

Stock Code: 601231

Abbreviated Name: USI

Universal Scientific Industrial (Shanghai) Co., Ltd.

2025 Annual Report

Note: This Report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

Important Notice

- I. **The Board of Directors, directors, and senior management of the Company hereby assure that the content set out in the annual report is truthful, accurate and complete, and contains no misrepresentations, misleading statements or material omissions, and are individually and collectively responsible for the content set out therein.**
- II. **All directors of the Company attended the meeting of the Board of Directors.**
- III. **Deloitte Touche Tohmatsu Certified Public Accountants LLP has issued a standard unqualified audit report for the Company.**
- IV. **Jeffrey Chen, person in charge of the Company, Xinyu Wu, person in charge of accounting, and Fangzhi Huang, person in charge of the accounting firm (accountant in charge) declare that the financial report in the annual report is truthful, accurate and complete.**
- V. **The proposal of profit distribution for the reporting period deliberated and approved by the Board of Directors**

USI intends to distribute a dividend of RMB 4.30 yuan (tax included) for every 10 shares on the basis of the total share capital on the registration date of equity distribution minus the number of shares in its special repurchase account, without giving bonus shares or capitalizing capital reserves. If there are changes in the Company's total share capital or in the number of shares held in the Company's designated repurchase account prior to the equity registration date for the implementation of the profit distribution, the cash dividend per share to be distributed shall remain unchanged, and the total distribution amount shall be adjusted accordingly.

The Company's Profit Distribution Plan for 2025 was deliberated and approved at the Twenty-third Meeting of the Sixth Session of the Board of Directors of the Company, and it still needs to be deliberated at the Company's 2025 Annual General Meeting of Shareholders.

Information on the parent company's unrecouped losses as of the end of the reporting period and their impact on the Company's dividend distribution and other related matters

Applicable Not Applicable

VI. Risk disclosure for forward-looking statements

Applicable Not Applicable

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

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

No

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

No

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

No

X. Major risk disclosure

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

XI. Others

Applicable Not Applicable

Contents

Section I Definitions	5
Section II Company Profile and Key Financial Indicators	7
Section III Management Discussion and Analysis	12
Section IV Corporate Governance, Environmental and Social Responsibility	55
Section V Major Events	80
Section VI Changes in Shares and Information of Shareholders	94
Section VII Information on Bonds	103
Section VIII Financial Statements	107

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

Section I Definitions

I. Definitions

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

The Company, the Group, USI, USISH, or the listed company	Universal Scientific Industrial (Shanghai) Co., Ltd.
SSE	Shanghai Stock Exchange
USIE	USI Enterprise Limited, the controlling shareholder of the Company, registered in Hong Kong
Universal Scientific Industrial Co., Ltd.	Universal Scientific Industrial Co., Ltd., a company listed on the Taiwan Stock Exchange with the stock code 2350, which terminated its listing on June 17, 2010
ASE Technology Holding	ASE Technology Holding Co., Ltd., a company listed on the Taiwan Stock Exchange with the stock code 3711
ASE Inc.	Advanced Semiconductor Engineering, Inc., formerly listed on the Taiwan Stock Exchange with the stock code 2311 and delisted in 2018.
ASE Shanghai	ASE (Shanghai) Inc., a subsidiary of ASE Inc. in which it holds 100% shares
UGT	Universal Global Technology Co., Limited, a subsidiary of the Company in which the Company holds 100% shares, registered in Hong Kong
UGT Shanghai, Jinqiao Subsidiary, Jinqiao Factory	Universal Global Technology (Shanghai) Co., Ltd., a subsidiary of the Company in which the Company holds 100% shares
USI Shenzhen, Shenzhen Subsidiary, Shenzhen Factory	USI Electronics (Shenzhen) Co., Ltd., a subsidiary of the Company in which the Company holds 100% shares
UGT Kunshan, Kunshan Subsidiary, Kunshan Factory	Universal Global Technology (Kunshan) Co., Ltd., a wholly-owned subsidiary of the Company
UGE	Universal Global Electronics Co., Ltd., a subsidiary of the Company in which the Company holds 100% shares
UGT Huizhou, Huizhou Subsidiary, Huizhou Factory	Universal Global Technology (Huizhou) Co., Ltd., a subsidiary of the Company in which the Company holds 100% shares
UGSI	Universal Global Scientific Industrial Co., Ltd., registered in Taiwan, a subsidiary of the Company in which the Company holds 100% shares
USI Vietnam, Vietnam Subsidiary, Vietnam Factory	Universal Scientific Industrial Vietnam Company Limited, a subsidiary of the Company in which the Company holds 100% shares
FAFG	Financière AFG, a simplified joint stock company established and validly existing under the laws of France and a subsidiary of the Company in which the Company holds 100% shares
AFG	Asteelflash Group, a simplified joint stock company established and validly existing under the Laws of France. It is a subsidiary of FAFG in which FAFG holds 100% shares. Since January 1, 2022, it has been merged into its parent company FAFG.
FAFG Suzhou, Suzhou Factory	Asteelflash (Suzhou) Co., Ltd., a subsidiary of FAFG in which FAFG holds 100% shares
USI Poland, Poland Factory	Formerly known as Chung Hong Electronics Poland SP.Z. O.O; the Company completed the acquisition of 100% of its equity on June 22, 2020, and it was renamed USI Asteelflash Sp.z o.o.
Memtech	Memtech International Ltd., which was listed on the Singapore Stock Exchange in 2004, and was delisted on August 22, 2019. The Company indirectly holds 42.23% of its equity.
Hirschmann	Hirschmann Car Communication Holding S.a.r.l., a limited liability company established in Luxembourg, is headquartered in Germany

	and has production sites in Germany, Hungary and China. USI and Ample Trading completed the acquisition of 100% of its shares in October 2023, and USI completed the sale of this company to its indirect controlling shareholder in September 2025.
EugenLight	EugenLight Technologies is a high-tech enterprise specializing in the research and development, manufacturing, and sales of high-speed optoelectronic integrated components and optical engine products. The Company obtained control of EugenLight Technologies in January 2026.
EMEA	Abbreviation for Europe, the Middle East, and Africa
APAC	Abbreviation for the Asia-Pacific region
Americas	North and South America
EMS	Electronic Manufacturing Services, the services provided by manufacturers for electronic brand owners, such as manufacturing, procurement, partial design and logistics
ODM	Original Design Manufacturer
DMS	Design and Manufacturing Services
D(MS) ²	An acronym for DMS integrated with Miniaturization and Solution
SMT	Surface Mount Technology, a new generation of electronic assembly technology, which compresses traditional electronic components into components that are tens of times smaller than their original volume and realizes high-density, highly reliable, miniaturized and low-cost assembly of electronic products, as well as automated production. The process for assembling components onto printed (or other) substrates is called SMT process, and the associated assembly equipment is called SMT equipment.
PCB	Printed Circuit Board, known as the “cornerstone” of electronic products. A large number of electronic parts used in electronic products are embedded on PCBs of different sizes. In addition to fixing parts, the main function of PCBs is to provide circuit connections between various parts.
SiP	System in Package; multiple functional wafers, including processors and memory wafers, are integrated into a package according to the application scenarios, the number of package substrate layers and other factors, so as to achieve a basic package scheme with complete functions
CAGR	Compound Annual Growth Rate
YoY	Year Over Year
The reporting period or current period	January 1, 2025 to December 31, 2025

Section II Company Profile and Key Financial Indicators

I. Company profile

Name in Chinese	环旭电子股份有限公司
Abbreviation in Chinese	环旭电子
Name in English	Universal Scientific Industrial (Shanghai) Co., Ltd.
Abbreviation in English	USISH
Legal representative	Jeffrey Chen

II. Contact

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

III. Basic information

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

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

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

V. The Company's stocks

The Company's Stocks				
Stock class	Listed on	Abbreviated Name	Stock Code	Former Abbreviated Name
A-share	Shanghai Stock Exchange	USI	601231	None

VI. Other related information

Domestic accounting firm hired by the Company	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office address	F/30, 222 East Yan'an Road, Shanghai
	Names of accountants who give their signatures	Yuan Shouqing, and Hu Ke
Sponsor organization that performs the duty of continuous supervision during	Name	Guotai Haitong Securities Co., Ltd.
	Office address	888 South Zhongshan Road, Shanghai
	Names of sponsor representatives who give	Liu Saihui, and Chen Hengrui

the reporting period	their signatures	
	Period of continuous supervision	April 2, 2021 to December 31, 2022

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

(I) Key accounting data

Unit: yuan Currency: RMB

Key accounting data	2025	2024		YoY (%)	2023
		Before Adjustment	After Adjustment		
Revenue	59,195,055,821.58	60,690,651,098.10	60,690,651,098.10	-2.46	60,791,909,537.87
Total profit	2,139,493,055.52	1,853,816,573.41	1,853,816,573.41	15.41	2,189,687,856.20
Net profits attributable to shareholders of the listed company	1,853,439,277.28	1,652,482,815.41	1,652,482,815.41	12.16	1,947,846,866.12
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses	1,550,325,051.30	1,450,740,530.12	1,450,740,530.12	6.86	1,779,078,630.35
Net cash flows from operating activities	2,403,926,963.26	4,210,266,611.54	4,210,266,611.54	-42.90	6,823,435,492.62
	End of 2025	End of 2024		YoY (%)	End of 2023
		Before Adjustment	After Adjustment		
Net assets attributable to shareholders of the listed company	20,721,402,493.02	17,934,523,876.88	17,934,523,876.88	15.54	16,993,068,434.84
Total assets	40,486,483,250.56	39,998,030,835.37	39,998,030,835.37	1.22	39,404,295,828.93

(II) Key financial indicators

Key financial indicators	2025	2024		YoY (%)	2023
		Before Adjustment	After Adjustment		
Basic EPS (yuan/share)	0.85	0.76	0.76	11.84	0.89
Diluted EPS (yuan/share)	0.84	0.75	0.75	12.00	0.87
Basic EPS net of non-recurring gains/losses (yuan/share)	0.71	0.66	0.66	7.58	0.81
Weighted average ROE (%)	9.98	9.52	9.52	Up 0.46 pct.	12.02
Weighted average ROE net of non-recurring gains/losses (%)	8.35	8.36	8.36	Down 0.01 pct.	10.98

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

□Applicable √Not Applicable

VIII. Accounting data differences under domestic and overseas accounting standards
(I) Differences in net profits and net assets attributable to shareholders of the listed company in the financial report disclosed under international accounting standards and Chinese accounting standards
Applicable Not Applicable

(II) Differences in net profits and net assets attributable to shareholders of the listed company in the financial report disclosed under overseas accounting standards and Chinese accounting standards
Applicable Not Applicable

(III) Explanation of differences between Chinese accounting standards and overseas accounting standards
Applicable Not Applicable

IX. Key financial data by quarter for 2025

Unit: yuan Currency: RMB

	Q1 (Jan – Mar)	Q2 (Apr – Jun)	Q3 (Jul – Sep)	Q4 (Oct – Dec)
Revenue	13,648,634,687.74	13,565,066,605.86	16,427,474,248.20	15,553,880,279.78
Net profits attributable to shareholders of the listed company	334,959,613.24	303,088,844.95	625,163,771.02	590,227,048.07
Net profits attributable to shareholders of the listed company net of non-recurring gains/losses	279,903,960.88	298,269,541.13	552,503,187.31	419,648,361.98
Net cash flows from operating activities	890,234,791.94	553,236,640.19	381,890,932.27	578,564,598.86

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

Applicable Not Applicable

X. Non-recurring profit or loss
Applicable Not Applicable

Unit: yuan Currency: RMB

Items of non-recurring gains/losses	2025	Notes (if applicable)	2024	2023
Gains and losses on disposal of non-current assets, including the write-off of asset impairment provisions	203,325,038.86	See Note (VII) 68, 73, 75	5,101,711.12	5,463,221.02
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business, have a lasting impact on the Company's profits and losses and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	30,997,721.69	See Note (XI) 3	39,593,697.06	71,813,784.39
Profit or loss on changes in the fair value of financial assets and	155,340,141.68	See Note (VII) 68,	177,139,794.65	106,839,747.09

financial liabilities and investment income on disposal of financial assets and financial liabilities held by non-financial companies, other than those used in the effective hedging activities relating to normal operating business		70		
Write-back of provisions for receivables impairment subject to separate impairment tests	3,658,249.59		6,111,269.30	-
One-time costs incurred by enterprises due to the fact that the relevant business activities are no longer sustainable, such as expenses for relocating employees	-109,627,486.97		-708,810.03	-3,701,028.03
The impact of one-time adjustment of current profit and loss in accordance with tax, accounting and other laws and regulations	-19,128,013.42		-	-
Other non-operating income or expenses other than the above	63,381,721.25	See Note (VII) 74, 75	-16,235,503.49	12,916,711.91
Less: tax effects	24,785,695.23		9,611,574.91	24,950,729.58
Effects attributable to minority interests (After tax)	47,451.47		-351,701.59	-386,528.97
Total	303,114,225.98		201,742,285.29	168,768,235.77

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

Applicable Not Applicable

XI. Companies implementing equity incentive schemes or employee stock ownership plans may elect to disclose net profit excluding the impact of share-based payment expenses.

Applicable Not Applicable

XII. Items measured at fair value

Applicable Not Applicable

Unit: yuan Currency: RMB

Item	Opening amount	Closing balance	Change in the current period	Impact on profit of the current period
Financial assets held for trading	42,291,303.91	9,800,747.96	-32,490,555.95	146,719,077.80
Other equity instruments	22,769,795.62	13,587,010.31	-9,182,785.31	-
Other non-current financial assets	201,093,233.84	186,517,853.51	-14,575,380.33	6,596,517.52
Derivative financial liabilities	-4,775,306.67	-2,750,760.31	2,024,546.36	2,024,546.36
Total	261,379,026.70	207,154,851.47	-54,224,175.23	155,340,141.68

XIII. Others

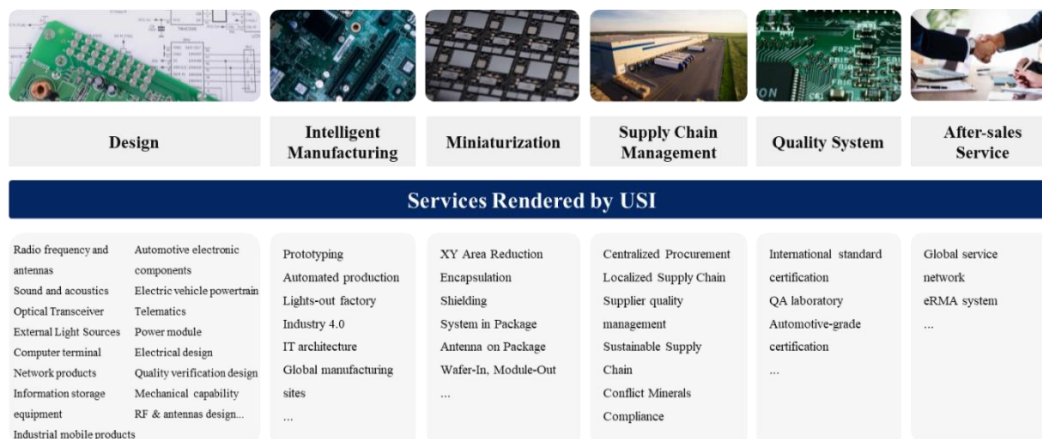
Applicable Not Applicable

Section III Management Discussion and Analysis

I. Core Business during the Reporting Period

(I) Key Products and Solutions

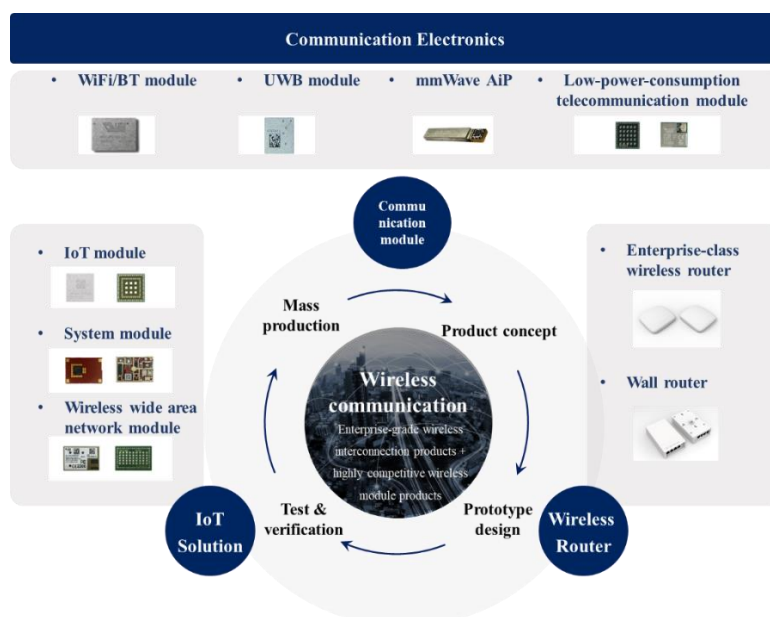
As a world-leading electronic DMS manufacturer, by providing brand customers with more value-added design, manufacturing and related services, the Company participates more in developing industry-wide application solutions, and enhances the manufacturing value added of products and overall services.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



1. Wireless communication products

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


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













2. Consumer electronics




The Company is the industry's leading manufacturer of smart wearable SiP modules. As smart wearables tend to be "lighter, thinner, smaller and more compact", the system in package (SiP) technology has become the key to providing highly integrated and miniaturized designs. Since 2013, the Company has been committed to the miniaturization and highly integrated development of SiP modules related to wearables, including new advanced packaging technologies such as partition shielding, selective plastic packaging, film plastic packaging, selective sputtering, shape cutting, dry ice cleaning and SMT 3D screen printing. At present, the Company's SiP module products for smart wearables cover SiP modules for smartwatches, smart glasses, true wireless stereo (TWS) Bluetooth earphones, and optical heart rate modules. For smart head-mounted devices such as XR (VR/AR/MR) and smart glasses, the Company's offerings include Wi-Fi modules, system integration mainboard modules, as well as multi-functional integrated or application-specific SiP modules.




Consumer Electronics - Smart Wearables of SiP Modules

- 

- **Smart watch, smart band**
 - ✓ All-in-One SiP 
 - ✓ Optical HRM 
 - ✓ CPU + BT + Memory + IMU    
- 

- **Wireless earphone**
 - ✓ TWS SiP 
 - ✓ TWS Bluetooth + Touch 
- 

- **XR device**
 - ✓ Wi-Fi Module 
 - ✓ XR SiP / SiPlet 
- 

- **Smart Glasses**
 - ✓ Wi-Fi Module 
 - ✓ Functional Module 
 - ✓ N-in-One SiP 

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

3. Industrial products

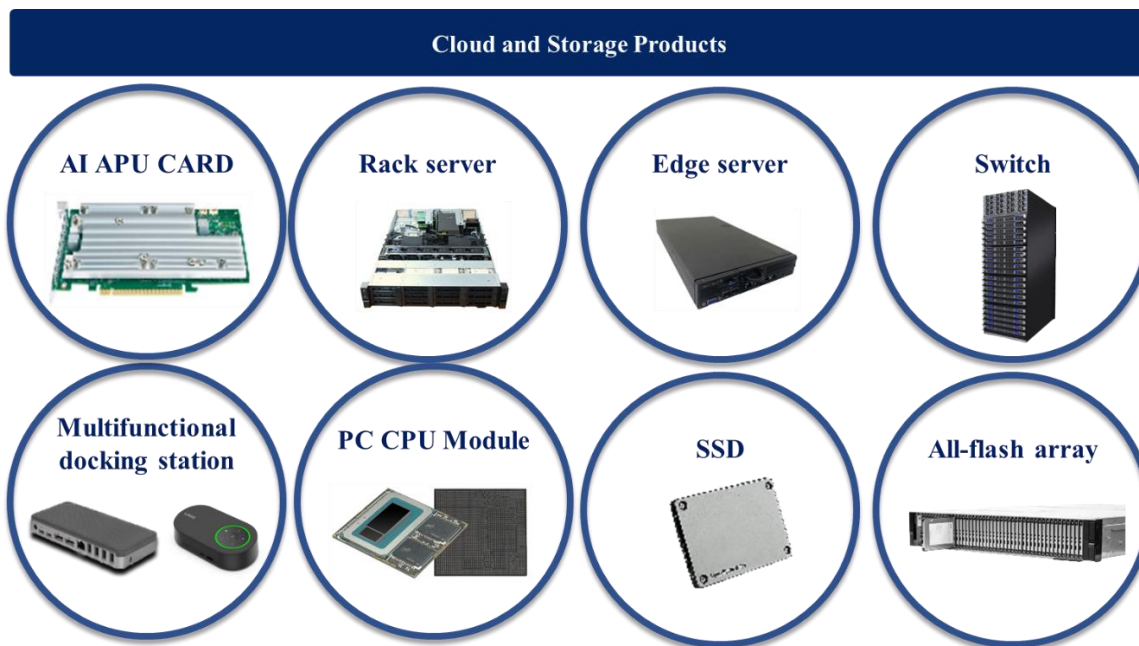
With sophisticated professionals in product R&D and design, project management, manufacturing and logistics support, the Company is committed to the industrial product market such as Point of Sale (POS), Smart Handheld Device (SHD), smart fleet dash cam, factory automation control module, etc. The Company provides customers with the most cost-effective, optimized design and a full package of solutions with a strict quality control process, meeting their needs from mass production, diversified production, to customized production. With the development of global carbon neutrality, the Company has increased its green energy products serving energy storage and photovoltaics.



4. Cloud and storage products

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

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



The Company has actively expanded in the optical communications sector. Through collaboration with upstream and downstream partners across the industry chain, the Company has established comprehensive capabilities covering product design and mass-production manufacturing. Leveraging industry integration,

the Company acquired a controlling interest in EugenLight, thereby further expanding its optical communications product portfolio and building three major product lines: data center, high-speed telecommunications, and industrial optoelectronics.

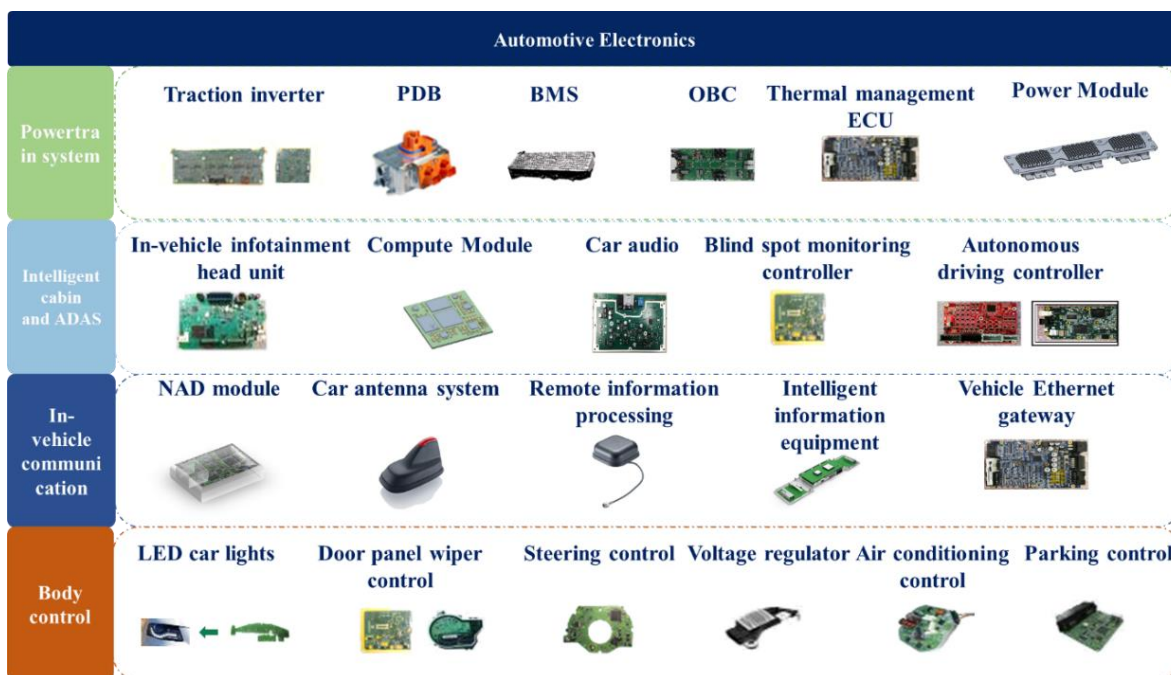
The data center product line primarily includes 400G/800G/1.6T single-mode silicon photonics engines, DCI Lite & DCI (Data Center Interconnect) products, and ELSFP light source products. The high-speed telecommunications product line mainly comprises optical transport network products, fixed-network access products, and wireless fronthaul products. The industrial optoelectronics product line primarily includes Narrow Linewidth Laser (NLL) / Tunable NLL laser light sources and modules, as well as multi-chip RGB integrated MCL laser light source modules.



5. Automotive electronics

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

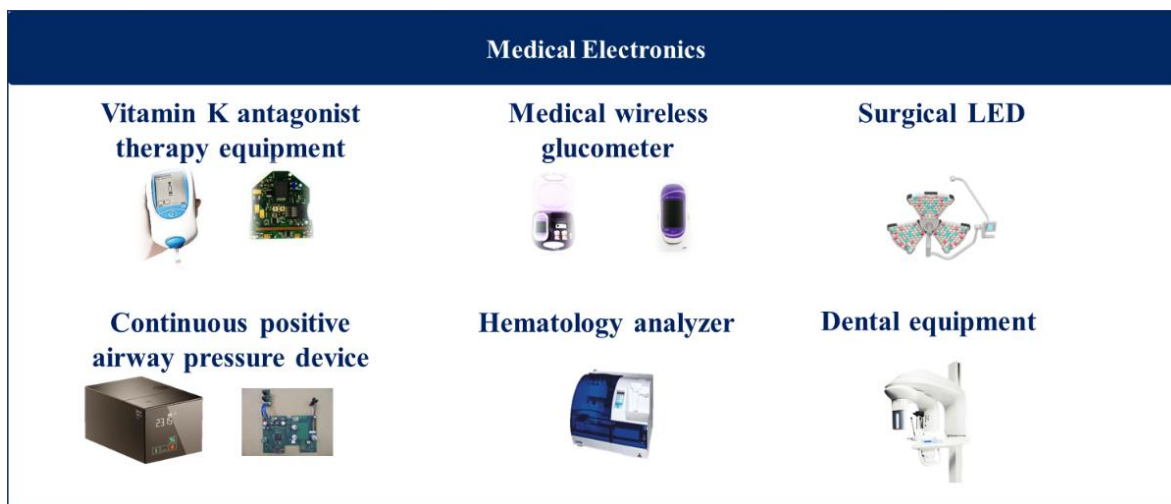
The Company's automotive electronic products mainly include power modules, traction inverter, Battery Management System (BMS), On-Board Charger(OBC), electronic pumps, intelligent cabin, ADAS related controllers, domain controllers, vehicle NAD modules, car antenna, LED lights, and other body controllers.



Following the development trend of "electrification, intelligence and connectivity" in automotive electronics, the Company focuses on "electrification" and invests heavily in research and development of power modules, traction inverter, BMS, OBC and other automotive power products to serve power chip manufacturers, Tier 1 suppliers and OEMs; at the same time, the Company takes into account "intelligence" and "connectivity", and expands new products and businesses in the fields of intelligent cabin, ADAS, and vehicle communications.

6. Medical electronics

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

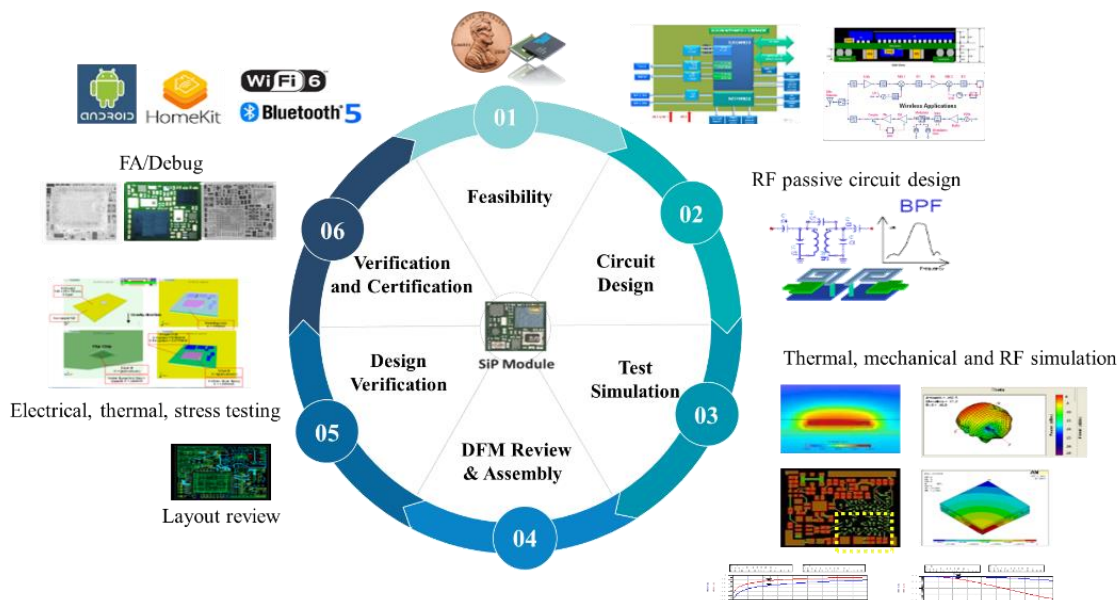


(II) Miniaturization design and products

USI has a leading position in SiP miniaturization technology. SiP module is based on heterogeneous integration technology, which integrates chips and passive components into one module, effectively reducing the area of functional modules, improving the efficiency of circuit system, and ensuring the effectiveness of electromagnetic interference shielding. Through miniaturization technology, most electronic systems, especially for mobile devices, AIoT devices, and wearables, can be reduced in size to meet market demands.

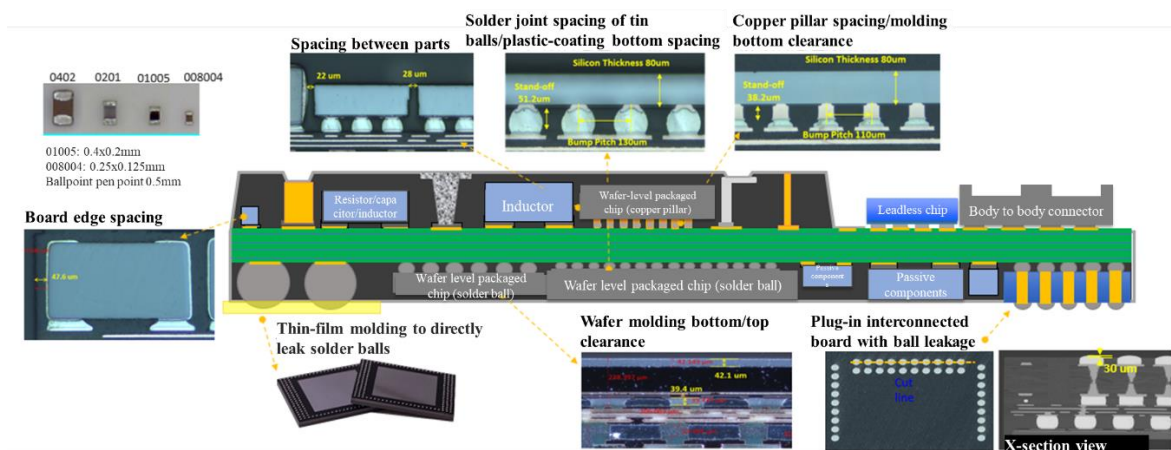
With the continuous breakthroughs in AI technologies and the enhancement of on-device computing capabilities, a wide range of AI models and applications are being deployed on end devices and iterating rapidly, driving smart wearable devices into a new cycle of transformation. Leading global technology companies are accelerating the development of AI-powered edge products to build a new ecosystem characterized by deep integration, interconnected scenarios, and proactive services. Smart wearables are evolving beyond simple data collection and notification functions, and are increasingly emerging as “personal intelligent companions” driven by AI. While traditional categories such as smartwatches, wristbands, and TWS earphones continue to iterate, emerging products including AI glasses, XR devices, and smart rings are gaining popularity due to their unique interaction modes and convenience. This trend is driving an increasingly urgent demand for compact, lightweight, and highly integrated SiP modules. Looking ahead, these devices are expected to integrate more powerful and diversified functionalities, deeply combining health monitoring, voice interaction, motion tracking, spatial computing interaction, and AI-enabled assistance, thereby elevating the pursuit of “lighter, thinner, smaller and more compact”.

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



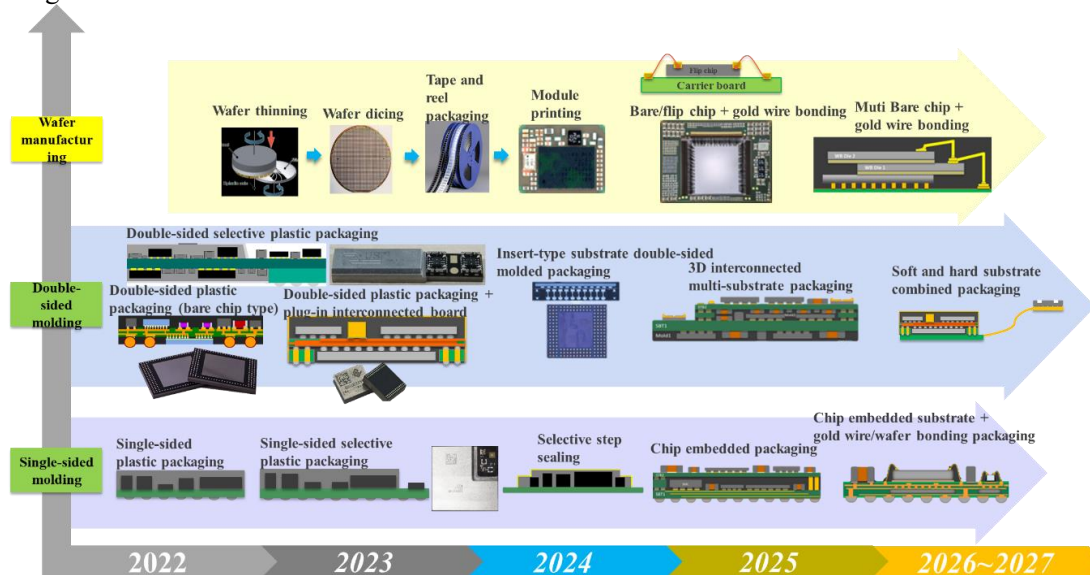
The Company continuously breaks through technical challenges in all aspects of the SiP process to meet the requirements of high stability and high integration.

- (1) Horizontally, the minimum device size has been reduced to 0.25 mm * 0.125 mm, the minimum center-to-center spacing between components is designed at 20 microns, and the designed distance to the board edge is 45 microns. These specifications place higher requirements on components, production equipment, and process control.
- (2) Vertically, to achieve a design value of 40 microns for the top clearance of the molding and 40 microns for the bottom clearance of the plastic seal, there are also extremely high requirements for the selection of plastic sealing materials, process parameters and process control.



(3) Technologies developed around Vacuum Printing Encapsulation (VPE), including selective molding and the use of copper columns instead of BGA balls to achieve high-density connection interfaces provide diverse support for SiP interconnection and subsequent processes.

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



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

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

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

Explanation of Significant Newly Added Non-principal Businesses During the Reporting Period

Applicable Not Applicable

II. Industry of the Company during the Reporting Period

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

(I) Basic situation of the industry

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

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

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

(II) Industry characteristics and development trends

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

In 2025, the industrial scale of the global EMS industry exceeded USD 682.7 billion, with high industry concentration. The top 10 manufacturers in the world accounted for more than 70% of the total revenue. Leading enterprises in the industry have accumulated rich customer resources and industry experience, with large assets and revenues, and maintained a relatively stable leading position.

In 2025, the inventory levels of electronic products are gradually returning to a reasonable range. Inflation levels in major economies around the world showed a moderate trend. Monetary policy has shifted, and the world has entered an interest rate cut cycle. The U.S. has begun an interest rate easing cycle, which has had a certain positive impact on industry demand. Meanwhile, accelerated capital investment in AI by leading cloud service providers has driven rapid technological iteration and fostered strong growth in

demand for related manufacturing services. In addition, the acceleration of AI applications on end devices is expected to further support a recovery in demand for electronic products by 2026.

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

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

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

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

(2) Transformation to comprehensive service provider

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

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

(3) Data-driven collaborative decision-making

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

(4) Global layout and advantages in localized services

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

(5) Sustainable development and green transformation

In the context of the growing global emphasis on environmental protection and sustainable development, electronic manufacturing service providers will also take responsibilities. From product design, raw material procurement, energy consumption and waste disposal in the production process, to product

recycling and reuse, promote the green transformation of products to reduce the negative impact of product lifecycle on the environment.

3. Surging demand for AI computing power and data exchange

In 2025, generative AI models continued to accelerate their iteration, leading to rapidly rising demand for training and inference. As a result, GPUs and AI servers remained in short supply, while demand for hardware products related to data transmission and data exchange increased significantly. Through continuous iteration, more LLMs have demonstrated lower costs and higher performance, substantially lowering the application threshold of AI technologies. Looking ahead, this trend is expected to enable more enterprises and developers to participate in the AI ecosystem, thereby driving AI-enabled transformation across a wide range of industries.

Investment in AI computing power not only increases demand for hardware such as GPUs, ASICs, switches, and storage, but also drives growth in demand for edge servers and AI accelerator cards. LLMs require high efficiency, low latency data transmission and exchange, which is accelerating upgrades to network infrastructure. Consequently, demand for hardware products including high-speed optical fiber networks, high-speed optical modules, HBM, high-speed network interface cards, switches, thermal management and server cooling systems is growing rapidly.

The rapid development of AI has also led to a substantial increase in power consumption. Server power supplies built on different chip architectures are undergoing upgrades in power capacity, and as a fundamental component of high-performance computing and data center infrastructure, demand for power supply systems has grown rapidly. At the same time, against the backdrop of sharply rising electricity consumption, the high-efficiency server power supplies has become increasingly prominent in reducing losses during the power conversion process, and meeting the higher power-density requirements driven by ongoing GPU advancements.

4. On-Device AI Implementation promotes the intelligent upgrade of consumer electronics

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

With continuous breakthroughs in AI technologies and the enhancement of on-device computing capabilities, a wide range of AI models and applications are being deployed on end devices and iterating rapidly, fostering smart wearable devices into a new cycle of transformation. Leading global technology companies are accelerating the rollout of AI-enabled edge products to build a new ecosystem characterized by deep integration, interconnected scenarios, and proactive services. As a result, smart wearables are moving beyond simple data collection and notification functions and are gradually evolving into AI-driven personal intelligent companions. Taking smart glasses as an example, the deployment of AI at the device level is driving their transition from “conceptual capture tools” to “all-day intelligent interactive terminals.” By running generative AI models locally, these devices are able to provide users with real-time translation, navigation, payment functions, multimodal contextual understanding, and intelligent prompts.

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

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

In 2025, the global economy achieved moderate growth and demonstrated resilience beyond expectations despite challenges such as geopolitical conflicts and frequent international trade frictions. According to

forecasts by the International Monetary Fund (IMF), the World Bank, and the Organization for Economic Co-operation and Development (OECD), global economic growth is expected to remain moderate in 2026, with a growth rate broadly comparable to that of 2025 .

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

6. Electric vehicle penetration continued to expand, while European and U.S. automakers faced ongoing industry transformation.

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

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

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

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

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

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

1. Periodicity of industry development

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

2. Regional characteristics of industry

The global EMS industry rose in Europe and America, and then gradually shifted to Southeast Asia, Taiwan and Chinese mainland. At present, China, Southeast Asia, India, Mexico, Eastern Europe have become the regional centers of low-cost manufacturing in the EMS industry. The current trend of "economic and trade regionalization" and "localization" manufacturing is conducive to the development of low-cost manufacturing centers in the region, but the Asia-Pacific supply chain represented by the Chinese mainland still has the advantages of "industrial clusters" and "low cost".

3. Seasonal characteristics of industry operation

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

(IV) Competitive position of the Company in the industry

The Company is a world-renowned manufacturer in the EMS industry. In 2024, USI ranked 13th among global EMS providers, with its annual revenue growth rate and net operating margin ranking among the top in the industry and net operating margin in the industry. The Company is an industry leader in SiP miniaturization technology, leading the industry in many business segments.

III. Discussion and Analysis of Corporate Operations

USI is a global leader in electronic design and manufacturing services as well as a leader in the field of SiP (System-in-Package) technology. The Company has 28 production and service locations across four continents of Asia, Europe, Americas, and Africa, and offers customer diversified electronic products with D(MS)² product services: Design, Manufacturing, Miniaturization, Industrial Software and Hardware Solutions, and Material Procurement, Logistics and Maintenance Services.

(I) An overview of the Company's performance in 2025

In 2025, AI technology and computing power investment continued to be the focus of global scientific and technological development. The intelligent upgrade of consumer electronic products had a relatively mild driving effect on market demand. The demand for industrial products gradually picked up. The European and American automotive industries were facing a complex business environment in transition. Factors such as US dollar interest rates, geopolitics, and supply chain restructuring deeply affected the global and regional supply and demand conditions, and the economic boom required a longer recovery period.

In 2025, in response to the restructuring of the global supply chain and customers' demand for localized manufacturing, the Company continued to expand its overseas production capacity. At the same time, the Company faced pricing pressure from customers seeking supply chain cost reductions, which led to an increase in operating costs. Nevertheless, through continued investment in innovative businesses and ongoing cost control measures, the Company achieved certain positive results. The Company's operating revenue decreased by 2.46% YoY in 2025. Operating profit reached RMB 2.105 billion, representing a YoY increase of 12.39%, which in turn contributed to corresponding growth in total profit and net profit attributable to shareholders of the Company.

(II) Changes in revenue

In 2025, the Company achieved operating revenue of RMB 59.195 billion, representing a YoY decrease of 2.46%. By product category, revenue from consumer electronics products increased by 10.92% YoY, industrial products increased by 2.48%, and medical electronics products increased by 12.79%. Revenue from cloud and storage products decreased by 0.23% YoY, revenue from communication products decreased by 11.53%, and revenue from automotive electronics products decreased by 24.45%.

Changes in revenue by product category reflect changes in the global economy and end-market demand. Consumer electronics products recorded growth due to the recovery in end-market demand. Communication products experienced a decline in revenue as lower material procurement costs for major customers led to reduced product selling prices. Automotive electronics products experienced a notable

decrease in revenue, mainly due to some customers reducing outsourced manufacturing orders, weakened demand, and changes in the scope of consolidated financial statements.

(III) Changes in expenses and profits

In 2025, the Company's gross profit margin was 9.49%, remaining flat YoY. Benefiting from continued cost control measures as well as gains on asset disposals arising from the sale of land by overseas subsidiaries to indirectly controlled entities, the Company's operating profit margin increased to 3.56%, representing a YoY increase of 0.47 percentage points. In 2025, the Company achieved operating profit of RMB 2.105 billion, up 12.39% YoY.

In 2025, the Company's total selling expenses, administrative expenses, R&D expenses, and financial expenses amounted to RMB 3.866 billion, representing a YoY decrease of RMB 134 million, or 3.35%. Specifically, administrative expenses decreased by RMB 78 million, down 5.71% YoY; R&D expenses decreased by RMB 6 million, down 0.33% YoY; selling expenses decreased by RMB 5 million, down 1.25% YoY; and financial expenses decreased by RMB 44 million, down 14.16% YoY, mainly attributable to lower interest expenses in 2025. The Company's selling, administrative, and R&D expenses all declined to varying degrees, primarily due to continued cost control measures and changes in the scope of consolidation.

Driven by the YoY growth in operating profit, the Company achieved total profit of RMB 2.139 billion in 2025, representing a 15.41% YoY increase. Net profit attributable to shareholders of the Company amounted to RMB 1.853 billion, up 12.16% YoY.

(IV) Key results of work in 2025

1. Focus on innovative businesses

Rapid growth in global investment in computing infrastructure is driving accelerated technological upgrades and service iteration across the AI industry and its supply chain. North American CSP customers are no longer seeking solely manufacturing services; instead, they increasingly emphasize early-stage collaborative R&D, expecting supply-chain partners to jointly provide integrated solutions in order to accelerate time to market.

In 2025, the Company actively expanded its data-center-related businesses, focusing on server boards, optical communications, and AI server power supply solutions, and accelerating the development of products and production capacity.

In the server board segment, the Company strengthened collaboration with CSP customers, achieving revenue growth of over 200% in its AI accelerator card business. The Company plans to expand capacity and enhance its smart manufacturing capabilities to maintain growth momentum and further increase market share.

In the optical communications segment, the Company completed an investment to acquire a controlling stake in EugenLight, completing the product portfolio and establishing a comprehensive presence in optical communications. The Company has launched 1.6T silicon photonics modules and has planned investments at its Vietnam facility to build production capacity of 100,000 units per month for 800G/1.6T silicon photonics modules, covering the full production flow including optical engines, module assembly, and final testing.

In the AI server power supply segment, the Company is working closely with its parent company ASE to develop vertical power delivery system solutions with HVDC input, targeting future SoW process-based server architectures.

At the same time, the Company plans to further expand its investment in Haiphong, Vietnam, and has formally signed a memorandum of understanding with SHP (Sai Gon-Hai Phong Industrial Park Corporation) for the expansion of its second Vietnam factory at Trang Due Industrial Park.

2. Strengthen the supply chain serving global manufacturing

The Company has developed local suppliers in each region to increase the proportion of localized supply, reduce transportation time and costs, and enhance supply flexibility and response speed; proactively cultivated domestic suppliers with competitive advantages in raw materials, as well as equipment suppliers for production, testing, and automation; leveraged scale and efficiency advantages to serve clients with

sizable demand; and additionally, continuously improved global supply chain operations, inventory management, process and system optimization, and sustainability management.

3. Advance smart manufacturing capabilities

The Company's global manufacturing facilities increased their smart manufacturing rating by 0.33 stars to reach 3.37 stars. Over the year, automation initiatives reduced costs by millions of dollars, with the development of 6 new universal automation platforms and the completion of 61 digital automation modules (including 6 AI modules). Moving forward, the Company's automation enhancements will focus on new projects for key clients, aiming to lower automation equipment costs and deployment timelines through centralized procurement and improved internal assembly capabilities.

4. Accelerate digital transformation

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

5. ESG performance hits another milestone

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

The Company has been included in the S&P Global Sustainability Yearbook 2026 for four consecutive years, achieving outstanding performance in the Electronic Equipment, Instruments & Components industry group. With an overall score of 90, the Company has been honored as "Top 1% S&P Global ESG Score (China)" for three consecutive years.

IV. Analysis of core competitiveness during the reporting period

Applicable Not Applicable

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

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

The Company is a world-renowned manufacturer in the EMS industry. In the global ranking of EMS providers, the Company ranked 13th in revenue scale in 2024, with its annual revenue growth rate and net operating margin of main business ranking top in the industry. The Company is a leading manufacturer in many business segments and an industry leader in SiP miniaturization technology, with a prominent position in the industry.

The Company attaches great importance to internal control and corporate governance, strictly abides by the requirements of laws and regulations, and follows the relevant regulatory requirements of the Shanghai Stock Exchange as well as the Taiwan Stock Exchange and the New York Stock Exchange where its parent company ASE Technology Holding Co., Ltd is listed. The Company has been awarded the A-level rating on information disclosure by the Shanghai Stock Exchange for 10 times, and has won a series of honors in the field of business operation and corporate governance.

December 2022	Won 2022 Best Practices of Board of Directors' Office Award by China Association for Public Companies, and "ESG Pioneer Enterprise" in the 2022 CLS ESG Award
February 2023	Included in S&P Global Sustainability Yearbook for two consecutive years, ranking top 10%
May 2023	Won four major awards of "2022 Investor Relations Gold Award"
June 2023	Honored with the distinction of Top 1% in S&P Global ESG Score among Chinese enterprises and Most Improved Company in the Industry.
September 2023	Won the "Top 100 Shanghai Enterprises in 2023 (32 nd)" and "Top 100 Shanghai Emerging Industry Enterprises in 2021 (8 th)" issued by the Shanghai Enterprise Confederation
November 2023	Won Best ESG Practices of Listed Companies in 2023, and Best Practices of 2022 Earnings Call issued by China Association for Public Companies
February 2024	Included in S&P Global Sustainability Yearbook for three consecutive years, winning the highest CSA score in the Electronic Equipment, Instruments & Components Industry across the world
July 2024	Honored for two consecutive years with the distinction of Top 1% in S&P Global ESG Score among Chinese enterprises and Most Improved Company in the Industry.
July 2024	The MSCI ESG Rating has been upgraded from BB to BBB.
November 2024	Won 2024 Best Practices of Board of Directors/Board of Directors' Office Award by China Association for Public Companies
December 2024	Achieved Bronze Medal in the EcoVadis Sustainability Assessment.
January 2025	Awarded the title of "2024 Shanghai Manufacturing Single Champion" by the Shanghai Municipal Commission of Economy and Information Technology
February 2025	Awarded the 2024 Pudong New Area Award for Outstanding Contribution to Science and Technology Innovation
February 2025	Four consecutive years in the S&P Global Sustainability Yearbook; Global Top 5% (No. 2).
May 2025	Honored for three consecutive years with the distinction of Top 1% in S&P Global ESG Score among Chinese enterprises
September 2025	Best Practices in Internal Control of Listed Companies 2025, China Association for Public Companies
November 2025	Excellent Board Practices of Listed Companies 2025, China Association for Public Companies
December 2025	Included in the Top 50 New Quality Productive Forces of Chinese Listed Companies at the 19th Securities Times Awards

(II) Advantages of New Business Deployment under the Group's Vertical Technological Integration

Rapid growth in global investment in computing infrastructure is driving accelerated technological upgrades and service iteration across the AI industry and its supply chain. North American CSP customers are no longer seeking pure manufacturing services; instead, they increasingly require earlier-stage collaborative research and development, expecting supply-chain partners to provide integrated solutions to accelerate time to market.

The Company's parent company ASE occupies a critical position in the global semiconductor manufacturing ecosystem, particularly in packaging, testing, and back-end manufacturing. In recent years, ASE has continued to increase investment in advanced packaging and has strengthened collaboration with leading players across the industry chain through strategic alliances, further consolidating and enhancing its competitive position. Against this backdrop, the Company is well positioned to play an increasingly important strategic role in future, enabling both parties to achieve synergistic effects, improve integration efficiency and cost competitiveness, and potentially secure a leading position.

The Company has actively expanded into AIDC related innovative business, including computing boards, optical communications, and server power supply solutions, while deepening business collaboration and vertical technological integration with ASE to deliver higher value-added solutions to leading customers. The Company's innovative business portfolio is closely aligned with AI data center infrastructure

development, representing a key component within the “energy–chip–infrastructure–model–application” architecture. Over the past year, the continuous iteration of AI models has enabled large-scale applications to deliver tangible economic value, further driving demand for underlying infrastructure investment. As a result, the Company’s innovative business lines are expected to benefit from the next cycle of capital investment and to establish distinctive growth advantages in the AIDC sector.

(III) Global layout and advantages in localized services

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

Through its global layout, the Company not only globalizes its business cooperation and production bases, but also focuses on the global market and integrates global resources to become a more international company. At present, the Company has 28 manufacturing sites in 12 countries or regions including Chinese mainland, Taiwan, Vietnam, the United States, Mexico, France, Germany, the United Kingdom, the Czech Republic, Poland, and Tunisia. To meet customers' differentiated needs, the Company provides global customers with diversified manufacturing service solutions based on localized operating systems in North America, Europe, Asia Pacific and North Africa, and forms a competitive advantage in global operations and differentiated services.



(IV) Diversified business areas and rich product portfolio

The Company not only has the comprehensive strength of professional design and manufacture of electronic products (covering electronic components, spare parts and complete machines) and system assembly, but also has the advantages of strategic selection of sub-sectors and integration of products. The Company has a diversified and balanced product portfolio covering five major fields of communication electronics, consumption electronics, cloud and storage products, industrial and medical electronics, and automotive electronics.

At the same time, the Company closely monitors and assesses industry development trends and flexibly adjusts its business layout in response to market dynamics and customer needs, with a strategic focus on achieving breakthroughs in AIDC-related innovative business lines, including computing boards, optical communications, and server power supply solutions, as well as in the edge AI segment.

(V) Focus on automation and intelligent manufacturing

As a global leader in electronic design and manufacturing, the Company has been taking "intelligent manufacturing" as one of its important business strategies. The Company uses Industry 4.0 automation

technology to realize the intelligent manufacturing roadmap. At present, technologies that have been introduced include internal automation equipment communication network supporting 4G and 5G, Automatic Material Handling Systems (AMHS), fully automated manipulator testing unmanned workshop, and real-time production equipment status monitoring platform with remote access dashboard; AI technology has been applied to the management of key production equipment, production systems, product inspection systems, and Digital Twin System. The Company will continue to comprehensively enhance the intelligent manufacturing capacity and automation level of its regional manufacturing sites in Asia, Europe, and North America. It plans to upgrade all factories that have been introduced into Industry 4.0 by an average of 0.22 star by 2026, and to have five lights-out factories by 2028 to achieve fully automated production.

(VI) Product innovation driven by R&D

The Company always attaches great importance to technology research and development, and continues to increase investment in research and development. From 2023 to 2025, the Company's R&D investment was RMB 1.81 billion, 1.91 billion, and 1.90 billion respectively. As of the end of 2025, the Company had an R&D team of 3,030 employees, and obtained 620 patents and 244 potential patents under application. For details of the Company's R&D plan, please refer to "Section VI Discussion and Analysis on the Company's Future Development - Business Plan."

(VII) Long-term adherence to sustainable management

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



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

The Company has been constantly improving the career planning, performance appraisal and incentive mechanism of employees, providing a platform for the development of talents, a channel for more

outstanding talents to join and a powerful talent guarantee for the Company to achieve its development goals. The Company has established a long-term and effective employee incentive mechanism to improve the cohesion of employees and enterprise competitiveness, and ensure its long-term and stable development. Since 2019, the Company has launched employee stock ownership plans and stock option incentive plans according to operational needs. As of the end of 2025, the Company has launched three stock option incentive plans, granting a total of 59.45 million stock options with 34,424,615 shares exercised by employees, and six employee stock ownership plans, transferring a total of 11,576,197 shares from treasury shares to the plans.

While operating steadily, the Company takes the mission of "creating value for shareholders and sharing growth with shareholders". In order to fully protect the interests of shareholders and enhance investor confidence, the Company has continuously launched share repurchase plans, repurchasing 13,037,477, 16,042,278, 9,356,317, 6,740,400 and 6,321,100 shares in 2019, 2021, 2022, 2024, and 2025 respectively. As of the end of 2025, the Company has achieved a cumulative net profit of RMB 19.26 billion, and a cumulative cash dividend (including the 2025 dividend plan) of RMB 6.9 billion since listing, with an average cash payout ratio of 35.83%.

V. Main business operations during the reporting period

In 2025, the Company achieved operating revenue of RMB 59.195 billion, representing a YoY decrease of 2.46% compared to RMB 60.691 billion in 2024. The primary reasons for the change in operating revenue were as follows: (1) Revenue from communication products decreased by 11.53% YoY, mainly due to product price reductions resulting from lower procurement costs of key materials; (2) Revenue from consumer electronics products increased by 10.92% YoY, primarily driven by higher sales volumes resulting from market promotions by major customers; and (3) Revenue from automotive electronics products decreased by 24.45% YoY, mainly attributable to certain key customers reducing outsourced manufacturing orders, weaker customer demand, and changes in the scope of consolidation.

In 2025, the Company's total selling expenses, administrative expenses, R&D expenses, and financial expenses amounted to RMB 3.866 billion, representing a YoY decrease of RMB 134 million, or 3.35%, compared with RMB 4 billion in 2024.

In 2025, the Company achieved operating profit of RMB 2.105 billion, representing a 12.39% increase compared with RMB 1.872 billion in 2024. Total profit amounted to RMB 2.139 billion, up 15.41% YoY from RMB 1.854 billion in 2024. Net profit attributable to shareholders of the Company reached RMB 1.853 billion, representing a 12.16% YoY increase compared with RMB 1.652 billion in 2024.

(I) Main business analysis

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

Unit: yuan Currency: RMB

Item	2025	2024	Change (%)
Revenue	59,195,055,821.58	60,690,651,098.10	-2.46
Operating costs	53,579,581,679.30	54,929,613,226.02	-2.46
Sales expenses	404,219,301.75	409,346,671.29	-1.25
Administrative expenses	1,292,285,437.01	1,370,514,447.54	-5.71
R&D expenses	1,901,272,779.33	1,907,549,706.46	-0.33
Financial expenses	268,387,800.59	312,651,073.77	-14.16
Net cash flows from operating activities	2,403,926,963.26	4,210,266,611.54	-42.90
Net cash flow from investment activities	-714,520,948.17	-1,195,865,276.84	N/A
Net cash flow from financing activities	-916,900,787.07	-1,762,974,531.62	N/A

Explanation for the change in net cash flows from operating activities: During the current period, accounts receivable collections proceeded normally, and the Company continued to strengthen inventory management, thereby maintaining stable cash inflows from operating activities.

