Goertek Microelectronics Co., Ltd. For details, please see *The Informative Announcement of Goertek Inc. on Planning and Preparing the Spin-off of Holding Subsidiary* issued on November 11, 2020.

The 17th meeting of the 5th board of directors and the 12th meeting of the 5th board of supervisors were held on March 1, 2021 to approve *The Proposal on the Introduction of External Investors of the Holding Subsidiary and Affiliate Transactions*. It agreed to accept a total of RMB 2,149.987749 million capital investment from 15 external investors, including Qingdao Microelectronics Innovation Center Co., Ltd., Mr. Tang Wenbo, Gongqingcheng Chunlin Equity Investment Partnership (L.P.), Qingdao Henghuitai Industry Development Fund Co., Ltd., and Goertek Group Co., Ltd., in exchange of 10.4075% of Goermicro's equity after above capital increase and share expansion. After the above investment, the percentage of shares of Goermicro held by the Company was diluted from 95.8773% to 85.8989%, which did not change the accounting consolidation scope of the financial statements of the Company. Details can be found in *The Announcement of Goertek Inc. on the Introduction of External Investors of the Holding Subsidiary and Affiliate Transactions* issued on March 2, 2021.

On April 21, 2021, the Company held the 20th meeting of the 5th board of directors and the 15th meeting of the 5th board of supervisors, which approved *The Proposal of "Planning on the Spin-off of Goertek Microelectronics Inc. and Listing on the Growth Enterprise Board of Shenzhen Stock Exchange"* and other related proposals. Details can be found in related announcements published in *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, *Securities Daily* and <http://www.cninfo.com.cn> on April 22, 2021.

On November 8, 2021, the Company held the 24th meeting of the 5th board of directors and the 19th meeting of the 5th board of supervisors, which approved *The Proposal of "Planning on the Spin-off of Goertek Microelectronics Inc. and Listing on the Growth Enterprise Board of Shenzhen Stock Exchange (Revised)"* and other related proposals. The above-mentioned proposals have been reviewed and approved by the Company's first extraordinary general meeting of shareholders in 2021. Details can be found in related

announcements published in *China Securities Journal*, *Securities Times*, *Shanghai Securities News*, *Securities Daily* and <http://www.cninfo.com.cn> on November 9, 2021 and November 26, 2021.

On December 28, 2021, Goermicro received *The Notice of Acceptance of Application Documents for Initial Public Offering of Shares and Listing on GEM of Goertek Microelectronics Inc. (Shenzhen Stock Exchange (2021) No. 549)*. In accordance with related regulations, the Shenzhen Stock Exchange checked the application report and related application documents submitted by Goermicro for initial public offering and listing on GEM, and decided to accept the application. Details can be found in *The Informative Announcement of Goertek on The Acceptance of Shenzhen Stock Exchange of The Application Documents of The Spin-off of Goertek Microelectronics Inc. and Listing on GEM* issued by the Company on December 29, 2021.

Section VII. Changes in Shares and Information about Shareholders

I. Changes in Shares

1. Changes in shares

Unit: share

	Before the change		Increases or decreases (+, -)					After the change	
	Number	Percentage	New shares	Bonus shares	Transferred from reserves	Others	Sub-total	Number	Percentage
I. Shares Subject to Selling Restrictions	486,567,825	14.86%				-7,656,450	-7,656,450	478,911,375	14.02%
1. State shareholding									
2. Shares held by state-owned corporates									
3. Shares held by other domestic shareholders	486,567,825	14.86%				-7,656,450	-7,656,450	478,911,375	14.02%
Including: held by domestic corporates									
held by domestic individuals	486,567,825	14.86%				-7,656,450	-7,656,450	478,911,375	14.02%
4. Shares held by foreign shareholders									
Including: held by foreign corporates									
held by foreign individuals									
II. Shares Without Restrictions	2,788,870,602	85.14%				148,539,059	148,539,059	2,937,409,661	85.98%
1. RMB ordinary shares	2,788,870,602	85.14%				148,539,059	148,539,059	2,937,409,661	85.98%
2. Domestic listed foreign shares									
3. Overseas listed foreign									

shares									
4. Others									
III. Total Number of Shares	3,275,438,427	100.00%				140,882,609	140,882,609	3,416,321,036	100.00%

Reasons for changes in shares

Applicable Not applicable

In accordance with the provisions of the relevant regulations and The Prospectus for the Public Offering of Convertible Bonds by Goertek Inc., the “Goertek Convertible Bond No.2” issued by the Company can be converted into shares from December 18, 2020. As of the end of the reporting period, the number of converted shares was 171,217,088 (of which 140,882,609 shares were converted during the reporting period), and the total share capital of the Company increased to 3,416,321,036 shares.

Approval of changes in shares

Applicable Not applicable

The 23rd meeting of the 4th board of directors was held on September 10, 2019. The board of directors deliberated and approved *The Proposal on the Public Issuance of Convertible Bonds* and other proposals. On September 27, 2019, the Company held the 2nd extraordinary general meeting of shareholders. The meeting approved the Proposal on “*The Plan for the Public Issuance of Convertible Bonds*” and other proposals. Approved by the CSRC Permission [2020] No. 780, the Company publicly issued 40 million convertible bonds on June 12, 2020, each with par value of RMB 100, and the total issue amount was RMB 4,000 million. With the consent of “Shen Zheng Shang [2020] No. 610” issued by the Shenzhen Stock Exchange, RMB 4,000 million of convertible bonds were listed for trading on the Shenzhen Stock Exchange since July 13, 2020. The bond is referred to as “Goertek Convertible Bond No. 2” and the bond code is “128112”. According to the relevant regulations and *The Prospectus for the Public Offering of Convertible Bonds by Goertek Inc.*, the “Goertek Convertible Bond No.2” issued by the Company can be converted into shares from December 18, 2020. The Company has fully redeemed all registered “Goertek Convertible Bond No. 2”, as of the redemption registration date (one trading day before the redemption date: March 2, 2021) Since March 3, 2021, “Goertek Convertible Bond No. 2” was no longer traded or convertible. “Goertek Convertible Bond No. 2” was delisted on March 11, 2021. “Goertek Convertible Bond No. 2” was delisted on March 11, 2021.

Transfer of ownership change of shares

Applicable Not applicable

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

Applicable Not applicable

During the reporting period, the partial conversion of convertible bonds into shares correspondingly affected basic earnings per share and diluted earnings per share, but did not have a significant impact. The impact on the net assets per share attributable to the common shareholders of the Company is as follows:

Financial indicators	2021		2020	
	Before share changes	After share changes	Before share changes	After share changes
Net assets per share attributable to shareholders of the Company (RMB)	7.39	8.00	5.86	6.00

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

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

Unit: share

Name of shareholder	Starting number of restricted shares in reporting period	Increased in reporting period	Decreased in current period	Closing number of restricted shares in reporting period	Type for restricted shares	Date of the removal of restrictions
Jiang Bin	305,989,504		25,873,950	280,115,554	Restricted shares of senior executives	January 1, 2021
Jiang Long	147,941,398	39,817,500		187,758,898	Restricted shares of senior executives	January 1, 2021
Hu Shuangmei	21,600,000		5,400,000	16,200,000	Restricted shares of senior executives	January 16, 2021
Sun Hongbin	6,667,150			6,667,150	Restricted shares of senior executives	January 1, 2021
Duan Huilu	3,355,875			3,355,875	Restricted shares of senior executives	January 1, 2021
Jia Jun'an	150,000			150,000	Restricted shares of senior executives	January 1, 2021
Liu Chunfa	863,898			863,898	Restricted shares of senior executives	January 1, 2021
Total	486,567,825	39,817,500	31,273,950	495,111,375	--	--

II. Issuance and Listing of Securities

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

Applicable Not applicable

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

Applicable Not applicable

The 40 million convertible bonds, referred to as “Goertek Convertible Bond No.2”, publicly issued by the Company on June 12, 2020, were listed for trading on the Shenzhen Stock Exchange since July 13, 2020. “Goertek Convertible Bond No.2” could be converted into shares of the Company since December 18, 2020, and the total share capital changed from 3,275,438,427 to 3,416,321,036 during the reporting period due to the conversion of Goertek Convertible Bond No.2. The changes in the structure of the Company's assets and liabilities are detailed in Section X Financial Report.

3. Existing internal employee shares

Applicable Not applicable

III. Shareholders and actual controllers

1. Number of shareholders and corresponding shareholding

Unit: share

Total number of common shareholders at the end of the reporting period	178,252	Total number of common shareholders as the end of the previous month before disclosure date of the annual report	198,374	Total number of preferred shareholders whose voting rights were restored at the end of the reporting period (if any)	0	Total number of preferred shareholders whose voting rights were restored at the end of the previous month before disclosure date of the annual report	0	
Shareholding of shareholders with more than 5% of shares or the top 10 shareholders								
Name of shareholder	Type of shareholder	Percentage	Total common shares held at the end of the reporting period	Increase/decrease during the reporting period	The number of common shares held with trading restrictions	The number of shares held without trading restrictions	Pledge or freeze status	
							Share status	Number
Goertek Group Co., Ltd.	Domestic non-state-owned corporation	15.37%	525,183,974	-58,599,695		525,183,974	Pledged	100,400,305

Hong Kong Securities Clearing Company Ltd. (HKSCC)	Overseas corporation	9.36%	319,905,460	156,836,627		319,905,460		
Jiang Bin	Domestic Individual	8.41%	287,397,406	-86,090,000	280,115,554	7,281,852		
Jiang Long	Domestic Individual	7.33%	250,345,197	53,090,000	187,758,898	62,586,299	Pledged	15,000,000
China Securities Finance Corporation Limited	Others	2.43%	83,044,011			83,044,011		
National Social Security Fund Portfolio 103	Others	0.74%	25,299,922			25,299,922		
National Social Security Fund Portfolio 601	Others	0.71%	24,132,745			24,132,745		
Shanghai Pudong Development Bank Co., Ltd. - E-fund Yuxiang Return Bond Type Securities Investment Fund	Other	0.69%	23,636,361			23,636,361		
Bank of Communications Co., Ltd. - E-fund Compet Adv Enterprises Alloc Type Securities Investment Fund	Others	0.62%	21,089,337			21,089,337		
Abu Dhabi Investment Authority	Overseas corporation	0.60%	20,654,581			20,654,581		
Strategic investors or general legal entities who become the top 10 shareholders as a result of the placement of new shares (if any)	None							
Explanation of the association	Jiang Bin and Jiang Long are brothers; Goertek Group Co., Ltd. is a company controlled by Jiang							

of the above shareholders or their action in concert	Bin and Jiang Long.		
Explanation on entrustment/acceptance and waiver of voting rights by the aforesaid shareholders	None		
Special notes on the existing special account of securities repurchasing in the Top 10 shareholders (if any)	The special account of securities repurchasing of Goertek Inc. holds 74,265,451 ordinary shares, accounting for 2.17%.		
Shareholding of top 10 shareholders of shares without sales restrictions			
Name of shareholder	Number of shares without sales restrictions held at the end of the reporting period	Type of shares	
		Type of shares	Number
Goertek Group Co., Ltd.	525,183,974	Ordinary shares in RMB	525,183,974
Hong Kong Securities Clearing Company Ltd. (HKSCC)	319,905,460	Ordinary shares in RMB	319,905,460
China Securities Finance Corporation Limited	83,044,011	Ordinary shares in RMB	83,044,011
Jiang Long	62,586,299	Ordinary shares in RMB	62,586,299
National Social Security Fund Portfolio 103	25,299,922	Ordinary shares in RMB	25,299,922
National Social Security Fund Portfolio 601	24,132,745	Ordinary shares in RMB	24,132,745
Shanghai Pudong Development Bank Co., Ltd. - E-fund Yuxiang Return Bond Type Securities Investment Fund	23,636,361	Ordinary shares in RMB	23,636,361
Bank of Communications Co., Ltd. - E-fund Compet Adv Enterprises Alloc Type Securities Investment Fund	21,089,337	Ordinary shares in RMB	21,089,337
Abu Dhabi Investment Authority	20,654,581	Ordinary shares in RMB	20,654,581
Industrial And Commercial Bank of China Limited - Selected Stock-type Securities Fund of E Fund	20,562,486	Ordinary shares in RMB	20,562,486
Explanation on association or	Jiang Bin and Jiang Long are brothers; Goertek Group Co., Ltd. is a company controlled by Jiang		

action in concert among top 10 shareholders of shares without sales restrictions, or between top 10 shareholders of shares without sales restrictions and top 10 shareholders	Bin and Jiang Long.
Explanation on the top ten common shareholders' participation in the financing and loan businesses of securities trades (if any)	At the end of the reporting period, the shares held by Goertek Group Co., Ltd., the controlling shareholder of the Company include the 150,000,000 shares held in the customer credit transaction guarantee securities account of Southwest Securities Co., Ltd.

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

Yes No

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

2. Particulars about the controlling shareholder

Nature of the controlling shareholder: Private corporate

Type of the controlling shareholder: Legal entity

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

Change of the controlling shareholders in the reporting period

Applicable Not applicable

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

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

Nature of the actual controllers: Domestic individual

Type of the actual controllers: Individual

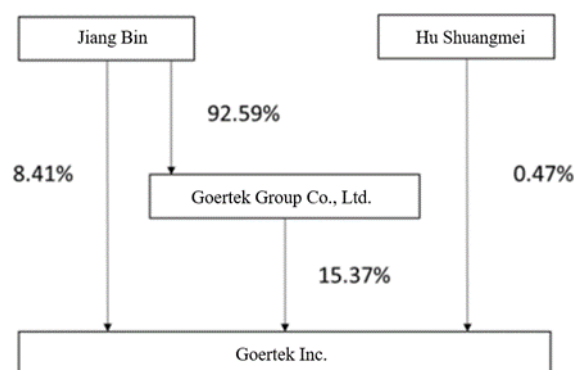
Name of the actual controller	Relationship with the actual controller	Nationality	Whether he/she has obtained the right of residence in another country or region
Jiang Bin	Himself	China	No
Hu Shuangmei	Himself	China	No
Jiang Long	Acting in concert (including agreement, relative and common control)	China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

Change on the actual controllers in the reporting period

Applicable Not applicable

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

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



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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

IV. Specific Implementation of Share Repurchase in the Reporting Period

Progress of share repurchase

Applicable Not applicable

Repurchasing plan disclosure date	Amount of shares to be repurchase according to the plan	Percentage of the total share capital to be repurchase according to the plan	RMB amount of shares to be repurchased according to the plan	Duration for repurchase	Purpose of repurchase	Amount of shares actually repurchased	Proportion of repurchased shares to the total underlying stocks involved in the equity incentive plan (if any)
January 30, 2021			No less than RMB 1,000,000,000 and no more than RMB 2,000,000,000	January 29, 2021 - July 29, 2021, within six months since the date of the board of directors approved the repurchase plan	Employee stock ownership plan or equity incentive plan for the employees of the Company	59,929,533	

Progress on reduction and repurchase of shares through centralized bidding

Applicable Not applicable

Section VIII Information of Preferred Shares

Applicable Not applicable

There are no preferred shares in the reporting period.

Section IX Information on the Bonds

Applicable Not applicable

Section X Financial Report

I. Audit Report

Audit Opinion	Standard unqualified audit opinion
Audit Report Sign-off Date	March 29, 2022
Name of the audit institution	Zhongxi Certified Public Accountants (special general partnership) Co., Ltd.
Audit Report Number	No. 2022S00281 of Zhong Xi Cai Shen
Name of the Certified Public Accountant	Du Yeqin, Mou Huiling

Text of the auditor's report

Auditor's Report

No. 2022S00281 of Zhong Xi Cai Shen

To all the shareholders of Goertek Inc.,

I. Audit opinion

We have audited the accompanying financial statements of Goertek Inc. (hereinafter referred to as "Goertek"), which comprise the consolidated and company's balance sheet as of December 31, 2021, consolidated and company's income statements, consolidated and company's cash flow statements, consolidated and company's statements of changes in shareholder' equity, and notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements have been prepared in all material aspects in accordance with the Accounting Standards for Business Enterprises, giving a true and fair view of the consolidated and company's financial position as at 31 December 2021 and of the consolidated and company's financial performance and cash flows for 2021.

II. Basis for Opinion

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

III. Key Audit Matters

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

(I) Revenue recognition

1. Description of the matters

Goertek is mainly in the business of producing and selling electron components, and for the accounting policy of revenue recognition, please refer to “32. Income” in “V. Significant Accounting Policies and Accounting Estimates” of notes to the financial statements. In 2021, the operating revenue in the consolidated financial statements of Goertek is RMB 78,221,418,618.02. Revenue is one of the key performance indicators of Goertek and is the major source of profit of the Company, and the accuracy and completeness of revenue recognition has a significant impact on the profits of the Company. Therefore, we identified the recognition of Goertek’s revenue as a key audit matter.

2. Audit Measures

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

- (1) Understood, evaluated, and tested the design and operation effectiveness of internal control related to revenue recognition;
- (2) Performed analytical review procedure to analyze the rationality of changes in the operating revenue and gross profits;
- (3) Identified the risk in the commodity ownership and the contractual terms related to remuneration transfer, evaluated whether the accounting policies for revenue recognition in different modes were appropriate, and evaluated whether the time point for revenue recognition of the Company was consistent with the requirements in the Accounting Standards for Business Enterprises by checking the major sales contracts or orders, understanding the policies for receipt and return of goods, communicating with the management and other procedures;
- (4) Selected samples to check the sales contracts or orders, sales invoices, shipping orders, declarations for exportation, waybills (receipt forms), bank slips and other supporting documents related to revenue recognition, and executed external confirmation procedures on a sampling basis;
- (5) Selected samples to reconcile the shipping orders, declarations for exportation, waybills (receipt forms) and other supporting documents against the product sales revenue recognized before and after the balance sheet date to evaluate whether the revenue was recognized in the appropriate accounting period.

(II) Government subsidies

1. Description of the matters

As stated in “36. Deferred income” of Note VII, “51. Other income” of Note VII and “65. Government subsidies” of Note VII of the financial statements, the government subsidies received by Goertek for the year 2021 was RMB 465,518,187.04, and the government subsidies included in other income for current year was RMB 464,119,437.91. Goertek has received a large amount of government subsidies, which casted a relatively significant impact on the net profit of the current year, and appropriate recognition and measurement of the government subsidies have a significant impact on the accuracy and rationality of financial statements prepared. Therefore, we identified the recognition and measurement of Goertek’s government subsidies as a key audit matter.

2. Audit Measures

We preformed the following audit procedures in recognition of the government subsidy:

- (1) Evaluated the accounting policies related to Goertek’s recognition and measurement of the government subsidies;
- (2) Checked all the receipts and documents of Goertek related to the government subsidies for the year 2021; judged whether the type of the government subsidies is related to assets or income and whether the conditions for government subsidies were met according to the contents of relevant documents;
- (3) Checked whether the payer and fund source of the government subsidies is consistent with those in the subsidy document to evaluate the appropriateness of the fund source of the government subsidy.
- (4) In respect of the government subsidies related to the income, checked whether relevant expenses incurred by the Company as the subsidy beneficiary are included in the profit and loss, and accordingly, checked whether the profit and loss brought forward in connection with the government subsidies was appropriate to the corresponding expense;
- (5) In respect of the government subsidies related to assets, checked whether the amount of the deferred income distributed and included in the current profit and loss within the service life of relevant asset was correct.

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

Management of Goertek (hereinafter referred to as “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 the ability of Goertek to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management intends to liquidate Goertek or to cease operations, or has no realistic alternative but to do so.

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

V. Certified Public Accounts’ 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 audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, 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 for 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 Goertek's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to express a qualified opinion. Our conclusions are based on the information obtained up to the date of our audit report. However, future events or conditions may cause Goertek to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements 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 Goertek to express an opinion on the financial statements. We are responsible for the instruction, supervision and execution of the Group's audit, and assume full responsibility for the audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to 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 audit report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Zhongxi Certified Public Accountants (special general
partnership) Co., Ltd.

Certified Public Accountant in China
(Project partner): _____

Du Yeqin

Beijing, China

Certified Public Accountant in China: _____

Mou Huiling

March 29, 2022

II. Financial Statements

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

1. Consolidated Balance Sheet

Prepared by: Goertek Inc.

December 31, 2021

Unit: RMB

Item	December 31, 2021	December 31, 2020
Current assets:		
Cash and bank balances	10,048,521,696.09	7,788,139,761.68
Deposit reservation for balance		
Lending funds		
Held-for-trading financial assets	119,267,279.02	250,789,617.29
Derivative financial assets		
Notes receivable	50,094,700.47	93,015,027.25
Accounts receivable	11,899,214,525.92	9,951,611,596.65
Receivable financing	14,575,230.24	
Prepayments	97,544,817.98	295,557,594.21
Premiums receivable		
Reinsurance accounts receivable		
Provision of cession receivable		
Other receivables	374,669,355.98	56,282,930.78
Including: Interest receivable		
Dividend receivable		
Redemptory monetary capital for sale		
Inventories	12,082,308,485.38	9,170,731,903.19
Contract assets		
Assets held for sale		
Non-current assets due within one year		67,724.41
Other current assets	475,772,227.60	522,858,736.68
Total current assets	35,161,968,318.68	28,129,054,892.14
Non-current assets:		

Item	December 31, 2021	December 31, 2020
Loans and advances disbursed		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	437,402,203.91	337,410,802.56
Investments in other equity instruments	465,677,764.54	357,307,056.65
Other non-current financial assets	201,430,042.13	
Investment properties		
Fixed assets	18,123,352,480.76	14,674,535,924.15
Construction in progress	2,127,055,853.77	2,078,910,639.92
Manufacturing biological assets		
Oil and gas assets		
Right-of-use assets	330,796,520.66	
Intangible assets	2,762,793,788.85	2,730,415,540.35
Development expenditure	242,956,092.44	107,970,366.02
Goodwill	16,859,185.08	16,859,185.08
Long-term deferred expenses	207,195,490.25	152,215,032.28
Deferred tax assets	495,124,421.81	275,559,445.74
Other non-current assets	506,438,970.39	257,587,428.52
Total non-current assets	25,917,082,814.59	20,988,771,421.27
Total assets	61,079,051,133.27	49,117,826,313.41
Current liabilities:		
Short-term borrowings	4,284,859,347.02	3,189,865,281.20
Borrowings from banks and other financial institutions		
Borrowing funds		
Held-for-trading financial liabilities	15,190,564.34	43,578,775.71
Derivative financial liabilities		
Notes payable	2,742,876,464.23	1,797,630,927.08
Accounts payable	18,529,609,655.40	15,526,558,924.33
Advances from customers		
Contract liabilities	2,210,825,761.69	772,033,187.85

Item	December 31, 2021	December 31, 2020
Financial assets sold for repurchase		
Customer deposits and deposits from banks and other financial institutions		
Receivings from vicariously traded securities		
Receivings from vicariously sold securities		
Payroll payable	1,066,570,159.63	1,136,453,967.56
Taxes payable	356,610,000.28	195,498,317.72
Other payables	80,187,733.17	67,844,709.64
Including: Interest payable		8,911,319.91
Dividends payable		
Handling charges and commissions payable		
Dividend payable for reinsurance		
Liabilities held for sale		
Non-current liabilities due within one year	501,408,170.04	
Other current liabilities	14,844,359.01	7,012,595.33
Total current liabilities	29,802,982,214.81	22,736,476,686.42
Non-current liabilities:		
Reserve fund for insurance contracts		
Long-term borrowings	2,204,215,784.74	2,754,299,262.02
Bonds payable		3,031,391,335.56
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	210,209,955.40	
Long-term payables		
Long-term payroll payable		
Provisions		
Deferred income	540,321,080.65	538,922,331.52
Deferred tax liabilities	389,933,389.40	323,065,909.80

Item	December 31, 2021	December 31, 2020
Other non-current liabilities		
Total non-current liabilities	3,344,680,210.19	6,647,678,838.90
Total liabilities	33,147,662,425.00	29,384,155,525.32
Owners' equity:		
Share capital	3,416,321,036.00	3,275,438,427.00
Other equity instruments		317,690,852.25
Including: Preferred shares		
Perpetual bonds		
Capital reserves	9,478,106,194.30	3,811,658,791.28
Less: Treasury shares	2,291,973,146.75	516,007,644.95
Other comprehensive income	-100,146,769.57	-112,010,012.52
Special reserves		
Surplus reserves	1,446,536,121.51	1,370,122,868.85
General risk reserve	6,081,200.00	6,081,200.00
Retained earnings	15,372,823,358.48	11,500,277,791.35
Total equity attributable to the owners of the Company	27,327,747,993.97	19,653,252,273.26
Minority equity	603,640,714.30	80,418,514.83
Total owners' equity	27,931,388,708.27	19,733,670,788.09
Total liabilities and owners' equity	61,079,051,133.27	49,117,826,313.41

Legal representative: Jiang Bin
institution: Li Yongzhi

Person in charge of accounting: Li Yongzhi

Head of the accounting

2. Parent company balance sheet

Unit: RMB

Item	December 31, 2021	December 31, 2020
Current assets:		
Cash and bank balances	4,068,082,163.75	2,834,936,444.19
Held-for-trading financial assets	102,214,286.66	182,338,601.65
Derivative financial assets		
Notes receivable	15,951,819.79	75,154,389.95
Accounts receivable	8,009,174,174.20	9,745,537,067.95
Receivable financing	12,277,005.37	

Item	December 31, 2021	December 31, 2020
Prepayments	33,005,000.34	37,867,760.48
Other receivables	3,927,667,930.14	3,761,565,682.66
Including: Interest receivable		
Dividend receivable		
Inventories	5,386,290,840.96	2,307,402,064.65
Contract assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	89,132,401.04	132,090,455.49
Total current assets	21,643,795,622.25	19,076,892,467.02
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	6,182,937,106.09	5,896,926,627.12
Investments in other equity instruments		
Other non-current financial assets	81,254,792.77	
Investment properties		
Fixed assets	9,979,950,421.03	8,801,650,213.78
Construction in progress	1,083,563,418.24	313,889,183.09
Manufacturing biological assets		
Oil and gas assets		
Right-of-use assets	70,843,695.85	
Intangible assets	2,283,338,054.04	2,258,621,419.91
Development expenditure	105,363,784.94	12,173,386.98
Goodwill		
Long-term deferred expenses	6,206,772.89	417,895.69
Deferred tax assets	233,025,132.43	54,618,987.06
Other non-current assets	297,122,363.13	110,169,734.82
Total non-current assets	20,323,605,541.41	17,448,467,448.45
Total assets	41,967,401,163.66	36,525,359,915.47
Current liabilities:		

Item	December 31, 2021	December 31, 2020
Short-term borrowings	3,346,827,327.53	2,426,635,181.20
Held-for-trading financial liabilities	4,080,000.00	
Derivative financial liabilities		
Notes payable	2,348,480,930.59	1,616,583,704.36
Accounts payable	9,328,493,202.63	7,583,147,844.25
Advances from customers		
Contract liabilities	340,559,741.33	363,007,702.67
Payroll payable	550,001,996.91	606,402,939.12
Taxes payable	37,673,083.32	34,135,334.79
Other payables	3,270,836,911.14	1,440,612,669.29
Including: Interest payable		6,306,124.36
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	412,234,240.19	
Other current liabilities	9,670,427.10	9,707,204.85
Total current liabilities	19,648,857,860.74	14,080,232,580.53
Non-current liabilities:		
Long-term borrowings	990,921,555.56	400,000,000.00
Bonds payable		3,031,391,335.56
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	52,713,002.49	
Long-term payables		
Long-term payroll payable		
Provisions		
Deferred income	186,139,483.46	202,689,088.19
Deferred tax liabilities	373,963,793.59	299,192,361.87
Other non-current liabilities		
Total non-current liabilities	1,603,737,835.10	3,933,272,785.62
Total liabilities	21,252,595,695.84	18,013,505,366.15
Owners' equity:		
Share capital	3,416,321,036.00	3,275,438,427.00

Item	December 31, 2021	December 31, 2020
Other equity instruments		317,690,852.25
Including: Preferred shares		
Perpetual bonds		
Capital reserves	7,706,634,091.21	3,815,383,616.46
Less: Treasury shares	2,291,973,146.75	516,007,644.95
Other comprehensive income		
Special reserves		
Surplus reserves	1,446,533,339.11	1,370,120,086.45
Retained earnings	10,437,290,148.25	10,249,229,212.11
Total owners' equity	20,714,805,467.82	18,511,854,549.32
Total liabilities and owners' equity	41,967,401,163.66	36,525,359,915.47

3. Consolidated income statement

Unit: RMB

Item	2021	2020
I. Total operating revenue	78,221,418,618.02	57,742,742,893.96
Including: Operating revenue	78,221,418,618.02	57,742,742,893.96
Interest income		
Earned premium		
Total revenue from handling charges and commissions		
II. Total Operating Cost	74,123,260,660.02	54,706,662,977.17
Including: Operating cost	67,167,666,659.66	48,483,805,411.74
Interest expense		
Handling charge and commission expense		
Surrender value		
Net payments for insurance claims		
Net amount of withdrawal of insurance contract reserve		
Expenditures of policy dividend		
Amortized reinsurance expenditures		
Taxes and surcharges	221,891,985.50	200,400,470.05
Selling expenses	444,869,977.08	476,066,518.64

Item	2021	2020
Administrative expenses	1,951,657,773.32	1,629,730,793.00
R&D expenses	4,170,074,282.10	3,425,971,011.65
Financial expenses	167,099,982.36	490,688,772.09
Including: Interest expenses	209,622,292.85	276,706,601.19
Interest income	91,492,632.72	39,217,451.01
Add: Other income	466,722,801.11	224,609,297.72
Investment income ("-" for loss)	469,239,884.79	138,553,145.35
Including: Investment gains in associated enterprise and joint-venture enterprise	23,111,753.41	25,126,283.51
Profit or loss arising from derecognition of financial assets measured at amortised costs	-7,852,608.05	
Exchange gains ("-" for loss)		
Net exposure hedging income ("-" for loss)		
Gains from changes in fair value ("-" for loss)	-48,848,625.93	160,215,070.58
Credit impairment losses ("-" for loss)	-29,693,677.67	-28,402,825.32
Asset impairment losses ("-" for loss)	-241,075,506.45	-207,798,137.99
Gains on disposal of assets ("-" for loss)	-31,179,825.99	-62,250,234.59
III. Operating Profit ("-" for loss)	4,683,323,007.86	3,261,006,232.54
Add: Non-operating revenue	22,444,738.18	18,801,027.06
Less: Non-operating expenses	99,858,949.06	57,841,977.98
IV. Total Profit ("-" for total losses)	4,605,908,796.98	3,221,965,281.62
Less: Income tax expenses	298,842,312.64	370,078,167.44
V. Net profit ("-" for net loss)	4,307,066,484.34	2,851,887,114.18
(I) Classification by business continuity		
1. Net profit from continuing operations ("-" for net loss)	4,307,066,484.34	2,851,887,114.18
2. Net profit from discontinued operations ("-" for net loss)		
(II) Classification by ownership		
1. Net profit attributable to the shareholders of the Company	4,274,702,999.38	2,848,007,269.61
2. Minority interests	32,363,484.96	3,879,844.57
VI. Other comprehensive income, net of tax	21,620,809.04	-27,186,319.43
Other comprehensive income, net of tax attributable to the owners of the Company	11,863,242.95	-27,509,272.02

Item	2021	2020
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss	39,220,079.94	7,711,365.44
1. Changes arising from remeasurement of defined benefit plan		
2. Other comprehensive income that will not be transferred subsequently to profit or loss under the equity method		
3. Changes in fair value of investments in other equity instruments	39,220,079.94	7,711,365.44
4. Changes in the fair value of the Company's credit risk		
5. Others		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss	-27,356,836.99	-35,220,637.46
1. Other comprehensive income that will be transferred subsequently to profit or loss under the equity method	7,950,273.16	23,160,776.33
2. Changes in fair value of debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provision of other debt investments		
5. Effective portion of cash flow hedging gains or losses		
6. Differences on translation of foreign currency financial statements	-35,307,110.15	-58,381,413.79
7. Others		
Net other comprehensive income, net of tax, attributable to minority shareholders	9,757,566.09	322,952.59
VII. Total comprehensive income	4,328,687,293.38	2,824,700,794.75
Total comprehensive income attributable the owners of the Company	4,286,566,242.33	2,820,497,997.59
Total comprehensive income attributable to minority shareholders	42,121,051.05	4,202,797.16
VIII. Earnings per share:		
(I) Basic earnings per share	1.29	0.89
(II) Diluted earnings per share	1.28	0.89

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

Legal representative: Jiang Bin Person in charge of accounting: Li Yongzhi Head of the accounting institution: Li Yongzhi

4. Parent Company Income Statement

Unit: RMB

Item	2021	2020
I. Operating revenue	38,570,677,177.70	34,110,338,839.51
Less: Operating costs	33,462,769,638.76	28,351,975,958.13
Taxes and surcharges	154,866,730.44	170,319,519.27
Selling expenses	366,931,444.56	314,460,991.97
Administrative expenses	1,596,480,325.17	1,328,539,562.59
R&D expenses	2,398,742,531.34	2,064,307,059.29
Financial expenses	194,864,359.66	432,277,098.79
Including: Interest expenses	146,895,744.91	224,966,925.23
Interest income	46,415,186.23	27,722,299.33
Add: Other income	219,224,748.04	42,807,336.38
Investment income ("-" for loss)	197,716,898.27	694,476,722.54
Including: Investment gains in associated enterprise and joint-venture enterprise		
Profit or loss arising from derecognition of financial assets measured at amortised costs ("-" for loss)	-2,297,194.72	
Net exposure hedging income ("-" for loss)		
Gains from changes in fair value ("-" for loss)	-12,391,097.59	115,960,471.31
Credit impairment losses ("-" for loss)	-9,464,407.85	22,732,822.75
Asset impairment losses ("-" for loss)	-60,378,317.10	-77,813,666.52
Gains on disposal of assets ("-" for loss)	-19,259,431.72	-46,327,143.99
II. Operating Profit ("-" for loss)	711,470,539.82	2,200,295,191.94
Add: Non-operating revenue	14,343,882.35	11,191,626.67
Less: Non-operating expenses	81,884,486.81	50,815,665.01
III. Total profit ("-" for total losses)	643,929,935.36	2,160,671,153.60
Less: Income tax expenses	-114,650,228.04	233,595,325.88
IV. Net profit ("-" for net loss)	758,580,163.40	1,927,075,827.72
(I) Net profit from continuing operations ("-" for net	758,580,163.40	1,927,075,827.72

Item	2021	2020
loss)		
(II) Net profit from discontinued operations (“-” for net loss)		
V. Other comprehensive income, net of tax		
(I) Other comprehensive income items which will not be reclassified subsequently to profit or loss		
1. Changes arising from remeasurement of defined benefit plan		
2. Other comprehensive income that will not be transferred subsequently to profit or loss under the equity method		
3. Changes in fair value of investments in other equity instruments		
4. Changes in the fair value of the Company’s credit risk		
5. Others		
(II) Other comprehensive income items which will be reclassified subsequently to profit or loss		
1. Other comprehensive income that will be transferred subsequently to profit or loss under the equity method		
2. Changes in fair value of debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Credit impairment provision of other debt investments		
5. Effective portion of cash flow hedging gains or losses		
6. Differences on translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	758,580,163.40	1,927,075,827.72
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated statement of cash flows

Unit: RMB

Item	2021	2020
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	79,015,187,941.07	57,009,742,269.73
Net increase in customer deposits and deposits from banks and other financial institutions		
Net decrease in deposits with the Central Bank		
Net increase in borrowings from other financial institutions		
Cash receipts from original insurance contract premium		
Net cash received from reinsurance business		
Net increase in deposits and investments from policy holders		
Cash received from for interests, fees and commissions		
Net increase in borrowing funds		
Net increase in repurchase business funds		
Net cash received from securities trading brokerage		
Refund of taxes and surcharges	2,491,572,718.66	2,159,494,513.63
Cash received relating to other operating activities	4,016,679,085.42	1,762,794,649.37
Sub-total of cash inflow from operating activities	85,523,439,745.15	60,932,031,432.73
Cash paid for goods and services	63,038,774,946.46	42,635,569,184.82
Net increase in loans and advances to customers		
Net increase in deposits with central bank and other financial institutions		
Payments of claims for original insurance contracts		
Net increase in lending funds		
Cash paid for interests, fees and commissions		
Cash payments of policy dividend		
Cash paid to and on behalf of employees	7,719,283,934.60	6,749,284,393.90
Payments of taxes and surcharges	748,229,544.50	692,836,225.96