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

Applicable Not Applicable

2. Revenue and cost analysis

Applicable Not Applicable

In the current period, the Company's revenue from its main businesses decreased by 2.48% over the same period last year, and costs incurred by its main business decreased by 2.46% over the same period last year. The specific analysis is as follows:

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

Unit: yuan Currency: RMB

Main business by product						
Product	Revenue	Operating costs	Gross profit margin (%)	Revenue YoY (%)	Operating cost YoY (%)	Gross profit margin YoY (%)
Communication electronics	18,386,356,833.82	16,999,812,185.28	7.54	-11.53	-11.48	Down 0.05 pct.
Consumer electronics	21,299,651,643.18	19,743,335,613.05	7.31	10.92	12.06	Down 0.94 pct.
Industrial products	7,585,176,551.35	6,543,063,561.07	13.74	2.48	0.01	Up 2.13 pct.
Cloud and storage products	6,082,419,829.05	4,899,742,133.73	19.44	-0.23	-2.24	Up 1.66 pct.
Automotive electronics	4,511,451,062.52	4,113,513,480.64	8.82	-24.45	-25.17	Up 0.87 pct.
Medical electronics	376,589,267.21	359,518,329.07	4.53	12.79	12.77	Up 0.02 pct.
Others	871,599,334.38	920,106,086.66	-5.57	5.58	25.44	Down 16.72 pct.
Total	59,113,244,521.51	53,579,091,389.50	9.36	-2.48	-2.46	Down 0.02 pct.
Main business by region						
Region	Revenue	Operating costs	Gross profit margin (%)	Revenue YoY (%)	Operating cost YoY (%)	Gross profit margin YoY (%)
Chinese Mainland	34,762,917,485.81	31,292,441,206.69	9.98	-7.28	-7.67	Up 0.38 pct.
Other regions in APAC	19,813,275,302.72	18,211,477,822.30	8.08	5.44	6.49	Down 0.90 pct.
Europe	5,028,859,660.83	4,640,593,791.25	7.72	-3.46	1.04	Down 4.12 pct.
Others	5,053,134,851.94	4,700,063,172.01	6.99	-1.18	-6.28	Up 5.06 pct.
Inter-segment offsetting	-5,544,942,779.79	-5,265,484,602.75	5.04	-7.44	-7.17	Down 0.28 pct.
Total	59,113,244,521.51	53,579,091,389.50	9.36	-2.48	-2.46	Down 0.02 pct.

Explanation of the main business by sector, product, region and sales mode

As the Company adjusted its product classification, prior-period figures were restated to ensure comparability of period-on-period data.

(2). Analysis of production and sales volume

Applicable Not Applicable

Main products	Production volume	Sales volume	Inventory	Production YoY(%)	Sales volume YoY (%)	Inventory YoY (%)
Communication electronics	441,171,275.00	441,331,838.00	25,110,810.00	-10.76%	-10.72%	-0.64%
Consumer electronics	523,884,319.00	517,423,291.00	16,027,193.00	17.50%	16.75%	67.54%
Industrial products	18,106,348.00	17,859,631.00	811,440.00	-10.61%	-12.00%	43.69%
Cloud and storage products	18,989,634.00	18,669,878.00	1,200,001.00	23.51%	21.21%	36.33%
Automotive electronics	69,577,597.00	70,800,507.00	6,841,967.00	-27.05%	-25.40%	-15.16%
Medical electronics	1,150,557.00	1,128,382.00	37,651.00	28.86%	24.87%	143.29%
Others	6,853,201.00	6,878,414.00	66,404.00	-14.75%	-14.47%	-27.52%

Total	1,079,732,931.00	1,074,091,941.00	50,095,466.00	-0.04%	-0.28%	12.69%
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Explanation of production and sales volume

1. Growth in sales volume of consumer electronics products was primarily driven by promotional activities of major customers.
2. Growth in sales volume of cloud and storage products was supported by robust demand for AI-related products.

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

Applicable Not Applicable

(4). Cost analysis

Unit: yuan Currency: RMB

Cost analysis by product							
Product	Cost item	2025	Percentage in total cost (%)	Amount in the same period last year	Percentage in total cost (%)	YoY (%)	Note
Communication electronics	Raw materials	15,720,477,976.48	92.47	17,964,667,546.66	92.31	-12.49	
	Labor and others	1,279,334,208.80	7.53	1,496,613,347.64	7.69	-14.52	
Consumer electronics	Raw materials	18,138,807,777.70	91.87	16,411,791,453.95	93.15	10.52	
	Labor and others	1,604,527,835.35	8.13	1,207,380,563.98	6.85	32.89	
Cloud and storage products	Raw materials	4,189,130,722.24	85.50	4,310,088,572.15	85.99	-2.81	
	Labor and others	710,611,411.49	14.50	702,058,048.78	14.01	1.22	
Industrial products	Raw materials	5,130,384,383.52	78.41	4,964,292,613.31	78.97	3.35	
	Labor and others	1,412,679,177.55	21.59	1,321,895,531.84	21.03	6.87	
Automotive electronics	Raw materials	2,932,312,484.95	71.28	4,174,217,256.15	75.94	-29.75	
	Labor and others	1,181,200,995.69	28.72	1,322,663,834.04	24.06	-10.70	
Medical electronics	Raw materials	247,257,339.38	68.77	230,364,256.39	72.26	7.33	
	Labor and others	112,260,989.68	31.23	88,441,171.99	27.74	26.93	
Others	Raw materials	530,446,431.37	57.65	541,613,669.73	73.84	-2.06	
	Labor and others	389,659,655.29	42.35	191,864,959.29	26.16	103.09	
Total	Raw materials	46,888,817,115.65	87.51	48,597,035,368.34	88.47	-3.52	
	Labor and others	6,690,274,273.85	12.49	6,330,917,457.56	11.53	5.68	

Explanation of other aspects of cost analysis

None

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

Applicable Not Applicable

On April 25, 2025, the Company entered into an equity transfer agreement with its indirect controlling shareholder, Real Tech Holdings Limited, to sell its indirectly held 75.1% equity interest in its controlling subsidiary UNIVERSAL AMPLE TECHNOLOGY Co., LIMITED for a consideration of USD 49,783,000. The transaction was completed on September 1, 2025.

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

Applicable Not Applicable

(7). Major customers and major suppliers

Explanation of the presentation of the following customer and supplier information calculated and disclosed on a consolidated basis under the same control principle:

Customers or suppliers under the control of the same controlling party are regarded as the same customer or supplier and are presented on a consolidated basis, except for those ultimately controlled by the same state-owned assets supervision and administration authority, which are not aggregated.

A. The Company's Principal Customers and Major Suppliers
 Applicable Not Applicable

The sales to the top five customers amounted to RMB 33.41 billion, accounting for 56.45% of the total annual sales; among the top five customers, the sales to related parties amounted to 0 RMB, accounting for 0% of the total annual sales.

The purchase amount from the top five suppliers was RMB 25.07 billion, accounting for 50.57% of the total purchase amount; among the top five suppliers, the purchase amount from related parties was 0 yuan, accounting for 0% of the total purchase amount.

B. During the reporting period, the proportion of sales to a single customer exceeded 50% of the total, and there were new customers among the top 5 customers or heavy dependence on a few customers.
 Applicable Not Applicable

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

 Applicable Not Applicable

C. Whether the Company's shares were subject to delisting risk warning or other risk warnings during the reporting period

Top five customers

 Applicable Not Applicable

Top five suppliers

 Applicable Not Applicable

D. Existence of trade business revenue during the reporting period
 Applicable Not Applicable

Other explanations

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

Unit: 10,000 yuan Currency: RMB

No.	Customer name	Amount	Proportion (%)
1	Customer A	2,343,103.59	39.58
2	Customer B	354,397.99	5.99
3	Customer C	247,480.12	4.18
4	Customer D	210,075.07	3.55
5	Customer E	186,277.34	3.15
Total		3,341,334.11	56.45

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

Unit: 10,000 yuan Currency: RMB

No.	Supplier name	Amount	Proportion (%)
1	Supplier A	1,367,658.02	27.58
2	Supplier B	867,261.78	17.49
3	Supplier C	101,958.96	2.06
4	Supplier D	95,677.07	1.93
5	Supplier E	74,687.14	1.51
Total		2,507,242.97	50.57

3. Expenses
 Applicable Not Applicable

Unit: yuan Currency: RMB

Item	Current Period Amount	Prior Period Amount	Change	YoY	Remark
Sales expenses	404,219,301.75	409,346,671.29	-5,127,369.54	-1.25	
Administrative expenses	1,292,285,437.01	1,370,514,447.54	-78,229,010.53	-5.71	
R&D expenses	1,901,272,779.33	1,907,549,706.46	-6,276,927.13	-0.33	
Financial expenses	268,387,800.59	312,651,073.77	-44,263,273.18	-14.16	

4. R&D investment

(1). Particulars of R&D investment

 Applicable Not Applicable

Unit: yuan Currency: RMB

Expensed R&D investment in the current period	1,901,272,779.33
Capitalized R&D investment in the current period	-
Total R&D investment	1,901,272,779.33
Proportion of total R&D investment to revenue (%)	3.21
Proportion of capitalized R&D investment (%)	0

(2). Table of R&D personnel

 Applicable Not Applicable

Number of R&D personnel in the Company	3,030
Proportion of R&D personnel in the total number of employees of the Company (%)	13.95
Breakdown by educational background	
Educational background	Number of personnel
Doctor's degree	17
Master's degree	1,167
Bachelor's degree	1,536
Junior college	277
Senior high school and below	33
Breakdown by age	
Age	Number of personnel
Under 30 years old (excluding 30 years old)	348
30-40 years old (including 30 years old and excluding 40 years old)	1,038
40-50 years old (including 40 years old and excluding 50 years old)	1,137
50-60 years old (including 50 years old and excluding 60 years old)	493
60 years old and above	14

(3). Remark

 Applicable Not Applicable

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

 Applicable Not Applicable

5. Cash flow

 Applicable Not Applicable

Unit: yuan Currency: RMB

Items	Current Period Amount	Prior Period Amount	Reasons for changes
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Net cash flows from operating activities	2,403,926,963.26	4,210,266,611.54	Mainly due to normal collection of receivables during the current period and the Company's continued strengthening of inventory management.
Net cash flow from investment activities	-714,520,948.17	-1,195,865,276.84	Primarily attributable to the disposal of land by subsidiaries during the current period, as well as the payment of the remaining consideration for the acquisition of the HCC in the corresponding period of the previous year.
Net cash flow from financing activities	-916,900,787.07	-1,762,974,531.62	Mainly due to the exercise of employee stock options during the current period, as well as a higher amount of short-term borrowings repaid in the corresponding period of the previous year.

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

Applicable Not Applicable

(III) Analysis of assets and liabilities

Applicable Not Applicable

1. Assets and Liabilities

Unit: yuan Currency: RMB

Items	Ending Balance (Current Period)	Proportion to total assets (%)	Ending Balance (Prior Period)	Proportion to total assets (%)	YoY	Remark
Trading Financial Assets	9,800,747.96	0.02	42,291,303.91	0.11	-76.83	Mainly due to a decrease in outstanding unsettled forward foreign exchange contracts at the end of the current period.
Notes receivable	109,607,255.52	0.27	79,450,682.42	0.20	37.96	Mainly due to the receipt of a higher amount of notes at the end of the current period.
Prepayments	92,620,111.45	0.23	53,561,714.38	0.13	72.92	Mainly due to an increase in advance payments for raw materials during the current period.
Non-current assets due within one year	0.00	0.00	130,008.72	0.00	-100.00	Mainly due to the collection of lease receivables during the current period.
Investments in Other Equity Instruments	13,587,010.31	0.03	22,769,795.62	0.06	-40.33	Mainly due to cash capital reduction in industrial investment funds and changes in fair value during the current period.
Construction in progress	185,146,576.52	0.46	364,667,733.73	0.91	-49.23	Mainly due to the completion of acceptance of factory buildings by overseas subsidiaries and their transfer to fixed assets during the current period.
Derivative financial liabilities	2,750,760.31	0.01	4,775,306.67	0.01	-42.40	Mainly due to changes in the fair value of derivative financial instruments during the current period.
Taxes payable	220,849,106.91	0.55	390,100,700.18	0.98	-43.39	Mainly due to the netting of input and output VAT of overseas subsidiaries during the current period.
Non-current liabilities due within one year	344,241,485.07	0.85	193,691,444.57	0.48	77.73	Mainly due to the reclassification of long-term borrowings payable within one year to current liabilities.
Other current liabilities	7,067,308.83	0.02	11,106,077.85	0.03	-36.37	Mainly due to subsidiaries' payment of employee costs related to relocation during the current period.
Long-term Borrowings	125,534,368.00	0.31	29,872,115.04	0.07	320.24	Mainly due to an increase in long-term borrowings by overseas subsidiaries.

Bond payable	2,107,520,109.67	5.21	3,467,944,609.76	8.67	-39.23	Mainly due to the conversion of bonds payable into equity.
Long-term payables	27,115,905.87	0.07	18,348,682.49	0.05	47.78	Mainly due to an increase in income tax provisions related to Pillar Two during the current period.
Estimated Liabilities	49,702,177.15	0.12	74,187,068.91	0.19	-33.00	Mainly due to the reversal of previously accrued product quality assurance provisions by subsidiaries.
Other non-current liabilities	1,799,639.99	0.00	1,317,464.14	0.00	36.60	Mainly due to an increase in factory lease deposits paid by subsidiaries.
Other equity instruments	205,965,039.67	0.51	409,888,096.26	1.02	-49.75	Mainly due to the conversion of bonds payable into equity.
Capital reserve	3,769,132,106.24	9.31	2,049,016,598.82	5.12	83.95	Mainly due to the conversion of bonds payable into equity.
Treasury Stock	233,565,519.89	0.58	100,052,846.15	0.25	133.44	Mainly due to share repurchases conducted during the current period.
Minority interests	495,721.37	0.00	124,007,588.44	0.31	-99.60	Mainly due to the disposal of equity interests in overseas subsidiaries during the current period, resulting in changes in the scope of consolidation.

Other explanations

None

2. Overseas assets

Applicable Not Applicable

(1) Asset size

Including: overseas assets 20,099,760,316.86 (unit: yuan; currency: RMB), accounting for 49.65% of the total assets.

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

Applicable Not Applicable

Unit: RMB 10,000 yuan

Overseas assets	Causes	Operating model	Operating Revenue (Reporting Period)	Net Profit (Reporting Period)
Universal Global Scientific Industrial Co., Ltd.	Establishment	Independent operation	1,123,704	38,369
Universal Global Technology Co., Limited	Establishment	Independent operation	2,335	-5,567
Universal Global Industrial Co., Limited	Establishment	Independent operation	659	1,088
UNIVERSAL SCIENTIFIC INDUSTRIAL VIETNAM COMPANY LIMITED	Establishment	Independent operation	579,665	9,909
Universal Scientific Industrial (France)	Establishment	Independent operation	562	-308
Universal Scientific Industrial De México S.A. De C.V.	Business combination under common control	Independent operation	432,884	-2,497
Universal Scientific Industrial Co., Ltd.	Business combination under common control	Independent operation	275,062	5,173

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

Applicable Not Applicable

4. Other explanations

Applicable Not Applicable

(IV) Analysis of industry business information

√Applicable □ Not Applicable

1. In terms of communication products, Apple smart phones accounted for 19% of the global smart phone market in 2025, with sales volume reaching 231 million units, an increase of 1% over that of 2024.

WW Smart Phone Estimated Market Share

	2024		2025		24'25
	Shipments (M units)	Market Share%	Shipments (M units)	Market Share%	YoY Growth%
Worldwide Total	1,194		1,221		2.3%
Samsung	224	19%	235	19%	7%
Apple	219	18%	231	19%	3%
Xiaomi	160	13%	168	14%	5%
OPPO	140	12%	141	12%	0%
Transsion	99	8%	99	8%	0%
Others	351	29%	403	33%	15%

Source: USI compilation, February 2026

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

WW Wearable Market Forecast

	2024	2025F	2026F	2027F	2028F	24/25 Growth	24-28 CAGR
Total Shipment (M Units)	545	587	617	645	666	5.3%	5.1%
Earwear	341	363	380	398	411	6.5%	4.8%
Smartwatch	153	162	166	169	171	5.9%	2.8%
Wrist Band	39	45	44	43	42	15.4%	1.9%
Glasses	3.0	9.0	15.0	17.0	19.0	200%	58.6%
AR HMD	7.0	4.0	7.0	10.0	12.0	-43%	14.4%
VR HMD	1.0	1.0	2.0	6.0	7.0	0%	62.7%
Others	1.0	1.0	1.0	1.0	1.0	0.0%	0.0%

Source: USI compilation, February 2026

3. In the cloud and storage products segment, driven by the continued surge in global computing power demand, shipments of optical modules are expected to continue to grow significantly, while the compound annual growth rate (CAGR) of AI servers is projected to be markedly higher than that of the overall server industry. By strengthening collaboration with key customers, the Company is seeking to secure a greater share of the market and orders related to AI hardware.

3.1 WW Server Shipment Forecast

Server	2024	2025	2026	2027	2028	2029	24-29 CAGR
Shipments (K Units)	14,888	15,636	16,058	17,215	17,834	18,298	5.1%
YoY%	1.8%	5.0%	2.7%	7.2%	3.6%	2.6%	

Source: USI compilation, February 2026

3.2 AI Server Shipment Forecast

AI Server	2024	2025	2026	2027	2028	24-28 CAGR
Shipments (K Units)	1,434	1,790	2,095	2,324	2,517	15.1%

Source: USI compilation, February 2026

3.3 Switches Shipment Forecast

Switch	2024	2025	2026	2027	2028	2029	24-29 CAGR
Revenue (\$ Billion)	38.5	42.4	46.3	49.2	51.1	52.9	5.7%
YoY%	11.9%	10.1%	9.2%	6.3%	3.9%	3.5%	

Source: USI compilation, February 2026

3.4 SSD Shipment Forecast

SSD	2024	2025	2026	2027	2028	24'25	25-29
						YoY	CAGR
Total SSD Revenue (\$ Billion)	54.0	70.0	98.6	138.9	195.7	29.5%	40.9%

Source: USI compilation, February 2026

3.5 Optical Transceiver Shipment Forecast

Optical Transceiver	2024	2025F	2026F	2027F	2028F	24-28 CAGR
Shipments (thousand units)	9,513	24,200	63,700	85,167	113,868	86.0%

Source: USI compilation, February 2026

4. In terms of industrial products, the market of smart handheld devices and POS grew by 10% in 2025 due to the recovery of logistics and warehousing demand and the recovery of retail industry.

	2024	2025	2026	2027	2028	24'25	24-28
						YoY	CAGR
Total POS Revenue (\$ Billion)	110	121	131	142	153	10%	8%

Source: USI compilation, February 2026

5. In terms of the automotive products, 2025 automotive electronics market grew by 11%, and the CAGR from 2025 to 2028 is expected to be 11%.

5.1 Global Automotive Electronics Market Forecast

	2024	2025	2026	2027	2028	24'25	25-28
						YoY	CAGR
Total AE Revenue (\$ Billion)	281	312	357	388	411	11%	9.6%

Source: USI compilation, February 2026

5.2 Global Electric Vehicle Market Forecast

Electric Vehicle	2024	2025	2026	2027	2028	24'25	25-28
						YoY	CAGR
Total (K units)	22,100	20,430	22,800	25,700	28,800	-8%	12%

Source: USI compilation, February 2026

5.3 Total Auto Power Module

	2024	2025	2026	2027	2028	24'25	25-28
						YoY	CAGR
Auto Power Module (\$ Million)	3,473	3,340	3,557	3,788	4,035	-4%	7%

Source: USI compilation, February 2026

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

Medical Product Assembly Value (\$ Million)	2024	2025	2026	2027	2028	24'25	25-28
						YoY	CAGR
Total	63,891	67,865	72,043	76,605	81,632	6.2%	6.4%
Medical Diagnostics	25564	27200	28913	30764	32702	6.4%	6.3%
Therapeutic	14491	15302	16144	17129	18208	5.6%	6.0%
Monitoring & Surgical	23837	25362	26986	28713	30723	6.4%	6.6%

Source: USI compilation, February 2026

(V) Analysis of investment

Overall analysis of foreign equity investment

Applicable Not Applicable

As of the end of the reporting period, the Company's long-term equity investment was RMB 528 million, an increase of RMB 12 million or 2.28% from the beginning of the year. The primary reason is the recognition of investment gains or losses under the equity method during the current period.

1. Significant equity investment

Applicable Not Applicable

2. Significant non-equity investment

Applicable Not Applicable

3. Financial assets measured at fair value

Applicable Not Applicable

Unit: yuan Currency: RMB

Category of assets	Opening balance	Gain or loss from change in fair value in the current period	Cumulative changes in fair value included in equity	Impairment provision in the current period	Purchase amount in the current period	Sales/redemption amount in the current period	Other changes	Ending balance
Stocks	84,985,163.62	-21,669,554.00	-3,063,043.91	-	6,909,500.00	-7,085,303.75	771,123.35	60,847,885.31
Private equity funds	138,877,865.84	28,266,071.52	-	-	-	-25,796,085.44	-2,090,873.41	139,256,978.51
Derivatives	37,515,997.24	-32,507,770.89	-	-	-	-114,384,239.37	116,426,000.67	7,049,987.65
Wealth management products	-	-	-	-	10,014,000,000.00	-10,046,317,623.49	32,317,623.49	-
Total	261,379,026.70	-25,911,253.37	-3,063,043.91	-	10,020,909,500.00	-10,193,583,252.06	147,423,874.10	207,154,851.47

Investment in securities

 Applicable Not Applicable

Unit: yuan Currency: RMB

Type of security	Stock code	Stock abbreviation	Initial cost of investment	Source of fund	Beginning book value	Gain or loss from change in fair value in the current period	Cumulative changes in fair value included in equity	Purchase amount in the current period	Sales amount in the current period	Gains and losses on investments in the current period	Ending book value	Accounting items
Stocks		TriKnight Capital Corporation	19,020,375.77	Self-owned funds	22,769,795.62	-	-3,063,043.91	-	-7,085,303.75	965,562.35	13,587,010.31	Investments in other equity instruments
Stocks		Senscomm Semiconductor Co., Ltd.	20,000,000.00	Self-owned funds	17,838,568.00	-8,838,568.00	-	-	-	-	9,000,000.00	Other non-current financial assets
Stocks		PI Semiconductor	30,000,000.00	Self-owned funds	30,000,000.00	1,351,375.00	-	-	-	-	31,351,375.00	Other non-current financial assets
Stocks		Questyle	6,909,500.00	Self-owned funds	-	-	-	6,909,500.00	-	-	6,909,500.00	Other non-current financial assets
Stocks		NeuroBlade Ltd	14,224,800.00	Self-owned funds	14,376,800.00	-14,182,361.00	-	-	-	-194,439.00	-	Other non-current financial assets
Total	/	/	90,154,675.77	/	84,985,163.62	-21,669,554.00	-3,063,043.91	6,909,500.00	-7,085,303.75	771,123.35	60,847,885.31	/

Investment in securities

 Applicable Not Applicable

The increase during the current period was mainly attributable to the purchase of Questyle, which resulted from the reclassification of the equity-accounted long-term equity investment to other non-current financial assets.

Investment in private equity funds

 Applicable Not Applicable

1. Glory Ventures

The Company signed the Suzhou Glory Ventures Equity Investment Partnership (Limited Partnership) Agreement with Shanghai Glory Ventures Investment Management Co.,LTD and 21 other limited partners (LP). USI invested in Suzhou Glory Ventures Equity Investment Partnership (Limited Partnership) as an LP. The total subscription amount payable by the Company was RMB 30,000,000.00. As of December 31, 2024, the Group had fully paid RMB 30,000,000.00 in aggregate, with no outstanding unpaid subscription amount (full capital contribution completed).

2. Tianjin Haihe Yaozhong Equity Investment Partnership (Limited Partnership)

On January 9, 2026, the Company entered into the Partnership Agreement of Tianjin Haihe Yaozhong Equity Investment Partnership (Limited Partnership) with Tianjin Wenzhong Investment Management Co., Ltd. and 12 other partners. As a limited partner, the Company committed to invest in Tianjin Haihe Yaozhong Equity Investment Partnership (Limited Partnership) with a capital contribution of RMB 30 million. As of the date of this report, the Company has completed its initial capital contribution of RMB 12 million in accordance with the aforesaid partnership agreement.

Investment in derivatives

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

Other explanations

The Seventeenth Meeting of the Sixth Session of the Board of Directors and the 2024 Annual General Meeting of Shareholders of the Company reviewed and approved the Proposal on the Amount of Financial Derivatives Transactions, agreeing that the Company may carry out financial derivatives transactions. The Company expected that the total amount of foreign exchange hedging transactions from April 1, 2025, to March 31, 2026, would be limited to USD 1 billion (or the equivalent of other currencies), and that such amount could be utilized on a rolling basis within the approved limit. Subsequently, the Twentieth Meeting of the Sixth Session of the Board of Directors and the First Extraordinary General Meeting of Shareholders in 2025 reviewed and approved the Proposal on Increasing the Amount of Financial Derivatives Transactions and Extending the Authorization Period, pursuant to which the transaction limit was increased to USD 1.9 billion, and the authorization period was extended in its entirety to April 30, 2026. In 2025, the Company's cumulative transaction amount in financial derivatives reached USD 10.869 billion. As of December 31, 2025, USD 10.202 billion of the transactions had been settled, while USD 0.667 billion remained unsettled. The Company recorded realized gains of RMB 148,933,771.56 and unrealized losses of RMB 32,507,770.89 during the year.

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

Applicable Not Applicable

(VI) Sale of material assets and equity

Applicable Not Applicable

Analysis of major holding and joint stock companies

Applicable Not Applicable

1. Holding subsidiaries

Unit: RMB 10,000 yuan

Company Name	Company type	Main business	Registered capital (RMB)	Total assets	Net assets	Net profit
Universal Global Scientific Industrial Co., Ltd.	Holding subsidiary	Production and sales, product design and R&D	NTD 1,980,000,000	664,126	330,278	38,369
UNIVERSAL GLOBAL TECHNOLOGY(KUNSHAN)CO., LTD.	Holding subsidiary	Production and sales	RMB 550,000,000	314,298	167,649	38,766
Universal Global Technology Co., Limited	Holding subsidiary	Trade and Investment	USD 524,803,000	806,298	517,207	-5,567
Universal Global Technology (Shanghai) Co., Ltd.	Holding subsidiary	Production and sales, product design and R&D	RMB 1,330,000,000	255,581	159,169	7,792
Universal Global Technology (Huizhou) Co., Ltd	Holding subsidiary	Production and sales	RMB 800,000,000	203,579	121,686	22,295
Universal Global Industrial Co., Limited	Holding subsidiary	Trade and Investment	USD 51,000,000	275,164	41,749	1,088
Universal Scientific Industrial De México S.A. De C.V.	Holding subsidiary	Contract manufacturing, product repair and related services	Mexico MXN 2,293,299,926	408,477	68,387	-2,497
UNIVERSAL SCIENTIFIC INDUSTRIAL VIETNAM COMPANY LIMITED	Holding subsidiary	Production and sales, product design and R&D	USD 115,000,000	294,068	115,776	9,909
Universal Scientific Industrial (France)	Holding subsidiary	Investment	EUR 321,374,822	290,282	270,083	-308
Asteelflash (Suzhou) Co.,Ltd.	Holding subsidiary	Production and sales	USD 18,000,000	143,503	100,590	8,844

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

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

2. Affiliates

Unit: RMB 10,000 yuan

Company Name	%	Currency of registered capital	Registered capital (RMB)	Total assets	Net assets	Net profit
M-Universe Investments PTE.LTD.	42.23	USD	138,969,126	173,063	125,099	7,880

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

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

Unit: RMB 10,000 yuan

Company Name	Revenue	Operating profit	Net profit	Contribution to
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				consolidated net profit
UNIVERSAL GLOBAL TECHNOLOGY(KUNSHAN)CO., LTD.	490,789	44,755	38,766	21.20%
Universal Global Scientific Industrial Co., Ltd.	1,123,704	43,772	38,369	20.98%
Universal Global Technology (Huizhou) Co., Ltd	291,090	24,620	22,295	12.19%

(VII) Structured entities controlled by the Company

□Applicable √Not Applicable

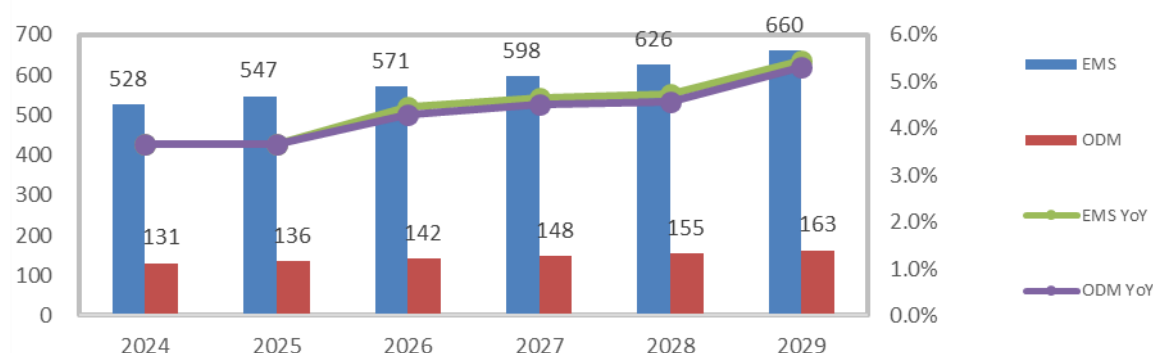
VI. Discussion and analysis of corporate development in the future

(I) Industry landscape and trends

√Applicable □ Not Applicable

1. Global market capacity of the industry

According to the reports by professional market research institutions compiled by the Company, the global electronic manufacturing service (EMS) revenue exceeded USD 682.7 billion in 2025, and is expected to reach USD 820 billion in 2029, growing at an average CAGR of 4.7% from 2025 to 2029. The overall market shows a steady growth trend, and the Asia-Pacific region will maintain a leading growth rate.



Source: USI compilation, February 2026

The Worldwide CM, EMS and ODM Market by Region, 2023-2028

unit: USD 1 million

The Worldwide CM, EMS and ODM Market by Region, 2024-2029							
	2024	2025	2026	2027	2028	2029	CAGR
CM Revenue							
Americas	125,780	130,922	136,592	142,725	149,275	156,221	4.4%
EMEA	98,108	102,223	106,409	110,659	114,972	119,341	4.0%
APAC	434,588	449,528	469,850	492,387	516,549	547,643	4.7%
Total	658,476	682,673	712,851	745,770	780,796	823,205	4.6%
EMS Revenue							
Americas	123,188	128,239	133,804	139,825	146,257	153,058	4.4%
EMEA	95,431	99,439	103,516	107,656	111,855	116,106	4.0%
APAC	308,913	319,246	333,961	350,329	367,971	391,104	4.8%
Total	527,531	546,923	571,281	597,811	626,084	660,268	4.6%

ODM Revenue							
Americas	2,592	2,683	2,788	2,899	3,018	3,163	4.1%
EMEA	2,677	2,784	2,893	3,003	3,117	3,235	3.9%
APAC	125,675	130,283	135,889	142,057	148,578	156,539	4.5%
Total	130,945	135,750	141,569	147,959	154,712	162,937	4.5%

Source: USI compilation, February 2026

2. Global competitive landscape and industry ranking

According to the latest ranking of global EMS providers (2024), USI ranked 13th.

Unit: USD 100 million

Rank	Name of manufacturer	Revenue	Revenue	Annual growth rate	Net operating margin
	Year	2023	2024	23'24	2024
1	Honghai	1,978	2,140	8.2%	2.5%
2	BYD	848	1,091	28.5%	5.4%
3	Quanta	349	440	26.1%	4.3%
4	Lixun	294	394	34.0%	3.5%
5	PEGATRON	404	351	-13.2%	1.7%
6	Wistron	304	327	7.3%	2.9%
7	COMPAL	345	284	-17.7%	1.3%
8	Jabil	335	275	-17.8%	5.1%
9	Flextronics	280	256	-8.6%	4.0%
10	INVENTEC	166	201	20.9%	1.1%
11	Delta	129	131	1.9%	9.6%
12	Celestica	80	96	21.2%	4.4%
13	USI	86	85	-1.1%	2.7%
	Whole Industry	6412	7110	10.9%	2.6%

Source: USI compilation, February 2026

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

The Company's net profit margin in 2024 was 2.7%, higher than the average of the world's top ten electronics manufacturing service providers. In 2025, the Company's net profit margin was 3.1%, an increase of 0.4 percentage points compared to 2024. This was mainly attributable to the Company's continued enhancement of operational efficiency and strengthened control over costs and expenses throughout 2025.

Overall, supported by technological innovation and market demand, profit margins in the global EMS industry are expected to remain stable or improve slightly. AI hardware and smart wearables are among the fastest-growing demand segments. However, rising raw material costs, tight labor markets, and increasing logistics expenses have exerted pressure on margins. In response, companies are enhancing operational efficiency through the adoption of intelligent manufacturing technologies and optimizing supply chains to reduce costs and improve supply chain resilience. Nevertheless, global economic risks stemming from geopolitical factors, rising energy prices, as well as fluctuations in interest rates and exchange rates, have inevitably imposed additional costs and risks on enterprises.

4. Industry landscape

(1) Basic situation of the industry

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

(2) Production capacity supply

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

(3) Supply chain trends

Under the pressure of customers to reduce costs, electronic manufacturing service enterprises are accelerating the optimization of the supply chain and improving the manufacturing sites' localized supply chain. Customers are also placing greater emphasis on supply chain resilience and tend to strengthen cooperation with supply chain partners in order to achieve resource sharing and risk sharing.

(4) Technological development

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

(5) Changes in Client Server Requirements

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

protection and sustainable development, manufacturing service companies are also paying increasing attention to energy conservation and carbon reduction issues and sustainable development.

5. Industrial barriers

(1) Barriers of R&D and manufacturing capacity

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

(2) Barriers to entering brand owners' supply chain

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

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

(3) Barriers of sufficient capital investment

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

(4) Barriers of global business footprint

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

(II) Corporate Development Strategy

Applicable Not Applicable

1. Challenges ahead

(1) Demand from European and U.S. customers for overseas production capacity has increased, particularly for technology-intensive products. To meet customer requirements, the Company needs to make additional capacity investments while optimizing the allocation of capacity across its global manufacturing sites. Meanwhile, declines in capacity utilization at certain facilities, together with costs related to business restructuring, have directly affected the Company's profitability.

(2) The continued impact of factors such as geopolitics, tariff increases, and trade protection has led to higher costs in serving customers. In addition, responding to unforeseen events may require incremental expenditures and could adversely affect normal operations.

(3) Customers have put forward more service requirements for supply chain cost reduction, intelligent manufacturing, cooperative R&D, and selection of manufacturing service bases. The Company needs to adapt to new trends and accelerate transformation and development.

(4) The Company's newly invested production capacity and newly deployed business initiatives require ongoing and increased investment, as well as the integration of additional resources to drive business growth.

(5) The Company has become a global operating enterprise, facing a multi-cultural, multi-lingual, multi-ethnic, and multi-time zone operating environment. It needs to establish a more complete system in terms of strategy implementation, operation management, internal collaboration, team building, and incentive mechanisms.

2. Corresponding strategies

(1) The Company has clearly defined its business development priorities. In the AI data center sector, it focuses on the development of AI computing boards, optical communications, and server power supply businesses. By integrating its modular business resources and strengthening technological collaboration and vertical integration with its parent company, the Company aims to cultivate future core business segments and build differentiated competitive advantages.

(2) Aligning with the "global demand, localized service" trend, the Company will strategically allocate global production capacity. Through advanced manufacturing processes, flexible production capabilities, and localized services, we will deliver additional value by introducing new technologies, developing innovative products, and shortening the timeline from conceptual design to mass production for customers.

(3) Optimizing production capacity and business layout, the Company will accelerate capacity investment in Southeast Asia to meet customer demands, improve operational efficiency and profitability of the Mexico plant, and prioritize overall capacity utilization across global manufacturing facilities.

(4) Enhancing supply chain resilience and flexibility, the Company will develop regional local suppliers, continuously upgrade smart manufacturing capabilities worldwide, and actively cultivate competitive domestic suppliers for raw materials, production equipment, testing instruments, and automation systems. The Company's scale and efficiency advantages will better serve clients with substantial demand.

(5) Increasing R&D investment in critical technologies and application fields, the Company will enhance design capabilities and JDM/ODM services. Through resource integration across the group, technology sharing, and independent innovation, The Company will strengthen vertical integration and industrial collaboration across the supply chain to boost competitiveness.

(6) The Company proactively undertakes M&A as well as strategic investments in priority business sectors to foster innovation-driven growth, advance product upgrades, and generate new sources of revenue. By leveraging CVC in industry funds and potential strategic partners, the Company supports collaborative innovation and enhances its industry ecosystem.

(7) Supporting corporate development strategy, the Company will establish more competitive compensation and incentive systems, intensify employee skills training, improve internal talent development mechanisms, as well as cultivate and recruit global operation professionals.

(8) Maintaining a robust financial structure to meet capital requirements for global operations and M&A investments while ensuring financial stability.

(III) Business plan

Applicable Not Applicable

1. Growth plan

The Company will adhere to the development strategy of "modularization, diversification, and globalization", enhance vertical integration and intelligent manufacturing capabilities, improve the global production and operation system, and promote endogenous growth. At the same time, the Company will

continue to invest in M&A activities and continuously drive the growth and development of innovative businesses.

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

The Company's growth plan mainly includes:

(1) Strive to maintain market share in core clients' SiP module business, strengthen the promotion of miniaturization technology and SiP module applications, accelerate new product R&D and client expansion, continue expanding module business revenue scale, and intensify efforts in developing new products and applications such as smart wearables and smart home devices.

(2) The Company is accelerating the development of new business opportunities by focusing on computing boards, optical communications, and server power supply. By proactively addressing customer requirements and overcoming key bottlenecks, the Company seeks to improve customer satisfaction and capture incremental orders.

(3) Expand production capacity in Southeast Asia, optimize operational efficiency of local manufacturing services around the world, and actively develop local suppliers to improve supply chain resilience and flexibility.

(4) Enhance software design and solution capabilities, continuously develop AI-driven software application services, and seek new collaboration opportunities through hardware-software integration with existing clients and new markets.

(5) Prudently control workforce expansion, expense budgets, and capital expenditures by evaluating the ratio between budget allocations and processing fee income to strictly manage cost outflows.

(6) Strengthen digital transformation initiatives, advance smart manufacturing across all facilities, upgrade operations using AI&IT technology platforms, focus on re-optimizing operational processes, and drive continuous digital optimization of internal workflows to improve operational performance and competitiveness.

2. Supply chain plan

The global EMS industry continues to face persistent and diverse challenges, including escalating geopolitical tensions, the evolving landscape of tariffs and trade restrictions, a surge in product demand driven by the rapid expansion of AI computing power and application development, as well as cost pressures resulting from significant increases in prices of key raw materials. In response, the majority of customers are placing greater emphasis on supply chain flexibility, resilience, and diversified deployment. Aligned with the Company's global operating requirements and accelerating market changes, the supply chain department is actively building a more agile and resilient supply chain system to deliver stable, efficient, and competitive services, while advancing the short-, medium-, and long-term objectives of a sustainable supply chain. The key strategies are as follows:

(1) Enhance supply chain resilience:

The Company increase the proportion of local supply and develop local suppliers in various regions to reduce transportation time and costs, while improving supply elasticity and response speed. From the product design stage, the Company evaluates material supply risks during mass production and adjust order allocation and stocking strategies in real time according to market conditions. In response to the surge in demand for AI-related materials, the Company has proactively assessed potential supply tightness of key materials and, where appropriate, secured advance inventory or adopted alternative solutions to ensure that customer orders are not disrupted by market shortages. Regarding tariff uncertainties and geopolitical risks, the Company has also maintained flexibility in its supply chain design, enabling rapid adjustments in supply configurations to accommodate changes in customer demand.

(2) Strengthen the overall competitiveness of the supply chain:

The Company continuously invests in the training of supply chain talents and the improvement of professional technology, establish long-term partnerships with major suppliers, and obtain the best support in terms of price, product quality, technology, delivery time and service; actively develop domestic

competitive raw material suppliers and equipment suppliers for production, testing, automation, etc., and use the advantages of scale and efficiency to serve customers with certain scale needs to further strengthen the overall competitiveness. Amid sustained increases in metal raw material prices, the Company closely tracked cost impacts and worked in close coordination with its business units to evaluate changes in cost structures and their effects on product positioning and pricing strategies, in order to maintain stable operating performance.

(3) Global operations management:

In response to the globalization of manufacturing sites and the impact of geopolitics on the relocation of production sites, the Company continues to optimize its global transportation strategies to reduce costs and lead times, while enhancing logistics tracking capabilities and real time cross regional management.

(4) Inventory management:

The Company proactively manages inventory turnover days and takes measures to address risk-prone inventory. By increasing the proportion of localized sourcing and optimizing logistics routing in conjunction with global supply chain planning, the Company effectively reduces in-transit inventory and mitigates risks associated with excess capital occupation.

(5) Ensure regulatory compliance:

The Company ensures compliance with the latest local government regulations on trade, tariffs, imports and exports, and develop response strategies in advance for possible scenarios to mitigate the impact of sudden policy changes on operations.

(6) Optimize processes and systems:

The Company optimizes and digitalizes end-to-end supply chain processes, promotes the sharing of best practices across manufacturing sites, and deploys digital tools to enhance decision-making quality, accelerate responsiveness, and improve overall operational efficiency.

(7) Promote sustainable supply chain management:

The Company continuously advances supply chain standards, risk investigations, audits, and improvement initiatives, enhancing supplier capabilities in conflict minerals governance, carbon management, supplier assessments, and information security, with the aim of gradually achieving its sustainability management milestones.

3. Global manufacturing site plan

So far, the Company has 28 manufacturing sites in 12 countries (including regions) around the world, and overseas factory revenue accounts for about 41% of total revenue.

In early 2025, the Company completed the construction and commenced operations of Phase II of Vietnam facility. The newly added capacity is intended to serve customers in the consumer electronics and industrial sectors. Toward the end of 2025, the Company plans to further expand its investment in Haiphong, Vietnam. It has formally signed a MOU with SHP (Sai Gon-Hai Phong Industrial Park Corporation) for the expansion of its second Vietnam manufacturing site at Trang Due Industrial Park.

4. Human resources plan

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

5. R&D plan

(1) SiP and Miniaturization

Currently, the Company's products are evolving toward being lighter, thinner, smaller, and more compact, with lower power consumption, enhanced connectivity, and AI-enabled intelligence. In 2026, the

Company will continue to research the functional integration of SiP system modules and communication antennas into a single SiP device to realize AiP modules. By introducing additional advanced manufacturing technologies such as 3D stacked packaging into SiP module design, the Company aims to further expand the application scope and functionality of SiP modules. The Company plans to develop new double-sided molded lead-interconnection technologies, new materials, and more diverse component applications, as well as 3D SiP modules to further reduce size while enabling broader functionalities. In addition, the Company will develop 3D printing technologies for application in antenna fabrication and EMI shielding functions. The following R&D directions are planned as the Company's core focus areas going forward:

(a) The Company's development of the design capability of wireless communication modules and 5G new radio frequency identification products continues to focus on the development of Qualcomm's latest 5G IoT platform, upgrade product specifications B5G(Beyond 5 Generation) in line with the mainstream trend of the market, and take into account the product life cycle. Beyond the ongoing maturation of Wi-Fi7 and tri-band solutions in terms of chipset and process capabilities, the Company is progressing toward Wi-Fi8 technologies to offer customers more comprehensive and advanced solution options.

(b) Functional modules derived from wearable products are becoming increasingly diversified. In addition to existing Wi-Fi modules and mainboard modules, the continuous expansion of customer needs has driven the development of a broader range of offerings, including display modules, power management modules, audio modules, biosensing modules, various multifunctional integrated modules, as well as complete system-level modules.

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

(2) Optical Communications

In January 2026, the Company completed an acquisition and obtained a controlling interest in EugenLight. EugenLight focuses on the research and development of high-speed optoelectronic integrated components and optical engine products, and has established strategic partnerships with several leading global optical module manufacturers. Its key R&D focus areas are as follows:

(a) Develop high-speed optical engine products for AIDC transmission. Among these, 1.6T single-mode optical engines are primarily targeted at next-generation AI accelerator cards (such as NVIDIA GB300 and subsequent platforms) as well as core-layer interconnections in hyperscale data centers. These products are designed to ensure signal integrity under 1.6T high-speed transmission, meeting the real-time massive data exchange requirements generated by AI training workloads. The Company will continue to invest in the R&D of 1.6T optical engines, while concurrently making forward-looking investments in 3.2T technologies to address the continued increase in future computing density.

(b) Develop technologies related to CPO. NPO/CPO technologies are intended to address the challenges of sharply rising power consumption and signal loss faced by traditional pluggable optical modules in the era of 3.2T and higher data rates. The Company will focus on advancing high-level integration of optical engines with main switching chips (ASICs/GPUs) through Chiplet-based architectures, with the objective of overcoming key challenges in 3D integration, including thermal management, coupling reliability, and mass-production yield. This approach enables short range interconnection between optical engines and electrical chips. Practical applications will primarily target core switching nodes in hyperscale AIDC, where CPO integrate optical engines directly onto the package substrate of switching chips.

(c) Develop core components for coherent optical communications. As GPU clusters expand from single data centers toward geographically distributed deployments, DCI has become a critical enabler for scaling AI computing capacity. The Company's R&D efforts focus on ITLA (Integrated Tunable Laser Assembly) and Coherent Lite optical components designed for DCI applications. As the core of coherent optical modules, ITLAs are essential for achieving high-precision wavelength tuning and long-term stability. Coherent Lite devices are optimized for medium-reach data center interconnection scenarios (within approximately 80 kilometers), simplifying the complexity of traditional long-haul coherent optical

modules. The Company's R&D priorities include enhancing ITLA output power, linewidth performance, and reliability, while simultaneously developing highly integrated optical engines compatible with Coherent Lite architectures. These efforts are intended to capture the significant market opportunities arising from the evolution of AI computing from centralized architectures to distributed and clustered deployments, and to support service providers in building next-generation elastic networks based on the capacity-as-a-service model.

(3) Server Power Supply

The Company continues to invest in the R&D of silicon carbide modules for 800V electric vehicle platforms, with a focus on next-generation packaging technologies, including chip-embedded structures, three-dimensional stacking, and double-sided liquid cooling, while simultaneously strengthening its patent portfolio. The Company is advancing the development of internally insulated discrete power devices to rapidly enter high-voltage, high-current HVDC 800V fields. In the area of low-voltage, high-current voltage regulator modules (VRMs), the Company integrates surface-mount technology with module-level packaging processes in response to the specific requirements of CSP customers, addressing the market's growing demand for miniaturized VRM solutions.

(4) Other Products and Technology R&D Plans

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

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

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

(5) Environmental Protection and Sustainability

The importance of environmental protection and sustainability issues has continued to increase year by year. In the electronics industry, plastic enclosures for electronic products are increasingly incorporating recycled plastics and recycled aluminum materials (PCR, Post-Consumer Recycled Plastics and Aluminum), with carbon footprint assessments being taken into consideration during material selection. The Company will continue to develop Green Design products to reduce material usage and energy consumption, thereby supporting environmental protection and sustainable development goals.

6. Sustainable business plan

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

The Company established the group sustainability committee in 2020 to jointly promote and achieve the specific implementation of various sustainable development goals and actions through five sustainability task forces: "Corporate Governance, Green Products and Innovation, Value Chain Management, Employee and Society, Environmental Protection and Workplace Safety". In March 2022, the board of directors of the Company reviewed and approved the "ESG Code of Practice", which clearly implements

relevant requirements such as corporate governance, developing a sustainable environment, safeguarding social welfare, and strengthening information disclosure on corporate sustainable development.

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

(IV) Possible risks

Applicable Not Applicable

1. The risk of weak macroeconomic recovery and insufficient demand

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

2. Industry competition risks

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

3. Risk of high customer concentration

During the reporting period, the Company's revenue from its top five customers accounted for 56.45% of the total revenue, showing high customer concentration. Such customers are internationally-renowned electronic brands, and have established a long-term and stable cooperative relationship with USI to ensure sufficient business order. In spite of this, if the customer demand declines, or the Company fails to timely meet the customer requirements in product R&D and design, product quality control, qualified supplier certification, delivery date, etc., it may cause certain fluctuations in customer orders, thus adversely affecting the Company's business scale and operating performance. Therefore, the Company faces the risk of high customer concentration to a certain extent.

4. New product development and R&D investment risk

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

5. Transnational operation risk

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

6. Exchange rate risk

The Company is a global electronic design and manufacturing service provider, most production facilities are located overseas as well as the main clients and suppliers are all overseas companies. The purchase of materials, sales and shipments are mainly settled in foreign currencies (mainly USD). Companies usually use foreign exchange hedging operations to deal with exchange rate fluctuations, but in the case of sustained large fluctuations in exchange rates, large amounts of exchange gains and losses will still be generated. In the face of the complex political and economic landscape and business environment across the world, the Company will pay close attention to the changes in the foreign exchange market according to its own operational needs, adequately carry out foreign exchange hedging, and minimize exchange rate risks.

7. Emerging risks

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

(1) Geopolitical and regional conflict risks

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

(2) Policy risks

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

(V) Others

Applicable Not Applicable

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

Applicable Not Applicable

Section IV Corporate Governance, Environmental and Social Responsibility

I. Particulars on corporate governance

Applicable Not Applicable

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

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

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

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

(IV) Supervisors and the Board of Supervisors: In accordance with the relevant provisions, other applicable laws, regulations, and normative documents, the Company officially ceased to maintain a Board of Supervisors in accordance with applicable laws and regulations in September 2025. Concurrently, the Company revised its Articles of Association and other supporting governance policies, including the Rules of Procedure for the Board of Directors, thereby establishing a more streamlined and efficient governance structure.

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

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

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

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

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

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

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

Applicable Not Applicable

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

Applicable Not Applicable

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

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

Applicable Not Applicable

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

√Applicable □ Not Applicable

											Unit: Share
Name	Position	Gender	Age	Start of tenure	End of tenure	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Change in shareholding during the year	Reasons for change	Total pre-tax remuneration from the Company during the reporting period (RMB 10,000)	Whether received remuneration from related parties of the Company
Jeffrey Chen	Chairman of the Board	Male	62	2018-06-28	2026-04-23	233,000	233,000	0	N/A	196	Yes
	Director			2016-04-19	2026-04-23					30	
Chen-Yen Wei	Employee Director	Male	72	2008-06-20	2026-04-23	200,000	200,000	0	N/A	30	No
	President									414	
Dtuang Wang	Director	Male	67	2018-07-16	2026-04-23	0	0	0	N/A	30	Yes
Chang Dan Yao Danielle	Director	Female	55	2025-04-23	2026-04-23	0	0	0	N/A	20	Yes
Rutherford Chang	Former Director	Male	46	2010-03-10	2025-02-07	0	0	0	N/A	0	Yes
Neng Chao Chang	Director	Male	48	2017-04-17	2026-04-23	0	0	0	N/A	30	Yes
Andrew Robert Tang	Director	Male	51	2024-04-23	2026-04-23	0	0	0	N/A	30	Yes
Yifan Li	Director	Male	59	2023-04-24	2026-04-23	0	0	0	N/A	30	No
Yongtao Cang	Independent director	Male	49	2023-04-24	2026-04-23	0	0	0	N/A	36	No
Jiangdong Huang	Independent director	Male	47	2023-04-24	2026-04-23	0	0	0	N/A	36	No
Wei Guo	Independent director	Female	44	2023-04-24	2026-04-23	0	0	0	N/A	36	No
Li Zhang	Independent	Female	48	2024-04-23	2026-04-23	0	0	0	N/A	36	No

	director										
Ta-I Lin	Vice President	Male	63	2011-02-09	2026-04-23	193,700	194,900	1,200	Purchase in the secondary market	168	No
Feng-Ta Chen	Vice President	Male	64	2008-06-20	2026-04-23	121,100	121,100	0	N/A	156	No
Jing Cao	Former Vice President	Male	67	2017-04-27	2025-09-30	0	0	0	N/A	365	No
Chen-Lung Wei	Vice President	Male	63	2017-04-27	2026-04-23	0	0	0	N/A	151	No
Jinpeng Shi	Vice President and Board Secretary	Male	50	2018-06-28	2026-04-23	130,000	130,000	0	N/A	286	No
Xinyu Wu	Vice President and Chief Financial Officer	Male	59	2024-10-28	2026-04-23	0	0	0	N/A	271	No
Total	/	/	/	/	/	877,800	879,000	1,200	/	2,352	/

Note: The fixed allowances received by the directors (including independent directors) of the Sixth Session of the Board of Directors have been considered and approved at the 2022 Annual General Meeting of the Company. Based on the data of professional surveys on the remuneration of senior executives of companies in the same industry in Chinese mainland, Taiwan and the United States, the remuneration level of the Company's senior executives is at the 50th to 75th percentile of the remuneration of senior executives of companies in the same industry.

In 2025, the remuneration of Jing Cao, Vice President of the Company, was higher than that of other executives of the same rank, mainly due to the fact that the revenue generated by the business unit under his leadership accounted for more than 50% of the Company's consolidated revenue for the current year, and the level of profit was in line with expectation; the remuneration of Chen-Yen Wei, President of the Company, was higher than that of the remuneration level for the rank of Vice President, which was in compliance with the Company's employee performance evaluation and management system; and Jeffrey Chen, Chairman of the Board of Directors, in addition to receiving remuneration from the Company, also served as director of ASE Technology Holding and its affiliates and received the remuneration for the directorship, and his remuneration arrangement was in compliance with the relevant rules of ASE Technology Holding.

Name	Work Experience
Jeffrey Chen	Mr. Jeffrey Chen, from Taiwan, China, graduated from the University of British Columbia with a master's degree in business administration. Mr. Chen previously worked for Citibank Taiwan as the general manager assistant and Bankers Trust Taipei Branch as the deputy general manager. He

	<p>joined the predecessor of ASE Technology Holding Co., Ltd. in 1994, serving successively as the assistant to the central staff office, special assistant to the chairman and chief of staff of the Group, as well as CFO and director of ASE Test Limited, a subsidiary of the Group and a listed company on NASDAQ. In addition to serving as Chairman of the Board of the Company, he serves as director (representative) of ASE Technology Holding Co., Ltd., general manager of Shanghai headquarter of Advanced Semiconductor Engineering, Inc.</p>
Chen-Yen Wei	<p>Mr. Chen-Yen Wei, from Taiwan, China, holds a bachelor's degree from National Chiao Tung University. Mr. Wei joined Universal Scientific Industrial Co., Ltd in 1979, where he served successively as engineering manager, vice president of finished product business group, senior vice president of communication product business group, senior vice president of corporate service unit, and president of the company. Currently he serves as director and president of the Company.</p>
Dtuang Wang	<p>Mr. Dtuang Wang, from Taiwan, China, holds a bachelor's degree in laws from National Taiwan University, a master's degree in laws from National Chung Hsing University, and a doctorate in law from National Chengchi University. He was the CEO of ASE Cultural and Education Foundation, a director of Dinggu Holdings Co., Ltd., a director of Hongjing Construction Co., Ltd., an independent executive director of First Commercial Bank Co., Ltd., professor and dean of School of Law, Ming Chuan University. Currently he serves as Group Chief Executive and Corporate Governance Director of ASE Technology Holding Co., Ltd. and a member of the company's Risk Management Committee, a director of ASE Semiconductor Manufacturing Co., Ltd., and the honorary professor of Ming Chuan University Law School.</p>
Chang Dan Yao Danielle	<p>Ms. Chang Dan Yao Danielle, American, holds a bachelor's and master's degree from Columbia University. She has previously held positions at The New York Times, Goldman Sachs, and ASE (US) Inc. She serves as a director of Advanced Semiconductor Engineering, Inc., a director (representative) of ASE Test Inc., and a director (representative) of USI Inc. Ms. Chang Dan Yao Danielle has served as a director of USI since April 2025.</p>
Rutherford Chang (former director)	<p>Mr. Rutherford Chang, American, holds a bachelor's degree in Psychology from Wesleyan University. Mr. Chang served as the special assistant to the chairman of J&R Holding and the special assistant to the chairman of Advanced Semiconductor Engineering, Inc.</p>
Neng Chao Chang	<p>Mr. Neng Chao Chang, British, with a bachelor's degree in economics from Williams University, is a former analyst at Morgan Stanley. He currently serves as general manager of ASE Global Sales, director of ASE Test Inc., director of USI Inc., and director of Advanced Semiconductor Engineering, Inc.</p>
Andrew Robert Tang	<p>Mr. Andrew Robert Tang, American, graduated from Yale University. Mr. Tang previously worked for Morgan Stanley, and joined Advanced Semiconductor Engineering, Inc. in 2014 where he currently assumes director (representative), Vice Chairman, and deputy CEO, and he also serves as the chief procurement officer of ASE Technology Holding Co., Ltd. Mr. Andrew Robert Tang has served as a director of USI since April 2024.</p>
Yifan Li	<p>Mr. Yifan Li, American, holds a bachelor's degree in World Economy from Fudan University, an MBA degree from the University of Chicago, master's degree in Accounting from the University of Texas. Mr. Li is qualified as the United States Certified Public Accountant, Chartered Global Management Accountant, and member of the American Institute of Certified Public Accountants and the Texas Society of CPAs. He worked as Executive Vice President and CFO of Zhengxing Wheel Group Co.,Ltd., Vice President and CFO of Sanpower Group Co.,Ltd., director, Vice President and CFO of Zhejiang Geely Holding Group Co.,Ltd., founding partner and CFO of Human Horizons. In addition to serving as a director of USI, he also serves as an independent director of Shanghai Jinqiao Export Processing Zone Development Co., Ltd.</p>

Yongtao Cang	Mr. Yongtao Cang, Chinese, holds a doctorate degree in accounting from Shanghai University of Finance and Economics. Mr. Cang is a non-practicing member of the Chinese Institute of CPA, and a member of CPA Australia. He worked as lecturer, assistant dean, associate professor of accounting and deputy dean successively at the School of Economics and Finance, Shanghai International Studies University (SISU). Currently he serves as professor of accounting at the School of Economics and Finance, SISU. Additionally, he served as an independent director of Zhejiang Qinglian Food Co.,Ltd.
Jiangdong Huang	Mr. Jiangdong Huang, Chinese, has a doctorate degree in law from East China University of Political Science and Law and qualifications to practice law in China. Mr. Huang worked as deputy director, director and deputy researcher of the Second Division of the China Securities Regulatory Commission (CSRC) Shanghai Office, deputy researcher of the CSRC Legal Affairs Department, deputy researcher of the Review Division of the CSRC Shanghai Commissioner Office, director of the Third Division of Investigation of the CSRC Shanghai Commissioner Office. He currently serves as partner of Grandall Law Firm, and independent director of Changjiang Pension Insurance Co.,Ltd., Sinopec Shanghai Petrochemical Company Limited and Fuanda Fund Management Co.,Ltd., and outside director of Cosco Shipping Technology Co., Ltd.
Wei Guo	Ms. Wei Guo, from Hong Kong, China, holds a doctorate degree in strategic management from the University of Maryland, an MBA degree from Marshall University, and a bachelor's degree in business from Auckland University of Technology. Ms. Guo used to work as assistant professor of strategy at Hong Kong Polytechnic University, and currently serves as associate professor of strategy and entrepreneurship at China Europe International Business School.
Li Zhang	Ms. Li Zhang, Chinese with permanent residency in Hong Kong, holds a bachelor's degree in economics and law from Nanjing University and a master's degree in business administration from Tsinghua University. Ms. Zhang used to be a first-class partner of Beijing Grandway Kaiwen Law Firm and is now a first-class partner of Zhong Lun Law Firm Shanghai Office. Ms. Li Zhang has served as an independent director of USI since April 2024.
Chen-Lung Wei	Mr. Chen-Lung Wei, from Taiwan, China, holds an MBA's degree from Tunghai University. In July 1987, Mr. Wei joined in Universal Scientific Industrial Co., Ltd. where he served as the manager of the engineering department, the director of the development unit, the vice president of the business unit, the senior vice general manager of the business group, and the general manager of the Company. Currently, he serves as the vice president of the Company.
Ta-I Lin	Mr. Ta-I Lin, from Taiwan, China, has a bachelor's degree in Electrical Engineering from National Cheng Kung University and a master's degree of EMBA from Peking University. After graduation, Mr. Lin joined in Universal Scientific Industrial Co., Ltd. where he served successively as head of engineering, production, and business divisions, the general manager of information products business group, president of Universal Global Technology (Kunshan) Co., Ltd., and manager of Universal Scientific Industrial Co., Ltd. Taiwan Factory. Currently, he serves as the Vice President of the Company.
Feng-Ta Chen	Mr. Feng-Ta Chen, from Taiwan, China, once served as deputy manager of SAMPO CORP., manager of wireless network card operation management of Universal Scientific Industrial Co., Ltd., associate manager of ERP project management, associate manager of global human resources administration, and general manager of Shanghai Zhangjiang Factory, Jinqiao Factory, and Shengxia Factory of USI. Currently, he serves as head of global business and after-sales service, global operations development, North American operations, General Manager of the Mexico Site, special application products and green energy products business group, and vice president of the Company.
Jing Cao (former Vice	Mr. Jing Cao, American, holds a double master's degree in engineering from Arizona State University. Once served as the senior Vice President of Mindspeed, the vice president of TE Connectivity, and the senior Vice President of UTAC Semiconductor Co., Ltd.

President)	
Jinpeng Shi	Mr. Jinpeng Shi, Chinese, holds a bachelor's degree from the School of Economics and Management of Tongji University, and an EMBA degree from China Europe International Business School. Mr. Shi worked as the project manager of International Business Department of Guotai Junan Securities, the director of the Shanghai Investment Banking Department of Southwest Securities, and the vice president of Investment Banking Department, the president of No.3 Business Department and the managing director of China Great Wall Securities. Currently, he serves as vice president and the Board Secretary.
Xinyu Wu	Mr. Xinyu Wu, Canadian, holds a Master of Business Administration (MBA) from Bryant University in the United States and is a Canadian Chartered Accountant (CA) and Certified Management Accountant (CMA). He previously served as Vice President of Finance at Celestica International Group in Canada, where his responsibilities encompassed financial management for the Asia-Pacific region, global operational financial management for the group, and international financial integration. Earlier in his career, he held roles including Cost Management Manager at IBM Asia-Pacific, Financial Analysis Manager in Canada, and positions at KPMG Singapore. Mr. Xinyu Wu joined USI in June 2020 and currently serves as CFO of the Company.

Particulars on other information

Applicable Not Applicable

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

✓Applicable □ Not Applicable

Name of person employed	Name of shareholder's company	Position held in shareholder's company	Start of tenure	End of tenure
Jeffrey Chen	ASE Technology Holding Co., Ltd.	Director (representative)	2018-04-30	
		Member of the Sustainability and Information Security Committee	2024-11-06	
	Advanced Semiconductor Engineering, Inc.	General Manager of Shanghai headquarters	2016-05-01	
	ASE Test Inc.	Director (representative)	1998-06-30	
	ASE (Shanghai) Inc.	Supervisor	2018-06-19	
	ASE (Korea) Inc.	Supervisor	2021-03-30	
	Wuxi Tongzhi Microelectronics Co.,Ltd.	Director	2022-05-27	
	ASE Test Limited	Director	1998-03-31	
	ASE Test Holdings Ltd.	Director	1999-04-12	
	Omniquest Industrial Ltd.	Director	2001-06-01	
	ASE Assembly & Test (Shanghai) Limited	Director	2023-06-05	
	ASE Electronics Inc.	Director (representative)	2006-03-14	
	Advanced Semiconductor Engineering (HK) Limited	Director	2008-05-05	
	Super Zone Holdings Ltd.	Director	2008-12-04	
	USI Inc.	Chairman of the Board of Directors	2018-06-26	
	Huntington Holdings International Co., Ltd.	Director	2012-06-30	
	Real Tech Holdings Limited	Director	2012-06-30	
	ASE Environmental Protection and Sustainability Foundation	Director	2020-09-14	
	ASE Cultural and Educational Foundation	Director	2020-06-10	
ASE Enterprise Service (Shanghai) Co., Ltd	Supervisor	2023-11-01		
Chen-Yen Wei	USI Inc.	Director (representative)	2015-04-01	2028-06-29
	HUNTINGTON HOLDINGS INTERNATIONAL CO. LTD.	Director	2012-06-30	
	UNITECH HOLDINGS INTERNATIONAL CO. LTD.	Director	2012-06-30	
	Real Tech Holdings Limited	Director	2012-06-30	
	USI Enterprise Limited	Director	2012-12-28	2026-06-23
Dtuang Wang	ASE Technology Holding Co., Ltd.	Chief executive and corporate governance director, member of the Risk	2018-04-30	

		Management Committee and chief risk officer, chief information security officer		
	Advanced Semiconductor Engineering, Inc.	Director (representative) and chief executive	2018-04-30	
	Advanced Semiconductor Engineering (China) Ltd.	Chairman of the Board of Directors and General Manager	2018-07-05	
	ASE Assembly & Test (Shanghai) Limited	Director and President	2021-07-29	
	Sino Horizon Holdings Limited	Director	2014-06-18	
	Hung Ching Development & Construction Co., Ltd.	Director	2011-07-13	
	Hung Chin Hsin Co., Ltd.	Director and President	2011-08-08	
	ASE Social Enterprise Co., Ltd.	Director and President	2022-04-21	
	ASE Environmental Protection and Sustainability Foundation	Director and CEO	2020-09-14	
Chang Dan Yao Danielle	ASE Technology Holding Co., Ltd.	Director (representative)	2025-06-25	
	Advanced Semiconductor Engineering, Inc.	Director (representative)	2025-02-18	
	ASE Test Inc.	Director (representative)	2025-02-18	
	USI Inc.	Director (representative)	2025-02-18	
Neng Chao Chang	Advanced Semiconductor Engineering, Inc.	Director (representative)	2018-04-30	
	ASE Test Inc.	Director (representative)	2015-08-06	
	USI Inc.	Director (representative)	2015-04-01	
Andrew Robert Tang	Advanced Semiconductor Engineering, Inc.	Director (representative)	2024-06-27	
		Group Chief Procurement Officer	2023-09-01	
	ASE Global Integrated Solutions Co.,Ltd.	Chairman	2023-08-22	
	Advanced Semiconductor Engineering, Inc.	Director (representative)	2018-04-30	
		Vice Chairman	2022-12-15	
		Vice CEO	2023-01-01	
	ASE Test Inc.	Supervisor (representative)	2018-05-30	
	Shanghai Ding Hui Real Estate Development Co., Ltd.	Director	2018-08-29	
	Shanghai Ding Wei Real Estate Development Co., Ltd.	Director	2018-10-31	
Shanghai Ding Yu Real Estate Development Co., Ltd.	Director	2018-10-17		
USI Inc.	Supervisor	2018-06-26		

		(representative)		
	ASE Cultural and Educational Foundation	Director	2020-06-10	
	ASE Environmental Protection and Sustainability Foundation	Director	2020-09-14	
Chen-Lung Wei	USI Inc.	Director	2015-04-01	2028-06-29
	HUNTINGTON HOLDINGS INTERNATIONAL CO. LTD.	Director	2012-06-30	
	Universal ABIT Holding Co.,Ltd.	Director	2008-12-31	
Particulars on employment in shareholders' companies	None			

2. Employment in other companies

√Applicable □ Not Applicable

Name of person employed	Name of other companies	Position held in other companies	Start of tenure	End of tenure
Chen-Yen Wei	MUtek Electronics Co.,Ltd., etc	Director	2022-05-12	2028-05-18
	Lelon Electronics Corp.	Independent director	2022-06-29	2028-06-24
Dtuang Wang	Chang Yao Hong-Ying Social Welfare & Charity Foundation	Director and CEO	2020-07-25	
	Bank of Kaohsiung Co., Ltd.	Independent Director	2023-05-25	
	School of Law of Ming Chuan University, etc.	Honorary Professor	2020-08-06	
	Taiwan Smart Electricity & Energy Co., Ltd.	Director	2025-08-15	
	Xiongying Zhixin	Director	2025-11-28	
	HydroTron Power Co., Ltd.	Chairman of the Board	2025-10-17	
Chang Dan Yao Danielle	LUCKYRICE, LLC	Founder, CEO	2009-08-01	
	Lucky Chow, Inc.	Host, Producer	2015-01-01	
Yifan Li	Shanghai Jinqiao Export Processing Zone Development Co., Ltd.	Independent director	2019-06-25	2025-12-30
Yongtao Cang	School of Economics and Finance, Shanghai International Studies University	Professor of accounting	2021-12-31	
	Zhejiang Qinglian Food Co.,Ltd. (non-listed)	Independent director	2018-07-19	
Jiangdong Huang	Grandall Law Firm	Partner	2019-05-10	
	Sinopec Shanghai Petrochemical Company Limited and Fuanda Fund Management Co.,Ltd., and outside director of China Shipping	Independent director	2023-06-28	

	Environment Technology (Shanghai) Co.,Ltd.			
	Changjiang Pension Insurance Co.,Ltd.	Independent director	2021-09-16	
	Fuanda Fund Management Co.,Ltd.	Independent director	2023-07-25	
	Cosco Shipping Technology Co., Ltd.	Outside director	2023-05-30	
Wei Guo	China Europe International Business School	Associate professor of strategy and entrepreneurship	2020-06-01	
	INNOTRON MEMORY CO.,LTD.	Independent director	2025-06-24	
	Guanyan Zhixin Consulting Management	Legal Representative	2025-11-18	
Li Zhang	Zhong Lun Law Firm Shanghai Office	First-class Partner	2014-06-01	
Jinpeng Shi	GJS Capital Co., Ltd.	Director	2023-05-28	2026-05-27
	Questyle Audio Technology Co.,Ltd	Director	2022-11-29	2025-12-08
Particulars on employment in other companies	None			

(III) Remuneration of directors and members of the senior management

Applicable Not Applicable

Decision-making procedures for the remuneration of directors and members of the senior management	The Proposal on the Remuneration of Directors of the Sixth Session of the Board of Directors was considered and approved at the Twenty-second Meeting of the Fifth Session of the Board of Directors and the 2022 Annual General Meeting of Shareholders; the proposal on the annual remuneration of directors and senior management for 2025 was reviewed and approved at the Thirteenth Meeting of the Remuneration and Appraisal Committee of the Sixth Session of the Board of Directors, and was subsequently submitted to the Twenty-third Meeting of the Sixth Session of the Board of Directors for deliberation and confirmation.
Whether a director abstained from voting in discussion of his or her own remuneration issues	Yes
Opinion of the Remuneration Committee or the Special Meeting of Independent Directors on matters relating to the remuneration of directors and senior management	The Company held the Twenty-second Meeting of the Fifth Session of the Board of Directors on March 31, 2023, at which the Independent Directors verified the remuneration of the directors of the Sixth Session of the Board of Directors of the Company, and commented that: the remuneration of the directors drawn up by the Board of Directors of the Company was determined after taking into account the characteristics of the industry in which the Company is operating, the scale of operation of the Company, the level of corporate governance, the backgrounds and professional qualities of the directors, and in the light of the actual circumstances of the Company, which is conducive to the enhancement of scientific decision-making by the Board of Directors of the Company, and ensures the realization of the Company's development strategy objectives, and is in line with the interests of investors. We approve the Proposal on the Remuneration of Directors of the Sixth Session of the Board of Directors, and agree to submit the proposal to

	<p>shareholders' meeting for deliberation.</p> <p>On April 1, 2026, the Company convened the Thirteenth Meeting of the Remuneration Committee. Upon review, the Committee concluded that the assessment and payment of remuneration for directors and senior management for fiscal year 2025, as well as the proposed remuneration plans for fiscal year 2026, are in compliance with the Company's operational management and remuneration assessment policies, and do not adversely affect the interests of the Company or its shareholders.</p>
Determination basis for the remuneration of directors and members of the senior management	<p>The remuneration of the Company's directors consists of fixed allowances, basic remuneration, performance-based remuneration, and medium- to long-term incentive income.</p> <p>(1) The fixed allowances for independent directors and non-independent directors are determined with reference to industry remuneration levels, taking into account factors such as the Company's operating scale and the actual operation of the Board of Directors, and are subject to approval by the Company's general meeting of shareholders.</p> <p>(2) Where senior management personnel and non-independent directors concurrently hold other positions within the Company, in addition to directors' allowances, the composition, determination, and payment of their remuneration shall be governed by Articles 10, 11, 12, and 13 of the Remuneration Management Policy for Directors and Senior Management.</p>
Actual payment of the remuneration of directors and members of the senior management	For details, see Section IV- III (I) Changes in shareholding and remuneration of current directors and senior management and those who left the position during the reporting period.
Total remuneration actually received by all directors and members of the senior management at the end of the reporting period	RMB 23.52 million
Basis and Performance of the Assessment for Remuneration Actually Received by Directors and Senior Management as at the End of the Reporting Period	<p>Assessment Basis:</p> <p>The remuneration assessment was based on the directors' remuneration plan of the Sixth Session of the Board of Directors as approved at the 2022 Annual General Meeting of Shareholders; the remuneration plan for senior management for fiscal year 2025 as approved at the Seventeenth Meeting of the Sixth Session of the Board of Directors; the remuneration plan for the Chairman for fiscal year 2025 as approved at the 2024 Annual General Meeting of Shareholders; and the Rules of Procedure of the Remuneration Committee of the Board of Directors.</p> <p>Assessment Performance:</p> <p>In accordance with the prescribed performance evaluation standards and procedures, the Remuneration Committee conducted performance evaluations of directors and senior management. Based on the evaluation results and remuneration distribution policies, the Committee proposed remuneration amounts for directors and senior management, which were reviewed and approved by the Remuneration Committee and subsequently submitted to the Board of Directors for deliberation.</p>
Deferred Payment Arrangements for Remuneration Actually Received by Directors and Senior Management as at the	Pursuant to the Company's Remuneration Management Policy for Directors and Senior Management, the Company conducts performance evaluations based on audited financial data and determines that a certain proportion of performance-based remuneration shall be paid after the disclosure of the annual report

End of the Reporting Period	and completion of the performance evaluation.
Clawback or Withholding of Remuneration for Directors and Senior Management as at the End of the Reporting Period	There were no clawback or withholding arrangements implemented during the reporting period.

(IV) Changes in directors and members of the senior management of the Company
 Applicable Not Applicable

Name	Position	Change	Reason for change
Rutherford Chang	Director	Position Vacated	Personal reason
Chang Dan Yao Danielle	Director	Election	
Chen-Yen Wei	Employee Director	Election	
Jing Cao	Vice President	Resignation	Retirement

(V) Particulars on punishments by securities regulatory authorities in the past three years
 Applicable Not Applicable

(VI) Others
 Applicable Not Applicable

IV. Performance of functions and duties by directors
(I) Attendance of directors at meetings of the Board of Directors and General Meetings of Shareholders

Director Name	Independent director or not	Attendance at the Board of Directors meetings						Attendance at the shareholders' meetings
		Number of meetings held this year	Number of attendance in person	Number of attendance by telecommunication	Number of attendance by proxy	Number of absence	Absence for two consecutive meetings	Number of attendance
Jeffrey Chen	No	6	6	2	0	0	No	2
Chen-Yen Wei	No	6	6	2	0	0	No	2
Dtuang Wang	No	6	6	2	0	0	No	2
Chang Dan Yao Danielle	No	6	6	2	0	0	No	2
Rutherford Chang	No	0	0	0	0	0	No	0
Neng Chao Chang	No	6	6	2	0	0	No	2
Andrew Robert Tang	No	6	6	2	0	0	No	2
Yifan Li	No	6	6	2	0	0	No	2
Yongtao Cang	Yes	6	6	2	0	0	No	2
Jiangdong Huang	Yes	6	5	2	1	0	No	2

Wei Guo	Yes	6	6	2	0	0	No	2
Li Zhang	Yes	6	6	2	0	0	No	2

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

Applicable Not Applicable

Number of meetings of the Board of Directors held during the report period	6
Including: on site meetings	4
Meetings held by telecommunication	2
Number of meetings held both on site and by telecommunication	0

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

Applicable Not Applicable

(III) Others

Applicable Not Applicable

V. Special committees under the Board of Directors

Applicable Not Applicable

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

Type of special committees	Name of members of special committees
Audit Committee	Yongtao Cang, Jiangdong Huang, Wei Guo, Jeffrey Chen, Yifan Li
Nomination Committee	Wei Guo, Jiangdong Huang, Yongtao Cang, Jeffrey Chen, Chen-Yen Wei
Remuneration Committee	Jiangdong Huang, Yongtao Cang, Wei Guo, Li Zhang, Chen-Yen Wei
Strategy and Sustainability Committee	Jeffrey Chen, Chen-Yen Wei, Neng Chao Chang, Andrew Robert Tang, Yifan Li, Wei Guo, Li Zhang

(II) 5 meetings held by the Audit Committee during the reporting period

Date	Contents	Important comments and suggestions	Other information on performance of duties
March 28, 2025	The following proposals were deliberated and adopted: 1. Proposal on the 2024 Financial Statements and Audit Report 2. Proposal on the 2024 Financial Final Accounts Report 3. Proposal on the Special Report on the Deposit and Actual Use of Proceeds Raised in 2024 4. Proposal on the Implementation of Daily Related-Party Transactions in 2024 and the Estimated Daily Related-Party Transactions for 2025 5. Proposal on the Company Entering into a Framework Agreement for Daily Related-Party Transactions 6. Proposal on the Investment in Wealth Management Products Using Idle Self-Owned Funds	The Company's financial report was true, complete and accurate, with no related cheating, fraud and material misstatement, and the Company had no significant accounting error adjustments, no changes in significant accounting policies and estimates, no matters involving important accounting judgments, and no matters resulting other type of audit report than standard unqualified audit report.	Communicated with the management on the Company's operations and development.

	<p>7. Proposal on the Reappointment of the Financial Audit Firm for 2025</p> <p>8. Proposal on the Reappointment of the Internal Control Audit Firm for 2025</p> <p>9. Proposal on the 2024 Internal Control Evaluation Report</p> <p>10. Proposal on the Company's Internal Audit Work Report for the Fourth Quarter of 2024</p> <p>11. Proposal on the Formulation of the 2025 Internal Audit Plan</p> <p>12. Proposal on the 2024 Performance Evaluation Report of the Accounting Firm and the Report of the Audit Committee of the Board of Directors on Its Oversight of the Accounting Firm</p> <p>13. Proposal on the 2024 Performance Report of the Audit Committee of the Board of Directors</p>	<p>After the internal audit work report was reviewed, no major problems were found in the internal audit work. The Company used the raised funds in accordance with the provisions and requirements of relevant laws, regulations, and regulatory documents, and disclosed the relevant information of the raised funds in a timely, true, accurate and complete manner, with no violation of the use and management of the raised funds.</p>	
<p>April 25, 2025</p>	<p>The following proposals were deliberated and adopted:</p> <p>1. Proposal on the First Quarterly Report of 2025</p> <p>2. Proposal on the Internal Audit Work Report for the First Quarter of 2025</p> <p>3. Proposal on the Proposed Disposal of a Controlling Subsidiary and Related-Party Transaction</p>	<p>The Company operates strictly in accordance with the standard financial rules for the listed companies, and the Company's Quarterly Report for Q1 2025 fully and fairly reflected the financial condition and operating results for the reporting period.</p>	<p>Communicated with the management on the Company's operations and development.</p>
<p>August 25, 2025</p>	<p>The following proposals were deliberated and adopted:</p> <p>1. Proposal on the 2025 Semi-annual Report and Its Summary</p> <p>2. Proposal on the Special Report on the Deposit, Management and Actual Use of Proceeds Raised for the First Half of 2025</p> <p>3. Proposal on the Increase of the Quota for Financial Derivatives Transactions and Extension of the Authorization Period</p> <p>4. Proposal on the Pre-approval Matters and Authorization Period for Non-assurance Services Provided by the Auditor</p>	<p>The Company operates strictly in accordance with the standard financial rules for the listed companies, and the Company's Quarterly Report for 2025 Semi-Annual fully and fairly reflected the financial condition and operating results for the reporting period.</p>	<p>Communicated with the management on the Company's operations and development.</p>
<p>October 27, 2025</p>	<p>The following proposals were deliberated and adopted:</p> <p>1. Proposal on the Third Quarterly Report of 2025</p> <p>2. Proposal on the Internal Audit Work Report for the Third Quarter of 2025</p> <p>3. Proposal on the Increase of Pre-approved Non-assurance Services to Be Provided by the Auditor</p>	<p>The Company operates strictly in accordance with the standard financial rules for the listed companies, and the Company's Quarterly Report for Q3 2025 fully and fairly reflected the financial condition and operating</p>	<p>Communicated with the management on the Company's operations and development.</p>

		results for the reporting period.	
December 18, 2025	The following proposals were deliberated and adopted: Proposal on the Increase of Pre-approved Non-assurance Services to Be Provided by the Auditor	None	None

(III) 1 meetings held by the Nomination Committee during the reporting period

Date	Contents	Important comments and suggestions	Other information on performance of duties
March 28, 2025	The following proposals were deliberated and adopted: Proposal on Nominating Candidate for the Sixth Session of the Board of Directors	The nominated non-independent director candidates have the qualifications and ability to serve as directors of the Company, and have not been found to have any circumstances prohibiting them from serving as directors of the Company as stipulated by laws and regulations.	None

(IV) 3 meetings held by the Remuneration Committee during the reporting period

Date	Contents	Important comments and suggestions	Other information on performance of duties
March 28, 2025	The following proposals were deliberated and adopted: 1. Proposal on the Actual Remuneration of Chairman of the Board in 2024 and the Remuneration Plan in 2025 2. Proposal on Actual Remuneration of the Company's Senior Management in 2024 and the Remuneration Plan in 2025 3. Proposal on Purchasing Liability Insurance for Directors, Supervisors and Senior Executives 4. Proposal on Performance Evaluation of the Company's Board of Directors	The purchase of Directors and Senior Management Liability Insurance by the company safeguards the legitimate rights and interests of its directors, supervisors, and senior management (including those of subsidiaries). It supports their fulfillment of duties and lawful exercise of rights and obligations, thereby enhancing corporate governance standards.	None
April 25, 2025	The following proposals were deliberated and adopted: 1. Proposal on the Confirmation that the Second Lock-up Period of the 2023 Employee Stock Ownership Plan Failed to Meet the Performance Assessment Criteria 2. Proposal on the Failure to Fulfill the Exercise Conditions for the Second Exercise Period of the 2023 Stock Option Incentive Plan and the	This cancellation complies with the relevant provisions of the Company's 2023 Stock Option Incentive Plan and the Implementation and Performance Assessment Measures for the 2023 Stock Option Incentive Plan. The second lock-up period of the employee stock ownership plan failed to meet the performance assessment criteria, and the	None

	Proposed Cancellation of the Corresponding Stock Options	exercise conditions of the incentive plan were not satisfied.	
October 27, 2025	The following proposals were deliberated and adopted: Proposal on the adjustment of participants and cancellation of part of the options in the Incentive Stock Option Plan 2015	This cancellation complies with the relevant provisions of the Company's 2023 Stock Option Incentive Plan and the Implementation and Performance Assessment Measures for the 2023 Stock Option Incentive Plan.	None

(V) 2 meetings held by the Strategy and Sustainability Committee during the reporting period

Date	Contents	Important comments and suggestions	Other information on performance of duties
March 28, 2025	The following proposals were deliberated and adopted: Proposal on the 2024 Sustainability Report (including Materiality Topics).	None	None
April 25, 2025	The following proposals were deliberated and adopted: 1. Proposal on the Plan for Share Buy-back by Centralized Bidding Transactions in 2025 2. Proposal on the Revision of the Environmental, Health and Safety, and Energy & Resource Policy. 3. Proposal on the Revision of the Charter of the Group Sustainability Committee.	This share repurchase is conducive to safeguarding shareholder interests and reinforcing investor confidence.	None

(VI) Specific particulars on matters of objection

Applicable Not Applicable

VI. Particulars on risks in the Company identified by the Audit Committee

Applicable Not Applicable

The Audit Committee had no objection to the supervision during the reporting period.

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

Number of on-the-job employees of the parent company	1,848
Number of on-the-job employees of the main subsidiaries	19,878
Total number of on-the-job employees	21,726
Number of retirees of whom the parent company and major subsidiaries are responsible for the expenses	30
Breakdown by function	
Function	Number
Production	15,752
Sales	773
Technical	3,189
Financial	172

Administrative	1,840
Total	21,726
Breakdown by education background	
Education background	Number
Doctor's degree	26
Master's degree	1,546
Bachelor's degree	7,444
Junior college	2,644
Senior high school and below	10,066
Total	21,726

(II) Remuneration policy

Applicable Not Applicable

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

(III) Training program

Applicable Not Applicable

In order to enhance the effectiveness of organizational learning and create a learning corporate culture, the Company has set up the "USI University" (USIU), which continuously improves and develops the professional knowledge, skills and abilities of employees through the USIU online and offline courses, so as to achieve the strategic goals of the Company. USIU offers internal training courses in different categories designed systematically and arranged by five colleges, so that employees can take required courses, join training sessions held by internal lecturers as well as workshops organized by external professional lecturers. The Company also promotes the Individual Development Program, so as to ensure the depth and breadth of employees' career development and contribute to the Company's sustainable development.

(IV) Labor outsourcing

Applicable Not Applicable

Total working hours of labor outsourcing	3,508,263
Total remuneration paid for labor outsourcing (10,000 yuan)	10,961.24

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

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

Applicable Not Applicable

1. Formulation of the cash dividend policy

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

2. Implementation of the cash dividend policy

During the reporting period, the Company formulated the profit distribution plan for 2024 in accordance with the relevant regulations, the cash expenditure needs of the Company and the relevant provisions of the Articles of Association and taking into account the actual operation of the Company as the following: Regarding its profit distribution plan for 2024, USI is going to distribute a cash dividend of RMB 2.30 (tax included) for every 10 shares on the basis of the total share capital on the record date for implementing

the plan after deducting the number of shares in its special buy-back securities account, without bonus share or transfer of capital reserve into share capital, and all the remaining undistributed profits shall be carried forward for distribution in the following years. The total share capital of the Company on the record date for implementing the plan for 2024 was 2,196,252,041 shares. USI paid out the cash dividends on the basis of 2,189,511,641 shares, excluding 6,740,400 shares in its special buy-back securities account. 2024 profit distribution was completed on June 6, 2025.

3. Adjustment of cash dividend policy

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

(II) Special description of the cash dividend policy

Applicable Not Applicable

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

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

Applicable Not Applicable

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

Applicable Not Applicable

Unit: yuan Currency: RMB

Number of bonus shares distributed for every 10 shares held	0
Dividend for every 10 shares held (RMB yuan) (tax included)	4.30
Number of shares transferred from capital reserve for every 10 shares held	0
Amount of cash dividend (tax included)	1,021,445,511.54
Net profits attributable to common shareholders of the listed company in 2023	1,853,439,277.28
Proportion of cash dividend to net profits attributable to common shareholders of the listed company (%)	55.11
Amount of share repurchase included in the cash dividend distribution	133,486,624.26
Total amount of dividend (tax included)	1,154,932,135.80
Proportion of total dividend distributed to net profits attributable to common shareholders of the listed company (%)	62.31

(V) Cash dividends for the last three fiscal years

Applicable Not Applicable

Unit: yuan Currency: RMB

Cumulative cash dividend amount for the last three fiscal years (including tax)(1)	2,115,318,421.54
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Cumulative amount of repurchase and write-off in the last three fiscal years(2)	432,147,608.76
Cumulative amount of cash dividends and repurchase and write-off in the last three fiscal years(3)=(1)+(2)	2,547,466,030.30
Average annual net income for the last three fiscal years(4)	1,817,922,986.27
Proportion of cash dividends in the last three fiscal years (%) (5)=(3)/(4)	140.13
Net profit attributable to common shareholders of the listed company in the consolidated statement of income for the most recent fiscal year	1,853,439,277.28
Undistributed profit at the end of the year in the parent company's statement for the most recent fiscal year	12,159,024,853.45

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

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

Applicable Not Applicable

Overview	Index
<p>Termination upon Completion of the Third Core Employee Stock Ownership Plan: On February 27, 2025, the Company convened the Sixteenth Meeting of the Sixth Session of the Board of Directors, at which the Proposal on the Termination upon Completion of the Third Core Employee Stock Ownership Plan was reviewed and approved. The Board agreed to terminate the Third Core Employee Stock Ownership Plan.</p>	For details, see the announcement (No.: 2025-014) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on March 1, 2025
<p>Failure to Meet the Performance Assessment Criteria for the Second Lock-up Period of the 2023 Employee Stock Ownership Plan: Based on the audited results, the Company's return on equity (ROE) for 2024 was 9.52%, which failed to meet the requirements of the Company's performance assessment criteria for the second lock-up period. The Board of Directors has authorized the management to dispose of the stock interests involved in the second lock-up period in accordance with the procedures and handling measures stipulated in the 2023 Employee Stock Ownership Plan.</p>	For details, see the announcement (No.: 2025-043) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 26, 2025
<p>Failure to Meet the Exercise Conditions for the Second Exercise Period of the 2023 Stock Option Incentive Plan and Proposed Cancellation of the Corresponding Stock Options: Based on the audited results, the Company's return on equity (ROE) for 2024 was 9.52%, which failed to meet the Company-level performance assessment requirements. Accordingly, the Company proposes to cancel all stock options corresponding to the second exercise period under this incentive plan, totaling 6.991 million options.</p>	For details, see the announcement (No.: 2025-044) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 26, 2025
<p>Adjustment of the Exercise Price of the 2023 Stock Option Incentive Plan: Due to the implementation of the annual equity distribution, the exercise price of the 2023 Stock Option Incentive Plan was adjusted from RMB 14.27 per share to RMB 14.04 per share.</p>	For details, see the announcement (No.: 2025-045) disclosed by the Company on the website of Shanghai Stock Exchange (www.sse.com.cn) on April 26, 2025
<p>Cancellation of Stock Options under the 2023 Stock Option Incentive Plan for the First Exercise Period upon Expiration: Under the 2023 Stock Option Incentive Plan, the first exercise period was from October 13, 2024 to October 12, 2025. As of the expiration</p>	For details, see the announcement (No.: 2025-092) disclosed by the Company on the website of

of the exercise period, a total of 1,008,860 stock options held by 62 incentive recipients remained unexercised and had expired. The Company proposes to cancel the above expired and unexercised stock options.	Shanghai Stock Exchange (www.sse.com.cn) on October 29, 2025
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(II) Incentive matters not disclosed in temporary announcements or with further progress

Equity incentive

Applicable Not Applicable

Other explanations

Applicable Not Applicable

Employee stock ownership plan

Applicable Not Applicable

Other incentive measures

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

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

X. Construction and implementation of internal control system during the reporting period

Applicable Not Applicable

In accordance with the requirements of the Company Law, the Basic Standards for Enterprise Internal Control, and their supporting guidelines, as well as other relevant laws and regulations, the company has established internal control systems for various business operations and strictly implemented them. At the same time, the Company continues to carry out the construction, optimization, and improvement of internal controls. During the reporting period, the company revised a total of 28 rules, including the Articles of Association and the Rules of Procedure for the Board of Directors, and formulated 2 new systems, including the Market Value Management System and the Management System for the Departure of Directors and Senior Management, among others. The Company also guided its subsidiaries to conscientiously implement internal control systems, improve relevant business processes, and effectively ensure the effectiveness of internal controls.

The Company maintained effective internal control over all material aspects of financial and non-financial reporting during the reporting period, as detailed in the 2025 Internal Control Evaluation Report disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) at the same time as this report.

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

Applicable Not Applicable

XI. Management and control on subsidiaries during the reporting period

Applicable Not Applicable

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

Risk of Abnormal Management and Control over Subsidiaries

Applicable Not Applicable

XII. Particulars on the internal control audit report

Applicable Not Applicable

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

Whether disclosed the internal control audit report: Yes

Type of internal control audit report opinion: standard unqualified opinion

Whether a non-standard audit opinion on internal control was issued during the reporting period or the preceding year

Applicable Not Applicable

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

Not Applicable

XIV. Environmental Information of Listed Companies Included in the Mandatory Environmental Information Disclosure Entity List and Their Principal Subsidiaries

Applicable Not Applicable

Number of Enterprises Included in the List of Entities Subject to Mandatory Environmental Information Disclosure		1
No.	Enterprise Name	Query Index for Environmental Information Disclosure Reports:
1	USISH	Enterprise Environmental Information Disclosure System (Shanghai) https://e2.sthj.sh.gov.cn:8081/jsp/view/hjpl/index.jsp

Other Remarks

Applicable Not Applicable

XV. Work on corporate social responsibility

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

Applicable Not Applicable

Since 2013, the Company has regularly published Sustainability Reports, which have been publicly disclosed in the Sustainability section of the Company's official website: (<https://www.usiglobal.com/csr>).

(II) Specific situation of corporate social responsibility

√Applicable Not Applicable

Donations, public welfare projects	Quantity/Content	Remark
Total investment (Unit: RMB 10,000 yuan)	847.4	
Including: funds (Unit: RMB 10,000 yuan)	791.8	
Materials (Unit: RMB 10,000 yuan)	55.6	
Number of beneficiaries	9,130	

Detailed introductions

√Applicable Not Applicable

USI has been adhering to the concept of "Realizing IDEAS Together", actively fulfilling corporate social responsibilities by participating in social welfare, and practicing its commitment of "actively investing in public welfare activities that promote social well-being, and encouraging employees to participate in social welfare activities" in its "Sustainability Policy", hoping to become an excellent example of corporate citizenship. The Company gathered internal resources and manpower, and invested RMB 8,474,421 yuan in support of social welfare projects in 2025, and promoted social engagement in the four aspects of "Education, Contributing to Society, Promoting Arts & Culture, and External Participation" to make a positive impact on surrounding communities.

In addition to expanding educational initiatives to alleviate poverty and actively promoting rural education and rural revitalization through public welfare actions, the company has sponsored various projects across its facilities in the fields of education, society, environment, and culture. These include the "The 6th Cross-Strait Student Baseball League", "Cross-Strait (Nanjing) Youth Street Dance Exchange Program", "China Weiqi League", "Library of Love", "Million Tree Planting Project", "Beach Cleanup Campaign", "Campus LED Project" and cultural performances. By combining corporate efforts with the power of the community, the company aims to bring more positive energy and warmth to society and the environment, creating greater value for humanity.

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

√Applicable Not Applicable

Poverty Alleviation and Rural Revitalization Projects	Quantity/Content	Remark
Total investment (Unit: RMB 10,000 yuan)	55.6	
Including: Funds (Unit: RMB 10,000 yuan)	40.0	
Materials (Unit: RMB 10,000 yuan)	15.6	
Number of beneficiaries	2,913	
Forms of assistance (such as poverty alleviation by industrial development, poverty alleviation by job creation, poverty alleviation by educational support, etc.)	Poverty alleviation by educational support	

Detailed introductions

√Applicable Not Applicable

In response to SDG 4 Quality Education and to promote balanced educational development, the company has focused on expanding achievements in poverty alleviation through education. It actively engages in public welfare initiatives such as rural education support and rural revitalization, providing children in remote areas with access to better educational resources. The Company is committed to consolidating poverty alleviation outcomes, helping more students achieve their dreams, and fostering harmonious social development. In 2025, the Company launched initiatives including the "Rural Science and Technology Education Program," "Industry-University Collaboration with Shanghai University of Engineering Science," "Pearl Retrieval Project," "Micro Light Love Reading Room," "Western Student Aid Program," "Charity Concert," and the "Lucheng Great Love Charity Day Donation" through the Charity Federation, investing a total of RMB 556,000 and benefiting 2,913 underprivileged students.

1. Rural Science and Technology Education Program

Guided by the belief in technology for good, the company places great emphasis on education in impoverished areas. By donating computers and building computer classrooms, it helps children in remote regions access better educational resources, aiming to bridge the urban-rural education gap. In 2025, the program provided customized, supportive technology empowerment to teachers in 7 schools. Through instructional videos and teaching materials, it revitalized computer education in these schools. To enhance students' enthusiasm for computer skills, the company organized fun typing competitions to reinforce learning outcomes, fostering a more positive and innovative technology education environment. This not only improved students' technological proficiency but also shaped confident and creative future citizens in the digital age, promoting the sustainable development of rural education. A total of 2,073 students benefited from this initiative.

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

To cultivate high-tech talent, the company established a deep industry-university collaboration with Shanghai University of Engineering Science, adopting a "Four Synergies" model: collaborative education, talent development, innovation, and employment. The company donated equipment such as ultrasonic aluminum wire bonders and gold ball bonders to the university's laboratories for student practice. It organized a one-day factory visit and seminar for 64 sophomore students and invited 10 students for a three-month internship. These industry-academia integration activities ensured seamless alignment between the university's talent development and the company's talent needs, creating a win-win situation. Additionally, the company established the "USI Electronics Excellence Scholarship" to support 12 outstanding underprivileged students, encouraging their academic pursuits.

3. Pearl Retrieval Project

The company's Huizhou and Kunshan facilities actively participated in the "Pearl Retrieval Project," supporting academically excellent students from impoverished families for nine consecutive years. In 2025, the Kunshan facility organized the "99 Charity Sale" event, through which agricultural products from 12 underprivileged farming households were purchased. By engaging employees in the charity sale of these agricultural products, the Company raised funds and donated RMB 100,000 to Zhuanglang County No. 1 High School in Gansu Province, supporting 50 underprivileged students in the "USI Water Pearl Class of the Class of 2024" to complete their education. In addition, customized learning supplies were provided to encourage and support their studies. Furthermore, the Kunshan facility invited 36 Pearl students to visit the factory, where they participated in on-site tours and interactive exchanges. Employees shared insights on career development and life experience, addressing the students' questions regarding academic choices, learning methods, daily life, and trends in the manufacturing industry. Through these warm and engaging study-tour activities, the students broadened their understanding of enterprises and were inspired to envision and pursue their future aspirations..

4. Micro Light Love Reading Room

Reading is the foundation for cultivating innovative R&D capabilities. To implement the "Promote Education" initiative, the company established its fourth Love Reading Room in Hongdian Primary School, Hongdian Township, Wenshan City, Yunnan Province, a key area for rural revitalization support, and continued to maintain the reading room at Malipu Central Primary School.. During the construction phase, the Company encouraged employees to participate in the initiative under the theme "Donate a Book, Fulfill a Dream," thereby rallying collective efforts to donate books. Through this initiative, 670 children in remote areas gained access to higher-quality educational resources. Upon the completion of the reading room, the Company and its employees jointly donated 3,190 books and 20 speakers preloaded with 600 audiobooks, significantly enriching the school's teaching resources. The Company hopes that the reading room will provide tangible support, narrow the urban-rural education gap, and promote balanced educational development. It sincerely wishes for students to gain knowledge and energy from books, enabling them to keep pace with technological advancements and develop holistically, just like their urban counterparts.

5. Western Student Aid Program

"Ten years to grow trees, a hundred years to nurture people." Investing in education benefits the present and future generations. Through the Cihui Foundation, the company implemented the Western Student Aid Program in rural areas of Yunnan and Sichuan, providing RMB 48,000 in scholarships to 12 college students. This financial support ensures their access to education, helping outstanding students from

remote villages continue their studies and complete their education. The company aims to safeguard their growth and enable them to use their knowledge to help others in the future.

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

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

7. Charity Concert

The Company's Kunshan facility, in collaboration with the Kunshan Charity Federation, hosted the "Emotions Connecting Kunshan and Taiwan, Music Spreading Love" 2025 Kunshan Charity Choral Concert. Through the power of music, the event promoted cross-strait integration, demonstrated care for underprivileged groups, and fostered the flow of goodwill across the Taiwan Strait, helping to create a strong culture of compassion and philanthropy in society. As a lead donor, the Company contributed RMB 100,000 to the event, inspiring further charitable participation. By the conclusion of the concert, approximately RMB 8.4 million was raised in total, with the funds designated to support children of Taiwan compatriots and underprivileged groups in Kunshan City.

XVII. Others

Applicable Not Applicable

Section V Major Events

I. Performance of commitments

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

√Applicable □ Not Applicable

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

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

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

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

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

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

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

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

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

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

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

1) Guarantee that the listed company has an independent financial department and an independent financial accounting system, is equipped with specialized financial personnel, and establishes an independent and complete financial accounting system. Guarantee that the listed company has a standardized and independent financial accounting system and a financial management system for branches and subsidiaries;

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

Note 2: Commitment to avoid horizontal competition

- (1) The party making the commitment guarantees that after the completion of this transaction, it shall not directly or indirectly engage in the same or similar business or projects as or with that in the business scope of the Company, so as to avoid direct or indirect competition with the Company's production and operation.
- (2) The controlling shareholder of the Company guarantees that it shall not use its share-controlling relationship with the Company to conduct business activities that damage or may damage the interests of the Company and its other shareholders; and that it shall not use the information it understands or knows about the Company to assist third parties to engage in, participate in or invest in a business or project that competes with the Company.

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

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

Note 3: Commitment to reduce and regulate related transactions:

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

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

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

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

(4) The party making the commitment guarantees that it shall not obtain any illegitimate benefits through related transactions or make the listed company and its subsidiaries undertake any undue obligations. If the listed company or its subsidiaries or other shareholders suffer losses due to the violation of the above commitments by the party making the commitment, or the listed company or its subsidiaries or other shareholders' interests are misappropriated due to the use of related relationship by the party making the commitment, the party making the commitment shall be liable for compensation to the losses caused therefrom of the listed company, its subsidiaries and other shareholders;

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

Note 4:

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

Note 5:

(1) Other enterprises excluding USI (including enterprises controlled by USI, the same below) controlled by the person making the commitment currently do not engage in the same or similar business as or to that of Universal Scientific Industrial (Shanghai) Co., Ltd. ("USI"), which constitute horizontal competition with USI, or other business that may adversely affect USI. (2) The person making the commitment shall not, during the period of being confirmed as the actual controller of USI according to Chinese laws and regulations, directly or indirectly engage in or participate in any business or activity that competes with USI in any way (including but not limited to independent operation, joint venture operation, or owning equity and other interests in another company or enterprise) inside or outside China, or engage in any business activities that are the same as, similar to or may replace USI's business in any way. (3) If the business opportunity obtained by the person making the commitment from any third party does or may constitute competition with the business operated by USI, the person making the commitment shall notify USI immediately and cause the business opportunity to be transferred to USI. (4) Where USI further expands its business scope on the basis of its existing business, if other enterprises controlled by the person making the commitment have already carried out production and operation of such expanded business, the person making

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

Note 6:

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

Note 7

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

Note 8:

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

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

Fulfilled Unfulfilled Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

III. Illegal guarantees

Applicable Not Applicable

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

Applicable Not Applicable

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

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

Applicable Not Applicable

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

Applicable Not Applicable

(III) Communication with the previous accounting firm

Applicable Not Applicable

(IV) Approval process and other explanations

Applicable Not Applicable

VI. Appointment and dismissal of the accounting firm

Unit: 10,000yuan Currency: RMB

	Current accounting firm
Name of domestic accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration of domestic accounting firm	464
Number of years of audit services by the domestic accounting firm	15
Name of CPAs from domestic accounting	Yuan Shouqing, and Hu Ke
Number of consecutive years of audit services of CPAs in domestic accounting firms	15

	Name	Remuneration
Internal control audit accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP	133.9
Sponsor	Guotai Haitong Securities Co., Ltd.	0

Particulars on appointment and dismissal of the accounting firm

Applicable Not Applicable

The Company's 2024 annual general meeting of shareholders was held on April 23, 2025, and this meeting deliberated and approved the appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company's 2025 financial audit institution and internal control audit institution.

Particulars on the change of accounting firm during the auditing period

Applicable Not Applicable

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

Applicable Not Applicable

VII. Risk of suspension of listing

(I) Reasons for the suspension of listing risk warning

Applicable Not Applicable

(II) Measures to be taken by the Company

Applicable Not Applicable

(III) Circumstances and reasons for termination of listing

Applicable Not Applicable

VIII. Matters related to bankruptcy and reorganisation

Applicable Not Applicable

IX. Material litigation and arbitration

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

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

XII. Major related transactions

(I) Related transactions in relation to daily operation

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

Applicable Not Applicable

Overview	Index
Announcement on Actual Regular Related Party Transactions in 2023 and Predicted Regular Related Party Transactions in 2024	For details, please refer to the announcement disclosed on the website of the SSE (www.sse.com.cn) (No.: 2025-022).
Announcement on the Company Entering into a	For details, please refer to the announcement

Framework Agreement for Daily Related-Party Transactions	disclosed on the website of the SSE (www.sse.com.cn) (No.: 2025-023).
Supplementary Announcement on the Implementation of Daily Related-Party Transactions for 2024 and the Estimated Daily Related-Party Transactions for 2025	For details, please refer to the announcement disclosed on the website of the SSE (www.sse.com.cn) (No.: 2025-032).
Announcement on the Increase in the Estimated Amount of Daily Related-Party Transactions for 2025	For details, please refer to the announcement disclosed on the website of the SSE (www.sse.com.cn) (No.: 2025-093).

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

Applicable Not Applicable

3. Events not disclosed in temporary announcements

Applicable Not Applicable

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

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

Applicable Not Applicable

Overview	Index
Announcement on the Proposed Disposal of a Controlling Subsidiary and Related-Party Transaction	For details, please refer to the announcement disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) (No.: 2025-042).
Announcement on the Proposed Disposal of Land of a Controlling Subsidiary and Related-Party Transaction	For details, please refer to the announcement disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) (No.: 2025-061).
Announcement on the Completion of the Transaction and Settlement for the Disposal of a Controlling Subsidiary	For details, please refer to the announcement disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn) (No.: 2025-079).

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

Applicable Not Applicable

3. Events not disclosed in temporary announcements

Applicable Not Applicable

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

Applicable Not Applicable

(III) Major related transactions in joint external investment

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

Applicable Not Applicable

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

Applicable Not Applicable

3. Events not disclosed in temporary announcements

Applicable Not Applicable

(IV) Creditor's rights and debts with affiliates

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

Applicable Not Applicable

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

3. Applicable Not Applicable

4. Events not disclosed in temporary announcements

Applicable Not Applicable

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

Applicable Not Applicable

(VI) Others

Applicable Not Applicable

XIII. Material contracts and their performance

(I) Trusteeship, contracting and leasing matters

1. Trusteeship

Applicable Not Applicable

2. Contracting

Applicable Not Applicable

3. Leasing

Applicable Not Applicable

(II) Guarantees

 √Applicable Not Applicable

Unit: 10,000 Currency: EUR

The Company's external guarantees (excluding guarantees to subsidiaries)														
Guarantor	Relationship between the guarantor and the listed company	Guaranteed party	Guaranteed amount	Guarantee date (date of signing the agreement)	Guarantee start date	Guarantee expiry date	Guarantee type	Collateral (if any)	Whether fulfilled	Whether overdue	Guarantee overdue amount	Counter-guarantee situation	Whether for related parties	Related relationship
/		/	/	/	/	/					/	/		
Total amount of guarantees during the reporting period (excluding guarantees to subsidiaries)										0				
Total balance of guarantees at the end of the reporting period (A) (excluding guarantees to subsidiaries)										0				
Guarantee of the Company and its subsidiaries to subsidiaries														
Total amount of guarantees to subsidiaries during the reporting period										2,100				
Total balance of guarantees to subsidiaries at the end of the reporting period (B)										2,100				
Total amount of the Company's guarantees (including guarantees to subsidiaries)														
Total amount of guarantees (A+B)										2,100				
Proportion of the total amount of guarantees in the Company's net assets (%)										0.83				
Including:														
Amount of guarantee provided to shareholders, actual controllers and related parties (C)										0				
Amount of debt guarantee provided directly or indirectly for the guaranteed party whose asset-liability ratio exceeds 70% (D)										2,100				
Amount of the total guarantee exceeding 50% of the net assets (E)										0				
Total amount of the above three guarantees (C+D+E)										2,100				
Particulars on the situation that unexpired guarantees may bear joint liability for repayment										None				

Particulars on guarantees	
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(III) Entrusting others to manage cash assets

1. Entrusted wealth management

(1) Overall condition of entrusted wealth management

Applicable Not Applicable

Unit: yuan Currency: RMB

Type	Risk Profile	Undue balance	Overdue uncollected amount
Bank wealth management products	Low Risk	0	0

Others

Applicable Not Applicable

On March 28, 2025, the Company convened the Seventeenth Meeting of the Sixth Session of the Board of Directors, at which the Proposal on the Use of Idle Self-Owned Funds for Investment in Wealth Management Products was reviewed and approved. The Board agreed that the Company may invest in wealth management products using idle self-owned funds with a maximum total investment limit of RMB 50 billion, which may be utilized on a rolling basis within the approved quota.

(2) Individual entrusted wealth management

Applicable Not Applicable

Others

Applicable Not Applicable

(3) Provision for the impairment of entrusted wealth management

Applicable Not Applicable

2. Entrusted loans

(1) Overall condition of entrusted loans

Applicable Not Applicable

Others

Applicable Not Applicable

(2) Individual entrusted loans

Applicable Not Applicable

Others

Applicable Not Applicable

(3) Provision for the impairment of entrusted loans

Applicable Not Applicable

3. Others

Applicable Not Applicable

(IV) Other material contracts

Applicable Not Applicable

XIV. Progress of the use of raised funds

Applicable Not Applicable

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

Applicable Not Applicable

Section VI Changes in Shares and Information of Shareholders

I. Changes in share capital

(I) Table of changes in shares

1. Table of changes in shares

Unit: Share

	Before the change		Change					After the change	
	Number	%	New Issue	Bonus Issu e	Shares converte d from capital reserve	O th er s	Subtotal	Number	%
II. Tradable shares held not subject to selling restrictions	2,190,556,466	100	88,787,564	0	0	0	88,787,564	2,279,344,030	100
1. RMB ordinary shares	2,190,556,466	100	88,787,564	0	0	0	88,787,564	2,279,344,030	100
III. Total number of shares	2,190,556,466	100	88,787,564	0	0	0	88,787,564	2,279,344,030	100

2. Particulars on changes in ordinary shares

Applicable Not Applicable

During the reporting period, the Company's total share capital increased from 2,190,556,466 shares to 2,279,344,030 shares. The increase was attributable to the issuance of 13,096,907 new shares resulting from the exercise of equity incentives and 75,690,657 new shares resulting from the conversion of convertible bonds.

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

Applicable Not Applicable

During the reporting period, the Company's total share capital increased by 88,787,564 shares as a result of equity incentive exercises and the conversion of convertible bonds, accounting for 3.90% of the Company's total share capital after the change. From the end of the reporting period up to the date of disclosure of this annual report, the Company's total share capital further increased by 109,761,048 shares due to the conversion of convertible bonds. While such conversions had a dilutive effect on earnings per share in the short term, they have strengthened the Company's capital base over the medium to long term, reduced the asset-liability ratio, lowered future interest expense, and enhanced the Company's risk-resilience, thereby supporting the Company's achievement of high-quality and sustainable development.

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

Applicable Not Applicable

(II) Changes in shares subject to selling restrictions

Applicable Not Applicable

Unit: share

II. Issuance and listing of securities

(I) Issuance of securities during the reporting period

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

1. Changes in Total Share Capital

During the reporting period, the Company's total share capital increased by an aggregate of 88,787,564 shares as a result of equity incentive exercises and the conversion of convertible bonds. From the end of the reporting period up to the date of disclosure of this annual report, the Company's total share capital further increased by 109,761,048 shares due to the conversion of convertible bonds.

2. Changes in Shareholder Structure

The Company's controlling shareholder and actual controller remained unchanged. The controlling shareholder is still USI Enterprise Limited , whose shareholding ratio decreased from 76.86% to 70.48%. Apart from the controlling shareholder, there are no other shareholders holding more than 5% of the company's shares. The actual controllers remain Mr. Jason C.S. Chang and Mr. Richard H.P. Chang .

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

At the beginning of the reporting period, the company's total assets were RMB 39.998 billion, and total liabilities were RMB 21.939 billion, with a debt-to-asset ratio of 54.85%. At the end of the reporting period, total assets were RMB 40.486 billion, and total liabilities were RMB 19.765 billion, with a debt-to-asset ratio of 48.82%. The Company's debt-to-asset ratio decreased by 6.03 percentage compared to the same period last year.

(III) Existing internal employee shares

Applicable Not Applicable

III. Shareholders and actual controllers

(I) Total number of shareholders

Total number of shareholders of ordinary shares at the end of the reporting period	55,118
Total number of shareholders of ordinary shares at the end of previous month prior to the disclosure date of this annual report	54,741
Total number of preferred shareholders whose voting rights have been	0

restored as of the end of the reporting period	
Total number of preferred shareholders at the end of the previous month prior to the disclosure date of the annual report	0

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

Unit: share

Shareholdings of the top ten shareholders (Excluding share lending through refinancing business)							
Name of shareholder (full name)	Change during the reporting period	Shares held by the end of the reporting period	%	Restricted shares held	Pledge, marking or freezing		Nature of shareholder
					Share status	Number	
USI Enterprise Limited	0	1,683,749,126	73.87	0	None		Foreign legal person
Hong Kong Securities Clearing Company Ltd.	-28,900,979	54,329,049	2.38	0	Unknow		Foreign legal person
ASE (Shanghai) Inc.	0	18,098,476	0.79	0	None		Domestic non-state-owned legal person
Invesco Great Wall Fund - China Life Insurance Company Limited - Dividend Insurance - Invesco Great Wall China Life Equity Growth Stock Portfolio Single Asset Management Plan (Available for Sale)		17,286,206	0.76	0	Unknow		Others
Bank of China Limited - Huashang Selected Return Hybrid Securities Investment Fund		11,146,516	0.49	0	Unknow		Others
Agricultural Bank of China Limited - CSI 500 Exchange-Traded Open-End Index Securities Investment Fund	531,884	9,667,686	0.42	0	Unknow		Others
National Social Security Fund Portfolio No. 503		9,500,044	0.42	0	Unknow		Others
Bank of China Limited - Morgan Stanley Digital Economy Hybrid Securities Investment Fund	4,519,425	7,928,125	0.35	0	Unknow		Others

Shanghai Pudong Development Bank Co., Ltd. - Invesco Great Wall Electronic Information Industry Equity Securities Investment Fund		5,887,288	0.26	0	Unknow	Individual
China Merchants Bank Co., Ltd. - Zhongou Sci-Tech Innovation Theme 3-Year Closed-End Flexible Allocation Hybrid Securities Investment Fund		5,503,619	0.24	0	Unknow	Others
Shareholding of top 10 shareholders subject to no selling restrictions						
Name of shareholder	Number of tradable shares held not subject to selling restrictions	Type and number of shares				
		Species	Number			
USI Enterprise Limited	1,683,749,126	RMB ordinary shares	1,683,749,126			
Hong Kong Securities Clearing Company Ltd.	54,329,049	RMB ordinary shares	54,329,049			
ASE (Shanghai) Inc.	18,098,476	RMB ordinary shares	18,098,476			
Invesco Great Wall Fund - China Life Insurance Company Limited - Dividend Insurance - Invesco Great Wall China Life Equity Growth Stock Portfolio Single Asset Management Plan (Available for Sale)	17,286,206	RMB ordinary shares	17,286,206			
Bank of China Limited - Huashang Selected Return Hybrid Securities Investment Fund	11,146,516	RMB ordinary shares	11,146,516			
Agricultural Bank of China Limited - CSI 500 Exchange-Traded Open-End Index Securities Investment Fund	9,667,686	RMB ordinary shares	9,667,686			
National Social Security Fund Portfolio No. 503	9,500,044	RMB ordinary shares	9,500,044			
Bank of China Limited - Morgan Stanley Digital Economy Hybrid Securities Investment Fund	7,928,125	RMB ordinary shares	7,928,125			
Shanghai Pudong Development Bank Co., Ltd. - Invesco Great Wall Electronic Information Industry Equity Securities Investment Fund	5,887,288	RMB ordinary shares	5,887,288			
China Merchants Bank Co., Ltd. - Zhongou Sci-Tech Innovation Theme 3-Year Closed-End Flexible Allocation Hybrid Securities Investment Fund	5,503,619	RMB ordinary shares	5,503,619			

Particulars on the special buy-back securities account of the top ten shareholders	As of the beginning of the reporting period, the Company's special share repurchase account held 6,740,400 unrestricted tradable shares. By the end of the reporting period, the account held 13,061,500 unrestricted tradable shares. During the reporting period, the Company repurchased a total of 6,321,100 shares.
Particulars on the above-mentioned shareholders' entrusting voting rights, entrusted voting rights and abstention from voting rights	None
Related or concert parties among the shareholders above	The actual controllers of the Company are Mr. Jason C.S. Chang and Mr. Richard H.P. Chang, who are brothers and ultimately control the Company through indirect shareholding by controlling USI Enterprise Limited and ASE (Shanghai) Inc., two of the Company's shareholders. The Company does not know whether there are related relationships and concerted actions among other shareholders.
Particulars on the preference shareholders with voting rights restored and their shareholdings	None

Top ten shareholders participating in share lending through refinancing business

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

IV. Controlling shareholder and actual controllers

(I) Controlling shareholder

1 Legal person

Applicable Not Applicable

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

period	
Particulars on other information	None

2 Natural person

Applicable Not Applicable

3 Special particulars on the Company not having controlling shareholder

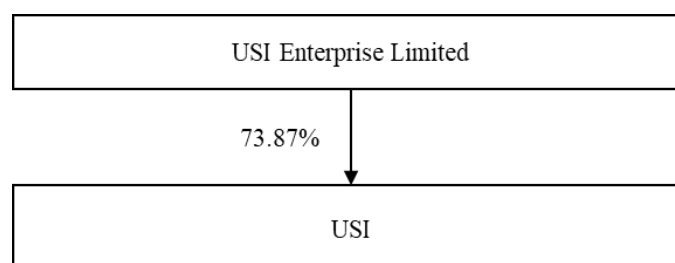
Applicable Not Applicable

4 Changes in controlling shareholders during the reporting period

Applicable Not Applicable

5 The ownership structure of USI and its controlling shareholder

Applicable Not Applicable



(II) Actual controller

1 Legal person

Applicable Not Applicable

2 Natural person

Applicable Not Applicable

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

	of 2311, which was terminated from listing on April 30, 2018.
Name	Richard H.P. Chang
Nationality	Hong Kong, China
Acquire right of residence in other countries or regions or not	Yes
Main job and title	Since 2018, has been serving as vice chairman and president of ASE Technology Holding Co., Ltd.
Shareholdings in other domestic or overseas listed companies over the past 10 years	As a brother of Jason C.S. Chang, holds 2.81% equity in ASE Investment Holding Co., Ltd. (a company listed in Taiwan, with the stock code of 3711) and 12.90% equity in Hung Ching Development & Construction Co. (a company listed in Taiwan, with the stock code of 2527), and controls 48.69% equity in SINO HORIZON (a company listed in Taiwan, with the stock code of 2923). Once held the equity of ASE Co., Ltd., a company listed on the Taiwan Stock Exchange, with a stock code of 2311, which was terminated from listing on April 30, 2018.