Item	2021	2020
Cash paid relating to other operating activities	5,418,675,791.71	3,172,085,514.37
Sub-total of cash outflow from operating activities	76,924,964,217.27	53,249,775,319.05
Net cash flow from operating activities	8,598,475,527.88	7,682,256,113.68
II. Cash flows from investing activities		
Cash received from disposal of investments	3,101,972,150.22	205,395,809.87
Cash received from returns on investments	36,359,530.84	3,071,032.35
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	121,860,250.62	50,158,655.80
Net cash received from disposal of subsidiaries and other business units	6,872,916.88	200,825,819.91
Cash received relating to other investing activities	9,258,951.92	46,410,668.35
Sub-total of cash inflow from investment activities	3,276,323,800.48	505,861,986.28
Cash paid to acquire fixed assets, intangible assets and other long-term assets	6,961,607,745.79	5,599,269,477.49
Cash paid to acquire investments	3,083,092,515.56	207,730,344.46
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid relating to other investing activities		
Sub-total of cash outflow from investment activities	10,044,700,261.35	5,806,999,821.95
Net cash flow from investing activities	-6,768,376,460.87	-5,301,137,835.67
III. Cash flows from financing activities		
Cash received from capital contributions	2,178,807,429.01	50,528,721.67
Including: Cash received from capital contributions by minority shareholders of subsidiaries	2,178,807,429.01	50,528,721.67
Cash received from borrowings	10,317,581,649.46	10,493,168,094.87
Cash received from issuing bonds		3,995,000,000.00
Cash received relating to other financing activities	1,507,365,421.50	1,241,778,394.18
Sub-total of cash inflow from financing activities	14,003,754,499.97	15,780,475,210.72
Cash repayments of borrowings	9,404,218,099.41	11,495,387,428.29
Cash payments for distribution of dividends, profits, or cash payments for interest expenses	674,578,631.48	571,889,154.03
Including: Cash payments for dividends and profits to minority shareholders of the subsidiaries	5,932,783.34	
Cash payments relating to other financing	3,537,780,408.80	2,070,736,840.22

Item	2021	2020
activities		
Sub-total of cash outflow from financing activities	13,616,577,139.69	14,138,013,422.54
Net cash flow from financing activities	387,177,360.28	1,642,461,788.18
IV. Effect of foreign exchange rate changes on cash and cash equivalents	7,432,490.21	-204,991,873.97
V. Net Increase in cash and cash equivalents	2,224,708,917.50	3,818,588,192.22
Add: Opening balance of cash and cash equivalents	6,913,191,984.54	3,094,603,792.32
VI. Closing balance of cash and cash equivalents	9,137,900,902.04	6,913,191,984.54

6. Parent company cash flow statement

Unit: RMB

Item	2021	2020
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	41,440,959,868.63	34,637,760,388.75
Refund of taxes and surcharges	1,790,617,461.55	1,794,636,342.45
Cash received relating to other operating activities	413,354,244.31	991,600,112.67
Sub-total of cash inflow from operating activities	43,644,931,574.49	37,423,996,843.87
Cash paid for goods and services	33,515,828,921.22	26,854,502,114.47
Cash paid to and on behalf of employees	4,068,784,659.43	3,352,126,718.10
Payments of taxes and surcharges	194,091,540.85	264,439,744.87
Cash paid relating to other operating activities	1,609,432,568.10	2,384,116,356.74
Sub-total of cash outflow from operating activities	39,388,137,689.60	32,855,184,934.18
Net cash flow from operating activities	4,256,793,884.89	4,568,811,909.69
II. Cash flows from investing activities		
Cash received from disposal of investments	236,295,118.62	246,753,013.74
Cash received from returns on investments	544,414.32	619,011,093.47
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	323,227,247.63	374,260,043.85
Net cash received from disposal of		

Item	2021	2020
subsidiaries and other business units		
Cash received relating to other investing activities	8,951,126,589.67	7,265,257,255.90
Sub-total of cash inflow from investment activities	9,511,193,370.24	8,505,281,406.96
Cash paid to acquire fixed assets, intangible assets and other long-term assets	4,448,253,564.40	2,931,933,621.75
Cash paid to acquire investments	418,652,038.10	2,187,937,880.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid relating to other investing activities	8,806,986,219.18	8,331,815,435.05
Sub-total of cash outflow from investment activities	13,673,891,821.68	13,451,686,936.80
Net cash flow from investing activities	-4,162,698,451.44	-4,946,405,529.84
III. Cash flows from financing activities		
Cash received from capital contributions		
Cash received from borrowings	9,085,440,334.00	7,418,870,421.56
Cash received from issuing bonds		3,995,000,000.00
Cash received relating to other financing activities	6,191,082,902.13	3,252,923,797.17
Sub-total of cash inflow from financing activities	15,276,523,236.13	14,666,794,218.73
Cash repayments of borrowings	7,202,245,451.93	10,012,913,837.30
Cash payments for distribution of dividends, profits, or cash payments for interest expenses	618,985,623.65	470,044,905.35
Cash payments relating to other financing activities	6,373,227,380.30	2,806,526,945.85
Sub-total of cash outflow from financing activities	14,194,458,455.88	13,289,485,688.50
Net cash flow from financing activities	1,082,064,780.25	1,377,308,530.23
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-5,853,969.14	-21,879,842.75
V. Net Increase in cash and cash equivalents	1,170,306,244.56	977,835,067.33
Add: Opening balance of cash and cash equivalents	2,309,983,958.74	1,332,148,891.41
VI. Closing balance of cash and cash equivalents	3,480,290,203.30	2,309,983,958.74

7. Consolidated statement of changes in owners' equity

Amount of current period

Unit: RMB

Item	2021														Minority equity	Total owners' equity
	Owners' equity attributable to the Company												Sub-total			
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Retained earnings	Other				
	Preferred shares	Perpetual bonds	Other													
I. Balance at December 31, 2020	3,275,438,427.00			317,690,852.25	3,811,658,791.28	516,007,644.95	-112,010,012.52		1,370,122,868.85	6,081,200.00	11,500,277,791.35		19,653,252,273.26	80,418,514.83	19,733,670,788.09	
Add: Changes in accounting policy																
Corrections of errors in previous period																
Business combination under common control																

Other														
II. Balance at January 1, 2021	3,275,438,427.00		317,690,852.25	3,811,658,791.28	516,007,644.95	-112,010,012.52		1,370,122,868.85	6,081,200.00	11,500,277,791.35		19,653,252,273.26	80,418,514.83	19,733,670,788.09
III. Changes in Current Period (“-” for decrease)	140,882,609.00		-317,690,852.25	5,666,447,403.02	1,775,965,501.80	11,863,242.95		76,413,252.66		3,872,545,567.13		7,674,495,720.71	523,222,199.47	8,197,717,920.18
(I) Total comprehensive income						193,810,124.25				4,274,702,999.38		4,468,513,123.63	42,121,051.05	4,510,634,174.68
(II) Capital invested and reduced by owners	140,882,609.00		-317,690,852.25	4,080,674,276.46	1,999,998,595.63							1,903,867,437.58	2,178,807,429.01	4,082,674,866.59
1. Ordinary shares invested by owners	140,882,609.00		-316,184,720.61	3,209,305,793.20	1,999,998,595.63							1,034,005,085.96	2,178,807,429.01	3,212,812,514.97
2. Capital contributed from other equity instrument														

holders															
3. Amounts of share-based payments recognized in owners' equity					871,368,483.26								871,368,483.26		871,368,483.26
4. Other				-1,506,131.64									-1,506,131.64		-1,506,131.64
(III) Profit distribution								75,858,016.34		-575,516,354.09			-499,658,337.75	-5,932,783.34	-505,591,121.09
1. Appropriation of surplus reserves								75,858,016.34		-75,858,016.34					
2. Appropriation of general risk reserve															
3. Dividends to owners or shareholders										-499,658,337.75			-499,658,337.75	-5,932,783.34	-505,591,121.09

rs															
4. Other															
(IV) Internal carry-over of shareholde rs' equity					1,585,773,126.56	-224,033,093.83	-181,946,881.30		555,236.32		173,358,921.84		1,801,773,497.25	-1,691,773,497.25	110,000,000.00
1. Capital reserves converted into capital (or share capital)															
2. Surplus reserves converted into capital (or share capital)															
3. Surplus reserves for making up losses															
4. Carry-over retained earnings															

from defined benefit plan changes															
5. Carry-over retained earnings from other comprehensive income							-181,946,881.30		555,236.32		173,358,921.84		-8,032,723.14	8,032,723.14	
6. Other					1,585,773,126.56	-224,033,093.83							1,809,806,220.39	-1,699,806,220.39	110,000,000.00
(V) Special reserves															
1. Withdrawal in current period															
2. Use in current period															
(VI) Other															
IV. Balance at December	3,416,321,036.00				9,478,106,194.30	2,291,973,146.75	-100,146,769.57		1,446,536,121.51	6,081,200.00	15,372,823,358.48		27,327,747,993.97	603,640,714.30	27,931,388,708.27

31, 2021															
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Amount in previous period

Unit: RMB

Item	2020														Minority equity	Total owners' equity
	Owners' equity attributable to the Company															
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserve	Retained earnings	Other	Sub-total			
	Preferr ed shares	Perpet ual bonds	Other													
I. Balance at December 31, 2020	3,245,103,948.00				2,996,990,669.12	395,758,317.37	-84,500,740.50		1,177,415,286.08	4,896,400.00	9,163,016,394.27		16,107,163,639.60	22,041,359.27	16,129,204,998.87	
Add: Changes in accounting policy											196,303.24		196,303.24		196,303.24	
Corrections of errors in previous period																
Business combination under common																

control															
Other															
II. Balance at January 1, 2021	3,245,103,94 8.00			2,996,990,66 9.12	395,758,317 .37	-84,500,740. 50		1,177,415,28 6.08	4,896,400 .00	9,163,212,697 .51		16,107,359,94 2.84	22,041,359 .27	16,129,401,30 2.11	
III. Changes in Current Period (“-” for decrease)	30,334,479.0 0		317,690,85 2.25	814,668,122. 16	120,249,327 .58	-27,509,272. 02		192,707,582. 77	1,184,800 .00	2,337,065,093 .84		3,545,892,330 .42	58,377,155 .56	3,604,269,485 .98	
(I) Total comprehensive income						-27,509,272. 02				2,848,007,269 .61		2,820,497,997 .59	4,202,797. 16	2,824,700,794 .75	
(II) Capital invested and reduced by owners	30,334,479.0 0		317,690,85 2.25	1,175,630,54 0.76	477,129,807 .72							1,046,526,064 .29	50,092,419 .94	1,096,618,484 .23	
1. Ordinary shares invested by owners	30,334,479.0 0		-68,078,830 .06	703,406,567. 98	477,129,807 .72							188,532,409.2 0	50,092,419 .94	238,624,829.1 4	
2. Capital contributed from other			385,769,68 2.31									385,769,682.3 1		385,769,682.3 1	

s															
4. Other															
(IV) Internal carry-over of shareholder s' equity					-360,962,418 .60	-356,880,48 0.14							-4,081,938.46	4,081,938. 46	
1. Capital reserves converted into capital (or share capital)															
2. Surplus reserves converted into capital (or share capital)															
3. Surplus reserves for making up losses															
4. Carry-over retained earnings															

from defined benefit plan changes															
5. Carry-over retained earnings from other comprehensive income															
6. Other					-360,962,418.60	-356,880,480.14							-4,081,938.46	4,081,938.46	
(V) Special reserves															
1. Withdrawal in current period															
2. Use in current period															
(VI) Other															
IV. Balance at December 31, 2021	3,275,438,427.00			317,690,852.25	3,811,658,791.28	516,007,644.95	-112,010,012.52		1,370,122,868.85	6,081,200.00	11,500,277,791.35		19,653,252,273.26	80,418,514.83	19,733,670,788.09

8. Parent company statement of changes in owners' Equity

Amount of current period

Unit: RMB

Item	2021											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
I. Balance at December 31, 2020	3,275,438,427.00			317,690,852.25	3,815,383,616.46	516,007,644.95			1,370,120,086.45	10,249,229,212.11		18,511,854,549.32
Add: Changes in accounting policy												
Corrections of errors in previous period												
Other												
II. Balance at January 1, 2021	3,275,438,427.00			317,690,852.25	3,815,383,616.46	516,007,644.95			1,370,120,086.45	10,249,229,212.11		18,511,854,549.32
III. Changes in Current Period	140,882,609.00			-317,690,852.25	3,891,250,474.75	1,775,965,501.80			76,413,252.66	188,060,936.14		2,202,950,918.50

Item	2021											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
("-" for decrease)												
(I) Total comprehensive income							5,552,363.15			758,580,163.40		764,132,526.55
(II) Capital invested and reduced by owners	140,882,609.00			-317,690,852.25	4,005,283,568.58	1,999,998,595.63						1,828,476,729.70
1. Ordinary shares invested by owners	140,882,609.00			-316,184,720.61	3,209,305,793.20	1,999,998,595.63						1,034,005,085.96
2. Capital contributed from other equity instrument holders												
3. Amounts of share-based payments recognized in owners' equity					795,977,775.38							795,977,775.38

Item	2021											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
4. Other				-1,506,131.64								-1,506,131.64
(III) Profit distribution								75,858,016.34	-575,516,354.09			-499,658,337.75
1. Appropriation of surplus reserves								75,858,016.34	-75,858,016.34			
2. Dividends to owners or shareholders										-499,658,337.75		-499,658,337.75
3. Other												
(IV) Internal carry-over of shareholders' equity					-114,033,093.83	-224,033,093.83	-5,552,363.15	555,236.32	4,997,126.83			110,000,000.00
1. Capital reserves converted into capital (or share capital)												
2. Surplus reserves converted into												

Item	2021											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
capital (or share capital)												
3. Surplus reserves for making up losses												
4. Carry-over retained earnings from defined benefit plan changes												
5. Carry-over retained earnings from other comprehensive income							-5,552,363.15	555,236.32	4,997,126.83			
6. Other					-114,033,093.83	-224,033,093.83						110,000,000.00
(V) Special reserves												
1. Withdrawal in current												

Item	2021											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
period												
2. Use in current period												
(VI) Other												
IV. Balance at December 31, 2021	3,416,321,036.00				7,706,634,091.21	2,291,973,146.75			1,446,533,339.11	10,437,290,148.25		20,714,805,467.82

Amount in previous period

Unit: RMB

Item	2020											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
I. Balance at December 31, 2020	3,245,103,948.00				3,030,803,915.63	395,758,317.37			1,177,412,503.68	8,831,910,760.16		15,889,472,810.10
Add: Changes in accounting policy												
Corrections of												

Item	2020											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
errors in previous period												
Other												
II. Balance at January 1, 2021	3,245,103,948.00				3,030,803,915.63	395,758,317.37			1,177,412,503.68	8,831,910,760.16		15,889,472,810.10
III. Changes in Current Period ("-" for decrease)	30,334,479.00			317,690,852.25	784,579,700.83	120,249,327.58			192,707,582.77	1,417,318,451.95		2,622,381,739.22
(I) Total comprehensive income										1,927,075,827.72		1,927,075,827.72
(II) Capital invested and reduced by owners	30,334,479.00			317,690,852.25	1,141,460,180.97	477,129,807.72						1,012,355,704.50
1. Ordinary shares invested by owners	30,334,479.00			-68,078,830.06	687,349,380.98	477,129,807.72						172,475,222.20

Item	2020											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
2. Capital contributed from other equity instrument holders				385,769,682.31								385,769,682.31
3. Amounts of share-based payments recognized in owners' equity					454,110,799.99							454,110,799.99
4. Other												
(III) Profit distribution									192,707,582.77	-509,757,375.77		-317,049,793.00
1. Appropriation of surplus reserves									192,707,582.77	-192,707,582.77		
2. Dividends to owners or shareholders										-317,049,793.00		-317,049,793.00
3. Other												
(IV) Internal					-356,880,480.14	-356,880,480.1						

Item	2020											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
carry-over of shareholders' equity						4						
1. Capital reserves converted into capital (or share capital)												
2. Surplus reserves converted into capital (or share capital)												
3. Surplus reserves for making up losses												
4. Carry-over retained earnings from defined benefit plan changes												
5. Carry-over retained												

Item	2020											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
earnings from other comprehensive income												
6. Other					-356,880,480.14	-356,880,480.14						
(V) Special reserves												
1. Withdrawal in current period												
2. Use in current period												
(VI) Other												
IV. Balance at December 31, 2021	3,275,438,427.00			317,690,852.25	3,815,383,616.46	516,007,644.95			1,370,120,086.45	10,249,229,212.11		18,511,854,549.32

III. Company Profile

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

IEA, the predecessor of the Company that was established on June 25, 2001 was a joint venture established by law. In May, 2007, the Company was changed to a domestic enterprise as approved by the document of Wei Wai Jing Mao Wai Zi (2007) No. 172.

It was at the 2nd extraordinary general meeting of shareholders of IEA in 2017, held on June 26, 2007, that Weifang Yitonggong Electronics Co., Ltd (the name of the Company was changed to “Goertek Group Co., Ltd.” in October 2016, hereinafter referred to as “Goertek group”) transferred its 29.40 million shares in IEA to 17 natural persons including Jiang Bin and Jiang Long, Langfang Development Zone Yongzhen Electronic Technology Co., Ltd. (hereinafter referred to as “Yongzheng Electronic”) and Beijing Yirun Venture Capital Investment Co., Ltd (hereinafter referred to as “Yirun VCI”).

On July 18, 2007, Goertek Group, Yongzhen Electronic, Yirun VCI and the 17 persons including Jiang Bin and Jiang Long jointly entered into an initiator agreement, changing IEA as a whole to Goertek Acoustic Inc. in the form of initiation, in which the audited net assets of IEA as of June 30, 2007 were taken as the contribution upon stock discount at the proportion of approximately 1:0.8.

As approved by the document of China Securities Regulatory Commission [2008] NO. 613, the principal undertaker CITIC Securities Co., Ltd. issued 30 million ordinary shares (Class A shares), through offline inquiry and placement in combination with online subscription, pricing, and issue, at the price of RMB 18.78 per share. The raised funds mentioned above were verified by Bandung Certified Public Accountants Co., Ltd. which issued the capital verification report (Wan Kuai Ye Zi [2008] No. 19). The stocks of the Company were listed and traded at Shenzhen Stock Exchange on May 22, 2008. The Company changed its registered capital to RMB 120 million and completed the industrial and commercial change registration on July 22, 2008.

As reviewed and approved at annual general meeting of shareholders of the Company of 2008, held on April 17, 2009, the total share capital of the Company, namely 120 million shares as of December 31, 2008, was taken as the basis to convert capital reserve to share capital. 10 shares for every 10 shares were converted to all shareholders, with total of 120 million shares converted. Thus, the total share capital of the Company was changed to 240 million shares. The above change in the registered capital has been verified by Bandung Asia Certified Public Accountants Co., Ltd. which has issued the capital verification report (Wan Ya Kuai Ye Zi (2009) No. 2427), and the industrial and commercial change registration was completed on July 20, 2009.

As reviewed and approved at annual general meeting of shareholders of the Company of 2009, held on February 26, 2010, the total share capital of the Company, namely 240 million shares as of December 31, 2009, was taken as the basis to convert capital reserve to share capital 5 shares for every 10 shares were converted to all shareholders, and total of 120 million shares were

converted. Thus, the total share capital of the Company was changed to 360 million shares. The above change in the registered capital has been verified by Crowe Horwath Certified Public Accountants Co., Ltd. which has issued the capital verification report (Hao Hua Yan Zi [2020] NO. 20). The industrial and commercial change registration was completed on March 30, 2010.

As approved through the *Reply on Approving Non-public Issuing of Stocks by Goertek Acoustic Inc. of China Securities Regulatory Commission (Zheng Jian Xu Ke [2010] NO. 1255)*, on September 29, 2010, the Company had the principal underwriter CITIC Securities Co., Ltd. to issue 15.791275 million (Class A shares) to 5 specific objects through private issuing at the price of RMB 33.01 per share. The net amount of actual raised funds was RMB 506.21998775 million. The raised funds mentioned above have been verified by Crowe Horwath Certified Public Accountants Co., Ltd. which has issued the capital verification report (Hao Hua Yan Zi [2010] No. 90). The Company changed its capital to RMB 375.791275 million, and completed the industrial and commercial change registration on December 13, 2010.

As reviewed and approved at the company's annual general meeting of shareholders of 2010 on May 25, 2011, the total share of the Company, namely 375.791275 million shares as of December 31, 2010, was taken as the basis to convert capital reserve to share capital, and 10 shares for every 10 shares were converted to all the shareholders, with total of 375.791275 million shares converted. Upon such conversion, the total share capital of the Company was changed to 751.58255 million shares. The above change in registered capital has been verified by Crowe Horwath Certified Public Accountants Co., Ltd. which has issued the capital verification report (Guo Hao Yan Zi [2011] No.49), and the industrial and commercial change registration was completed on June 24, 2011.

As approved through the *Reply on Approving Non-public Issuing of Stocks by Goertek Acoustic Inc. of China Securities Regulatory Commission (Zheng Jian Xu Ke [2012] No. 108)*, GF Securities Co., Ltd. issued 96.434183 million shares (Class A shares) in RMB to 10 specific objects through private issuing at the price of RMB 24.69 per share, and the net amount of the actually raised funds was RMB 2,320.77885875 million. The raised funds mentioned above have been verified by Crowe Horwath Certified Public Accounts Co., Ltd. (special general partnership) which has issued the capital verification report (Guo Hao Yan Zi[2012] No. 408A14). The Company changed its registered capital to RMB 848.016733 million, and completed the industrial and commercial change registration on May 7, 2012.

As reviewed and approved at company's general meeting of shareholders of 2012 held on May 9, 2013, the total share capital of the Company, namely 848,016,733 shares as of December 31, 2012, was taken as the basis to distribute cash dividends of RMB 1.5 (tax inclusive) for every 10 shares to all the shareholders, with cash dividends of RMB 127,202,509.95 in total. The Company also converted capital reserve to share capital, and 8 shares for every 10 shares were converted to all shareholders, with total 678,413,386 shares converted. Upon such conversion, the total share capital of the Company was changed to 1,526,430,119 shares. The above change in the registered capital has been verified by Crowe Horwath Certified Public Accountants Co., Ltd. (special

general partnership) which has issued the capital verification report (Guo Hao Yan Zi [2013] No. 408A0001). The industrial and commercial change registration was completed on June 19, 2013.

On June 2, 2016, the name of Goertek Acoustic Inc. was changed to Goertek Inc. As the holder of the convertible bonds of the Company requested conversion of shares, the registered capital of the Company was changed to RMB1,526,581,348. The scope of business was changed to development, manufacturing and sales of: Acoustic, optical and wireless communication technologies and related products, robots and automation equipment, intelligent electromechanical and information products, precision moulds for electronic products, precision hardware, semiconductor products and MEMS products, consumer electronics, LED package and relevant application products; Development and sales of the software related to the above products; Services related to the above technologies and products; Import and export of goods and technologies (excluding radio transmission and satellite receiving equipment and the items prohibited by the national laws and regulations). (For the items requiring approval by law, business activities may only be conducted in respect thereof upon approval of relevant department)

As reviewed and approved at company's annual general meeting of shareholders of 2016, held on April 14, 2017, the total share capital of the Company, namely 1,538,642,707 shares as of April 27, 2017, which was the profit distribution equity registration date of the Company, was taken as the basis for the distribution of cash dividends RMB 1.5 (tax inclusive) for every 10 shares to all the shareholders, with total RMB 230,796,406.05 distributed. 10 shares per every 10 shares were converted to all shareholders as well.

According to *the Proposal on Redemption of "Goertek Convertible Bonds"* reviewed and approved at the 8th meeting of the 4th board of directors held by the Company on May 23, 2017, it was resolved to exercise the conditional redemption right of "Goertek Convertible Bonds" which were not converted to shares at the price of the par value of the bonds plus the accrued interest for current period. "Goertek Convertible Bonds" was no longer traded and converted from June 30, 2017. Through the above change, the Company changed its registered capital to RMB 3,245,103,948, and completed the industrial and commercial change registration on November 3, 2017.

According to *the Proposal on Early Redemption of "Goertek Convertible Bonds NO.2"* reviewed and approved at the 13th meeting of the 5th board of directors and the 11th meeting of the 5th board of supervisors held by the Company on January 15, 2021, it was resolved to exercise the conditional redemption right of "Goertek Convertible Bonds NO.2" to redeem all the "Goertek Convertible Bonds NO.2", based on the price of the par value of the bonds plus the accrued interest for the current period. As of March 3, 2021, "Goertek Convertible Bonds NO.2" was no longer traded and converted. Through the above change, the Company changed its registered capital to RMB 3,416,321,036, and completed the industrial and commercial registration on June 22, 2021.

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

The Company and its subsidiaries (collectively, “the Group”) are mainly in the business of operating electron components. The main business of the Group is categorized into the industry of the manufacturing of computer, communication, and other electronic equipment. The Company's main products include acoustics, optics, microelectronics, structural components and other precision components, as well as smart hardware products such as TWS smart earphones, virtual reality (VR)/augmented reality (AR) products, smart wearable devices, gaming console and accessories, and smart home products.

These financial statements have been approved by the Board of directors of the Company on March 29, 2022.

As of December 31, 2021, the Group has included a total of 51 subsidiaries into its scope of consolidation, and for details, please refer to Note IX “Equity in Other Entities”. In current period, one more subsidiary has been included into its scope of consolidation in comparison to previous year, and for details, please refer to Note VIII “Changes in the Scope of Consolidation”.

IV. Basis for Preparing the Financial Statement

1. Basis for the preparation

The Group has prepared the financial statements on a going concern basis, based on the actual transactions and matters in accordance with *The Accounting Standards for Business Enterprises - Basic Standards (issued by Order No. 33 of the Ministry of Finance and amended by Order No. 76 of the Ministry of Finance)* issued by the Ministry of Finance, 42 specific accounting standards, application guidelines of accounting standards for business enterprises, explanations on the accounting standards for business enterprises and other related regulations (hereinafter collectively referred to as "*Accounting Standards for Business Enterprises*") issued and amended on or after 15 February, 2006, and *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports (2014 Revision)* issued by CSRC.

According to relevant provisions in the Accounting Standards for Business Enterprises, the accounting calculation of the Group was on the accrual basis. The value of non-current assets held for sale shall be lesser of non-current assets held for sale less the sales cost at fair value, or the original book value at the time when the hold-for-sale conditions were met. In case of asset impairment, the appropriate impairment provision shall be accrued according to relevant regulations.

2. Continue as a going concern

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

V. Significant Accounting Policies and Accounting Estimates

Notes to specific accounting policies and accounting estimates:

The Group has formulated several specific accounting policies and accounting estimates in respect of the revenue recognition, R&D expenditure and other transactions and matters, according to the provisions of relevant Accounting Standards for Business Enterprises on the basis of the actual production and operation characteristics. For details, please refer to the descriptions in “32. Revenue” and “24(2). Accounting policy for internal research and development expenditure” of Note V. For explanation on the major accounting judgments and estimates made by the management, please refer to “36. Other important accounting policies and accounting policies and estimates” of Note V.

1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements have been prepared by the Group in compliance with the requirements of the Accounting Standards for Business Enterprises, and give a true and complete view of the financial status of the Company and the Group as at December 31, 2021, as well as the business performance, and cash flows and other relevant information for the year 2021. In addition, the financial statements of the Company and the Group comply in all material aspects with the requirements concerning disclosure of the financial statements and the notes specified in *Preparation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports (2014 Revision)* by CSRC.

2. Accounting period

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

3. Business cycle

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

4. Functional currency

RMB is the currency in the main economic environment in which the Company and its domestic subsidiaries are operated, and the Company and its domestic subsidiaries take RMB as the functional currency. Goertek (HongKong) Co., Limited, Goertek

Technology (Hong Kong)co.,Limited, Goertek Microelectronics (Hong Kong) Co., Ltd., OPTIMAS CAPITAL PARTNERS FUND LP and Goertek Microelectronics Holding Co., Ltd. take USD as their functional currency, and all other overseas subsidiaries of the Company take the lawful currency of the country or region where their registered addresses are located as their functional currency. The currency adopted by the Group in preparing these financial statements is RMB.

5. Accounting treatments for business consolidation of enterprises under and not under common control

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

(1) Business consolidation of enterprises under common control

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

The assets and liabilities acquired by the consolidating party are measured on the basis of book value of consolidated parties on business consolidation date. The difference between the book value of the net assets acquired by the consolidating party and the book value of the consideration paid for the consolidation (or total par value of the shares issued) is adjusted to capital reserves (share premiums). Adjustments shall be made to retained earnings in the event that the capital reserves (share premiums) are not sufficient for write-down.

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

(2) Business consolidation of enterprises not under common control

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

In the business consolidation of enterprises not under common control, the cost of consolidation includes the fair value of assets paid, liabilities incurred or assumed and equity securities issued by the acquiring party in exchange for the control of the acquired

parties on the acquisition date, the audit, legal service, assessment, consulting and other intermediate fees incurred for business consolidation of enterprises, and other management fees, which are recognized in the profit or loss for the current period when incurred. The costs of the acquiring party for issuing equity or debt securities as part of the business consideration for the business consolidation are included in the initially recognized amount of these equity or debt securities. The contingent business consideration shall be included in the consolidation cost at its fair value on the acquisition date, and the goodwill shall be adjusted and combined accordingly if the contingent consideration needs to be adjusted when new or further evidences arise in connection with the circumstances existing on the acquisition date within 12 months after the acquisition date. The acquisition cost incurred by the acquiring party and the identifiable net assets acquired in the business consolidation shall be measured at the fair value on the acquisition date. If the consolidation cost is higher than the fair value of the identifiable net assets acquired from the acquired parties on the acquisition date, the difference thereof shall be recognized as the goodwill. If the consolidation cost is lower than the fair value of the identifiable net assets acquired from the acquired parties in the business consolidation, the fair value of the identifiable assets, liabilities and contingent liabilities as well as the measurement of the consolidation cost shall be first reviewed. If upon review, the consolidation cost is still lower than the fair value of the identifiable net assets acquired from the acquired parties in the business consolidation, such difference shall be recognized in the profit or loss for current period.

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

If the business consolidation of enterprises not under common control is realized step by step through multiple transactions, whether such transactions fall within a “package deal” shall be judged according to the standards for judgment of “package deal” in the *Notice by the Ministry of Finance of Issuing the Interpretation No. 5 of the Accounting Standards for Business Enterprises (Cai Kuai [2012] No. 19)* and *Article 51 of the Accounting Standards for Business Enterprises No. 33 - Consolidated Financial Statements (see 6(2) of Note V)*. If they fall within “package deal”, see the description in the previous paragraphs of this part and “18. Long-term equity investments” of Note V for accounting treatment. If they do not fall within “package deal”, relevant accounting treatment shall be distinguished for individual financial statements and consolidated financial statements:

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

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

6. Method for Preparing the Consolidated Financial Statement

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

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

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

(2) Method for preparing the consolidated financial statements

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

from the beginning of current period to consolidation date, have been appropriately included in consolidated income statement and consolidated cash flow statement. The comparison figures in the consolidated financial statements shall be adjusted at the same time.

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

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

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

If the control of the previous subsidiaries is lost due to disposal of some equity investments or for any other reasons, the remaining equity shall be re-measured at fair value on the date when control is lost. The difference between the sum of consideration received from disposal of equity and the fair value of the remaining equity, and the Company's share of the previous subsidiaries' net assets calculated at the previous shareholding proportion from the acquisition date, shall be recognized in investment income in the period when control is lost. Other comprehensive income related to the equity investment of the previous subsidiaries shall be conducted on the same basis as the direct disposal of related assets or liabilities by the acquired parties when the control is lost (Except for the change caused by the re-measurement of net liabilities or net assets of the defined benefit plan in the previous subsidiary, the remaining part shall be converted into investment income for current period). Thereafter, such remaining equity shall be subject to subsequent measurement according to the *Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments* or *Accounting Standards for Business Enterprises No. 22 - Confirmation and Measurement of Financial Instruments* and other relevant regulations. For details, please refer to "18. Long-term equity investments" of Note V or "9. Financial instruments" of Note V.

If the Group disposes of the equity investment of the subsidiaries step by step through multiple transactions until it loses the control thereof, it is necessary to determine whether such transactions fall within "a package deal". The multiple transactions shall be taken as "package deal" for accounting treatment, if the terms, conditions and economic impacts of the transactions undertaken to dispose of the equity investment of the subsidiaries meet one or more of the following conditions: ① these transactions are entered

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

7. Criteria for determining cash and cash equivalents

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

8. Foreign currency business and foreign currency statement translation

(1) Conversion method of foreign currency transaction

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

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

The foreign currency monetary items on the balance sheet date is translated at the spot exchange rate on the balance sheet date, and the exchange differences arising therefrom are included in the current profits and losses, except that ① the exchange difference arising from the special foreign currency borrowing related to the purchase and construction of assets eligible for capitalization is treated in accordance with the principle of capitalization of borrowing costs; and ② the exchange difference from changes in

carrying amounts, other than amortized cost, of available-for-sale monetary items in foreign currencies is recognized in other comprehensive income.

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

(3) Translation method of foreign currency financial statements

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

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

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

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

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

operation involves a part of the equities in an associate or joint venture, exchange differences from translation which are related to the overseas operation are, based on the disposal proportion, transferred to the profit or loss of the period of disposal.

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

9. Financial instruments

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

(1) Classification, recognition and measurement of financial assets

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

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

① Financial assets at amortized cost

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

② Financial assets at fair value through other comprehensive income

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

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

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

③ Financial assets at fair value through profit or loss

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

(2) Classification, recognition and measurement of financial liabilities

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

① Financial liabilities at fair value through profit and loss

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

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

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

accounting mismatch in the profit and loss, the Group will recognize all the gains or losses (including the changes in the Group's own credit risks) of the financial liabilities into current profits and losses.

② Other financial liabilities

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

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

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

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

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

If the partial transfer of financial assets meets the conditions for derecognition, the carrying value of the transferred financial assets is apportioned between the derecognized part and the non-derecognized part according to their respective relative fair values, and the difference between the sum of the transfer consideration received and the change in fair value originally recognized in other comprehensive income and apportioned to the de-recognition component and the aforesaid attributed carrying value will be recognized in current profits and losses.

If a financial asset is sold with the right of recourse or an endorsement, the Group needs to determine whether almost all the risks and rewards related to the ownership of the financial asset have been transferred. If all the risks and rewards related to the ownership of the financial asset have been transferred to the transferee, the Group shall de-recognize the financial asset; If all the risks and rewards related to the ownership of the financial asset have been retained, the Group shall not de-recognize the financial asset. If none of the risks and rewards related to the ownership of the financial asset has been transferred or retained, the Group shall

continue to determine whether it retains the control over the asset, and the accounting standard stated in the aforesaid paragraphs shall apply.

(4) Derecognition of financial liabilities

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

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

(5) Offset of financial assets and financial liabilities

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

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

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

(7) Equity instruments

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

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

10. Impairment of financial assets

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

(1) Method for recognizing provision for impairment

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

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

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

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

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

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

(3) Grouping method for assessing the expected credit risks

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

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

(4) Accounting treatment methods for impairment of financial assets

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

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

① Notes receivable

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

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

② Accounts receivable

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

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

Items	Basis for determining groups	Methods of calculation
Accounts receivable aging group	Except for the receivables for which the loss allowance of impairment has been calculated separately, the Group shall determine, through present situation analysis, the proportion of allowance for bad debt based on the expected credit	Aging analysis method

	loss rate of identical or similar receivables in previous years with similar credit risk characteristics classified by aging	
Accounts receivable factoring aging group	Accounts receivable arising from factoring business of factoring companies	Aging analysis method
Related party group	The parent and subsidiary companies included in the consolidated financial statements are divided into groups according to equity relationship.	No allowance for bad debt

③ Other receivables

Impairment loss is measured by the Group as the amount equivalent to the expected credit loss in the next 12 months or over the lifetime, based on whether the credit risk of other receivables has increased significantly since initial recognition. Except for other receivables for which credit risk are assessed separately, depending on their credit risk characteristics, they are classified into different groups in such way as “accounts receivable” are classified.

11. Notes receivable

For further details, please see this Note V. 9. “Financial Instruments” and 10. “Impairment of Financial Assets”.

12. Accounts receivable

For further details, please see this Note V. 9. “Financial Instruments” and 10. “Impairment of Financial Assets”.

13. Receivable financing

Notes receivable and accounts receivable which are classified as measured at fair value through other comprehensive income are presented under “financing of receivable” if they have original maturity up to one year (including one year) or under other debt investment if they have original maturity more than one year. For relevant accounting policies, please see this Note V. 9. “Financial Instrument” and 10. “Impairment of Financial Assets”.

14. Other receivables

For further details, please see this Note V. 9. “Financial Instruments” and 10. “Impairment of Financial Assets”.

15. Inventories

(1) Classification of inventory

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

(2) Valuation methods of inventory acquired and sold

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

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

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

On the balance sheet date, inventory is measured at cost or net realizable value (whichever is lower). If the net realizable value is lower than its cost, the Group will make provision for inventory depreciation. The provision for inventory depreciation is generally made at the difference between an inventory item's cost and its net realizable value. For the inventory with a large quantity and relatively low unit price, the inventory depreciation allowance is accrued based on the inventory category; for inventories associated with product series manufactured and sold in the same area, with the same or similar end use or purpose, and are difficult to be measured separately from other items, the depreciation allowances are consolidated and accrued. For raw materials with a large quantity and low unit price, the provision of inventory depreciation is generally made according to the time the inventory has been kept.

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

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

(5) Amortization method of revolving materials

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

16. Contract assets

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

Please refer to this Note V. 10. "Impairment of financial assets" for details of the determination method and accounting treatment method of the expected credit loss of contract assets.

17. Contract costs

If the incremental cost incurred by the Group to acquire the contract is expected to be recovered, it is recognized as an asset as the contract acquisition cost. However, if the amortization period for the asset does not exceed one year, the asset shall be recorded in current profits and losses at the time of occurrence.

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

The assets related to contract costs are amortized on the same basis as the revenue recognition of goods related to the assets, and are recorded in the current profits and losses.

18. Long-term equity investments

Long-term equity investment in this part refers to the long-term equity investment through which the Group has control, joint control or significant influence over investee. The long-term equity investments through which the Group does not have control, joint control or significant influence over investee, is taken as a financial asset at fair value recorded in current profits and losses. If it is non-trading, the Group can choose to designate it as a financial asset at fair value recorded in other comprehensive income at initial recognition. For details about the relevant accounting policy, please see this Note V. 9. "Financial Instrument".

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

(1) Determination of investment cost

For long-term equity investments arising from business combination under the same control, the proportion of the carrying value of the stakeholders' equity of the merged party in the consolidated financial statements of the final controlling party is regarded as the initial investment cost of long-term equity investments on the combination date. If there is a difference between the initial investment cost of long-term equity investments and the cash paid, non-cash assets transferred, and carrying value of liabilities

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

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

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

A long-term equity investments acquired other than through a business combination is initially measured at the cost, and such cost is determined at the amount of cash paid by the Group, the fair value of the equity securities issued by the Group, the value agreed in an investments contract or agreement, the fair value or carrying value of asset exchanged in the non-monetary asset

exchange, or the fair value of the long-term equity investments. Costs, taxes and other necessary expenses directly related to the acquisition of the long-term equity investments are also included in the investments cost. If an investments addition results in the joint control or significant influence over investee, other than the control over investee, the cost of long-term equity investments is the sum of the fair value of the original equity investments determined according to *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments* and the cost of the investments addition.

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

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

① Long-term equity investments calculated by cost method

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

② Long-term equity investments accounted under equity method

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

When the equity method is adopted, according to the share of the net profit and loss and other comprehensive income realized by the invested entity, the investments income and other comprehensive income shall be recognized respectively, and the book value of the long-term equity investments shall be adjusted; the book value of the long-term equity investments is reduced correspondingly in accordance with the portion of the profits or cash dividends declared and distributed by the invested entity; for changes in owner's equity other than net profit and loss, other comprehensive income and profit distribution of the invested entity, the book value of long-term equity investments shall be adjusted and included in capital reserve. The share of net profit and loss of the invested entity shall be recognized, based on the fair value of various identifiable assets of the invested entity when the investment is made, after adjustment of the net profit of the invested entity. When the accounting policy and accounting period adopted by the invested entity are inconsistent with those of the Group, the investment income and other comprehensive income shall be recognized based on the adjusted financial statements of the invested entity in accordance with the Group's accounting policies and accounting period. For the

Group's transactions with its associates and joint ventures, if the invested or sold asset does not constitute a business, unrealized profits or losses resulting from the transactions are recognized as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealized losses resulting from the Group's transactions with its invested entity in respect of impairment losses on the transferred assets should not be eliminated. If the asset invested by the Group to its associates and joint ventures constitutes a business, to the extent that the investor realizes long-term equity investments other than control, the fair value of the invested business shall be the initial investments cost of the additional long-term equity investments, and the difference between the initial investments cost and the carrying value of the invested business shall be recorded in the profit or loss of the current period. If the asset sold by the Group to its associates and joint ventures constitutes a business, the difference between the consideration received and the carrying value of the invested business shall be recorded in the profit or loss of the current period. If the Group acquires an asset that is a business from its associates or joint ventures, the accounting treatment pursuant to the *Accounting Standards for Business Enterprises No. 20 - Business Combination* shall apply, the gain or loss from the transaction shall be fully recognized.

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

③ Acquisition of minority equity

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

④ Long-term equity investments disposal

In consolidated financial statements, where a parent company disposes of a long-term equity investments in a subsidiary while the control over the subsidiary is reserved, the difference between the disposing price and the net assets of the subsidiary obtained from disposal of the long-term equity investments shall be recognized in the shareholder's equity. If partial disposal by a parent company of a long-term equity investments in a subsidiary and the control over the subsidiary is lost, the accounting policy stipulated in this Note V. 6.(2) "Method for Preparing the Consolidated Financial Statements" shall apply.

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

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

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

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

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

The equity investments in the subsidiary is disposed of step by step by the Group through multiple transactions until the control is lost. The aforementioned transactions, if belong to package transactions, are disposed as one transaction for disposal of the equity investments of the subsidiary and loss of control. The difference between the price of each disposal before the control is lost and the carrying value of long-term equity investments related to the disposed equity are recorded in other comprehensive income, and then transferred to the profit or loss of the current period when the control is lost.

19. Investment properties

Measurement of investment properties

Measurement by cost method

Depreciation or amortization method

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

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

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

For method of impairment test and method of provision for impairment of investment property, please see this Note V. 25. "Impairment of Long-term Assets".

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

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

20. Fixed assets

(1) Recognition criteria

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

(2) Depreciation methods

Category	Depreciation methods	Depreciable life	Ratio of remaining value	Annual depreciation
Houses and buildings	Straight-line method	20-30 years	5%-10%	3%-4.75%
Production equipment	Straight-line method	5-10 years	5%-10%	9%-19%
Test equipment	Straight-line method	5-10 years	5%-10%	9%-19%
Office equipment	Straight-line method	5 years	5%-10%	18%-19%
Transportation equipment	Straight-line method	5 years	5%-10%	18%-19%

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

(3) Recognition basis, valuation and depreciation method of fixed assets leased by financing

See Note 35. "Lease" for details

21. Construction in progress

The cost of construction in progress is determined at the actual construction expense, including various construction expenditures incurred during the period of construction, capitalized borrowing costs and other related expenses before the project

reaches the predetermined conditions for use. Construction in progress is transferred to fixed assets when it has reached the working condition for its intended use.

For the method of impairment test and method of provision for impairment of construction in progress, please see this Note V.

25. "Impairment of Long-term Assets".

22. Borrowing costs

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

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

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

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

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

23. Right-of-use assets

For recognition methods and accounting of right-of-use assets, please see this Note V. 35. "Lease".

24. Intangible assets

(1) Valuation method, service life and impairment test

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

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

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

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

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

(2) Accounting policy for internal research and development expenditure

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

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

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

Expenditures in the development phase refer to the expenditures incurred during the stage of applying research results or other knowledge to a project or design to produce new or substantially improved materials, devices and products before commercial mass

production or use. As the development phase comes after the research phase, the majority of basic conditions for a new product or technology have been established. Thus, the Group recognizes the expenditures in development phase eligible for capitalization as intangible assets. Gross expenditures incurred in the period from the point when the conditions for capitalization are satisfied to the point when intangible assets are ready for the intended purpose are capitalized. No adjustment will be made further for any expenditure that has been included in expense and recognized in profit or loss before the same intangible asset has met the conditions for capitalization in the development phase.

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

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

- ① Having completed the intangible assets, enabling them to be technically feasible for use or sale;
- ② Having the intention to complete the intangible assets and use or sell them;
- ③ Having the proof that the intangible asset can generate economic benefits, that there is a market for the product produced using the intangible asset or for the intangible asset itself, and that the intangible asset is useful and will be used internally;
- ④ Having sufficient technical, financial and other resources to complete the development of the intangible assets, and having the ability to use or sell the intangible asset;
- ⑤ Expenditures attributable to the development phase of the intangible asset can be measured reliably.

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

(3) Method of impairment test and method of provision for impairment of intangible assets

For the method of impairment test and method of provision for impairment of intangible assets, please see this Note V. 25 “Impairment of Long-term Assets”.

25. Impairment of long-term assets

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

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

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

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

26. Long-term deferred expenses

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

27. Contract liabilities

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

28. Employee remuneration

(1) Accounting treatment of short-term remuneration

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

(2) Accounting treatment of post-employment benefits

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

(3) Accounting treatment of dismissal welfare

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

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

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

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

29. Lease liabilities

For recognition methods and accounting of lease liabilities, please see this Note V. 35. "Lease".

30. Provisions

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

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

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

31. Share-based payment

(1) Accounting treatment of share-based payment

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

① Equity-settled share-based payment

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

the straight-line method. In the case that the right can be exercised immediately after the grant, it is recorded in relevant cost or expense on the grant date, and the capital reserve is increased accordingly.

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

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

② Cash-settled share-based payment settled

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

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

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

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

During the waiting period, if the granted equity instruments are cancelled, the Group will treat the cancellation of the granted equity instruments as accelerated exercise, and immediately record the amount to be recognized in the remaining waiting period into the current profits and losses, and recognize the capital reserve at the same time. If the employee or other party can choose to meet

the non-vesting condition but fails to meet it during the waiting period, the Group will treat it as cancellation for granting equity instruments.

32. Revenue

Accounting policies adopted for revenue recognition and measurement

(1) Principles of revenue recognition

If a contract between the Group and a customer meets the following conditions, revenue is recognized when the customer obtains the control over the goods: the parties to the contract have approved the contract and pledged to perform their obligations; the contract defines the rights and obligations of the parties about transfer of the goods or provision of the services; the contract contains payment terms about the proposed transferred goods; the contract has commercial substance, which means that the performance of the contract would change the risks, time distribution or amount of the future cash flows of the Group; and the consideration to which the Group is entitled for transferring the goods to the customer is very likely to be recovered.

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

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

If none of the above condition is met, the Group will, at the point when the customer obtains the control over the goods, recognize the part of trading price apportioned to the individual performance obligation as a revenue. To determine whether the customer obtains the control over the goods, the Group considers the following indications: the Group enjoys the current right to be paid for the goods, and the customer has the current obligation to pay for the goods; the Group has transferred legal ownership of the

goods to the customer, and the customer has owned the legal ownership over the goods; the Group has delivered the goods physically to the customer, and the customer has possessed the goods in kind; the Group has passed on to the customer major risks and rewards of the ownership of the goods, and the customer has received the major risks and rewards of the ownership of the goods; the customer has accepted the goods; and any other indication that the customer has obtained the control over the goods.

(2) Specific methods for revenue recognition

① Domestic sales

A. General sales mode

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

B. VMI sales mode

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

② Overseas sales

A. General sales mode

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

B. VMI sales mode

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

Different operating modes in the same kind of business lead to different accounting policies for revenue recognition

None

33. Government subsidies

Government subsidies refer to the monetary assets and non-monetary assets obtained by the Group from the government free of charge, excluding the investment made by the government as an investor which enjoys the corresponding owner's equity. Government subsidies are divided into asset-related government subsidies and income-related government subsidies. Asset-related government subsidies refer to the government subsidies obtained by the Group and used for acquiring or forming long-term assets by other means. Other government subsidies are defined as government subsidies related to income. If no target of grants is specified in government documents, government subsidies are classified into government subsidies related to assets and government subsidies related to income as follows: (1) if the government document stipulates grants for a defined project, the grants will be divided according to the proportion of expenditures transformed into assets and expenditures recorded in expenses in the budget of the defined project, and the proportion will be reviewed at each balance sheet date and be changed if necessary; and (2) if the government document contains general statement on the purpose of grants, other than a defined project, the grants will be treated as government subsidies related to income. Government subsidies in the form of monetary assets shall be measured at the amount received or receivable. Government subsidies in the form of non-monetary assets shall be measured at fair value. If the fair value cannot be reliably acquired, the government subsidies shall be measured at nominal amount. Government subsidies measured at nominal amount shall be directly recorded in the current profits and losses.

The Group recognizes and measures government subsidies generally at the time of receipt according to the actually received amounts. However, at the end of the period, the subsidy shall be measured according to the amount receivable when there is conclusive evidence that it can meet the relevant conditions stipulated by the financial support policy and is expected to receive financial support funds. A government subsidy measured at the amount receivable shall meet the following conditions: (1) the amount of grant receivable has been confirmed in a governmental document or can be reasonably estimated according to any officially issued measures for the management of financial support funds, without significant uncertainty in the estimated amount; (2) the measurement is based on the financial support projects and its measures for the management of financial support funds officially released and proactively disclosed by local fiscal authority according to the *Government Information Disclosure Regulations*, and the measures are inclusive (applicable to any eligible enterprise), other than for specific enterprises; (3) the relevant grant approval document has clearly stated the period of payment, and as the payment of the grant is guaranteed by corresponding fiscal budgets, there is reasonable assurance that the payment will be made within certain time of period; and (4) other relevant conditions should be met according to the actual situation of the Group and the grant (if any).

Asset-related government subsidies are recognized as deferred income, and shall be recorded in current profits and losses in stages according to a reasonable and systematic method within the service life of the relevant assets. If income-related government

subsidies are received as compensation for related costs or losses in future periods, they are recognized as deferred income, and are recorded in current profits and losses during the period when the related costs or losses are recognized; those received as compensation for related costs or losses incurred are directly included in current profits and losses.

If a government subsidy contains an asset-related component and an income-related component, the two components are subject to separate accounting treatment. If it is difficult to distinguish them, the subsidy shall be classified as income-related government subsidies.

Government subsidies related to the daily operating activities of the Group shall be recorded in other income according to the nature of operating business. Government subsidies unrelated to the daily activities are recorded in non-operating revenue.

Where any recognized government subsidy needs to be returned, in the case of related deferred income balance, the carrying amount of the deferred income balance shall be written down, and any excess shall be recognized in the profit or loss of the current period. In other circumstances, the returned subsidy is directly recorded in the profit or loss of the current period.

34. Deferred tax assets/liabilities

(1) Current income taxes

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or returned) according to the requirements of tax laws. The taxable income as basis for the current income tax expense is calculated after appropriate adjustment is made to the pre-tax accounting profit of the year according to the requirements of tax laws.

(2) Deferred tax assets and liabilities

For temporary differences between the carrying amounts of certain assets or liabilities and their tax bases, or between the carrying amounts of those items that are not recognized as assets or liabilities and of which the tax bases can be determined according to tax laws and tax bases, deferred tax assets and liabilities are recognized using the balance sheet liability method.

For temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither accounting profits nor taxable profits (or deductible losses) at the time of transaction, no deferred tax liability is recognized. In addition, for the taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, no deferred tax liability is recognized. Except for the above exceptions, the Group recognizes deferred tax liabilities arising from all other taxable temporary differences.

For temporary differences associated with the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax liability is recognized. In addition, for the deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset shall not be recognized if it is not probable that the temporary difference will reverse in the foreseeable future, or if it is not probable that taxable profits will be available in the future against which the deductible temporary difference can be utilized. For the above exceptions, deferred tax assets for deductible temporary differences are recognized by the Group to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

For deductible losses and tax credits that can be carried forward to later years, the corresponding deferred tax assets are recognized to the extent that the future taxable income that can be used to offset the deductible losses and tax credits is likely to be obtained.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to be applicable when the asset is realized or the liability is settled.

On the balance sheet date, the carrying amount of deferred tax assets shall be reviewed. If it is unlikely to obtain sufficient taxable income in the future to offset against the profits arising from deferred tax assets, the carrying amount of the deferred tax assets shall be written down. When it is probable that sufficient taxable income will be available, such written-down amount shall be subsequently reversed.

(3) Income tax expenses

Income tax expenses include current income tax and deferred income tax.

Except that current income taxes and deferred taxes arising from transactions or events recognized in other comprehensive income or directly recorded in shareholders' equity are recorded in other comprehensive income or shareholders' equity, and that deferred taxes arising from business combinations adjust the carrying amount of goodwill, all other current income taxes and deferred tax expenses or gains are recorded in the profit or loss of the current period.

(4) Income tax offset

When there is a legal right to settle on a net basis and the intention is to settle on a net basis or to realize assets and to settle liabilities simultaneously, the current income tax assets and current income tax liabilities of the Group are offset and presented as net amount.

When there is a legal right to settle current income tax assets and current income tax liabilities on a net basis, and the deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax administration department on the same tax payer or to different tax payers, but in each future period of reversing material deferred tax assets and liabilities, the tax payers

involved intend to settle the current income tax assets and liabilities on a net basis or realize assets and settle liabilities at the same time, the deferred tax assets and deferred tax liabilities of the Group are offset and presented as net amount.

35. Lease

(1) Accounting treatment method of operating lease

For more information, see this section (3) - the determination method and accounting treatment method of leasing under the new leasing standard.

(2) Accounting treatment method of financial lease

For more information, see this section (3) - the determination method and accounting treatment method of leasing under the new leasing standard.

(3) The determination method and accounting treatment method of leasing under the new leasing standard

Lease refers to a contract under which a lessor assigns the right to use an asset to a lessee for consideration, for a defined period.

If a contract is signed or changed after the date of initial implementation, the Group considers, at the date of commencement or change, whether the contract is a lease or contains a lease. Except for changes in the terms and conditions of the contract, the Group will not re-consider whether the contract is a lease or contains a lease.

(1) The Group as lessee

① Right-of-use assets

Except for short-term leases and leases for low-value assets, the Group recognizes the right-of-use assets of a lease at the lease commencement date. The lease commencement date refers to the day from which the lessor offers the leased asset to the Group for its use. The right-of-use assets shall be initially measured at cost. The cost includes:

A. initially measured amounts of lease liabilities;

B. any lease payments made at or before the lease commencement date, less the relative amount of any lease incentives enjoyed if there are lease incentives;

C. any initial direct costs incurred by the Group;

D. an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms of the lease.

With reference to the provisions of *Accounting Standards for Business Enterprises No. 4 - Fixed Assets* concerning depreciation, the Group calculates the depreciation of right-of-use assets. If the Group can reasonably determine that it will obtain the ownership of leased assets when the lease term expires, the right-of-use assets are depreciated over the remaining service life of the leased assets. If the Group cannot reasonably determine that it will obtain the ownership of leased assets when the lease term expires, the right-of-use assets are depreciated over the shorter of the lease term and the remaining service life of the leased assets.

The Group determines whether the right-of-use assets are impaired and performs accounting treatment for recognized impairment loss according to the regulations of *Accounting Standard for Business Enterprise No. 8 – Impairment of Assets*.

② Lease liabilities

Except for short-term leases and leases for low-value assets, the Group initially measures a lease liability at the lease commencement date according to the present value of the lease payment not made as of that date. When measuring the present value of a lease payment, the Group uses the interest rate implicit in the lease as the discount rate, and adopts the incremental borrowing rate as the discount rate if the interest rate implicit in the lease is not determinable.

The lease payment refers to the amount paid by the Group to the lessor related to the right to use the leased assets during the lease term, including:

A. The fixed amount and substantial fixed amount less the relative amount of any lease incentives enjoyed if there are lease incentives;

B. The index or rate based variable amount which is determined at the time of initial measurement according to the index or rate prevailing at the lease commencement date;

C. The exercise price of the call option when the Group reasonably decides to exercise the call option;

D. The payment for exercising the option to terminate the lease, provided that it is reflected in the lease period that the Group will exercise the option to terminate the lease; and

E. The estimated amount to be paid according to the residual value of guarantee provided by the Group.

Variable lease payments not included in the measurement of lease liabilities, when actually incurred, shall be recorded in the current profits and losses or related asset costs.

From the lease commencement date, the Group calculates the interest expense of lease liabilities for each period of the lease term at a fixed periodic interest rate and records it in current profits and losses or related asset costs.

After the lease commencement date, the Group will re-measure a lease liability and adjust the right-of-use assets if:

A. In the case of any change to the lease term or the result of evaluation on the call option, the lease liability will be re-measured by the Group according to the changed lease payment and the present value calculated based on the modified discount rate.

B. In the case of changes in the amount to be paid estimated based on the residual value of guarantee or the index or rate for calculating the lease payment, the Group will re-measure the lease liability according to the changed lease payment and the present value calculated from the original discounting rate.

③ Short-term leases and leases for low-value assets

For short-term leases and leases for low-value assets of buildings, transport vehicles, machinery equipment and office equipment, the Group chooses not to recognize right-of-use assets or lease liabilities. The short-term lease refers to the lease that does not contain the call option and has a lease period of no more than 12 months from the lease commencement date. The lease for low-value assets refers to the lease under which individual lease asset has a low value if it is brand new. In each period within the lease term, the Group records the lease payments of short-term leases and leases for low-value assets into the profit or loss of the current period or the relevant asset cost using the straight-line method.

④ Change of lease

When a lease changes and the following conditions are satisfied, the Group will treat such change as an independent lease:

A. The Group expands the lease scope by acquiring the right to use one or more additional leased assets;

B. The increased consideration is in line with the price of the expanded part of the lease scope as adjusted for the contract change.

If a lease change is not treated as an independent lease, at the effective date of the lease change, the Group will re-apportion the changed contract price, re-determine the lease term, and re-measure the lease liability according to the changed lease payment and the present value calculated based on the modified discount rate.

If the lease change narrows the lease scope or shortens the lease term, the Group will reduce the carrying value of the right-of-use assets accordingly, and record the gain or loss from the terminated or partially terminated lease in the profit or loss of the current period. If any other lease change triggers the re-measurement of the lease liability, the Group will adjust the carrying value of the right-of-use assets accordingly.

(2) The Group as lessor

① Division of a lease

If a contract contains the lease component and the non-lease component, the Group will apportion the contract consideration according to the provisions of *Accounting Standards for Business Enterprises No. 14 - Revenue* concerning apportionment of trading price, and the basis for apportionment the respective prices of the lease component and the non-lease component.

② Classification of a lease

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Leases which are not financing leases are defined as operating leases.

A. The Group as lessor under operating leases

The Group adopts the straight-line method in each period of the lease term, and recognizes the lease receipts arising from operating leases in rental income. The initial direct expenses related to an operating lease incurred by the Group are capitalized when incurred, apportioned during the lease term on the same recognition basis as rental income, and recorded in the current profit and loss by installments.

The variable lease payment received by the Group under an operating lease not included in the lease receipt is recorded in the profit or loss of the current period at the time of actual occurrence.

B. The Group as lessor under financial leases

At the lease commencement date, the Group measures the carrying value of the financing lease receivable as net lease investment, and de-recognizes the financing lease asset. The net lease investment is the sum of the unsecured residual value and the present value of the lease payment receivable at the lease commencement date discounted by the interest rate implicit in the lease.

The lease payment refers to the amount paid by the lessee as the Group transfers the right to use the leased assets during the lease term, including:

- (A). the fixed amount and substantial fixed amount paid by the lessee less the relative amount of any lease incentives received;
- (B). The lessee's index or rate based variable amount which is determined at the time of initial measurement according to the index or rate prevailing at the lease commencement date;
- (C). The exercise price of the call option when the Group reasonably decides that the lessee is to exercise the call option;
- (D). The payment made by the lessee for exercising the option to terminate the lease, provided that it is reflected in the lease period that the lessee will exercise the option to terminate the lease; and
- (E). The residual value of guarantee provided by the lessee, a party in association with the lessee and any independent third party who has economic capacity to perform the guarantee obligation.

Variable lease payment receivable not included in the measurement of lease net investment shall, when actually incurred, be included in the current profits and losses.

The Group measures and recognizes the interest income of each period within the lease term according to the fixed periodic interest rate.

③ Sublease

The Group as the sub-lessor considers the original lease and the sublease as two independent contracts. The Group classifies the sublease according to the right-of-use assets arising from the original lease, other than the underlying asset of the original lease.

④ Change of lease

If an operating lease changes, the Group will, from the effective date of the change, considers the change as a new lease, and the lease payment received in advance or receivable related to the lease before the change as new lease payments.

When a lease changes and the following conditions are satisfied, the Group will treat such change as an independent lease:

A. The Group expands the lease scope by acquiring the right to use one or more additional leased assets;

B. The increased consideration is in line with the price of the expanded part of the lease scope as adjusted for the contract change.

If a financing lease change is not treated as an independent lease, the Group will treat the changed lease as follows:

A. Assuming that the change takes effect at the lease commencement date, and the lease is classified as an operating lease, the Group will, from the effective date of the lease change, consider the change as a new lease and the net lease investment prior to the effective date of the lease commencement as the carrying value of the leased asset;

B. Assuming that the change takes effect at the lease commencement date, and the lease is classified as a financing lease, the Group will apply the provisions of *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments* concerning the modification or re-negotiation of contract.

36. Other important accounting policies and accounting estimates

While using accounting policies, due to the uncertainty in operating activities, the Group needs to make judgment, estimates and assumptions on the carrying value of accounts which cannot be measured accurately. The judgment, estimates and assumptions are made based on the historical experience of the Group's management and other factors that are considered to be relevant. The judgments, estimates and assumptions would affect the reported amounts of incomes, expenses, assets and liabilities, as well as the disclosure of contingent liabilities at the balance sheet date. However, the actual results from the uncertainty in the estimates may differ from the current estimates made by the Group's management, subject to further significant adjustments to the carrying amounts of the affected assets or liabilities.

The above judgments, estimates and assumptions will be reviewed periodically by the Group on the going-concern basis. If a change in accounting estimates only affects the period in which the change occurs, the affected amount will be recognized in the period in which the change occurs. If the change affects both the period in which the change occurs and future periods, the affected amount will be recognized in the period in which the change occurs.

At the balance sheet date, the major fields in which the Group is required to make the judgments, estimates and assumptions on the amounts in the financial statements are shown below:

(1) Revenue recognition

As stated in this Note V. 32. "Revenue", the Group's revenue recognition involves the following significant accounting judgments and estimates: identification of customer contracts; estimation of the recoverability of the considerations enjoyed due to the transfer of goods to customers; identification of performance obligations in contracts; estimation of the variable consideration in a contract and the amount of accumulated recognized income that is unlikely to be significantly reversed when the relevant uncertainty is eliminated; whether there is material financing component in a contract; estimation of separate selling prices of individual performance obligations in a contract; determination on whether the performance obligation shall be performed in a time span or at a point of time; and determination of performance progress.

The Group makes judgments based on historical experience and practices, and major changes in judgments and estimates would have impact (and even significant impact) on the change of operating income, operating cost, and profit and loss during the current or future periods.

(2) Classification of a lease

① Identification of a lease

While identifying that a contract is or contains a lease, the Group needs to assess whether there is an identified asset and the customer has the right to use the asset for a certain period. During assessment, the Groups shall consider the nature or substantial replacement of the asset, and whether the customer has the right to obtain almost all economic benefits arising from the use of the asset during the period and can control the use of the asset.

② Classification of a lease

The Group as the lessor classifies leases into operating leases and financing leases. In the classification process, the management needs to make appropriate analysis and judgment on whether all risks and rewards related to the ownership of leased assets have been substantially transferred to the lessee.

③ Lease liabilities

The Group, as a lessee, initially measures the lease liability at the present value of lease payments that are unpaid at the lease commencement date. For measuring the present value of the lease payment, the Group estimates the discounting rate in use and the lease term of the lease contract with an option of renewal or termination. For assessing the lease term, the Group considers all the facts and circumstances related to the economic benefits brought by the exercise of the option by the Group, including expected changes in the facts and circumstances from the lease commencement date to the option exercise date. Different judgments and estimates would affect the recognition of lease liabilities and right-of-use assets and further affect the profit or loss of subsequent periods.

(3) Impairment of financial assets

The Group assesses impairments of financial instruments using the expected credit loss model, where the Group is required to make significant judgments and estimates, as well as consider all reasonable and evidence-based information, including forward-looking information. In making the judgments and estimates, the Group predicts expected changes in debtor's credit risk based on historical data, as well as economic policies, macroeconomic indicators, industry risks, external market conditions, technical conditions, changes in customer conditions and other factors.

(4) Provisions for the decline in value of inventories

Under accounting policies for inventories, the Group measures inventories according to the lower of cost and net realizable value. For the inventories with cost higher than net realizable value as well as obsolete and unsalable inventories, the Group calculates provisions for the impairment of inventories. The inventories are impaired to their net reliable value, depending on the assessment of salability of inventories and their net realizable value. To identify inventory impairment, the management is required to make judgments and estimates after obtaining conclusive evidence, as well as considering the purpose of inventories held, the impact of events occurring after the balance sheet date and other factors. Any difference between actual results and prior estimates will, in the period when relevant estimates are changed, affect the carrying amount of inventories and the provision for inventory impairment or reversal thereof.

(5) Fair value of financial instruments

If there is no financial instrument in an active trading market, its fair value is determined by the Group through various valuation methods. The valuation techniques include disclosed cash flow modeling, etc. In the valuation process, the Group needs to estimate future cash flow, credit risk, market volatility and correlation, etc. and choose an appropriate discounting rate. These relevant assumptions are uncertain, and their changes would affect the fair value of financial instruments. For equity instrument investments or contracts with public quotes, the Group will not regard costs as the best fair value estimate.

(6) Impairment provision for long-term assets

For non-current assets other than financial assets, the Group will, at the balance sheet date, judges whether there is an indication of impairment. For intangible assets with an uncertain service life, the impairment test will be carried out annually and when there is an indication of impairment. The impairment test will be carried out for non-current assets other than financial assets, when there is an indication that the carrying amount cannot be recovered.

When the carrying value of an asset or group of assets is higher than the recoverable amount, the higher of the net of the fair value less disposal costs and the present value of estimated future cash flows represents the impairment.

The net of the fair value less disposal costs is determined by the sales agreement price or observable market price of similar assets in fair trade reduced by incremental costs directly attributable to the disposal of the asset.

Important judgments shall be made on the output, selling price, related operating costs and discount rate used in calculating present value of the asset (or a group of assets) in estimation of present value of future cash flows. When estimating the recoverable amount, the Group uses all relevant information available, including the output, selling price and related operating costs predicted on the basis of reasonable and evidence-based assumptions.

The Group tests goodwill for any impairment annually at least. This requires estimating the present value of future cash flows of an asset group or group portfolio to which goodwill has been allocated. When estimating the present value of future cash flows, the Group needs to predict cash flows generating from an asset group or group portfolio in the future, and chooses an appropriate discount rate to determine the present value of future cash flows.

(7) Depreciation and amortization

The Group depreciates and amortizes investment property, fixed assets and intangible assets over their respective service life, using the straight-line method, with their respective residual value taken into account. The Group periodically reviews the service life of assets to determine the amounts of depreciation and amortization expenses for each reporting period. The service life is determined by the Group based on its historic experience acquired on similar assets and expected technical developments. For significant changes in prior estimates, depreciation and amortization expenses will be adjusted in the coming periods.

(8) Development expenditures

When determining capitalized amounts, the Group's management needs to assume estimated future cash flows, appropriate discount rates and expected return periods of relevant assets.

The Group's management believes that the products with its self-developed proprietary technology have a broad market and good prospects, and the market reaction to the products produced with these intangible assets also supports the management's pre-estimated income arising from the project. However, the increasing competition makes the management reconsider the assumptions about market share and estimated gross profits of the products. After a thorough review, the Group's management believes that the carrying value of intellectual properties can be fully recovered notwithstanding a lowered rate of return of the products. The Group will continue to keep close attention on relevant developments. Once there is an indication that it is necessary to adjust the assumptions of relevant accounting estimates, the Group will make adjustment in the period when that indication appears.

(9) Deferred tax assets

To the extent that it is likely that there will be sufficient taxable profits to cover the losses, the Group recognizes deferred tax assets for all unused tax losses. In this case, the Group's management shall make important judgments to estimate the time and amount of future taxable profits and, by taking into account of its tax plan, to determine the amount of deferred tax assets that should be recognized.

(10) Income tax

In normal operating activities of the Group, there are some transactions with certain uncertainties in final tax treatment and calculation. Tax deductible expenses for some items are subject to review and approval by tax authority. Any difference between final results and initially estimated amounts due to these tax matters exerts impact on income taxes and deferred taxes of the period when the final results are determined.

37. Changes in important accounting policies and accounting estimates

(1) Changes in important accounting policies

√ Applicable □ Not applicable

Contents and causes of changes in accounting policies	Approval procedure	Notes
On December 7, 2018, the Ministry of Finance issued <i>The Accounting Standards for Enterprises No.21–Leases (2018 Revision) (Finance and Accounting [2018] No. 35)</i> (hereinafter referred to as “new standards of lease”). According to the resolution adopted on March 26, 2021 at the 18th meeting of the 5th Board of Directors of the Group, the Group has implemented the above-mentioned New Lease Standards from January 1, 2021 and made changes to relevant accounting policies according to the provisions of the New Lease Standards.	1. The changes are made according to state policies; 2. At the 18th meeting of the 5th Board of Directors and the 13th meeting of the 5th Board of Supervisors held on March 26, 2021, the <i>Proposal on Changing Accounting Policies</i> was reviewed and adopted, and the independent directors expressed the opinion of approval of the prop In accordance with relevant provisions of <i>Rules Governing the Listing of Shares on Shenzhen Stock Exchange</i> and <i>Articles of Association</i> , this issue of changing accounting policies was submitted to the Board of Directors to review and approve, without the need of the submission to the Shareholders’ Meeting.	

Changes in accounting policies resulting from the implementation of the New Lease Standards:

On December 7, 2018, the Ministry of Finance issued *The Accounting Standards for Enterprises No.21–Leases (2018 Revision) (Finance and Accounting [2018] No. 35)* (hereinafter referred to as “new standards of lease”). According to the resolution adopted on March 26, 2021 at the 18th meeting of the 5th Board of Directors of the Group, the Group has implemented the above-mentioned New Lease Standards from January 1, 2021 and made changes to relevant accounting policies according to the provisions of the New Lease Standards.

Pursuant to the new lease standards, for existing contracts prior to the initial implementation date, the Group chooses not to re-evaluate whether it is a lease or it contains a lease.