3 Special particulars on the Company not having actual controllers

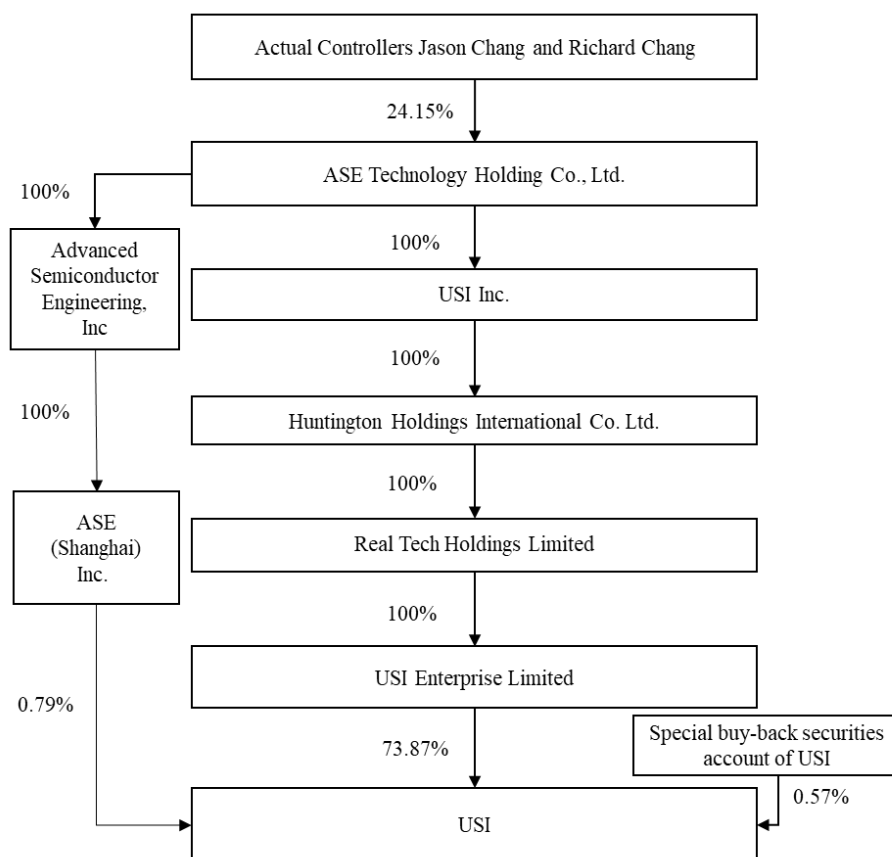
Applicable Not Applicable

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

Applicable Not Applicable

5 The ownership Structure of USI and its Actual Controller

Applicable Not Applicable



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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

VII. Particulars on restrictions on reduction of shareholding

Applicable Not Applicable

VIII. Specific implementation of share repurchase during the reporting period

Applicable Not Applicable

Unit: 100 million yuan Currency: RMB

Share Repurchase Plan Name	2025 Share Repurchase Plan via Centralized Bidding Transactions
Disclosure Time of the Share Repurchase Plan	April 26, 2025
Proposed Number of Shares to be Repurchased and Percentage of Total Share Capital (%)	7.5 million shares~15 million shares (Estimated based on the upper limit of the repurchase price) 0.34%~0.68%
Proposed Repurchase Amount	1.5~3
Proposed Repurchase Period	April 25, 2025 to April 24, 2026
Purpose of the Repurchase	Employee Stock Ownership Plan or Equity Incentive Plan
Number of Shares Already Repurchased (Shares)	6,321,100
Percentage of Shares Already Repurchased Relative to the Target Shares Involved in the Equity Incentive Plan (if applicable)	Not Applicable
Progress of the Company's Reduction of Repurchased Shares Through Centralized Bidding Transactions	Not Applicable

IX. Matters Relating to Preference Shares

Applicable Not Applicable

Section VII Information on Bonds

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

Applicable Not Applicable

II. Convertible corporate bonds

Applicable Not Applicable

(I) Issuance of convertible bonds

Applicable Not Applicable

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

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

Applicable Not Applicable

Name of convertible corporate bonds	Convertible corporate bonds publicly issued by Universal Scientific Industrial (Shanghai) Co., Ltd. in 2021	
Number of convertible bond holders at the end of the period	4,344	
Guarantor of the Company's convertible bonds	None	
Top ten convertible bond holders:		
Name of holders of convertible corporate bonds	Amount of bonds held at the end of the period (RMB)	Holding ratio (%)
China Merchants Bank Co., Ltd. – Bosera CSI Convertible Bond and Exchangeable Bond Exchange-Traded Open-End Index Securities Investment Fund	239,116,000	11.7
China Construction Bank Corporation – Huashang Credit Enhancement Bond Securities Investment Fund	187,496,000	9.18
CITIC Securities Co., Ltd. – HFT SSE Investment-Grade Convertible Bond and Exchangeable Bond Exchange-Traded Open-End Index Securities Investment Fund	86,377,000	4.23
Bank of Communications Co., Ltd. – Golden Eagle Dividend Value Flexible Allocation Hybrid Securities Investment Fund	49,775,000	2.44
China Foreign Economy and Trade Trust Co., Ltd. – Foreign Economic and Trade Trust – Yongxin No. 8 Collective Capital Trust Plan	46,622,000	2.28

Industrial and Commercial Bank of China Limited - China Universal Convertible Bond Securities Investment Fund	40,369,000	1.98
Guosen Securities Co., Ltd.	29,959,000	1.47
Basic Pension Insurance Fund Portfolio No. 111	27,768,000	1.36
Bank of China Limited - Ping An Strategy Pioneer Hybrid Securities Investment Fund	24,765,000	1.21
CITIC Securities Co., Ltd.	24,347,000	1.19

(III) Changes in convertible bonds during the reporting period

√Applicable □ Not Applicable

Unit: yuan Currency: RMB

Name of convertible corporate bonds	Before the change	Change			After the change
		Converted into shares	Redeemed	Put	
Convertible corporate bonds publicly issued by Universal Scientific Industrial (Shanghai) Co., Ltd. in 2021	3,449,856,000	1,406,387,000	0	0	2,043,469,000

Cumulative conversion of convertible bonds during the reporting period

√Applicable □ Not Applicable

Name of convertible corporate bonds	Convertible corporate bonds publicly issued by Universal Scientific Industrial (Shanghai) Co., Ltd. in 2021
Conversion amount (RMB) during the reporting period	1,406,387,000
Number of shares converted during the reporting period	75,690,657
Cumulative number of converted shares	75,698,035
Proportion of cumulative number of converted shares to the total number of shares of the Company issued before the conversion (%)	3.4255
Unconverted amount (RMB)	2,043,469,000
Proportion of unconverted convertible bonds to the total convertible bonds issued (%)	59.2310

(IV) Historical adjustments of conversion price

√Applicable □ Not Applicable

Unit: yuan Currency: RMB

Name of convertible corporate bonds		Convertible corporate bonds publicly issued by Universal Scientific Industrial (Shanghai) Co., Ltd. in 2021			
Conversion price adjustment date	Adjusted conversion price	Disclosure time	Disclosure media	Particulars on conversion price adjustment Note	
June 3, 2021	19.75	June 1, 2021	Shanghai Securities News, China Securities Journal, and	2020 profit distribution	
June 13, 2022	19.49	June 7, 2022		2021 profit distribution	
July 21, 2022	19.52	July 20, 2022		Cancellation of repurchased shares	
December 9,	19.50	December 8,		The accumulative exercise of	

2022		2022	Securities Times	stock options reached the degree of adjusting the conversion price
May 30, 2023	19.07	May 24, 2023		2022 profit distribution
November 29, 2023	19.06	November 28, 2023		The accumulative exercise of stock options reached the degree of adjusting the conversion price
June 5, 2024	18.79	May 30, 2024		2023 profit distribution
November 7, 2024	18.84	November 6, 2024		Cancellation of repurchased shares and The accumulative exercise of stock options reached the degree of adjusting the conversion price
January 6, 2025	18.83	January 3, 2025		The accumulative exercise of stock options reached the degree of adjusting the conversion price
June 6, 2025	18.60	May 30, 2025		2024 profit distribution
September 2, 2025	18.59	August 30, 2025		The accumulative exercise of stock options reached the degree of adjusting the conversion price
November 17, 2025	18.58	November 14, 2025		The accumulative exercise of stock options reached the degree of adjusting the conversion price
The latest conversion price as of the end of the reporting period				18.58

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

Applicable Not Applicable

At the beginning of the reporting period, the Company's total assets amounted to RMB 39.998 billion, total liabilities amounted to RMB 21.939 billion, and the asset-liability ratio was 54.85%. By the end of the reporting period, the Company's total assets increased to RMB 40.486 billion, total liabilities decreased to RMB 19.765 billion, and the asset-liability ratio declined to 48.82%. Compared with the same period of the previous year, the Company's asset-liability ratio decreased by 6.03 percentage points.

On May 12, 2025, China Chengxin Credit Rating Group issued the "2025 Follow-up Rating Report for USI". The Company's entity credit rating remained at AA+, and the credit rating for "USI Convertible Bonds" also remained at AA+, with a stable outlook. No adjustments were made to this rating result.

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

(VI) Particulars on other information of convertible bonds

Applicable Not Applicable

On January 7, 2026, the Company convened the Twenty-second Meeting of the Sixth Session of the Board of Directors, at which the Proposal on the Early Redemption of "USI Convertible Bonds"

was reviewed and approved. The Board resolved to exercise the early redemption right of the “USI Convertible Bonds” and to redeem all outstanding bonds registered as of the redemption registration date at a price equal to the bond’s par value plus accrued interest for the current period. For further details, please refer to the Announcement on the Early Redemption of “USI Convertible Bonds” (No.: 2026-003) disclosed on January 8, 2026.

On January 21, 2026, the Company further disclosed the Announcement on the Implementation of the Redemption and Delisting of “USI Convertible Bonds” (No.: 2026-006), which specified the redemption procedures, redemption price, payment method and schedule. Between January 22, 2026 and January 28, 2026, the Company disclosed five reminder announcements regarding the implementation of the redemption and delisting of the “USI Convertible Bonds”.

As of the close of trading on January 28, 2026 (the redemption registration date), the outstanding balance of the “USI Convertible Bonds” amounted to RMB 4,072,000 (equivalent to 40,720 bonds), representing 0.1180% of the total issuance amount of the bonds. Cumulatively, “USI Convertible Bonds” with a total amount of RMB 3,445,928,000 had been converted into the Company’s A-share ordinary shares, resulting in an aggregate conversion of 185,459,083 shares, accounting for 8.3925% of the Company’s total issued share capital prior to the conversion. According to the data provided by China Securities Depository and Clearing Corporation Limited, Shanghai Branch, a total of 40,720 bonds were redeemed in this redemption, with a total redemption payment of RMB 4,138,466.01 (including accrued interest). The redemption payment date was January 29, 2026. As of January 29, 2026, the publicly issued convertible bonds “USI Convertible Bonds” were delisted from the Shanghai Stock Exchange. For further details, please refer to the Announcement on the Redemption Results of “USI Convertible Bonds” and Changes in Share Capital (No.: 2026-012) disclosed by the Company on January 30, 2026.

Section VIII Financial Statements

I. Auditor's report

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

II. Financial statements and notes

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

UNIVERSAL SCIENTIFIC INDUSTRIAL
(SHANGHAI) CO., LTD.

Financial Statements and Auditor's Report
For the year ended 31 December 2025

<u>CONTENTS</u>	<u>PAGE(S)</u>
AUDITOR'S REPORT	1 - 4
THE CONSOLIDATED BALANCE SHEET	5 - 6
THE COMPANY'S BALANCE SHEET	7 - 8
THE CONSOLIDATED INCOME STATEMENT	9
THE COMPANY'S INCOME STATEMENT	10
THE CONSOLIDATED CASH FLOW STATEMENT	11
THE COMPANY'S CASH FLOW STATEMENT	12
THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	13 - 14
THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY	15 - 16
NOTES TO THE FINANCIAL STATEMENTS	17 - 148

AUDITOR'S REPORT

De Shi Bao (Shen) Zi (26) No. P03863
(Page 1 of 4)

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

I. Opinion

We have audited the financial statements of Universal Scientific Industrial (Shanghai) Co., Ltd. ("USI" or the "Company"), which comprise the consolidated and the Company's balance sheets as at 31 December 2025, and the consolidated and the Company's income statements, the consolidated and the Company's cash flow statements and the consolidated and the Company's statements of changes in shareholders' equity for the year then ended, and the notes to the financial statements.

In our opinion, the accompanying financial statements are prepared, in all material respects, in accordance with the Accounting Standards for Business Enterprises, and present fairly the consolidated and the Company's financial position as at 31 December 2025, and the consolidated and the Company's results of operations and cash flows for the year then ended.

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the *Independence Standards for Chinese Certified Public Accountants No. 1 - Independence Requirements for Financial Statement Audit and Review Engagements* and the Code of Ethics for Chinese Certified Public Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We have complied with the independence requirements for audits of public interest entities during our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

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

Cut-off of Revenue Recognition

Description of the matter

As set out in Notes (V), 48 to the financial statements, the operating income in 2025 in the consolidated financial statements of USI is RMB59,195,055,821.58, which is significant. The revenue of USI mainly includes revenue from sales of goods, and the revenue is recognised at the time point when the customer obtains the control over the goods. Under different terms of sales contracts and trades, the time point of the transfer of goods control is different. As revenue is one of the key performance indicators of USI, and the time point for the transfer of control is different for various transaction modes in relation to revenue recognition, there is a risk that revenue is not recognised in the appropriate accounting period. Therefore, we consider whether revenue is recorded in the appropriate accounting period as a key audit matter.

AUDITOR'S REPORT - continued

De Shi Bao (Shen) Zi (26) No. P03863
(Page 2 of 4)

III. Key Audit Matters - continued

Cut-off of Revenue Recognition - continued

Audit responses

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

IV. Other Information

The management of USI is responsible for other information. The other information comprises the information included in USI's annual report of 2025, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by China Standards on Auditing to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

- (5) Evaluate the overall presentation (including the disclosures), structure and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within USI to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Deloitte Touche Tohmatsu CPA LLP
Shanghai, China

Chinese Certified Public Accountant:
(Engagement partner)

Chinese Certified Public Accountant:

2 April 2026

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

THE CONSOLIDATED BALANCE SHEET

RMB

Items	Notes	31/12/2025	31/12/2024
Current Assets:			
Cash and bank balances	(V) 1	13,240,893,883.02	12,487,357,842.47
Held-for-trading financial assets	(V) 2	9,800,747.96	42,291,303.91
Notes receivable	(V) 3	109,607,255.52	79,450,682.42
Accounts receivable	(V) 4	10,029,923,095.52	10,255,502,444.64
Prepayments	(V) 5	92,620,111.45	53,561,714.38
Other receivables	(V) 6	123,820,937.01	134,298,737.44
Inventories	(V) 7	7,977,390,848.76	7,750,208,908.58
Non-current assets due within one year	(V) 8	-	130,008.72
Other current assets	(V) 9	559,117,230.85	793,813,622.28
Total Current Assets		32,143,174,110.09	31,596,615,264.84
Non-current Assets:			
Long-term receivables	(V) 10	14,158,877.21	13,787,074.59
Long-term equity investments	(V) 11	528,293,549.97	516,492,474.11
Other equity instrument investments	(V) 12	13,587,010.31	22,769,795.62
Other non-current financial assets	(V) 13	186,517,853.51	201,093,233.84
Investment properties	(V) 14	3,764,530.53	4,044,288.01
Fixed assets	(V) 15	5,245,813,183.74	5,120,055,058.11
Construction in progress	(V) 16	185,146,576.52	364,667,733.73
Right-of-use assets	(V) 17	399,746,943.70	467,197,344.08
Intangible assets	(V) 18	313,254,551.42	311,389,637.91
Goodwill	(V) 19	638,281,192.99	585,220,427.80
Long-term prepaid expenses	(V) 20	158,261,375.43	175,639,403.30
Deferred tax assets	(V) 21	450,986,471.59	434,071,460.33
Other non-current assets	(V) 22	205,497,023.55	184,987,639.10
Total Non-current Assets		8,343,309,140.47	8,401,415,570.53
TOTAL ASSETS		40,486,483,250.56	39,998,030,835.37

THE CONSOLIDATED BALANCE SHEET - continued

RMB

Items	Notes	31/12/2025	31/12/2024
Current Liabilities:			
Short-term borrowings	(V) 24	2,970,280,883.63	3,676,702,163.10
Derivative financial liabilities	(V) 25	2,750,760.31	4,775,306.67
Accounts payable	(V) 26	10,985,186,371.23	11,055,392,929.15
Contract liabilities	(V) 27	466,578,303.40	542,457,418.46
Employee benefits payable	(V) 28	1,011,779,389.14	904,910,191.47
Taxes payable	(V) 29	220,849,106.91	390,100,700.18
Other payables	(V) 30	790,134,442.66	805,175,805.23
Non-current liabilities due within one year	(V) 31	344,241,485.07	193,691,444.57
Other current liabilities	(V) 32	7,067,308.83	11,106,077.85
Total Current Liabilities		16,798,868,051.18	17,584,312,036.68
Non-current Liabilities:			
Long-term borrowings	(V) 33	125,534,368.00	29,872,115.04
Bonds payable	(V) 34	2,107,520,109.67	3,467,944,609.76
Lease liabilities	(V) 35	328,026,282.07	377,309,333.43
Long-term payables	(V) 36	27,115,905.87	18,348,682.49
Long-term employee benefits payable	(V) 37	183,393,709.83	230,871,543.86
Provisions	(V) 38	49,702,177.15	74,187,068.91
Deferred income	(V) 39	76,135,477.71	72,457,875.12
Deferred tax liabilities	(V) 21	66,489,314.70	82,878,640.62
Other non-current liabilities	(V) 40	1,799,639.99	1,317,464.14
Total Non-current Liabilities		2,965,716,984.99	4,355,187,333.37
TOTAL LIABILITIES		19,764,585,036.17	21,939,499,370.05
SHAREHOLDERS' EQUITY:			
Share capital	(V) 41	2,279,344,030.00	2,190,556,466.00
Other equity instruments	(V) 42	205,965,039.67	409,888,096.26
Capital reserve	(V) 43	3,769,132,106.24	2,049,016,598.82
Less: Treasury shares	(V) 44	233,565,519.89	100,052,846.15
Other comprehensive income	(V) 45	145,039,905.14	176,365,826.20
Surplus reserve	(V) 46	1,356,456,502.63	1,049,724,882.30
Retained profits	(V) 47	13,199,030,429.23	12,159,024,853.45
Total equity attributable to shareholders of the Company		20,721,402,493.02	17,934,523,876.88
Minority interests		495,721.37	124,007,588.44
TOTAL SHAREHOLDERS' EQUITY		20,721,898,214.39	18,058,531,465.32
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		40,486,483,250.56	39,998,030,835.37

The accompanying notes form part of the financial statements.

The financial statements on pages 5 to 148 were signed by the following:

Head of the Company

Chief Financial Officer

Person in Charge of
the Accounting Body

THE COMPANY'S BALANCE SHEET

RMB

Items	Notes	31/12/2025	31/12/2024
Current Assets:			
Cash and bank balances		5,668,414,466.99	3,175,577,806.90
Held-for-trading financial assets		3,276,064.23	-
Notes receivable	(XVI) 1	93,702,359.76	66,017,318.26
Accounts receivable	(XVI) 2	2,860,071,874.63	3,434,505,018.46
Prepayments		4,694,119.55	6,206,791.81
Other receivables	(XVI) 3	307,186,667.44	643,273,134.04
Inventories		1,631,700,057.63	1,764,715,535.20
Other current assets		63,238,209.68	52,820,691.60
Total Current Assets		10,632,283,819.91	9,143,116,296.27
Non-current Assets:			
Long-term equity investments	(XVI) 4	7,107,117,260.51	7,051,019,621.05
Other non-current financial assets		82,559,472.00	80,819,941.58
Fixed assets		1,116,689,888.33	1,094,606,101.11
Construction in progress		17,838,665.90	23,564,795.30
Right-of-use assets		27,984,650.99	25,787,662.19
Intangible assets		22,545,427.47	12,625,793.70
Long-term prepaid expenses		29,070,921.40	36,046,864.86
Deferred tax assets		62,560,818.30	65,684,705.63
Other non-current assets		3,304,980.79	11,593,335.74
Total Non-current Assets		8,469,672,085.69	8,401,748,821.16
TOTAL ASSETS		19,101,955,905.60	17,544,865,117.43

THE COMPANY'S BALANCE SHEET - continued

RMB

Items	Notes	31/12/2025	31/12/2024
Current Liabilities:			
Short-term borrowings		17,442,331.61	21,581,521.53
Accounts payable		3,145,438,903.28	4,195,865,246.89
Contract liabilities		2,899,708.51	71,514,490.87
Employee benefits payable		110,431,762.67	127,828,187.55
Taxes payable		32,204,715.11	28,274,390.73
Other payables		72,537,096.30	49,142,457.37
Non-current liabilities due within one year		44,412,404.01	51,411,112.20
Total Current Liabilities		3,425,366,921.49	4,545,617,407.14
Non-current Liabilities:			
Bonds payable		2,107,520,109.67	3,467,944,609.76
Lease liabilities		18,507,203.04	18,452,945.56
Deferred income		55,039,296.94	52,523,647.44
Other non-current liabilities		6,000.00	6,000.00
Total Non-current Liabilities		2,181,072,609.65	3,538,927,202.76
TOTAL LIABILITIES		5,606,439,531.14	8,084,544,609.90
SHAREHOLDERS' EQUITY:			
Share capital	(V) 41	2,279,344,030.00	2,190,556,466.00
Other equity instruments	(V) 42	205,965,039.67	409,888,096.26
Capital reserve		3,829,033,503.52	2,108,917,996.10
Less: Treasury shares	(V) 44	233,565,519.89	100,052,846.15
Surplus reserve	(V) 46	1,356,456,502.63	1,049,724,882.30
Retained profits		6,058,282,818.53	3,801,285,913.02
TOTAL SHAREHOLDERS' EQUITY		13,495,516,374.46	9,460,320,507.53
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		19,101,955,905.60	17,544,865,117.43

Head of the Company

Chief Financial Officer

Person in Charge of
the Accounting Body

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

THE CONSOLIDATED INCOME STATEMENT

RMB

Items	Notes	Amount incurred in 2025	Amount incurred in 2024 (restated)
I. Operating income	(V) 48	59,195,055,821.58	60,690,651,098.10
Less: Operating costs	(V) 48	53,579,581,679.30	54,929,613,226.02
Taxes and levies	(V) 49	71,456,455.35	137,973,117.73
Selling expenses	(V) 50	404,219,301.75	409,346,671.29
Administrative expenses	(V) 51	1,292,285,437.01	1,370,514,447.54
Research and development expenses	(V) 52	1,901,272,779.33	1,907,549,706.46
Financial expenses	(V) 53	268,387,800.59	312,651,073.77
Including: Interest expenses		347,417,604.83	391,009,108.71
Interest income		327,615,870.61	304,283,941.12
Add: Other income	(V) 54	58,661,980.70	63,432,650.72
Investment income	(V) 55	266,302,817.24	213,463,202.51
Including: Income from investments in associates and joint ventures		36,224,873.92	33,862,787.66
Losses on changes in fair values	(V) 56	(25,911,253.37)	(2,460,620.20)
Losses on impairment of credit	(V) 57	(43,359,041.99)	(32,800,121.83)
Gains on impairment of assets	(V) 58	10,646,619.51	312,399.29
Gains on disposal of assets	(V) 59	160,377,165.26	7,531,285.09
II. Operating profit		2,104,570,655.60	1,872,481,650.87
Add: Non-operating income	(V) 60	65,852,952.18	25,287,666.76
Less: Non-operating expenses	(V) 61	30,930,552.26	43,952,744.22
III. Total profit		2,139,493,055.52	1,853,816,573.41
Less: Income tax expenses	(V) 62	310,523,233.88	209,647,374.75
IV. Net profit		1,828,969,821.64	1,644,169,198.66
(I) Categorised by the nature of continuing operation			
1. Net profit from continuing operations		1,878,628,653.64	1,677,603,081.15
2. Net loss from discontinued operations		(49,658,832.00)	(33,433,882.49)
(II) Categorised by ownership:			
1. Net profit attributable to shareholders of the Company		1,853,439,277.28	1,652,482,815.41
2. Profit or loss (net loss) attributable to minority interests		(24,469,455.64)	(8,313,616.75)
V. Other comprehensive income, net of tax	(V) 45	(20,249,303.65)	(94,946,218.21)
(I) Other comprehensive income attributable to shareholders of the Company, net of tax		(34,440,324.80)	(88,021,640.42)
1. Other comprehensive income that cannot be subsequently reclassified to profit or loss		7,959,738.71	13,484,045.36
(1) Changes from re-measurement of defined benefit plan		11,022,782.62	6,887,026.91
(2) Changes in fair values of other equity instrument investments		(3,063,043.91)	6,597,018.45
2. Other comprehensive income that will be reclassified to profit or loss		(42,400,063.51)	(101,505,685.78)
(1) Other comprehensive income that can be reclassified to profit or loss under the equity method		9,343,710.34	(6,856,487.42)
(2) Translation differences of financial statements denominated in foreign currencies		199,458,751.74	(220,145,754.73)
(3) Hedging reserve of net investment in foreign operations		(251,202,525.59)	125,496,556.37
(II) Other comprehensive income attributable to minority interests, net of tax		14,191,021.15	(6,924,577.79)
VI. Total comprehensive income		1,808,720,517.99	1,549,222,980.45
(I) Total comprehensive income attributable to shareholders of the Company		1,818,998,952.48	1,564,461,174.99
(II) Total comprehensive income attributable to minority interests		(10,278,434.49)	(15,238,194.54)
VII. Earnings per share			
(I) Basic earnings per share (RMB/share)	(XVII) 2	0.85	0.76
(II) Diluted earnings per share (RMB/share)	(XVII) 2	0.84	0.75

Head of the Company

Chief Financial Officer

Person in Charge of
the Accounting Body

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

THE COMPANY'S INCOME STATEMENT

RMB

Items	Notes	Amount incurred in 2025	Amount incurred in 2024
I. Operating income	(XVI) 5	20,862,332,357.28	21,949,264,518.64
Less: Operating costs	(XVI) 5	19,036,886,964.57	20,016,518,726.72
Taxes and levies		22,928,562.96	58,505,199.33
Selling expenses		88,389,131.62	89,214,417.22
Administrative expenses		199,886,806.08	194,076,182.74
Research and development expenses		722,772,411.19	718,909,310.11
Financial expenses		154,582,708.71	11,072,834.38
Including: Interest expenses		177,084,636.68	161,447,593.54
Interest income		136,466,354.27	125,653,147.34
Add: Other income		31,903,367.48	28,034,470.97
Investment income	(XVI) 6	2,485,100,018.66	12,915,726.69
Including: Income (losses) from investments in associates and joint ventures		3,007,139.46	(3,459,733.12)
Losses on changes in fair values		(1,893,905.35)	(5,988,719.20)
Gains (losses) on impairment of credit		395,979.21	(765,483.93)
Losses on impairment of assets		(8,428,589.65)	(15,060,813.56)
Gains on disposal of assets		5,732,557.48	692,982.05
II. Operating profit		3,149,695,199.98	880,796,011.16
Add: Non-operating income		1,614,689.00	1,476,699.06
Less: Non-operating expenses		20,730,417.28	1,086,232.04
III. Total profit		3,130,579,471.70	881,186,478.18
Less: Income tax expenses		63,263,268.43	51,955,199.14
IV. Net profit		3,067,316,203.27	829,231,279.04
(I) Net profit from continuing operations		3,067,316,203.27	829,231,279.04
(II) Net profit from discontinued operations		-	-
V. Other comprehensive income, net of tax		-	-
VI. Total comprehensive income		3,067,316,203.27	829,231,279.04

Head of the Company

Chief Financial Officer

Person in Charge of
the Accounting Body

THE CONSOLIDATED CASH FLOW STATEMENT

RMB

Items	Notes	Amount incurred in 2025	Amount incurred in 2024
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		59,660,284,385.44	61,750,716,937.26
Receipts of tax refunds		576,669,652.21	558,900,621.53
Other cash receipts relating to operating activities	(V) 63(1)	430,258,720.88	521,859,456.50
Sub-total of cash inflows from operating activities		60,667,212,758.53	62,831,477,015.29
Cash payments for goods purchased and services received		52,464,329,993.19	52,626,999,310.02
Cash payments to and on behalf of employees		4,535,152,124.19	4,548,139,402.46
Payments of various types of taxes		761,256,661.75	814,158,824.01
Other cash payments relating to operating activities	(V) 63(1)	502,547,016.14	631,912,867.26
Sub-total of cash outflows from operating activities		58,263,285,795.27	58,621,210,403.75
Net Cash Flow from Operating Activities	(V) 64(1)	2,403,926,963.26	4,210,266,611.54
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments	(V) 63(2)	10,047,475,996.83	14,236,609,027.28
Cash receipts from investment income		193,653,643.79	185,687,208.00
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		212,298,639.25	68,504,500.64
Net cash receipts from disposals of subsidiaries and other business units	(V) 64(2)	140,915,365.12	-
Sub-total of cash inflows from investing activities		10,594,343,644.99	14,490,800,735.92
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		1,294,864,593.16	1,261,962,209.69
Cash payments to acquire investments	(V) 63(2)	10,014,000,000.00	14,209,224,800.00
Net cash payments for acquisitions of subsidiaries and other business units		-	215,479,003.07
Sub-total of cash outflows from investing activities		11,308,864,593.16	15,686,666,012.76
Net Cash Flow from Investing Activities		(714,520,948.17)	(1,195,865,276.84)
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		196,760,088.86	88,509,406.27
Including: Cash receipts from capital contributions from minority shareholders of subsidiaries		-	38,942,006.40
Cash receipts from borrowings		8,904,669,570.74	10,402,853,293.23
Sub-total of cash inflows from financing activities		9,101,429,659.60	10,491,362,699.50
Cash repayments of borrowings		9,021,901,729.67	11,147,070,897.24
Cash payments for distribution of dividends or profits or settlement of interest expenses		722,895,162.41	829,073,975.05
Other cash payments relating to financing activities	(V) 63(3)	273,533,554.59	278,192,358.83
Sub-total of cash outflows from financing activities		10,018,330,446.67	12,254,337,231.12
Net Cash Flow from Financing Activities		(916,900,787.07)	(1,762,974,531.62)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(28,552,239.01)	26,573,176.36
V. Net Increase in Cash and Cash Equivalents		743,952,989.01	1,277,999,979.44
Add: Opening balance of cash and cash equivalents	(V) 64(2)	12,462,292,758.14	11,184,292,778.70
VI. Closing Balance of Cash and Cash Equivalents	(V) 64(2)	13,206,245,747.15	12,462,292,758.14

Head of the Company

Chief Financial Officer

Person in Charge of
the Accounting Body

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

THE COMPANY'S CASH FLOW STATEMENT

RMB

Items	Notes	Amount incurred in 2025	Amount incurred in 2024
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		21,351,363,251.04	21,490,324,283.88
Receipts of tax refunds		138,081,064.43	117,340,133.07
Other cash receipts relating to operating activities		153,358,010.36	178,802,198.22
Sub-total of cash inflows from operating activities		21,642,802,325.83	21,786,466,615.17
Cash payments for goods purchased and services received		19,974,129,791.70	19,550,062,914.78
Cash payments to and on behalf of employees		632,292,642.03	616,276,076.27
Payments of various types of taxes		210,865,385.40	181,670,342.07
Other cash payments relating to operating activities		210,930,994.95	185,171,636.39
Sub-total of cash outflows from operating activities		21,028,218,814.08	20,533,180,969.51
Net Cash Flow from Operating Activities	(XVI) 7	614,583,511.75	1,253,285,645.66
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		3,231,569,895.38	4,406,180,000.00
Cash receipts from investment income		2,482,092,879.20	16,063,975.03
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		18,895,616.08	15,615,218.91
Sub-total of cash inflows from investing activities		5,732,558,390.66	4,437,859,193.94
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		344,502,046.13	240,995,233.42
Cash payments to acquire investments		2,951,478,400.00	4,689,524,200.00
Sub-total of cash outflows from investing activities		3,295,980,446.13	4,930,519,433.42
Net Cash Flow from Investing Activities		2,436,577,944.53	(492,660,239.48)
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		196,760,088.86	49,567,399.87
Cash receipts from borrowings		1,207,592,884.60	1,148,465,800.00
Sub-total of cash inflows from financing activities		1,404,352,973.46	1,198,033,199.87
Cash repayments of borrowings		1,223,019,411.78	1,236,520,276.30
Cash payments for distribution of dividends or profits or settlement of interest expenses		512,399,506.76	627,438,082.56
Other cash payments relating to financing activities		194,961,107.45	115,164,986.67
Sub-total of cash outflows from financing activities		1,930,380,025.99	1,979,123,345.53
Net Cash Flow from Financing Activities		(526,027,052.53)	(781,090,145.66)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		(38,083,965.17)	25,197,378.34
V. Net Increase in Cash and Cash Equivalents			
Add: Opening balance of cash and cash equivalents		3,171,249,867.11	3,166,517,228.25
VI. Closing Balance of Cash and Cash Equivalents		5,658,300,305.69	3,171,249,867.11

Head of the Company

Chief Financial Officer

Person in Charge of
the Accounting Body

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

RMB

Items	2025								
	Equity attributable to shareholders of the Company							Minority interests	Total shareholders' equity
	Share capital	Other equity instruments	Capital reserve	Less: Treasury shares	Other comprehensive income	Surplus reserve	Retained profits		
I. Opening balance of the year	2,190,556,466.00	409,888,096.26	2,049,016,598.82	(100,052,846.15)	176,365,826.20	1,049,724,882.30	12,159,024,853.45	124,007,588.44	18,058,531,465.32
II. Changes for the year									
(I) Total comprehensive income	-	-	-	-	(34,440,324.80)	-	1,853,439,277.28	(10,278,434.49)	1,808,720,517.99
(II) Shareholders' contributions and reduction in capital									
1. Ordinary shares contributed by shareholders (Note V, 41)	13,096,907.00	-	183,663,181.86	-	-	-	-	-	196,760,088.86
2. Capital contribution from holders of other equity instruments (Note V, 42)	75,690,657.00	(142,030,056.59)	1,536,452,325.56	-	-	-	-	-	1,470,112,925.97
3 Disposal of a controlling subsidiary (Note VI, 1)	-	-	-	-	-	-	-	(113,233,432.58)	(113,233,432.58)
4. Others (Note V, 42 and 44)	-	(61,893,000.00)	-	(133,512,673.74)	-	-	-	-	(195,405,673.74)
(III) Profit distribution									
1. Transfer to surplus reserve	-	-	-	-	-	306,731,620.33	(306,731,620.33)	-	-
2. Distribution to shareholders	-	-	-	-	-	-	(503,587,677.43)	-	(503,587,677.43)
(IV) Transfers within shareholders' equity									
1. Transfer changes in defined benefit plans to retained earnings	-	-	-	-	3,114,403.74	-	(3,114,403.74)	-	-
III. Closing balance of the year	2,279,344,030.00	205,965,039.67	3,769,132,106.24	(233,565,519.89)	145,039,905.14	1,356,456,502.63	13,199,030,429.23	495,721.37	20,721,898,214.39

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

THE CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - continued

RMB

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

Head of the Company

Chief Financial Officer

Person in Charge of the Accounting Body

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

RMB

Item	2025						
	Share capital	Other equity instruments	Capital reserve	Less: Treasury shares	Surplus reserve	Retained profits	Total shareholders' equity
I. Opening balance of the year	2,190,556,466.00	409,888,096.26	2,108,917,996.10	(100,052,846.15)	1,049,724,882.30	3,801,285,913.02	9,460,320,507.53
II. Changes for the year							
(I) Total comprehensive income	-	-	-	-	-	3,067,316,203.27	3,067,316,203.27
(II) Shareholders' contributions and reduction in capital						-	-
1. Ordinary shares contributed by shareholders	13,096,907.00		183,663,181.86	-	-	-	196,760,088.86
2. Capital contribution from holders of other equity instruments	75,690,657.00	(142,030,056.59)	1,536,452,325.56	-	-	-	1,470,112,925.97
3. Others	-	(61,893,000.00)	-	(133,512,673.74)	-	-	(195,405,673.74)
(III) Profit distribution							
1. Transfer to surplus reserve	-	-	-	-	306,731,620.33	(306,731,620.33)	-
2. Distribution to shareholders	-	-	-	-	-	(503,587,677.43)	(503,587,677.43)
III. Closing balance of the year	2,279,344,030.00	205,965,039.67	3,829,033,503.52	-233,565,519.89	1,356,456,502.63	6,058,282,818.53	13,495,516,374.46

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

THE COMPANY'S STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - continued

RMB

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

Head of the Company

Chief Financial Officer

Person in Charge of the Accounting Body

(I) BASIC INFORMATION

1. General

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

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

On 17 June 2008, the Limited Company was approved to be changed into a foreign-invested joint-stock company and renamed as Universal Scientific Industrial (Shanghai) Co., Ltd. in accordance with the Official Reply (Shang Zi Pi No. [2008] 654) of the Ministry of Commerce of the People's Republic of China. The Company's registered capital totals RMB2,279,344,030.00 as at 31 December 2025.

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

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

2. Date of approval for issue of the financial statements

The Company's and consolidated financial statements were approved by the board of directors of the Company and authorised for issue on 2 April 2026.

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The Group has implemented the Accounting Standards for Business Enterprises and relevant provisions issued by the Ministry of Finance. In addition, the Group has disclosed relevant financial information in accordance with *Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reports* (Revised in 2023).

2. Going concern

The Group assessed its ability to continue as a going concern for the 12 months from 31 December 2025 and did not notice any events or circumstances that may cast significant doubt upon its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

3. Basis of accounting and principle of measurement

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

(II) BASIS OF PREPARATION OF FINANCIAL STATEMENTS - continued

3. Basis of accounting and principle of measurement - continued

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

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

When measuring non-financial assets at fair value, consideration is given to the ability of a market participant to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial assets of which the transaction price is used as the fair value at initial recognition and for which a valuation technique involving unobservable inputs is used in the subsequent measurement of fair value, the valuation technique is corrected during the valuation process so that the initial recognition result determined by the valuation technique is equal to the transaction price.

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Statement of compliance with the Accounting Standards for Business Enterprises ("ASBEs")

The financial statements of the Company have been prepared in accordance with ASBEs, and present truly and completely, the Company's and consolidated financial position As at 31 December 2025, and the Company's and consolidated results of operations, changes in the shareholders' equity and cash flows for the year then ended.

2. Accounting period

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

3. Operating cycle

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

4. Functional currency

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

5. Determining method and selecting basis of significance criterion

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

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

6.1 Business combinations not involving enterprises under common control and goodwill

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

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

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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

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

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

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

7. Determination criteria of control and preparation method of consolidated financial statements

7.1 Determination criteria of control

Control is the power over the investee, exposures or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of the investor's returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes in the above elements of the definition of control.

7.2 Preparation method of consolidated financial statements

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

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary.

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

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

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

The effects of all intra-group transactions on the consolidated financial statements are eliminated on consolidation.

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

7. Determination criteria of control and preparation method of consolidated financial statements - continued

7.2 Preparation method of consolidated financial statements - continued

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

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

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

The Group accounts for investments in joint ventures using equity method. Refer to Note (III) 17.3.2 "Long-term equity investments accounted for using the equity method" for details.

9. Recognition criteria of cash and cash equivalents

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

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

10.1 Transactions denominated in foreign currencies

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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

10.1 Transactions denominated in foreign currencies - continued

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

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

10.2 Translation of financial statements denominated in foreign currencies

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

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

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

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

When the disposal of part of the equity investments or other reason results in decrease in proportion of equity in a foreign operation but does not result in loss of control over the foreign operation, the translation differences of financial statements denominated in foreign currency relating to the partial disposal of the foreign operation are attributable to minority interests and are not transferred to profit or loss for the period. When the disposal of foreign operation is partial disposal of equity in associate or joint venture, the translation differences of financial statements denominated in foreign currency relating to the foreign operation is transferred to profit or loss in proportion to the foreign operation disposed.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments

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

For financial assets purchased or sold in a regular way, the Group recognises assets acquired and liabilities assumed on a trade date basis, or derecognises the assets sold on a trade date basis.

Financial assets and financial liabilities are initially measured at fair value. The method for determining the fair value of financial assets and financial liabilities is set out in the relevant disclosures of basis of accounting and principle of measurement as described in Note (II). For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss for the period. For other financial assets and financial liabilities, transaction costs are included in their initially recognised amounts. When initially recognising accounts receivable that do not contain significant financing components or of which the financing components in the contract with a term of no more than one year are not taken into consideration in accordance with the *Accounting Standards for Business Enterprises No. 14 - Revenue* ("Revenue Standards"), the Group adopts transaction price as defined in the Revenue Standards for initial measurement.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expenses over the relevant accounting periods.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When determining the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial assets or financial liabilities (such as repayment in advance, extension, call options or other similar options), without considering the expected credit losses.

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

11.1 Classification, recognition and measurement of financial assets

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

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

Upon initial recognition, the Group may irrevocably designate the non-held-for-trading equity instrument investments other than contingent considerations recognised in business combination not involving enterprises under common control as financial assets at FVTOCI on an individual asset basis. Such type of financial assets are presented as other equity instrument investments.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.1 Classification, recognition and measurement of financial assets - continued

A financial asset is classified as held for trading if one of the following conditions is satisfied:

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

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

- Financial assets not satisfying the criteria of classification as financial assets at amortised cost and financial assets at FVTOCI are classified as financial assets at FVTPL.
- Upon initial recognition, the Group may irrevocably designate the financial assets as at FVTPL if doing so eliminates or significantly reduces accounting mismatch.

Financial assets at FVTPL are presented as held-for-trading financial assets. Financial assets with a maturity over one year since the balance sheet date (or without a fixed maturity) and expected to be held for over one year are presented under other non-current financial assets.

11.1.1 Financial assets measured at amortised cost

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. Any gains or losses arising from impairment or derecognition are included in profit or loss.

For financial assets at amortised cost, the Group recognises interest income using effective interest method. Interest income is determined by applying an effective interest rate to the gross carrying amount of the financial asset, except for the following circumstances:

- For a purchased or originated credit-impaired financial asset, the Group calculates and determines the interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset since initial recognition.
- For a purchased or originated financial asset that is not credit-impaired but subsequently becomes credit-impaired, the Group calculates and determines the interest income by applying the effective interest rate to the amortised cost of the financial asset in subsequent period. If the financial instrument is no longer credit-impaired due to improvement of credit risk, and the improvement is linked with an event occurred after application of above provisions, the Group will calculate and determine the interest income by applying effective interest rate to the gross carrying amount of the financial asset.

11.1.2 Financial assets at FVTOCI

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.1 Classification, recognition and measurement of financial assets - continued

11.1.3 Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognised in profit or loss for the period.

11.2 Impairment of financial instruments

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

The Group makes a loss allowance against amount of lifetime ECL of all accounts receivable arising from transactions adopting the Revenue Standard as well as lease receivables arising from transactions adopting the *Accounting Standards for Business Enterprises No. 21- Leases*.

For other financial instruments (other than purchased or originated credit-impaired financial assets), the Group assesses the changes of credit risk since initial recognition of relevant financial instruments at each balance sheet date. If the credit risk has increased significantly since initial recognition of the financial instruments, the Group recognises the loss allowance at an amount equivalent to lifetime ECL; if the credit risk has not increased significantly since initial recognition of the financial instruments, the Group recognises the loss allowance at an amount equivalent to 12-month ECL. The increase or reversal of credit loss allowance for financial assets other than those classified as at FVTOCI is recognised as an impairment loss or gain and included in profit or loss for the period. For financial assets classified as at FVTOCI, the credit loss allowance is recognised in other comprehensive income and the impairment loss or gain is included in profit or loss for the period without reducing the carrying amount of the financial assets in the balance sheet.

Where the Group has measured the loss allowance at an amount equivalent to lifetime ECL of a financial instrument in prior accounting period, but the financial instrument no longer satisfies the criteria of significant increase in credit risk since initial recognition at the current balance sheet date, the Group recognises the loss allowance of the financial instrument at an amount equivalent to 12-month ECL at the current balance sheet date, with any resulting reversal of loss allowance recognised as impairment gains in profit or loss for the period.

11.2.1 Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the balance sheet date with the risk of a default occurring on the financial instrument as at the date of initial recognition with available reasonable and supportable forward-looking information.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.2 Impairment of financial instruments - continued

11.2.1 Significant increase in credit risk - continued

The following factors are taken into account when assessing whether credit risk has increased significantly:

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

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

At the balance sheet date, if the Group determines that a financial instrument has only lower credit risk, the Group assumes that the credit risk of the financial instrument has not increased significantly since initial recognition. The financial instrument is deemed as having lower credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash obligations.

11.2.2 Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable information:

- (1) Significant financial difficulty of the issuer or debtor;
- (2) Breach of contract by the debtor, such as a default or delinquency in interest or principal payments;
- (3) The creditor(s) of the debtor, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession(s) that the creditor(s) would not otherwise consider;
- (4) It is probable that the debtor will enter bankruptcy or other financial reorganisations;
- (5) Purchase or origination of a financial asset at a significant discount that reflects the fact of credit loss.

Irrespective of the outcome of the above assessment, the Group presumes that an event of default on the financial instrument has occurred if the contractual payment of the financial instrument has been more than 90 days (inclusive) past due.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.2 Impairment of financial instruments - continued

11.2.3 Determination of ECL

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

- For financial assets and lease receivables, the credit loss represents the present value of the difference between the contractual cash flows receivable by the Group and the cash flows expected to be received by the Group;
- For financial assets that are not purchased or originated credit-impaired financial assets but have become credit-impaired at the balance sheet date, the credit loss is the difference between the gross carrying amount of the financial assets and the present value of expected future cash flows discounted at original effective interest rate.

The Group's measurement of ECL of financial instruments reflects factors including unbiased probability weighted average amount recognised by assessing a series of possible results, time value of money, reasonable and supportable information related to historical events, current condition and forecast of future economic position that is available without undue cost or effort at the balance sheet date.

11.2.4 Write-down of financial assets

The Group shall directly reduce the gross carrying amount of a financial asset when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

11.3 Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. Relevant liabilities are measured using the following methods:

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.3 Transfer of financial assets - continued

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

If a part of the transferred financial asset qualifies for derecognition, the overall carrying amount of the financial asset prior to transfer is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair value of those parts at the date of transfer. The difference between (1) the carrying amount allocated to the part derecognised on the date of derecognition; and (2) the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income, is recognised in profit or loss. Where the transferred assets are non-held-for-trading equity instrument investments designated as at FVTOCI, cumulative gains or losses previously recognised in other comprehensive income are transferred out and included in retained earnings.

For a transfer of a financial asset in its entirety that does not satisfy the derecognition criteria, the Group continues to recognise the transferred financial asset in its entirety and includes the consideration received in liability.

11.4 Classification of financial liabilities and equity instruments

Financial instruments issued by the Group or their components are classified into financial liabilities or equity instruments on the basis of not only the legal form but also the contractual terms and their economic substance, together with the definition of financial liability and equity instrument.

11.4.1 Classification, recognition and measurement of financial liabilities

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

11.4.1.1 Financial liabilities at FVTPL

Financial liabilities at FVTPL include held-for-trading financial liabilities (including derivative financial liabilities) and financial liabilities designated as at FVTPL. Except for derivative financial liabilities which are presented separately, financial liabilities at FVTPL are presented as held-for-trading financial liabilities.

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.4 Classification of financial liabilities and equity instruments - continued

11.4.1 Classification, recognition and measurement of financial liabilities - continued

A financial liability may be designated as at FVTPL upon initial recognition if: (1) such designation eliminates or significantly reduces accounting mismatch; (2) the Group makes management and performance evaluation on a fair value basis for a portfolio of financial liabilities or a portfolio of financial assets and financial liabilities, in accordance with the Group's formally documented risk management or investment strategy, and reports to key management personnel on that basis; (3) the qualified hybrid contract that contains embedded derivatives.

Held-for-trading financial liabilities are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest expenses paid on the financial liabilities are recognised in profit or loss for the period.

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

11.4.1.2 Other financial liabilities

Except for financial liabilities arising from transfer of financial assets that do not meet the derecognition criteria or those arising from continuing involvement in the transferred financial assets, other financial liabilities are subsequently measured at amortised cost, with gain or loss arising from derecognition or amortisation recognised in profit or loss.

If the modification or renegotiation for the contract by the Group and its counterparties does not result in derecognition of a financial liability subsequently measured at amortised cost but the changes in contractual cash flows, the Group will recalculate the carrying amount of the financial liability, with relevant gain or loss recognised in profit or loss. The Group will determine the carrying amount of the financial liability based on the present value of renegotiated or modified contractual cash flows discounted at the original effective interest rate of the financial liability. For all costs or expenses arising from modification or renegotiation of the contract, the Group will adjust the modified carrying amount of the financial liability and make amortisation during the remaining term of the modified financial liability.

11.4.2 Derecognition of financial liabilities

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.4 Classification of financial liabilities and equity instruments - continued

11.4.3 Equity instruments

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

The Group treats allocations to equity instrument holders as profit distribution and the distributed dividends do not affect the total amount of shareholders' equity.

11.5 Derivatives and embedded derivatives

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

For hybrid contract constituted by embedded derivatives and host contract, if the host contract is a financial asset, the embedded derivative is not separated from the hybrid contract, and the hybrid contract shall be taken as a whole to apply to the accounting standards for the classification of financial assets.

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

- (1) The economic characteristics and risks of the embedded derivative are not closely related to those of the host contract.
- (2) A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
- (3) The hybrid contract is not measured at FVTPL.

For the embedded derivative separated from the host contracts, the Group accounts for the host contracts in the hybrid contracts with applicable accounting standards. When the embedded derivatives whose fair value cannot be measured reliably by the Group according to the terms and conditions of the embedded derivatives, the fair value of such derivatives are measured at the difference between the fair value of the hybrid contracts and the fair value of the host contracts. By adopting the above method, if the embedded derivative cannot be measured on a stand-alone basis at the time when it is acquired or at subsequent balance sheet dates, the hybrid instrument is designated as financial instruments at FVTPL as a whole.

11.6 Offsetting financial assets and financial liabilities

When the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial assets and settle the financial liabilities simultaneously, the financial assets and financial liabilities are offset with the net amount presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet without offsetting.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

11. Financial instruments - continued

11.7 Compound instruments

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

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

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

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

12. Notes receivable

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

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

13. Accounts receivable

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

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

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

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

13.3 Judgement criteria for loss allowance assessed on an individual basis

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

14. Other receivables

14.1 Determination method of and accounting treatment for ECLs of other receivables

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

15. Inventories

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

15.1.1 Categories of inventories

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

15.1.2 Valuation method of inventories upon delivery

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

15.1.3 Inventory count system

The perpetual inventory system is maintained for stock system.

15.1.4 Amortisation method for reusable materials

Reusable materials are amortised using the multiple-stage amortisation method.

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

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

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

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Held-for-sale non-current assets and disposal groups

16.1 Determination basis and presentation of discontinued operations

A discontinued operation is a component of an entity that can be clearly distinguished and satisfies one of the following conditions, and such component has been disposed of or is classified as held for sale:

- Such component represents a separate major line of business or geographical area of operations;
- Such component is part of the separate major line of business or geographical area of operations to be disposed of based on the associated plan;
- Such component is a subsidiary acquired exclusively for the purpose of resale.

The profit or loss from discontinued operations are listed separately from the profit or loss from continued operations in the income statement, and the operating profit or loss such as impairment loss and reversal amount from discontinued operations and disposal profit or loss are presented as profit or loss from discontinued operations. For profit or loss from discontinued operations presented for the current period, the Group restated the information originally presented as profit or loss from continued operations as the profit or loss from discontinued operations in comparable accounting periods in the financial statements for the period.

17. Long-term equity investments

17.1 Determination criteria of joint control and significant influence

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

17.2 Determination of initial investment cost

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

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

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

17.3 Subsequent measurement and recognition of profit or loss

17.3.1 Long-term equity investments accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

17. Long-term equity investments - continued

17.3 Subsequent measurement and recognition of profit or loss - continued

17.3.2 Long-term equity investments accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence; a joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement.

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

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

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

17.4 Disposal of long-term equity investments

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

18. Investment properties

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

18. Investment properties - continued

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

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

When an investment property is sold, or retired from its use and economic benefits are not expected to be recovered from disposal, the investment property should be de-recognised.

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

19. Fixed assets

19.1 Recognition criteria

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

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

19.2 Depreciation method

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

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

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

19. Fixed assets - continued

19.3 Other descriptions

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

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

20. Construction in progress

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

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

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

21. Borrowing costs

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

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

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**22. Intangible assets****22.1 Useful life and its determination basis, estimation, amortisation method or review procedures**

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

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

The amortisation method, useful life, and residual value rate of each class of intangible assets are as follows:

Category	Amortisation method	Useful life (Years)	Residual value rate (%)
Land use rights	Straight-line method	50 years	-
Software	Straight-line method	3-10 years	-
Patents	Straight-line method	3-20 years	-
Trademark rights	Straight-line method	10 years	-
Customer relations	Straight-line method	16 years	-

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

22.2 Scope and related accounting treatment of research and development expenditure

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

Attribution scope of research and development expenditure includes the salaries, wages and welfare expenses of the personnel directly engaged in research and development activities, material expenses directly consumed in research and development activities, depreciation expenses of apparatus and equipment relevant to research and development activities, rental and maintenance expenses of research and development sites, travel, transportation and communication expenses necessary for research and experimental development, etc.

23. Impairment of long-term assets

The Group reviews the long-term equity investments, investment properties measured using the cost model, fixed assets, construction in progress, right-of-use assets and intangible assets with a finite useful life at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. Intangible assets with an indefinite useful life and not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on an individual asset basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the period.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

23. Impairment of long-term assets - continued

Goodwill is tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognised if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group on the pro-rata basis of the carrying amount of each asset (other than goodwill) in the group.

Once an impairment loss of the above-mentioned assets is recognised, it will not be reversed in any subsequent period.

24. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortised over the current and subsequent periods (together with more than one year), including the decoration works of the leased assets, etc. Long-term prepaid expenses are amortised using the straight-line method over the expected periods in which benefits are derived.

25. Contract liabilities

Contract liabilities refer to the Group's obligation to transfer goods or services to a customer for consideration received or receivable from the customer.