The Group chooses to adjust the cumulative impact of the lease contracts that have not been completed as of January 1, 2021 only. The balances of retained earnings and other related items on financial statements at the beginning of the period when the New Lease Standards are initially implemented (i.e., January 1, 2021) are adjusted for the cumulative impact amount of the initial implementation, and the information in the comparative period is not adjusted.

At the effective date of the New Lease Standards (i.e., January 1, 2021), the Group's transitional measures and their impact are described below:

A. The Group as lessee

The Group does not have financing lease prior to the effective date.

For the operating leases before the effective date (except for short-term leases and leases for low-value assets which are accounted for using a simplified method), the Group has right-of-use assets measured at the amount of lease liabilities and adjusted for prepaid rental. At the effective date, the Group tests right-of-use assets for any impairment and adjusts their carrying value.

B. The Group as lessor

For the subleases which are classified as operating leases at the effective date and are surviving after the effective date, the Group re-values and re-classifies them as a sublessor, based on the remaining lease term and the terms and conditions of the original leases and the subleases, at the effective date.

C. The impact from the implementation of new lease standards on financial statements as of January 1, 2021 is as follows:

Unit: RMB

Report items	Amount as of December 31, 2020 (before change)		Amount as of January 1, 2021 (after change)	
	Consolidated Statements	Company's Statements	Consolidated Statements	Company's Statements
Prepayments	295,557,594.21	37,867,760.48	250,349,223.52	23,024,960.48
Right-of-use assets			462,821,988.61	133,419,713.77
Other non-current assets	257,587,428.52		250,950,629.05	
Accounts payable	15,526,558,924.33		15,525,355,089.28	
Non-current liabilities due within one year			113,350,154.66	56,366,215.71
Lease liabilities			298,830,498.84	62,210,698.06

(2) Changes in important accounting estimates

Applicable Not applicable

(3) Adjustments to related items of financial statements at the beginning of the current year upon initial implementation of the new lease standards since 2021

Applicable Not applicable

Whether it is necessary to adjust the accounting items of the balance sheet at the beginning of the year

Yes No

Consolidated Balance Sheet

Unit: RMB

Item	December 31, 2020	January 1, 2021	Amount adjusted
Current assets:			
Cash and bank balances	7,788,139,761.68	7,788,139,761.68	
Deposit reservation for balance			
Lending funds			
Held-for-trading financial assets	250,789,617.29	250,789,617.29	
Derivative financial assets			
Notes receivable	93,015,027.25	93,015,027.25	
Accounts receivable	9,951,611,596.65	9,951,611,596.65	
Receivable financing			
Prepayments	295,557,594.21	250,349,223.52	-45,208,370.69
Premiums receivable			
Reinsurance accounts receivable			
Provision of cession receivable			
Other receivables	56,282,930.78	56,282,930.78	
Including: Interest receivable			
Dividend receivable			
Redemptory monetary capital for sale			
Inventories	9,170,731,903.19	9,170,731,903.19	
Contract assets			
Assets held for sale			
Non-current assets due within one year	67,724.41	67,724.41	
Other current assets	522,858,736.68	522,858,736.68	
Total current assets	28,129,054,892.14	28,083,846,521.45	-45,208,370.69
Non-current assets:			
Loans and advances			

Item	December 31, 2020	January 1, 2021	Amount adjusted
disbursed			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	337,410,802.56	337,410,802.56	
Investments in other equity instruments	357,307,056.65	357,307,056.65	
Other non-current financial assets			
Investment properties			
Fixed assets	14,674,535,924.15	14,674,535,924.15	
Construction in progress	2,078,910,639.92	2,078,910,639.92	
Manufacturing biological assets			
Oil and gas assets			
Right-of-use assets		462,821,988.61	462,821,988.61
Intangible assets	2,730,415,540.35	2,730,415,540.35	
Development expenditure	107,970,366.02	107,970,366.02	
Goodwill	16,859,185.08	16,859,185.08	
Long-term deferred expenses	152,215,032.28	152,215,032.28	
Deferred tax assets	275,559,445.74	275,559,445.74	
Other non-current assets	257,587,428.52	250,950,629.05	-6,636,799.47
Total non-current assets	20,988,771,421.27	21,444,956,610.41	456,185,189.14
Total assets	49,117,826,313.41	49,528,803,131.86	410,976,818.45
Current liabilities:			
Short-term borrowings	3,189,865,281.20	3,189,865,281.20	
Borrowings from banks and other financial institutions			
Borrowing funds			
Held-for-trading financial liabilities	43,578,775.71	43,578,775.71	
Derivative financial liabilities			

Item	December 31, 2020	January 1, 2021	Amount adjusted
Notes payable	1,797,630,927.08	1,797,630,927.08	
Accounts payable	15,526,558,924.33	15,525,355,089.28	-1,203,835.05
Advances from customers			
Contract liabilities	772,033,187.85	772,033,187.85	
Financial assets sold for repurchase			
Customer deposits and deposits from banks and other financial institutions			
Receivings from vicariously traded securities			
Receivings from vicariously sold securities			
Payroll payable	1,136,453,967.56	1,136,453,967.56	
Taxes payable	195,498,317.72	195,498,317.72	
Other payables	67,844,709.64	67,844,709.64	
Including: Interest payable	8,911,319.91	8,911,319.91	
Dividends payable			
Handling charges and commissions payable			
Dividend payable for reinsurance			
Liabilities held for sale			
Non-current liabilities due within one year		113,350,154.66	113,350,154.66
Other current liabilities	7,012,595.33	7,012,595.33	
Total current liabilities	22,736,476,686.42	22,848,623,006.03	112,146,319.61
Non-current liabilities:			
Reserve fund for insurance contracts			
Long-term borrowings	2,754,299,262.02	2,754,299,262.02	
Bonds payable	3,031,391,335.56	3,031,391,335.56	
Including: Preferred shares			
Perpetual bonds			

Item	December 31, 2020	January 1, 2021	Amount adjusted
Lease liabilities		298,830,498.84	298,830,498.84
Long-term payables			
Long-term payroll payable			
Provisions			
Deferred income	538,922,331.52	538,922,331.52	
Deferred tax liabilities	323,065,909.80	323,065,909.80	
Other non-current liabilities			
Total non-current liabilities	6,647,678,838.90	6,946,509,337.74	298,830,498.84
Total liabilities	29,384,155,525.32	29,795,132,343.77	410,976,818.45
Owners' equity:			
Share capital	3,275,438,427.00	3,275,438,427.00	
Other equity instruments	317,690,852.25	317,690,852.25	
Including: Preferred shares			
Perpetual bonds			
Capital reserves	3,811,658,791.28	3,811,658,791.28	
Less: Treasury shares	516,007,644.95	516,007,644.95	
Other comprehensive income	-112,010,012.52	-112,010,012.52	
Special reserves			
Surplus reserves	1,370,122,868.85	1,370,122,868.85	
General risk reserve	6,081,200.00	6,081,200.00	
Retained earnings	11,500,277,791.35	11,500,277,791.35	
Total equity attributable to the owners of the Company	19,653,252,273.26	19,653,252,273.26	
Minority equity	80,418,514.83	80,418,514.83	
Total owners' equity	19,733,670,788.09	19,733,670,788.09	
Total liabilities and owners' equity	49,117,826,313.41	49,528,803,131.86	410,976,818.45

Adjustment explanation

The Company has implemented the *Accounting Standards for Business Enterprises No. 21 - Lease* amended by the Ministry of Finance from January 1, 2021.

Balance Sheet of the Parent Company

Unit: RMB

Item	December 31, 2020	January 1, 2021	Amount adjusted
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Item	December 31, 2020	January 1, 2021	Amount adjusted
Current assets:			
Cash and bank balances	2,834,936,444.19	2,834,936,444.19	
Held-for-trading financial assets	182,338,601.65	182,338,601.65	
Derivative financial assets			
Notes receivable	75,154,389.95	75,154,389.95	
Accounts receivable	9,745,537,067.95	9,745,537,067.95	
Receivable financing			
Prepayments	37,867,760.48	23,024,960.48	-14,842,800.00
Other receivables	3,761,565,682.66	3,761,565,682.66	
Including: Interest receivable			
Dividend receivable			
Inventories	2,307,402,064.65	2,307,402,064.65	
Contract assets			
Assets held for sale			
Non-current assets due within one year			
Other current assets	132,090,455.49	132,090,455.49	
Total current assets	19,076,892,467.02	19,062,049,667.02	-14,842,800.00
Non-current assets:			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments	5,896,926,627.12	5,896,926,627.12	
Investments in other equity instruments			
Other non-current financial assets			
Investment properties			
Fixed assets	8,801,650,213.78	8,801,650,213.78	
Construction in progress	313,889,183.09	313,889,183.09	
Manufacturing biological			

Item	December 31, 2020	January 1, 2021	Amount adjusted
assets			
Oil and gas assets			
Right-of-use assets		133,419,713.77	133,419,713.77
Intangible assets	2,258,621,419.91	2,258,621,419.91	
Development expenditure	12,173,386.98	12,173,386.98	
Goodwill			
Long-term deferred expenses	417,895.69	417,895.69	
Deferred tax assets	54,618,987.06	54,618,987.06	
Other non-current assets	110,169,734.82	110,169,734.82	
Total non-current assets	17,448,467,448.45	17,581,887,162.22	133,419,713.77
Total assets	36,525,359,915.47	36,643,936,829.24	118,576,913.77
Current liabilities:			
Short-term borrowings	2,426,635,181.20	2,426,635,181.20	
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	1,616,583,704.36	1,616,583,704.36	
Accounts payable	7,583,147,844.25	7,583,147,844.25	
Advances from customers			
Contract liabilities	363,007,702.67	363,007,702.67	
Payroll payable	606,402,939.12	606,402,939.12	
Taxes payable	34,135,334.79	34,135,334.79	
Other payables	1,440,612,669.29	1,440,612,669.29	
Including: Interest payable	6,306,124.36	6,306,124.36	
Dividends payable			
Liabilities held for sale			
Non-current liabilities due within one year		56,366,215.71	56,366,215.71
Other current liabilities	9,707,204.85	9,707,204.85	
Total current liabilities	14,080,232,580.53	14,136,598,796.24	56,366,215.71
Non-current liabilities:			

Item	December 31, 2020	January 1, 2021	Amount adjusted
Long-term borrowings	400,000,000.00	400,000,000.00	
Bonds payable	3,031,391,335.56	3,031,391,335.56	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		62,210,698.06	62,210,698.06
Long-term payables			
Long-term payroll payable			
Provisions			
Deferred income	202,689,088.19	202,689,088.19	
Deferred tax liabilities	299,192,361.87	299,192,361.87	
Other non-current liabilities			
Total non-current liabilities	3,933,272,785.62	3,995,483,483.68	62,210,698.06
Total liabilities	18,013,505,366.15	18,132,082,279.92	118,576,913.77
Owners' equity:			
Share capital	3,275,438,427.00	3,275,438,427.00	
Other equity instruments	317,690,852.25	317,690,852.25	
Including: Preferred shares			
Perpetual bonds			
Capital reserves	3,815,383,616.46	3,815,383,616.46	
Less: Treasury shares	516,007,644.95	516,007,644.95	
Other comprehensive income			
Special reserves			
Surplus reserves	1,370,120,086.45	1,370,120,086.45	
Retained earnings	10,249,229,212.11	10,249,229,212.11	
Total owners' equity	18,511,854,549.32	18,511,854,549.32	
Total liabilities and owners' equity	36,525,359,915.47	36,643,936,829.24	118,576,913.77

Adjustment explanation

The Company has implemented the *Accounting Standards for Business Enterprises No. 21 - Lease* amended by the Ministry of Finance from January 1, 2021.

(4) Explanation of comparative data at early stage of retroactive adjustment after the initial implementation of the new lease standards in 2021

□ Applicable √ Not applicable

38. Others

None

VI. Taxable Items**1. Main tax types and rates**

Tax types	Taxation basis	Tax rate
VAT	Output taxes are calculated by applying 13%, 9% and 6% tax rates to taxable income, and value added taxes are calculated and paid according to the difference resulting from the deduction of the allowed deductible input tax in the period.	13%, 9%, 6%
City maintenance and construction tax	7% and 5% of the amount of actually-paid turnover tax	7%、5%
Enterprise income tax	15% or 25%, or the national or local statutory tax rate prevailing in an overseas subsidiary's jurisdiction	25%、15%
Education surcharge	3% of the amount of actually-paid turnover tax	3%
Local education surcharges	2% of the amount of actually-paid turnover tax	2%

Disclose the specific information in the case of tax payers with different tax rates of enterprise income tax

Name of taxpayer	Rate of income tax
Goertek Inc.	15%
Weifang Goertek Electronics Co., Ltd.	15%
Goertek Microelectronics Inc.	25%
Qingdao Goertek Microelectronics Research Institute Co., Ltd.	25%
Qingdao Goertek Intelligent Sensor Co., Ltd.	15%
Weifang Goertek Microelectronics Co., Ltd.	15%
Rongcheng Goertek Microelectronics Co., Ltd.	25%
Beijing Goertek Microelectronics Co., Ltd.	25%
Shenzhen Goertek Microelectronics Co., Ltd.	25%
Wuxi Goertek Microelectronics Co., Ltd.	25%
Shanghai Ganyuzhi Technology Co., Ltd.	25%
Goertek Microelectronics Holdings Co., Ltd.	16.5%

Goertek Microelectronics (Hong Kong) Co., Ltd.	16.5%
GOERTEK MICROELECTRONICS CORPORATION	The federal tax rate for enterprise income tax is 21%, and the local enterprise income tax rate in California is 8.84%.
GOERTEK MICROELECTRONICS KOREA CO.,LTD.	Tax rate is 10% if the income is less than KRW 200 million; 20% if the income is KRW 200 million-20 billion; 22% if the income is KRW 20 billion-300 billion; and 25% if the income is more than KRW 300 billion.
Weifang Goertek Trading Co., Ltd.	25%
Yishui Goertek Electronics Co., Ltd.	25%
Yili Precision Manufacturing Co., Ltd.	15%
Weifang Goertek Communication Technology Co., Ltd.	25%
Goertek Optical Technology Co., Ltd.	15%
Goertek Technology Co., Ltd.	25%
Beijing Goertek Technology Co., Ltd.	15%
Qingdao Goertek Acoustics Technology Co., Ltd.	25%
Shenzhen Goertek Technology Co., Ltd.	15%
Shanghai Goertek Technology Co., Ltd.	25%
Nanjing Goertek Technology Co., Ltd.	25%
Shenzhen Mototek Smart Technology Co., Ltd.	15%
Weifang Lokomo Precision Industry Co., Ltd.	15%
Goertek Investment Co., Ltd.	25%
Beijing Goertek Investment Management Co., Ltd.	25%
Olive Smart Hardware Investment Center LP	--
Dongguan JoyForce Precision Manufacturing Co., Ltd.	15%
Goertek Intelligence Technology Co., Ltd.	15%
Rongcheng Goertek Technology Co., Ltd.	25%
Qingdao Goertek Commercial Factoring Co., Ltd.	25%
Kunshan Goertek Electronics Co., Ltd.	25%
Nanning Goertek Electronics Co., Ltd.	15%
Nanning Goertek Trading Co., Ltd.	25%
Xian Goertek Electronic Technology Co., Ltd.	25%
Yishui TECO Electronic Technology Co., Ltd.	25%
Goertek Vina Co., Ltd	20%
Goertek Precision Industry Vietnam Company Limited	20%
Goertek Technology Korea Co., Ltd.	Tax rate is 10% if the income is less than KRW 200 million; 20% if

	the income is KRW 200 million-20 billion; 22% if the income is KRW 20 billion-300 billion; and 25% if the income is more than KRW 300 billion.
Goertek (HongKong) Co., Limited	8.25%/16.5%
Goertek Technology (Hong Kong)Co., Ltd.	16.5%
Goertek Technology Vina Company Limited	20%
GoerTek Audio Technologies Aps	22%
Goertek Seiki Techonology 株式会社	38%
Optimas Capital Partners Fund LP	--
Goertek Electronics, Inc.	The federal tax rate for enterprise income tax is 21%, and the local enterprise income tax rate in California is 8.84%.
Goertek Technology Taiwan Co., Ltd.	20%
Goertek Technology (Japan) Co., Ltd.	38%

2. Tax preference

(1) According to the *Reply to the Filings of the First Batch of High-Tech Enterprises in Shandong Province in 2020* issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises, the Company and its subsidiaries, Weifang Goertek Electronics Co., Ltd. and Weifang Goertek Microelectronics Co., Ltd., have been recognized as high-tech enterprises for a 3-year validity period, and their preferential period for the purpose of enterprise income tax is from January 1, 2020 to December 31, 2022. The enterprise income tax rate of 15% applies to the Company and its subsidiaries, Weifang Goertek Electronics Co., Ltd. and Weifang Goertek Microelectronics Co., Ltd., for year 2021.

(2) According to the *Reply to the Filings of High-Tech Enterprises in Qingdao City in 2020* issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 15, 2021, a subsidiary, Qingdao Goertek Intelligent Sensor Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for the purpose of enterprise income tax is from January 1, 2020 to December 31, 2022. The enterprise income tax rate of 15% applies to the subsidiary, Qingdao Goertek Intelligent Sensor Co., Ltd., for year 2021.

(3) According to the *Reply to the Filings of the First Batch of High-Tech Enterprises in Shandong Province in 2019* issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 22, 2020, a subsidiary, Yili Precision Manufacturing Co., Ltd. has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for the purpose of enterprise income tax is from January 1, 2019 to December 31, 2021. The enterprise income tax rate of 15% applies to the subsidiary Yili Precision Manufacturing Co., Ltd. for year 2021.

(4) According to the *Announcement on Filing the First Batch of High-Tech Enterprises in Shandong Province in 2021* issued by

the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 4, 2022, a subsidiary, Goertek Optical Technology Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for the purpose of enterprise income tax is from January 1, 2021 to December 31, 2023. The enterprise income tax rate of 15% applies to the subsidiary, Goertek Optical Technology Co., Ltd., for year 2021.

(5) According to the *Reply to the Filings of the Third Batch of High-Tech Enterprises in Beijing City in 2020* (GKHZ [2021] No.37) issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 22, 2021, a subsidiary, Beijing Goertek Technology Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for the purpose of enterprise income tax is from January 1, 2020 to December 31, 2022. The enterprise income tax rate of 15% applies to the subsidiary, Beijing Goertek Technology Co., Ltd., for year 2021.

(6) According to the *Reply to the Filings of the Second Batch of High-Tech Enterprises in Shenzhen City in 2019* (GKHZ [2020] No.47) issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on February 17, 2020, a subsidiary, Shenzhen Goertek Technology Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for the purpose of enterprise income tax is from January 1, 2019 to December 31, 2021. The enterprise income tax rate of 15% applies to the subsidiary, Shenzhen Goertek Technology Co., Ltd., for year 2021.

(7) According to the *Announcement on Filing the First Batch of High-Tech Enterprises in Shenzhen in 2021* issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on January 17, 2022, a subsidiary, Shenzhen Mototek Smart Technology Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for the purpose of enterprise income tax is from January 1, 2021 to December 31, 2023. The enterprise income tax rate of 15% applies to the subsidiary, Shenzhen Mototek Smart Technology Co., Ltd., for year 2021.

(8) According to the *Notice on Publishing a List of the Second Batch of Proposed Recognized High-Tech Enterprises in Shandong Province in 2020* issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 8, 2020, a subsidiary, Weifang Lokomo Precision Industry Co., Ltd. has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for the purpose of enterprise income tax is from January 1, 2020 to December 31, 2022. The enterprise income tax rate of 15% applies to the subsidiary, Weifang Lokomo Precision Industry Co., Ltd. for year 2021.

(9) According to the *Notice on Publishing the Filings of the Second Batch of High-Tech Enterprises in Guangdong Province in 2021* issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on December 20, 2021, a subsidiary, Dongguan Yili Precision Manufacturing Co., Ltd. has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for the purpose of enterprise income tax is from January 1, 2021 to December 31, 2023. The enterprise income tax rate of 15% applies to the subsidiary, Dongguan Yili Precision Manufacturing Co., Ltd. for year 2021.

(10) According to the *Reply to the Filings of the Second Batch of High-Tech Enterprises in Guangdong Province in 2019* (GKHZ [2020] No.50) issued by the Office of Leading Group for the Recognition and Management of National High-Tech Enterprises on February 18, 2020, a subsidiary, Goertek Intelligence Technology Co., Ltd., has been recognized as a high-tech enterprise for a validity period of 3 years, and its preferential period for the purpose of enterprise income tax is from January 1, 2019 to December 31, 2021. The enterprise income tax rate of 15% applies to the subsidiary, Goertek Intelligence Technology Co., Ltd., for year 2021.

(11) According to the *Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China* (No. 23/2020), from January 1, 2021 to December 31, 2030, enterprise income tax will be levied at a reduced rate of 15% for encouraged industrial enterprises located in the western region. The enterprise income tax rate of 15% applies to the subsidiary, Nanning Goertek Electronics Co., Ltd., for year 2021.

(12) Goertek (HongKong) Co., Limited is an entity eligible for the two-tier profit tax system. The tax rate of 8.25% is applied to the taxable profit which does not exceed HKD 2,000,000, and the tax rate of 16.5% is applied to the part of taxable profit which exceeds HKD 2,000,000.

(13) According to the *Announcement of the State Administration of Taxation on Issues Concerning the Implementation of the Inclusive Income Tax Deduction and Exemption Policies for Small Low-Profit Enterprises* (State Administration of Taxation Announcement No.2/2019), from January 1, 2019 to December 31, 2021, for small low-profit enterprises, 25% of the part of the annual taxable income not exceeding RMB 1 million shall be determined as valid taxable income and enterprise income tax will be levied at a reduced rate of 20%; 50% of the part of the annual taxable income between RMB 1 million and RMB 3 million shall be determined as valid taxable income and enterprise income tax will be levied at a reduced rate of 20%. According to the *Announcement of the Ministry of Finance and the State Taxation Administration on Implementing the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households* (Announcement No.12/2021 of the Ministry of Finance and the State Taxation Administration) and the *Announcement of the State Taxation Administration on Matters Concerning the Implementation of Preferential Income Tax Policies Supporting the Development of Small Low-Profit Enterprises and Individual Industrial and Commercial Households* (Announcement No.8/2021 of the State Taxation Administration), from January 1, 2021 to December 31, 2022, for small low-profit enterprises, 12.5% of the part of the annual taxable income not exceeding RMB 1 million shall be determined as valid taxable income and enterprise income tax will be levied at a reduced rate of 20%. The above preferential tax policies are applicable to the subsidiary, Beijing Goertek Microelectronics Co., Ltd., and enterprise income tax is levied at the actual tax rate of 2.5% in 2021.

3. Others

None

VII. Notes to consolidated financial statements

1. Cash and bank balances

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	160,703.83	183,125.46
Bank deposits	9,137,740,198.21	6,913,008,859.08
Other monetary capital	910,620,794.05	874,947,777.14
Total	10,048,521,696.09	7,788,139,761.68
Including: Total amounts deposited abroad	1,091,856,806.03	1,341,665,954.60
The total funds restricted by mortgage, pledge or freeze are as follows:	910,620,794.05	874,947,777.14

Explanation on Other Matters

Balances in other currencies at the end of the year involve notes, bonds and L/C margins.

2. Held-for-trading financial assets

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit and loss	119,267,279.02	250,789,617.29
Including:		
Investments in equity instruments	98,804,286.66	125,327,442.62
Derivative financial assets	20,462,992.36	125,462,174.67
Total	119,267,279.02	250,789,617.29

3. Notes receivable

(1) Notes receivable listed by classification

Unit: RMB

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

Bank acceptance notes	48,384,771.72	93,015,027.25
Commercial acceptance notes	1,709,928.75	
Total	50,094,700.47	93,015,027.25

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Notes receivable with bad debt reserves by group	50,094,700.47	100.00%			50,094,700.47	93,015,027.25	100.00%			93,015,027.25
Including:										
Bank acceptance notes	48,384,771.72	96.59%			48,384,771.72	93,015,027.25	100.00%			93,015,027.25
Commercial acceptance notes	1,709,928.75	3.41%			1,709,928.75					
Total	50,094,700.47	100.00%			50,094,700.47	93,015,027.25	100.00%			93,015,027.25

(2) Accrual, recovery or return of bad debt reserve in current period

None

(3) Notes receivable pledged at the end of the period

Unit: RMB

Item	Amount pledged at the end of the period
Bank acceptance notes	4,385,853.64
Total	4,385,853.64

(4) Notes receivable endorsed or discounted by the Group at the end of the period and not yet due on the balance sheet date

Unit: RMB

Item	Amount derecognized at the end of the period	Amount not derecognized at the end of the period

Bank acceptance notes	76,909,941.48	
Commercial acceptance notes		1,709,928.75
Total	76,909,941.48	1,709,928.75

(5) Notes that have been transferred to accounts receivable by the Group at the end of the period due to the non-performance of the contract of the drawer

None

(6) Notes receivable actually written off in the current period

None

4. Accounts receivable

(1) Accounts receivable disclosed by classification

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Accounts receivable for bad debt reserves by item						531,002.50	0.01%	531,002.50	100.00%	
Accounts receivable with bad debts reserves by group	12,025,540,710.73	100.00%	126,326,184.81	1.05%	11,899,214,525.92	10,058,824,426.15	99.99%	107,212,829.50	1.07%	9,951,611,596.65
Including:										
Accounts receivable aging group	11,857,375,456.09	98.60%	125,485,358.54	1.06%	11,731,890,097.55	9,858,116,092.81	98.00%	106,209,287.83	1.08%	9,751,906,804.98
Accounts receivable factoring aging group	168,165,254.64	1.40%	840,826.27	0.50%	167,324,428.37	200,708,333.34	2.00%	1,003,541.67	0.50%	199,704,791.67
Total	12,025,540,710.73	100.00%	126,326,184.81	1.05%	11,899,214,525.92	10,059,355,428.65	100.00%	107,743,832.00	1.07%	9,951,611,596.65

Bad debt reserves on a group basis: Accounts receivable aging group

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Within 1 year	11,841,985,759.80	118,419,857.60	1.00%
1 to 2 years	3,586,193.03	1,075,857.91	30.00%
2 to 3 years	11,627,720.47	5,813,860.24	50.00%

Over 3 years	175,782.79	175,782.79	100.00%
Total	11,857,375,456.09	125,485,358.54	--

Description for basis of determining the group:

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

Bad debt reserves by group: Accounts receivable factoring aging group

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Undue	168,165,254.64	840,826.27	0.50%
Overdue 1-90 days			
Overdue 91-180 days			
Overdue 181-360 days			
Overdue more than 360 days			
Total	168,165,254.64	840,826.27	--

Description for basis of determining the group:

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

Disclosed by age of accounts receivable

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	12,010,151,014.44
1 to 2 years	3,586,193.03
2 to 3 years	11,627,720.47
Over 3 years	175,782.79
3 to 4 years	68,408.50
4 to 5 years	34.29
Over 5 years	107,340.00
Total	12,025,540,710.73

(2) Accrual, recovery or return of bad debt reserve in current period

Provision for bad debts of the current period:

Unit: RMB

Category	Opening balance	Changes in amount of the current period				Closing balance
		Accrual	Withdrawal or write-back	Write-off	Other	
Accounts receivable for bad debt reserves by item	531,002.50	102,177.68		633,180.18		
Accounts receivable	107,212,829.50	19,113,355.31				126,326,184.81

with bad debts reserves by group						
Total	107,743,832.00	19,215,532.99		633,180.18		126,326,184.81

Among them, significant information of bad debt reserves withdrawn or written back in the current period:

None

(3) Accounts receivable actually written off in current period

Unit: RMB

Item	Written off amount
Accounts receivable actually written off	633,180.18

Among them, significant information of accounts receivable written off:

None

(4) Accounts receivable of the 5 highest closing balance by debtor

Unit: RMB

Company name	Closing balance of accounts receivable	Proportion of total Closing balance of accounts receivable	Closing balance of bad debt provision
Customer 1	3,340,717,904.53	27.78%	33,407,179.05
Customer 2	2,141,740,691.91	17.81%	21,417,406.92
Customer 3	1,944,785,829.66	16.17%	19,447,858.29
Customer 4	1,146,613,449.59	9.54%	11,466,134.49
Customer 5	715,446,129.70	5.95%	7,154,461.30
Total	9,289,304,005.39	77.25%	

(5) Amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

None

(6) Accounts receivable derecognized due to transfer of financial assets

Transfer method of financial assets	Amount of receivables derecognized	Gains or losses related to derecognition
Buyout factoring	1,673,167,869.71	-7,852,608.05

5. Receivable financing

Unit: RMB

Item	Closing balance	Opening balance
Notes receivable	14,575,230.24	
Total	14,575,230.24	

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

Applicable Not applicable

If the provision for impairment of receivables financing is accrued according to the general model of expected credit loss, please refer to the disclosure methods for other receivables when disclosing information related to provision for impairment:

Applicable Not applicable

6. Prepayments

(1) Presentation of prepayments by aging

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	85,353,901.12	87.50%	250,173,008.49	99.93%
1 to 2 years	12,190,916.86	12.50%	176,215.03	0.07%
Total	97,544,817.98	--	250,349,223.52	--

Explanation of reasons why prepayments aged more than 1 year with significant amount are not settled in time:

Company name	Year-end balance	Reasons for no settlement
Company 1	12,178,509.88	Prepaid goods payments
Total	12,178,509.88	

(2) Advance payment in the five highest closing balance by seller

The sum of the five highest prepayments in the year-end balance ranked by seller is RMB 37,372,531.31, accounting for 38.31% of the total year-end balance of prepayments.

7. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	374,669,355.98	56,282,930.78
Total	374,669,355.98	56,282,930.78

(1) Interest receivable

None

(2) Dividend receivable

None

(3) Other receivables**1) Classification of other receivables by nature of payment**

Unit: RMB

Nature of payment	Closing book balance	Opening book balance
Tax refund for export receivable	107,739,537.40	12,490,314.32
Security deposit	90,839,988.55	57,935,416.76
Current account	164,646,290.05	3,135,180.20
Withholding and remitting social insurance and housing provident fund	39,293,343.86	
Reserve fund		148,313.37
Other	815,580.66	771,845.99
Total	403,334,740.52	74,481,070.64

2) Provision for bad debts

Unit: RMB

Bad-debt provision	First stage	Second stage	Third stage	Total
	Expected credit impairment losses over the next 12 months	Expected credit impairment losses for the entire life (credit impairment not occurred)	Expected credit impairment losses for the entire life (credit impairment has occurred)	
Balance as of January 1, 2021:	18,198,139.86			18,198,139.86
Balance as of January 1, 2021 in the current period	—	—	—	—
Accrual in the current period	10,478,144.68			10,478,144.68
Amount written off in the current period	10,900.00			10,900.00

Balance as of December 31, 2021	28,665,384.54			28,665,384.54
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Significant changes in the carrying value of changes in the allowances for losses in the current period

Applicable Not applicable

Disclosed by aging of accounts receivable

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	359,333,933.07
1 to 2 years	23,443,684.75
2 to 3 years	5,036,365.84
Over 3 years	15,520,756.86
3 to 4 years	8,670,851.36
4 to 5 years	5,156,222.00
Over 5 years	1,693,683.50
Total	403,334,740.52

3) Accrual, recovery or return of bad debt reserve in current period

Provision for bad debts of the current period:

Unit: RMB

Category	Opening balance	Changes in amount of the current period				Closing balance
		Accrual	Withdrawal or write-back	Write-off	Other	
Accounts receivable for bad debt reserves by item		10,900.00		10,900.00		
Accounts receivable with bad debts reserves by group	18,198,139.86	10,467,244.68				28,665,384.54
Total	18,198,139.86	10,478,144.68		10,900.00		28,665,384.54

Among them, significant amount in bad debt reserves written back or withdrawn in the current period:

None

4) Other receivables actually written off in the current period

Unit: RMB

Item	Written off amount
Other receivables actually written off	10,900.00

Among them, write-off of other significant receivables:

None

5) Other receivables of the 5 highest closing balance by debtor

Unit: RMB

Company name	Nature of payment	Closing balance	Aging	Ratio in the total closing balance of other receivables	Closing balance of bad debt provision
Company 1	Current account	157,406,315.35	Within 1 year	39.02%	1,574,063.15
Company 2	Tax refund for export receivable - VAT	91,830,238.29	Within 1 year	22.77%	918,302.38
Company 3	Withholding and remitting social insurance and housing provident fund	39,293,343.86	Within 1 year	9.74%	392,933.44
Company 4	Earnest money	31,145,566.89	Within 1 year, 2-3 years	7.72%	331,613.25
Company 5	Tax refund for export receivable - VAT - Vietnam	15,469,749.17	Within 1 year, 1-2 years	3.84%	3,057,843.71
Total	--	335,145,213.56	--	83.09%	6,274,755.93

6) Other receivables involving government subsidies

None

7) Other receivables derecognized due to transfer of financial assets

None

8) Amount of assets and liabilities formed by transferring other receivables and continuing to be involved

None

8. Inventories

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

No

(1) Inventory classification

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value
Raw materials	5,166,920,234.13	110,350,236.94	5,056,569,997.19	2,281,283,533.83	85,486,871.76	2,195,796,662.07
Products in process	2,315,184,723.77	59,814,311.48	2,255,370,412.29	1,191,893,176.31	19,025,767.50	1,172,867,408.81
Goods in stock	4,408,510,122.04	59,150,749.51	4,349,359,372.53	5,479,699,670.13	23,194,817.12	5,456,504,853.01
Revolving materials	421,008,703.37		421,008,703.37	345,562,979.30		345,562,979.30
Total	12,311,623,783.31	229,315,297.93	12,082,308,485.38	9,298,439,359.57	127,707,456.38	9,170,731,903.19

(2) Provision for decline in value of inventories and provision for impairment of contract performance cost

Unit: RMB

Item	Opening balance	Increased amount in the current period		Decreased amount in the current period		Closing balance
		Accrual	Other	Write-back or resale	Other	
Raw materials	85,486,871.76	112,760,089.91		87,896,724.73		110,350,236.94
Products in process	19,025,767.50	64,384,648.25		23,596,104.27		59,814,311.48
Goods in stock	23,194,817.12	63,931,452.38		27,975,519.99		59,150,749.51
Total	127,707,456.38	241,076,190.54		139,468,348.99		229,315,297.93

(3) Explanation of the closing balance of inventory containing the capitalized amount of borrowing costs

None

(4) Explanation of amortization amount of contract performance cost in current period

None

9. Non-current assets due within one year

Unit: RMB

Item	Closing balance	Opening balance
Non-current assets due within one year		67,724.41
Total		67,724.41

Significant debt investments/other debt investments

None

10. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Input tax retained for VAT	326,273,163.10	379,913,842.53
Input tax to be verified and to be deducted	129,974,831.71	116,105,675.19
Advance payment of enterprise income tax	6,833,590.83	26,715,612.43
Prepaid IPO fees	8,983,655.49	
Prepaid housing property tax and stamp tax		123,606.53
Other	3,706,986.47	
Total	475,772,227.60	522,858,736.68

11. Long-term equity investments

Unit: RMB

Invested entity	Opening balance (book value)	Increase or decrease in the current period								Balance at the end of the period (book value)	Closing balance of impairment provision
		Investment addition	Investment reduction	Recognized investment gain and loss under equity method	Other comprehensive income adjustments	Other changes in equity	Cash dividends or profits declared	Provision for impairment reserve	Other		
I. Joint Venture											
II. Affiliated enterprises											
AKM	295,656,242.7			25,611,552.36	1,189,723.34		4,310,075.40			318,147,443.07	

Industrial Company Limited	7								
Qingdao Virtual Reality Institute Co., Ltd.	41,754,559.79		-2,542,104.19					39,212,455.60	
Enkris Semiconductor Inc.		80,000,000.00	42,305.24					80,042,305.24	
Sub-total	337,410,802.56	80,000,000.00	23,111,753.41	1,189,723.34		4,310,075.40		437,402,203.91	
Total	337,410,802.56	80,000,000.00	23,111,753.41	1,189,723.34		4,310,075.40		437,402,203.91	

12. Investments in other equity instruments

Unit: RMB

Item	Closing balance	Opening balance
Investment projects of the Fund Company	318,163,764.54	174,609,853.97
Mobvoi Inc.	127,514,000.00	130,498,000.00
Shenzhen New Radio Technology Co., Ltd.	20,000,000.00	
WaveOptics Ltd.		52,199,202.68
Total	465,677,764.54	357,307,056.65

Disclose investments in non-trading equity instruments of the period by item

Unit: RMB

Name of project	Dividend income recognized	Accumulative gains	Accumulative losses	Amount of other consolidated income transferred to retained earnings	Reasons for designation of financial assets at fair value through other comprehensive income	Reasons for other comprehensive income transferred to retained earnings
Investment projects of the Fund Company		95,817,145.93		26,771,103.27	Non-trading equity instrument	Disposal of equity
Mobvoi Inc.					Non-trading equity instrument	
Shenzhen New Radio					Non-trading equity	

Technology Co., Ltd.					instrument	
WaveOptics Ltd.		148,122,883.71		148,122,883.71	Non-trading equity instrument	Disposal of equity
Total		243,940,029.64		174,893,986.98		

Other explanations:

The accumulative gain from the disposal of the equity held by Fund Company is RMB 34,803,826.41, of which RMB 26,771,103.27 is transferred to retained earnings, and shareholder's equity attributable to minority shareholders is RMB 8,032,723.14.