26. Employee benefits

26.1 Accounting treatment of short-term employee benefits

In an accounting period in which an employee has rendered services to the Group, the Group recognises the short-term employee benefits for that service as a liability, and the related expenditures are charged to profit or loss for the period or in costs of relevant assets. Employee welfare incurred by the Group is recognised in profit or loss for the period or the costs of relevant assets based on the actual amount when incurred. Non-monetary employee welfare is measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognised as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

26.2 Accounting treatment of post-employment benefits

Post-employment benefits are classified into defined contribution plan and defined benefit plan.

In an accounting period in which an employee has rendered service to the Group, the amount payable calculated in accordance with the defined contribution plan is recognised as a liability by the Group and charged to profit or loss for the period, or included in cost of related assets.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

26. Employee benefits - continued

26.2 Accounting treatment of post-employment benefits - continued

For defined benefit plans, the Group assigns the welfare obligation generated from the defined benefit plans to the period of rendering services using the formula determined by the projected unit credit method, and includes it in the current profit or loss or related asset costs. Employee benefit costs generated from the defined benefit plans are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on settlements);
- net interest of net liabilities or assets of defined benefit plan (including interest income of planned assets, interest expenses of defined benefit plan liabilities and effect of asset ceiling); and
- changes arising from remeasurement of net liabilities or net assets of defined benefit plans.

Service costs and net interest of net liabilities or net assets of defined benefit plans are recognised in profit or loss for the period or costs of related assets. Changes arising from remeasurement of the net defined benefit liability (asset) (including actuarial gains or losses, the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)) are recognised in other comprehensive income.

Deficit or surplus generated from the present value of the obligation of defined benefit plan less the fair value of defined benefit plan asset is recognised as a net liability or a net asset of defined benefit plan.

26.3 Accounting treatment of termination benefits

A liability for a termination benefit is recognised in profit or loss for the period at the earlier of when the Group cannot unilaterally withdraw from the termination plan or the redundancy offer and when the Group recognises any related restructuring costs or expenses.

27. Provisions

Provisions are recognised when the Group has a present obligation related to a contingency such as product quality assurance, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

28. Share-based payments

A share-based payment is a transaction which the Group grants equity instruments, or incurs liabilities for amounts that are determined based on the price of equity instruments, in return for services rendered by employees. The Group's share-based payments are equity-settled share-based payments.

28.1 Equity-settled share-based payments

Equity-settled share-based payments granted to employees

Equity-settled share-based payments in exchange for services rendered by employees are measured at the fair value of the equity instruments granted to employees at the grant date. Such an amount is recognised as related costs or expenses on a straight-line basis over the vesting period, based on the best estimate of the number of equity instruments expected to be exercised, with a corresponding increase in capital reserve.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

28. Share-based payments - continued

28.1 Equity-settled share-based payments - continued

At each balance sheet date during the vesting period, the Group makes the best estimate according to the subsequent latest information of changes in the number of employees who are granted options that may be exercised, etc. and revises the number of equity instruments expected to be exercised. The effect of the above estimate is recognised as related costs or expenses, with a corresponding adjustment to capital reserve. When the employee can choose whether to meet the non-exercisable condition, but the condition is not met during the vesting period, the Group treats it as a cancellation of the equity instruments granted.

29. Revenue

29.1 Accounting policies for revenue recognition and measurement disclosed by business types

The Group recognises revenue based on the transaction price allocated to the performance obligation when the Group satisfies a performance obligation in the contract, namely, when the customer obtains control over relevant goods or services. A performance obligation is a commitment that the Group transfers distinct goods or services to a customer in the contract.

The Group assesses a contract at contract inception, identifies each individual performance obligation included in the contract, and determines whether the performance obligation is satisfied over time or at a point in time. It is a performance obligation satisfied over time and the Group recognises revenue over time according to the progress of performance if one of the following conditions is met: (1) the customer simultaneously receives and consumes the economic benefits provided by the Group's performance as the Group performs; (2) the customer is able to control goods under construction as the Group performs; (3) the goods generated from the Group's performance have irreplaceable utilisation, and the Group is entitled to collect payment for performance completed to date throughout the contract period. Otherwise, revenue is recognised at a point in time when the customer obtains control over the relevant goods or services. The Group's revenue is mainly derived from the sale of goods, etc., all of which are performance obligations satisfied at a point in time, and revenue is recognised at the point in time when the customer obtains control of the related goods (or services), and the specific accounting policies are set out below:

(1) Sales of goods

The Group sells customers consumer electronic products, communication products, industrial products, cloud and storage products, automotive electronic products and medical products. Usually, there is only one performance obligation in the relevant contract or order for selling goods, and the consideration of selling goods is recognised according to the price agreed in the sales contract or order. For domestic sales, the Group recognises revenue after the products are delivered to the carrier designated by the customer, or the products are delivered to the agreed delivery place according to the agreement or contract and received by the customer and the control of goods is transferred to the customer. For overseas sales, the Group recognises revenue after the products are delivered to the carrier designated by the customer, processed with customs clearing procedure for export and loaded on board the ship, delivered to the designated delivery place or picked up by the customer from the warehouse respectively according to the different international trade terms stipulated in the sales contracts or orders and the control of goods is transferred to the customer.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

29. Revenue - continued

29.1 Accounting policies for revenue recognition and measurement disclosed by business types - continued

(1) Sales of goods - continued

The Group provides product quality assurance for the goods sold according to legal regulations and contractual agreements, i.e. assuring the customers that the goods sold comply with the established standards. The Group accounts for the quality warranty liabilities in accordance with the *Accounting Standard for Business Enterprises No. 13 - Contingencies*, please refer to Note (III), 27 for details.

The Group determines whether it is a principal or an agent at the time of the transaction based on whether it owns the "control" of the goods before the transfer of such goods to the customer. The Group assumes the primary responsibility for the transfer of goods to customers, assumes the inventory risk of the goods before the transfer, has the right to determine the price of the traded goods at its own discretion, and assumes the major risks and rewards associated with the ownership of the traded goods during the sales process, therefore, the Group is a principal and the revenue shall be recognised based on the total consideration received or receivable.

Where payment is received in advance from customers for the sale of goods, the advance payment received shall be recorded as a liability and recognised as revenue when the relevant performance obligation is satisfied.

(2) Other revenue

Other revenue mainly comes from sales of scrap to customers. Usually, there is only one performance obligation (i.e., delivery of goods) in the relevant contract for sales of products. Relevant revenue is recognised at the time point when the control of the relevant products is transferred to the customer. The consideration for the sales of products is determined according to the fixed price agreed in the sales contract.

30. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value; If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognised immediately in profit or loss for the period.

30.1 Determination basis and accounting treatment of government grants related to assets

The Group's government grants, such as the technology reform item for ultra-thin communication module deep intelligent production line, are government grants related to assets, as they are directly related to the investment and construction of fixed assets. See Notes (VIII), 1 for details of the Group's government grants related to assets.

A government grant related to an asset is recognised as deferred income and included in profit or loss over the useful life of the related asset with the straight-line method.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

30. Government grants - continued

30.2 Determination basis and accounting treatment of government grants related to income

Government grants other than those related to assets are classified as government grants related to income. See Notes (VIII), 2 for details of the Group's government grants related to income. The Group classifies government grants that are difficult to be distinguished as government grants related to income aggregately.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income over the periods in which the related costs or losses are recognised; If the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss.

A government grant related to the Group's daily activities is recognised in other income based on the nature of economic activities. A government grant not related to the Group's daily activities is recognised in non-operating income.

For the repayment of a government grant already recognised, if there is any related deferred income, the repayment is offset against the carrying amount of the deferred income, with any excess recognised in profit or loss for the period.

31. Deferred tax assets/deferred tax liabilities

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

31.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

31.2 Deferred tax assets and deferred tax liabilities

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

Deferred tax is generally recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable income (or deductible losses) and does not give rise to equal taxable temporary differences and deductible temporary differences at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

31. Deferred tax assets/ deferred tax liabilities - continued

31.2 Deferred tax assets and deferred tax liabilities - continued

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

Current and deferred tax expenses or benefits are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

31.3 Income tax offsetting

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

32. Leases

A lease is a contract whereby the lessor conveys to the lessee the right to use an asset for an agreed period of time in return for a consideration.

The Group assesses whether a contract is, or contains, a lease at inception date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

32.1 The Group as lessee

32.1.1 Separating components of a contract

If the contract contains one or more lease and non-lease components, the Group will separate the individual lease and non-lease components and allocate contract consideration according to the relative proportion of the sum of the stand-alone prices of the lease components and the stand-alone prices of the non-lease components.

32.1.2 Right-of-use assets

Except for short-term leases and leases of low-value assets, at the commencement date of the lease, the Group recognises a right-of-use assets. The commencement date of the lease is the date on which a lessor makes an underlying asset available for use by the Group. The Group measures the right-of-use assets at cost. The cost of the right-of-use assets comprises:

- the amount of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

32. Leases - continued

32.1 The Group as lessee - continued

32.1.2 Right-of-use assets - continued

The Group depreciates right-of-use assets by reference to the relevant depreciation provisions of the *Accounting Standards for Business Enterprises No. 4 - Fixed Assets*. The right-of-use assets are depreciated over the remaining useful lives of the leased assets where the Group is reasonably certain to obtain ownership of the underlying assets at the end of the lease term. Otherwise, right-of-use assets are depreciated over the shorter of the lease term and the remaining useful lives of the leased assets.

The Group applies the *Accounting Standards for Business Enterprises - No. 8 Impairment of Assets*, to determine whether the right-of-use assets are impaired and perform accounting treatment to identified impairment loss.

32.1.3 Lease liabilities

Except for short-term leases and leases of low-value assets, the Group initially measures lease liabilities at the present value of the outstanding lease payments at the commencement date. In calculating the present value of the lease payments, the Group uses the implicit interest rate of the lease as the discount rate. If it is not possible to determine the implicit interest rate of the lease, the incremental borrowing rate shall be applied.

The lease payments are payments to the lessor for the right to use the underlying asset during the lease term made by the Group, including fixed payments and in-substance fixed payments, less any lease incentives receivable, if applicable.

After the commencement date of the lease, the Group calculates interest expenses of lease liabilities for each period of the lease term based on a fixed periodic rate, and recognises such expenses in profit or loss or costs of related assets.

After the commencement date, the lease term has changed or there is a change in the assessment of exercise of a purchase option, the Group remeasures the related lease liability by discounting the revised lease payments using a revised discount rate and adjusts the corresponding right-of-use asset. If the carrying amount of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the difference is recognised in the profit or loss for the current period.

32.1.4 Determination basis and accounting treatment of short-term leases and leases of low-value assets treated under a simplified method as lessee

For short-term leases of machinery and equipment and leases of low-value assets to which the recognition exemption is applied by the Group, right-of-use assets and lease liabilities are not recognised. A short-term lease refers to a lease that, at the commencement date, has a lease term of 12 months or less and do not contain a purchase option. A lease of low value asset refers to a single lease asset, when new, is no more than USD5,000. Lease payments on short-term leases and leases of low-value assets are recognised in profit or loss or the cost of underlying assets on a straight-line basis over the lease term.

32.1.5 Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope which is adjusted based on circumstances of the particular contract.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

32. Leases - continued

32.1 The Group as lessee - continued

32.1.5 Lease modifications - continued

If the lease modification is not accounted for as an individual lease, on the effective date of the lease modification, the Group reallocates the consideration of the contract after the change, re-determines the lease term, and remeasures the lease liabilities at the present value of revised lease payment discounted at revised discount rate.

If the lease modification results in a reduction in the lease scope or lease term, the carrying amount of the right-of-use assets will be reduced, and the gains or losses relevant to the lease partially or fully terminated will be included in profit or loss for the period; for other lease modifications resulting in the remeasurement of lease liabilities, the carrying amount of right-of-use assets is adjusted accordingly.

32.2 The Group as lessor

32.2.1 Classification criteria and accounting treatment of leases as the lessor

Leases are classified as finance leases whenever the terms of the leased assets transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

32.2.1.1 The Group as lessor under operating leases

Receipts of lease under operating leases are recognised as rental income on a straight-line basis over the term of the relevant lease. Initial direct costs related to operating leases incurred by the Group are capitalised when incurred, and are recognised in profit or loss for the period on the same basis as recognition of rental income over the lease term.

32.2.2 Subleases

As the lessor of a sublease, the Group accounts for the original lease contract and the sublease contract as two separate contracts. The Group classifies the subleases based on the right-of-use assets generating from the original lease rather than the underlying assets of the original lease.

33. Hedge accounting

33.1. Basis for using hedge accounting and accounting treatment method

Certain financial instruments are used as hedging instruments by the Group for the purpose of managing the risk exposure arising from specific risk, such as exchange rate risk, etc. The Group applies hedging accounting for a hedge that satisfies the prescribed conditions. Hedging activities of the Group include hedges of net investment in foreign operations.

At the inception of hedging, the Group officially designated hedging instruments and hedged items, and prepared written documents recording the nature of hedging instruments, hedged items, hedged risks, and hedging effectiveness evaluation methods (including the analysis of the causes of invalid hedging and methods to determine the hedging ratio).

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

33. Hedge accounting - continued

33.1. Basis for using hedge accounting and accounting treatment method - continued

The Group will discontinue hedge accounting when one of the following conditions occurs:

- the risk management objective is changed so that the hedging relationship no longer meets the risk management objective.
- the hedging instrument expires, or is sold, terminated or exercised.
- There is no longer an economic relationship between the hedged items and the hedging instruments, or in the value changes arising from the economic relationship between the hedged items and the hedging instruments, the impact of credit risk begins to dominate.
- The hedging relationship no longer meets other conditions for using the hedge accounting methods.

Hedges for net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

When disposing of all or part of foreign operations, the profits or losses of the above hedging instruments included in other comprehensive income shall be reclassified in the current profits and losses.

33.2 Methods of assessing effectiveness of hedges

The Group continuously evaluates whether the hedging relationship meets the requirements of hedging effectiveness on and after the inception date of hedging. If the hedging meets the following conditions at the same time, the Group will determine that the hedging relationship meets the requirements for hedging effectiveness:

- An economic relationship exists between the hedged items and the hedging instruments.
- Among the value changes caused by the economic relationship between hedged items and hedging instruments, the impact of credit risk does not dominate.
- The hedge ratio of the hedging relationship will be equal to the ratio of the actual number of the Group's hedged items to the actual number of hedging instruments.

If the hedging relationship no longer meets the requirement of hedging effectiveness due to the hedge ratio, but the risk management objectives of the hedging relationship have not changed, the Group will rebalance the hedging relationship. The number of hedged items or hedging instruments in the hedging relationship is adjusted so that the hedge ratio meets the requirements of hedging effectiveness again.

34. Accounting treatment in relation to the repurchase of equity instruments

The consideration and transaction costs paid to repurchase shares are deducted from equity. No gain or loss is recognised in profit or loss on the repurchase, sale or cancellation of the Company's shares.

35. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates

In the application of the Group's accounting policies, which are described in Note (III), the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

35. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates - continued

The aforementioned judgements, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if the change affects that period only; or recognised in the period of the change and future periods, if the change affects both.

- Key assumptions and uncertainties in accounting estimates

At the balance sheet date, the key assumptions and uncertainties in accounting estimates that are probable to cause significant adjustments to the carrying amounts of assets and liabilities in future periods include:

Impairment of accounts receivable

The management considers reasonable and supportable information and makes significant accounting estimates in assessing the ECL on accounts receivable. The Group estimates the ECL rate of accounts receivable based on factors such as historical bad debt loss records, customer defaults or delayed payments, and the aging of accounts receivable, as well as forward-looking information. When considering forward-looking information, the Group takes into account the impact of macroeconomic conditions, industry conditions, etc. The amount of ECL will change according to the Group's estimates and judgments. As at 31 December 2025, the balance of the Group's allowance for credit losses of accounts receivable was RMB65,189,016.79 (31 December 2024: RMB56,773,852.18).

Inventories

The Group makes provision for the decline in the value of inventory according to the difference between the inventory costs beyond its net realisable value. The recognition of the net realisable value of inventories requires the estimation of the expected sales in the future and the estimation of the costs, expenses and taxes to be incurred. The differences (if any) between the re-estimated value and the current estimate will impact the carrying amount of the inventories over the period in which the estimate is changed. As at 31 December 2025, the balance of the Group's provision for the decline in the value of inventories was RMB333,628,227.41 (31 December 2024: RMB296,531,721.64).

Deferred tax assets

The recognition of deferred tax assets requires estimates of taxable income and applicable tax rates for each future year. Deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilised. The timing of the reversal of temporary differences and changes in future tax rates would affect income tax expenses (benefits) and the amount of deferred tax recognised. Changes in the Group's estimates of the timing of reversal of temporary differences and the tax rates as well as the judgment on whether it is probable that sufficient taxable income will be timely obtained may result in a material adjustment to deferred income taxes. As at 31 December 2025, the Group had recognised the deferred tax assets of RMB526,681,778.16 (31 December 2024: RMB515,829,271.42).

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the future recoverable amount from the asset groups or set of asset groups to which the goodwill is allocated. Estimating the future recoverable amount requires the Group to make an estimate of the expected future cash flows from the asset groups or set of asset groups and also choose a suitable discount rate in order to calculate the present value of those cash flows. When considering the present value of future cash flow, changes in key assumptions such as revenue growth rate of the projection period, long-term growth rate, profit margin and discount rate adopted by the Group may have significant impacts on the present value of the future cash flow used in impairment testing.

(III) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

35. Critical judgements in applying accounting policies and key assumptions and uncertainties in accounting estimates - continued

Useful lives and estimated net residual values of fixed assets

As disclosed in Note (III), 19, the Group reviews the useful life and estimated net residual value of a fixed asset at least once at each financial year-end. Both scientific and technological innovation and intense competition within the industry significantly impact the estimation of useful life. The Group's management did not find anything that might shorten or extend the useful life of fixed assets of the Group or require changing the estimated net residual value.

36. Changes in significant accounting policies and accounting estimates

36.1 Changes in significant accounting policies

During the reporting period, the Group has no changes in significant accounting policies.

36.2 Changes in significant accounting estimates

During the reporting period, the Group has no changes in significant accounting estimates.

(IV) TAXATION

1. Major categories of taxes and tax rates

Category of taxes	Tax basis	Tax rate
Value-added tax ("VAT")-Chinese (Note 1)	VAT payable is calculated and paid based on the balance of output tax less deductible input tax in the current period of taxable income such as product sales income, service income, interest income and lease income. The Company and its domestic subsidiaries are general VAT taxpayers	13%, 9%, 6%, 5% and 3%
	Non-resident enterprises obtain commission income within China	6%
VAT-French	VAT payable is the balance of output tax less deductible input tax of taxable income such as product sales income, service income	20%
VAT-German	VAT payable is the balance of output tax less deductible input tax of taxable income such as product sales income, service income	19%
VAT-Tunisian	VAT payable is the balance of output tax less deductible input tax of taxable income such as product sales income, service income	19%
Enterprise income tax	Taxable income	Note 2
	Non-resident enterprises obtain investment income and property transfer income from within China	10%
Property tax	Residual value after deducting 30% from the original value of the property at one time	1.2%
	Rental income	12%
China urban maintenance and construction tax	Turnover tax actually paid	7% and 5%
China education surcharge	Turnover tax actually paid	3%
China local education surcharge	Turnover tax actually paid	2%

(IV) TAXATION - continued

1. Major categories of taxes and tax rates - continued

Note 1: The Company and its subsidiaries in China shall apply the measures for the administration of VAT exemption, credit and tax refund for the export of self-produced goods. The export tax refund rate is different according to the scope of export goods.

Note 2: Description of enterprise income tax rate of main companies of the Group:

Name of the taxpayer	Income tax rate
Universal Scientific Industrial (Shanghai) Co., Ltd.	15%(Note 1)
USI Electronics (Shenzhen) Co., Ltd.	25%
Universal Global Technology (Kunshan) Co., Ltd.	15%(Note 2)
Universal Global Technology (Shanghai) Co., Ltd.	15%(Note 3)
Universal Global Electronics (Shanghai) Co., Ltd.	25%
Universal Global Technology (Huizhou) Co., Ltd.	15%(Note 4)
Universal Global Technology Co., Limited	16.5% (Note 5)
Universal Global Industrial Co., Ltd.	16.5% (Note 5)
Universal Global Electronics Co., Ltd.	16.5% (Note 5)
Universal Global Scientific Industrial Co., Ltd.	Note 6
Universal Scientific Industrial Co., Ltd.	Note 6
USI Japan Co., Ltd.	23.2% (Note 7)
USI America, Inc.	21% (Note 8)
Universal Scientific Industrial De México S.A. De C.V.	30% (Note 9)
Universal Scientific Industrial (France)	25%(Note 10)
Universal Scientific Industrial Vietnam Company Limited	15%(Note 11)
Asteelflash Suzhou Co., Ltd.	15%(Note 12)
FINANCIÈRE AFG S.A.S. ("FAFG")	25%(Note 13)
USI Science and Technology (Shenzhen) Co., Ltd.	20%(Note 14)
Hirschmann Car Communication Holding S.a.r.l. ("Hirschmann")	24.94%(Note 15)
Universal Optoelectronics Co., Ltd.	25%

Note 1: The Company was approved as a high-tech enterprise by Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Finance Bureau, Shanghai Municipal Office of the State Administration of Taxation and Shanghai Municipal Bureau of Local Taxation in 2023, and obtained the *High-tech Enterprise Certificate* (Certificate No. is GR202331006257), which was valid for 3 years. The Company applies the enterprise income tax rate of 15% from 2023 to 2025.

Note 2: Universal Global Technology (Kunshan) Co., Ltd. was approved as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Department of Finance of Jiangsu Province, Jiangsu Provincial Office of State Administration of Taxation and Jiangsu Provincial Bureau Local Taxation in 2025, and obtained the *High-tech Enterprise Certificate* (Certificate No.: GR202532015654), which was valid for 3 years. Universal Global Technology (Kunshan) Co., Ltd. applies the enterprise income tax rate of 15% from 2025 to 2028.

Note 3: Universal Global Technology (Shanghai) Co., Ltd. was approved as a high-tech enterprise by Science and Technology Commission of Shanghai Municipality, Shanghai Municipal Finance Bureau, Shanghai Municipal Office of the State Administration of Taxation and Shanghai Municipal Bureau of Local Taxation in 2025, and obtained the *High-tech Enterprise Certificate* (Certificate No.: GR202531002842), which was valid for 3 years. Universal Global Technology (Shanghai) Co., Ltd. applies the enterprise income tax rate of 15% from 2025 to 2028.

Note 4: Universal Global Technology (Huizhou) Co., Ltd. was approved as a high-tech enterprise by Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Tax Service, State Taxation Administration in 2025, and obtained the *High-tech Enterprise Certificate* (Certificate No.: GR202544006303), which is valid for 3 years. Universal Global Technology (Huizhou) Co., Ltd. applies the enterprise income tax rate of 15% from 2025 to 2028.

(IV) TAXATION - continued

1. Major categories of taxes and tax rates - continued

- Note 5: Universal Global Technology Co., Limited, Universal Global Industrial Co., Ltd. and Universal Global Electronics Co., Ltd. ("UGE") are companies in Hong Kong, China. The applicable enterprise income tax rate is 8.25% for the part with operating profits not exceeding HKD2 million; and 16.5% for the part with operating profits exceeding HKD2 million.
- Note 6: Universal Global Scientific Industrial Co., Ltd. ("UGSI") and the Universal Scientific Industrial Co., Ltd. ("USI") are registered and established in Taiwan, China. According to the income tax regulations in Taiwan, China, (1) the enterprises with profit taxable income less than TWD120,000 is exempt from profit tax; (2) the enterprises with the annual taxable income more than TWD120,000 shall be levied at 20% of its total taxable income. But its taxable amount shall not exceed half of the taxable income of a profit-making enterprise exceeding TWD120,000. At the same time, the income tax law in Taiwan, China stipulates that an additional 10% income tax shall be levied on the undistributed surplus of the current year, which shall be listed as the income tax expense of the year decided by the board of directors.
- Note 7: USI Japan Co., Ltd. is established and registered in Japan and is subject to the national tax law of Japan. According to the provisions of Japan's national tax law, the statutory tax rate is 23.2% for the enterprise taking the taxable income as the tax base, and the enterprise shall pay local income tax according to the regulations of the city where the enterprise is located. If the taxable income of an enterprise is negative and is reported with a cyan E-Tax return (i.e. self-accounting, self-reporting and self-taxation), the accumulated deductible loss can be deducted within 9 years after the year in which the loss occurs (2024: 23.2%).
- Note 8: USI America, Inc. is incorporated and registered in the United States, and the applicable enterprise income tax rate is 21%. According to the tax law of California where the enterprise is registered, even if there is no profit in establishing or engaging in commercial activities in the state, it is required to pay California Regional Income Tax of USD800 per year according to the Alternative Minimum Tax.
- Note 9: Universal Scientific Industrial De México S.A. De C.V. is registered and established in Mexico, and the applicable enterprise income tax rate is 30%.
- Note 10: Universal Scientific Industrial (France) ("USI France") is established and registered in France, and the applicable enterprise income tax rate is 25%.
- Note 11: Universal Scientific Industrial Vietnam Company Limited is established and registered in Vietnam, and the applicable enterprise income tax rate is 20%. The Company is established in the economic development zone and enjoys a preferential policy of an income tax rate of 0% for 4 years since the profitable year and half tax rate for the subsequent 9 years. On 1 January 2024, Vietnam officially implemented the *Resolution on the Collection of Additional Enterprise Income Tax for Global Anti-base Erosion*. Under this resolution, multinational enterprise groups with consolidated revenue of EUR750 million or more in at least two of four consecutive fiscal years are subject to an enterprise income tax rate of at least 15%. In 2025, the applicable enterprise income tax rate is 15%.
- Note 12: Asteelflash Suzhou Co., Ltd. was approved as a high-tech enterprise by Jiangsu Provincial Department of Science and Technology, Department of Finance of Jiangsu Province, Jiangsu Provincial Office of State Administration of Taxation and Jiangsu Provincial Bureau Local Taxation in 2023, and obtained the *High-tech Enterprise Certificate* (Certificate No.: GR202332016930), which was valid for 3 years. Asteelflash Suzhou Co., Ltd. applies the enterprise income tax rate of 15% from 2023 to 2025.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(IV) TAXATION - continued

1. Major categories of taxes and tax rates - continued

Note 13: FINANCIÈRE AFG S.A.S. ("FAFG") is established and registered in France, and the applicable enterprise income tax rate is 25%. The enterprise income tax rate applicable to German subsidiary is 30%. The enterprise income tax rate applicable to the Tunisian subsidiary is 20% (2024: 20%). The enterprise income tax rate applicable to its U.S. subsidiaries is 21%. The enterprise income tax rate applicable to the Polish subsidiary is 19%. The enterprise income tax rate applicable to the Czech subsidiary is 21% (2024: 21%).

Note 14: According to the *Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households* (Announcement [2023] No. 12 of the Ministry of Finance and the State Taxation Administration), micro and small low-profit enterprises are given a reduced rate of 25% in calculating the taxable income, and are subject to an enterprise income tax at a tax rate of 20%. USI Science and Technology (Shenzhen) Co., Ltd. is a qualified micro and small low-profit enterprise in 2025, which calculates taxable income at a reduced rate of 25% and pays enterprise income tax at a rate of 20%.

Note 15: Hirschmann is established and registered in Luxembourg, and the applicable enterprise income tax rate is 24.94%.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

Item	31/12/2025			31/12/2024		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange rate	RMB
Cash:						
RMB			-			7,202.97
USD	2,025.29	7.0288	14,235.36	2,119.55	7.1884	15,236.17
EUR	4,363.30	8.2588	36,035.62	9,655.69	7.4680	72,108.69
HKD	29.00	0.9032	26.19	269.00	0.9260	249.09
JPY	-	0.0448	-	37,000.00	0.0462	1,709.40
GBP	370.60	9.4379	3,497.69	576.83	9.0761	5,235.37
MXN	-	0.3912	-	30,000.00	0.3547	10,641.00
PLN	4,714.92	1.9497	9,192.68	5,100.15	1.7597	8,974.73
TND	12,061.79	2.4459	29,501.93	3,094.12	2.2471	6,952.80
CZK	22,304.00	0.3408	7,601.20	4,952.00	0.2965	1,468.27
Bank balances:						
RMB			5,671,388,581.23			4,332,930,647.22
USD	780,791,620.12	7.0288	5,488,028,139.50	817,888,919.28	7.1884	5,879,312,707.35
EUR	62,408,849.20	8.2588	515,422,203.77	70,731,788.77	7.4680	528,224,998.53
HKD	1,234,502.03	0.9032	1,115,002.23	1,323,438.00	0.9260	1,225,503.59
JPY	141,354,064.55	0.0448	6,332,662.09	123,210,679.78	0.0462	5,692,333.41
GBP	1,887,788.28	9.4379	17,816,757.01	2,997,042.94	9.0761	27,201,461.43
MXN	22,556,569.51	0.3912	8,824,129.99	150,563,803.58	0.3547	53,404,981.13
TWD	6,532,800,526.37	0.2236	1,460,734,197.70	7,033,826,682.08	0.2193	1,542,518,191.38
SGD	-	5.4586	-	26,186.34	5.3214	139,347.99
TND	11,908,588.67	2.4459	29,127,217.03	7,123,331.44	2.2471	16,006,838.08
CZK	641,861.65	0.3408	218,746.45	73,898.77	0.2965	21,910.99
PLN	61,483.56	1.9497	119,874.50	23,820,298.35	1.7597	41,916,579.01
VND	93,845,956,624.33	0.0003	28,153,786.99	154,056,665,921.99	0.0003	46,216,999.78
Other cash and bank balances:						
RMB			3,672,619.86			2,502,688.09
TWD	44,000,000.00	0.2236	9,839,874.00	45,000,000.00	0.2193	9,866,646.00
JPY	-	0.0448	-	1,000,000.00	0.0462	46,230.00
Total			13,240,893,883.02			12,487,357,842.47
Including: Balances deposited overseas			3,249,942,364.48			3,253,261,118.22

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

1. Cash and bank balances - continued

As at 31 December 2025, the Group's restricted cash and bank balances included in other cash and bank balances equivalent to RMB11,868,874.00 were the customs deposits and RMB1,643,619.86 were frozen funds due to litigation (31 December 2024: equivalent to RMB11,912,876.00 were the customs deposits and RMB502,688.09 were frozen funds due to litigation).

2. Held-for-trading financial assets

Item	Unit: RMB	
	31/12/2025	31/12/2024
Financial assets at FVTPL	9,800,747.96	42,291,303.91
Including: Derivative financial instruments (Note 1)	9,800,747.96	42,291,303.91

Note 1: The derivative financial instruments held by the Group are foreign exchange forward contracts, which are not accounted for as hedging instruments and are measured at fair value through profit or loss.

3. Notes receivable

(1) Categories of notes receivable

Category	Unit: RMB	
	31/12/2025	31/12/2024
Bank acceptances	109,607,255.52	79,450,682.42

(2) As at 31 December 2025, the Group had no pledged notes receivable.

(3) As at 31 December 2025, the Group had notes receivable that had been endorsed or discounted and were not yet matured at the balance sheet date.

Category	Unit: RMB	
	Amount derecognised at 31/12/2025	Amount not derecognised at 31/12/2025
Bank acceptances	15,709,174.64	-

(4) As at 31 December 2025, the Group considered made no allowance for credit loss since the Group considered that the accepting banks of the bank acceptances held by it were of high ratings and no significant credit risk was expected to exist.

(5) For the year ended 31 December 2025, the Group had no notes receivable that were actually written off.

4. Accounts receivable

(1) Disclosures by aging:

Aging	Unit: RMB	
	31/12/2025	31/12/2024
Within the credit period	8,984,659,730.38	9,343,453,773.95
1-30 days overdue	991,215,928.51	778,869,895.84
31-60 days overdue	47,040,958.17	99,373,557.48
61-90 days overdue	15,099,055.97	31,891,507.16
91-180 days overdue	26,311,252.47	15,902,652.98
More than 180 days overdue	30,785,186.81	42,784,909.41
Total	10,095,112,112.31	10,312,276,296.82

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4. Accounts receivable - continued

(2) Disclosure by category of loss provision method

Unit: RMB

Category	31/12/2025					31/12/2024				
	Gross carrying amount		Allowance for bad debts		Carrying amount	Gross carrying amount		Allowance for bad debts		Carrying amount
	Amount	Proportion (%)	Amount	Proportion of provision (%)		Amount	Proportion (%)	Amount	Proportion of provision (%)	
Allowance for bad debts provided on an individual basis	7,008,179.08	0.07	7,008,179.08	100.00	-	6,213,504.41	0.06	6,213,504.41	100.00	-
Allowance for bad debts provided on a portfolio basis:	10,088,103,933.23	99.93	58,180,837.71	0.58	10,029,923,095.52	10,306,062,792.41	99.94	50,560,347.77	0.49	10,255,502,444.64
Total	10,095,112,112.31	100.00	65,189,016.79	0.65	10,029,923,095.52	10,312,276,296.82	100.00	56,773,852.18	0.55	10,255,502,444.64

Allowance for bad debts provided on an individual basis

Unit: RMB

Name	31/12/2025			Reason for provision
	Gross carrying amount	Allowance for bad debts	Proportion of provision (%)	
Company A	7,008,179.08	7,008,179.08	100	Due to the customer's financial difficulties and poor realisation of assets, the specific provision is made based on the risk assessment and judgement of the management.

Allowance for bad debts provided on a portfolio basis:

Unit: RMB

Allowance for bad debts	Lifetime ECL
At 1 January 2025	50,560,347.77
ECL provided for the year	40,171,291.30
Write-off	(14,869,431.76)
Decrease due to the disposal of a subsidiary	(17,360,791.68)
Effect of changes in exchange rate	(320,577.92)
At 31 December 2025	58,180,837.71

As part of the Group's credit risk management, the ECLs on accounts receivable are assessed using the aging analysis approach. According to the Group's assessment of credit risk, the aging reflects the solvency of customers when the accounts receivable are due.

At 31 December 2025, the credit risk and ECLs on accounts receivable were as follows:

Unit: RMB

Aging	31/12/2025			
	Expected average loss rate (%)	Gross carrying amount	Allowance for bad debts	Carrying amount
Within the credit period	0.05	8,984,659,730.39	4,319,666.21	8,980,340,064.18
1-30 days overdue	0.77	991,215,928.51	7,639,464.17	983,576,464.34
31-60 days overdue	7.31	47,040,958.17	3,439,428.37	43,601,529.80
61-90 days overdue	12.32	9,353,503.54	1,152,753.23	8,200,750.31
91-180 days overdue	43.29	25,048,625.81	10,844,338.92	14,204,286.89
More than 180 days overdue	100.00	30,785,186.81	30,785,186.81	-
Total	0.58	10,088,103,933.23	58,180,837.71	10,029,923,095.52

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

4. Accounts receivable - continued

(2) Disclosure by category of loss provision method - continued

At 31 December 2024, the credit risk and ECLs on accounts receivable were as follows:

Unit: RMB

Aging	31/12/2024			
	Expected average loss rate (%)	Gross carrying amount	Allowance for bad debts	Carrying amount
Within the credit period	0.02	9,343,453,773.95	2,006,381.32	9,341,447,392.63
1-30 days overdue	0.35	778,869,895.84	2,717,123.08	776,152,772.76
31-60 days overdue	2.29	99,373,557.48	2,271,038.49	97,102,518.99
61-90 days overdue	9.70	31,891,507.16	3,092,825.63	28,798,681.53
91-180 days overdue	24.53	15,902,652.98	3,901,574.25	12,001,078.73
More than 180 days overdue	100.00	36,571,405.00	36,571,405.00	-
Total	0.49	10,306,062,792.41	50,560,347.77	10,255,502,444.64

The expected average loss rate mentioned above is based on the historical actual credit loss rates and the current conditions, as well as the forecast of future economic conditions. In 2025, the Group's valuation method remains unchanged.

(3) Changes in allowances for bad debts

Unit: RMB

Category	31/12/2024	Changes for the year					31/12/2025
		Provision for the year	Collection or reversal	Write-off	Decrease due to the disposal of a subsidiary	Translation differences of financial statements denominated in foreign currencies	
Allowance for bad debts provided on an individual basis	6,213,504.41	6,846,000.28	(3,658,249.59)	(3,494,211.81)	-	1,101,135.79	7,008,179.08
Allowance for bad debts by aging matrix	50,560,347.77	40,171,291.30	-	(14,869,431.76)	(17,360,791.68)	(320,577.92)	58,180,837.71
Total	56,773,852.18	47,017,291.58	(3,658,249.59)	(18,363,643.57)	(17,360,791.68)	780,557.87	65,189,016.79

(4) Accounts receivable actually written off in the current year

Unit: RMB

Item	Write-off amount
Company B	14,738,786.28
Company C	3,494,211.81
Company D	130,645.48
Total	18,363,643.57

(5) Top five closing balances of accounts receivable categorised by debtor

Unit: RMB

Name	Accounts receivable at 31 December 2025	Proportion to the total accounts receivable at 31 December 2025 (%)	Allowance for bad debts at 31 December 2025
Company E	3,766,562,271.45	37.31	1,883,281.14
Company F	983,281,910.32	9.74	491,640.96
Company G	627,525,620.47	6.22	313,762.81
Company H	500,580,518.60	4.96	250,290.26
Company I	288,065,540.31	2.85	144,032.77
Total	6,166,015,861.15	61.08	3,083,007.94

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

5. Prepayments

(1) Aging analysis of prepayments

Unit: RMB

Aging	31/12/2025		31/12/2024	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year (inclusive)	82,998,846.87	89.61	47,189,783.80	88.10
1-2 years	5,065,955.49	5.47	6,371,930.58	11.90
2-3 years	4,555,309.09	4.92	-	-
Total	92,620,111.45	100.00	53,561,714.38	100.00

(2) Top five closing balances of prepayments categorised by receivers

Unit: RMB

Name	Relationship with the Company	Gross carrying amount	Proportion to the total prepayments at 31 December 2025 (%)
Company J	Third party	15,415,001.15	16.64
Company K	Third party	6,292,432.55	6.79
Company L	Third party	5,096,500.39	5.50
Company M	Third party	5,040,363.44	5.44
Company N	Third party	4,710,895.69	5.09
Total		36,555,193.22	39.46

6. Other receivables

(1) Disclosures by aging:

Unit: RMB

Aging	31/12/2025	31/12/2024
Within 1 year (inclusive)	120,149,780.29	108,433,848.28
1-2 years	3,671,156.72	25,864,889.16
Total	123,820,937.01	134,298,737.44

(2) Classification by nature

Unit: RMB

Nature of other receivables	Gross carrying amount at 31 December 2025	Gross carrying amount at 31 December 2024
Services and purchase rebates receivable	75,906,790.22	38,570,029.70
Advances for third parties	43,744,141.63	81,135,294.31
Advance payments for employees	3,562,608.34	6,390,152.64
Receivables from equipment transfers	565,888.69	6,864,778.23
Principal of investment receivable	-	594,607.64
Others	41,508.13	743,874.92
Total	123,820,937.01	134,298,737.44

(3) The Company recognises credit losses on its other receivables on an individual asset basis. As at 31 December 2025, no allowance for ECLs has been made, and no allowance for ECLs has been reversed or collected due to the low probability that the Company's other receivables will not be collected.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

6. Other receivables - continued

(4) Top five closing balances of other receivables categorised by debtor

Unit: RMB

Name	31/12/2025	Proportion to the total other receivables at 31 December 2025 (%)	Nature of the amount	Aging	Allowance for bad debts at 31 December 2025
Company O	20,117,928.31	16.25	Services and purchase rebates receivable	Within 1 year	-
Company P	10,171,093.97	8.21	Advances	Within 1 year	-
Company F	9,084,170.62	7.34	Advances	Within 1 year	-
Company Q	6,049,422.89	4.89	Advances	Within 1 year	-
Company R	4,230,822.64	3.42	Advances	Within 1 year	-
Total	49,653,438.43	40.11			-

(5) As at 31 December 2025, there were no other receivables presented for centralised management of funds.

7. Inventories

(1) Categories of inventories

Unit: RMB

Item	31/12/2025			31/12/2024		
	Gross carrying amount	Provision for decline in value	Carrying amount	Gross carrying amount	Provision for decline in value	Carrying amount
Raw materials	4,674,779,954.99	277,364,274.09	4,397,415,680.90	4,704,209,891.60	255,166,248.29	4,449,043,643.31
Work in progress	1,527,030,353.44	-	1,527,030,353.44	1,158,555,723.48	-	1,158,555,723.48
Finished goods	1,983,039,908.32	56,263,953.32	1,926,775,955.00	2,072,505,327.77	41,365,473.35	2,031,139,854.42
Reusable materials	126,168,859.42	-	126,168,859.42	111,469,687.37	-	111,469,687.37
Total	8,311,019,076.17	333,628,227.41	7,977,390,848.76	8,046,740,630.22	296,531,721.64	7,750,208,908.58

(2) Provision for decline in value of inventories

Unit: RMB

Item	31/12/2024	Provision	Decrease		Decrease due to the disposal of a subsidiary	Translation differences of financial statements denominated in foreign currencies	31/12/2025
			Reversal	Write-off			
Raw materials	255,166,248.29	166,709,700.66	207,705,979.53	21,567,761.71	75,046,218.69	9,715,847.69	277,364,274.09
Finished goods	41,365,473.35	56,484,220.52	35,198,277.46	7,805,837.26	-	1,418,374.17	56,263,953.32
Total	296,531,721.64	223,193,921.18	242,904,256.99	29,373,598.97	75,046,218.69	11,134,221.86	333,628,227.41

Item	Specific determination basis of net realisable value	Reasons for reversal/write-off of the provision for decline in value of inventories
Raw materials	The higher of the estimated selling price of raw materials less estimated costs of sales and related taxes and the estimated selling price of finished goods less estimated costs of completion and estimated costs necessary to make the sale as well as related taxes	Sold or net realisable value recovered
Work in progress	Value of estimated selling price less estimated costs of completion and estimated costs necessary to make the sale as well as related taxes	Sold or net realisable value recovered
Finished goods	Value of estimated selling price less estimated costs necessary to make the sale as well as related taxes	Sold or net realisable value recovered

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**8. Non-current assets due within one year**

Unit: RMB

Item	31/12/2025	31/12/2024
Lease receivables	-	130,008.72

9. Other current assets

Unit: RMB

Item	31/12/2025	31/12/2024
Input VAT to be deducted	264,673,402.76	332,326,929.82
FPC expenses to be amortised	161,720,106.18	163,891,084.27
Tax refunds receivable	85,667,069.84	220,524,523.09
Prepaid income tax	27,206,977.66	56,817,571.71
Mold costs to be amortised	11,647,727.44	14,031,803.36
Net asset of defined benefit plan	719,260.94	-
Others	7,482,686.03	6,221,710.03
Total	559,117,230.85	793,813,622.28

10. Long-term receivables**(1) Long-term receivables**

Unit: RMB

Item	31/12/2025	31/12/2024
Employee borrowings for house purchasing	14,158,877.21	13,787,074.59
Total	14,158,877.21	13,787,074.59

(2) As at 31 December 2025, no allowance for bad debts has been made as the Group's long-term receivables are less likely to be uncollectable.

(3) As at 31 December 2025, there are no long-term receivables that have been actually written off by the Group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

11. Long-term equity investments

(1) Long-term equity investments

Unit: RMB

Name of the investee	1/1/2025	Changes for the year								31/12/2025	Impairment allowance at 31 December 2025
		Additional investment	Reduction in investment	Investment income (loss) recognised under equity method	Other comprehensive income adjustments	Other equity changes	Cash dividends or profit declared	Impairment allowance	Translation differences of financial statements denominated in foreign currencies		
I. Joint venture											
MUtek Electronics Co., Ltd. (Note 1)	2,709,233.30	-	-	(58,092.32)	-	-	-	(2,730,227.27)	79,086.29	-	(2,730,227.27)
II. Associates											
M-Universe Investments Pte. Ltd. (Note 2)	509,880,880.27	-	-	33,275,826.78	9,343,710.34	-	(12,402,248.74)	-	(11,804,618.68)	528,293,549.97	-
Questyle Audio Technology Co., Ltd. (Note 3)	3,902,360.54	-	(3,456,866.76)	(445,493.78)	-	-	-	-	-	-	-
Total	516,492,474.11	-	(3,456,866.76)	32,772,240.68	9,343,710.34	-	(12,402,248.74)	(2,730,227.27)	(11,725,532.39)	528,293,549.97	(2,730,227.27)

Note 1: In April 2022, UGSI, the Company's wholly-owned subsidiary, established a joint venture, MUtek Electronics Co., Ltd. ("MUtek Electronics") with Merry Electronics Co., Ltd. ("Merry Electronics"). Under the *Joint Investment Contract*, UGSI intends to contribute TWD191,100,000.00 (equivalent to RMB43,338,816.67), with a capital contribution of 49%. As at 31 December 2025, the accumulated capital contribution paid up by UGSI totalled TWD29,400,000.00 (equivalent to RMB7,044,079.28), with a capital contribution of 49%, while the capital subscription of TWD161,700,000.00 (31 December 2024: TWD161,700,000.00) (equivalent to RMB36,161,532.29 (31 December 2024: RMB35,454,149.15)) was unpaid. It is stipulated in the *Joint Investment Contract* that the financial and operating plans of MUtek Electronics shall be submitted to the Board of Directors for approval only when a joint resolution by UGSI and Merry Electronics is achieved. According to the articles of association of MUtek Electronics, the board of directors is composed of 4 directors, 2 of whom are appointed by UGSI. Therefore, MUtek Electronics is a joint venture of UGSI, and the Group accounts for this long-term equity investment under the equity method.

Note 2: In July 2019, Universal Global Technology Co., Limited, the Company's wholly-owned subsidiary, made an additional contribution of SGD 79,862,500 to M-Universe Investments Pte. Ltd. ("M-Universe"), a sub-sub-sidiary of it established in Singapore, to publicly acquire the ordinary shares of Memtech International Ltd. ("Memtech"), a company listed in Singapore. Pursuant to the Equity Acquisition Agreement, M-Universe acquired 42.23% of Memtech's equity interest at the market price of SGD 1.35 per share on 30 June 2019, meanwhile, M-Universe issued new shares at the same subscription price to Keytech Investment Pte. Ltd. ("Keytech"), the original shareholder of Memtech, i.e., M-Universe exchanged its 57.77% equity interest in Memtech for the same percentage of shares held by Keytech. As a result, Universal Global Technology Co., Limited's shareholding in M-Universe was reduced from 100 % to 42.23%. According to the *Shareholders' Agreement* of M-Universe, the board of directors is composed of 3 directors, 2 of which are appointed by Keytech and 1 by Universal Global Technology Co., Limited, and the resolutions need to be approved by the majority of the directors attending the board meeting, so the Group accounts for this long-term equity investment under the equity method.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

11. Long-term equity investments - continued

(1) Long-term equity investments - continued

Note 3: In November 2022, the Company made an additional contribution of RMB 20,000,000.00 to Questyle Audio Technology Co., Ltd. ("Questyle Audio Technology"), to acquire 6.6667% of equity interests of Questyle Audio Technology upon the capital contribution according to the *Capital Increase Agreement*. As at 29 November 2022, the additional capital contribution has been paid up. According to the *Shareholders' Agreement* of Questyle Audio Technology, the board of directors is composed of 3 directors, 1 of which is appointed by the Company, being responsible to develop its annual budget and resolutions in relation to substantial modifications of corporate accounting policy or fiscal year need to be approved by the majority of the directors attending the board meeting. The meeting of shareholders is allowed to be held when attended by shareholders representing more than a half of the voting rights, involving investors of previous and current rounds. Ordinary resolution requires the approval of shareholders representing more than a half of the voting rights, which mainly includes the approvals of corporate management principle and investment plan, annual financial budget plan and final accounts plan and plans of profit distribution and losses recovery. The Company has significant influence on Questyle Audio Technology, so it is an associate of the Company, and the Group accounts for it under the equity method.

On 3 December 2025, the shareholders' meeting of Questyle Audio Technology resolved to approve the Company's resignation from its directorship and to no longer nominate the Company as a director of Questyle Audio Technology. The relevant business registration changes were completed in 2025. As a result, the Company no longer has influence over Questyle Audio Technology and has reclassified its investment in Questyle Audio Technology from long-term equity investments to other non-current financial assets.

(2) Impairment testing of long-term equity investments

The recoverable amount is determined based on the present value of expected future cash flows

Unit: RMB

Item	Carrying amount	Recoverable amount	Impairment amount	Projection period	Key parameters for projection period	Key parameters for steady period	Basis to determine the key parameters for steady period
MUtek Electronics	2,730,227.27	-	2,730,227.27	5 years	Revenue growth rate of the projection period: (100%)-(5%) Profit margin of the projection period: (15%)-0%	N/A	N/A

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

12. Other equity instrument investments

(1) Other equity instrument investments

Unit: RMB

Item	31/12/2024	Changes for the year				31/12/2025	Dividend income recognised in the year	Accumulated gains recognised in other comprehensive income	Reasons for designation as at fair value through other comprehensive income
		Additional investment	Reduction in investment	Losses recognised in other comprehensive income in the year	Translation differences of financial statements denominated in foreign currencies				
TriKnight Capital Corporation (Note)	22,769,795.62	-	7,085,303.75	(3,063,043.91)	965,562.35	13,587,010.31	-	5,461,751.30	Non-trading equity investments that the Group does not expect to dispose of in the foreseeable future

Note: The Group invested in TriKnight Capital Corporation in 2016, accounting for 5% of the equity interests in the investee.

(2) There was no other equity instrument investment derecognised in the year.

13. Other non-current financial assets

Unit: RMB

Item	31/12/2025	31/12/2024
PHI FUND, L.P.(Note X, 4)	103,958,381.51	105,896,492.26
Suzhou Yaotu Equity Investment Partnership (Note X, 4)	35,298,597.00	32,981,373.58
PI Semiconductor (Shenzhen) Co., Ltd. (Note X, 4)	31,351,375.00	30,000,000.00
Senscomm Semiconductor Co., Ltd. (Note X, 4)	9,000,000.00	17,838,568.00
Questyle Audio Technology Co., Ltd. (Note X, 4)	6,909,500.00	-
NeuroBlade Ltd. (Note X, 4)	-	14,376,800.00
Total	186,517,853.51	201,093,233.84

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Investment properties

(1) Investment properties measured using cost model

Unit: RMB

Item	Buildings
I. Cost	
1. 1 January 2025	11,507,908.40
2. Increase in the year	-
3. Decrease in the year	-
4. Translation differences arising from translation denominated in foreign currencies	-
5. 31 December 2025	11,507,908.40
II. Accumulated depreciation	
1. 1 January 2025	7,463,620.39
2. Increase in the year	279,757.48
(1) Provision	279,757.48
3. Decrease in the year	-
4. Translation differences arising from translation denominated in foreign currencies	-
5. 31 December 2025	7,743,377.87
III. Provision for impairment losses	
1. 1 January 2025	-
2. Increase in the year	-
3. Decrease in the year	-
4. Translation differences arising from translation denominated in foreign currencies	-
5. 31 December 2025	-
IV. Carrying amount	
1. 31 December 2025	3,764,530.53
2. 1 January 2025	4,044,288.01

(2) As at 31 December 2025, the Group had no investment properties for which certificates of title have not been obtained.

(3) As lessor under operating leases

Unit: RMB

Item	Lease income	Including: Income related to variable lease payments not included in lease receipts
Investment properties	4,052,151.00	-

Income relating to operating leases for the year amounted to RMB4,052,151.00 (2024: RMB3,714,471.75), and there was no income related to variable lease payments not included in the lease receipts.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. Fixed assets

(1) Details of fixed assets

Unit: RMB

Item	Land operated overseas	Buildings	Machinery and equipment	Transportation vehicles	Electronic equipment, fixtures and furniture	Renovation costs	Total
I. Cost							
1. 1 January 2025	242,896,453.85	2,496,057,624.67	7,894,189,857.66	23,074,614.58	654,681,036.25	408,853,646.55	11,719,753,233.56
2. Increase in the year	118,848,367.48	97,041,691.75	871,641,355.69	605,010.40	101,828,393.31	169,058,624.79	1,359,023,443.42
(1) Purchase	-	-	62,601,912.81	222,413.87	10,976,404.15	-	73,800,730.83
(2) Transfer from construction in progress	118,848,367.48	97,041,691.75	809,039,442.88	382,596.53	90,851,989.16	169,058,624.79	1,285,222,712.59
3. Decrease in the year	33,639,137.54	89,392,736.93	483,263,673.01	2,885,372.22	80,017,884.85	2,019,862.96	691,218,667.51
(1) Disposal or retirement	33,639,137.54	89,392,736.93	483,263,673.01	2,885,372.22	80,017,884.85	2,019,862.96	691,218,667.51
4. Translation differences arising from translation denominated in foreign currencies	3,918,847.97	(17,016,454.80)	40,639,062.53	660,251.23	3,476,532.13	(6,576,089.09)	25,102,149.97
5. 31 December 2025	332,024,531.76	2,486,690,124.69	8,323,206,602.87	21,454,503.99	679,968,076.84	569,316,319.29	12,412,660,159.44
II. Accumulated depreciation							
1. 1 January 2025	-	588,804,230.96	5,309,609,854.06	14,868,673.73	422,161,428.49	214,604,875.19	6,550,049,062.43
2. Increase in the year	-	75,341,761.95	843,948,351.92	1,903,981.09	86,556,695.73	50,418,093.23	1,058,168,883.92
(1) Provision	-	75,341,761.95	843,948,351.92	1,903,981.09	86,556,695.73	50,418,093.23	1,058,168,883.92
3. Decrease in the year	-	54,218,188.54	386,864,538.85	2,566,722.13	60,034,222.26	2,018,456.00	505,702,127.78
(1) Disposal or retirement	-	54,218,188.54	386,864,538.85	2,566,722.13	60,034,222.26	2,018,456.00	505,702,127.78
4. Translation differences arising from translation denominated in foreign currencies	-	(3,257,237.32)	18,914,193.80	361,885.84	2,948,261.48	(1,529,464.79)	17,437,639.01
5. 31 December 2025	-	606,670,567.05	5,785,607,860.93	14,567,818.53	451,632,163.44	261,475,047.63	7,119,953,457.58
III. Provision for impairment losses							
1. 1 January 2025	-	49,649,113.02	-	-	-	-	49,649,113.02
2. Increase in the year	-	-	2,805,304.33	-	-	-	2,805,304.33
(1) Provision	-	-	2,805,304.33	-	-	-	2,805,304.33
3. Decrease in the year	-	5,791,922.18	-	-	-	-	5,791,922.18
(1) Disposal or retirement	-	5,791,922.18	-	-	-	-	5,791,922.18
4. Translation differences arising from translation denominated in foreign currencies	-	233,362.79	(2,339.84)	-	-	-	231,022.95
5. 31 December 2025	-	44,090,553.63	2,802,964.49	-	-	-	46,893,518.12
IV. Carrying amount							
1. 31 December 2025	332,024,531.76	1,835,929,004.01	2,534,795,777.45	6,886,685.46	228,335,913.40	307,841,271.66	5,245,813,183.74
2. 1 January 2025	242,896,453.85	1,857,604,280.69	2,584,580,003.60	8,205,940.85	232,519,607.76	194,248,771.36	5,120,055,058.11

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. Fixed assets - continued

- (2) As at 31 December 2025, the Group had no significant temporarily idle fixed asset.
- (3) As at 31 December 2025, the Group had no fixed assets of which certificates of title have not been obtained.
- (4) As at 31 December 2025, the Group had no fixed assets that have been pledged.
- (5) As at 31 December 2025, Asteelflash Germany GmbH and ASTEELFLASH FRANCE, subsidiaries of the Group, in light of future business plans, intend to shut down certain factories; accordingly, the Group has recognised an impairment loss of RMB2,805,304.33 on its machinery and equipment.