13. Other non-current financial assets

Unit: RMB

Item	Closing balance	Opening balance
Financial assets classified as measured at fair value with changes recorded in current profits and losses	201,430,042.13	
Total	201,430,042.13	

14. Fixed assets

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	18,123,352,480.76	14,674,535,924.15
Total	18,123,352,480.76	14,674,535,924.15

(1) Overview of fixed assets

Unit: RMB

Item	Building and construction	Production equipment	Test equipment	Office equipment	Transportation equipment	Total
I. Original book value:						
1. Opening balance	7,121,398,847.56	12,070,283,197.03	1,795,312,380.94	521,767,194.82	25,875,255.77	21,534,636,876.12
2. Amount increased in current period	1,795,834,230.50	3,204,456,050.25	676,309,350.27	129,223,313.01	2,285,790.68	5,808,108,734.71
(1) Purchase		2,036,092,696.98	390,230,169.19	109,666,214.07	2,291,943.99	2,538,281,024.23

(2) Transfer from construction in progress	1,804,564,617.12	1,184,116,991.99	286,722,503.39	23,055,792.94		3,298,459,905.44
(3) Increase in business combinations						
(4) Impact of difference from translation of statements in foreign currency	-8,730,386.62	-15,753,638.72	-643,322.31	-3,498,694.00	-6,153.31	-28,632,194.96
3. Amount decreased in current period	8,653,046.23	514,503,615.68	200,999,682.94	23,665,682.00	4,768,653.94	752,590,680.79
(1) Disposal or scrap	143,415.86	505,251,114.04	142,281,695.71	23,665,682.00	4,768,653.94	676,110,561.55
(2) Others	8,509,630.37	9,252,501.64	58,717,987.23			76,480,119.24
4. Closing balance	8,908,580,031.83	14,760,235,631.60	2,270,622,048.27	627,324,825.83	23,392,392.51	26,590,154,930.04
II. Accumulated depreciation						
1. Opening balance	1,049,234,767.80	4,861,162,487.45	668,695,109.01	262,240,878.17	18,767,709.54	6,860,100,951.97
2. Amount increased in current period	273,335,622.88	1,482,974,003.26	271,115,007.30	83,455,591.99	1,691,119.26	2,112,571,344.69
(1) Accrual	274,144,247.96	1,485,053,048.65	271,252,103.77	85,426,423.54	1,691,449.78	2,117,567,273.70
(2) Impact of difference from translation of statements in foreign currency	-808,625.08	-2,079,045.39	-137,096.47	-1,970,831.55	-330.52	-4,995,929.01

3. Amount decreased in current period	64,716.38	373,347,283.58	108,054,980.82	20,430,045.24	3,972,821.36	505,869,847.38
(1) Disposal or scrap	64,716.38	368,079,520.59	84,303,154.85	20,430,045.24	3,972,821.36	476,850,258.42
(2) Others		5,267,762.99	23,751,825.97			29,019,588.96
4. Closing balance	1,322,505,674.30	5,970,789,207.13	831,755,135.49	325,266,424.92	16,486,007.44	8,466,802,449.28
III. Impairment provision						
1. Opening balance						
2. Amount increased in current period						
3. Amount decreased in current period						
4. Closing balance						
IV. Book Value						
1. Closing book value	7,586,074,357.53	8,789,446,424.47	1,438,866,912.78	302,058,400.91	6,906,385.07	18,123,352,480.76
2. Opening book value	6,072,164,079.76	7,209,120,709.58	1,126,617,271.93	259,526,316.65	7,107,546.23	14,674,535,924.15

Explanation on Other Matters

Other decrease in fixed assets represents the estimated amount of fixed assets adjusted after upgrade and renovation, as transferred to construction in progress and houses and buildings.

(2) Temporarily idle fixed assets

None

(3) Fixed assets leased out through operating leases

Unit: RMB

Item	Book value at the end of the reporting period
Houses and buildings	362,897,570.63

(4) Overview of the fixed assets for which certificates of title to be obtained

Unit: RMB

Item	Book value	Reasons for not obtaining the certificate of title
Qingdao 1# Office building	1,208,044,858.90	Property rights certificate under processing
9# Factory building	149,942,591.23	Approval in progress by the housing authority
55# Factory building	88,592,184.60	Property rights certificate under processing
56# Factory building	88,253,422.34	Property rights certificate under processing
57# Factory building	155,315,454.77	Property rights certificate under processing
23# Apartment	2,707,332.15	Property rights certificate under processing

(5) Liquidation of fixed assets

None

15. Construction in progress

Unit: RMB

Item	Closing balance	Opening balance
Construction in progress	2,127,055,853.77	2,078,910,639.92
Total	2,127,055,853.77	2,078,910,639.92

(1) Overview of construction projects in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Self-made equipment	453,794,330.67		453,794,330.67	158,433,023.54		158,433,023.54
Unaccepted equipment	705,426,549.35		705,426,549.35	205,919,906.36		205,919,906.36
2# Office building	160,023,622.42		160,023,622.42	91,982,146.20		91,982,146.20

Sporadic projects	157,044,940.34		157,044,940.34	77,163,481.14		77,163,481.14
39# Factory building	106,641,302.22		106,641,302.22	63,400,326.60		63,400,326.60
42# Factory building	78,086,553.66		78,086,553.66	43,602,044.74		43,602,044.74
52# Factory building	77,142,513.20		77,142,513.20	1,920,779.74		1,920,779.74
37# Factory building	65,991,667.31		65,991,667.31	58,643,938.12		58,643,938.12
46# Factory building	56,866,174.61		56,866,174.61	35,435,572.74		35,435,572.74
63# Factory building	38,623,187.09		38,623,187.09			
38# Factory building	27,185,507.14		27,185,507.14	18,875,165.69		18,875,165.69
76# Factory building	22,751,748.04		22,751,748.04			
73# Factory building	18,061,783.67		18,061,783.67			
74# Factory building	17,779,539.88		17,779,539.88			
43# Factory building	17,137,354.45		17,137,354.45	14,607,806.39		14,607,806.39
75# Factory building	15,726,428.05		15,726,428.05			
69# Factory building	13,084,558.18		13,084,558.18			
68# Factory building	13,063,930.16		13,063,930.16			
67# Factory building	12,688,314.15		12,688,314.15			
72# Factory building	12,277,054.11		12,277,054.11			
49# Factory building	10,804,751.93		10,804,751.93	5,911,524.61		5,911,524.61
48# Factory building	9,111,894.09		9,111,894.09	1,975,767.13		1,975,767.13
47# Factory	8,653,090.45		8,653,090.45	4,225,214.79		4,225,214.79

building						
64# Factory building	8,103,133.65		8,103,133.65			
70# Factory building	6,883,803.12		6,883,803.12			
71# Factory building	5,376,869.24		5,376,869.24			
65# Factory building	4,363,631.55		4,363,631.55			
66# Factory building	4,361,621.04		4,361,621.04			
Qingdao 1# Office building				1,230,265,550.05		1,230,265,550.05
55# Factory building				24,550,734.57		24,550,734.57
56# Factory building				24,550,571.55		24,550,571.55
Reconstruction and expansion of factory buildings				15,829,092.92		15,829,092.92
57# Factory building				1,047,196.58		1,047,196.58
Unaccepted software				570,796.46		570,796.46
Total	2,127,055,853.77		2,127,055,853.77	2,078,910,639.92		2,078,910,639.92

(2) Increase or decrease of significant construction projects in progress in current period

Unit: RMB

Name of project	Budget amount	Opening balance	Increased amount in the current period	Amount transferred to fixed assets in current period	Other amount decreased in current period	Closing balance	Proportion of total project input to budget	Project progress	Accumulated amount of interest capitalization	Including: Amount of interest capitalization in current period	Interest capitalization rate for current period	Source of funds
Self-made equipment		158,433,023.54	916,542,693.28	621,181,386.15		453,794,330.67						Other
Unaccepted equipment		205,919,906.36	1,373,401,618.69	873,894,975.70		705,426,549.35						Other
2# Office building	357,080,000.00	91,982,146.20	68,041,476.22			160,023,622.42	44.81%	40%				Other
Sporadic projects		77,163,481.14	296,869,053.18	165,275,117.11	51,712,476.87	157,044,940.34						Other
39# Factory building	109,909,600.00	63,400,326.60	43,240,975.62			106,641,302.22	97.03%	95%				Other
42# Factory building	82,826,867.00	43,602,044.74	34,484,508.92			78,086,553.66	94.28%	95%				Other
52# Factory building	235,771,400.00	1,920,779.74	75,221,733.46			77,142,513.20	32.72%	35%				Other
37# Factory building	69,905,933.00	58,643,938.12	7,347,729.19			65,991,667.31	94.40%	95%				Other
46# Factory building	94,000,000.00	35,435,572.74	21,430,601.87			56,866,174.61	60.50%	70%				Other

Name of project	Budget amount	Opening balance	Increased amount in the current period	Amount transferred to fixed assets in current period	Other amount decreased in current period	Closing balance	Proportion of total project input to budget	Project progress	Accumulated amount of interest capitalization	Including: Amount of interest capitalization in current period	Interest capitalization rate for current period	Source of funds
63# Factory building	172,939,700.00		38,623,187.09			38,623,187.09	22.33%	25%				Other
38# Factory building	28,625,600.00	18,875,165.69	8,310,341.45			27,185,507.14	94.97%	95%				Other
76# Factory building	48,563,124.77		22,751,748.04			22,751,748.04	46.85%	70%				Other
73# Factory building	49,331,582.51		18,061,783.67			18,061,783.67	36.61%	40%				Other
74# Factory building	64,324,249.13		17,779,539.88			17,779,539.88	27.64%	30%				Other
43# Factory building	18,670,000.00	14,607,806.39	2,529,548.06			17,137,354.45	91.79%	92%				Other
75# Factory building	56,944,053.31		15,726,428.05			15,726,428.05	27.62%	30%				Other
69# Factory building	38,939,639.23		13,084,558.18			13,084,558.18	33.60%	45%				Other
68# Factory building	38,888,118.50		13,063,930.16			13,063,930.16	33.59%	45%				Other
67# Factory building	37,476,058.32		12,688,314.15			12,688,314.15	33.86%	45%				Other
72# Factory	38,708,355.93		12,277,054.11			12,277,054.11	31.72%	45%				Other

Name of project	Budget amount	Opening balance	Increased amount in the current period	Amount transferred to fixed assets in current period	Other amount decreased in current period	Closing balance	Proportion of total project input to budget	Project progress	Accumulated amount of interest capitalization	Including: Amount of interest capitalization in current period	Interest capitalization rate for current period	Source of funds
building												
49# Factory building	32,000,000.00	5,911,524.61	4,893,227.32			10,804,751.93	33.76%	45%				Other
48# Factory building	9,200,000.00	1,975,767.13	7,136,126.96			9,111,894.09	99.04%	95%				Other
47# Factory building	24,500,000.00	4,225,214.79	4,427,875.66			8,653,090.45	35.32%	45%				Other
64# Factory building	99,555,800.00		8,103,133.65			8,103,133.65	8.14%	10%				Other
70# Factory building	24,554,153.73		6,883,803.12			6,883,803.12	28.04%	45%				Other
71# Factory building	18,474,099.31		5,376,869.24			5,376,869.24	29.10%	45%				Other
65# Factory building	90,000,000.00		4,363,631.55			4,363,631.55	4.85%	5%				Other
66# Factory building	90,000,000.00		4,361,621.04			4,361,621.04	4.85%	5%				Other
Qingdao 1# Office building	1,500,000,000.00	1,230,265,550.05	478,756.44	1,230,744,306.49			82.05%	100%	34,278,258.45	3,809,576.72		Other
55# Factory	99,670,000.00	24,550,734.57	64,041,450.03	88,592,184.60			88.89%	100%				Other

Name of project	Budget amount	Opening balance	Increased amount in the current period	Amount transferred to fixed assets in current period	Other amount decreased in current period	Closing balance	Proportion of total project input to budget	Project progress	Accumulated amount of interest capitalization	Including: Amount of interest capitalization in current period	Interest capitalization rate for current period	Source of funds
building												
56# Factory building	99,670,000.00	24,550,571.55	63,702,850.79	88,253,422.34			88.55%	100%				Other
Reconstruction and expansion of factory buildings		15,829,092.92	59,373,965.36	75,203,058.28								Other
57# Factory building	211,081,300.00	1,047,196.58	154,268,258.19	155,315,454.77			73.58%	100%				Other
Unaccepted software		570,796.46			570,796.46							Other
Total	3,841,609,634.74	2,078,910,639.92	3,398,888,392.62	3,298,459,905.44	52,283,273.33	2,127,055,853.77	--	--	34,278,258.45	3,809,576.72		--

Explanation on Other Matters

Construction in progress – Other amounts decreased in the year represent the transfer of house construction fees arising from the original construction in progress to long-term deferred expenses upon completion and the transfer of accepted software to intangible assets.

(3) Provision for impairment of construction in progress in current period

None

(4) Construction materials

None

16. Right-of-use assets

Unit: RMB

Item	Building and construction	Total
I. Original book value:		
1. Opening balance	462,821,988.61	462,821,988.61
2. Amount increased in current period	16,290,960.23	16,290,960.23
(1) New lease of current year	22,944,855.42	22,944,855.42
(2) Impact of change in the exchange rate	-6,653,895.19	-6,653,895.19
3. Amount decreased in current period	37,447,701.56	37,447,701.56
(1) Amount disposed in current year	37,447,701.56	37,447,701.56
4. Closing balance	441,665,247.28	441,665,247.28
II. Accumulated depreciation		
1. Opening balance		
2. Amount increased in current period	122,484,411.95	122,484,411.95
(1) Accrual	122,484,411.95	122,484,411.95
3. Amount decreased in current period	11,615,685.33	11,615,685.33
(1) Disposal	11,615,685.33	11,615,685.33
4. Closing balance	110,868,726.62	110,868,726.62
III. Impairment provision		
1. Opening balance		
2. Amount increased in current period		
(1) Accrual		
3. Amount decreased in current period		
(1) Disposal		
4. Closing balance		
IV. Book Value		
1. Closing book value	330,796,520.66	330,796,520.66

2. Opening book value	462,821,988.61	462,821,988.61
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17. Intangible assets

(1) Overview of intangible assets

Unit: RMB

Item	Land-use right	Patent right	Non-patent technology	Other	Total
I. Original book value					
1. Opening balance	1,404,807,112.85	8,964,410.00	2,922,489,842.67	178,444,433.82	4,514,705,799.34
2. Amount increased in current period	34,692,287.94		529,007,097.09	56,735,888.98	620,435,274.01
(1) Purchase	37,057,706.34		1,698,113.16	56,772,444.84	95,528,264.34
(2) Internal R&D			528,007,923.88		528,007,923.88
(3) Increase in business combinations					
(4) Impact of difference from translation of statements in foreign currency	-2,365,418.40		-698,939.95	-36,555.86	-3,100,914.21
3. Amount decreased in current period			146,000,482.71		146,000,482.71
(1) Disposal			146,000,482.71		146,000,482.71
(2) Others - disposal of subsidiaries					
4. Closing balance	1,439,499,400.79	8,964,410.00	3,305,496,457.05	235,180,322.80	4,989,140,590.64
II. Accumulated amortization					
1. Opening balance	145,186,227.00	1,942,288.83	1,527,411,079.54	109,750,663.62	1,784,290,258.99
2. Amount increased in current period	30,517,816.04	896,441.00	529,247,511.90	27,289,760.40	587,951,529.34
(1) Accrual	30,606,695.89	896,441.00	529,934,168.35	27,317,171.44	588,754,476.68
(2) Impact of difference from translation of statements in foreign currency	-88,879.85		-686,656.45	-27,411.04	-802,947.34
3. Amount decreased in current period			145,894,986.54		145,894,986.54

(1) Disposal			145,894,986.54		145,894,986.54
(2) Others					
4. Closing balance	175,704,043.04	2,838,729.83	1,910,763,604.90	137,040,424.02	2,226,346,801.79
III. Impairment provision					
1. Opening balance					
2. Amount increased in current period					
3. Amount decreased in current period					
4. Closing balance					
IV. Book value					
1. Closing book value	1,263,795,357.75	6,125,680.17	1,394,732,852.15	98,139,898.78	2,762,793,788.85
2. Opening book value	1,259,620,885.85	7,022,121.17	1,395,078,763.13	68,693,770.20	2,730,415,540.35

At the end of this period, the proportion of intangible assets created through internal research and development of the Company to the balance of intangible assets is 59.04%.

(2) Overview of land-use right without certificates of title

None

18. Development expenditure

Unit: RMB

Item	Opening balance	Increased amount in the current period		Decreased amount in the current period		Closing balance
		Internal development expenses	Other	Recognized as intangible assets	Transfer to current profit and loss	
Self-developed technologies for electroacoustic products	107,970,366.02	4,301,342,763.66		528,007,923.88	3,638,349,113.36	242,956,092.44
Total	107,970,366.02	4,301,342,763.66		528,007,923.88	3,638,349,113.36	242,956,092.44

19. Goodwill

(1) Original book value of goodwill

Unit: RMB

Name of the invested entity or matter	Opening balance	Increase in the current period	Decrease in the	Closing balance
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forming goodwill				current period		
		Formed by business combinations	Other	Disposal	Other	
Goertek Electronics, Inc.	1,743,540.56					1,743,540.56
Weifang Goertek Communication Technology Co., Ltd.	15,115,644.52					15,115,644.52
GoerTek Audio Technologies Aps	8,831,473.29					8,831,473.29
Total	25,690,658.37					25,690,658.37

(2) Impairment provision for goodwill

Unit: RMB

Name of the invested entity or matter forming goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Accrual	Other	Disposal	Other	
Goertek Electronics, Inc.						
Weifang Goertek Communication Technology Co., Ltd.						
GoerTek Audio Technologies Aps	8,831,473.29					8,831,473.29
Total	8,831,473.29					8,831,473.29

Information about the asset group or portfolio of asset groups of goodwill

At December 31, 2021, net value of goodwill is RMB 16,859,185.08, of which RMB 15,115,644.52 related to acquisition of Weifang Goertek Communication Technology Co., Ltd. No goodwill impairment is recognized in the year, as the recoverable amount of the relevant group of assets valued under the equity method is higher than its carrying value (including part of carrying value of goodwill apportioned).

Explain the goodwill impairment test process, key parameters (such as the forecast period growth rate, stable period growth rate, profit rate, discount rate, forecast period, etc. when the present value of the future cash flow is expected) and the recognition method of goodwill impairment loss

None

Impact of goodwill impairment test

None

20. Long-term deferred expenses

Unit: RMB

Item	Opening balance	Increased amount in the current period	Amortized amount in the current period	Other decreased amount	Closing balance
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Expenditure on house improvement	128,720,931.07	134,846,196.62	71,121,615.84		192,445,511.85
Electric power facility	5,867,336.48		5,867,336.48		
Bank commission and arrangement fee	16,767,021.31		8,574,246.81		8,192,774.50
Financing guarantee fee		3,030,000.00	1,262,500.00		1,767,500.00
IT project service fee		6,146,685.59	1,707,412.70		4,439,272.89
Other	859,743.42		509,312.41		350,431.01
Total	152,215,032.28	144,022,882.21	89,042,424.24		207,195,490.25

21. Deferred tax assets/liabilities

(1) Deferred tax assets not offset

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets
Provision for impairment of assets	286,270,259.14	45,253,703.58	201,145,010.02	31,772,246.81
Unrealized profit from internal transaction	1,058,642,169.31	161,021,024.99	917,195,852.09	146,690,522.89
Deductible loss	1,291,424,655.49	204,109,171.19	105,178,529.87	25,019,797.35
Government subsidies	299,191,717.99	46,916,190.75	322,711,738.03	49,690,387.77
Held-for-trading financial assets - changes in fair value of equity instrument			49,624,038.43	7,443,605.78
Changes in the fair value of derivative financial instruments	15,190,564.34	2,285,343.12	43,578,775.71	7,190,497.99
Temporary differences of fixed assets	46,297,192.22	6,944,578.83	51,682,581.01	7,752,387.15
Expenses of share-based payment	190,629,395.67	28,594,409.35		
Total	3,187,645,954.16	495,124,421.81	1,691,116,525.16	275,559,445.74

(2) Deferred tax liabilities not offset

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Asset appreciation after re-evaluation following the combination with an enterprise under different control	4,338,259.81	1,084,564.94	4,549,882.24	1,137,470.56
Changes in the fair value of derivative financial instruments	29,721,944.30	4,739,855.81	171,872,843.02	26,894,130.21
Difference in time point for recognition of interest income of factoring business	5,581,895.45	1,395,473.86	2,503,977.04	625,994.26
Difference between the book value of fixed assets and their tax bases	2,536,133,275.63	380,419,991.34	1,962,722,098.44	294,408,314.77
Held-for-trading financial assets - changes in fair value of equity instrument	15,290,023.02	2,293,503.45		
Total	2,591,065,398.21	389,933,389.40	2,141,648,800.74	323,065,909.80

(3) Deferred tax assets or liabilities presented in net amount after offsetting

Unit: RMB

Item	Amount of deferred tax assets and liabilities mutually offset at the end of the period	Closing balance of deferred tax assets or liabilities after offsetting	Amount of deferred tax assets and liabilities mutually offset at the beginning of the period	Opening balance of deferred tax assets or liabilities after offsetting
Deferred tax assets		495,124,421.81		275,559,445.74
Deferred tax liabilities		389,933,389.40		323,065,909.80

(4) Details of unrecognized deferred tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	98,037,802.83	52,506,297.00
Deductible loss	916,176,966.88	655,499,213.78
Government subsidies	3,972,247.35	4,940,624.12
Unrealized profit from internal transaction	198,600,822.88	155,348,350.40

Total	1,216,787,839.94	868,294,485.30
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(5) Deductible loss of unrecognized deferred tax assets will expire in the following years

Unit: RMB

Year	Closing balance	Opening balance	Notes
2021		44,036,312.92	
2022	9,008,881.10	11,479,583.03	
2023	58,999,159.63	98,173,819.34	
2024	77,929,325.94	182,554,710.09	
2025	160,630,241.51	319,254,788.40	
2026	172,308,560.69		
2027	718,056.78		
2028	37,679,003.68		
2029	76,312,985.99		
2030	125,931,259.51		
2031	196,659,492.05		
Total	916,176,966.88	655,499,213.78	--

22. Other non-current assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Contract assets	119,469.27	1,194.69	118,274.58	187,877.77	1,878.78	185,998.99
Prepayment for long-term assets	366,744,190.26		366,744,190.26	235,100,069.21		235,100,069.21
Input tax to be deducted but expected not to be deducted within one year	17,036,311.11		17,036,311.11	15,732,285.26		15,732,285.26
Certificate of deposit of large sums	122,540,194.44		122,540,194.44			
The part due within one year				-68,408.50	-684.09	-67,724.41
Total	506,440,165.08	1,194.69	506,438,970.39	250,951,823.74	1,194.69	250,950,629.05

23. Short-term borrowings

(1) Types of short-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Secured borrowings	1,008,216,693.01	666,463,000.00
Credit borrowings	3,276,642,654.01	2,523,402,281.20
Total	4,284,859,347.02	3,189,865,281.20

Explanation of the types of short-term borrowings:

The year-end balance of secured borrowing is RMB 1,008,216,693.01, consisting of principle of RMB 1,005,956,500.00 and interest of RMB 2,260,193.01. A part of the amount, RMB 719,050,000.00, is secured by a guarantee provided by Goertek Group Co., Ltd., and the remainder is secured by a guarantee provided by its subsidiary, Goertek (HongKong) Co., Limited.

(2) Short-term borrowings that are overdue and not repaid

None

24. Held-for-trading financial liabilities

Unit: RMB

Item	Closing balance	Opening balance
Held-for-trading financial liabilities	15,190,564.34	43,578,775.71
Including:		
Derivative financial liabilities	15,190,564.34	43,578,775.71
Total	15,190,564.34	43,578,775.71

25. Notes payable

Unit: RMB

Type	Closing balance	Opening balance
Bank acceptance notes	2,742,876,464.23	1,797,630,927.08
Total	2,742,876,464.23	1,797,630,927.08

The amount of bills payable due and unpaid at the end of this period is RMB 0.00.

26. Accounts Payable**(1) Presentation of accounts payable**

Unit: RMB

Item	Closing balance	Opening balance
Material cost and others	16,391,404,094.29	14,068,333,091.24
Payment for equipment	1,663,151,657.69	866,620,185.20
Payment for construction projects	475,053,903.42	590,401,812.84
Total	18,529,609,655.40	15,525,355,089.28

(2) Important accounts payable aged above 1 year

Unit: RMB

Item	Closing balance	Reasons for outstanding or carry-over
Payment for equipment	4,553,236.38	Unsettled
Payment for construction projects	3,945,515.10	Unsettled
Payment for equipment	3,890,450.75	Unsettled
Payment for construction projects	3,456,102.47	Unsettled
Payment for construction projects	2,677,659.08	Unsettled
Payment for equipment	2,428,715.42	Unsettled
Payment for construction projects	2,057,801.58	Unsettled
Payment for material	1,785,884.72	Unsettled
Payment for equipment	1,757,381.39	Unsettled
Payment for equipment	1,394,369.95	Unsettled
Payment for construction projects	1,304,059.07	Unsettled
Payment for material	1,255,434.07	Unsettled
Total	30,506,609.98	--

27. Contract liabilities

Unit: RMB

Item	Closing balance	Opening balance
Goods payments received in advance	2,210,825,761.69	772,033,187.85
Total	2,210,825,761.69	772,033,187.85

28. Payroll payable**(1) Presentation of payroll payable to employees**

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
I. Short-term payroll	1,136,453,967.56	7,477,012,054.66	7,546,895,862.59	1,066,570,159.63
II. Post-employment benefits—defined contribution plans		552,597,537.13	552,597,537.13	
Total	1,136,453,967.56	8,029,609,591.79	8,099,493,399.72	1,066,570,159.63

(2) Presentation of short-term payroll

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Salaries, bonuses, allowances and subsidies	1,126,479,091.79	6,610,396,096.58	6,681,966,133.52	1,054,909,054.85
2. Employee welfare fee		426,845,347.70	426,845,347.70	
3. Social insurance premium		234,362,594.89	234,362,594.89	
Incl.: Medical insurance premium		225,409,289.39	225,409,289.39	
Work injury insurance premium		7,404,777.31	7,404,777.31	
Maternity insurance premium		1,548,528.19	1,548,528.19	
4. Housing provident fund		182,639,259.43	182,639,259.43	
5. Labor union expenditure and employee education expenses	9,974,875.77	22,768,756.06	21,082,527.05	11,661,104.78
Total	1,136,453,967.56	7,477,012,054.66	7,546,895,862.59	1,066,570,159.63

(3) Presentation of defined contribution plans

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic endowment insurance premium		530,270,151.16	530,270,151.16	
2. Unemployment insurance premium		22,327,385.97	22,327,385.97	
Total		552,597,537.13	552,597,537.13	

Other explanations:

The Group contributes to mandatory pension program and unemployment benefit program established by governmental authority. Under these programs, the Group makes monthly contributions to these programs respectively at 16% and 0.70% of the 2021 basis for social insurance contributions. Except the above monthly contributions, the Group is not under other payment obligations. Corresponding expenditures are recorded in the current profits and losses, or related asset costs when incurred.

29. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
VAT	35,791,727.76	20,952,053.68
Enterprise income tax	254,141,624.62	131,731,154.94
Personal income tax	9,980,898.05	7,376,446.64
City maintenance and construction tax	19,989,711.74	9,791,014.76
Education surcharge	8,056,604.31	3,670,236.25
Local education surcharges	5,766,024.57	2,474,306.23
Local water conservancy construction fund	0.00	703,565.32
Housing property tax	16,792,720.42	11,797,756.21
Land use tax	2,926,628.84	4,682,015.07
Stamp duties tax	3,141,644.18	1,905,608.50
Water resource tax	20.00	32,414.00
Environmental protection tax	5,024.73	19,282.98
Withholding taxes	17,371.06	362,463.14
Total	356,610,000.28	195,498,317.72

30. Other payables

Unit: RMB

Item	Closing balance	Opening balance
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Interest payable		8,911,319.91
Other payables	80,187,733.17	58,933,389.73
Total	80,187,733.17	67,844,709.64

(1) Interest payable

Unit: RMB

Item	Closing balance	Opening balance
Interest on long-term borrowings with payment of interest by installments and repayment of principal upon maturity		1,925,046.99
Corporate bond interest		4,381,543.10
Interest payable on short-term borrowings		2,604,729.82
Total		8,911,319.91

Important overdue and unpaid interest:

None

(2) Dividends payable

None

(3) Other payables**1) Presentation of other payables by nature of payment**

Unit: RMB

Item	Closing balance	Opening balance
Current accounts payable	30,175,265.11	48,644,678.41
Payroll payable	4,246,920.21	6,104,492.63
Deposit payable	44,029,093.10	1,869,467.99
Various security deposits payable	1,736,454.75	2,314,750.70
Total	80,187,733.17	58,933,389.73

2) Other important payables aged above 1 year

None

31. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance
Long-term borrowings due within one year	400,000,000.00	
Lease liabilities due within one year	101,408,170.04	113,350,154.66
Total	501,408,170.04	113,350,154.66

32. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Notes receivable endorsed, undue and not de-recognized	1,709,928.75	3,901,143.75
VAT payable—tax on items to be resold	13,134,430.26	3,111,451.58
Total	14,844,359.01	7,012,595.33

33. Long-term borrowings

(1) Types of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance
Secured borrowings	1,613,294,229.18	2,754,299,262.02
Credit borrowings	990,921,555.56	
Long-term borrowings due within one year	-400,000,000.00	
Total	2,204,215,784.74	2,754,299,262.02

Description of types of long-term borrowings:

The year-end balance of secured borrowing is RMB 1,613,294,229.18, consisting of RMB 1,611,383,000.00 of principle and RMB 1,911,229.18 of interest. A part of the amount, RMB 400,000,000.00 of borrowing is secured by a guarantee provided by Goertek Group Co., Ltd., and the remaining borrowings is secured by a guarantee provided by its subsidiary, Goertek (HongKong) Co., Limited.

Other explanations, including interest rate range:

Creditor	Borrowing Starting date	Borrowing Closing date	Interest rate (%)	Currency	Closing balance		Opening balance	
					Foreign currency amount (RMB 10,000)	Local currency amount (RMB 10,000)	Foreign currency amount (RMB 10,000)	Local currency amount (RMB 10,000)

Standard Chartered Bank syndicate	1/16/2020	1/16/2023	1.65-3.46	USD	19,000.00	121,138.30	30,000.00	195,747.00
China Development Bank	9/29/2020	9/28/2022	3.54-3.79	RMB		40,000.00		40,000.00
Shandong Province Branch of The Export-Import Bank of China	3/11/2021	2/24/2023	2.70	RMB		50,000.00		
Shandong Province Branch of The Export-Import Bank of China	5/28/2021	5/26/2023	3.40	RMB		49,000.00		
Syndicated loans	9/20/2018	9/21/2026	5.39	RMB				39,682.93

34. Bonds payable

(1) Bonds payable

Unit: RMB

Item	Closing balance	Opening balance
Convertible bond		3,031,391,335.56
Total		3,031,391,335.56

(2) Changes in bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

Unit: RMB

Bond name	Face value	Issuing date	Bond period	Issued amount	Opening balance	Issue in the current period	Provision interest at face value	Premium or discount amortization	Repayment in current period	Share conversion in current year	Redemption in current year	Closing balance
Convertible bond	4,000,000,000.00	Friday, June 12, 2020	6 years	4,000,000,000.00	3,031,391,335.56		687,779.54	12,132,769.38		3,029,105,297.84	14,418,807.10	0.00
Total	--	--	--	4,000,000,000.00	3,031,391,335.56		687,779.54	12,132,769.38		3,029,105,297.84	14,418,807.10	0.00

				0.00	35.56		54	69.38		5,297.84	07.10	
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(3) Explanation of conversion conditions and time of convertible bonds

As approved by the CSRC in its *Reply on Approving Public Offering of Convertible Bonds by Goertek Inc.* (CSRC Permit No. 780/[2020]), the Group issued 40,000,000 convertible bonds with par value of RMB 100 on June 12, 2020. The coupon rate of the bonds is 0.20% for the first year, 0.40% for the second year, 0.60% for the third year, 1.50% for the fourth year, 1.80% for the fifth year and 2.00% for the sixth year. Annual interest payment dates are each anniversary of the issuance date of convertible bonds, and the principal and all interests accrued will be paid at maturity date.

The conversion period starts from the first trading day after the expiration of six months from the issuance date of the convertible bonds until the maturity date of the convertible bonds (from December 18, 2020 to June 11, 2026). The initial conversion price is RMB 23.27 per share and remains unchanged up to date.

For the Company's A shares (stock abbreviation: Goertek; stock code: 002241), the closing price in more than ten trading days in twenty consecutive trading days from December 18, 2020 to January 15, 2021 was not lower than 130% of the current "Goertek Convertible Bonds NO.2" conversion price at RMB 23.27 per share, i.e. RMB 30.26 per share. The conditional redemption of "Goertek Convertible Bonds NO.2" according to the *Prospectus* has been triggered.

According to the *Proposal on Early Redemption of "Goertek Convertible Bonds NO.2"* reviewed and approved at the thirteenth session of the fifth Board of Directors and the eleventh session of the fifth Board of Supervisors held by the Company on January 15, 2021, it was resolved to exercise the conditional redemption right of "Goertek Convertible Bonds NO.2" to redeem after close of market on the redemption registration date (March 2, 2021) all "Goertek Convertible Bonds NO.2" bonds at the price of the nominal value of the bonds plus the accrued interest for the current period. As of March 3, 2021, "Goertek Convertible Bonds NO.2" was no longer traded and converted, and was delisted on March 11, 2021.

(4) Explanation of other financial instruments classified as financial liabilities

None

35. Lease liabilities

Unit: RMB

Item	Closing balance	Opening balance
Lease payment	327,964,908.57	441,150,002.41
Unrecognized financing fees	-16,346,783.13	-28,969,348.91
Lease liabilities due within one year	-101,408,170.04	-113,350,154.66

Total	210,209,955.40	298,830,498.84
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36. Deferred income

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Cause of formation
Government subsidies	538,922,331.52	198,381,126.00	196,982,376.87	540,321,080.65	
Total	538,922,331.52	198,381,126.00	196,982,376.87	540,321,080.65	--

Items involving government subsidies:

Unit: RMB

Liability item	Opening balance	Amount of new subsidies in current period	Amount included in non-operating revenue of the current period	Amount included in other income in current period	Amount of cost offset in current period	Other changes	Closing balance	Asset-related /income-related
Special funding for corporate innovation, technical transformation and industrial upgrading	7,784,270.58	140,206,700.00		147,990,970.58				Income-related
Special funding for corporate innovation, technical transformation and industrial upgrading	489,411,393.69	58,174,426.00		47,364,779.64			500,221,040.05	Asset-related
Awards and subsidies for public leasehold houses	41,726,667.25			1,626,626.65			40,100,040.60	Asset-related

37. Share capital

Unit: RMB

	Opening balance	Increase or decrease in the change (+, -)	Closing balance
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		New shares	Bonus shares	Transferred from reserves	Other	Sub-total	
Total shares	3,275,438,427.00				140,882,609.00	140,882,609.00	3,416,321,036.00

Other explanations:

(1) Due to the convertible bond holders' request for conversion in 2021, the equity capital of the Company was changed to RMB 3,416,321,036.

(2) As of December 31, 2021, the 115,400,305 shares of the Company held by the controlling shareholders and their persons acting in concert have been pledged, representing 3.38% of total shares of the Company. Including:

① Mr. Jiang Long, a shareholder of the Company, pledged his 15,000,000 shares of the Company to China Merchants Securities Co., Ltd. for the period from August 3, 2021 to August 3, 2022.

② Goertek Group Co., Ltd., a shareholder of the Company, pledged its 100,400,305 shares of the Company to Zhongtai Securities Co., Ltd. for the period from March 30, 2021 until the procedures for pledge release are completed.

38. Other equity instruments

(1) Basic information of other financial instruments such as preferred stocks and perpetual bonds issued at the end of the period

As approved by the CSRC in its *Reply on Approving Public Offering of Convertible Bonds by Goertek Inc.* (CSRC Permit No. 780/[2020]), the Company issued 40,000,000 convertible bonds with par value of RMB 100 on June 12, 2020. The coupon rate of the bonds is 0.20% for the first year, 0.40% for the second year, 0.60% for the third year, 1.50% for the fourth year, 1.80% for the fifth year and 2.00% for the sixth year. Annual interest payment dates are each anniversary of the issuance date of convertible bonds, and the principal and all interests accrued will be paid at maturity date.

According to the *Proposal on Early Redemption of "Goertek Convertible Bonds NO.2"* reviewed and approved at the thirteenth session of the fifth Board of Directors and the eleventh session of the fifth Board of Supervisors held by the Company on January 15, 2021, it was resolved to exercise the conditional redemption right of "Goertek Convertible Bonds NO.2" to redeem all "Goertek Convertible Bonds NO.2" bonds which were not converted to shares at the price of the nominal value of the bonds plus the accrued interest for the current period. As of March 3, 2021, "Goertek Convertible Bonds NO.2" was no longer traded and converted, and was delisted on March 11, 2021.

(2) Changes in financial instruments such as preferred shares and perpetual bonds outstanding at the end of the period

Unit: RMB

Outstanding financial instruments	Beginning of the period		Increase in the current period		Decrease in the current period		End of period	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Convertible bond	141,560,665	317,690,852.25			141,560,665	317,690,852.25		
Total	141,560,665	317,690,852.25			141,560,665	317,690,852.25		

Changes of other equity instruments in the current period, explanation of reasons for changes, and basis for relevant accounting treatment:

The decrease in the amount of other equity instruments relates to the conversion and redemption of the convertible bonds in the year.

39. Capital reserves

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (Equity premium)	3,282,034,618.76	5,520,332,302.70	128,809,946.78	8,673,556,974.68
Other capital reserves	529,624,172.52	871,368,483.26	596,443,436.16	804,549,219.62
Total	3,811,658,791.28	6,391,700,785.96	725,253,382.94	9,478,106,194.30

Other explanations, including the increase and decrease in the current period and explanation of reasons for changes:

① Capital reserves-equity premium increased by RMB 5,520,332,302.70 for the year, attributable to: 1. the conversion of convertible bonds, causing an increase in capital reserves-equity premium by RMB 3,209,305,793.20; 2. the share-based payment for the first exercise related to “Homeland No. 4”, whereby other capital reserves of RMB 596,443,436.16 recognized during the waiting period was transferred into equity premium; and 3. an increase of RMB 1,714,583,073.34 in capital reserves-equity premium related to the increased holdings of the Company in a subsidiary, Goertek Microelectronics Inc. as a result of the minority shareholders’ capital increase.

② Capital reserves-equity premium decreased by RMB 128,809,946.78, attributable to: 1. the non-trading transfer of the 11,000,000 shares in the special securities account for repurchase to the special account for “Homeland No. 5” employee stock program at RMB 10 per share in the year, causing an increase in capital reserves-equity premium by RMB 114,033,093.83; and 2. the share-based payment of Goertek Microelectronics Inc. in the year, causing an increase in minority equity and thus a decrease in

capital reserves-equity premium by RMB 14,776,852.95.

③ Capital reserves—other capital reserves increased by RMB 871,368,483.26 for the year, all related to the share-based payment. For the details, please see this Note XIII—Share-based Payment—2. Equity-settled share-based payment.

④ Capital reserves—other capital reserves decreased by RMB 596,443,436.16 for the year, all related to the share-based payment for the first exercise related to “Homeland No. 4”, with other capital reserves being transferred into equity premium.

40. Treasury shares

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Shares of the Company acquired for employee stock programs or equity incentives	516,007,644.95	1,999,998,595.63	224,033,093.83	2,291,973,146.75
Total	516,007,644.95	1,999,998,595.63	224,033,093.83	2,291,973,146.75

Other explanations, including the increase and decrease in the current period and explanation of reasons for changes:

As of December 31, 2021, the cumulative treasury shares are 74,265,451, representing 2.17% of total equity of the Company.

Details are as follows:

1. Treasury shares buyback

At the 24th meeting of the 4th Board of Directors of the Company held on October 18, 2019, the *Proposal on the Plan to Re-purchase Shares of the Company* and other related proposals were deliberated and adopted, approving the Company to repurchase its own shares at a price no higher than RMB 21.00 per share for employee stock programs or equity incentives through centralized bidding, where the total amount of funding for share repurchase shall be no less than RMB 500 million and no more than RMB 1 billion. The share repurchase proposal shall be implemented within 12 months after reviewed and adopted by the Board of Directors of the Company. As of April 27, 2020, the share repurchase plan was completely implemented, and the 25,335,918 shares were re-purchased in total. The treasury shares acquired from this share repurchase represent 0.74% of the total equity of the Company at the year end.

At the 15th and 16th meetings of the 5th Board of Directors of the Company held on January 29, 2021 and February 9, 2021 respectively, the *Proposal on the Deliberation of the Plan to Re-purchase Shares of the Company* and the *Proposal on the Amendment of the Plan to Re-purchase Shares of the Company* were deliberated and adopted successively, approving the Company to use its own funds to repurchase its shares through centralized bidding for the later implementation of employee stock plans or equity incentives. The total amount of funding for share repurchase shall be no less than RMB 1,000 million (inclusive) and no more than

RMB 2,000 million, and the re-purchase price may not exceed RMB 39.00 per share. The share repurchase proposal shall be implemented within 6 months after reviewed and adopted by the Board of Directors of the Company. As of February 23, 2021, the implementation of share repurchase plan was completed, and the 59,929,533 shares were re-purchased in total. The treasury shares acquired from this share repurchase represent 1.75% of the total equity of the Company at the year end.

2. Treasury shares transfer

On July 26, 2021, the Company received the *Confirmation of Securities Transfer Registration* issued by China Securities Depository and Clearing Corporation Limited Shenzhen Branch. The 11,000,000 shares in the special securities account for repurchase of the Company were transferred to the special account for “Homeland No. 5” employee stock program at RMB 10 per share on July 23, 2021. As of the reporting date, there are a total of 11,000,000 shares in the special account for “Homeland No. 5” employee stock program, accounting for 0.32% of the Company's total share capital at the end of the period

41. Other comprehensive income

Unit: RMB

Item	Opening balance	2021						Closing balance
		Amount incurred before income tax in the current period	Less: Recorded in other comprehensive income for the previous period and transferred in profit or loss for the current period	Less: Recorded in other comprehensive income for the previous period and transferred in retained earnings for the current period	Less: Income tax expenses	Amount after tax attributable to the parent company	Attributed after tax to minority shareholders	
I. Other comprehensive income that cannot be subsequently reclassified into profit and loss	7,711,365.44	233,914,853.56		173,914,158.16	979,828.82	39,220,079.94	19,800,786.64	46,931,445.38
Changes in the	7,711,365.44	233,914,853.56		173,914,158.16	979,828.82	39,220,079.94	19,800,786.64	46,931,445.38

fair value of other equity instruments				.16	2	9.94	6.64	45.38
II. Other comprehensive income that will be reclassified into profit or loss	-119,721,377.96	-29,367,334.40				-27,356,836.99	-2,010,497.41	-147,078,214.95
Including: other comprehensive income that can be converted into gains and losses under the equity method	19,401,067.14	7,950,273.16				7,950,273.16		27,351,340.30
Difference from translation of financial statements in foreign currency	-139,122,445.10	-37,317,607.56				-35,307,110.15	-2,010,497.41	-174,429,555.25
Total other comprehensive incomes	-112,010,012.52	204,547,519.16		173,914,158.16	979,828.82	11,863,242.95	17,790,289.23	-100,146,769.57

Other explanations, including the adjustment of the effective part of cash flow hedging gains and losses into the initially recognized amount of the hedged item:

None

42. Surplus reserves

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserves	1,370,122,868.85	76,413,252.66		1,446,536,121.51
Total	1,370,122,868.85	76,413,252.66		1,446,536,121.51

Explanation of surplus reserves, including the increase and decrease in the current period and explanation of reasons for changes:

According to the Company Law and its Articles of Association, the Company allocates 10% of net profits to the statutory surplus reserves. The Company does not need to allocate further amounts if the cumulative amount of the statutory surplus reserves reaches more than 50% of the registered capital.

The Company may extract any surplus reserves after extracting the statutory surplus reserve. Any surplus reserves may be used to cover the losses of previous years or increase the share capital wafter approval.

The surplus reserves increased by RMB 76,413,252.66 for the period. The 10% of the Company's net profit is allocated to the surplus reserves, i.e. RMB 75,858,016.34, and the surplus reserves increased by RMB 555,236.32 as a result of the disposal of other equity instrument investments.

43. General risk reserve

Unit: RMB

Items	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Reserve for risks in financing factoring business	6,081,200.00			6,081,200.00

Explanation on Other Matters

According to the *Notice by the General Office of the China Banking and Insurance Regulatory Commission of Strengthening the Supervision and Administration of Commercial Factoring Enterprises (YBJBF [2019] No. 205)*, the Group allocates 1% of the closing balance of financing factoring business to the provision for risks.

44. Retained earnings

Unit: RMB

Item	2021	2020
Retained earnings at the end of last period before adjustment	11,500,277,791.35	9,163,016,394.27
Total retained earnings at the beginning of the adjustment period (increase+, decrease-)		196,303.24
Retained earnings at the beginning of the period after adjustment	11,500,277,791.35	9,163,212,697.51
Plus: net profit attributable to the owner of the parent company in the current period	4,274,702,999.38	2,848,007,269.61
Less: Withdrawal of statutory surplus reserves	75,858,016.34	192,707,582.77
Appropriation of general risk reserve		1,184,800.00
Common stock dividends converted to share capital	499,658,337.75	317,049,793.00
Add: Disposal of investments in other equity instruments	173,358,921.84	
Retained earnings at the end of the period	15,372,823,358.48	11,500,277,791.35

Details of the adjustment of the retained earnings at the beginning of the period:

- 1) The retained earnings affected by the retroactive adjustment in accordance with *Accounting Standards for Business Enterprises* and the related new regulations at the beginning of the period is RMB 0.00.
- 2) The retained earnings affected by the change of accounting policy at the beginning of the period is RMB 0.00.
- 3) The retained earnings affected by the correction of major accounting errors at the beginning of the period is RMB 0.00.
- 4) The retained earnings affected by the change of combination scope caused by the common control at the beginning of the period is RMB 0.00.

5) The retained earnings affected by other adjustments at the beginning of the period is RMB 0.00.

45. Operating revenue and operating cost

Unit: RMB

Item	2021		2020	
	Income	Cost	Income	Cost
Main business	76,946,324,805.73	66,054,072,404.35	56,531,616,437.84	47,439,733,316.54
Other business	1,275,093,812.29	1,113,594,255.31	1,211,126,456.12	1,044,072,095.20
Total	78,221,418,618.02	67,167,666,659.66	57,742,742,893.96	48,483,805,411.74

Whether the lower of the audited net profit before and the audited net profit after deducting non-recurring profits and losses is negative

Yes No

Revenue related information:

Unit: RMB

Classification of contracts	Division 1	Division 2	Total
Product types			
Including:			
Precision components	13,840,133,491.33		13,840,133,491.33
Smart audio device	30,297,084,891.23		30,297,084,891.23
Smart hardware	32,809,106,423.17		32,809,106,423.17
Other business income	1,275,093,812.29		1,275,093,812.29
By business regions			
Including:			
Domestic	7,571,525,782.78		7,571,525,782.78
Overseas	70,649,892,835.24		70,649,892,835.24
By sales channel			
Including:			
Direct selling	77,770,329,729.13		77,770,329,729.13
Distribution	451,088,888.89		451,088,888.89
Total	78,221,418,618.02		78,221,418,618.02

Information about performance obligations:

None

Information about the trading price apportioned to remaining performance obligations:

None

46. Taxes and surcharges

Unit: RMB

Item	2021	2020
City maintenance and construction tax	66,914,986.17	62,611,875.61
Education surcharge	25,069,506.18	26,868,948.83
Housing property tax	62,157,864.15	47,922,731.38
Land use tax	4,928,054.01	15,838,009.95
Vehicle and vessel use tax	52,964.86	40,230.39
Stamp duties tax	45,106,860.23	24,511,331.54
Local education surcharges	17,398,626.51	17,912,632.68
Local water conservancy construction fund	220,917.98	4,567,259.15
Water resource tax	15,694.00	72,626.00
Environmental protection tax	26,511.41	54,824.52
Total	221,891,985.50	200,400,470.05

Explanation on Other Matters

For the details of payment standards for taxes and surcharges, please see this Note VI. Tax.

47. Selling expenses

Unit: RMB

Item	2021	2020
Employee remuneration	269,460,139.20	313,042,495.30
Share-based apportioned payment	63,634,538.59	29,447,134.69
Rental fees	4,474,361.06	23,313,826.11
Sales commission	13,450,128.71	20,884,743.52
Insurance expenses	21,984,424.28	15,271,530.90
Sample expenses	12,221,433.86	14,406,615.59
Entertainment expenses	12,782,841.89	13,210,709.52
Travel expenses	11,173,815.95	10,757,426.34
Office expenses	14,724,830.06	15,878,891.93
Depreciation cost	14,204,718.91	10,031,075.82
Raw and auxiliary materials	1,006,244.40	1,206,442.37
Other expenses	5,752,500.17	8,615,626.55
Total	444,869,977.08	476,066,518.64

48. Administrative expenses

Unit: RMB

Item	2021	2020
Employee remuneration	917,532,446.14	946,318,870.14
Share-based apportioned payment	495,415,756.61	230,349,331.79
Office expenses	110,998,813.33	120,012,132.17
Consulting fees	50,040,642.58	58,295,036.01
Depreciation cost	113,225,494.49	46,771,658.24
Amortization of intangible assets	49,984,739.09	46,318,817.51
Recruitment and training fees	36,270,849.32	26,018,102.24
Rental fees	7,451,592.83	21,128,830.37
Entertainment expenses	17,746,437.84	19,860,887.78
Travel expenses	21,380,866.38	17,584,655.70
Security expenses	22,040,105.21	14,285,556.34
Property insurance	9,898,802.88	13,060,067.10
Epidemic prevention cost	9,781,437.76	8,216,830.16
Other expenses	89,889,788.86	61,510,017.45
Total	1,951,657,773.32	1,629,730,793.00

49. R&D expenses

Unit: RMB

Item	2021	2020
Employee remuneration	1,816,259,331.16	1,408,075,836.03
Direct input cost	1,321,811,155.22	1,114,489,356.70
Amortization of intangible assets	534,352,849.63	435,340,144.93
Depreciation cost	115,335,756.86	99,421,174.60
Share-based apportioned payment	237,184,411.36	178,305,912.88
Design fees	15,289,807.24	7,934,434.78
Other expenses	129,840,970.63	182,404,151.73
Total	4,170,074,282.10	3,425,971,011.65

50. Financial expenses

Unit: RMB

Item	2021	2020
Interest expense	213,431,869.57	299,081,520.81
Less: Interest income	91,492,632.72	39,217,451.01
Less: Amount of interest capitalized	3,809,576.72	22,374,919.62
Exchange gains and losses	27,313,452.95	214,005,083.18
Less: Amount of foreign exchange gain/loss capitalized		
Other	21,656,869.28	39,194,538.73
Total	167,099,982.36	490,688,772.09

51. Other income

Unit: RMB

Sources of other income	2021	2020
Government subsidies	464,119,437.91	221,372,903.17
Tax benefit included	1,044,485.08	1,985,732.86
Return of individual tax handling fee	1,558,878.12	1,250,661.69
Total	466,722,801.11	224,609,297.72

52. Investment income

Unit: RMB

Item	2021	2020
Return on long-term equity investments measured by the equity method	23,111,753.41	25,126,283.51
investments income from disposal of long-term equity investments	6,872,916.88	-112,378,182.41
Investment income from derivative financial instruments	343,451,879.97	225,805,044.25
Investment income from disposal of equity	82,457,029.49	
Investment income from financial products	20,903,469.99	
Profit or loss arising from derecognition of financial assets measured at amortized costs	-7,852,608.05	
Other	295,443.10	
Total	469,239,884.79	138,553,145.35

53. Gains from changes in fair value

Unit: RMB

Sources of gains from changes in fair value	2021	2020
Held-for-trading financial assets	-41,409,120.87	198,880,286.92
Including: Gains from changes in fair value due to derivative financial instruments	-104,999,182.31	99,788,033.64
Held-for-trading financial liabilities	-8,763,505.06	-38,665,216.34
Other non-current financial assets	1,324,000.00	
Total	-48,848,625.93	160,215,070.58

54. Credit impairment losses

Unit: RMB

Item	2021	2020
Credit impairment losses on bad debts of other receivables	-10,478,144.68	-6,502,717.39
Credit impairment losses on bad debts of accounts receivable	-19,215,532.99	-21,900,107.93
Total	-29,693,677.67	-28,402,825.32

55. Asset impairment losses

Unit: RMB

Item	2021	2020
I. Loss on bad debts		
II. Provision for decline in value of inventories or provision for impairment of contract performance cost	-241,076,190.54	-124,906,385.59
III. Impairment loss of long-term equity investments		
IV. Impairment loss of investment properties		
V. Asset impairment losses		
VI. Impairment loss from construction materials		
VII. Impairment loss of projects under		

construction		
VIII. Impairment loss of productive biological assets		
IX. Impairment loss of oil and gas assets		
X. Impairment loss of intangible assets		-82,892,206.40
XI. Impairment loss of goodwill		
XII. Impairment loss of contract assets	684.09	454.00
XIII. Others		
Total	-241,075,506.45	-207,798,137.99

56. Gains on disposal of assets

Unit: RMB

Source of income from disposal of assets	2021	2020
Gains on disposal of fixed assets	-31,557,333.48	-62,250,234.59
Income from disposal of intangible assets	-7,866.28	
Income from disposal of right-of-use assets	385,373.77	
Total	-31,179,825.99	-62,250,234.59

57. Non-operating revenue

Unit: RMB

Item	2021	2020	Amount recorded in current non-recurring gains and losses
Donations accepted		127,167.72	
Gains from damage and liquidation of non-current assets	50,066.59	264,634.23	50,066.59
Other	22,394,671.59	18,409,225.11	22,394,671.59
Total	22,444,738.18	18,801,027.06	22,444,738.18

Other explanations:

Non-operating income - the rest in this category are mainly unpayable and the liquidated damages collected

58. Non-operating expenses

Unit: RMB

Item	2021	2020	Amount recorded in current non-recurring gains and losses
Donation given	2,304,955.25	11,280,281.54	2,304,955.25

Losses from damage and liquidation of non-current assets	91,018,949.18	45,180,218.55	91,018,949.18
Other	6,535,044.63	1,381,477.89	6,535,044.63
Total	99,858,949.06	57,841,977.98	99,858,949.06

59. Income tax expenses

(1) Details of Income tax expenses

Unit: RMB

Item	2021	2020
Current income tax expenses	451,539,809.11	341,769,162.80
Deferred income tax expenses	-152,697,496.47	28,309,004.64
Total	298,842,312.64	370,078,167.44

(2) Adjustment process of accounting profit and income tax expenses

Unit: RMB

Item	2021
Total profit	4,605,908,796.98
Income tax expense calculated at statutory/applicable tax rate	690,886,319.55
Impact of different tax rates applied to subsidiaries	-191,367,097.77
Impact of adjusting income tax in previous periods	-6,876,153.83
Impact of non-taxable income	-4,734,987.68
Impact of non-deductible costs, expenses and losses	11,546,808.03
Impact of deductible loss of unrecognized deferred tax assets in previous period	-19,878,789.17
Impact of deductible temporary differences or deductible losses of unrecognized deferred tax assets in current period	65,353,357.68
Changes in balance of beginning deferred tax assets/liabilities due to tax rate adjustment	6,102,922.67
Influence of deductible expenses included	-337,574,362.57
Impact of share-based payment	85,384,295.73
Income tax expenses	298,842,312.64

60. Other comprehensive income

See Note VII. 41 for details.

61. Cash flow statement items**(1) Cash received relating to other operating activities**

Unit: RMB

Item	2021	2020
Government subsidies	465,518,187.04	363,513,441.39
Current account	3,315,066,295.04	1,344,344,686.65
Interest income	79,467,922.20	27,361,775.01
Other	156,626,681.14	27,574,746.32
Total	4,016,679,085.42	1,762,794,649.37

(2) Cash paid relating to other operating activities

Unit: RMB

Item	2021	2020
R&D expenses	1,462,687,665.98	1,337,512,674.33
Current account	3,404,842,851.48	1,319,017,827.75
Office expenses	125,723,643.39	129,721,767.60
Rental fees	11,925,953.89	59,285,456.46
Consulting fees	50,040,642.58	58,421,011.33
Entertainment expenses	30,529,279.73	33,071,597.30
Travel expenses	32,554,682.33	28,384,064.43
Insurance expenses	31,883,227.16	28,331,598.00
Sales commission	13,450,128.71	20,481,438.23
Other	255,037,716.46	157,858,078.94
Total	5,418,675,791.71	3,172,085,514.37

(3) Cash received relating to other investing activities

Unit: RMB

Item	2021	2020
Unexpired option premium received	9,258,951.92	46,410,668.35
Total	9,258,951.92	46,410,668.35

(4) Cash paid relating to other investing activities

None

(5) Cash received relating to other financing activities

Unit: RMB

Item	2021	2020
Various securities in other currencies recovered	1,380,340,710.98	1,229,922,718.18
Interest income on raised funds	12,024,710.52	11,855,676.00
Subscription of employee stock ownership plan	110,000,000.00	
Borrowing of accounts receivable factoring	5,000,000.00	
Total	1,507,365,421.50	1,241,778,394.18

(6) Cash paid relating to other financing activities

Unit: RMB

Item	2021	2020
Various security deposit payments for other monetary capital	1,416,013,727.89	1,589,807,032.50
Repurchase of treasury shares	1,999,998,595.63	477,129,807.72
Rental fees payment	102,991,821.74	
Listing expense of the Goertek Microelectronics subsidiary	8,983,655.49	
Buy-out factoring fee	7,852,608.05	
Intermediary fee of issuance of bonds	1,940,000.00	3,800,000.00
Total	3,537,780,408.80	2,070,736,840.22

62. Supplementary information for cash flow statement**(1) Supplementary information for cash flow statement**

Unit: RMB

Supplementary information	2021	2020
1. Reconciliation of net profit to cash flow from operating activities:	--	--
Net profit	4,307,066,484.34	2,851,887,114.18
Add: Provision for impairment of assets	241,075,506.45	236,200,963.31
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	2,117,567,273.70	1,653,795,246.56

Credit impairment losses	29,693,677.67	
Depreciation of right-of-use assets	122,484,411.95	
Amortization of intangible assets	588,754,476.68	483,117,594.62
Long-term deferred expenses	89,042,424.24	51,298,422.57
Losses on disposal of fixed assets, intangible assets and other long-term assets (Use "-" for gain)	31,179,825.99	62,250,234.59
Loss on retirement of fixed assets (Use "-" for gain)	90,968,882.59	44,915,584.32
Loss on changes in fair value (Use "-" for gain)	48,848,625.93	-160,215,070.58
Financial expenses (Use "-" for gain)	214,683,875.67	329,201,716.98
Investment loss (Use "-" for gain)	-469,239,884.79	-138,553,145.35
Decrease in deferred tax assets (Use "-" for gain)	-219,564,976.07	-61,856,118.57
Increase in deferred tax liabilities (Use "-" for decrease)	66,867,479.60	90,165,123.21
Decrease in inventory (Use "-" for increase)	-3,013,184,423.74	-4,052,804,933.21
Decrease of operating receivable items (Use "-" for increase)	-1,591,304,230.95	-2,212,278,512.85
Increase in operational payables (Use "-" for decrease)	5,072,167,615.36	8,032,907,921.12
Other	871,368,483.26	472,223,972.78
Net cash flow from operating activities	8,598,475,527.88	7,682,256,113.68
2. Significant investing and financing activities that do not involve cash receipts and payments:	--	--
Debts transferred to capital		
Convertible bonds due within one year		
Fixed assets under finance lease		
3. Net changes in cash and cash equivalents:	--	--
Closing balance of cash	9,137,900,902.04	6,913,191,984.54
Less: Opening balance of cash	6,913,191,984.54	3,094,603,792.32
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	2,224,708,917.50	3,818,588,192.22

Explanation on Other Matters

The rest RMB 871,368,483.26 results from share-based payment. For details, please see this Note XIII. Share-based Payment 2.

Equity-settled share-based payment.

(2) Net cash paid for the acquisition of subsidiaries in the current period

None

(3) Net amount of cash received for disposal of subsidiaries in the current period

None

(4) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	9,137,900,902.04	6,913,191,984.54
Including: Cash on hand	160,703.83	183,125.46
Bank deposits that can be used for payment at any time	9,137,740,198.21	6,913,008,859.08
II. Cash equivalents		
III. Closing balance of cash and cash equivalents	9,137,900,902.04	6,913,191,984.54
Including: Cash and cash equivalents with restricted use by the parent company or a subsidiary of the Group		

63. Assets with restricted ownership or right to use

Unit: RMB

Item	Book value at the end of the reporting period	Reasons for restrictions
Cash and bank balances	910,620,794.05	Deposit for bills and borrowings
Notes receivable	6,095,782.39	Bill pledge and others
Accounts receivable	5,000,000.00	Re-insurance accounts receivable not derecognized
Other non-current assets	122,540,194.44	When large-denomination certificates of deposit was pledged to the bank, the bank issued a financing guarantee
Total	1,044,256,770.88	--

64. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Closing foreign currency balance	Converted exchange rate	Closing converted RMB balance
Cash and bank balances	--	--	4,788,520,304.46
Including: USD	728,656,732.50	6.3757	4,645,696,729.41
EUR	192,495.03	7.2197	1,389,756.38
HKD	40,598,223.59	0.8176	33,193,107.61
JPY	146,833,394.93	0.055415	8,136,772.58
KRW	1,186,032,024.25	0.00536	6,357,131.65
NTD	15,389,830.02	0.230378	3,545,478.26
VDN	314,031,455,432.68	0.00028	87,928,807.52
DKK	2,340,243.00	0.971062	2,272,521.05
Accounts receivable	--	--	10,025,961,604.40
Including: USD	1,569,926,808.24	6.3757	10,009,382,351.29
EUR			
HKD			
JPY	163,057,986.10	0.055415	9,035,858.30
KRW	1,165,526,919.78	0.00536	6,247,224.29
VDN	4,604,749,535.71	0.00028	1,289,329.87
DKK	7,044.50	0.971062	6,840.65
Long-term borrowings	--	--	1,213,294,229.18
Including: USD	190,299,767.74	6.3757	1,213,294,229.18
EUR			
HKD			
Other receivables			201,951,496.60
Including: USD	24,843,969.31	6.3757	158,397,695.13
JPY	177,339,532.08	0.055415	9,827,270.17
KRW	183,837,001.87	0.00536	985,366.33
NTD	5,559,638.98	0.230378	1,280,818.51
VDN	108,563,372,535.71	0.00028	30,397,744.31
DKK	1,094,268.08	0.971062	1,062,602.15

Short-term borrowings			512,628,201.89
Including: USD	80,403,438.35	6.3757	512,628,201.89
Accounts payable			10,127,400,129.15
Including: USD	1,554,897,224.09	6.3757	9,913,558,231.66
EUR	421,365.65	7.2197	3,042,133.60
JPY	604,092,239.47	0.055415	33,475,771.45
KRW	197,451,977.61	0.00536	1,058,342.60
NTD	102,078.02	0.230378	23,516.53
VDN	628,838,335,250.00	0.00028	176,074,733.87
DKK	172,388.00	0.971062	167,399.44
Other payables			12,185,391.02
Including: USD	489,210.52	6.3757	3,119,059.52
JPY	22,982,805.56	0.055415	1,273,592.17
NTD	10,562,613.01	0.230378	2,433,393.66
KRW	51,369,052.24	0.00536	275,338.12
VDN	16,650,695,321.43	0.00028	4,662,194.69
DKK	434,383.04	0.971062	421,812.86

(2) Explanation of overseas operating entities, including, the main overseas operating places, bookkeeping base currency and selection basis for important overseas operating entities, and the reasons for changes in bookkeeping base currency.

√ Applicable □ Not applicable

Name of the important overseas operating entity	Main location of business operation	Accounting currency	Accounting currency selection basis	Whether there is any change in the accounting currency
Goertek Vina Co., Ltd	Vietnam	VDN	Legal currency of the country where it is registered	No
Goertek Technology Vina Company Limited	Vietnam	VDN	Legal currency of the country where it is registered	No
Goertek (HongKong) Co., Limited	Hong Kong	USD	Currency adopted in business receipts and payments	No

65. Government subsidies

(1) Basic information of government subsidies

Unit: RMB

Type	Amount	Reported items	Amount recorded in current
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			profits and losses
Asset-related	58,174,426.00	Deferred income	1,687,260.72
Income-related	140,206,700.00	Deferred income	140,206,700.00
Income-related	267,137,061.04	Other income	267,137,061.04

(2) Refund of government subsidies

Applicable Not applicable

66. Others

None

VIII. Change of combination scope

1. Business combination not under common control

None

2. Business combination under common control

None

3. Counter purchase

None

4. Disposal of subsidiaries

None

5. Change of combination scope for other reasons

Explain the changes in the combination scope caused by other reasons (such as newly established subsidiaries, liquidation subsidiaries, etc.) and relevant information:

During the reporting period, the Company established a subsidiary company GOERTEK MICROELECTRONICS KOREA CO.,LTD.

6. Others

None

IX. Interests in other entities

1. Interests in subsidiaries

(1) Composition of the Group

Name of subsidiary	Main location of business operation	Registration place	Business nature	Percentage		Acquisition method
				Direct	Indirect	
Weifang Goertek Electronics Co., Ltd.	Weifang	Weifang	Production	100.00%		Business combination under common control
Goertek Microelectronics Inc.	Qingdao	Qingdao	R&D, production & sales	85.90%		Establishment
Qingdao Goertek Microelectronics Research Institute Co., Ltd.	Qingdao	Qingdao	R&D, production & sales		85.90%	Establishment
Qingdao Goertek Intelligent Sensor Co., Ltd.	Qingdao	Qingdao	R&D, production & sales		85.90%	Establishment
Weifang Goertek Microelectronics Co., Ltd.	Weifang	Weifang	R&D, production & sales		85.90%	Business combination not under common control
Rongcheng Goertek Microelectronics Co., Ltd.	Rongcheng	Rongcheng	R&D, production & sales		85.90%	Establishment
Beijing Goertek Microelectronics Co., Ltd.	Beijing	Beijing	Sales		85.90%	Establishment
Shenzhen Goertek Microelectronics Co., Ltd.	Shenzhen	Shenzhen	R&D and sales		85.90%	Establishment
Wuxi Goertek Microelectronics Co., Ltd.	Wuxi	Wuxi	R&D		85.90%	Establishment
Shanghai Ganyuzhi Technology Co., Ltd.	Shanghai	Shanghai	R&D		85.90%	Establishment
Goertek Microelectronics Holdings Co., Ltd.	Hong Kong	Hong Kong	Investment		85.90%	Establishment
Goertek Microelectronics (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Trade		85.90%	Establishment
GOERTEK MICROELECTRONICS CORPORATION	USA	USA	R&D and sales		85.90%	Establishment

GOERTEK MICROELECTRONICS KOREA CO.,LTD.	Korea	Korea	R&D and sales		85.90%	Establishment
Weifang Goertek Trading Co., Ltd.	Weifang	Weifang	Import and export trade	100.00%		Establishment
Yishui Goertek Electronics Co., Ltd.	Yishui	Yishui	Production & sales	100.00%		Establishment
Yili Precision Manufacturing Co., Ltd.	Weifang	Weifang	Production & sales	100.00%		Establishment
Weifang Goertek Communication Technology Co., Ltd.	Weifang	Weifang	Production & sales		100.00%	Business combination not under common control
Goertek Optical Technology Co., Ltd.	Weifang	Weifang	Production & sales	100.00%		Business combination not under common control
Goertek Technology Co., Ltd.	Qingdao	Qingdao	R&D	100.00%		Establishment
Beijing Goertek Technology Co., Ltd.	Beijing	Beijing	R&D	100.00%		Business combination under common control
Qingdao Goertek Acoustics Technology Co., Ltd.	Qingdao	Qingdao	R&D and trading	100.00%		Establishment
Shenzhen Goertek Technology Co., Ltd.	Shenzhen	Shenzhen	R&D and design	100.00%		Business combination under common control
Shanghai Goertek Technology Co., Ltd.	Shanghai	Shanghai	R&D	100.00%		Establishment
Nanjing Goertek Technology Co., Ltd.	Nanjing	Nanjing	R&D	100.00%		Establishment
Shenzhen Mototek Smart Technology Co., Ltd.	Shenzhen	Shenzhen	Production & sales	100.00%		Business combination under common control
Weifang Lokomo Precision Industry Co., Ltd.	Weifang	Weifang	Production & sales	100.00%		Business combination under common control
Goertek Investment Co., Ltd.	Shanghai	Shanghai	Investment	100.00%		Establishment
Beijing Goertek Investment Management Co., Ltd.	Beijing	Beijing	Investment asset management		100.00%	Establishment
Olive Smart Hardware Investment Center LP	Qingdao	Qingdao	Equity investment		100.00%	Establishment
Dongguan JoyForce Precision Manufacturing Co., Ltd.	Dongguan	Dongguan	R&D, production & sales	100.00%		Establishment
Goertek Intelligence Technology Co., Ltd.	Dongguan	Dongguan	R&D, production &	100.00%		Establishment

			sales			
Rongcheng Goertek Technology Co., Ltd.	Rongcheng	Rongcheng	R&D, production & sales	100.00%		Establishment
Qingdao Goertek Commercial Factoring Co., Ltd.	Qingdao	Qingdao	Commercial factoring	100.00%		Establishment
Kunshan Goertek Electronics Co., Ltd.	Kunshan	Kunshan	R&D	100.00%		Establishment
Nanning Goertek Electronics Co., Ltd.	Nanning	Nanning	R&D, production & sales	100.00%		Establishment
Nanning Goertek Trading Co., Ltd.	Nanning	Nanning	Trade		100.00%	Establishment
Xian Goertek Electronic Technology Co., Ltd.	Xi'an	Xi'an	R&D	100.00%		Establishment
Yishui TECO Electronic Technology Co., Ltd.	Yishui	Yishui	R&D, production & sales		100.00%	Establishment
Goertek Vina Co., Ltd	Vietnam	Vietnam	Production & sales	98.00%	2.00%	Establishment
Goertek Technology Korea Co., Ltd.	Korea	Korea	R&D and trading	100.00%		Establishment
Goertek (HongKong) Co., Limited	Hong Kong	Hong Kong	Trade investment		100.00%	Establishment
Goertek Technology Vina Company Limited	Vietnam	Vietnam	Production & sales		100.00%	Establishment
Goertek Precision Manufacturing (Vietnam) Co., Ltd.	Vietnam	Vietnam	Production & sales		100.00%	Establishment
GoerTek Audio Technologies Aps	Denmark	Denmark	Sales services		100.00%	Establishment
Goertek Seiki Techonology 株式会社	Japan	Japan	R&D, production & sales		100.00%	Establishment
OPTIMAS CAPITAL PARTNERS FUND LP	Hong Kong	Hong Kong	Investment		76.92%	Establishment
Goertek Electronics, Inc.	USA	USA	R&D and trading	100.00%		Business combination not under common control
Goertek Technology Taiwan Co., Ltd.	Taiwan	Taiwan	R&D and trading	100.00%		Establishment
Goertek Technology (Japan) Co., Ltd.	Japan	Japan	R&D and	100.00%		Establishment

			trading			
Goertek Technology (Hong Kong)Co., Ltd.	Hong Kong	Hong Kong	Trade/investment		100.00%	Establishment

Explanation of the shareholding ratio in subsidiaries different from the voting ratio:

The percentages of indirect shareholdings are equal to the sum of all the share proportions of entities within the Group which hold the equity of the subsidiary.