16. Construction in progress

- (1) Construction in progress:

Unit: RMB

Item	31/12/2025			31/12/2024		
	Gross carrying amount	Provision for impairment	Carrying amount	Gross carrying amount	Provision for impairment	Carrying amount
Veitnam factory-Wearable device production project	2,457,551.67	-	2,457,551.67	159,925,813.30	-	159,925,813.30
Other construction, decoration and uninstalled equipment	182,689,024.85	-	182,689,024.85	204,741,920.43	-	204,741,920.43
Total	185,146,576.52	-	185,146,576.52	364,667,733.73	-	364,667,733.73

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Construction in progress - continued

(2) Changes in construction in progress

Unit: RMB

Item	Budget	31/12/2024	Increase in the year	Decrease due to the disposal of a subsidiary	Transfer to fixed assets	Transferred to long-term prepaid expenses	Translation differences of financial statements denominated in foreign currencies	31/12/2025	Proportion of amount injected to budget amount	Amount of accumulated capitalised interest	Including: Capitalised interest for the year	Interest capitalisation rate for the year (%)	Source of funds
Veitnam factory- Wearable device production project	1,400,000,000.00	159,925,813.30	253,614,130.34	-	(410,054,312.76)	-	(1,028,079.21)	2,457,551.67	85%	-	-	-	Self-owned funds/ Raised funds
Other construction, decoration and uninstalled equipment	N/A	204,741,920.43	907,782,857.41	(48,629,526.92)	(875,168,399.83)	(12,595,811.50)	6,557,985.26	182,689,024.85	N/A	-	-	-	Self-owned funds
Total		364,667,733.73	1,161,396,987.75	(48,629,526.92)	(1,285,222,712.59)	(12,595,811.50)	5,529,906.05	185,146,576.52					

(3) As at 31 December 2025, the Group had no construction in progress that requires provision for impairment losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Right-of-use assets

(1) Details of right-of-use assets

Unit: RMB

Item	Buildings	Machinery and equipment	Transportation equipment	Others	Total
I. Cost					
1. 1 January 2025	1,014,565,398.63	2,275,442.48	16,102,037.16	1,805,012.20	1,034,747,890.47
2. Increase in the year	87,655,751.55	73,617.94	7,848,565.90	-	95,577,935.39
(1) Increase	87,655,751.55	73,617.94	7,848,565.90	-	95,577,935.39
3. Decrease in the year	121,302,187.23	501,129.87	8,086,749.82	435,505.24	130,325,572.16
(1) Disposal	121,302,187.23	501,129.87	8,086,749.82	435,505.24	130,325,572.16
4. Translation differences arising from translation denominated in foreign currencies	20,144,646.02	101,191.75	1,638,423.33	43,775.59	21,928,036.69
5. 31 December 2025	1,001,063,608.97	1,949,122.30	17,502,276.57	1,413,282.55	1,021,928,290.39
II. Accumulated depreciation					
1. 1 January 2025	555,899,052.98	1,260,067.34	9,914,847.39	476,578.68	567,550,546.39
2. Increase in the year	124,176,918.76	458,147.33	5,100,395.86	654,481.90	130,389,943.85
(1) Provision	124,176,918.76	458,147.33	5,100,395.86	654,481.90	130,389,943.85
3. Decrease in the year	82,068,169.69	297,328.65	6,635,674.38	435,505.24	89,436,677.96
(1) Disposal	82,068,169.69	297,328.65	6,635,674.38	435,505.24	89,436,677.96
4. Translation differences arising from translation denominated in foreign currencies	9,577,803.65	33,047.76	996,027.56	2,908.90	10,609,787.87
5. 31 December 2025	607,585,605.70	1,453,933.78	9,375,596.43	698,464.24	619,113,600.15
III. Provision for impairment losses					
1. 1 January 2025	-	-	-	-	-
2. Increase in the year	3,070,307.42	-	-	-	3,070,307.42
3. Decrease in the year	-	-	-	-	-
4. Translation differences arising from translation denominated in foreign currencies	(2,560.88)	-	-	-	(2,560.88)
5. 31 December 2025	3,067,746.54	-	-	-	3,067,746.54
IV. Carrying amount					
1. 31 December 2025	390,410,256.73	495,188.52	8,126,680.14	714,818.31	399,746,943.70
2. 1 January 2025	458,666,345.65	1,015,375.14	6,187,189.77	1,328,433.52	467,197,344.08

The Group has leased a number of assets, including offices, plants, dormitories, machinery equipment and transportation equipment, with a lease term ranging from 2 to 10 years. The related right-of-use assets may not be used for purposes such as security for borrowings.

In 2025, the total short-term lease and leases of low-value assets expenses included in the profit or loss for the current period and treated under a simplified method is RMB47,937,039.43 (2024: RMB57,618,528.16).

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Right-of-use assets - continued

(1) Details of right-of-use assets - continued

The cash outflows related to leases are RMB187,909,264.65 (2024: RMB235,612,311.91).

The assets leased in shall not be used as collateral for borrowings.

The Group's potential future cash flows not included in the measurement of lease liabilities are mainly derived from the rentals that will be adjusted to the market levels upon renewal of the lease contracts relating to buildings. As at 31 December 2025, the Group had no leases committed but not yet commenced.

As at 31 December 2025, Asteelflash Germany GmbH and ASTEELFLASH FRANCE, subsidiaries of the Group, in light of future business plans, intend to shut down certain factories; accordingly, the Group has recognised an impairment loss of RMB3,070,307.42 on its buildings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

18. Intangible assets

(1) Details of intangible assets

Unit: RMB

Item	Software	Patents	Trademark rights	Land use rights	Customer relations	Total
I. Cost						
1. 1 January 2025	517,671,579.91	74,255.00	402,708.44	132,314,014.99	167,845,045.97	818,307,604.31
2. Increase in the year	45,102,406.24	-	-	155,406.00	-	45,257,812.24
(1) Purchase	45,102,406.24	-	-	155,406.00	-	45,257,812.24
3. Decrease in the year	10,250,704.96	-	-	-	-	10,250,704.96
(1) Disposal or retirement	10,250,704.96	-	-	-	-	10,250,704.96
4. Translation differences arising from translation denominated in foreign currencies	5,594,461.91	-	4,317.81	1,628,252.16	17,773,599.08	25,000,630.96
5. 31 December 2025	558,117,743.10	74,255.00	407,026.25	134,097,673.15	185,618,645.05	878,315,342.55
II. Accumulated amortisation						
1. 1 January 2025	436,728,178.19	74,255.00	402,708.44	27,015,623.16	42,697,201.61	506,917,966.40
2. Increase in the year	44,525,969.88	-	-	3,077,945.67	11,345,230.16	58,949,145.71
(1) Provision	44,525,969.88	-	-	3,077,945.67	11,345,230.16	58,949,145.71
3. Decrease in the year	9,470,237.77	-	-	-	-	9,470,237.77
(1) Disposal or retirement	9,470,237.77	-	-	-	-	9,470,237.77
4. Translation differences arising from translation denominated in foreign currencies	3,229,079.77	-	4,317.81	182,926.11	4,790,097.71	8,206,421.40
5. 31 December 2025	475,012,990.07	74,255.00	407,026.25	30,276,494.94	58,832,529.48	564,603,295.74
III. Provision for impairment losses						
1. 1 January 2025	-	-	-	-	-	-
2. Increase in the year	457,877.28	-	-	-	-	457,877.28
(1) Provision	457,877.28	-	-	-	-	457,877.28
3. Decrease in the year	-	-	-	-	-	-
4. Translation differences arising from translation denominated in foreign currencies	(381.89)	-	-	-	-	(381.89)
5. 31 December 2025	457,495.39	-	-	-	-	457,495.39
IV. Carrying amount						
1. 31 December 2025	82,647,257.64	-	-	103,821,178.21	126,786,115.57	313,254,551.42
2. 1 January 2025	80,943,401.72	-	-	105,298,391.83	125,147,844.36	311,389,637.91

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

18. Intangible assets - continued

- (2) As at 31 December 2025, the Group had no land use rights of which certificates of title have not been obtained.
- (3) As at 31 December 2025, Asteelflash Germany GmbH and ASTEELFLASH FRANCE, subsidiaries of the Group, in light of future business plans, intend to shut down certain factories; accordingly, the Group has recognised an impairment loss of RMB457,877.28 on its software.

19. Goodwill

- (1) Original carrying amount of goodwill

Unit: RMB

Investee	31/12/2024	Changes for the year		31/12/2025
		Decrease due to the disposal of a subsidiary	Translation differences of financial statements denominated in foreign currencies	
USI Asteelflash Poland Sp. z o.o. ("USI Poland")	29,367,344.30	-	(652,026.62)	28,715,317.68
FAFG	551,197,927.06	-	58,367,948.25	609,565,875.31
Hirschmann	4,655,156.44	(4,655,156.44)	-	-
Total	585,220,427.80	(4,655,156.44)	57,715,921.63	638,281,192.99

- (2) Provision for impairment of goodwill

As at 31 December 2025, there is no impairment provision of goodwill.

- (3) Information of the asset group or portfolio of asset groups with goodwill

Name	Composition of the asset group or a portfolio of asset groups and its basis	Operating segment and its basis	Consistent with prior years or not
FAFG China	FAFG - Company in Chinese mainland Cash flow generated independently	Chinese mainland Manufacturing location	Yes
FAFG Europe	FAFG - Company in Europe Cash flow generated independently	European region Manufacturing location	Yes
USI Poland	USI Poland Cash flow generated independently	European region Manufacturing location	Yes

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Goodwill - continued

(4) Specific method of determining the recoverable amount

The recoverable amount is determined based on the present value of expected future cash flows

Unit: RMB

Item	Carrying amount	Recoverable amount	Impairment amount	Projection period	Key parameters for projection period	Basis to determine the parameters for projection period	Key parameters for steady period	Basis to determine the key parameters for steady period
FAFG China	1,374,225,640.87	1,846,952,979.88	-	5 years	Revenue growth rate of the projection period: 5.90%-17.21% Profit margin: 7.64%-8.65%	Growth forecast based on itself and relevant industries	Post-tax discount rate: 14.47% Long-term growth rate: 3%	Long-term discount rate and average growth rate of the industry
FAFG Europe	1,695,280,747.17	2,226,418,863.43	-	5 years	Revenue growth rate of the projection period: 2.47%-16.70% Profit margin: 2.98%-5.02%	Growth forecast based on itself and relevant industries	Post-tax discount rate: 14.42% Long-term growth rate: 3%	Long-term discount rate and average growth rate of the industry
USI Poland	396,148,079.09	593,784,322.53	-	5 years	Revenue growth rate of the projection period: 11.08%-40.11% Profit margin: 0.82%-7.46%	Growth forecast based on itself and relevant industries	Post-tax discount rate: 11.79% Long-term growth rate: 3%	Long-term discount rate and average growth rate of the industry
Total	3,465,654,467.13	4,667,156,165.84						

20. Long-term prepaid expenses

Unit: RMB

Item	31/12/2024	Transfer from construction in progress	Amortisation for the year	Translation of financial statements denominated in foreign currencies	31/12/2025
Leased-in plant decoration works	175,639,403.30	12,595,811.50	35,248,719.01	5,274,879.64	158,261,375.43

21. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets before offsetting

Unit: RMB

Item	31/12/2025		31/12/2024	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment of assets	383,031,050.49	89,193,109.10	350,484,017.65	71,617,189.10
Credit loss allowance	62,883,275.37	17,094,223.60	48,216,478.38	9,982,247.67
Deferred income	74,431,099.63	11,164,664.95	70,500,832.93	10,575,124.94
Employee benefits payable	228,191,058.20	36,668,625.71	274,314,423.18	46,341,508.77
Defined benefit plan	85,373,864.55	21,659,076.93	109,155,597.67	28,863,045.33
Depreciation differences	21,227,094.78	2,745,749.00	6,679,490.15	1,485,153.02
Provisions	19,143,553.72	4,785,888.43	37,717,040.00	9,429,260.00
Unrealised profit	49,247,521.40	8,240,484.55	37,049,520.25	6,192,275.96
Deductible losses	271,416,402.00	71,614,749.17	279,910,895.00	82,385,697.72
Sales discount	624,919,078.83	122,236,733.80	527,373,474.77	100,677,265.97
Lease liabilities	385,572,521.66	73,643,350.67	394,834,647.49	74,678,048.88
Others	291,352,109.51	67,635,122.25	268,005,483.58	73,602,454.06
Total	2,496,788,630.14	526,681,778.16	2,404,241,901.05	515,829,271.42

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21. Deferred tax assets/ deferred tax liabilities - continued

(2) Deferred tax liabilities before offsetting

Unit: RMB

Item	31/12/2025		31/12/2024	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Depreciation differences in research and development equipment tax credits	15,443,990.48	2,333,850.77	21,284,927.28	3,224,822.43
Right-of-use assets	342,361,377.74	66,890,914.31	366,223,014.38	69,143,633.50
Business combinations not involving enterprises under common control Asset valuation appreciation	257,357,058.18	66,489,314.70	311,914,199.61	82,878,640.62
Others	21,568,471.66	6,470,541.49	31,297,825.42	9,389,355.16
Total	636,730,898.06	142,184,621.27	730,719,966.69	164,636,451.71

(3) Deferred tax assets or liabilities that are presented at the net amount after offsetting

Unit: RMB

Item	31/12/2025		31/12/2024	
	Offset amount between deferred tax assets and liabilities	Deferred tax assets or liabilities after offset	Offset amount between deferred tax assets and liabilities	Deferred tax assets or liabilities after offset
Deferred tax assets	(75,695,306.57)	450,986,471.59	(81,757,811.09)	434,071,460.33
Deferred tax liabilities	75,695,306.57	66,489,314.70	81,757,811.09	82,878,640.62

Deferred tax assets are recognised for deductible temporary differences and deductible losses as the Group believes that it is probable that sufficient taxable profits will be available in the future.

(4) Details of deferred tax assets not recognised

Unit: RMB

Item	31/12/2025	31/12/2024
Deductible temporary differences	4,024,584.60	5,529,613.34
Deductible losses	718,808,431.19	667,567,244.01
Total	722,833,015.79	673,096,857.35

(5) Deductible losses, for which no deferred tax assets are recognised, will expire in the following years:

Unit: RMB

Year	31/12/2025	31/12/2024
Indefinite	718,808,431.19	667,567,244.01

No deferred tax assets are recognised for deductible temporary differences and deductible losses due to the uncertainty in certain subsidiaries whether sufficient taxable profits will be available in the future.

22. Other non-current assets

Unit: RMB

Item	31/12/2025	31/12/2024
Prepayments for equipment and projects	176,224,373.55	156,514,600.51
Guarantees and deposits	25,865,976.22	21,740,962.14
Prepayments for enterprise income tax	2,632,729.26	1,314,465.29
Prepayments for platform fees	773,944.52	5,417,611.16
Total	205,497,023.55	184,987,639.10

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**23. Assets with restrictions on ownership or use rights**

Unit: RMB

Item	31 December 2025			31 December 2024		
	Gross carrying amount	Carrying amount	Restriction case	Gross carrying amount	Carrying amount	Restriction case
Other cash and bank balances	11,868,874.00	11,868,874.00	Customs deposits	11,912,876.00	11,912,876.00	Customs deposits
Other cash and bank balances	1,643,619.86	1,643,619.86	Frozen funds due to litigation	502,688.09	502,688.09	Frozen funds due to litigation
Total	13,512,493.86	13,512,493.86		12,415,564.09	12,415,564.09	

24. Short-term borrowings

(1) Categories of short-term borrowings:

Unit: RMB

Item	31/12/2025	31/12/2024
Credit loans	2,970,280,883.63	3,676,702,163.10

As at 31 December 2025, the Group's short-term borrowings are all composed of credit loans, with no pledged, mortgaged or guaranteed borrowings. As at 31 December 2025, the credit loan of EUR228,500,000.00 equivalent to RMB1,887,144,940.00, is a hedge instrument, as detailed in Note (V), 66.

(2) As at 31 December 2025, the Group has no short-term borrowings overdue but not yet repaid.

25. Derivative financial liabilities

Unit: RMB

Item	31/12/2025	31/12/2024
Financial liabilities at FVTPL	2,750,760.31	4,775,306.67
Including: Derivative financial instruments (Note)	2,750,760.31	4,775,306.67

Note: The derivative financial liabilities held by the Group are foreign exchange forward contracts, which are not accounted for as hedging instruments and are measured at fair value through profit or loss.

26. Accounts payable

(1) Details of accounts payable

Unit: RMB

Item	31/12/2025	31/12/2024
Payable for materials	10,358,319,149.35	10,458,137,573.11
Payable for assets	284,186,599.91	313,707,505.97
Expenses payable	342,680,621.97	283,547,850.07
Total	10,985,186,371.23	11,055,392,929.15
Including: Accounts payable under supplier financing arrangements (Note)	88,695,346.66	231,644,532.10
Amounts already received by suppliers from financing providers	88,694,521.98	229,360,838.17

Note: Some suppliers have engaged in factoring businesses with banks to obtain financing support. Under the reverse factoring arrangements, banks provide the suppliers with factoring financing with an amount equal to the purchase orders. The Group will repay the full invoice amounts to the banks on the agreed payment due date. The Group considers that the amount owed to the banks should be classified as accounts payable, as the arrangement does not allow the Group to obtain financing from the banks by extending the original payment period to repay the banks. The aforesaid reverse factoring arrangement allows the suppliers to settle invoice amounts in advance every six months, with a limit of USD73,000,000.00, equivalent to RMB513,102,400.00.

(2) As at 31 December 2025, the Group has no significant accounts payable aged more than one year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

27. Contract liabilities

(1) Details of contract liabilities

Unit: RMB

Item	31/12/2025	31/12/2024
Receipts in advance	466,578,303.40	542,457,418.46

The Group's revenue from sales of goods is recognised when the control over related goods is transferred to the customer. A contract liability is recognised at the time of the transaction for goods paid for in advance by the customer until control of the goods is transferred to the customer.

The carrying amount of contract liabilities of RMB484,544,362.80 at the beginning of the year has been recognised as revenue in the current year, while that of RMB466,578,303.40 at the end of the year is expected to be recognised as revenue in 2026.

28. Employee benefits payable

(1) Details of employee benefits payable

Unit: RMB

Item	31/12/2024	Increase	Decrease	Translation differences of financial statements denominated in foreign currencies	31/12/2025
1. Short-term employee benefits	861,827,804.04	4,226,710,773.90	4,130,726,001.38	23,174,601.67	980,987,178.23
2. Post-employment benefits-defined contribution plan	32,852,487.73	278,720,672.29	283,003,842.12	1,883,407.78	30,452,725.68
3. Long-term employee benefits payable due within one year	543,174.01	11,617,007.79	11,837,023.39	16,326.82	339,485.23
4. Termination benefits	9,686,725.69	5,538,828.88	15,165,723.37	(59,831.20)	-
Total	904,910,191.47	4,522,587,282.86	4,440,732,590.26	25,014,505.07	1,011,779,389.14

(2) Details of short-term employee benefits

Unit: RMB

Item	31/12/2024	Increase	Decrease	Translation differences of financial statements denominated in foreign currencies	31/12/2025
1. Wages or salaries, bonuses, allowances and subsidies	788,447,662.42	3,548,143,064.06	3,452,696,198.43	17,963,393.55	901,857,921.60
2. Staff welfare	16,903,528.55	280,228,341.21	277,990,102.33	1,727,393.94	20,869,161.37
3. Social security contributions	50,132,458.65	301,117,763.60	302,885,896.00	3,368,564.79	51,732,891.04
Including: Medical insurance	41,830,891.81	201,500,618.77	204,133,397.49	2,871,986.70	42,070,099.79
Work injury insurance	7,058,235.85	52,698,451.63	51,720,274.92	236,563.85	8,272,976.41
Maternity insurance	47,835.35	2,701,270.18	2,699,773.64	(1,085.35)	48,246.54
Overseas comprehensive insurance expenses	1,195,495.64	44,217,423.02	44,332,449.95	261,099.59	1,341,568.30
4. Housing funds	5,120,639.33	83,566,363.45	83,307,780.53	95,325.91	5,474,548.16
5. Union running costs and employee education costs	1,223,515.09	13,655,241.58	13,846,024.09	19,923.48	1,052,656.06
Total	861,827,804.04	4,226,710,773.90	4,130,726,001.38	23,174,601.67	980,987,178.23

(3) Defined contribution plan (Note)

Unit: RMB

Item	31/12/2024	Increase	Decrease	Translation differences of financial statements denominated in foreign currencies	31/12/2025
1. Basic pension insurance	32,427,859.96	261,029,835.81	265,315,631.01	1,864,276.36	30,006,341.12
2. Unemployment insurance	424,627.77	17,690,836.48	17,688,211.11	19,131.42	446,384.56
Total	32,852,487.73	278,720,672.29	283,003,842.12	1,883,407.78	30,452,725.68

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**28. Employee benefits payable - continued****(3) Defined contribution plan - continued**

Note: The Group participates, as required, in the pension insurance and unemployment insurance plans established by Chinese government authorities, Mexican authorities and French authorities. According to such plans, the Group contributes monthly to such plans based on corresponding percentages of contribution base. Except for above monthly contributions, the Group does not assume further payment obligations. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred.

In this year, the Group should contribute pension insurance and unemployment insurance plans amounting to RMB261,029,835.81 and RMB17,690,836.48(2024: RMB 257,070,315.83 and RMB17,226,015.55). As at 31 December 2025, the Group has outstanding contributions to pension insurance and unemployment insurance plans that are accrued but not yet paid in the current reporting period amounting to RMB30,006,341.12 and RMB446,384.56 (31 December 2024: RMB32,427,859.96 and RMB424,627.77). The outstanding contributions have been paid after the reporting period.

29. Taxes payable

Unit: RMB

Item	31/12/2025	31/12/2024
Enterprise income tax	136,132,543.17	164,689,764.66
VAT	51,357,583.46	54,670,173.86
Individual income tax	11,985,714.66	9,602,342.80
Withholding of income tax	5,680,985.73	130,081,236.21
Stamp duty	4,997,888.22	5,590,250.40
Surcharges	4,524,497.06	19,598,431.46
Others	6,169,894.61	5,868,500.79
Total	220,849,106.91	390,100,700.18

30. Other payables**(1) Other payables by nature:**

Unit: RMB

Item	31/12/2025	31/12/2024
Customer deposits	321,694,651.81	284,758,340.56
Collection on behalf of third parties	273,038,273.98	297,469,296.00
Accrued expenses	109,254,224.50	113,892,240.27
Professional service fees	35,905,792.57	28,829,046.07
Utilities, storage and transportation costs	21,057,025.69	18,934,955.70
Miscellaneous fees	11,348,310.40	12,478,053.65
Procurement of non-raw materials	4,396,932.89	1,007,400.40
Others	13,439,230.82	47,806,472.58
Total	790,134,442.66	805,175,805.23

As at 31 December 2025, the Group has no significant other payables aged more than one year.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**31. Non-current liabilities due within one year**

Unit: RMB

Item	31/12/2025	31/12/2024
Long-term borrowings due within one year (Note (V), 33)	180,192,609.95	15,058,490.64
Lease liabilities due within one year (Note (V), 35)	122,527,409.57	141,402,864.11
Bonds payable due within one year (Note (V), 34)	30,534,465.55	37,230,089.82
Provisions due within one year (Note (V), 38)	10,987,000.00	-
Total	344,241,485.07	193,691,444.57

32. Other current liabilities

Unit: RMB

Item	31/12/2025	31/12/2024
Products quality assurance within one year	7,067,308.83	7,544,004.96
Relocation expenses of Shenzhen plant	-	3,562,072.89
Total	7,067,308.83	11,106,077.85

33. Long-term borrowings

Categories of long-term borrowings

Unit: RMB

Item	31/12/2025	31/12/2024
Credit loans (Note)	305,726,977.95	44,930,605.68
Less: Long-term borrowings due within one year (Note (V), 31)	180,192,609.95	15,058,490.64
Total	125,534,368.00	29,872,115.04

Note 1: In November 2022, FAFG, a subsidiary of the Group, borrowed EUR10,000,000.00 from the bank, equivalent to RMB74,284,423.60. Repayments are scheduled to begin in February 2023, with quarterly instalments of EUR500,000.00, and the final repayment date is in November 2027. The borrowing carries a fixed interest rate of 3.9%. As at 31 December 2025, the balance of the above borrowings of EUR2,000,000.00 (equivalent to RMB16,517,680.00) is included in the non-current liabilities due within one year.

Note 2: As of December 2025, the principal amount of the bank loan held by the Group's subsidiary, Universal Global Technology Co., Limited, was EUR33,000,000.00, equivalent to RMB274,087,180.86. The loan term is from 16 December 2025 to 16 December 2027. Repayments are made on a quarterly basis. According to the repayment schedule stipulated in the loan agreement, EUR3,300,000.00 is due on 16 June 2026, EUR16,500,000.00 on 16 December 2026, EUR6,600,000.00 on 16 June 2027 and EUR6,600,000.00 on 16 December 2027. The loan carries a fixed interest rate of 1.8%. As at 31 December 2025, the outstanding balance of the aforementioned loan, totalling EUR19,818,150.00 (equivalent to RMB163,674,929.95), is included in non-current liabilities due within one year.

As at 31 December 2025, the Group had no long-term borrowings that were due but not yet repaid.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

34. Bonds payable

(1) Bonds payable

Unit: RMB

Item	31/12/2025	31/12/2024
Convertible corporate bonds	2,107,520,109.67	3,467,944,609.76

(2) Movements in bonds payable

Unit: RMB

Name of the bond	Par value	Issue date	Term	Issue amount	31/12/2024	Transfer from non-current liabilities due within one year	Issued in the year	Interest accrued as per par value	Amortisation of premiums or discounts	Repayment	Swap to equity	Included non-current liabilities due within one year	31/12/2025	Default or not
Universal Global Convertible Bonds SH:113045	100	4 March 2021	6 years	3,450,000,000.00	3,467,944,609.76	37,230,089.82	-	58,636,641.08	89,252,528.16	44,847,712.00	1,470,161,581.60	30,534,465.55	2,107,520,109.67	No

(3) Description on issuing, conversion condition and conversion time of convertible corporate bonds

As approved by CSRC with "Zheng Jian Xu Ke [2021] No. 167", the Company issued 34,500,000 convertible bonds at nominal value of RMB100, with annual coupon rate of 0.1%, 0.2%, 0.6%, 1.3%, 1.8% and 2.0%, respectively for the 1st year, 2nd year, 3rd year, 4th year, 5th year and 6th year, and the annual interest is payable at the date of each full year from the first date of issue of the convertible bonds in this issue. The initial conversion price is RMB20.25, with provisions for adjustment and downward revision of the conversion price, redemption provisions and resale provisions. The convertible bonds in this issue is allowed to swap to equity from the first trading date in the 10th month subsequent to the closing date of this issue (namely 10 March 2021) to the expiry date of convertible bonds. Within five trading days after the expiration of the convertible bonds issued, the Company will redeem the convertible bonds not converted into shares at the price of 108.00% (including the last interest) of the par value of the bonds.

During the conversion period of this issuance of convertible bonds, if the closing price of the Company's shares on at least 20 trading days in any 30 consecutive trading days is not less than 130% (including 130%) of the current conversion price, with the approval of relevant regulatory authorities (if necessary), the Company has the right to redeem all or part of the convertible bonds that have not been converted according to the par value of the bonds plus the accrued interest in the current period. If the Company's share conversion price is adjusted due to ex rights and ex dividend on the above trading days, it shall be calculated according to the share conversion price and closing price before the adjustment on the trading day before the adjustment, and according to the adjusted share conversion price and closing price on the trading day after the adjustment. In addition, when the total par value of the convertible bonds not converted into shares issued is less than RMB30 million, the Company has the right to redeem all the convertible bonds not converted into shares at the price of par value plus accrued interest in the current period.

When the convertible corporate bonds issued by the Company are initially measured, the amount of the fair value of the corresponding liability component after deducting the issuance expenses to be apportioned is RMB3,010,541,240.32, which is included in the bonds payable; The corresponding amount of redemption right and put back right is RMB6,900,000.00, which is included in derivative financial liabilities; The amount of issuance expenses to be apportioned for the derivative financial liabilities is RMB45,397.90, which is included in the current profit or loss; The fair value of the corresponding equity part after deducting the apportioned issuance expenses is RMB409,905,205.31, which is included in other equity instruments. The amortised cost of the adjusted liability is RMB89,252,528.16 withdrawn according to the effective interest rate method in the current period.

As at 31 December 2025, the Company has convertible bonds with par value of RMB1,406,531,000.00 (carrying amount of RMB1,470,296,822.97) converted into A-share ordinary shares, and the number of shares converted is 75,698,035 shares. Among them, in 2025, convertible bonds with a par value of RMB1,406,387,000.00 (carrying amount of RMB1,470,161,581.60) were converted into A-share ordinary shares, the number of shares converted was 75,690,657 shares.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**35. Lease liabilities****(1) Details of lease liabilities**

Unit: RMB

Item	31/12/2025	31/12/2024
Lease liabilities	450,553,691.64	518,712,197.54
Less: Lease liabilities included in non-current liabilities due within one year (Note (V), 31)	122,527,409.57	141,402,864.11
Total	328,026,282.07	377,309,333.43

The following is the maturity analysis for lease liabilities held by the Group which is based on undiscounted remaining contractual obligations:

Unit: RMB

	Within 1 year	1-5 years	Over 5 years	Total
31 December 2025	138,553,675.90	302,770,852.63	66,998,097.28	508,322,625.81
31 December 2024	147,775,048.87	257,814,920.38	159,558,930.01	565,148,899.26

36. Long-term payables

Unit: RMB

Item	31/12/2025	31/12/2024
Software licensing fees (Note)	18,714,776.37	24,263,594.23
Enterprise income tax subject to Pillar Two	14,535,580.78	-
Less: Long-term payables due within one year	6,134,451.28	5,914,911.74
Total	27,115,905.87	18,348,682.49

Note 1: It refers to software licensing fees payable by the Group, of which the portion due within one year is recognised in accounts payable, as detailed in Note (XI), 6.

Note 2: The Group falls within the scope of application of the Global Anti-Base Erosion (GloBE) Rules legislative framework (hereinafter referred to as "Pillar Two"). In 2025, the European and Vietnamese regions in which the Group operates have implemented Pillar Two rules. Based on currently available information, the Group has assessed the potential exposure related to its financial performance for the year. However, the results of the assessment may not fully reflect future actual conditions. Based on the assessment results, due to specific tax incentives, the effective tax rate under Pillar Two is below 15%. Consequently, the Group has recognised a Pillar Two tax provision of RMB14,535,580.78.

37. Long-term employee benefits payable**(1) Long-term employee benefits payable**

Unit: RMB

Item	31/12/2025	31/12/2024
1. Post-employment benefits- net liability of defined benefit plan	173,198,822.51	222,112,153.76
2. Termination benefits	10,194,887.32	8,759,390.10
Total	183,393,709.83	230,871,543.86

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

37. Long-term employee benefits payable - continued

(2) Changes in the defined benefit plan

Net liability of the defined benefit plan

Unit: RMB

Item	2025	2024
I. Opening balance	222,655,327.77	266,922,765.59
II. Decrease due to the disposal of a subsidiary	(54,242,788.28)	-
III. Defined benefits costs recognised in profit or loss for the year	8,884,973.61	13,160,720.78
IV. Defined benefits costs recognised in other comprehensive income	(15,407,586.23)	(6,670,754.08)
V. Amount contributed and paid during the year	(11,837,023.39)	(38,802,695.95)
VI. Exchange differences arising on translation of foreign currencies	22,766,143.32	(11,954,708.57)
VII. Closing balance	172,819,046.80	222,655,327.77
Less: Long-term employee benefits payable due within one year	339,485.23	543,174.01
Planned assets reclassified to other current assets	(719,260.94)	-
Long-term employee benefits payable paid after one year	173,198,822.51	222,112,153.76

Contents of defined benefit plans and related risks, and its impact over the Group's future cash flows, timing and uncertainty:

UGSI and USI, the Group's subsidiaries, provide retirement benefit plan for full-time regular employees hired before 1 July 2005. The Group acquired FAFG in 2020. FAFG provides retirement benefit plan for its employees. FAFG provides a pension for some employees who have worked for more than 10 years according to the working years and certain rate of their salaries in recent 10 years, and a pension for some employees who have worked for more than 2 years according to the working years and certain rate of their salaries in recent 12 months. USI France, a subsidiary of the Group, provides retirement benefit plan for its employees. USI France provides a pension for some employees who have worked for more than 10 years according to the working years and certain rate of their salaries in recent 10 years, and a pension for some employees who have worked for more than 2 years according to the working years and certain rate of their salaries in recent 12 months.

The defined benefit plans expose the Group to actuarial risks such as discount rate, future salary growth rate, etc.

The Group hired Towers Watson Business Management Consulting Co., Ltd. to estimate the present value of retirement benefit plan of UGSI and USI by actuary in accordance with the projected unit credit method. Future salary growth rate and mortality rate are used to estimate the future cash outflows to recognise the present value of the plan at a discounted rate which is determined in accordance with the market interest rate of high-quality corporate bonds at the balance sheet date. In countries where there is no market for such bonds, the market interest rate for government bonds (at the balance sheet date) shall be used. Since the Group's post-employment benefit obligations remain effective for 9 to 10 years, the discount rate is determined by reference to the bonds with a similar duration to the post-employment benefit obligations. Therefore, the average interest rate for government bonds with a duration of 9 years or more is referenced. The Group recognises liabilities based on the actuarial result, with gains or losses arising from actuary recognised in other comprehensive income and not to be reversed to profit or loss in subsequent accounting periods. Past service cost is included in profit or loss for the period when the modification to the plan is made. And net interest is recognised as the amount of net liabilities or assets of the defined benefit plan multiplying by an appropriate discount rate.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

37. Long-term employee benefits payable - continued

(2) Changes in defined benefit plan - continued

The following table lists the significant actuarial assumptions used by UGSI and USI in determining the present value of the defined benefit plan obligations:

	31/12/2025	31/12/2024
Discount rate	1.40%	1.60%
Future salary growth rate	2.50%	2.25%
Mortality	Assumptions made based on the sixth Mortality Table in Taiwan	Assumptions made based on the sixth Mortality Table in Taiwan

Sensitive analysis as below is based on reasonable changes of corresponding assumptions at the end of the reporting period (all other assumptions remain unchanged):

- When the discount rate is up (down) 0.5%, the present value of defined benefit plan obligations of UGSI and USI will be decreased by RMB4,950,350.52 (increased by RMB5,225,196.05) and RMB251,811.29 (increased by RMB262,992.96), respectively.
- When the future salary growth rate is up (down) 0.5%, the present value of defined benefit plan obligations of UGSI and USI will be increased by RMB5,145,582.54 (decreased by RMB4,925,079.94) and RMB 259,191.19 (decreased by RMB250,469.49), respectively.

The Group hired Confera to estimate the present value of retirement benefit plan obligation of FAFG by actuary in accordance with the projected unit credit method. Future salary growth rate is used to estimate the future cash outflows to recognise the present value of the plan at a discounted rate.

The following table lists the significant actuarial assumptions used by FAFG in determining the present value of the defined benefit plan obligations:

	31/12/2025	31/12/2024
Discount rate	3.5%~4.2%	3.1%~3.2%
Future salary growth rate	2.25%~2.6%	2.25%~3.5%
Mortality	Life expectancy table of local National Bureau of Statistics	Life expectancy table of local National Bureau of Statistics

Sensitive analysis as below is based on reasonable changes of corresponding assumptions at the end of the reporting period (all other assumptions remain unchanged):

- When the discount rate is up (down) 0.5%, the present value of defined benefit plan obligations of FAFG will be decreased by RMB6,735,414.37 (increased by RMB7,255,688.26).
- When the future salary growth rate is up (down) 0.5%, the present value of defined benefit plan obligations of FAFG will be increased by RMB2,108,770.91 (decreased by RMB2,007,278.03).

The Group hired spac actuaire to estimate the present value of retirement benefit plan of USI France by actuary in accordance with the projected unit credit method. Future pension payment growth rate is used to estimate the future cash outflows to recognise the present value of the plan at a discounted rate.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**37. Long-term employee benefits payable - continued****(2) Changes in defined benefit plan - continued**

The following table lists the significant actuarial assumptions used by USI France in determining the present value of the defined benefit plan obligations:

	31/12/2025	31/12/2024
Discount rate	3.5%	N/A
Future pension payment growth rate	2.6%	N/A
Mortality	Life expectancy table of local National Bureau of Statistics	N/A

Sensitive analysis as below is based on reasonable changes of corresponding assumptions at the end of the reporting period (all other assumptions remain unchanged):

- When the discount rate is up (down) 0.5%, the present value of defined benefit plan obligations of USI France will be decreased by RMB18,499.80 (increased by RMB20,325.01).
- When the future pension payment rate is up (down) 0.5%, the present value of defined benefit plan obligations of USI France will be increased by RMB19,234.84 (decreased by RMB17,748.25).

As it is unlikely that an assumption can change in an isolated manner due to correlations among certain assumptions, the sensitivity analysis above may not reflect actual changes in present value of defined benefit plans.

In the sensitivity analysis above, the method used to calculate net liabilities of defined benefit plans at the end of the period is the same with that used to recognise related liabilities in the balance sheet.

Compared with previous years, methods and assumptions adopted to analyse sensitivity remain unchanged.

38. Provisions

	Unit: RMB	
Item	31/12/2025	31/12/2024
Product warranties	49,702,177.15	63,200,068.91
Funds allocated by the government department to be refunded (Note)	-	10,987,000.00
Total	49,702,177.15	74,187,068.91

Note: Universal Global Technology (Huizhou) Co., Ltd., a wholly-owned subsidiary of the Company, is expected to refund the funds already allocated by the relevant government department. The refund is expected to occur following the project's acceptance in 2026 and will be reclassified to non-current liabilities due within one year (Notes (V), 31).

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**39. Deferred income****(1) Details of deferred income**

Unit: RMB

Item	31/12/2024	Increase	Decrease	Translation differences of financial statements denominated in foreign currencies	31/12/2025	Reason
Government grants	72,329,075.88	29,550,000.00	25,904,307.98	160,709.81	76,135,477.71	Note (VIII), 1
Subsidies for purchase of fixed assets	128,799.24	76,643.33	205,442.57	-	-	
Total	72,457,875.12	29,626,643.33	26,109,750.55	160,709.81	76,135,477.71	

40. Other non-current liabilities

Other non-current liabilities refer to guarantee deposits and margins received from suppliers.

41. Share capital

Unit: RMB

	31/12/2024	Changes for the year		31/12/2025
		New shares issued (Note 1)	Convertible bond to equity swap (Note 2)	
Total shares	2,190,556,466.00	13,096,907.00	75,690,657.00	2,279,344,030.00

Note 1: In November 2015, the Company implemented the *Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd.*, granting qualified employees a certain number of stock options to subscribe for the Company's ordinary shares. In 2025, 8,130,660 common shares were exercised at a price of RMB15.54 per share. In October 2023, the Company implemented the *2023 Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd.* to grant eligible employees a certain number of stock options to subscribe for shares of the Company's common stock. In 2025, 2,971,846 ordinary shares and 1,994,401 ordinary shares granted by the Company were exercised at RMB14.27 per share and RMB14.04 per share, respectively, registered with the Shanghai Branch of China Securities Depositories and Clearing Co., LTD. The total increase in share capital is RMB13,096,907.00, and capital reserve is RMB183,663,181.86.

Note 2: See Note (V), 34 for convertible bond to equity swap.

42. Other equity instruments

Unit: RMB

Outstanding financial instruments	31/12/2024		Increase		Decrease		31/12/2025	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
Convertible corporate bonds	34,498,560.00	409,888,096.26	-	-	14,063,870.00	203,923,056.59	20,434,690.00	205,965,039.67

Note: Other equity instruments are formed by the equity part of convertible corporate bonds issued. The decrease for the current period includes deferred tax liabilities recognised of RMB61,893,000.00. For the details, see Note (V), 34.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

43. Capital reserve

Unit: RMB

Item	31/12/2024	Increase	Decrease	31/12/2025
Share premium	1,908,714,271.80	1,792,302,355.22	-	3,701,016,627.02
Including: Share capital invested by investors (Note V, (41))	3,241,483,825.32	183,663,181.86	-	3,425,147,007.18
Purchase of minority interests	(4,405,590.07)	-	-	(4,405,590.07)
Differences resulting from combination involving enterprise under common control	(5,621,108.53)	-	-	(5,621,108.53)
Transfer of capital reserve to share capital	(1,087,961,790.00)	-	-	(1,087,961,790.00)
Share-based payment exercise included in shareholders' equity	172,726,687.08	72,186,847.80	-	244,913,534.88
Cancellation of treasury shares	(407,652,192.60)	-	-	(407,652,192.60)
Exercise of convertible bonds (Note (V), 34)	144,440.60	1,536,452,325.56	-	1,536,596,766.16
Other capital reserve	140,302,327.02	-	72,186,847.80	68,115,479.22
Total	2,049,016,598.82	1,792,302,355.22	72,186,847.80	3,769,132,106.24

44. Treasury shares

Unit: RMB

Item	31/12/2024	Increase (Note 1)	Decrease	31/12/2025
Employee stock ownership plan	100,052,846.15	133,512,673.74	-	233,565,519.89

Note 1: According to the *Proposal on the Plan of Repurchase of Shares by Way of Centralised Competitive Bidding in 2025* adopted at the Eighteenth Meeting of the Sixth Session of the Board of Directors, the Thirteenth Meeting of the Sixth Session of Supervisory Board, the Company has cumulatively repurchased 6,321,100 shares of the Company in the form of centralised competitive bidding from 25 April 2025 to 31 December 2025, totalling RMB133,512,673.74.

45. Other comprehensive income

Unit: RMB

Item	31/12/2024	Amount incurred in 2025					31/12/2025
		Amount incurred for the year before tax	Less: Amount previously included in other comprehensive income and transferred to retained earnings for the period	Less: Income tax expenses	Attributable to the Company after tax	Attributable to minority interests after tax	
I. Other comprehensive income that cannot be reclassified subsequently to profit or loss	(1,343,480.83)	12,344,542.32	(3,114,403.74)	4,383,635.48	11,074,142.45	1,168.13	9,730,661.62
Including: Recalculation of the changes in defined benefit plan	(9,868,276.04)	15,407,586.23	(3,114,403.74)	4,383,635.48	14,137,186.36	1,168.13	4,268,910.32
Fair value changes in other equity instrument investments	8,524,795.21	(3,063,043.91)	-	-	(3,063,043.91)	-	5,461,751.30
II. Other comprehensive income that will be reclassified to profit or loss	177,709,307.03	(28,210,210.49)	-	-	(42,400,063.51)	14,189,853.02	135,309,243.52
Including: Other comprehensive income that can be reclassified to profit or loss under equity method	(28,984,530.01)	9,343,710.34	-	-	9,343,710.34	-	(19,640,819.67)
Translation differences of financial statements denominated in foreign currencies	2,766,388.26	213,648,604.76	-	-	199,458,751.74	14,189,853.02	202,225,140.00
Hedges for net investments in foreign operations	203,927,448.78	(251,202,525.59)	-	-	(251,202,525.59)	-	(47,275,076.81)
Total other comprehensive income	176,365,826.20	(15,865,668.17)	(3,114,403.74)	4,383,635.48	(31,325,921.06)	14,191,021.15	145,039,905.14

46. Surplus reserve

Unit: RMB

Item	31/12/2024	Increase	Decrease	31/12/2025
Statutory surplus reserve (Note)	1,049,724,882.30	306,731,620.33	-	1,356,456,502.63

Note: According to the Articles of Association, Universal Scientific Industrial (Shanghai) Co., Ltd. is required to transfer 10% of its net profit in 2025 to the statutory surplus reserve. Statutory surplus reserve can be used to cover the Company's losses, expand the Company's production and operation or increase the Company's capital.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**47. Retained profits**

Item	Unit: RMB	
	2025	2024
Retained profits at the end of the prior year	12,159,024,853.45	11,179,762,376.22
Add: Net profit attributable to shareholders of the Company for the year	1,853,439,277.28	1,652,482,815.41
Transfer changes in defined benefit plans to retained earnings	(3,114,403.74)	
Less: Appropriation to statutory surplus reserve (Note 1)	306,731,620.33	82,923,127.90
Dividends on ordinary shares payable (Note 2)	503,587,677.43	590,297,210.28
Retained profits at the end of the year (Note 3)	13,199,030,429.23	12,159,024,853.45

(1) Transfer to statutory surplus reserve

According to the Articles of Association, the Company is required to transfer 10% of its net profit to the statutory surplus reserve. The transfer may be ceased if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital.

(2) Profit distribution approved in the shareholders' meeting during the year

As proposed by the resolution of the Seventeenth Meeting of the Sixth Session of the Board of Directors of the Company held on 28 March 2025, and approved by the Annual Shareholders' Meeting on 22 April 2025, a cash dividend of RMB2.30 (including tax) per 10 shares will be distributed on the basis of the total share capital registered at the equity registration date less the number of the shares repurchased by the Company from special accounts, with no bonus issue and no increase in share capital.

(3) Profit distribution based on resolutions after the balance sheet date

As proposed by the resolution of the 23rd Meeting of the 6th Session of the Board of Directors of the Company held on 2 April 2026, a cash dividend of RMB4.30 (including tax) per 10 shares will be distributed on the basis of the total share capital at the equity registration date less the number of the shares repurchased by the Company from special accounts, with no bonus issue and no increase in share capital. The above proposal regarding dividends distribution is yet to be approved in a shareholders' meeting.

(4) Surplus reserve appropriated by subsidiaries

As at 31 December 2025, the balance of the Group's retained profits include appropriation to surplus reserve by subsidiaries amounting to RMB1,524,004,392.39 (31 December 2024: RMB1,426,611,703.45).

48. Operating income and operating costs**(1) Details of operating income and operating costs**

Item	Amount incurred in 2025		Amount incurred in 2024	
	Income	Costs	Income	Costs
Principal operating activities	59,113,244,521.51	53,579,091,389.50	60,614,675,278.72	54,927,952,825.90
Other operating activities	81,811,300.07	490,289.80	75,975,819.38	1,660,400.12
Total	59,195,055,821.58	53,579,581,679.30	60,690,651,098.10	54,929,613,226.02

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**48. Operating income and operating costs - continued****(2) Analysis of principal operating income and principal operating costs by product categories:**

Unit: RMB

Item	Amount incurred in 2025		Amount incurred in 2024 (restated)	
	Principal operating income	Principal operating costs	Principal operating income	Principal operating costs
Consumer electronic products	21,299,651,643.18	19,743,335,613.05	19,202,788,679.81	17,619,172,017.93
Communication products	18,386,356,833.82	16,999,812,185.28	20,782,446,606.31	19,204,947,775.67
Industrial products	7,585,176,551.35	6,543,063,561.07	7,401,918,253.99	6,542,521,263.79
Cloud and storage products	6,082,419,829.05	4,899,742,133.73	6,096,580,972.15	5,012,146,620.93
Automotive electronic products	4,511,451,062.52	4,113,513,480.64	5,971,513,470.61	5,496,881,090.19
Medical products	376,589,267.21	359,518,329.07	333,877,608.87	318,805,428.38
Others	871,599,334.38	920,106,086.66	825,549,686.98	733,478,629.01
Total	59,113,244,521.51	53,579,091,389.50	60,614,675,278.72	54,927,952,825.90

Note: The Group has restated prior-period data due to changes in the composition of reportable segments resulting from changes in the Group's internal product categories in 2025.

(3) Other operating income and other operating costs:

Unit: RMB

Item	Amount incurred in 2025		Amount incurred in 2024	
	Other operating income	Other operating costs	Other operating income	Other operating costs
Scrap income	69,133,391.54	-	65,972,922.49	-
Others	12,677,908.53	490,289.80	10,002,896.89	1,660,400.12
Total	81,811,300.07	490,289.80	75,975,819.38	1,660,400.12

(4) Fulfilment of contractual obligations:

The Group's sales include domestic sales and export sales. The Group's performance obligation is to provide goods to customers, including consumer electronic products, communication products, industrial products, cloud and storage products, automotive electronic products, medical products and other products.

The Group recognises revenue at the time when the customer obtains control of the goods. The Group recognises sales revenue from domestic sales at the time when the goods are delivered to the warehouse designated by the customer and the customer signs for them on the receipt, while that from export sales is recognised when the goods leave the factory, when the goods are delivered to the carrier, when the goods are delivered to the port, when the goods are loaded onto an aircraft or ship, when the goods are delivered to the customer or to a location designated by the customer, respectively, according to the specific trading terms agreed in the contract. The Group provides product quality assurance for goods sold in accordance with legal requirements and contractual agreements. The Group, as the principal, recognises revenue based on the total consideration received or receivable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

49. Taxes and levies

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Stamp duty	20,711,130.58	21,048,478.39
Property tax	17,718,943.75	17,518,442.52
Urban maintenance and construction tax	11,549,336.96	46,164,488.17
Education surcharge	11,190,768.66	43,631,816.82
Urban land use tax	993,423.14	868,329.08
Others	9,292,852.26	8,741,562.75
Total	71,456,455.35	137,973,117.73

50. Selling expenses

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Staff costs	299,844,446.32	306,108,452.94
Labour costs	23,081,584.30	22,279,147.80
Insurance premiums	22,173,747.67	12,202,127.97
Depreciation and amortisation	17,574,655.16	18,060,153.77
Travel expenses	12,654,007.90	11,247,867.56
Entertainment expenses	5,732,437.76	4,355,534.88
Material consumption	4,779,571.95	4,343,527.49
Utilities	2,553,296.77	2,209,008.12
Royalty fees	106,911.68	168,116.77
Share-based payments	-	2,435,273.50
Others	15,718,642.24	25,937,460.49
Total	404,219,301.75	409,346,671.29

51. Administrative expenses

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Staff costs	799,126,936.77	847,069,509.53
Labour costs and professional services fees	186,026,196.12	184,492,002.89
Depreciation and amortisation	103,623,753.09	130,161,204.37
Software costs	41,958,985.84	44,647,077.16
Renovation costs	39,879,702.86	39,668,414.38
Insurance premiums	24,071,172.14	21,620,642.77
Travel expenses	20,741,601.59	24,387,765.01
Utilities	17,130,823.30	15,656,341.07
Material consumption	8,117,256.78	6,919,108.73
Share-based payments	-	4,537,893.13
Others	51,609,008.52	51,354,488.50
Total	1,292,285,437.01	1,370,514,447.54

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**52. Research and development expenses**

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Staff costs	993,598,479.57	982,398,963.63
Material and sample costs	539,675,918.94	549,301,124.62
Depreciation and amortisation	170,490,661.06	173,331,810.22
Renovation costs	29,920,166.98	32,115,490.59
Utilities	26,610,622.22	19,024,825.87
Software costs	24,770,601.38	22,174,359.19
Labour costs	20,155,732.76	24,042,992.99
Travel expenses	19,226,484.46	13,731,691.25
Mold costs	16,772,364.50	23,519,659.33
Consumables and miscellaneous	16,253,459.30	12,401,892.28
Share-based payments	-	7,893,689.70
Others	43,798,288.16	47,613,206.79
Total	1,901,272,779.33	1,907,549,706.46

53. Financial expenses

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Interest expenses	347,417,604.83	391,009,108.71
Including: Interest expenses on lease liabilities	19,741,101.55	21,696,686.25
Interest expenses on issue of convertible bonds	147,889,169.24	144,617,560.96
Less: Interest income	327,615,870.61	304,283,941.12
Exchange differences	242,223,315.12	215,822,333.26
Others	6,362,751.25	10,103,572.92
Total	268,387,800.59	312,651,073.77

54. Other income

Unit: RMB

Classified by nature	Amount incurred in 2025	Amount incurred in 2024	Amount included in non-recurring profit or loss for the period
Government grants	56,902,029.67	59,889,514.85	30,997,721.69
Additional VAT credit	1,759,951.03	3,543,135.87	-
Total	58,661,980.70	63,432,650.72	30,997,721.69

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

55. Investment income

(1) Details of investment income

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Income from long-term equity investments under equity method	32,772,240.68	33,862,787.66
Investment income of other non-current financial assets during the hold period	-	3,124,318.92
Investment income on disposal of long-term equity investments	3,452,633.24	-
Investment income on disposal of a subsidiary	48,826,548.27	-
Investment income on disposal of held-for-trading financial assets	181,251,395.05	175,989,542.23
Investment income on disposal of other non-current financial assets	-	486,553.70
Total	266,302,817.24	213,463,202.51

56. Losses on changes in fair values

Unit: RMB

Sources of gains (losses) on fair value changes	Amount incurred in 2025	Amount incurred in 2024
Held-for-trading financial assets	(34,532,317.25)	19,726,794.19
Including: Derivative financial instruments	(34,532,317.25)	19,726,794.19
Derivative financial liabilities	2,024,546.36	(4,601,434.03)
Other non-current financial assets	6,596,517.52	(17,585,980.36)
Total	(25,911,253.37)	(2,460,620.20)

57. Losses on impairment of credit

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Bad debt losses of accounts receivable	(43,359,041.99)	(32,800,121.83)
Total	(43,359,041.99)	(32,800,121.83)

58. Gains on impairment of assets

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Gains on decline in value of inventories	19,710,335.81	9,655,578.11
Losses on impairment of long-term equity investments	(2,730,227.27)	(9,343,178.82)
Losses on impairment of fixed assets	(2,805,304.33)	-
Losses on impairment of right-of-use assets	(3,070,307.42)	-
Losses on impairment of intangible assets	(457,877.28)	-
Total	10,646,619.51	312,399.29

59. Gains on disposal of assets

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024	Amount included in non-recurring profit or loss for the period
Gains on disposal of non-current assets	162,693,514.88	8,335,633.43	162,693,514.88
Less: Losses on disposal of non-current assets	2,316,349.62	804,348.34	2,316,349.62
Total	160,377,165.26	7,531,285.09	160,377,165.26

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

60. Non-operating income

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024	Amount included in non-recurring profit or loss for the period
Insurance claims	29,066,499.68	-	29,066,499.68
Sporadic income	36,786,452.50	25,287,666.76	36,786,452.50
Total	65,852,952.18	25,287,666.76	65,852,952.18

61. Non-operating expenses

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024	Amount included in non-recurring profit or loss for the period
Late fees arising from tax adjustments for prior periods	19,128,013.42	-	19,128,013.42
Losses on retirement of non-current assets	9,331,307.91	2,429,573.97	9,331,307.91
Others	2,471,230.93	41,523,170.25	2,471,230.93
Total	30,930,552.26	43,952,744.22	30,930,552.26

62. Income tax expenses

(1) Statement of income tax expenses

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Current tax expenses	402,768,210.20	327,027,432.67
Annual filing differences of income tax	(15,665,556.78)	(24,220,221.26)
Deferred tax expenses	(76,579,419.54)	(93,159,836.66)
Total	310,523,233.88	209,647,374.75

(2) Reconciliation of income tax expenses to the accounting profit

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Total profit	2,139,493,055.52	1,853,816,573.41
Applicable tax rate	15%	15%
Income tax expenses calculated at an applicable tax rate	320,923,958.33	278,072,486.01
Effect of non-deductible costs, expenses and losses	39,248,677.80	23,957,218.76
Effect of non-taxable income	(27,701,066.14)	(9,975,565.89)
Tax effect of additional deductible expenses	(120,863,793.03)	(109,330,481.25)
Effect of deductible temporary difference or deductible loss not recognised for deferred tax assets for the year	14,192,127.12	58,819,396.28
Effect of utilising deductible temporary differences or deductible loss not recognised for deferred tax assets for prior period	(6,731,703.36)	(988,362.81)
Additional levy on undistributed surplus of subsidiaries	25,545,256.37	8,148,356.59
Annual filing differences of income tax	(15,665,556.78)	(24,220,221.26)
Effect of different tax rates applied by subsidiaries	81,946,180.39	(9,731,565.63)
Effect of changes in income tax rates of subsidiaries on the opening balance of deferred tax assets	-	(5,685,309.76)
Others	(370,846.82)	581,423.71
Income tax expenses	310,523,233.88	209,647,374.75

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**63. Items in the cash flow statement****(1) Cash relating to operating activities**

Other cash receipts relating to operating activities

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Interest income	319,174,548.84	302,079,461.47
Subsidy income	40,874,365.02	80,006,553.03
Advanced payment	37,391,152.68	13,375,646.14
Receivable from former shareholders of Hirschmann	-	64,411,136.21
Service and purchase rebates received	-	15,510,867.66
Customs deposit received	46,230.00	497,311.91
Others (Note)	32,772,424.34	45,978,480.08
Total	430,258,720.88	521,859,456.50

Note: It mainly refers to sporadic income.

Other cash payments relating to operating activities

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Other expenses paid	478,115,994.12	563,810,586.52
Payment of advances	24,431,022.02	60,340,884.31
Customer deposits returned	-	7,761,396.43
Total	502,547,016.14	631,912,867.26

(2) Cash relating to investing activities

Cash receipts relating to significant investing activities

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Principal of financial products	10,014,000,000.00	14,156,000,000.00

Cash payments relating to significant investing activities

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Principal of financial products	10,014,000,000.00	14,156,000,000.00

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

63. Items in the cash flow statement - continued

(3) Cash relating to financing activities

Other cash payments relating to financing activities

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Payment of lease principal and interest	139,972,225.22	177,993,783.75
Repurchase of treasury shares	133,512,673.74	100,052,846.15
Others	48,655.63	145,728.93
Total	273,533,554.59	278,192,358.83

Movements in various liabilities arising from financing activities

Unit: RMB

Item	31/12/2024	Increase		Decrease		31/12/2025
		Cash movement	Non-cash movement	Cash movement	Non-cash movement	
Short-term borrowings	3,676,702,163.10	8,630,582,389.88	111,789,957.57	9,168,537,765.90	280,255,861.02	2,970,280,883.63
Dividends payable	-	-	503,587,677.43	503,587,677.43	-	-
Long-term borrowings (including those due within one year)	44,930,605.68	274,087,180.86	4,675,719.15	17,966,527.74	-	305,726,977.95
Bonds payable (including those due within one year)	3,505,174,699.58	-	147,889,169.24	44,847,712.00	1,470,161,581.60	2,138,054,575.22
Lease liabilities (including those due within one year)	518,712,197.54	-	71,813,719.32	139,972,225.22	-	450,553,691.64
Total	7,745,519,665.90	8,904,669,570.74	839,756,242.71	9,874,911,908.29	1,750,417,442.62	5,864,616,128.44

(4) Description of cash flow presented on a net basis

Unit: RMB

Item	Relevant facts	Basis for presenting on a net basis	Financial impact
Other cash receipts relating to operating activities / other cash payments relating to operating activities	Cash received or paid by the Group on behalf of customers	<i>Accounting Standards for Business Enterprises No.31 - Cash Flow Statements</i> stipulates that cash received or paid on behalf of customers can be presented on a net basis.	The net cash flow presented on a net basis in the year is a payment of RMB12,960,130.66.

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

64. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

Unit: RMB

Supplementary information	2025	2024
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	1,828,969,821.64	1,644,169,198.66
Add: Gains on impairment of assets	(10,646,619.51)	(312,399.29)
Losses on impairment of credit	43,359,041.99	32,800,121.83
Depreciation of investment properties	279,757.48	279,757.50
Depreciation of fixed assets	1,058,168,883.92	989,675,478.31
Depreciation of right-of-use assets	130,389,943.85	159,978,006.20
Amortisation of intangible assets	58,949,145.71	84,853,846.65
Amortisation of long-term prepaid expenses	35,248,719.01	89,259,727.65
Amortisation of deferred income	(26,109,750.55)	(21,920,554.72)
Gains on disposal of fixed assets, intangible assets and other long-term assets	(160,377,165.26)	(7,531,285.09)
Losses on retirement of fixed assets	9,331,307.91	2,429,573.97
Losses on changes in fair values	25,911,253.37	2,460,620.20
Financial expenses	444,463,446.31	269,039,772.55
Investment income	(266,302,817.24)	(213,463,202.51)
Equity-settled share-based payments	-	17,755,000.00
Increase in deferred tax assets	(16,915,011.26)	(68,514,575.31)
Decrease in deferred tax liabilities	(22,547,756.40)	(23,125,324.81)
Increase (decrease) in inventories	(505,491,486.67)	601,814,740.23
Increase (decrease) in operating receivables	(81,788,394.07)	117,948,421.46
Decrease (increase) in operating payables	(140,965,356.97)	532,669,688.07
Net cash flow from operating activities	2,403,926,963.26	4,210,266,611.54
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Acquisition of long-term assets with debts	284,186,599.91	313,707,505.97
Increase in right-of-use assets	95,577,935.39	56,887,011.64
Convertible corporate bonds due within one year	30,534,465.55	37,230,089.82
3. Net changes in cash and cash equivalents:		
Closing balance of cash	13,206,245,747.15	12,462,292,758.14
Less: Opening balance of cash	12,462,292,758.14	11,184,292,778.70
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	743,952,989.01	1,277,999,979.44

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued**64. Supplementary information to the cash flow statement - continued****(2) Net cash receipts from disposal of subsidiaries for the period**

Unit: RMB

	Amount
Cash and cash equivalents received from disposal of subsidiaries for the period	353,733,106.47
Less: Cash and cash equivalents held by the Company on the date of loss of control	212,817,741.35
Net cash receipts from disposal of subsidiaries	140,915,365.12

(3) Composition of cash and cash equivalents

Unit: RMB

Item	31/12/2025	31/12/2024
I. Cash	13,206,245,747.15	12,462,292,758.14
Including: Cash on hand	100,090.67	129,778.49
Bank deposits that are readily available for payment	13,206,145,656.48	12,462,162,979.65
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	13,206,245,747.15	12,462,292,758.14

(4) Cash and bank balances not included in cash and cash equivalents

Unit: RMB

Item	31/12/2025	31/12/2024	Reason
Cash and bank balances	21,090,842.01	12,649,520.24	Interest receivable on demand bank deposits
Bank deposits	44,800.00	-	Time deposits
Other cash and bank balances	11,868,874.00	11,912,876.00	Customs deposits
Other cash and bank balances	1,643,619.86	502,688.09	Frozen funds due to litigation
The consolidated	34,648,135.87	25,065,084.33	

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

65. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Closing balance of foreign currency	Exchange rate	Closing balance of RMB equivalent
Cash and bank balances			
Including: RMB	293,912,372.19	1.0000	293,912,372.19
USD	606,612,247.00	7.0288	4,263,756,161.71
EUR	4,301,376.86	8.2588	35,524,211.21
HKD	1,234,531.03	0.9032	1,115,028.42
JPY	12,200,155.00	0.0448	546,566.94
MXN	22,556,569.51	0.3912	8,824,129.99
TND	8,201,748.12	2.4459	20,060,655.73
PLN	66,198.48	1.9497	129,067.18
VND	93,845,956,624.33	0.0003	28,153,786.99
Accounts receivable			
Including: RMB	122,439,635.76	1.0000	122,439,635.76
USD	853,545,907.21	7.0288	5,999,403,472.60
EUR	7,775,565.27	8.2588	64,216,838.45
MXN	830,664.06	0.3912	324,955.78
TND	10,989.62	2.4459	26,879.51
PLN	749,081.09	1.9497	1,460,483.40
Other receivables			
Including: RMB	300,000.00	1.0000	300,000.00
USD	2,810,620.29	7.0288	19,755,287.89
EUR	76,466.04	8.2588	631,517.73
HKD	28,297.09	0.9032	25,557.93
MXN	4,940,086.41	0.3912	1,932,561.80
VND	11,693,250,858.00	0.0003	3,507,975.26
GBP	5,013.00	9.4379	47,312.19
CZK	103,058.70	0.3408	35,122.40
PLN	897,651.65	1.9497	1,750,151.42
TND	2,133,069.07	2.4459	5,217,273.64
Short-term borrowings			
Including: EUR	240,404,744.89	8.2588	1,985,454,707.10

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

65. Foreign currency monetary items - continued

(1) Foreign currency monetary items - continued

Unit: RMB

Item	Closing balance of foreign currency	Exchange rate	Closing balance of RMB equivalent
Accounts payable			
Including: RMB	150,012,687.94	1.0000	150,012,687.94
USD	891,136,857.74	7.0288	6,263,622,745.68
EUR	2,371,884.55	8.2588	19,588,920.12
HKD	792,633.88	0.9032	715,906.92
JPY	286,195,391.00	0.0448	12,821,553.52
MXN	403,231,547.25	0.3912	157,744,181.28
VND	168,043,227,925.00	0.0003	50,412,968.38
GBP	1,685,893.30	9.4379	15,911,292.38
PLN	53,851,991.58	1.9497	104,995,227.98
TND	480,595.49	2.4459	1,175,488.51
CZK	2,241,449.58	0.3408	763,886.02
Other payables			
Including: RMB	-	1.0000	-
USD	33,033,847.00	7.0288	232,188,303.79
EUR	225,612.43	8.2588	1,863,287.94
HKD	120,350.00	0.9032	108,700.12
MXN	55,946,963.19	0.3912	21,886,452.00
VND	39,782,542,589.00	0.0003	11,934,762.78
PLN	3,680,077.11	1.9497	7,175,046.34
TND	2,242,290.06	2.4459	5,484,417.26
CZK	1,243,597.42	0.3408	423,818.00
Non-current liabilities due within one year			
Including: EUR	19,818,150.00	8.2588	163,674,137.22
Long-term borrowings			
Including: EUR	13,181,850.00	8.2588	108,866,262.78

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

65. Foreign currency monetary items - continued

(2) Description of overseas operating entities

Full name of the subsidiary	Principal operation place	Functional currency	Basis of selection
Universal Global Technology Co., Limited ("UGT")	Hong Kong	USD	Major currencies used in operating and financing activities
Universal Global Electronics Co., Limited ("UGE")	Hong Kong	USD	Major currencies used in operating activities
Universal Scientific Industrial Vietnam Company Limited	Vietnam	USD	Major currencies used in operating and financing activities
Universal Global Scientific Industrial Co., Ltd.	Taiwan	TWD	Currency in major economic environment
Universal Scientific Industrial Co., Ltd.	Taiwan	TWD	Currency in major economic environment
Universal Scientific Industrial De México S.A. De C.V.	Mexico	USD	Major currencies used in operating and financing activities
Universal Global Industrial Co., Limited ("UGI")	Hong Kong	USD	Major currencies used in operating activities
USI America Inc.	USA	USD	Currency in major economic environment
USI Japan Co., Ltd.	Japan	JPY	Currency in major economic environment
Universal Scientific Industrial (France)	France	EUR	Currency in major economic environment
ASTEELFLASH MEXICO S.A. de C.V.	Mexico	USD	Major currencies used in operating and financing activities
ASTEELFLASH FRANCE	France	EUR	Currency in major economic environment
ASTEELFLASH (BEDFORD) LIMITED	England	GBP	Currency in major economic environment
ASTEELFLASH GERMANY GmbH	Germany	EUR	Currency in major economic environment
ASTEELFLASH HERSFELD GmbH	Germany	EUR	Currency in major economic environment
USI Asteelflash Poland Sp. z o.o.	Poland	USD	Major currencies used in operating activities
Hirschmann Car Communication Holding S.a.r.l.(Note 1)	Luxembourg	EUR	Currency in major economic environment
ASTEELFLASH TUNISIE S.A.	Tunisia	EUR	Major currencies used in operating activities
ASTEELFLASH PLZEN S.R.O.	Czech Republic	EUR	Currency in major economic environment
ASTEELFLASH TECHNOLOGIE	France	EUR	Currency in major economic environment
ASTEELFLASH BRETAGNE	France	EUR	Currency in major economic environment
ASTEELFLASH DESIGN SOLUTIONS HAMBOURG GmbH	Germany	EUR	Currency in major economic environment
ASTEELFLASH USA CORP.	USA	USD	Currency in major economic environment

Note 1: On 25 April 2025, the Group entered into a share transfer agreement with Real Tech Holdings Limited, an indirect controlling shareholder of the Group, to transfer the Group's 75.1% equity interest in its subsidiary, Universal Ample Technology Co., Limited ("Universal Ample Technology"), for a consideration of USD49,783,000. On 1 September 2025, the aforementioned equity transfer was completed, resulting in the loss of control over Universal Ample Technology and its subsidiary, Hirschmann Car Communication Holding S.a.r.l. For further details, please refer to Note (VI).

66. Hedge

Disclose by category the following information of hedge items and related hedging instruments, the qualitative and quantitative information of hedged risks:

(V) NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS - continued

66. Hedge - continued

The Group acquired FAFG through USI France under Universal Global Technology Co., Limited, its wholly-owned subsidiary, in order to expand its global operations and market layout in electronic design and manufacturing. The Group's net investment in FAFG's foreign operations with EUR as the functional currency is exposed to risks of exchange rate changes in EUR. The Group uses loan contracts in EUR to manage the foreign exchange risk of the net investment in FAFG's foreign operations. The Group's foreign borrowings are in EUR, which is also the functional currency of FAFG. The exchange rate of EUR is the basic variable for both the hedging instrument (short-term borrowings) and the hedged item (the Group's net investment in foreign operations of FAFG). The Group designates the overall foreign exchange risk component of short-term as the hedging instrument and designates a portion of the Group's net investment in foreign operations of FAFG as the hedged item, which are equal in quantity. The Group uses hedges for net investment in foreign operations.

Hedging instrument

A summary of hedging instrument:

Unit: EUR

Hedging instrument		31/12/2025		
		Within 6 months	6 to 12 months	After 12 months
Hedges for net investment in foreign operations (Note (V), 24)				
Currency risk -Short-term borrowings in EUR	Nominal amount	228,500,000.00	-	-

Unit: RMB

	31/12/2025	31/12/2025		Items presented for assets and liabilities that include hedging instruments	2025
	Nominal amount of the hedging instrument	Carrying amount of the hedging instrument			Changes in fair value of the invalid part of hedge
		Assets	Liabilities		
Hedges for net investments in foreign operations					
Currency risk -Short-term borrowings in EUR	1,887,144,940.00	-	1,887,144,940.00	Short-term borrowings	-

Details of hedged items:

Unit: RMB

	Carrying amount of hedged items at 31/12/2024		Items presented in the Balance Sheet that include hedged instruments	Changes in fair value of the invalid part of hedged items in 2025	Hedge reserve for net investment in foreign operations at 31/12/2025
	Assets	Liabilities			
Hedges for net investments in foreign operations					
Currency risk - Long-term equity investments	1,887,144,940.00	-	Net investment in FAFG's foreign operations	-	(47,275,076.81)

Hedge effect

Unit: RMB

Hedges for net investments in foreign operations	2025	2025	Items listed in the income statement including invalid part of hedge recognised	Amount reclassified from hedge reserves for net investment in foreign operations to profit or loss for the current period in 2025	Items listed in the Income Statement including reclassification adjustment
	Changes in hedge reserves for net investment in foreign operations of hedging instruments included in other comprehensive income	The invalid part of hedge included in profit or loss for the current period			
Currency risk -Short-term borrowings in EUR	(251,202,525.59)	-	N/A	N/A	N/A

(VI) CHANGES IN SCOPE OF CONSOLIDATION

1. Disposal of a subsidiary

Loss of control over a subsidiary

Unit: RMB

Name of the subsidiary	The point in time at which the control is lost	Consideration for disposal (the point in time at which the control is lost)	Disposal ratio (%) (the point in time at which the control is lost)	Disposal method (the point in time at which the control is lost)	Basis for determination (the point in time at which the control is lost)	The difference between the disposal proceeds and the share of the subsidiary's net assets at the consolidated financial statement level corresponding to the investment	Percentage (%) of remaining equity as of the date of loss of control	Carrying amount of the remaining equity interest in the consolidated financial statement level as of the date of loss of control	Fair value of the remaining equity interest in the consolidated financial statement level as of the date of loss of control	Gains or losses arising from the remeasurement of the remaining equity interest at fair value	Methodology and key assumptions for determining the fair value of the remaining equity interest in the consolidated financial statement level as of the date of loss of control	The amount of other comprehensive income related to equity investments in the former subsidiary transferred to investment income or loss or retained earnings
Universal Ample Technology Co., Limited ("Universal Ample Technology")	1 September 2025	353,733,106.47	75.10	Transfer pursuant to the agreement	Upon completion of the registration of the change in equity ownership and when no longer participating in the Universal Ample Technology's decision-making and management	12,216,032.38	-	-	-	-	N/A	33,496,112.15

(VI) CHANGES IN SCOPE OF CONSOLIDATION - continued

1. Disposal of a subsidiary - continued

Other explanations:

On 25 April 2025, the Group entered into an equity transfer agreement with Real Tech Holdings Limited, an indirect controlling shareholder of the Group, to transfer the Group's 75.1% equity interest in its subsidiary, Universal Ample Technology, for a consideration of USD49,783,000, equivalent to RMB353,733,106.47. On 1 September 2025, the Group lost control of its subsidiary, Universal Ample Technology, and other comprehensive income related to the defined benefit plan of the former subsidiary was transferred to retained earnings in the amount of RMB-3,114,403.74.

2. **Other reasons for changes in scope of consolidation**

Full name of the subsidiary	Principal place of operation	Currency of registered capital	Registered capital	Place of registration	Nature of business	Shareholding ratio (%)		Acquisition method
						Direct	Indirect	
Universal Optoelectronics Co., Ltd.	Shanghai	RMB	60,000,000.00	Room 101, Building 2, No. 1558 Zhangdong Road, China (Shanghai) Pilot Free Trade Zone	Investment	100	-	The Group acquired the subsidiary through an investment in October 2025

UNIVERSAL SCIENTIFIC INDUSTRIAL (SHANGHAI) CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(VII) INTERESTS IN OTHER ENTITIES

1. Equity in major subsidiaries

(1) Composition of the Group

Full name of subsidiary	Principal operation place	Currency of registered capital	Registered capital	Place of incorporation	Nature of business	Proportion of shareholding (%)		Acquisition method
						Direct	Indirect	
Universal Global Electronics (Shanghai) Co., Ltd.	Shanghai	RMB	1,330,000,000.00	No.501 Long Gui Road, China (Shanghai) Pilot Free Trade Zone	Production and sales, product design and research development	100	-	Acquisition through establishment
Universal Global Technology (Kunshan) Co., Ltd.	Kunshan	RMB	550,000,000.00	No.497 Huangpujiang Road, Qiandeng Town, Kunshan City, Jiangsu Province	Production and sales	100	-	Acquisition through establishment
Universal Global Scientific Industrial Co., Ltd	Taiwan	TWD	1,980,000,000.00	No. 141, Lane 351, Sec. 1, Taiping Road, Caotun Town, Nantou County, Taiwan	Production and sales, product design and research development	-	100	Acquisition through establishment
Universal Scientific Industrial Co., Ltd	Taiwan	TWD	1,399,727,400.00	No. 141, Lane 351, Sec. 1, Taiping Road, Caotun Town, Nantou County, Taiwan	Production and sales, product maintenance	-	100	Acquisition through business combinations involving enterprises under common control
Universal Global Technology Co., Limited	Hong Kong	USD	524,803,000.00	Room A, 7th Floor, Yuen Long Hi-Tech Centre, No. 11 Wang Yip Street West, Yuen Long, New Territories, Hong Kong	Trade and investment	100	-	Acquisition through establishment
Universal Global Industrial Co., Limited	Hong Kong	USD	51,000,000.00	Room 2702-3, 27th Floor, Bank of East Asia Harbour Centre, No. 56 Gloucester Road, Wanchai, Hong Kong	Trade and investment	-	100	Acquisition through establishment
USI Electronics (Shenzhen) Co., Ltd.	Shenzhen	USD	75,000,000.00	Huanxu Electronics Park, North of Hi-Tech Park, Nanshan District, Shenzhen City, Guangdong Province	Production and sales	50	50	Acquisition through business combinations involving enterprises under common control
USI Japan Co., Ltd.	Japan	JPY	95,000,000.00	Sumitomo Fudosan Shin-yokohama Bldg. 10F 2-5-5, Shin-yokohama, Kouhoku-ku, Yokohama, Japan	Product maintenance and related services	-	100	Acquisition through business combinations involving enterprises under common control
Universal Scientific Industrial De México S.A. De C.V.	Mexico	MXN	2,293,299,926.00	Anillo Periferico Manuel Gomez Morin No. 656 Jardines de Santa Isabel CP44300, Guadalajara, Jalisco, México	Contractual manufacturing, product maintenance and related services	-	100	Acquisition through business combinations involving enterprises under common control
Universal Global Technology (Huizhou) Co., Ltd.	Huizhou	RMB	800,000,000.00	No.369 Xinhe Avenue, Daya Wan, Huizhou	Production and sales	100	-	Acquisition through establishment
Universal Scientific Industrial (France)	France	EUR	321,374,822.00	1 Rue Royale 92210 Saint-Cloud	Investment	-	100	Acquisition through establishment
Universal Scientific Industrial Vietnam Company Limited	Vietnam	USD	115,000,000.00	Land Plot CN4.1H, Dinh Vu Industrial Zone, Dinh Vu – Cat Hai Economic Zone, Dong Hai 2 Ward, Hai An District, Hai Phong City, Vietnam	Production and sales, product design and research development	-	100	Acquisition through establishment
USI Science and Technology (Shenzhen) Co., Ltd.	Shenzhen	RMB	15,000,000.00	101 USI Electronics Factory, Gaoxin North District, Songpingshan North Ring Road, Songpingshan Community, Xili Street, Nanshan District, Shenzhen	Product design and research development, Real estate development and operation	-	100	Acquisition through establishment
FINANCIÈRE AFG S.A.S.	France	EUR	183,649,562.80	1 Rue Royale 92210 Saint-Cloud	Production and sales	10.42	89.58	Acquisition through business combinations not involving enterprises under common control
Asteeflash Suzhou Co., Ltd.	Suzhou	USD	18,000,000.00	8 Gutang Road, Wujiang Economic and Technological Development Zone	Production and sales	-	100	Acquisition through business combinations not involving enterprises under common control
USI America.Inc.	USA	USD	9,500,000.00	5201 GREAT AMERICA PARKWAY SUITE 450 SANTA CLARA, CA 95054	Product maintenance and related services	-	100	Acquisition through business combinations involving enterprises under common control

(VII) INTERESTS IN OTHER ENTITIES - continued

2. Equity in joint ventures or associates

(1) Significant associate

Name of joint venture	Principal operation place	Place of registration	Nature of business	Shareholding ratio (%)		Accounting treatments for investments in joint ventures or associates
				Direct	Indirect	
I. Associate						
M-Universe	Singapore	1 Marina Boulevard #28-00, Singapore	Production and sales	-	42.23	Equity method

(2) Key financial information of the significant associate

Unit: RMB

	M-Universe	
	31/12/2025/Amount incurred in 2025	31/12/2024/Amount incurred in 2024
Current assets	1,213,677,195.77	1,220,705,334.40
Including: Cash and cash equivalent	244,588,182.40	194,122,742.00
Non-current assets	516,952,058.62	523,399,712.56
Total Assets	1,730,629,254.39	1,744,105,046.96
Current liabilities	436,017,550.40	485,224,188.40
Non-current liabilities	43,620,584.00	51,490,661.38
Total Liabilities	479,638,134.40	536,714,849.78
Minority interests	-	-
Equity attributable to shareholders of the Company	1,250,991,119.99	1,207,390,197.18
Share of net assets calculated based on shareholding proportion	528,293,549.97	509,880,880.27
Carrying amount of equity investments in associates	528,293,549.97	509,880,880.27
Fair value of equity investments in joint ventures where there is a quoted price	N/A	N/A
Operating income	1,395,016,024.00	1,510,123,066.10
Net profit	78,796,653.52	89,992,799.83
Net profit attributable to owners of the Company	78,796,653.52	89,992,799.83
Other comprehensive income attributable to owners of the Company, net of tax	22,125,764.48	(16,236,058.30)
Total comprehensive income attributable to owners of the Company	100,922,418.00	73,756,741.53
Dividends declared from associates in the period (Note (V), 11)	12,402,248.74	6,884,831.63

(VII) INTERESTS IN OTHER ENTITIES - continued

2. Equity in joint ventures or associates - continued

(3) Summary financial information of insignificant joint ventures and associates

Unit: RMB

	31/12/2025/Amount incurred in 2025	31/12/2024/Amount incurred in 2024
Joint venture: MUTEK Electronics		
Total carrying amount of investments	-	2,709,233.30
Total of the followings in proportion to shareholdings	(58,092.32)	(681,438.59)
Net losses	(58,092.32)	(681,438.59)
Other comprehensive income	-	-
Total comprehensive income	(58,092.32)	(681,438.59)
Associate: Questyle Audio Technology Co., Ltd.		
Total carrying amount of investments	N/A	3,902,360.54
Total of the followings in proportion to shareholdings	(445,493.78)	(3,459,733.12)
Net losses	(445,493.78)	(3,459,733.12)
Other comprehensive income	-	-
Total comprehensive income	(445,493.78)	(3,459,733.12)

- (4) There are no significant limitations over the ability of joint ventures or associates to transfer funds to the Group.
- (5) According to the *Joint Investment Contract* signed by UGSI and Merry Electronics, UGSI proposed to contribute TWD191,100,000.00 to MUTEK Electronics. As at 31 December 2025, the capital subscription of TWD161,700,000.00 (31 December 2024: TWD161,700,000.00), equivalent to RMB36,161,532.29 (31 December 2024: RMB35,454,149.15)) was unpaid.
- (6) The Group has no contingent liabilities relating to investments in joint ventures and associates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(VIII) Government grants

1. Liabilities items involving government grants

Unit: RMB

Item	31/12/2024	Amount of grants newly increased in the year	Amount recognised in other income in the year	Other changes	Translation differences of financial statements denominated in foreign currencies	31/12/2025	Related to assets/income
Deferred income							
Update and reform item for testing equipment for miniaturised communication components	-	19,750,000.00	705,357.21	-	-	19,044,642.79	Asset-related
Ultra-high resolution TWS earphone chip module technology research and development and industrialisation projects	19,510,624.45	-	5,822,738.56	-	-	13,687,885.89	Asset-related
Technology reform item for ultra-thin communication module deep intelligent production line	17,644,445.99	-	6,726,870.91	-	-	10,917,575.08	Asset-related
Government grants for the twelfth batch of high quality special projects (technological transformation)	1,053,969.95	7,640,000.00	748,034.56	-	-	7,945,935.39	Asset-related
Suzhou industrial enterprises effective investment award projects	5,097,645.75	2,160,000.00	1,716,984.59	-	-	5,540,661.16	Asset-related
Display and touch chip module technology research and development and industrialisation projects	5,432,929.32	-	1,588,403.42	-	-	3,844,525.90	Asset-related
Special development fund for the project on improvement of mobile module of UWB spatial perception technology in the Free Trade Zone in 2024	3,809,843.23	-	701,445.80	-	-	3,108,397.43	Asset-related
High-speed Wi-Fi technical improvement projects	3,390,533.49	-	1,152,786.12	-	-	2,237,747.37	Asset-related
Intelligent transformation projects of the production line of USI	2,735,270.96	-	536,748.48	-	-	2,198,522.48	Asset-related
Government grants for the sixth batch of high quality special projects (technological transformation)	4,738,390.37	-	2,547,142.20	-	-	2,191,248.17	Asset-related
Government grant income from matching funds for key transformation projects for the automation of the production of smart wearable products	3,825,000.00	-	2,063,250.00	-	-	1,761,750.00	Asset-related
Tunisia investment subsidy projects	1,907,309.83	-	363,641.56	-	160,709.81	1,704,378.08	Asset-related
2022 Provincial Special project fund for Intelligent Manufacturing Demonstration Plant	2,672,692.95	-	1,033,401.37	-	-	1,639,291.58	Asset-related
Kunshan Bureau of Industry and Information Technology Suzhou Smart Factory government subsidy	510,419.59	-	197,503.20	-	-	312,916.39	Asset-related
Total	72,329,075.88	29,550,000.00	25,904,307.98	-	160,709.81	76,135,477.71	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(VIII) Government grants - continued

2. Government grants included in profit or loss for the period

Unit: RMB

Grant items	Amount incurred in 2025	Amount incurred in 2024
Other income		
Economic grants for the headquarters of Zhangjiang Science City Construction Management Office	9,750,000.00	13,000,000.00
French government grants for science and technology research	4,035,419.68	3,549,267.78
Jiangsu Province's interest subsidy program to support major exporters to the United States	2,000,000.00	-
Training allowance for workers in Kunshan	1,901,300.00	1,300,700.00
Special fund for the first demonstration and promotion of the new generation telecommunications industry in Pudong New Area	1,898,407.08	-
Social insurance subsidies	1,560,381.37	3,137,473.71
VAT deduction for enterprises employing poor people with established cards	1,469,000.00	-
Guangdong Provincial fund for cultivating key foreign trade enterprises	1,300,000.00	-
Refund of services charges for individual income tax	1,068,501.07	1,601,613.80
Subsidy for named class of Kunshan	984,000.00	1,006,000.00
Job stabilisation subsidies	844,605.00	1,002,860.21
Special subsidies for business development	560,365.00	64,333.00
Supporting funds for securing and nurturing businesses	100,000.00	2,500,000.00
Government grants for 2023 Free Trade Zone projects	-	3,989,580.00
Special subsidies for local education surcharge in Pudong New Area	-	1,028,880.00
Awards for first breakthrough in energy level upgrade project in smart factory and awards for smart factory	-	1,000,000.00
Financial subsidies for employee training	-	928,560.00
Special development fund for National Independent Innovation Demonstration Zone	-	531,000.00
Compliance assessment project on maturity standard of intelligent manufacturing capability in 2023	-	500,000.00
Municipal energy saving technical improvement supporting funds	-	240,000.00
Others	3,525,742.49	4,213,428.56
Subtotal	30,997,721.69	39,593,697.06
Amortisation of government grants related to assets (Note (VIII), 1)	25,904,307.98	20,295,817.79
Total	56,902,029.67	59,889,514.85

(IX) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

The Group's major financial instruments include cash and bank balances, held-for-trading financial assets, notes receivable, accounts receivable, other receivables, non-current assets due within one year, long-term receivables, other equity instrument investments, other non-current financial assets, certain other non-current assets, borrowings, derivative financial liabilities, accounts payable, other payables, certain non-current liabilities due within one year, bonds payable, certain long-term payables and other non-current liabilities, etc. Details of these financial instruments are disclosed in Note (V). Risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

Unit: RMB

	31/12/2025	31/12/2024
Financial assets		
Measured at FVTPL		
Held-for-trading financial assets	9,800,747.96	42,291,303.91
Other non-current financial assets	186,517,853.51	201,093,233.84
Subtotal	196,318,601.47	243,384,537.75
Measured at FVTOCI		
Other equity instrument investments	13,587,010.31	22,769,795.62
Subtotal	13,587,010.31	22,769,795.62
Measured at amortised cost		
Cash and bank balances	13,240,893,883.02	12,487,357,842.47
Notes receivable	109,607,255.52	79,450,682.42
Accounts receivable	10,029,923,095.52	10,255,502,444.64
Other receivables	123,820,937.01	134,298,737.44
Non-current assets due within one year	-	130,008.72
Long-term receivables	14,158,877.21	13,787,074.59
Other non-current assets	25,865,976.22	21,740,962.14
Subtotal	23,544,270,024.50	22,992,267,752.42
Total financial assets	23,754,175,636.28	23,258,422,085.79
Financial liabilities		
Measured at FVTPL		
Derivative financial liabilities	2,750,760.31	4,775,306.67
Measured at amortised cost		
Short-term borrowings	2,970,280,883.63	3,676,702,163.10
Accounts payable	10,985,186,371.23	11,055,392,929.15
Other payables	680,880,218.16	691,283,564.96
Non-current liabilities due within one year	221,714,075.50	52,288,580.46
Long-term borrowings	125,534,368.00	29,872,115.04
Bonds payable	2,107,520,109.67	3,467,944,609.76
Long-term payables	27,115,905.87	18,348,682.49
Other non-current liabilities	1,799,639.99	1,317,464.14
Subtotal	17,120,031,572.05	18,993,150,109.10
Total financial liabilities	17,122,782,332.36	18,997,925,415.77

(IX) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

The Group adopts sensitivity analysis techniques to analyse how the profit or loss for the period and shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have a significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

1. Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimise the adverse impacts of risks on the Group's operation performance, and maximise the benefits of the shareholders and other equity investors. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyse the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitor regularly and effectively these exposures to ensure the risks are monitored at a certain level.

1.1. Market risk**1.1.1. Currency risk**

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group's exposure to the currency risk is primarily associated with USD and EUR. The Group's subsidiaries located in China have some purchases, sales and financing activities denominated in USD and EUR while other principal activities are denominated and settled in RMB. The Group's subsidiaries located in Taiwan have some purchases and sales denominated in USD and EUR while other principal activities are denominated and settled in TWD; The Group's subsidiaries located in Japan have some purchases and sales denominated in USD while other principal activities are denominated and settled in JPY; The Group's subsidiaries located in Hong Kong have some financing activities denominated in EUR while other principal activities are denominated and settled in USD; The Group's subsidiary, USI Poland, located in Europe has some purchases and sales denominated in USD and EUR while other principal activities are denominated and settled in USD; The Group's other subsidiaries located in Europe have principal activities denominated and settled in EUR; The Group's subsidiaries located in America and Mexico have activities denominated and settled in USD. As at 31 December 2025 and 31 December 2024, the balance of the Group's significant assets and liabilities set out below are both denominated in foreign currencies (non-functional currency and translated to RMB). Currency risk arising from the assets and liabilities denominated in foreign currencies may have an impact on the Group's performance.

	Unit: RMB'000	
Item	31/12/2025	31/12/2024
USD		
Cash and bank balances	4,263,756	4,923,918
Accounts receivable	5,999,403	6,740,319
Other receivables	19,755	14,416
Short-term borrowings	-	(124,018)
Accounts payable	(6,263,623)	(7,439,111)
Other payables	(232,188)	(200,319)
Subtotal	3,787,103	3,915,205

(IX) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued

1. Risk management objectives and policies - continued

1.1 Market risk - continued

1.1.1. Currency risk - continued

Unit: RMB'000

Item	31/12/2025	31/12/2024
EUR		
Cash and bank balances	35,524	25,083
Accounts receivable	64,217	31,934
Other receivables	632	188
Short-term borrowings	(1,985,455)	(2,546,076)
Accounts payable	(19,589)	(386)
Other payables	(1,863)	(1,492)
Non-current liabilities due within one year	(163,674)	
Long-term borrowings	(108,866)	-
Subtotal	(2,179,074)	(2,490,749)

The Group closely monitors the effects of changes in the foreign exchange rates on the Group's currency risk exposures, and uses foreign currency forward contracts and hedges for net investment in foreign operations to reduce part of the currency exposures.

Sensitivity analysis on currency risk

On the basis of the assumption that all hedges for net investments in foreign operations are highly effective, where all other variables are held constant, reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the year and shareholders' equity:

Unit: RMB'000

Item	Changes in exchange rate	2025		2024	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
USD	5% appreciation against RMB	94,759	94,759	105,541	105,541
USD	5% depreciation against RMB	(94,759)	(94,759)	(105,541)	(105,541)
USD	5% appreciation against TWD	94,518	94,518	95,650	95,650
USD	5% depreciation against TWD	(94,518)	(94,518)	(95,650)	(95,650)
USD	5% appreciation against EUR	14,748	14,748	21,112	21,112
USD	5% depreciation against EUR	(14,748)	(14,748)	(21,112)	(21,112)
USD	5% appreciation against JPY	2	2	2	2
USD	5% depreciation against JPY	(2)	(2)	(2)	(2)
USD	5% appreciation against GBP	411	411	160	160
USD	5% depreciation against GBP	(411)	(411)	(160)	(160)
EUR	5% appreciation against RMB	698	698	457	457
EUR	5% depreciation against RMB	(698)	(698)	(457)	(457)
EUR	5% appreciation against TWD	(92)	(92)	(187)	(187)
EUR	5% depreciation against TWD	92	92	187	187
EUR	5% appreciation against GBP	(120)	(120)	(85)	(85)
EUR	5% depreciation against GBP	120	120	85	85

(IX) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued**1. Risk management objectives and policies - continued****1.1 Market risk - continued****1.1.2. Interest rate risk - risk of changes in cash flows**

The Group's cash flow interest rate risk of financial instruments relates primarily to variable-rate bank borrowings (see Note (V), 24 for details). The Group closely monitors the effects of changes in interest rates on the Group's interest rate risk exposures. It is the Group's policy to keep its borrowings at variable-rate of interests with no other arrangements such as interest rate swaps.

Sensitivity analysis on interest rate risk

Where all other variables are held constant, reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the year and shareholders' equity:

Unit: RMB'000

Item	Changes in interest rate	2025		2024	
		Effect on profit	Effect on shareholders' equity	Effect on profit	Effect on shareholders' equity
Financial instruments at variable interest rate	Increase by 100 basis points	(10,715)	(10,715)	(13,712)	(13,712)
Financial instruments at variable interest rate	Decrease by 100 basis points	10,715	10,715	13,712	13,712

1.1.3. Other price risk

The price risk of the Group mainly arises from trading equity instrument investments and other equity instrument investments. The Group reduces the price risk of equity instrument investments by holding a variety of equity securities portfolios. As at the end of the year, the Group's investments in equity instruments held by the Group included listed companies; therefore, the Group is directly or indirectly exposed to the risk of fluctuations in market prices of securities. If the market prices of the securities of the Group's investments in equity instruments held directly and indirectly by the Group at the end of the year had increased or decreased by 5% while all other variables remained unchanged, the Group's shareholders' equity and profit or loss at the end of the year would have been increased or decreased by RMB679,350.52 (without taking into account of the effect of income tax) (2024: RMB1,138,489.78).

1.2 Credit risk

As at 31 December 2025, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from: cash and bank balances (Note (V), 1), held-for-trading financial assets (Note (V), 2), notes receivable (Note (V), 3), accounts receivable (Note (V), 4), other receivables (Note (V), 6), non-current assets due within one year (Note (V), 8), long-term receivables (Note (V), 10), other non-current assets (Note (V), 22) and non-current financial assets at FVTPL that are not included in the impairment assessment (Note (V), 13). As at the balance sheet date, the carrying amount of the Group's financial assets is its maximum exposure to credit risk.

In order to minimise the credit risk, the Group has delegated a team responsible for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of financial assets at each balance sheet date to ensure that adequate allowance for credit loss is made for relevant financial assets. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on cash and bank balances is limited because they are deposited with banks with high credit ratings.

(IX) RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued**1. Risk management objectives and policies - continued****1.2 Credit risk - continued**

As at 31 December 2025, the balance of bank acceptances held by the Group was RMB109,607,255.52, of which all accepting banks were banks with high credit ratings. Therefore, the management of the Group believes that the credit risk of relevant bank acceptances is low.

As at 31 December 2025, the balance of accounts receivable of the Group's top 5 customers was RMB6,166,015,861.15 (31 December 2024: RMB5,475,109,550.83), accounting for 61.08% (31 December 2024: 53.09%) of the Group's accounts receivable. Except for that, the Group has no other significant credit risk exposures concentrated on a single financial asset or a portfolio of financial assets with similar characteristics.

1.3. Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following is the maturity analysis for financial liabilities and lease liabilities held by the Group, which is based on undiscounted remaining contractual obligations:

Unit: RMB

	Within 1 year	1-5 years	Over 5 years	Total
Short-term borrowings	2,987,363,639.91	-	-	2,987,363,639.91
Accounts payable	10,979,051,919.95	-	-	10,979,051,919.95
Other payables	790,134,442.66	-	-	790,134,442.66
Long-term borrowings	186,094,184.58	128,087,175.44	-	314,181,360.02
Long-term payables	6,351,481.08	12,702,962.16	-	19,054,443.24
Bonds payable	36,782,442.00	2,206,946,520.00	-	2,243,728,962.00
Lease liabilities	138,553,675.90	302,770,852.63	66,998,097.28	508,322,625.81
Other non-current liabilities	-	1,799,639.99	-	1,799,639.99
Derivative financial liabilities	2,750,760.31	-	-	2,750,760.31

(X) DISCLOSURE OF FAIR VALUE**1. Closing fair value of assets and liabilities measured at fair value**

Unit: RMB

Item	Fair value at the end of the year			
	Level 1	Level 2	Level 3	Total
I. Continuous fair value measurement				
(I) Financial assets at FVTPL				
1. Derivative financial assets	-	9,800,747.96	-	9,800,747.96
2. Fund investments	-	-	139,256,978.51	139,256,978.51
3. Equity instrument investments	-	-	47,260,875.00	47,260,875.00
(II) Financial assets at FVTOCI				
1. Equity instrument investments	-	-	13,587,010.31	13,587,010.31
Total assets measured continuously at fair value	-	9,800,747.96	200,104,863.82	209,905,611.78
(III) Financial liabilities at FVTPL				
1. Derivative financial liabilities	-	2,750,760.31	-	2,750,760.31
Total liabilities measured continuously at fair value	-	2,750,760.31	-	2,750,760.31

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(X) DISCLOSURE OF FAIR VALUE - continued

2. Valuation techniques and qualitative and quantitative information of key parameters adopted for items under level 2 fair value measurement

Unit: RMB

	Fair value at 31 December 2025	Valuation techniques	Inputs
Derivative financial assets (Note (V), 2)	9,800,747.96	Discounted cash flow method	Forward exchange rate, discounted rate
Derivative financial liabilities (Note (V), 25)	2,750,760.31	Discounted cash flow method	Forward exchange rate, discounted rate

3. Valuation techniques and qualitative and quantitative information of key parameters adopted for items under level 3 fair value measurement

Unit: RMB

	Fair value at 31 December 2025	Valuation techniques	Significant unobservable inputs
Fund investments (Note (V), 13)	139,256,978.51	Asset-based approach, Market approach	Liquidity discount, PER, PBR
Equity instrument investments (Note (V), 12&13)	60,847,885.31	Asset-based approach, Market approach	Liquidity discount, PER, PBR

4. Reconciliation between opening and closing carrying amounts for items under continuous level 3 fair value measurement

Unit: RMB

Item	1/1/2025	Recognised in profit or loss	Recognised in other comprehensive income	Translation of financial statements denominated in foreign currencies	Purchase/Increase	Settlement	31/12/2025	Changes in unrealised gains or losses for assets held at the end of the reporting period
(I) Financial assets at FVTPL								
1. Financial products	-	32,317,623.49	-	-	10,014,000,000.00	10,046,317,623.49	-	-
2. Fund investments	138,877,865.84	28,266,071.52	-	(2,090,873.41)	-	25,796,085.44	139,256,978.51	28,266,071.52
3. Equity instrument investments	62,215,368.00	(21,669,554.00)	-	(194,439.00)	6,909,500.00	-	47,260,875.00	(21,669,554.00)
(II) Financial assets at FVTOCI								
Other equity instruments	22,769,795.62	-	(3,063,043.91)	965,562.35	-	7,085,303.75	13,587,010.31	-

5. There are no changes in valuation techniques in the year.

6. Fair value of financial assets and financial liabilities not measured at fair value

The Group's management has assessed cash and bank balances, notes receivable, accounts receivable, other receivables, other current assets, non-current assets due within one year, long-term receivables, short-term borrowings, accounts payable, other payables, non-current liabilities due within one year, long-term borrowings, bonds payable, long-term payables, other non-current liabilities, etc. and considers that their carrying amount approximates to the fair value of these assets and liabilities.

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent of the Company

Name of the parent company	Place of registration	Nature of business	Registered capital	Proportion of the Company's ownership interest held by the parent (%)	Proportion of the Company's voting power held by the parent (%)
USI Enterprise Limited	Room A, 7/F, Yuen Long Technology Centre, No. 11 Wang Yip Street West, Yuen Long, New Territories, Hong Kong	Investment holding	USD 210,900,000.00	73.87	74.30

UNIVERSAL SCIENTIFIC INDUSTRIAL (SHANGHAI) CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

1. Parent of the Company - continued

The ultimate controlling party of the Company is ASE Investment Holding Limited, which is listed on the Taiwan Stock Exchange with the listing code as 3711. It is also listed on the New York Stock Exchange in the United States with the listing code as ASX.

2. Subsidiaries of the Company

Details of subsidiaries of the Company are set out in Note (VII), 1.

3. Associates and joint ventures of the Company

The details of the associates and joint ventures of the Company are set out in Note (VI), 2.

4. Other related parties of the Company

Other related parties	Relationship between other related parties and the Company
USI Inc.	Indirect holding company
ASE (Shanghai) Inc.	Under common control of the ultimate holding company
ASE Inc.	Under common control of the ultimate holding company
ASE Assembly & Test (Shanghai) Limited	Under common control of the ultimate holding company
ASE (US) Inc.	Under common control of the ultimate holding company
ASE Electronics Inc.	Under common control of the ultimate holding company
ISE Labs, Inc.	Under common control of the ultimate holding company
Advanced Semiconductor Engineering (China) Ltd.	Under common control of the ultimate holding company
ASE Corporate Services (Shanghai) Limited	Under common control of the ultimate holding company
ASE Marketing & Service Japan Co., Ltd.	Under common control of the ultimate holding company
Shanghai Dingxu Property Management Co., Ltd.	Under common control of the ultimate holding company
Wuxi Tongzhi Microelectronics Co., Ltd.	Under common control of the ultimate holding company
ISE labs, China. Ltd.	Under common control of the ultimate holding company
Siliconware Precision Industries Co., Ltd.	Under common control of the ultimate holding company
Hirschmann Car Communication GmbH (Note)	Under common control of the ultimate holding company
Hirschmann Car Communication Kft (Note)	Under common control of the ultimate holding company
Hirschmann Car Communication S.A.S. (Note)	Under common control of the ultimate holding company
Hirschmann Car Communication, Inc (Note)	Under common control of the ultimate holding company
Hirschmann Car Communication (Shanghai) Co., Ltd. (Note)	Under common control of the ultimate holding company
Hirschmann Mobility Holding GmbH (Note)	Under common control of the ultimate holding company
USI Enterprise Limited	Under common control of the ultimate holding company
ASE KOREA, Inc.	Under common control of the ultimate holding company
ASE Cultural & Educational Foundation	A Company with key management serving as the director
Taitech Precision Electronic (Kunshan) Co., Ltd.	A subsidiary of an associate
Memtech Development (H.K.) Co., Limited	A subsidiary of an associate
Dongguan Memtech Electronic Product Co., Ltd.	A subsidiary of an associate
Nantong Memtech Technologies Co., Ltd.	A subsidiary of an associate
Jian Memtech Precision Electronic Co., Ltd.	A subsidiary of an associate
Memtech (Viet Nam) Technology Co., Ltd	A subsidiary of an associate

Note: On 25 April 2025, the Group entered into a share transfer agreement with Real Tech Holdings Limited, an indirect controlling shareholder of the Group, to transfer the Group's 75.1% equity interest in its subsidiary, Universal Ample Technology Co., Limited ("Universal Ample Technology"), for a consideration of USD49,783,000. On 1 September 2025, the aforementioned equity transfer was completed. Consequently, the amounts of related-party transactions for 2025 with the following subsidiaries of Universal Ample Technology: Hirschmann Car Communication (Shanghai) Co., Ltd., Hirschmann Car Communication GmbH, Hirschmann Car Communication Kft., Hirschmann Car Communication S.A.S., Hirschmann Car Communication, Inc., and Hirschmann Mobility Holding GmbH, represent the transactions occurring from 1 September 2025 to 31 December 2025.

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**5. Related party transactions****(1) Purchase and sales of goods, rendering and receipt of services**

Purchase of goods/receipt of services

Unit: RMB

Related party	Detail of the related party transaction	Amount incurred in 2025	Amount incurred in 2024
Taitech Precision Electronic (Kunshan) Co., Ltd.	Purchase of materials	74,503,872.82	52,745,156.28
ASE Electronics Inc.	Purchase of materials	28,044,541.93	28,130,881.94
Jian Memtech Precision Electronic Co., Ltd.	Purchase of materials	16,596,050.74	8,030,790.35
Memtech Development (H.K.) Co., Limited	Purchase of materials	13,347,044.15	15,677,562.47
Dongguan Memtech Electronic Product Co., Ltd.	Purchase of materials	3,469,635.81	3,023,688.84
Hirschmann Car Communication GmbH	Purchase of materials	2,923,511.54	N/A
ASE Inc.	Purchase of materials	2,390,253.66	444,856.23
Memtech (Viet Nam) Technology Co., Ltd	Purchase of materials	1,123,968.72	178,939.85
Nantong Memtech Technologies Co., Ltd.	Purchase of materials	492,486.28	876,598.37
Hirschmann Car Communication (Shanghai) Co., Ltd.	Purchase of materials	41,200.00	N/A
Total		142,932,565.65	109,108,474.33
ASE Inc.	Receipt of services	774,606,117.01	899,714,198.56
ASE Corporate Services (Shanghai) Limited	Receipt of services	37,613,116.92	36,024,692.21
USI Inc.	Receipt of services	25,651,383.99	14,616,069.52
Siliconware Precision Industries Co., Ltd.	Receipt of services	8,074,595.62	7,678,215.44
USI Enterprise Limited	Receipt of services	3,947,810.90	3,833,948.30
Shanghai Dingxu Property Management Co., Ltd.	Receipt of services	2,054,052.99	1,995,231.21
ASE Marketing & Service Japan Co., Ltd.	Receipt of services	1,192,545.96	1,047,162.37
ASE Assembly & Test (Shanghai) Limited	Receipt of services	1,169,823.00	-
ASE Cultural & Educational Foundation	Receipt of services	1,093,118.58	549,463.76
Hirschmann Car Communication GmbH	Receipt of services	463,982.58	N/A
ASE KOREA, Inc.	Receipt of services	50,542.96	-
Jian Memtech Precision Electronic Co., Ltd.	Receipt of services	-	172,798.21
Dongguan Memtech Electronic Product Co., Ltd.	Receipt of services	-	28,451.39
ASE(US) Inc.	Receipt of services	-	2,478.59
Taitech Precision Electronic (Kunshan) Co., Ltd.	Receipt of services	-	495.00
Total		855,917,090.51	965,663,204.56

The above transactions are executed at the prices agreed on by both parties.

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(1) Purchase and sales of goods, rendering and receipt of services - continued

Sales of goods/Rendering of services:

Unit: RMB

Related party	Detail of the related party transaction	Amount incurred in 2025	Amount incurred in 2024
ASE Inc.	Sales of goods	418,135,710.81	266,809,005.50
Hirschmann Car Communication (Shanghai) Co., Ltd.	Sales of goods	6,930,230.25	N/A
Hirschmann Car Communication Kft.	Sales of goods	82,596.27	N/A
Taitech Precision Electronic (Kunshan) Co., Ltd.	Sales of goods	47,160.66	-
Dongguan Memtech Electronic Product Co., Ltd.	Sales of goods	2,717.55	-
Total		425,198,415.54	266,809,005.50
ASE Inc.	Rendering of services	19,939,200.10	22,237,941.09
Hirschmann Car Communication GmbH	Rendering of services	6,582,271.58	N/A
Hirschmann Car Communication Kft.	Rendering of services	3,221,260.30	N/A
Hirschmann Car Communication, Inc.	Rendering of services	1,849,760.19	N/A
Hirschmann Car Communication (Shanghai) Co., Ltd.	Rendering of services	1,336,939.66	N/A
Hirschmann Car Communication S.A.S.	Rendering of services	238,607.90	N/A
Hirschmann Mobility Holding GmbH.	Rendering of services	26,417.95	N/A
USI Inc.	Rendering of services	13,583.84	4,875,345.20
ISE labs, China. Ltd.	Rendering of services	-	1,008,545.54
Total		33,208,041.52	28,121,831.83

The above transactions are executed at the prices agreed on by both parties.

(2) Leases with related parties

The Group as a lessor:

Unit: RMB

Name of the lessee	Type of leased assets	Lease income recognised in 2025	Lease income recognised in 2024
ASE Inc.	Plant	344,591.26	1,393,881.61
Hirschmann Car Communication (Shanghai) Co., Ltd.	Leasing of business premises	240,179.39	N/A
ISE Labs, Inc.	Leasing of business premises	-	675,576.14
Total		584,770.65	2,069,457.75

The above transactions are executed at the prices agreed on by both parties.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(2) Leases with related parties - continued

The Group as lessee:

Unit: RMB

Name of the lessor	Type of leased assets	Rent paid		Interest expenses on lease liabilities		Increase in right-of-use assets	
		Amount incurred in 2025	Amount incurred in 2024	Amount incurred in 2025	Amount incurred in 2024	Amount incurred in 2025	Amount incurred in 2024
ASE Assembly & Test (Shanghai) Limited	Leasing of business premises	17,301,640.00	14,531,859.72	1,327,823.05	1,711,886.60	-	-
Advanced Semiconductor Engineering (China) Ltd.	Leasing of business premises	19,781,481.72	16,148,148.36	672,178.68	442,734.61	-	-
USI Inc.	Leasing of business premises	17,074,325.80	31,503,647.01	410,372.00	1,260,177.62	-	-
ISE Labs, Inc.	Leasing of business premises	416,978.89	389,065.04	16,417.69	26,850.95	-	-
Total		54,574,426.41	62,572,720.13	2,426,791.42	3,441,649.78	-	-

The above transactions are executed at the prices agreed on by both parties.

(3) Assets transfer with related parties

Unit: RMB

Related party	Detail of the related party transaction	Amount incurred in 2025	Amount incurred in 2024
Real Tech Holdings Limited	Disposal of equity interests in subsidiaries	353,733,106.47	
合计		353,733,106.47	
USI Inc.	Sales of fixed assets	165,902,129.34	-
Siliconware Precision Industries Co., Ltd.	Sales of fixed assets	-	6,768,750.00
ISE labs, China. Ltd.	Sales of fixed assets	-	920,532.11
Total		165,902,129.34	7,689,282.11
ISE labs, China. Ltd.	Purchase of fixed assets	8,691,164.34	-
Taitech Precision Electronic (Kunshan) Co., Ltd.	Purchase of fixed assets	7,202,011.00	14,882,333.00
Jian Memtech Precision Electronic Co., Ltd.	Purchase of fixed assets	3,154,090.00	896,907.00
Dongguan Memtech Electronic Product Co., Ltd.	Purchase of fixed assets	-	97,912.80
Total		19,047,265.34	15,877,152.80

The above transactions are executed at the prices agreed on by both parties. For details of disposal of equity interests in subsidiaries, please refer to Note (VI), 1.

(4) Interest expenses with related parties

Unit: RMB

Related party	Detail of the related party transaction	Amount incurred in 2025	Amount incurred in 2024
USI Enterprise Limited	Interest expenses on convertible bonds	417,636.08	38,777,856.86

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(5) Compensation for key management personnel

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Compensation for key management personnel	23,521,163.36	28,248,523.85

6. Amounts due from/to related parties

(1) Amounts due from related parties

Unit: RMB

Item	Related party	31/12/2025		31/12/2024	
		Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Accounts receivable	ASE Inc.	106,341,466.64	-	148,092,697.66	-
Accounts receivable	Hirschmann Car Communication (Shanghai) Co., Ltd.	6,552,186.09	-	N/A	N/A
Accounts receivable	Hirschmann Car Communication GmbH	2,880,065.30	-	N/A	N/A
Accounts receivable	Hirschmann Car Communication, Inc.	1,787,361.63	-	N/A	N/A
Accounts receivable	Hirschmann Car Communication Kft.	297,920.18	-	N/A	N/A
Accounts receivable	Hirschmann Car Communication S.A.S.	68,930.71	-	N/A	N/A
Accounts receivable	Hirschmann Mobility Holding GmbH	26,303.17	-	N/A	N/A
Total		117,954,233.72	-	148,092,697.66	-

Unit: RMB

Item	Related party	31/12/2025		31/12/2024	
		Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Prepayments	Siliconware Precision Industries Co., Ltd.	-	-	331,656.13	-

Unit: RMB

Item	Related party	31/12/2025		31/12/2024	
		Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Other receivables	Hirschmann Car Communication GmbH	3,828,072.81	-	N/A	N/A
Other receivables	Hirschmann Car Communication Kft.	2,924,171.00	-	N/A	N/A
Other receivables	Hirschmann Car Communication (Shanghai) Co., Ltd.	1,497,535.32	-	N/A	N/A
Other receivables	USI Inc.	948,564.18	-	37,571.53	-
Other receivables	Hirschmann Car Communication, Inc.	463,534.68	-	N/A	N/A
Other receivables	ASE Inc.	274,920.90	-	20,958.07	-
Other receivables	Hirschmann Car Communication S.A.S.	20,982.51	-	N/A	N/A
Other receivables	Siliconware Precision Industries Co., Ltd.	-	-	6,828,980.00	-
Other receivables	ISE labs, China. Ltd.	-	-	252,051.29	-
Total		9,957,781.40	-	7,139,560.89	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

(1) Amounts due from related parties - continued

Unit: RMB

Item	Related party	31/12/2025		31/12/2024	
		Gross carrying amount	Loss allowance	Gross carrying amount	Loss allowance
Other non-current assets	Advanced Semiconductor Engineering (China) Ltd.	1,395,074.66	-	1,371,575.33	-
Other non-current assets	ASE Assembly & Test (Shanghai) Limited	396,980.57	-	409,781.71	-
Other non-current assets	ISE Labs, Inc.	23,846.47	-	24,399.16	-
Total		1,815,901.70	-	1,805,756.20	-

(2) Amounts due to related parties

Unit: RMB

Item	Related party	31/12/2025	31/12/2024
Accounts payable	ASE Inc.	214,086,376.95	250,339,086.91
Accounts payable	Taitech Precision Electronic (Kunshan) Co., Ltd.	39,630,248.83	39,346,125.44
Accounts payable	USI Inc.	15,059,124.83	11,346,994.32
Accounts payable	Jian Memtech Precision Electronic Co., Ltd.	9,602,248.71	4,505,391.07
Accounts payable	Memtech Development (H.K.) Co., Limited	4,017,088.51	9,272,367.23
Accounts payable	ASE Electronics Inc.	3,761,806.28	5,094,908.56
Accounts payable	Hirschmann Car Communication GmbH	3,364,987.94	N/A
Accounts payable	Siliconware Precision Industries Co., Ltd.	1,815,474.41	611,824.82
Accounts payable	Dongguan Memtech Electronic Product Co., Ltd.	1,029,810.86	2,375,791.10
Accounts payable	Memtech (Viet Nam) Technology Co., Ltd	765,033.33	126,748.90
Accounts payable	Nantong Memtech Technologies Co., Ltd.	297,101.38	169,210.54
Accounts payable	USI Enterprise Limited	276,416.14	337,587.84
Accounts payable	ASE KOREA, Inc.	50,143.46	-
Accounts payable	Hirschmann Car Communication (Shanghai) Co., Ltd.	46,556.00	N/A
Total		293,802,417.63	323,526,036.73

Unit: RMB

Item	Related party	31/12/2025	31/12/2024
Other payables	ASE Corporate Services (Shanghai) Limited	3,094,555.53	54,148.15
Other payables	Jian Memtech Precision Electronic Co., Ltd.	624,778.13	282,768.00
Other payables	ASE Inc.	514,667.83	-
Other payables	Memtech Development (H.K.) Co., Limited	432,736.36	2,660,949.05
Other payables	ASE Assembly & Test (Shanghai) Limited	320,134.25	-
Other payables	USI Inc.	267,991.62	-
Other payables	Shanghai Dingxu Property Management Co., Ltd.	230,735.98	182,208.25
Other payables	Advanced Semiconductor Engineering (China) Ltd.	67,283.95	768,975.50
Other payables	Memtech (Viet Nam) Technology Co., Ltd	15,856.96	5,744.58
Total		5,568,740.61	3,954,793.53

Unit: RMB

Item	Related party	31/12/2025	31/12/2024
Long-term payables	USI Inc.	12,580,325.09	18,348,682.49

Unit: RMB

Item	Related party	31/12/2025	31/12/2024
Bonds payable	USI Enterprise Limited	-	785,428,252.70

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(XI) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

6. Amounts due from/to related parties - continued

(2) Amounts due to related parties - continued

Unit: RMB

Item	Related party	31/12/2025	31/12/2024
Lease liabilities	ASE Assembly & Test (Shanghai) Limited	31,764,489.15	31,669,194.59
Lease liabilities	Advanced Semiconductor Engineering (China) Ltd.	13,291,945.81	31,648,619.22
Lease liabilities	USI Inc.	13,134,828.75	51,263,696.49
Lease liabilities	ISE Labs, Inc.	375,192.28	-
Total		58,566,455.99	114,581,510.30

7. Related party commitments

As at 31 December 2025, there are no related party commitments.

(XII) SHARE-BASED PAYMENTS

1. Summary of share-based payments

Unit: Share

2025	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2015 (Note 1)	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023 (Note 4)	Employee Share Ownership Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023 (Note 3)
Total number of the Company's equity instruments outstanding at the beginning of the year	11,060,925	5,939,607	2,918,588
Total number of the Company's equity instruments granted during the year	-	-	-
Total number of the Company's equity instruments exercised during the period	8,130,660	4,966,247	2,906,624
Total number of the Company's equity instruments lapsed during the period	2,930,265	973,360	11,964
Total number of the Company's equity instruments outstanding at the end of the year	-	-	-
Total number of equity instruments exercisable at the end of the year	-	-	-
Range of exercise prices and remaining contractual life of the Company's stock options outstanding at the end of the year	Exercise prices of stock options RMB15.54	RMB14.04	RMB 14.54 (granted in 2023) RMB 14.35 (granted in 2024)
	Remaining contractual life N/A	N/A	N/A

Note 1: In November 2015, in order to further improve the corporate governance structure of the Company, to promote the Company to establish and improve the incentive and restraint mechanism, to fully mobilise the enthusiasm of the Company's middle-level managers and employees, effectively combine the interests of shareholders, the Company and the personal interests of operators, and to make all parties jointly focus on the long-term development of the Company, the Company formulated the "Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd." to grant qualified employees a certain number of stock options to subscribe for the Company's general shares. During the service period of the employees granted stock options for the Group, the fair value of the corresponding equity instruments shall be included in the costs or expenses of the Group on a straight-line basis during the vesting period, and the capital reserve shall be increased accordingly.