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

None

Basis for controlling important structured entities included in the combination scope:

None

Basis for determining whether a company is an agent or a principal:

None

(2) Important non-wholly-owned subsidiary

Unit: RMB

Name of subsidiary	Shareholding ratio of minority shareholders	Gain or loss which belongs to minority shareholders in the current period	Dividends declared and distributed to minority shareholders in the current period	Balance of minority interest at the end of the period
Goertek Microelectronics Inc.	14.10%	32,204,132.27		532,193,657.63

Explanation of the shareholding ratio of minority shareholders in subsidiaries different from the voting ratio:

None

(3) Main financial information of major non-wholly-owned subsidiaries

Unit: RMB

Name of subsidiary	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Goertek Microelectronics Inc.	3,719,286,194.06	1,449,333,493.18	5,168,619,687.24	1,116,518,234.62	278,293,567.19	1,394,811,801.81	1,810,965,783.37	949,034,763.27	2,760,000,546.64	1,296,973,732.89	226,803,466.70	1,523,777,199.59

Unit: RMB

Name of subsidiary	2021				2020			
	Operating revenue	Net profit	Total comprehensive income	Cash flows generated from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows generated from operating activities
Goertek Microelectronics Inc.	3,345,124,962.51	329,435,281.13	326,211,317.42	-174,770,880.10	3,194,302,737.77	394,205,003.67	394,091,858.83	742,460,330.89

(4) Major restrictions on using the Group's assets and paying off the Group's debts

None

(5) Financial support or other support provided to structured entities included in consolidated financial statements

None

2. The share of owner's equity in the subsidiary has changed and still controls the transactions of the subsidiary

(1) Explanation of changes in the share of owners' equity in subsidiaries

In March 2021, 14 institutional shareholders, including Qingdao Microelectronics Innovation Center Co., Ltd., Gongqingcheng Chunlin Equity Investment Partnership Corporation (Limited Partnership), Qingdao Henghuitai Industry Development Fund Co., Ltd., and Tang Wenbo increased their investments by a total of RMB 2,149,987,749 in the subsidiary, Goertek Microelectronics Inc. of which RMB 60,580,100 was recorded in the additional registered capital and the remaining in the capital reserves. Upon completion of this capital increase, the Company's equity in Goertek Microelectronics Inc. was changed from 95.88% to 85.90%. The minority shareholders made a premium contribution to increase the capital reserves by RMB 1,714,583,073.34.

(2) The impact of transactions on minority' equity and the equity attributable to the parent company

Unit: RMB

	Goertek Microelectronics Inc.
Purchase cost/disposal consideration	2,149,987,749.00
—Cash	2,149,987,749.00
—Fair value of non-cash assets	
Total purchase cost/disposal consideration	2,149,987,749.00

Less: The net asset share of a subsidiary calculated according to the proportion of the equity acquired/disposed	361,679,118.20
Difference	1,788,308,630.80
Including: Adjustment of capital reserves	1,714,583,073.34
Adjusted surplus reserves	
Retained earnings after adjustment	

Explanation on Other Matters

The difference is RMB 1,788,308,630.80, of which RMB 1,714,583,073.34 is recorded in the capital reserves attributable to the parent company, and the remaining RMB 73,725,557.46 in minority equity.

3. Rights and interests in joint venture arrangements and associated enterprises

(1) Important joint ventures and associated enterprises

None

(2) Main financial information of important joint ventures

None

(3) Main financial information of important associated enterprises

None

(4) Summary of financial information of unimportant joint ventures and associates

Unit: RMB

	Closing balance/amount incurred in current period	Opening balance/amount incurred in previous period
Associated enterprises:	--	--
Total book value of investment	437,402,203.91	337,410,802.56
The total of the following items calculated according to the shareholding ratio	--	--
—Net profit	23,111,753.41	25,126,283.51
—Other comprehensive income	1,189,723.34	3,632,422.87
—Total comprehensive income	24,301,476.75	28,758,706.38

(5) Statement of important restrictions on the ability of joint ventures or associates to transfer capital to the Company

None

(6) Excess losses incurred by joint ventures or associated enterprises

None

(7) Unrecognized commitments related to the investment in joint ventures

None

(8) Contingent liabilities related to the investment in joint ventures or associates

None

4. Important joint operation

None

5. Rights and interests in structured entities not included in consolidated financial statements

Explanation of structured entities not recorded in the consolidated financial statements:

None

6. Others

None

X. Risks related to financial instruments

The major financial instruments of the Group include equity investments, accounts receivable, borrowings and accounts payable, etc. For details on the financial instruments, please see this Note VII. Relevant Items. Risks related to the financial instruments and the Group's risk management policy used for reducing these risks is stated as follows. The Group's management manages and monitors these exposures to ensure that these risks are controlled within a limited scope.

The Group analyzes the reasonableness of risk variables and the impact of potential changes on current loss or profit or shareholder's equity using sensitivity analysis techniques. As risk variables rarely change in isolation, and the correlation between any two of the risk variables will have a great effect on the final impact amount of a certain risk variable, the following disclosures are made assuming that each variable changes in isolation.

(I) Risk management goals and policies

The Group's risk management aims to reach appropriate balancing between risks and benefits, to minimize the negative impact of risks on the Group's operating results, and to maximize the interests of shareholders and other equity investors. Based on these risk management goals, the Group's basic strategy for risk management is to determine and analyze various risks faced by the Group, establish an appropriate risk tolerance bottom line and conduct risk management, and supervise various risks in a timely and reliable manner to control the risks within a limited scope.

1. Market risk

(1) Foreign exchange risk

Foreign exchange risk refers to the risk of loss due to exchange rate change. The Group's exposure to foreign exchange mainly involves US dollars. Except that the Company and its subsidiaries purchase and sell in USD, EUR, JPY, VND, DKK, HKD, NTD and KRW, other main business of the Group is measured and settled in RMB. As of December 31, 2021, for the foreign currency monetary items of the Company, please see this Note VII. 64. Except that the assets or liabilities, held-for-trading financial assets, long-term equity investments - AKM Industrial Company Limited, other equity instrument investments and some other non-current financial assets mentioned in the table are foreign currency balances, the Group's assets and liabilities are mainly recorded in RMB. The foreign exchange risks arising from the assets and liabilities denominated in foreign currencies may have an impact on the operating results of the Group.

The Group closely monitors the impact of exchange rate changes on the Group's foreign exchange risks. The Company has large volume of export sales, and needs to import some raw materials. Some equipment for research, development, production and testing of the Company also needs to be purchased from abroad. The Company's export sales and imported raw materials are mainly settled in USD. The depreciation of USD and the appreciation of RMB will reduce the procurement cost of imported raw materials, but adversely affect the competitiveness of the Company's products in overseas markets. Considering the import of raw materials and export of products, the appreciation of RMB against USD will affect the Company's profitability to some extent.

Sensitivity analysis over foreign exchange risks:

When other variables remain unchanged, the pre-tax impact of possible reasonable changes in USD currency rate on current profits and losses, and shareholders' equity is as follows:

Unit: RMB

Item	Change in exchange rate	2021		2020	
		Impact on net profit	Impact on shareholders' equity	Impact on net profit	Impact on shareholders' equity
USD	3% appreciation against RMB	74,152,124.92	71,951,894.19	-46,192,125.00	-46,223,483.50

USD	3% depreciation against RMB	-74,152,124.92	-71,951,894.19	46,192,125.00	46,223,483.50
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(2) Interest rate risk - cash flow change risk

The Group's risk of cash flow changes of financial instruments arising from interest rate changes mainly involves floating rate bank borrowings. At present, the interest rate of the Group's bank borrowings is mainly floating rate.

Interest rate risk sensitivity analysis:

The sensitivity analysis over interest rate risks is conducted based on the following assumptions:

Changes in market interest rates affect the interest income or expense of financial instruments with variable interest rates;

For fixed-rate financial instruments measured at fair value, changes in market interest rates only affect their interest income or expense;

For derivative financial instruments designated as hedge instruments, changes in market interest rates affect their fair value, and all interest rate hedging is expected to be highly effective;

Changes in fair values of derivative financial instruments and other financial assets and liabilities are calculated using the discounted cash flow method at the market interest rate on the balance sheet date.

On the basis of the above assumptions, when other variables remain unchanged, the pre-tax impact of possible reasonable changes in interest rates on current profits and losses, and shareholders' equity is as follows:

Unit: RMB

Item	Interest rate change	2021		2020	
		Impact on net profit	Impact on shareholders' equity	Impact on net profit	Impact on shareholders' equity
Bank borrowings	Float up by 10%	-16,563,847.02	-16,563,847.02	-24,276,039.79	-24,267,900.11
Bank borrowings	Float down by 10%	16,563,847.02	16,563,847.02	24,276,039.79	24,267,900.11

(3) Other price risks

None

2. Credit risk

As of December 31, 2021, the maximum credit risk exposure that may cause the Group's financial loss resulted from the loss in the Group's financial assets caused by the counterparty's failure to perform its contractual obligations.

In order to reduce credit risk, the Group sets up a team to determine the credit limit, conduct credit approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. Additionally, the Company cooperates with commercial insurance institutions to insure for high-risk customers, so as to reduce the risk of bad debts from credit sale. In addition, the Group reviews the recovery of each individual receivable on each balance sheet date to ensure that adequate bad debt provision is made for unrecoverable amounts. Therefore, the Group's management believes that the credit risk undertaken by the Group has been greatly reduced.

The Group has put in place necessary policies to ensure that all its customers have good credit records.

The Group's non-cash and bank balances are mainly deposited with financial institutions with good credit. The management believes that there is no significant credit risk, and it is expected that the default of counterparty will not cause significant losses to the Group.

(1) There is no overdue and undepreciated amount in the Group's receivables;

(2) The analysis of financial assets with individual impairment involves the judgment on the factors to be considered in the impairment of the financial assets

None

3. Liquidity risk

When managing liquidity risk, the Group maintains and monitors cash and cash equivalents the management deems sufficient to meet the Group's business needs and reduce the impact of cash flow fluctuations. The management of the Group monitors the use of bank borrowings and ensure the compliance with borrowing agreements.

The Group uses bank borrowings and equity instruments as its main sources of funds. As of December 31, 2021, the unused bank credit line of the Group was RMB 27.495 billion (December 31, 2020: RMB 18.932 billion).

(II) Transfer of financial assets

1. Transferred but not derecognized financial assets

Unit: RMB

Items	Amount not derecognized at the end year
Notes receivable	1,709,928.75
Accounts receivable	5,000,000.00

2. Transferred and derecognized financial assets

Unit: RMB

Item	Amount derecognized at the end of year
Notes receivable	76,909,941.48
Accounts receivable	1,673,167,869.71

(III) Offset of financial assets and financial liabilities

None

XI. Disclosure of fair value**1. The ending fair value of assets and liabilities measured at fair value**

Unit: RMB

Item	Fair value of closing			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
I. Continuous fair value measurement	--	--	--	--
(I) Held-for-trading financial assets	98,804,286.66	20,462,992.36		119,267,279.02
1. Financial assets measured at fair value through profit and loss	98,804,286.66	20,462,992.36		119,267,279.02
(1) Debt instrument investment				
(2) Equity instrument investment	98,804,286.66			98,804,286.66
(3) Derivative financial assets		20,462,992.36		20,462,992.36
2. Financial assets designated as measured at fair value through profit or loss				
(II) Other debt investments				
(III) Other equity instrument investments			465,677,764.54	465,677,764.54
(IV) Investment properties				
(V) Biological assets				
(VI) Other non-current financial assets			201,430,042.13	201,430,042.13
Total assets consistently measured at fair value	98,804,286.66	20,462,992.36	667,107,806.67	786,375,085.69
(VII) Held-for-trading financial liabilities		15,190,564.34		15,190,564.34

Including: Held-for-trading bonds issued				
Derivative financial liabilities		15,190,564.34		15,190,564.34
(VIII) Financial liabilities designated to be measured at fair value through profit and loss				
Total liabilities continuously measured at fair value		15,190,564.34		15,190,564.34
II. Non-continuous fair value measurement	--	--	--	--

2. Determination basis for the market price of continuous and non-continuous first-level fair value measurement items

The closing price at the end of the year is used as the basis for determining the market price of the shares of foreign listed companies held by the Company.

3. Qualitative and quantitative information on the valuation techniques and important parameters used in continuous and non-continuous second-level fair value measurement items

Directly or indirectly observable input values of related assets or liabilities except first-level inputs.

4. Qualitative and quantitative information on the valuation techniques and important parameters used in continuous and non-continuous third-level fair value measurement items

Basis for determining fair value according to the value assessed under the income method and the asset-based method and the net book asset.

5. Adjustment information and sensitivity analysis of non-observable parameters between beginning and closing book value for continuous third-level fair value measurement items

None

6. Conversion among different levels in the current period, reasons for conversion and the policy for determining conversion time points in continuous fair value measurement items,

None

7. Changes in valuation techniques during the current period and reasons for changes

None

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

None

9. Others

None

XII. Related parties and related transactions**1. Information about the parent company of the Company**

Parent company name	Registration place	Business nature	Registered capital	Shareholding ratio of the Company to the Company	Proportion of voting rights of the Company in the Company
Goertek Group Co., Ltd.	Weifang	Equity investment management, etc.	RMB 100 million	15.37%	15.37%

Explanation of the parent company of the Company

The Company's parent company and final parent company is Goertek Group Co., Ltd.

The final controller of the Company is Goertek Group Co., Ltd.

2. Information on subsidiaries of the Company

See Note IX. 1. Interests in subsidiaries for details of the subsidiaries of the Company

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

See Note IX. 3. Rights and interests in joint venture arrangements and associated enterprises for details of the important joint ventures or associated enterprises of the Company

4. Information on other related parties

Name of other related parties	Relationship between other related parties and the Company
Jiang Bin	Actual controller and board chairman of the Company
Hu Shuangmei	Person acting in concert with the actual controller
Goertek Robotics Co., Ltd.	Associate of the parent company

Name of other related parties	Relationship between other related parties and the Company
Weifang Shixiang Real Estate Co., Ltd.	Associate of the parent company
Weifang Goer Farm Co., Ltd.	Business of the same actual controller
Weifang Goer Manor Trading Co., Ltd.	Business of the same actual controller
Weifang Goer Manor Food & Beverage Co., Ltd.	Business of the same actual controller
Weifang Goer Property Service Co., Ltd	Business of the same actual controller
Weifang Point Hotel Management Co., Ltd	Business of the same actual controller
Weihai Goer Ecological Agriculture Co., Ltd.	Business of the same actual controller
Dotcom Investment Co., Ltd	Enterprise controlled by an affiliated natural person
Beijing Dotcom Catering Management Co., Ltd	Enterprise controlled by an affiliated natural person
Beijing Dotcom Coffee Co., Ltd	Enterprise controlled by an affiliated natural person
Beijing Bubble lab Co., Ltd	Enterprise controlled by an affiliated natural person
Weifang Daocao Catering Co., Ltd.	Business of the same actual controller
Weifang Goer Real Estate Co., Ltd	Business of the same actual controller
Weifang Dotcom Catering Management Co., Ltd	Enterprise controlled by an affiliated natural person
Beihang Goer (Weifang) Intelligent Robot Co., Ltd	Business of the same actual controller
Qingdao Goer Changguang Research Institute Co., Ltd	Parent company's associate, de-registered on January 18, 2022
Weifang Goer Education Investment Co., Ltd.	Business of the same actual controller
Weifang Goer School	Business of the same actual controller
Weifang High-Tech Zone Yasong Linju Kindergarten	Business of the same actual controller
Weifang High-Tech Zone Goer Kindergarten	Business of the same actual controller
Dynaudio Shanghai Co., Ltd	Business of the same actual controller
Dynaudio Holding A/S	Business of the same actual controller
Qingdao Pico Technology Co., Ltd.	Parent company's associate, disposed of on September 8, 2021.
Little Bird Co., Ltd	Business of the same actual controller
Qingdao Realtime Technology Co., Ltd.	Parent company's associate, de-registered on May 15, 2020
Weifang GoerHome Decoration Engineering Co., Ltd	Business of the same actual controller, de-registered on August 12, 2021
Qingdao Point Hotel Management Co., Ltd	Business of the same actual controller
Wemake (Weihai) Digital Creative Technology Co., Ltd	Business of the same actual controller
Weifang Hanzhi Enterprise Management Co., Ltd.	Business of the same actual controller
Weihai Point Hotel Management Co., Ltd	Business of the same actual controller
Qiangdao Goertek Robotics Co., Ltd	Business of the same actual controller
Weihai Goer Real Estate Co., Ltd	Business of the same actual controller

Name of other related parties	Relationship between other related parties and the Company
Weifang GoerDyna Electronic Technology Co., Ltd	Business of the same actual controller
Wemake (Qingdao) Digital Creative Technology Co., Ltd	Business of the same actual controller
Shandong Goer Education Group Co., Ltd.	Business of the same actual controller
Weifang Hanhui Enterprise Management Co., Ltd.	Business of the same actual controller
Wemake (Beijing) Digital Creative Technology Co., Ltd.	Business of the same actual controller

Explanation on Other Matters

Wemake (Beijing) Consulting Service Co., Ltd. was renamed Wemake (Beijing) Digital Creative Technology Co., Ltd in April 2021.

5. Related party transactions

(1) Related transactions involving commodity purchase, and rendering and receipt of services

Statement of purchasing goods/accepting labor services

Unit: RMB

Related parties	Related transactions	2021	Approved trading limit	Exceed the trading limit or not	2020
AKM Industrial Company Limited	Purchasing raw materials	108,622,154.32	250,000,000.00	No	84,627,432.35
Weifang Point Hotel Management Co., Ltd	Purchasing goods and services	14,774,953.49		No	12,259,050.79
Wemake (Beijing) Digital Creative Technology Co., Ltd.	Purchasing goods and services			No	2,686,233.61
Beijing Dotcom Coffee Co., Ltd	Purchasing goods				3,216.00
Weifang Goer Property Service Co., Ltd	Purchasing goods and services	6,399,062.47		No	4,813,056.62
Weifang GoerHome Decoration Engineering Co., Ltd	Receiving labor service			No	9,258,618.50
Dotcom Investment Co., Ltd	Purchasing goods and services	1,397,275.64		No	2,337,361.77
Weifang Goer Real Estate Co., Ltd	Receiving labor service				37,498,099.41
Weifang Goer Farm Co., Ltd.	Purchasing goods and services	11,559,035.68		No	3,442,382.54
Weihai Goer Ecological Agriculture Co., Ltd.	Purchasing goods	632,726.75		No	171,040.00

Weifang Goer Manor Food & Beverage Co., Ltd.	Purchasing goods	2,125,413.79		No	2,212,729.94
Weifang Shixiang Real Estate Co., Ltd.	Purchasing goods and services	800.00			366,380.86
Weifang Dotcom Catering Management Co., Ltd	Purchasing goods and services	30,550,429.90		No	23,438,086.32
Weifang Goer Manor Trading Co., Ltd.	Purchasing goods	2,279,607.11		No	509,069.88
Weifang Daocao Catering Co., Ltd.	Purchasing goods and services	485,022.00		No	425,240.40
Qiangdao Goertek Robotics Co., Ltd	Purchasing goods and services				11,022.53
Goertek Robotics Co., Ltd.	Purchasing goods and services	7,345,708.62			794,392.50
Beijing Dotcom Catering Management Co., Ltd	Purchasing goods				128,750.00
Beijing Bubble lab Co., Ltd	Purchasing goods and services	2,068,337.18		No	96,425.00
Qingdao Point Hotel Management Co., Ltd	Receiving labor service	1,973,014.81		No	519,363.79
Qingdao Goer Changguang Research Institute Co., Ltd	Receiving labor service				9,000.00
Wemake (Weihai) Digital Creative Technology Co., Ltd	Purchasing goods	261,489.60		No	200,854.43
Beihang Goer (Weifang) Intelligent Robot Co., Ltd	Purchasing goods and services	2,016,497.00		No	495,049.50
Dynaudio Holding A/S	Purchasing goods and services	10,088,269.89		No	3,183,415.26
Little Bird Co., Ltd	Purchasing goods	9,895,201.01			
Dynaudio Shanghai Co., Ltd	Purchasing goods	454,032.00		No	
Qingdao Pico Technology Co., Ltd.	Purchasing goods	8,172,060.06		No	
Qingdao Virtual Reality Institute Co., Ltd.	Receiving labor service	13,674,912.95			
Weifang GoerDyna Electronic Technology Co., Ltd	Purchasing goods	12,059,629.96		No	
Weihai Point Hotel Management Co., Ltd	Receiving labor service	38,750.94		No	

Statement of sales of goods/rendering of services

Unit: RMB

Related parties	Related transactions	2021	2020
Qingdao Realtime Technology Co., Ltd.	Sales of goods		4,524,024.14
Goertek Group Co., Ltd.	Sales of goods and services	1,790,210.80	4,526,384.11
Goertek Robotics Co., Ltd.	Sales of goods and services	114,747.48	249,076.79
Dotcom Investment Co., Ltd	Sales of goods		10,353.98
Beijing Bubble lab Co., Ltd	Sales of goods		320,500.00
Weifang Goer Real Estate Co., Ltd	Sales of goods and services		784,572.77
Weifang Dotcom Catering Management Co., Ltd	Sales of goods and services	1,477,900.21	3,118,178.42
Weifang Goer Farm Co., Ltd.	Sales of goods		56,603.76
Beihang Goer (Weifang) Intelligent Robot Co., Ltd	Sales of goods	12,156.24	927,329.34
Weifang Goer Manor Trading Co., Ltd.	Sales of goods	154,535.59	333,314.56
Weifang GoerHome Decoration Engineering Co., Ltd	Rendering of service	1,691,619.08	57,728.01
Dynaudio Holding A/S	Sales of goods	835,047.55	294,064.33
Dynaudio Shanghai Co., Ltd	Sales of goods and services	7,809,105.05	1,187,797.81
AKM Industrial Company Limited	Sales of goods	1,134,756.63	964,951.31
Weihai Goer Real Estate Co., Ltd	Sales of goods		1,950.00
Little Bird Co., Ltd	Sales of goods	43,567,472.65	
Wemake (Beijing) Digital Creative Technology Co., Ltd.	Rendering of service	42,000.00	
Qingdao Point Hotel Management Co., Ltd	Rendering of service	238,490.57	
Qingdao Pico Technology Co., Ltd.	Sales of goods	164,082,292.53	
Qingdao Virtual Reality Institute Co., Ltd.	Sales of goods and services	1,405,755.94	
Weifang GoerDyna Electronic Technology Co., Ltd	Sales of goods and services	18,684,849.56	
Weifang Goer School	Sales of goods	29,339.62	
Weifang Point Hotel Management Co., Ltd	Sales of goods	1,460.18	

Explanation of related party transactions in purchasing and selling goods, rendering and receiving labor services

For details about the Company's and its subsidiaries' estimated trading limit of daily transactions with Goertek Group and its subsidiaries, please see the *Announcement of Estimated Daily Related Transactions in 2021 of Goertek Inc.* issued on March 27, 2021 through media for information disclosure.

(2) Related entrusted management/contracting and entrusted management/outsourcing

None

(3) Information of related lease

The Company acts as the lessor:

Unit: RMB

Name of lessee	Types of leased assets	Lease income recognized in current period	Lease income recognized in last period
Weifang Goer Real Estate Co., Ltd	Building		87,120.89
Weifang High-Tech Zone Yasong Linju Kindergarten	Building	43,885.72	45,714.28
Weifang Goer Education Investment Co., Ltd.	Building		17,142.86
Weifang Point Hotel Management Co., Ltd	Building	248,794.77	176,628.57
Beihang Goer (Weifang) Intelligent Robot Co., Ltd	Building	186,382.10	76,190.48
Weifang Goer School	Building	91,721.99	51,935.19
Weifang Dotcom Catering Management Co., Ltd	Building		34,285.71
Weifang Goer Farm Co., Ltd.	Building		571.43
Weifang High-Tech Zone Goer Kindergarten	Building	22,400.00	16,114.29
Weifang Hanzhi Enterprise Management Co., Ltd.	Building	39,633.03	54,679.25
Qingdao Point Hotel Management Co., Ltd	Building		1,981.13
Weihai Point Hotel Management Co., Ltd	Building		1,320.75
Weihai Goer Ecological Agriculture Co., Ltd.	Building		137.61
Shandong Goer Education Group Co., Ltd.	Building	7,840.44	
Weifang GoerDyna Electronic Technology Co., Ltd	Building	2,407,111.58	

The Company acts as the lessee:

Unit: RMB

Name of lessor	Types of leased assets	Rental expenses recognized in current period	Rental expenses recognized in last period
Goertek Group Co., Ltd.	Building	444,700.82	5,212,610.80
Weifang Goer Farm Co., Ltd.	Building	1,449,000.00	
Weifang Hanhui Enterprise Management Co., Ltd.	Building	20,078.80	

(4) Related guarantees

The Company acts as the guarantor

Unit: RMB

Guaranteed party	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek (HongKong) Co., Limited	63,757,000.00	September 10, 2020	September 10, 2021	Yes
Goertek (HongKong) Co., Limited	63,757,000.00	September 10, 2021	September 10, 2022	No
Goertek (HongKong) Co., Limited	63,757,000.00	October 20, 2020	October 20, 2021	Yes
Goertek (HongKong) Co., Limited	63,757,000.00	October 20, 2021	October 20, 2022	No
Goertek (HongKong) Co., Limited	726,670,407.50	January 16, 2020	January 16, 2023	No
Goertek (HongKong) Co., Limited	32,037,892.50	January 17, 2020	January 16, 2023	No
Goertek (HongKong) Co., Limited	701,327,000.00	February 24, 2020	January 16, 2023	Yes
Goertek (HongKong) Co., Limited	452,674,700.00	February 24, 2020	January 16, 2023	No
Goertek (HongKong) Co., Limited	95,635,500.00	November 29, 2020	May 25, 2021	Yes
Goertek (HongKong) Co., Limited	159,392,500.00	August 20, 2020	August 20, 2021	Yes
Goertek (HongKong) Co., Limited	159,392,500.00	August 20, 2021	August 20, 2022	No
Goertek Technology Vina Company Limited	191,271,000.00	August 16, 2021	December 16, 2021	Yes
Goertek Technology Co., Ltd.	396,829,262.02	September 20, 2018	September 21, 2026	Yes

Goertek Technology Vina Company Limited	50,400,000.00	June 10, 2020	June 9, 2021	Yes
Goertek Technology Vina Company Limited	23,000,000.00	June 6, 2021	June 5, 2022	No
Goertek Technology Vina Company Limited	4,500,000.00	June 6, 2021	June 5, 2022	No
Goertek Technology Vina Company Limited	283,900,000.00	February 21, 2020	February 20, 2021	Yes
Goertek Technology Vina Company Limited	496,413,129.00	July 30, 2021	July 29, 2022	No
Goertek Technology Vina Company Limited	89,259,800.00	August 27, 2020	August 26, 2021	Yes
Goertek Technology Vina Company Limited	85,617,550.00	August 20, 2020	July 2, 2021	Yes
Goertek Technology Vina Company Limited	85,036,553.00	October 18, 2021	October 17, 2022	No
Goertek Technology Vina Company Limited	56,000,000.00	December 1, 2020	November 30, 2021	Yes
Goertek Technology Vina Company Limited	55,000,000.00	August 1, 2021	July 30, 2022	No
Goertek Technology Vina Company Limited	127,514,000.00	June 29, 2021	June 29, 2022	No
Weifang Goertek Microelectronics Co., Ltd.	30,000,000.00	March 2, 2020	March 2, 2021	Yes
Weifang Goertek Microelectronics Co., Ltd.	10,000,000.00	March 10, 2020	March 9, 2021	Yes
Weifang Goertek Microelectronics Co., Ltd.	5,000,000.00	March 27, 2021	March 26, 2022	No
Goertek Microelectronics Inc.	19,127,100.00	November 19, 2020	November 18, 2021	Yes
Goertek Microelectronics Inc.	19,127,100.00	November 19, 2021	November 18, 2022	No
Goertek Intelligence Technology Co., Ltd.	4,000,000.00	June 10, 2021	June 9, 2022	No
Goertek Technology Vina Company Limited	60,569,150.00	September 24, 2020	August 31, 2021	Yes
Goertek (HongKong) Co., Limited	42,398,405.00	May 19, 2020	May 19, 2021	Yes
Goertek Technology Vina Company Limited	3,187,850.00	August 14, 2020	August 13, 2021	Yes

Explanation on Other Matters

The syndicated loan borne by Goertek Technology Co., Ltd., a subsidiary, was RMB 396,829,262.02, which was repaid in February and March 2021.

The borrowing borne by Goertek (HongKong) Co., Limited, a subsidiary, was USD 110,000,000.00, which was repaid in July and December 2021.

The Company acts as the guaranteed party

Unit: RMB

Guarantor	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek Group Co., Ltd.	10,000,000.00	August 25, 2020	February 24, 2021	Yes
Goertek Group Co., Ltd.	40,000,000.00	September 18, 2020	March 17, 2021	Yes
Goertek Group Co., Ltd.	25,000,000.00	October 16, 2020	April 15, 2021	Yes
Goertek Group Co., Ltd.	25,000,000.00	November 27, 2020	May 26, 2021	Yes
Goertek Group Co., Ltd.	5,520,000.00	October 29, 2020	January 25, 2021	Yes
Goertek Group Co., Ltd.	2,546,000.00	October 29, 2020	April 26, 2021	Yes
Goertek Group Co., Ltd.	9,398,000.00	November 11, 2020	January 25, 2021	Yes
Goertek Group Co., Ltd.	690,000.00	November 11, 2020	February 25, 2021	Yes
Goertek Group Co., Ltd.	3,599,000.00	November 11, 2020	March 25, 2021	Yes
Goertek Group Co., Ltd.	1,069,000.00	November 11, 2020	April 26, 2021	Yes
Goertek Group Co., Ltd.	1,320,000.00	November 26, 2020	January 25, 2021	Yes
Goertek Group Co., Ltd.	3,330,000.00	November 26, 2020	April 26, 2021	Yes
Goertek Group Co., Ltd.	1,100,000.00	November 26, 2020	May 25, 2021	Yes
Goertek Group Co., Ltd.	3,200,000.00	November 27, 2020	February 25, 2021	Yes
Goertek Group Co., Ltd.	6,830,000.00	November 27, 2020	May 25, 2021	Yes
Goertek Group Co., Ltd.	3,500,000.00	December 8, 2020	May 25, 2021	Yes
Goertek Group Co., Ltd.	1,110,000.00	December 8, 2020	February 25, 2021	Yes
Goertek Group Co., Ltd.	1,259,000.00	December 8, 2020	April 26, 2021	Yes
Goertek Group Co., Ltd.	6,017,000.00	January 19, 2021	March 25, 2021	Yes
Goertek Group Co., Ltd.	7,309,000.00	January 19, 2021	May 25, 2021	Yes
Goertek Group Co., Ltd.	3,680,000.00	January 19, 2021	April 26, 2021	Yes
Goertek Group Co., Ltd.	10,000,000.00	February 19, 2021	August 18, 2021	Yes
Goertek Group Co., Ltd.	40,000,000.00	February 26, 2021	August 25, 2021	Yes
Goertek Group Co., Ltd.	6,900,000.00	March 2, 2021	May 25, 2021	Yes
Goertek Group Co., Ltd.	4,790,000.00	March 2, 2021	June 25, 2021	Yes

Guarantor	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek Group Co., Ltd.	7,800,000.00	March 2, 2021	July 26, 2021	Yes
Goertek Group Co., Ltd.	1,769,000.00	March 18, 2021	May 25, 2021	Yes
Goertek Group Co., Ltd.	1,120,000.00	March 18, 2021	June 25, 2021	Yes
Goertek Group Co., Ltd.	4,280,000.00	March 18, 2021	August 25, 2021	Yes
Goertek Group Co., Ltd.	25,000,000.00	April 7, 2021	October 6, 2021	Yes
Goertek Group Co., Ltd.	7,370,000.00	April 27, 2021	July 25, 2021	Yes
Goertek Group Co., Ltd.	7,520,000.00	April 28, 2021	September 25, 2021	Yes
Goertek Group Co., Ltd.	7,925,000.00	April 28, 2021	May 25, 2021	Yes
Goertek Group Co., Ltd.	25,000,000.00	April 29, 2021	October 28, 2021	Yes
Goertek Group Co., Ltd.	1,200,000.00	May 7, 2021	June 25, 2021	Yes
Goertek Group Co., Ltd.	6,990,000.00	May 7, 2021	October 25, 2021	Yes
Goertek Group Co., Ltd.	11,400,000.00	May 31, 2021	November 25, 2021	Yes
Goertek Group Co., Ltd.	11,300,000.00	May 31, 2021	August 25, 2021	Yes
Goertek Group Co., Ltd.	12,230,000.00	July 7, 2021	September 26, 2021	Yes
Goertek Group Co., Ltd.	6,440,000.00	July 7, 2021	December 27, 2021	Yes
Goertek Group Co., Ltd.	4,650,000.00	July 14, 2021	October 25, 2021	Yes
Goertek Group Co., Ltd.	4,350,000.00	July 27, 2021	October 25, 2021	Yes
Goertek Group Co., Ltd. (Note 1)	50,000,000.00	August 19, 2021	February 18, 2022	Yes
Goertek Group Co., Ltd.	7,500,000.00	September 28, 2021	November 25, 2021	Yes
Goertek Group Co., Ltd.	8,300,000.00	September 28, 2021	December 25, 2021	Yes
Goertek Group Co., Ltd.	400,000,000.00	September 29, 2020	September 28, 2022	No
Goertek Group Co., Ltd.	200,000,000.00	April 1, 2021	March 31, 2022	No
Goertek Group Co., Ltd.	300,000,000.00	October 29, 2021	October 28, 2022	No
Goertek Group Co., Ltd.	50,000,000.00	September 8, 2021	March 7, 2022	No
Goertek Group Co., Ltd.	50,000,000.00	November 18, 2021	May 17, 2022	No
Goertek Group Co., Ltd.	50,000,000.00	December 17, 2021	June 16, 2022	No
Goertek Group Co., Ltd.	10,920,000.00	September 29, 2021	January 25, 2022	No
Goertek Group Co., Ltd.	6,900,000.00	September 29, 2021	March 25, 2022	No
Goertek Group Co., Ltd.	9,980,000.00	September 29, 2021	February 25, 2022	No
Goertek Group Co., Ltd.	5,676,000.00	October 25, 2021	January 25, 2022	No
Goertek Group Co., Ltd.	4,880,000.00	November 8, 2021	April 25, 2022	No
Goertek Group Co., Ltd.	4,550,000.00	November 8, 2021	February 25, 2022	No

Guarantor	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek Group Co., Ltd.	3,870,000.00	November 8, 2021	January 25, 2022	No
Goertek Group Co., Ltd.	2,055,000.00	November 29, 2021	March 25, 2022	No
Goertek Group Co., Ltd.	1,560,000.00	November 29, 2021	April 25, 2022	No
Goertek Group Co., Ltd.	1,710,000.00	November 29, 2021	May 25, 2022	No
Goertek Group Co., Ltd.	4,770,000.00	November 29, 2021	May 25, 2022	No
Goertek Group Co., Ltd.	1,930,000.00	November 29, 2021	May 25, 2022	No
Goertek Group Co., Ltd.	10,249,000.00	November 29, 2021	May 25, 2022	No
Goertek Group Co., Ltd.	1,127,861.48	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,068,368.13	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,104,938.65	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,129,915.25	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,065,232.73	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,119,454.17	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,123,665.45	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,129,030.36	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,120,556.64	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,121,751.25	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,064,858.17	March 30, 2021	September 30, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	1,276,993.58	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	480,671.14	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	2,403,808.73	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	2,950,347.18	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	888,486.29	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	247,254.13	April 27, 2021	October 26, 2021	Yes

Guarantor	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek Group Co., Ltd.	64,788.87	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	517,537.51	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	48,554.09	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	82,094.95	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	90,365.25	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	49,548.24	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	40,815.60	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	47,425.25	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	24,640.25	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	22,675.03	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	88,081.77	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	50,000.00	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	62,851.23	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	30,000.00	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	30,000.00	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	52,155.65	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	13,019.15	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	97,909.53	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	66,444.00	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	83,345.44	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	17,176.00	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	12,431.81	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	21,853.36	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	12,148.52	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	49,350.01	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	1,124,096.48	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	237,777.43	April 27, 2021	October 26, 2021	Yes
Goertek Group Co., Ltd.	1,099,377.00	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	65,257.15	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	12,550.79	April 28, 2021	October 27, 2021	Yes

Guarantor	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek Group Co., Ltd.	23,169.52	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	939,591.68	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	1,004,998.16	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	1,007,649.36	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	976,526.11	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	962,765.54	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	1,106,011.90	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	293,259.50	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	784,664.79	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	540,525.47	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	1,061,574.50	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	1,099,494.91	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	1,027,277.11	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	64,453.05	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	1,099,377.00	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	1,111,950.22	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	695,825.35	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	1,099,377.00	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	1,098,307.10	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	952,299.86	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	33,827.34	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	20,949.86	April 28, 2021	October 27, 2021	Yes
Goertek Group Co., Ltd.	616,643.96	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	586,791.52	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	500,000.00	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	309,061.98	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	500,000.00	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	591,482.62	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	500,000.00	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	603,697.27	May 28, 2021	November 28, 2021	Yes

Guarantor	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek Group Co., Ltd.	807,584.74	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	851,518.57	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	567,479.76	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	500,000.00	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	555,488.21	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	500,000.00	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	942,760.48	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	500,000.00	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	112,998.98	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	54,139.39	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	112,996.95	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	112,996.95	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	112,999.04	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	112,998.98	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	112,998.98	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	112,996.95	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	112,998.98	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	50,000.00	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	31,133.05	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	235,429.08	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	61,175.70	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	50,000.00	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	29,480.80	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	48,849.21	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	112,999.66	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	20,617.62	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	60,410.99	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	40,000.00	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	26,427.26	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	14,831.02	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	10,772.54	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	57,439.38	May 28, 2021	November 28, 2021	Yes

Guarantor	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek Group Co., Ltd.	18,221.25	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	20,918.79	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	50,000.00	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	91,197.71	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	52,348.38	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	30,000.00	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	32,004.57	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	316,786.23	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	96,178.71	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	44,814.95	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	20,247.27	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	31,380.63	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	87,485.08	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	39,210.95	May 28, 2021	November 28, 2021	Yes
Goertek Group Co., Ltd.	1,128,803.54	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	1,129,916.87	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	1,052,906.99	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	1,121,985.68	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	1,126,886.41	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	930,109.53	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	1,129,915.25	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	1,129,915.25	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	1,129,915.25	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	679,882.36	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	281,493.98	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	109,818.28	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	167,823.51	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	1,066,691.49	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	946,602.93	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	1,052,073.47	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	928,117.52	May 31, 2021	November 30, 2021	Yes

Guarantor	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek Group Co., Ltd.	1,108,191.00	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	301,317.50	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	865,435.48	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	4,378,550.51	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	54,069.32	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	15,283.85	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	18,366.21	May 31, 2021	November 30, 2021	Yes
Goertek Group Co., Ltd.	601,647.24	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	1,105,564.64	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	1,127,861.48	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	1,109,525.93	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	1,015,049.17	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	1,008,404.23	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	546,954.14	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	253,542.65	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	1,126,669.99	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	1,129,915.25	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	958,335.53	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	1,129,047.41	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	1,070,204.71	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	1,096,262.33	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	922,474.54	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	1,129,915.25	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	1,129,915.25	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	314,468.47	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	754,519.95	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	64,668.99	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	11,516.96	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	600,148.96	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	69,722.81	June 30, 2021	December 30, 2021	Yes

Guarantor	Guarantee amount	Starting date of guarantee	Maturity date of guarantee	Whether the guarantee has been performed fully
Goertek Group Co., Ltd.	250,197.03	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	14,085.30	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	432,225.01	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	878,705.81	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	665,741.12	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	1,060,357.97	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	989,141.03	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	13,632.14	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	157,209.49	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	17,573.76	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	509,518.92	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	388,946.24	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	1,086,363.53	June 30, 2021	December 30, 2021	Yes
Goertek Group Co., Ltd.	522,807.40	May 13, 2021	December 13, 2021	Yes
Goertek Group Co., Ltd.	2,515,213.65	June 17, 2021	December 15, 2021	Yes
Goertek Group Co., Ltd. (Note 2)	1,326,145.60	February 2, 2021	July 20, 2021	No

Explanation of related guarantee

Note 1: The borrowing was repaid on November 1, 2021.

Note 2: The equipment subject to the security failed to meet the acceptance standards within the validity period of the letter of credit and was not paid for.

(5) Funds borrowed from related parties

None

(6) Transfer of assets and debt restructuring of related parties

Unit: RMB

Related parties	Related transactions	2021	2020
Goertek Robotics Co., Ltd.	Purchasing office equipment	943,396.20	16,428.14
Weifang Goer Real Estate Co., Ltd	Purchasing office equipment		379,003.54
Weifang Shixiang Real Estate Co., Ltd.	Purchasing buildings and structures	387,250.60	11,855,533.00
Qingdao Realtime Technology Co., Ltd.	Purchasing office equipment		54,797.35

Beijing Bubble lab Co., Ltd	Purchasing office equipment	1,845,155.05	
Wemake (Beijing) Digital Creative Technology Co., Ltd.	Purchasing office equipment	2,237,536.87	
Goertek Group Co., Ltd.	Purchasing office equipment	6,700,007.82	
Weifang GoerHome Decoration Engineering Co., Ltd	Purchasing buildings and structures	6,171,794.28	
Wemake (Qingdao) Digital Creative Technology Co., Ltd	Purchasing office equipment	215,405.66	
Wemake (Weihai) Digital Creative Technology Co., Ltd	Purchasing office equipment	56,603.77	
Qingdao Virtual Reality Institute Co., Ltd.	Purchasing office equipment	2,606,781.00	
Qingdao Virtual Reality Institute Co., Ltd.	Disposal of fixed assets	6,485,086.09	
Weifang GoerDyna Electronic Technology Co., Ltd	Disposal of fixed assets	9,295,634.00	
Weifang Point Hotel Management Co., Ltd	Disposal of fixed assets	4,760.77	

(7) Remuneration of key managers

Unit: RMB

Item	2021	2020
Remuneration of key managers	16,950,000.00	15,520,000.00

(8) Other related transactions

None

6. Receivables and payables of related parties**(1) Items with accounts receivable**

Unit: RMB

Name of project	Related parties	Closing balance		Opening balance	
		Book balance	Bad-debt provision	Book balance	Bad-debt provision
Accounts receivable	AKM Industrial Company Limited	516,600.00	5,166.00	404,055.00	4,040.55
Accounts receivable	Beijing Bubble lab Co., Ltd			362,165.00	3,621.65
Accounts	Weifang Dotcom Catering			2,268,903.97	22,689.04

receivable	Management Co., Ltd				
Accounts receivable	Little Bird Co., Ltd	9,233,053.25	92,330.53	14,362,630.76	143,626.31
Accounts receivable	Qingdao Pico Technology Co., Ltd.			15,820,357.84	158,203.58
Accounts receivable	Dynaudio Shanghai Co., Ltd	189,133.13	1,891.33	1,327,754.52	13,277.55
Accounts receivable	Goertek Robotics Co., Ltd.	78,523.44	785.23		
Accounts receivable	Qingdao Point Hotel Management Co., Ltd	252,800.00	2,528.00		
Accounts receivable	Weifang GoerDyna Electronic Technology Co., Ltd	10,925,126.65	109,251.27		
Other receivables	Weifang Goer Farm Co., Ltd.			50,000.00	500.00
Other non-current assets	Beijing Bubble lab Co., Ltd			1,426,472.10	
Other non-current assets	Dotcom Investment Co., Ltd			1,252,224.66	

(2) Items with accounts payable

Unit: RMB

Name of project	Related parties	Closing book balance	Opening book balance
Accounts payable	AKM Industrial Company Limited	39,135,420.36	29,088,400.44
Accounts payable	Weifang Goer Real Estate Co., Ltd		387,506.54
Accounts payable	Weifang Goer Property Service Co., Ltd	1,542.00	21,811.87
Accounts payable	Weifang Goer Manor Food & Beverage Co., Ltd.	37,890.84	37,554.61
Accounts payable	Weifang Goer Manor Trading Co., Ltd.	212,941.81	26,999.93
Accounts payable	Weifang Dotcom Catering Management Co., Ltd	260,375.00	370,798.79
Accounts payable	Weifang Goer Farm Co., Ltd.	1,747,498.74	591,513.49
Accounts payable	Beihang Goer (Weifang) Intelligent Robot Co., Ltd		500,000.00
Accounts payable	Little Bird Co., Ltd	2,757,461.08	704,088.56
Accounts payable	Beijing Bubble lab Co., Ltd	46,561.60	20,642.00
Accounts payable	Wemake (Beijing) Digital Creative Technology Co., Ltd.		64,788.94

Accounts payable	Wemake (Weihai) Digital Creative Technology Co., Ltd	10,293.85	70,205.77
Accounts payable	Weihai Goer Ecological Agriculture Co., Ltd.	30,200.00	30,240.00
Accounts payable	Dotcom Investment Co., Ltd	42,478.00	
Accounts payable	Weifang Point Hotel Management Co., Ltd	98,568.00	
Accounts payable	Weifang GoerDyna Electronic Technology Co., Ltd	12,408,592.87	
Accounts payable	Qingdao Virtual Reality Institute Co., Ltd.	4,925,805.03	
Accounts payable	Wemake (Qingdao) Digital Creative Technology Co., Ltd	404,150.41	
Contract liabilities	Dynaudio Holding A/S		234,908.37
Other payables	Beihang Goer (Weifang) Intelligent Robot Co., Ltd	28,248.00	

7. Commitment of related parties

None

8. Others

None

XIII. Share-based payment

1. Overview of share-based payment

Applicable Not applicable

Unit: RMB

Total amount of equity instruments granted by the Company in the current period	63,460,000.00
Total amount of equity instruments exercised by the Company in the current period	28,730,416.00
Total amount of equity instruments of the Company which are invalid in the current period	4,592,000.00
The range of exercise price of stock options issued by the Company at the end of the period and their remaining period of contract	See Explanation of Other Matters below
The range of exercise price of other equity instrument options issued by the Company at the end of the period and their remaining period of contract	See Explanation of Other Matters below

Explanation on Other Matters

(1) The range of exercise price of stock options issued by the Company at the end of the period and their remaining period of contract

A. 2021 Share Option Incentive Plan

To fully arouse the enthusiasm and creativity of employees, attract and retain management talents and people who make up the backbone of each department, and improve employee cohesion and the Company's competitiveness, according to the resolution of the 19th meeting of the 5th Board of Directors held on April 16, 2021 and the 2020 Annual General Meeting of Shareholders held on May 7, 2021, the Company shall implement the "2021 Stock Option Incentive Plan" for the important personnel in management and various departments (excluding directors and senior management) of the Company and its wholly-owned and holding subsidiaries.

The exercise price for the first grant and the reserved stock options under the Incentive Plan is RMB 29.33 per share.

The validity period of the Incentive Plan is 48 months, from the date of grant of stock options until the stock options are full exercised or de-registered. The 12 months from the day when the stock options are granted initially or when the reserved stock options are granted under the Incentive Plan shall be the waiting period, and the options may be exercised after the end of the waiting period. In the exercise period, the grantees will exercise the options in two phases according to the exercise ratio of 50%:50% at exercisable dates.

B. Equity incentive plan

According to the resolution of General Meeting dated September 29, 2020 and to the resolution of Board of Directors dated October 27, 2020, Goertek Microelectronics shall grant 17,335,000 stock options to the directors, senior management and key backbones (excluding supervisors and independent directors) of Goer Microelectronics and its holding subsidiaries to be exercised them in five phases. The corresponding waiting periods are 18 months, 30 months, 42 months, 54 months and 66 months respectively from the date of grant.

Goer Microelectronic applies the Black-Scholes option pricing model to measure and determine the fair value of stock options. The values of stock options for the five phases are respectively RMB 3.41 per share, RMB 4.67 per share, RMB 5.53 per share, RMB 6.28 per share and RMB 7.45 per share.

(2) The range of exercise price of other equity instrument options issued by the Company at the end of the period and their remaining period of contract

A. "Homeland No.4" employee stock plan

To fully arouse the enthusiasm and creativity of employees, attract and retain management talents and people who make up the backbone of each department, and improve employee cohesion and the Company's competitiveness, according to the resolution of the 5th meeting of the 5th Board of Directors held on April 21, 2020 and the 2019 Annual General Meeting of Shareholders held on May

8, 2020, the Company shall implement the “Homeland No.4” employee stock plan for certain directors (excluding independent directors), supervisors and senior management as well as important personnel in management and various departments.

In order to ensure the efficiency of the incentives, the employee stock plan received the transfer of 49,270,100 shares in the Company’s special securities account for re-purchase at nil, and no employee was required to pay for the shares.

The validity period of the “Homeland No.4” employee stock plan is 48 months, and the shares shall be released in three stages. The time of release is the end of 12 months, 24 months or 36 months from the day when the Company declares the transfer of the last underlying shares of the Company to the name of this employee stock plan.

B. “Homeland No.5” employee stock plan

To fully arouse the enthusiasm and creativity of employees, attract and retain management talents and people who make up the backbone of each department, and improve employee cohesion and the Company’s competitiveness, according to the resolution of the 19th meeting of the 5th Board of Directors held on April 16, 2021 and the 2020 Annual General Meeting of Shareholders held on May 7, 2021 to implement the “Homeland No.5” employee stock plan for certain directors (excluding independent directors), supervisors and senior management as well as important personnel in management and various departments who have made important contributions to the development of the Company.

The “Homeland No.5” employee stock plan received the transfer of shares in the Company’s special securities account for re-purchase at RMB 10 per share.

The shares under the employee stock plan will be released in two stages. The time of release is the end of 12 months or 24 months from the day of the transfer of the shares under the employee stock plan to this employee stock plan.

C. Equity incentive by way of capital increase

According to the resolution of the General Meeting of Shareholders and the amended Articles of Association of Goertek Microelectronics, the natural-person shareholders Mr. Jiang Long and Mr. Song Qinglin subscribed for 21,500,000 shares of Goertek Microelectronics by way of capital increase. The capital increase price was RMB 2 per share, which was lower than the fair value of Goertek Microelectronics, and the amount constituted share-based payment.

2. Share-based payment settled with equity

Applicable Not applicable

Unit: RMB

Determination method of the fair value of equity instruments at the date of grant	Black-Scholes model and fair value of equity instruments at the date of grant
Basis for determining the quantity of equity instruments with vesting	The Company makes the determination according the equity instruments corresponding to the current target employees and

	the forecast of the Company's performance in the next year, etc.
Reason for significant difference in estimation in the current period and estimation in the last period	None
Accumulative amount of equity-settled share-based payment included in capital reserves	1,343,592,456.04
Total amount of share-based payment settled with equity in current period	871,368,483.26

3. Cash-settled payment settled in cash

Applicable Not applicable

4. Modification and termination of share-based payment

None

5. Others

None

XIV. Commitments and contingencies

1. Important commitments

Important commitments on the balance sheet date

None

2. Contingencies

(1) Important contingencies on the balance sheet date

- ① Contingent liability derived from pending litigations and arbitrations, and financial influence therefrom

None

- ② Contingent liabilities and financial impacts from debt guarantees for other organizations

As of the report date, except that the guarantees provided by the Company to its subsidiaries Goertek (Hong Kong) Co., Limited, Goertek Technology Vina Company Limited, Weifang Goertek Microelectronics Co., Ltd., Goertek Intelligence Technology Co., Ltd. and Goertek Microelectronics Inc. are not fulfilled as specified in Note XII.5, there is no debt guarantees of the Company provided to other entities.

- ③ Contingent liabilities related to investments in joint ventures or associates

None

④ Other contingent liabilities and financial impacts

None

(2) The Company shall make a statement even if it does not have important contingencies to be disclosed

There are no important contingencies to be disclosed in the Company.

3. Others

None

XV. Matters after balance sheet date**1. Important non-adjustment matters**

Unit: RMB

Item	Content	Impacted amount on financial conditions and operating results	The reason why the impacted amount cannot be estimated
Matters on the disposal by subsidiaries of their interests in other companies	AKM Industrial Company Limited (hereinafter referred to as "AKM"), a company which Goertek (Hong Kong) Co., Limited, a wholly-owned subsidiary of the Company holds shares, announced on January 14, 2022 that Amway Industrial Limited and AKM Meadville (Xiamen) Co., Ltd. (referred to as "Co-offerers" collectively) proposed before the existing shareholders of AKM to privatize AKM by agreement arrangement in accordance with Article 673 of the Hong Kong Companies Ordinance. When the privatization proposal takes effect, the issued outstanding shares of AKM will be canceled, and the Co-offerers will pay the share cancellation price of HKD 1.82 per share (minus dividend adjustment (if any)) to the existing shareholders of AKM in cash.	After AKM's privatization, Goertek (Hong Kong) Co., Limited, a wholly-owned subsidiary of the Company, will receive a total cancellation price of about HKD 660 million (minus dividend adjustment (if any) for its shares in AKM canceled, which will help improve the Company's profitability and cash flow.	
The progress of listing of a subsidiary, Goertek Microelectronics Inc. on SZSE	Goertek Microelectronics Inc., a subsidiary of the Company, plans to be listed on the ChiNext of Shenzhen Stock Exchange. At present, the issuer and sponsor take the initiative to apply for suspension of the review procedure for issuance and listing, and will resume the procedure as soon as possible depending on documentary preparation.	Not applicable	

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2. Profit distribution

Unit: RMB

Profits or dividends to be distributed	668,411,117.00
Profits or dividend declared after deliberation and approval	668,411,117.00

3. Sales return

None

4. Explanation of other matters after the balance sheet date

None

XVI. Other important matters

1. Correction of early accounting errors

None

2. Debt restructuring

None

3. Asset replacement

None

4. Annuity plan

None

5. Discontinued operation

None

6. Division information

None

7. Other important transactions and matters that have an impact on investors' decisions

None

8. Others

Lease

(1) The Group as lessee

① For information on right-of-use assets and lease liabilities, please see this Note VII. 16 and 35.

② Information on items recorded in current profit or loss and relevant asset costs

Items	Reported items	Amount (RMB)
Short-term lease expense (simplified treatment applies)	Administrative expenses	24,744,987.37
	Selling expenses	4,524,724.90
	R&D expenses	2,981,284.67
	Cost of main business	23,757,844.04
Interest expenses recognized on lease payment	Interest expenses	13,692,320.31
Income derived from the sublease of the right-of-use assets	Other business income	3,465,424.78

③ Cash outflows related to leases

Items	Category of cash flows	Amount in the current year (RMB)
Cash for repayment of principal and interest of lease liabilities	Cash outflows from financing activities	102,991,821.74
Payment for short-term leases and leases for low-value assets (simplified treatment applies)	Cash outflows from operating activities	56,008,840.98
Total		159,000,662.72

(2) The Group as lessor

① Information on financing lease

None

② Information on operating lease

A. Items recorded in current profit or loss

Items	Reported items	Amount (RMB)
Lease income	Other business income	53,039,818.78
Total		53,039,818.78

XVII. Notes to major items in the financial statements of the parent company

1. Accounts receivable

(1) Accounts receivable disclosed by classification

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad-debt provision		Book value	Book balance		Bad-debt provision		Book value
	Amount	Proportion	Amount	Proportion of accrual		Amount	Proportion	Amount	Proportion of accrual	
Accounts receivable for bad debt reserves by item						531,002.50	0.01%	531,002.50	100.00%	
Accounts receivable with bad debts reserves by group	8,040,359,505.41	100.00%	31,185,331.21	0.39%	8,009,174,174.20	9,771,125,513.47	99.99%	25,588,445.52	0.26%	9,745,537,067.95
Including:										
Group by aging	3,118,533,121.24	38.79%	31,185,331.21	1.00%	3,087,347,790.03	2,443,254,164.24	25.00%	25,588,445.52	1.05%	2,417,665,718.72
Related party group	4,921,826,384.17	61.21%			4,921,826,384.17	7,327,871,349.23	74.99%			7,327,871,349.23
Total	8,040,359,505.41	100.00%	31,185,331.21	0.39%	8,009,174,174.20	9,771,656,515.97	100.00%	26,119,448.02	0.27%	9,745,537,067.95

Bad debt reserve grouping: Group by aging

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Within 1 year	3,118,533,121.24	31,185,331.21	1.00%
1 to 2 years			
2 to 3 years			
Over 3 years			
Total	3,118,533,121.24	31,185,331.21	--

Description for basis of determining the group:

Bad debt reserve grouping: Related party group

Unit: RMB

Name	Closing balance		
	Book balance	Bad-debt provision	Proportion of accrual
Within 1 year	4,921,826,384.17		
1 to 2 years			
2 to 3 years			
Over 3 years			
Total	4,921,826,384.17		--

Disclosed by age of accounts receivable

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	8,040,359,505.41
Total	8,040,359,505.41

(2) Accrual, recovery or return of bad debt reserve in current period

Provision for bad debts of the current period:

Unit: RMB

Category	Opening balance	Changes in amount of the current period				Closing balance
		Accrual	Withdrawal or write-back	Write-off	Other	
Accounts receivable for bad debt reserves by item	531,002.50	35,522.78		566,525.28		
Accounts receivable with bad debts reserves by group	25,588,445.52	5,596,885.69			31,185,331.21	

Total	26,119,448.02	5,632,408.47		566,525.28		31,185,331.21
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Among them, significant information of bad debt reserves withdrawn or written back in the current period:

None

(3) Accounts receivable actually written off in current period

Unit: RMB

Item	Written off amount
Accounts receivable actually written off	566,525.28

(4) Accounts receivable of the 5 highest closing balance by debtor

Unit: RMB

Company name	Closing balance of accounts receivable	Proportion of total closing balance of accounts receivable	Closing balance of bad debt provision
Company 1	2,327,582,249.84	28.95%	
Company 2	1,146,613,449.59	14.26%	11,466,134.50
Company 3	797,260,785.21	9.92%	
Company 4	655,536,031.07	8.15%	
Company 5	611,058,683.09	7.60%	
Total	5,538,051,198.80	68.88%	--

(5) Amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

None

(6) Accounts receivable derecognized due to transfer of financial assets

Unit: RMB

Transfer method of financial assets	Amount of receivables derecognized	Gains or losses related to derecognition of accounts receivable for the current year
Buyout factoring	104,504,742.00	-2,297,194.72

2. Other receivables

Unit: RMB

Item	Closing balance	Opening balance
Other receivables	3,927,667,930.14	3,761,565,682.66
Total	3,927,667,930.14	3,761,565,682.66

(1) Interest receivable

None

(2) Dividend receivable

None

(3) Other receivables**1) Classification of other receivables by nature of payment**

Unit: RMB

Nature of payment	Closing book balance	Opening book balance
Current account	3,774,035,738.53	3,753,395,937.93
Security deposit	40,178,537.85	8,019,073.86
Tax refund for export receivable	91,830,238.29	
Withholding and remitting social insurance and housing provident fund	25,693,583.89	
Other		388,839.91
Total	3,931,738,098.56	3,761,803,851.70

2) Provision for bad debts

Unit: RMB

Bad-debt provision	First stage	Second stage	Third stage	Total
	Expected credit impairment losses over the next 12 months	Expected credit impairment losses for the entire life (credit impairment not occurred)	Expected credit impairment losses for the entire life (credit impairment has occurred)	
Balance as of January 1, 2021:	238,169.04			238,169.04
Balance as of January 1, 2021 in the current period	—	—	—	—
Accrual in the current period	3,831,999.38			3,831,999.38
Balance as of December 31, 2021	4,070,168.42			4,070,168.42

Significant changes in the carrying value of changes in the allowances for losses in the current period

Applicable Not applicable

Disclosed by age of accounts receivable

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	3,798,881,748.08
1 to 2 years	132,652,650.31
2 to 3 years	103,700.17
Over 3 years	100,000.00
3 to 4 years	
4 to 5 years	
Over 5 years	100,000.00
Total	3,931,738,098.56

3) Accrual, recovery or return of bad debt reserve in current period

Provision for bad debts of the current period:

Unit: RMB

Category	Opening balance	Changes in amount of the current period				Closing balance
		Accrual	Withdrawal or write-back	Write-off	Other	
Group by aging	238,169.04	3,831,999.38				4,070,168.42
Total	238,169.04	3,831,999.38				4,070,168.42

Among them, significant amount in bad debt reserves written back or withdrawn in the current period:

None

4) Other receivables actually written off in the current period

None

5) Other receivables of the 5 highest closing balance by debtor

Unit: RMB

Company name	Nature of payment	Closing balance	Aging	Ratio in the total closing balance of other receivables	Closing balance of bad debt provision
Company 1	Current account	1,249,000,000.00	Within 1 year	31.77%	
Company 2	Current account	652,471,412.50	Within 1 year	16.59%	
Company 3	Current account	465,600,000.00	Within 1 year	11.84%	

Company 4	Current account	382,589,162.71	Within 1 year	9.73%	
Company 5	Current account	157,406,315.35	Within 1 year	4.01%	1,574,063.15
Total	--	2,907,066,890.56	--	73.94%	1,574,063.15

6) Other receivables involving government subsidies

None

7) Other receivables derecognized due to transfer of financial assets

None

8) Amount of assets and liabilities formed by transferring other receivables and continuing to be involved

None

3. Long-term equity investments

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Investment in subsidiaries	6,182,937,106.09		6,182,937,106.09	5,896,926,627.12		5,896,926,627.12
Total	6,182,937,106.09		6,182,937,106.09	5,896,926,627.12		5,896,926,627.12

(1) Investment in subsidiaries

Unit: RMB

Invested entity	Opening balance (book value)	Increase or decrease in the current period				Closing balance (book value)	Closing balance of impairment provision
		Investment addition	Investment reduction	Provision for impairment reserve	Other		
Weifang Goertek Electronics Co., Ltd.	1,442,834,958.47	18,967,497.85				1,461,802,456.32	
Weifang Goertek Trading Co., Ltd.	50,000,000.00	369,428.17				50,369,428.17	
Yishui Goertek Electronics Co., Ltd.	30,000,000.00					30,000,000.00	

Invested entity	Opening balance (book value)	Increase or decrease in the current period				Closing balance (book value)	Closing balance of impairme nt provision
		Investment addition	Investment reduction	Provisio n for impairm ent reserve	Other		
Yili Precision Manufacturing Co., Ltd.	330,000,000.00	1,899,916.31				331,899,916.31	
Goertek Optical Technology Co., Ltd.	595,162,190.72	1,826,030.68				596,988,221.40	
Goertek Technology Co., Ltd.	950,000,000.00	8,337,466.08				958,337,466.08	
Beijing Goertek Technology Co., Ltd.	7,418,835.34	22,741,998.26				30,160,833.60	
Qingdao Goertek Acoustics Technology Co., Ltd.	20,000,000.00	41,876,266.54				61,876,266.54	
Shenzhen Goertek Technology Co., Ltd.	49,597,980.97	16,894,478.05				66,492,459.02	
Shanghai Goertek Technology Co., Ltd.	10,000,000.00	9,953,450.46				19,953,450.46	
Nanjing Goertek Technology Co., Ltd.	50,000,000.00	591,085.07				50,591,085.07	
Shenzhen Mototek Smart Technology Co., Ltd.	4,002,592.81					4,002,592.81	
Weifang Lokomo Precision Industry Co., Ltd.	50,072,733.09	559,419.80				50,632,152.89	
Goertek Investment Co., Ltd.	75,000,000.00	3,000,000.00				78,000,000.00	
Beijing Goertek Investment Management Co., Ltd.		2,744,323.56				2,744,323.56	
Dongguan JoyForce Precision Manufacturing Co., Ltd.	30,000,000.00	633,305.44				30,633,305.44	
Goertek Vina Co., Ltd	247,634,379.61					247,634,379.61	
Goertek Technology Korea Co., Ltd.	66,148,905.23	594,307.54				66,743,212.77	
Goertek Electronics, Inc.	200,999,366.27	5,205,373.50				206,204,739.77	
Goertek Technology Taiwan Co., Ltd.	124,887,709.99	4,190,375.51				129,078,085.50	

Invested entity	Opening balance (book value)	Increase or decrease in the current period				Closing balance (book value)	Closing balance of impairme nt provision
		Investment addition	Investment reduction	Provisio n for impairm ent reserve	Other		
Goertek Technology (Japan) Co., Ltd.	115,858,424.29		1,298,833.00			114,559,591.29	
Goertek Seiki Techonology 株式会社	783,046.43	241,065.13				1,024,111.56	
Goertek Intelligence Technology Co., Ltd.	350,000,000.00	2,561,720.50				352,561,720.50	
Goertek Microelectronics Inc.	805,525,503.90	13,920,239.85				819,445,743.75	
Beijing Goertek Microelectronics Co., Ltd.		5,053,458.52				5,053,458.52	
Qingdao Goertek Microelectronics Research Institute Co., Ltd.		460,436.04				460,436.04	
Qingdao Goertek Intelligent Sensor Co., Ltd.		842,096.78				842,096.78	
Rongcheng Goertek Microelectronics Co., Ltd.		524,895.84				524,895.84	
Shanghai Ganyuzhi Technology Co., Ltd.		2,758,811.23				2,758,811.23	
Shenzhen Goertek Microelectronics Co., Ltd.		1,206,995.30				1,206,995.30	
Weifang Goertek Microelectronics Co., Ltd.		17,208,205.72				17,208,205.72	
Wuxi Goertek Microelectronics Co., Ltd.		940,460.62				940,460.62	
Qingdao Goertek Commercial Factoring Co., Ltd.	50,000,000.00	802,186.89				50,802,186.89	
Kunshan Goertek Electronics Co., Ltd.	150,000,000.00	2,443,503.48				152,443,503.48	
Rongcheng Goertek Technology Co., Ltd.	3,000,000.00	97,696,635.98				100,696,635.98	
Nanning Goertek	80,000,000.00					80,000,000.00	

Invested entity	Opening balance (book value)	Increase or decrease in the current period				Closing balance (book value)	Closing balance of impairme nt provision
		Investment addition	Investment reduction	Provisio n for impairm ent reserve	Other		
Electronics Co., Ltd.							
Xian Goertek Electronic Technology Co., Ltd.	8,000,000.00	263,877.27				8,263,877.27	
Total	5,896,926,627.12	287,309,311.97	1,298,833.00			6,182,937,106.09	

(2) Investment in associated businesses and joint ventures

None

(3) Explanation of other matters:

None

4. Operating income and operating cost:

Unit: RMB

Item	2021		2020	
	Income	Cost	Income	Cost
Main business	28,940,399,193.43	25,585,348,376.14	28,159,847,383.06	23,840,771,210.48
Other business	9,630,277,984.27	7,877,421,262.62	5,950,491,456.45	4,511,204,747.65
Total	38,570,677,177.70	33,462,769,638.76	34,110,338,839.51	28,351,975,958.13

Information about performance obligations:

Not applicable

5. Investment income

Unit: RMB

Item	2021	2020
investments income from disposal of long-term equity investments		132,058.00
Dividend income from long-term equity investments of subsidiaries		619,011,093.47
investments income from disposal of long-term equity investments in subsidiaries		-50,327,104.67

Investment income from derivative financial instruments	127,863,191.52	125,660,675.74
Investment income from disposal of equity	69,366,960.61	
Investment income from financial products	2,488,497.76	
Profit or loss arising from derecognition of financial assets measured at amortised costs	-2,297,194.72	
Other	295,443.10	
Total	197,716,898.27	694,476,722.54

6. Others

None

XVIII. Supplementary information

1. Statement of non-recurring gains and losses for the current period

Applicable Not applicable

Unit: RMB

Item	Amount	Explanation
Loss or gain from disposal of non-current assets	-122,148,708.58	
Government subsidies included in the current profits and losses (except those closely related to the Company's normal business, comply with national policies and regulations, and continuously grant in accordance with a certain standard quota or quantity)	464,119,437.91	During the reporting period, the Company mainly obtained special funds for enterprise innovation and development and other government subsidies.
In addition to the effective hedging business related to normal business of the Company, the profits and losses from the changes in fair value arising from holding held-for-trading financial assets and held-for-trading financial liabilities, as well as the investment income obtained from the disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets	185,179,920.90	
Other non-operating revenue and expenditures other than those mentioned above	13,554,671.71	
Other profit and loss items that meet the definition of non-recurring profit and loss	2,603,363.20	
Less: Impact of income tax	84,270,186.15	

Impacted amount of minority shareholders' equity	16,756,676.88	
Total	442,281,822.11	--

Details of other profit and loss items that meet the definition of non-recurring profit and loss:

Applicable Not applicable

It mainly refers to returned service charge for withholding individual income tax and other fees.

Description of defining the non-recurring profit and loss items, which are listed in *Explanatory Announcement No. 1 on Disclosure of the Information regarding the Companies Offering Their Securities to the Public - Non-recurring Profit and Loss*, as recurring profit and loss

Applicable Not applicable

2. Net assets income rate and earnings per share

Profit during the reporting period	Weighted average return on net assets	Earnings per share	
		Basic earnings per share (RMB / share)	Diluted earnings per share (RMB / share)
Net profit attributable to ordinary shareholders of the Company	17.61%	1.29	1.28
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring gains and losses	15.79%	1.15	1.15

3. Differences in accounting data under domestic and foreign accounting standards

(1) Differences in net profits and net assets in the financial reports disclosed pursuant to international accounting standards and Chinese accounting standards at the same time

Applicable Not applicable

(2) Differences in net profits and net assets in the financial reports disclosed pursuant to foreign accounting standards and Chinese accounting standards at the same time

Applicable Not applicable

(3) Explanation of reasons for differences in accounting data under domestic and foreign accounting standards; if the data audited by an overseas audit firm is adjusted for differences, the name of the overseas firm shall be indicated.

None

4. Others

None

Goertek Inc.

Chairman: Jiang Bin

March 29, 2022