Plan No.	Granted by	Grant date	Vesting period	Exercise period
Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Scientific Industrial (Shanghai) Co., Ltd.	25 November 2015	From 25 November 2015 to 24 November 2020	From 25 November 2017 to 24 November 2025

The optionee of the stock options can exercise the right in proportions according to the following time points after being granted the stock options for two years and meeting the performance assessment at the Company and individual level.

	Accumulated maximum exercised proportion
2 years after the grant date	40%
3 years after the grant date	60%
4 years after the grant date	80%
5 years after the grant date	100%

If the stock options are not exercised 10 years after the grant date, the options will lapse. If the incentive recipient leaves the Company due to resignation or layoffs, the stock options that have been approved to exercise but have not been exercised by the incentive recipient shall be terminated and the unapproved options will be null and void on the date thereof. If the incentive recipient leaves the Company due to retirement, the incentive recipient shall continue to retain the exercise right for the stock options that have been approved to exercise but have not been exercised, and the options that have not been approved to exercise shall be invalidated on the date thereof.

(XII) SHARE-BASED PAYMENTS - continued**1. Summary of share-based payments - continued**

Note 2: In October 2023, in order to establish and improve the Company's long-term incentive, assessment and restraint mechanism, to attract and retain excellent talents, to fully mobilise the enthusiasm of the Company's middle-level managers and core business and technical staff, and to effectively combine the interests of shareholders, the Company and the personal interests of the core team, as well as to make all parties jointly focus on the long-term development of the Company, the Company formulated the Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. to grant qualified employees a certain number of stock options to subscribe for the Company's general shares. During the service period of the employees granted stock options for the Group, the fair value of the corresponding equity instruments shall be included in the costs or expenses of the Group on a straight-line basis during the vesting period, and the capital reserve shall be increased accordingly.

According to the *2023 Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd.*, from the date of announcement of the draft incentive plan to the date when the incentive object completes the exercise of stock options, if the Company converts capital reserve into share capital, distributes stock dividends, allotments, dividends and other matters, the exercise price of stock options will be adjusted accordingly. The Eighteenth Meeting of the Sixth Session of the Board of Directors held on 25 April 2025 approved the *Proposal to Adjust the Exercise Price of the 2023 Stock Option Incentive Plan Following the Annual Dividend Distribution*, and the exercise price was adjusted from RMB14.27 per share to RMB14.04 per share.

Plan No.	Granted by	Grant date	Vesting period	Exercise period
Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Scientific Industrial (Shanghai) Co., Ltd.	13 October 2023	13 October 2023 to 13 October 2025	14 October 2024 to 13 October 2026

The optionee of the stock options can exercise the right in proportions according to the following time points after being granted the stock options for 12 months and meeting the performance assessment at the Company and individual level.

	Accumulated maximum exercised proportion
12 months after the grant date	50%
24 months after the grant date	100%

The stock options that fail to be exercised by the incentive recipient will be lapsed after the end of each exercise period of the stock options. If the incentive recipient leaves the Company due to resignation, downsizing, non-renewal of employment contract, termination of employment contract or employment agreement by negotiation, or dismissal by the Company, the stock options that have been approved to exercise but have not been exercised by the incentive recipient shall be terminated, and the unapproved options will be invalidated on the date thereof. If the incentive recipient retires normally in accordance with national laws and regulations and the Company's regulations, the incentive recipient shall continue to retain the exercise right for the stock options that have been approved to exercise but have not been exercised, and the options that have not been approved to exercise shall be invalidated on the date thereof.

(XII) SHARE-BASED PAYMENTS - continued**1. Summary of share-based payments - continued**

Note 3: In November 2023, in order to enrich the salary system of employees, establish and improve the benefit sharing mechanism between workers and owners, realise the consistency of the interests of the Company, shareholders and employees, and promote all parties to jointly focus on the long-term development of the Company, so as to bring more efficient and lasting returns to shareholders; to further improve the corporate governance structure, improve the Company's long-term and effective incentive and restraint mechanism, and ensure the long-term and stable development of the Company; to implement the development strategies of the Company, effectively mobilise the enthusiasm of employees, and retain excellent key management, technical and business talents, and motivate employees to create value for the Company and enhance the competitiveness of the Company in the industry, the Company formulated the "Employee Share Ownership Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023" to grant the qualified core talents with a certain number of stock options to subscribe for the general shares of the Company. During the service period of the employees granted stock options for the Group, the fair value of the corresponding equity instruments shall be included in the costs or expenses of the Group on a straight-line basis during the vesting period, and the capital reserve shall be increased accordingly.

Plan No.	Granted by	Grant date	Vesting period	Exercise period
Employee Share Ownership Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. - Granted in 2023	Universal Scientific Industrial (Shanghai) Co., Ltd.	23 November 2023	23 November 2023 to 23 November 2025	23 November 2024 to 23 November 2026
Employee Share Ownership Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. - Granted in 2024	Universal Scientific Industrial (Shanghai) Co., Ltd.	16 January 2024	16 January 2024 to 16 January 2026	16 January 2025 to 16 January 2027

The optionee of the stock options can exercise the right in proportions according to the following time points after being granted the stock options for 12 months and meeting the performance assessment at the Company and individual level.

	Accumulated maximum exercised proportion
12 months after the grant date	50%
24 months after the grant date	100%

Incentive recipients, who are disqualified from participation due to material violation of laws and regulations, non-competition behaviour, voluntary resignation, layoffs by the Company, non-renewal of labour contracts and employment agreements upon expiration, negotiated termination of labour contracts or employment agreements, or dismissal from the Company, shall have their corresponding shares withdrawn by the Management Committee, and the shares corresponding to their withdrawn shares shall be sold in the secondary market, and the Management Committee shall distribute the shares to the holders according to the lower of the amount obtained after the sale of such shares and the consideration paid for the underlying shares corresponding to the shares held by the holders under the Employee Stock Ownership Plan, and the Management Committee shall be responsible for determining the principles of distribution of the excess portion, if any, and shall further distribute the same to the holders. The Management Committee shall be responsible for determining the principles of allocation and further distribution of the excess portion, if any. If a holder retires in accordance with the Company's regulations, its rights and interests in the Employee Stock Ownership Plan shall remain unchanged.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(XII) SHARE-BASED PAYMENTS - continued

2. Equity-settled share-based payments

Unit: RMB

	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2015	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023	Employee Share Ownership Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023 - Granted in 2023	Employee Share Ownership Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023 - Granted in 2024
The basis of determining the number of equity instruments expected to be exercised	When the optionee reaches the exercise period in the stock options plan and meets the performance assessment in the Company and individual level, and the corresponding equity instrument is that expected to be exercised	When the optionee reaches the exercise period in the stock options plan and meets the performance assessment in the Company and individual level, and the corresponding equity instrument is that expected to be exercised	When the optionee reaches the exercise period in the stock options plan and meets the performance assessment in the Company and individual level, and the corresponding equity instrument is that expected to be exercised	When the optionee reaches the exercise period in the stock options plan and meets the performance assessment in the Company and individual level, and the corresponding equity instrument is that expected to be exercised
Reasons for the significant difference between the estimate in the current year and that in the prior year	When the optionee reaches the exercise period in the stock options plan and meets the performance assessment in the Company and individual level, and the corresponding equity instrument is that expected to be exercised	When the optionee reaches the exercise period in the stock options plan and meets the performance assessment in the Company and individual level, and the corresponding equity instrument is that expected to be exercised	When the optionee reaches the exercise period in the stock options plan and meets the performance assessment in the Company and individual level, and the corresponding equity instrument is that expected to be exercised	When the optionee reaches the exercise period in the stock options plan and meets the performance assessment in the Company and individual level, and the corresponding equity instrument is that expected to be exercised
Cumulative amount of equity-settled share-based payments included in capital reserve	139,923,402.85	26,135,000.00	-	-
Total expenses recognised arising from equity-settled share-based payments	-	-	-	-

Method of determining the fair value of equity instruments: Fair values are calculated by using Black-Scholes Model, Binomial Tree Model and etc., the inputs to the model at the grant date are as follows:

	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2015	Stock Option Incentive Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023	Employee Share Ownership Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023 - Granted in 2023	Employee Share Ownership Plan of Universal Scientific Industrial (Shanghai) Co., Ltd. in 2023 - Granted in 2024
Weighted average share price	RMB15.54	RMB14.54	RMB14.54	RMB14.35
Weighted average exercise price	RMB15.54	RMB14.54	RMB14.54	RMB14.35
Expected volatility	40.33%~45.00%	38.51%~39.09%	36.56%~38.77%	35.02%~37.02%
Expected life	6 years - 7.5 years	1 year ~ 2 years	1 year ~ 2 years	1 year ~ 2 years
Risk-free interest rate	3.06%~3.13%	2.35%~2.45%	2.33%~2.44%	2.11%~2.27%
Expected dividend yield	0.87%	0.00%	0.00%	0.00%

Expected volatility is calculated based on the volatility of the share prices of similar companies during the past few years. Expected life used in the model is based on the best estimate of management after the adjustments of the effects of inconvertibility, exercise restriction and exercise pattern.

3. In this year, the Group has no cash-settled share-based payments.

4. In this year, the Group has no modification to or termination of share-based payments.

(XIII) COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

Unit: RMB'000

	31/12/2025	31/12/2024
Capital commitments that have been entered into but have not been recognised in the financial statements:		
- Commitment for acquisition and construction of long-term assets	640,976	601,228
- External investment commitment (Note (VI), 2)	36,162	35,454
Total	677,138	636,682

(XIII) COMMITMENTS AND CONTINGENCIES - continued

1. Significant commitments - continued

(1) Capital commitments - continued

Note: For the commitment of external investment, according to the *Joint Investment Contract* signed UGSI and Merry Electronics, UGSI needs to pay a total subscription amount of TWD191,100,000.00. As at 31 December 2025, the capital subscription of TWD161,700,000.00 (31 December 2024: TWD161,700,000.00), equivalent to RMB36,161,532.29 (31 December 2024: RMB35,454,149.15)) was unpaid.

2. Contingencies

The Group has no significant contingencies to be disclosed.

(XIV) EVENTS AFTER THE BALANCE SHEET DATE

1. Profit appropriation

As proposed by the resolution of the 23rd Meeting of the 6th Session of the Board of Directors of the Company held on 2 April 2026, a cash dividend of RMB4.30 (including tax) per 10 shares will be distributed on the basis of the total share capital at the equity registration date less the number of the shares repurchased by the Company from special accounts, with no bonus issue and no increase in share capital. The above proposal regarding dividend distribution is yet to be approved in a shareholders' meeting.

2. Early redemption of convertible corporate bonds

During the period from 8 December 2025 to 7 January 2026, the Company's shares met the condition that the closing price of the shares on at least 20 trading days in any 30 consecutive trading days is not less than 130% (including 130%) of the current conversion price, thereby triggering the conditional redemption clause of the convertible bonds. On 7 January 2026, the Twenty-second Meeting of the Sixth Session of the Board of Directors reviewed and approved the "Proposal on the Early Redemption of Universal Global Convertible Bonds" resolving to exercise the early redemption rights of the "Universal Global Convertible Bonds" and to redeem all "Universal Global Convertible Bonds" registered on the redemption record date, which was 28 January 2026. As at 28 January 2026, a total of RMB3,445,928,000.00 in convertible bonds converted into the Company's Class A common stock, with a cumulative conversion of 185,459,083 shares. The remaining RMB4,072,000.00 in unconverted convertible bonds was fully redeemed in January 2026.

3. Share acquisition

On 15 January 2026, Universal Optoelectronics Co., Ltd. ("Universal Optoelectronics") convened board meeting, at which it made the resolution of the Acquisition of Chengdu EugenLight Technologies Co., Ltd ("EugenLight Technologies"). Pursuant to the Share Transfer Agreement executed on 15 January 2026, Universal Optoelectronics would acquire 59.428% equity interest in EugenLight Technologies for a cash consideration of RMB256,692,361.37. Concurrently, Universal Optoelectronics subscribed to RMB70,000,000.00 in convertible corporate bonds issued by EugenLight Technologies, which was assessed and determined to be a "package deal". Universal Optoelectronics holds 65.4707% equity interest in EugenLight Technologies after this transaction. Furthermore, Universal Optoelectronics has the right to acquire additional equity in EugenLight Technologies, up to an amount corresponding to RMB471,691.00 of EugenLight Technologies' registered capital, within 30 days of receiving EugenLight Technologies' audited financial statements for the 2025 fiscal year.

On 31 March 2026, the Company converted convertible bonds with a par value of RMB70,000,000.00 into equity and, pursuant to the equity transfer agreement, acquired the equity corresponding to RMB471,691.00 of registered capital held by the former shareholders of EugenLight Technologies for RMB12,158,290.00. Following this transaction, Universal Optoelectronics holds 67.6688% equity interest in EugenLight Technologies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(XIV) EVENTS AFTER THE BALANCE SHEET DATE - continued

4. External investment

On 9 January 2026, the Company signed the "Partnership Agreement of Tianjin Haihe Yaozhong Equity Investment Partnership (Limited Partnership)" and contributed RMB30,000,000.00 as a limited partner to invest in Tianjin Haihe Yaozhong Equity Investment Partnership (Limited Partnership), representing 4.90% equity interest. On 23 March 2026, the filing with the Asset Management Association of China was completed. This investment does not constitute a related-party transaction or a major asset restructuring.

(XV) OTHER SIGNIFICANT EVENTS

1. Discontinued operations

						Unit: RMB
Item	Revenue	Expenses	Total profit (loss)	Income tax expenses	Net profit (loss)	(Losses) from discontinued operations attributable to shareholders of the Company
Universal Ample Technology Co., Limited ("Universal Ample Technology")	861,253,301.30	269,011,337.81	(100,966,763.72)	(2,835,181.27)	(98,131,582.45)	(73,696,818.42)

Other explanations:

Universal Ample Technology was engaged in the automotive antenna business, which constituted a major independent business segment of the Group; however, it was disposed of during the current year. For details regarding the disposal of the subsidiary, please refer to Note (VI.).

(1) Gains or losses from discontinued operations

The Group has classified Universal Ample Technology as a discontinued operation in the Consolidated Income Statement and has restated the comparative figures accordingly. The results of operations for Universal Ample Technology as a discontinued operation are as follows:

		Unit: RMB
	For the period from 1 January 2025 to 31 August 2025	2024
Operating income	861,253,301.30	1,300,617,484.36
Less: Operating costs	696,521,578.84	1,015,254,106.38
Taxes and levies	164,218.41	545,404.89
Selling expenses	45,002,801.52	68,358,824.75
Administrative expenses	110,660,330.92	134,208,741.61
Research and development expenses	113,348,205.37	153,890,026.39
Financial expenses	3,561,677.86	(1,597,495.76)
Add: Other income	-	1,677.56
Gains (losses) on impairment of credit	(21,774,396.48)	2,582,830.41
Gains on impairment of assets	28,589,779.98	46,050,822.63
Losses on disposal of assets	(3,136.25)	(3,301.48)
Operating profit (loss)	(101,193,264.37)	(21,410,094.78)
Add: Non-operating income	346,936.33	2,468,144.53
Less: Non-operating expenses	120,435.68	1,977,429.05
Total profit (loss)	(100,966,763.72)	(20,919,379.30)
Less: Income tax expenses	(2,835,181.27)	12,514,503.19
Net profit (loss)	(98,131,582.45)	(33,433,882.49)
Net gains on disposal	48,472,750.45	-
Gains or losses from discontinued operations	(49,658,832.00)	(33,433,882.49)

(XV) OTHER SIGNIFICANT EVENTS - continued1. **Discontinued operations - continued**

(1) Gains or losses from discontinued operations - continued

Note: The above disposal of equity generates investment income of RMB48,826,548.27, the net gains or losses on disposal is RMB48,472,750.45, net of transaction tax.

(2) Losses on impairment of assets from discontinued operations

Unit: RMB

	For the period from 1 January 2025 to 31 August 2025	2024
Impairment loss recognised (reversed) during the period	6,815,383.50	48,633,653.04

(3) Net cash flow from discontinued operations

Unit: RMB

	For the period from 1 January 2025 to 31 August 2025	2024
Net cash flow from operating activities	(184,560,638.57)	(174,436,777.86)
Net cash flow from investment activities	(7,050,416.31)	132,575,115.68
Net cash flow from financing activities	187,424,819.18	(111,392,462.86)
Effect of foreign exchange rate changes on cash	20,678,225.58	(9,262,149.20)
Net cash flow	16,491,989.88	(162,516,274.24)

(4) Gains or losses from continuing operations and gains or losses from discontinued operations attributable to shareholders of the Company

Unit: RMB

	For the period from 1 January 2025 to 31 August 2025	2024
Gains or losses from continuing operations attributable to shareholders of the Company	1,878,663,345.25	1,677,591,661.16
Gains or losses from discontinued operations attributable to shareholders of the Company	(25,224,067.97)	(25,108,845.75)
Net profit attributable to shareholders of the Company	1,853,439,277.28	1,652,482,815.41

(XV) OTHER SIGNIFICANT EVENTS - continued

2. Segment information

(1) Determination basis and accounting policies of reporting segments

Based on the Group's internal organisation structure, management requirements and internal reporting system, the operations of the Group are classified into 4 reporting segments according to the manufacturing location, which are Chinese mainland, APAC (exclude Chinese mainland), Europe and other countries/regions. At the same time, the products are divided into communication products, consumer electronics products, cloud and storage products, industrial products, automotive electronics products and other products according to categories in each region. These report segments are recognised on the basis of manufacturing location and product category. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. The operating segment related to Universal Ample Technology's business was discontinued during the current year. The segment reporting below does not include the discontinued operations. For details regarding the discontinued operations, please refer to Note (XV), 1.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements. The Group has restated prior-period data due to changes in the scope of consolidation resulting from the disposal of its subsidiary, Universal Ample Technology, and due to changes in the composition of reportable segments resulting from changes in the Group's internal product categories in 2025.

UNIVERSAL SCIENTIFIC INDUSTRIAL (SHANGHAI) CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(XV) OTHER SIGNIFICANT EVENTS - continued

2. Segment information - continued

(2) Financial information of reporting segments

2025:

Unit: RMB'000

Item	Chinese mainland			APAC			European region			Other countries/regions			Inter-segment offsetting			Total		
	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Total of the segment
Consumer electronic products	15,464,898	14,242,667	1,222,231	6,061,345	5,795,928	265,417	875,085	802,692	72,393	188,798	188,697	101	(1,290,474)	(1,286,648)	(3,826)	21,299,652	19,743,336	1,556,316
Communication products	13,413,433	12,259,917	1,153,516	4,984,658	4,805,142	179,516	-	-	-	-	-	-	(11,734)	(65,247)	53,513	18,386,357	16,999,812	1,386,545
Cloud and storage products	2,095,441	1,577,578	517,863	4,088,437	3,613,752	474,685	18,667	16,732	1,935	1,306,312	1,118,222	188,090	(1,426,437)	(1,426,542)	105	6,082,420	4,899,742	1,182,678
Industrial products	2,385,808	1,988,767	397,041	3,536,649	3,200,530	336,119	1,584,790	1,409,200	175,590	2,298,954	2,159,950	139,004	(2,221,024)	(2,215,383)	(5,641)	7,585,177	6,543,064	1,042,113
Automotive electronic products	994,017	879,333	114,684	570,310	509,480	60,830	891,896	848,320	43,576	1,213,783	1,199,296	14,487	(19,808)	(19,392)	(416)	3,650,198	3,417,037	233,161
Medical products	68,417	53,608	14,809	-	-	-	310,005	303,448	6,557	-	2,926	(2,926)	(1,833)	(464)	(1,369)	376,589	359,518	17,071
Others	340,903	290,571	50,332	571,876	286,646	285,230	487,164	563,726	(76,562)	45,288	30,972	14,316	(573,632)	(251,809)	(321,823)	871,599	920,106	(48,507)
Segment principal operating income/costs	34,762,917	31,292,441	3,470,476	19,813,275	18,211,478	1,601,797	4,167,607	3,944,118	223,489	5,053,135	4,700,063	353,072	(5,544,942)	(5,265,485)	(279,457)	58,251,992	52,882,615	5,369,377
Other operating income/cost of the Segment	82,689	760	81,929	7,034	165	6,869	36,873	-	36,873	35,973	-	35,973	(80,758)	(480)	(80,278)	81,811	445	81,366
Total operating income/cost of the segment	34,845,606	31,293,201	3,552,405	19,820,309	18,211,643	1,608,666	4,204,480	3,944,118	260,362	5,089,108	4,700,063	389,045	(5,625,700)	(5,265,965)	(359,735)	58,333,803	52,883,060	5,450,743
Less: Taxes and levies			50,789			3,589			14,814			2,100			-			71,292
Selling expenses			214,688			118,504			36,559			84,866			(95,400)			359,217
Administrative expenses			432,176			470,051			222,277			167,589			(110,468)			1,181,625
Research and development expenses			1,252,914			636,514			4,232			46,554			(152,289)			1,787,925
Financial expenses			160,628			33,763			(61,647)			132,607			(525)			264,826
Including: Interest expenses			185,118			129,701			35,942			135,912			(145,084)			341,589
Interest income			226,596			154,605			104,813			3,328			(163,734)			325,608
Add: Other income			53,555			-			5,107			-			-			58,662
Investment income			180,188			38,924			(1,282)			-			-			217,830
Including: Income from investments in associates and joint ventures			3,007			33,218			-			-			-			36,225
Gains (losses) on changes in fair values			(5,971)			(18,152)			(1,788)			-			-			(25,911)
Gains (losses) on impairment of credit			(10,318)			1,169			1,950			(14,386)			-			(21,585)
Gains (losses) from assets impairment			(25,088)			62,370			(46,105)			(9,120)			-			(17,943)
Gains (Losses) on disposal of assets			11,077			146,898			2,727			(322)			-			160,380
Operating profit			1,644,653			577,454			4,736			(68,499)			(1,053)			2,157,291
Net profit			1,466,686			486,485			80,061			(153,446)			(1,157)			1,878,629

UNIVERSAL SCIENTIFIC INDUSTRIAL (SHANGHAI) CO., LTD.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(XV) OTHER SIGNIFICANT EVENTS - continued

2. Segment information - continued

(2) Reporting segment's financial information - continued

2024 (restated):

Unit: RMB'000

Item	Chinese mainland			APAC			European region			Other countries/regions			Inter-segment offsetting			Total		
	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Sub-total of the segment	Operating income	Operating costs	Total of the segment
Consumer electronic products	15,825,345	14,423,072	1,402,273	4,394,659	4,124,712	269,947	105,688	83,195	22,493	112,161	109,570	2,591	(1,235,064)	(1,121,376)	(113,688)	19,202,789	17,619,173	1,583,616
Communication products	14,926,891	13,738,506	1,188,385	6,193,192	5,969,700	223,492	6,679	11,940	(5,261)	15,939	16,395	(456)	(76,376)	(275,260)	198,884	21,066,325	19,461,281	1,605,044
Cloud and storage products	2,767,223	2,239,819	527,904	3,803,217	3,379,444	423,773	235,246	206,695	28,551	907,572	807,720	99,852	(1,617,177)	(1,621,531)	4,354	6,096,581	5,012,147	1,084,434
Industrial products	2,579,368	2,262,239	317,129	3,322,535	2,983,104	339,431	2,001,417	1,851,622	149,795	1,646,407	1,602,570	43,837	(2,431,687)	(2,413,347)	(18,340)	7,118,040	6,286,188	831,852
Automotive electronic products	1,095,671	971,121	124,550	521,724	426,858	94,866	836,709	740,966	95,743	2,230,401	2,376,691	(146,290)	(13,609)	(33,842)	20,233	4,670,896	4,481,794	189,102
Medical products	8,500	7,145	1,355	-	-	-	324,418	310,618	13,800	959	1,042	(83)	-	-	-	333,877	318,805	15,072
Others	272,858	235,793	37,065	555,497	218,275	337,222	536,661	491,481	45,180	77,403	12,724	64,679	(616,869)	(224,794)	(392,075)	825,550	733,479	92,071
Segment principal operating income/costs	37,476,356	33,877,695	3,598,661	18,790,824	17,103,093	1,688,731	4,046,818	3,696,517	350,301	4,990,842	4,926,712	64,130	(5,990,782)	(5,690,150)	(300,632)	59,314,058	53,912,867	5,401,191
Other operating income/cost of the Segment	81,062	1,413	79,649	5,705	1,213	4,492	44,696	-	44,696	5,070	-	5,070	(60,557)	(1,134)	(59,423)	75,976	1,492	74,484
Total operating income/cost of the segment	37,557,418	33,879,108	3,678,310	18,796,529	17,103,306	1,693,223	4,091,514	3,696,517	394,997	4,995,912	4,926,712	69,200	(6,051,339)	(5,691,284)	(360,055)	59,390,034	53,914,359	5,475,675
Less: Taxes and levies			122,642			1,423			(4,663)			18,026			-			137,428
Selling expenses			198,798			101,780			59,758			51,432			(70,781)			340,987
Administrative expenses			414,888			569,938			230,875			180,060			(159,455)			1,236,306
Research and development expenses			1,247,885			567,356			46,482			28,365			(136,428)			1,753,660
Financial expenses			(85,387)			195,091			25,544			185,827			(6,826)			314,249
Including: Interest expenses			184,991			154,823			61,014			150,251			(160,070)			391,009
Interest income			243,161			167,722			41,348			5,101			(153,048)			304,284
Add: Other income			50,271			1			13,159			-			-			63,431
Investment income			57,235			152,285			3,943			-			-			213,463
Including: Income from investments in associates and joint ventures			(3,460)			37,323			-			-			-			33,863
Gains (losses) on changes in fair values			(4,176)			4,516			(2,801)			-			-			(2,461)
Gains (losses) on impairment of credit			(12,372)			(612)			(8,647)			(13,752)			-			(35,383)
Gains (losses) from assets impairment			(45,837)			44,205			16,462			(60,568)			-			(45,738)
Gains (Losses) on disposal of assets			2,208			4,483			844			-			-			7,535
Operating profit			1,826,813			462,513			59,961			(468,830)			13,435			1,893,892
Net profit			1,660,294			376,235			53,056			(412,044)			62			1,677,603

(XV) OTHER SIGNIFICANT EVENTS - continued

2. Segment information - continued

(2) Reporting segment's financial information - continued

31/12/2025

Unit: RMB'000

Item	Chinese mainland	APAC	European region	Other countries/regions	Inter-segment offsetting	Total
Total assets of the segment (Note)	21,895,378	15,279,075	3,973,905	4,493,461	(5,806,427)	39,835,392
Total liabilities of segment	9,336,507	10,814,434	2,249,048	3,963,835	(6,665,728)	19,698,096

31/12/2024 (restated)

Unit: RMB'000

Item	Chinese mainland	APAC	European region	Other countries/regions	Inter-segment offsetting	Total
Total assets of the segment (Note)	23,824,166	10,454,091	3,972,749	4,232,453	(3,981,615)	38,501,844
Total liabilities of segment	12,790,772	6,659,252	1,844,287	3,821,773	(3,585,210)	21,530,874

Note: The assets of the aforementioned segments do not include other equity instrument investments, other non-current financial assets, and deferred tax assets. The liabilities of the aforementioned segments do not include deferred tax liabilities. The above assets of segment and liabilities of segment exclude assets and liabilities related to discontinued operations.

Amount incurred in the current period

Unit: RMB'000

Item	Chinese mainland	APAC	European region	Other countries/regions	Inter-segment offsetting	Total
Depreciation and amortisation	638,509	293,482	146,081	164,667	-	1,242,739
Income tax expenses	164,881	88,525	9,204	50,676	72	313,358

Amount incurred in the prior period (restated)

Unit: RMB'000

Item	Chinese mainland	APAC	European region	Other countries/regions	Inter-segment offsetting	Total
Depreciation and amortisation	644,457	297,022	243,431	96,682	-	1,281,593
Income tax expenses	174,772	95,072	27,455	(111,002)	10,836	197,133

External revenue by geographical region of source and non-current assets by geographical location

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024 (restated)
External revenue from Chinese mainland	2,033,021,712.39	1,574,155,855.45
External revenue outside Chinese mainland	56,300,780,807.89	57,815,877,758.29
Total	58,333,802,520.28	59,390,033,613.74

(XV) OTHER SIGNIFICANT EVENTS - continued

2. Segment information - continued

(2) Reporting segment's financial information - continued

External revenue by geographical region of source and non-current assets by geographical location - continued

Unit: RMB

Item (Note)	31/12/2025	31/12/2024(restated)
Non-current assets located in Chinese mainland	2,840,637,901.25	2,937,949,867.88
Non-current assets located in Mexico	1,385,750,809.57	1,435,328,170.09
Non-current assets located in Taiwan, China	905,231,812.35	795,449,320.67
Non-current assets located in France	538,982,612.60	532,723,321.04
Non-current assets located in the Vietnam	771,345,749.86	634,784,543.25
Non-current assets located in Hong Kong	531,620,648.79	514,709,593.87
Non-current assets located in Germany	204,057,170.09	156,206,074.98
Non-current assets located in Poland	265,440,205.80	277,240,390.09
Non-current assets located in the United States	117,613,170.33	125,890,659.03
Non-current assets located in Tunisia	85,962,223.71	71,773,990.72
Non-current assets located in the United Kingdom	25,364,386.90	26,208,078.91
Non-current assets located in the Czech Republic	19,698,993.76	19,991,281.42
Non-current assets located in Japan	512,120.05	510,673.32
Total	7,692,217,805.06	7,528,765,965.27

Note: The above non-current assets exclude other equity instrument investments, other non-current financial assets, deferred tax assets and non-current assets related to discontinued operations.

Degree of reliance on major customers

Information of major customers whose revenue accounts for 10% or more of the total revenue

Unit: RMB

Customer name	Amount incurred in 2025		Amount incurred in 2024 (restated)	
	Total operating income	Proportion to the total operating income (%)	Total operating income	Proportion to the total operating income (%)
Company E	23,431,035,895.42	40.17	19,433,583,828.36	32.72
Total	23,431,035,895.42	40.17	19,433,583,828.36	32.72

Inter-segment transfers are measured on the basis of actual transaction prices. Segment revenue and segment expenses are determined on the basis of the actual revenue and expenses of each segment. Segment assets and liabilities are allocated according to the attributable assets employed by a segment in its operating activities and the attributable liabilities resulting from the operating activities of a segment.

(XVI) NOTES TO MAJOR ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS**1. Notes receivable**

(1) Categories of notes receivable

Unit: RMB

Category	31/12/2025	31/12/2024
Bank acceptances	93,702,359.76	66,017,318.26

(2) As at 31 December 2025, the Company had no pledged notes receivable.

(3) As at 31 December 2025, the Company had no notes receivable that had been endorsed or discounted and were not yet matured at the balance sheet date.

(4) As at 31 December 2025, the Company made no allowance for credit loss since the Company considered that the accepting banks of the bank acceptances held by it were of high ratings and no significant credit risk was expected to exist.

(5) As at 31 December 2025, the Company had no notes receivable that have been actually written off.

2. Accounts receivable

(1) Disclosure by methods for determining credit loss

As part of the Company's credit risk management, the ECLs on accounts receivable are assessed using the aging analysis approach. According to the Company's assessment of credit risk, there is no significant difference in the losses among different customer groups, and the aging reflects the solvency of customers when the accounts receivable are due.

At 31 December 2025, the credit risk and ECLs on accounts receivable were as follows:

Unit: RMB

Aging	31/12/2025			
	Expected average loss rate (%)	Gross carrying amount	Allowance for bad debts	Carrying amount
Within the credit period	0.00	2,566,971,142.11	21,907.49	2,566,949,234.62
1-30 days overdue	0.02	291,908,417.70	49,125.53	291,859,292.17
31-60 days overdue	0.78	1,248,867.71	9,783.36	1,239,084.35
61-90 days overdue	9.41	26,783.65	2,520.16	24,263.49
91-180 days overdue	100.00	324,390.68	324,390.68	-
More than 180 days overdue	-	-	-	-
Total	0.01	2,860,479,601.85	407,727.22	2,860,071,874.63

(XVI) NOTES TO ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

2. Accounts receivable - continued

At 31 December 2024, the credit risk and ECLs on accounts receivable were as follows:

Unit: RMB

Aging	31/12/2024			
	Expected average loss rate (%)	Gross carrying amount	Allowance for bad debts	Carrying amount
Within the credit period	0.01	3,219,723,890.88	207,306.16	3,219,516,584.72
1-30 days overdue	0.13	207,614,212.98	276,778.59	207,337,434.39
31-60 days overdue	3.99	7,966,685.56	318,008.39	7,648,677.17
61-90 days overdue	40.99	3,935.47	1,613.29	2,322.18
91-180 days overdue	-	-	-	-
More than 180 days overdue	-	-	-	-
Total	0.02	3,435,308,724.89	803,706.43	3,434,505,018.46

The expected average loss rate mentioned above is based on the historical actual credit loss rates and the current conditions, as well as the forecast of future economic conditions. In 2025, the Company's valuation method and significant assumptions remain unchanged.

(2) Changes in allowances for bad debts

Unit: RMB

Category	31/12/2024	Changes for the year		31/12/2025
		Reversal	Write-off	
Allowance for bad debts by aging matrix	803,706.43	(395,979.21)	-	407,727.22

(3) There are no accounts receivable that have been actually written off in the year.

(4) Top five closing balances of accounts receivable categorised by debtor

Unit: RMB

Name	Accounts receivable at 31 December 2025	Proportion to the total accounts receivable at 31 December 2025 (%)	Allowance for bad debts at 31 December 2025
Company E	2,168,470,710.28	75.81	18,506.54
UGI	224,830,150.95	7.86	-
Company T	104,973,156.14	3.67	895.88
ASE Inc.	102,184,368.87	3.57	-
Company O	88,572,669.60	3.10	755.91
Total	2,689,031,055.84	94.01	20,158.33

(XVI) NOTES TO ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

3. Other receivables

(1) Disclosures by aging:

Unit: RMB

Aging	31/12/2025		
	Amount	Allowance for bad debts	Proportion of provision (%)
Within 1 year	307,186,667.44	-	-

(2) Classification by nature

Unit: RMB

Nature of other receivables	Gross carrying amount at 31 December 2025	Gross carrying amount at 31 December 2024
Cash pooling receivables from related- party	281,152,000.00	627,536,000.00
Services and purchase rebates receivable	20,117,928.31	-
Advances for third parties	2,837,107.88	5,848,753.72
Advance payments for employees	1,231,372.70	764,515.41
Amounts due from related parties	1,083,384.95	1,175,641.72
Receivables from third parties for equipment transfers	565,888.69	35,798.23
Receivables from related parties for equipment transfers	188,034.91	6,866,692.14
Principal of investment receivable	-	594,607.64
Others	10,950.00	451,125.18
Total	307,186,667.44	643,273,134.04

(3) The Company recognises credit losses on its other receivables on an individual asset basis. As at 31 December 2025, no allowance for ECLs has been made, and no allowance for ECLs has been reversed or collected due to the low probability that the Company's other receivables will not be collected.

(4) Top five closing balances of other receivables categorised by debtor

Unit: RMB

Name	31/12/2025	Proportion to the total other receivables at 31 December 2025 (%)	Nature of the amount	Aging	Allowance for bad debts at 31 December 2025
Universal Scientific Industrial De México S.A. De C.V.	281,152,000.00	91.52	Fund allocations	Within 1 year	-
Company O	20,117,928.31	6.55	Advances	Within 1 year	-
FINANCIÈRE AFG S.A.S.	938,766.54	0.31	Amounts due from related parties	Within 1 year	-
Company E	565,888.69	0.18	Advances	Within 1 year	-
Company T	450,877.50	0.15	Advances	Within 1 year	-
Total	303,225,461.04	98.71			-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

(XVI) NOTES TO ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

4. Long-term equity investments

Details of long-term equity investments:

Unit: RMB

Name of the investee	Accounting methodology	31/12/2024	Changes for the year					31/12/2025	Proportion of the ownership interest held in investee (%)	Proportion of the voting power held in investee (%)	Explanation of the inconsistency between the proportions of the ownership interest and the voting power in the investee	Cash dividends for this year
			Increase in the year	Decrease in the year	Gains or losses arising from investments	Increase from stock option grants	Impairment allowance					
Universal Global Technology Co., Limited	Cost method	3,623,769,178.88	-	-	-	-	-	3,623,769,178.88	100	100	N/A	-
USI Electronics (Shenzhen) Co., Ltd.	Cost method	397,355,784.61	-	-	-	-	-	397,355,784.61	50	100	The remaining 50% equity interest is held by Universal Global Technology Co., Limited, the Company's wholly-owned subsidiary.	-
Universal Global Technology (Kunshan) Co., Ltd.	Cost method	270,481,856.76	-	-	-	-	-	270,481,856.76	100	100	N/A	1,200,000,000.00
Universal Global Technology (Shanghai) Co., Ltd.	Cost method	1,352,592,905.24	-	-	-	-	-	1,352,592,905.24	100	100	N/A	900,000,000.00
Universal Global Electronics (Shanghai) Co., Ltd.	Cost method	50,000,000.00	-	-	-	-	-	50,000,000.00	100	100	N/A	-
Universal Global Scientific Industrial Co., Ltd.	N/A	162,885,607.67	-	-	-	-	-	162,885,607.67	N/A	N/A	The 100% equity interest is held by Universal Global Technology Co., Limited, the Company's wholly-owned subsidiary.	-
Universal Global Technology (Huizhou) Co., Ltd.	Cost method	796,689,605.53	-	-	-	-	-	796,689,605.53	100	100	N/A	300,000,000.00
FAFG	Cost method	393,342,321.82	-	-	-	-	-	393,342,321.82	10.42	100	The remaining 89.58% equity interest is held by Universal Global Technology Co., Limited, the Company's wholly-owned subsidiary.	-
Universal Optoelectronics Co., Ltd.	Cost method	-	60,000,000.00	-	-	-	-	60,000,000.00	100	100	N/A	-
Questyle Audio Technology Co., Ltd.	Equity method	3,902,360.54	-	(3,456,866.76)	(445,493.78)	-	-	-	N/A	N/A	See Note (V), 11 for details	-
Total		7,051,019,621.05	60,000,000.00	(3,456,866.76)	(445,493.78)			7,107,117,260.51				2,400,000,000.00

Note: As at 31 December 2025, the ability of the investee, in which the Company holds long-term equity investments, to transfer funds to the Company is not restricted.

(XVI) NOTES TO ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

5. Operating income and operating costs

(1) Details of operating income and operating costs

Unit: RMB

Item	Amount incurred in 2025		Amount incurred in 2024	
	Revenue	Cost	Revenue	Cost
Principal operating activities	20,855,938,185.66	19,036,814,071.48	21,942,023,457.25	20,016,489,569.49
Other operating activities	6,394,171.62	72,893.09	7,241,061.39	29,157.23
Total	20,862,332,357.28	19,036,886,964.57	21,949,264,518.64	20,016,518,726.72

(2) Analysis of principal operating income and principal operating costs by product categories:

Unit: RMB

Item	Amount incurred in 2025		Amount incurred in 2024	
	Principal operating income	Principal operating costs	Principal operating income	Principal operating costs
Communication products	12,898,929,035.78	11,842,981,832.18	14,156,689,612.87	13,085,836,678.43
Consumer electronic products	6,908,072,270.52	6,397,495,447.93	6,758,838,013.06	6,136,975,843.09
Cloud and storage products	511,056,265.84	302,099,904.36	414,378,292.45	256,736,818.92
Automotive electronic products	480,080,495.43	441,437,743.47	561,998,219.44	493,564,463.58
Others	57,800,118.09	52,799,143.54	50,119,319.43	43,375,765.47
Total	20,855,938,185.66	19,036,814,071.48	21,942,023,457.25	20,016,489,569.49

(3) Other operating income and other operating costs:

Unit: RMB

Item	Amount incurred in 2025		Amount incurred in 2024	
	Other operating income	Other operating costs	Other operating income	Other operating costs
Scrap income	6,269,626.15	-	7,095,918.45	-
Others	124,545.47	72,893.09	145,142.94	29,157.23
Total	6,394,171.62	72,893.09	7,241,061.39	29,157.23

6. Investment income

Details of investment income

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Cash dividends from subsidiaries	2,400,000,000.00	-
Investment income on disposal of held-for-trading financial assets	82,092,879.20	16,375,459.81
Investment income on disposal of long-term equity investments	3,452,633.24	-
Losses on long-term equity investments accounted for under the equity method	(445,493.78)	(3,459,733.12)
Total	2,485,100,018.66	12,915,726.69

(XVI) NOTES TO ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued**7. Supplementary information to the cash flow statement****(1) Supplementary information to the cash flow statement**

Unit: RMB

Supplementary information	2025	2024
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	3,067,316,203.27	829,231,279.04
Add: Losses on impairment of assets	8,428,589.65	15,060,813.56
Gains (losses) on impairment of credit	(395,979.21)	765,483.93
Depreciation of fixed assets	366,647,564.74	339,825,221.52
Depreciation of right-of-use assets	12,466,226.28	12,232,069.48
Amortisation of intangible assets	3,010,713.05	1,685,448.26
Amortisation of long-term prepaid expenses	7,507,931.46	10,230,256.93
Amortisation of deferred income	(17,234,350.50)	(7,126,104.37)
Gains on disposal of fixed assets, intangible assets and other long-term assets	(5,732,557.48)	(692,982.05)
Losses on retirement of fixed assets	1,362,219.05	77,111.11
Losses on changes in fair values	1,893,905.35	5,988,719.20
Financial expenses	190,646,367.23	125,710,411.77
Investment income	(2,485,100,018.66)	(12,915,726.69)
Equity-settled share-based payments	-	3,197,618.64
Decrease (increase) in deferred tax assets	3,123,887.33	(4,879,069.74)
Decrease (increase) in inventories	124,586,887.92	(116,260,380.26)
Decrease (Increase) in operating receivables	521,720,544.99	(565,177,174.84)
Increase (decrease) in operating payables	(1,185,664,622.72)	616,332,650.17
Net cash flow from operating activities	614,583,511.75	1,253,285,645.66
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Acquisition of long-term assets with debts	115,397,333.14	63,545,966.35
Increase in right-of-use assets	14,948,176.42	1,198,052.08
Convertible corporate bonds due within one year	30,534,465.55	37,230,089.82
3. Net changes in cash and cash equivalents:		
Closing balance of cash	5,658,300,305.69	3,171,249,867.11
Less: Opening balance of cash	3,171,249,867.11	3,166,517,228.25
Add: Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	2,487,050,438.58	4,732,638.86

(XVI) NOTES TO ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued**7. Supplementary information to the cash flow statement - continued****(2) Composition of cash and cash equivalents**

Unit: RMB

Item	31/12/2025	31/12/2024
I. Cash	5,658,300,305.69	3,171,249,867.11
Including: Cash on hand	-	-
Bank deposits that are readily available for payment	5,658,300,305.69	3,171,249,867.11
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents	5,658,300,305.69	3,171,249,867.11

(3) Cash and bank balances not included in cash and cash equivalents

Unit: RMB

Item	31/12/2025	31/12/2024	Reason
Cash and bank balances	10,114,161.30	4,327,939.79	Interest receivable on demand bank deposits

8. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS**(1) Related parties of the Company**

The details of the subsidiaries of the Company are set out in Note (VII), 1. The details of the associates and joint ventures of the Company are set out in Note (VII), 2. The details of other related parties are set out in Note (XI). 4.

(XVI) NOTES TO ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

8. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

(2) Related party transactions

(2.1) Purchase and sales of goods, rendering and receipt of services

Purchase of goods/receipt of services

Unit: RMB

Related party	Detail of the related party transaction	Amount incurred in 2025	Amount incurred in 2024
Universal Global Industrial Co., Ltd.	Purchase of materials	516,705,068.94	61,260,754.83
ASE Electronics Inc.	Purchase of materials	2,110,335.65	4,144,954.49
Universal Global Technology (Kunshan) Co., Ltd.	Purchase of materials	248,381.50	1,557,780.80
Universal Global Technology (Shanghai) Co., Ltd.	Purchase of materials	133,496.56	46,770.31
Universal Global Technology (Huizhou) Co., Ltd.	Purchase of materials	9,051.85	18,180.37
Universal Global Technology Co., Limited	Purchase of materials	-	489,774,135.11
Universal Scientific Industrial De México S.A. De C.V.	Purchase of materials	-	2,039,941.52
FINANCIÈRE AFG S.A.S.	Purchase of materials	-	44,068.05
Taitech Precision Electronic (Kunshan) Co., Ltd.	Purchase of materials	-	21,910.86
ASE Inc.	Purchase of materials	-	42.60
Total		519,206,334.50	558,908,538.94
Universal Global Scientific Industrial Co., Ltd.	Commissions	51,706,465.18	56,325,128.17
Universal Global Scientific Industrial Co., Ltd.	Test service fee	50,080,024.08	49,808,155.80
ASE Corporate Services (Shanghai) Limited	Receipt of services	27,380,378.89	26,070,229.17
Universal Global Technology Co., Limited	Receipt of services	21,482,596.80	20,257,669.80
USI America. Inc.	Receipt of services	14,219,807.49	-
Universal Scientific Industrial (France)	Receipt of services	5,620,647.38	-
Asteelflash Suzhou Co., Ltd.	Receipt of services	3,564,932.63	1,412,023.16
USI Science and Technology (Shenzhen) Co., Ltd.	Receipt of services	2,264,151.00	6,037,735.90
Shanghai Dingxu Property Management Co., Ltd.	Receipt of services	2,067,404.64	1,995,231.21
ASE Assembly & Test (Shanghai) Limited	Receipt of services	1,169,823.00	
Universal Global Technology (Shanghai) Co., Ltd.	Receipt of services	583,728.60	4,880,882.50
Total		180,139,959.69	166,787,055.71

The above transactions are executed at the prices agreed on by both parties.

(XVI) NOTES TO ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

8. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

(2) Related party transactions - continued

(2.1) Purchase and sales of goods, rendering and receipt of services - continued

Sales of goods/Rendering of services:

Unit: RMB

Related party	Detail of the related party transaction	Amount incurred in 2025	Amount incurred in 2024
Universal Global Industrial Co., Ltd.	Sales of goods	1,008,568,809.63	1,254,570,561.89
ASE Inc.	Sales of goods	412,991,272.69	258,806,405.49
Universal Global Technology (Shanghai) Co., Ltd.	Sales of goods	76,143,914.83	87,612,481.93
Universal Scientific Industrial Vietnam Company Limited	Sales of goods	18,563,591.27	862,502.52
Universal Global Technology (Kunshan) Co., Ltd.	Sales of goods	3,911,917.28	2,834,399.38
Universal Global Technology (Huizhou) Co., Ltd.	Sales of goods	25,549.82	1,216,186.48
Universal Scientific Industrial De México S.A. De C.V.	Sales of goods	20,942.89	53,066.20
Asteelflash Suzhou Co., Ltd.	Sales of goods	-	145,749.20
Total		1,520,225,998.41	1,606,101,353.09
ASE Inc.	Rendering of services	6,765,392.09	7,380,813.02
FINANCIÈRE AFG S.A.S.	Rendering of services	3,616,587.47	3,232,221.45
Universal Global Technology (Shanghai) Co., Ltd.	Rendering of services	1,244,652.06	-
Hischmann Car Communication GmbH	Rendering of services	1,192,693.82	N/A
ISE labs, China. Ltd.	Rendering of services	316,031.46	1,008,545.54
Universal Scientific Industrial De México S.A. De C.V.	Rendering of services	232,187.17	557,439.06
Hirschmann Car Communication, Inc.	Rendering of services	191,391.71	N/A
Hirschmann Car Communication (Shanghai) Co., Ltd.	Rendering of services	185,077.00	N/A
Hischmann Car Communication S.A.S.	Rendering of services	45,141.77	N/A
Universal Global Technology (Huizhou) Co., Ltd.	Rendering of services	15,533.02	-
Universal Global Technology (Kunshan) Co., Ltd.	Rendering of services	9,309.24	10,586,337.21
Universal Global Scientific Industrial Co., Ltd.	Rendering of services	7,137.62	-
Universal Scientific Industrial Vietnam Company Limited	Rendering of services	-	56,798.10
Universal Global Industrial Co., Ltd.	Rendering of services	-	4,327.00
Total		13,821,134.43	22,826,481.38

The above transactions are executed at the prices agreed on by both parties.

(XVI) NOTES TO ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

8. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

(2) Related party transactions - continued

(2.2) Leases with related parties

The Company as a lessor:

Unit: RMB

Name of the lessee	Type of leased assets	Lease income recognised in 2025	Lease income recognised in 2024
Universal Global Technology (Shanghai) Co., Ltd.	Machinery and equipment	72,893.09	29,157.23
Total		72,893.09	29,157.23

The above transactions are executed at the prices agreed on by both parties.

The Company as lessee:

Unit: RMB

Name of the lessor	Type of leased assets	Right-of-use asset leases added in 2025	Interest expenses on leases for 2025
ASE Assembly & Test (Shanghai) Limited	Leasing of business premises	-	1,327,823.06

The above transactions are executed at the prices agreed on by both parties.

Unit: RMB

Name of the lessor	Type of leased assets	Right-of-use asset leases added in 2024	Interest expenses on leases for 2024
ASE Assembly & Test (Shanghai) Limited	Leasing of business premises	-	1,711,886.60

The above transactions are executed at the prices agreed on by both parties.

(XVI) NOTES TO ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

8. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

(2) Related party transactions - continued

(2.3) Financing with related parties

Unit: RMB

Related party	Annual interest rate	Amount incurred in 2025		31/12/2025
		Amount lent	Amount collected (Note)	Amount
Lent to - Cash pool trading (Note)				
Universal Scientific Industrial De México S.A. De C.V.	One month Term SOFR +40 base points	284,120,000.00	290,504,000.00	281,152,000.00
Universal Global Technology Co., Limited	USD: One month TERM SOFR +40 base points RMB: 2.20%	57,358,400.00	397,358,400.00	-

Note: The amount recovered from cash pool trading for the year include exchange differences at the period end.

Unit: RMB

Related party	Annual interest rate	Amount incurred in 2024		31/12/2024
		Amount lent	Amount collected (Note)	Amount
Lent to - Cash pool trading (Note)				
Universal Scientific Industrial De México S.A. De C.V.	One month Term SOFR +40 base points	284,496,000.00	280,268,000.00	287,536,000.00
Universal Global Technology Co., Limited	2.20%	510,000,000.00	524,135,000.00	340,000,000.00
Universal Global Technology (Huizhou) Co., Ltd.	2.20%	150,000,000.00	200,000,000.00	-

Note: The amount recovered from cash pool trading for the year include exchange differences at the period end.

The interest income for 2025 is RMB17,847,682.75 (2024: RMB28,140,093.18), and the interest not received at the end of the year is nil (31 December 2024: nil).

Note: The Company entered into a cash pool entrustment loan agreement with the bank for entrusted loans in which the Company is the leading party and Universal Global Technology (Shanghai) Co., Ltd., USI Electronics (Shenzhen) Co., Ltd., Universal Global Technology Co., Limited, Universal Global Technology (Kunshan) Co., Ltd., Universal Global Technology (Huizhou) Co., Ltd., Universal Scientific Industrial Vietnam Company Limited and Universal Scientific Industrial De México S.A. De C.V. are participants.

(XVI) NOTES TO ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

8. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

(2) Related party transactions - continued

(2.4) Assets transfer with related parties

Unit: RMB

Related party	Detail of the related party transaction	Amount incurred in 2025	Amount incurred in 2024
Universal Global Technology (Shanghai) Co., Ltd.	Purchase of fixed assets	11,600,805.84	12,504,933.30
ISE labs, China. Ltd.	Purchase of fixed assets	8,691,164.34	-
Universal Scientific Industrial Vietnam Company Limited	Purchase of fixed assets	5,662,072.02	-
Universal Global Industrial Co., Ltd.	Purchase of fixed assets	5,031,071.24	23,556,749.46
Universal Global Technology (Kunshan) Co., Ltd.	Purchase of fixed assets	13,988.09	27,470.30
Taitech Precision Electronic (Kunshan) Co., Ltd.	Purchase of fixed assets	-	276,000.00
Universal Global Technology (Huizhou) Co., Ltd.	Purchase of fixed assets	-	6,183.33
Total		30,999,101.53	36,371,336.39
Universal Scientific Industrial Vietnam Company Limited	Sales of fixed assets	2,510,521.79	751,711.69
Universal Global Technology (Shanghai) Co., Ltd.	Sales of fixed assets	465,851.53	4,038,012.27
Universal Global Technology (Kunshan) Co., Ltd.	Sales of fixed assets	430,964.72	1,449,656.00
Universal Global Scientific Industrial Co., Ltd. (Note)	Sales of fixed assets	574.13	2,195,754.46
Siliconware Precision Industries Co., Ltd.	Sales of fixed assets	-	6,768,750.00
ISE labs, China. Ltd.	Sales of fixed assets	-	920,532.11
Total		3,407,912.17	16,124,416.53

Note: Purchase fixed assets on behalf of Universal Global Industrial Co., Limited.

The above transactions are executed at the prices agreed on by both parties.

(2.5) Interest expenses with related parties

Unit: RMB

Related party	Detail of the related party transaction	Amount incurred in 2025	Amount incurred in 2024
USI Enterprise Limited	Interest expenses on convertible bonds	417,636.08	38,777,856.86

(2.6) Compensation for key management personnel

Unit: RMB

Item	Amount incurred in 2025	Amount incurred in 2024
Compensation for key management personnel	23,521,163.36	28,248,523.85

(XVI) NOTES TO ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

8. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

(3) Amounts due from/to related parties

(3.1) Amounts due from related parties

Unit: RMB

Item	Related party	31/12/2025	31/12/2024
		Gross carrying amount	Gross carrying amount
Accounts receivable	Universal Global Industrial Co., Ltd.	224,830,150.95	282,730,277.61
Accounts receivable	ASE Inc.	102,184,368.87	140,550,057.87
Accounts receivable	Universal Global Technology (Shanghai) Co., Ltd.	16,155,960.97	15,554,304.92
Accounts receivable	Universal Scientific Industrial Vietnam Company Limited	5,720,461.98	827.61
Accounts receivable	Hirschmann Mobility Holding GmbH	1,259,560.38	-
Accounts receivable	Universal Global Technology (Kunshan) Co., Ltd.	355,750.67	297,440.49
Accounts receivable	Universal Scientific Industrial De México S.A. De C.V.	247,413.76	445,371.70
Accounts receivable	Hirschmann Car Communication, Inc.	202,121.79	-
Accounts receivable	Hirschmann Car Communication (Shanghai) Co., Ltd.	196,181.62	-
Accounts receivable	Hirschmann Car Communication S.A.S.	47,672.48	-
Accounts receivable	Universal Global Technology (Huizhou) Co., Ltd.	901.29	4,133.96
Total		351,200,544.76	439,582,414.16

Unit: RMB

Item	Related party	31/12/2025	31/12/2024
		Gross carrying amount	Gross carrying amount
Other receivables	Universal Scientific Industrial De México S.A. De C.V. (Note)	281,152,000.00	287,536,000.00
Other receivables	FINANCIERE AFG S.A.S.	938,766.54	890,642.76
Other receivables	Universal Global Technology (Shanghai) Co., Ltd.	128,153.41	32,947.67
Other receivables	Universal Global Technology (Kunshan) Co., Ltd.	128,066.67	
Other receivables	Universal Scientific Industrial Vietnam Company Limited	52,320.91	37,712.14
Other receivables	Universal Global Technology (Huizhou) Co., Ltd.	16,465.00	
Other receivables	Universal Global Industrial Co., Ltd.	7,647.33	
Other receivables	Universal Global Technology Co., Limited (Note)		340,000,000.00
Other receivables	Siliconware Precision Industries Co., Ltd.		6,828,980.00
Other receivables	ISE labs, China. Ltd.		252,051.29
Total		282,423,419.86	635,578,333.86

(XVI) NOTES TO ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

8. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

(3) Amounts due from/to related parties - continued

(3.1) Amounts due from related parties - continued

Note: The Company entered into a cash pool entrustment loan agreement with the bank for entrusted loans in which the Company is the leading party and Universal Global Technology (Shanghai) Co., Ltd., USI Electronics (Shenzhen) Co., Ltd., Universal Global Technology Co., Limited, Universal Global Technology (Kunshan) Co., Ltd., Universal Global Technology (Huizhou) Co., Ltd., Universal Scientific Industrial Vietnam Company Limited and Universal Scientific Industrial De México S.A. De C.V. are participants.

Unit: RMB

Item	Related party	31/12/2025	31/12/2024
		Gross carrying amount	Gross carrying amount
Other non-current assets	ASE Assembly & Test (Shanghai) Limited	396,980.57	409,781.71

(3.2) Amounts due to related parties

Unit: RMB

Item	Related party	31/12/2025	31/12/2024
Accounts payable	Universal Global Industrial Co., Ltd.	140,154,796.41	59,663,412.30
Accounts payable	Universal Global Scientific Industrial Co., Ltd.	15,568,349.19	-
Accounts payable	Universal Scientific Industrial (France)	5,040,825.92	-
Accounts payable	USI America. Inc.	3,232,182.69	-
Accounts payable	Asteelflash Suzhou Co., Ltd.	851,920.97	-
Accounts payable	Universal Global Technology (Shanghai) Co., Ltd.	345,869.71	836.20
Accounts payable	ASE Electronics Inc.	66,570.89	847,261.43
Accounts payable	Universal Global Technology (Kunshan) Co., Ltd.	54,712.71	231,113.49
Accounts payable	Universal Scientific Industrial De México S.A. De C.V.	7,211.55	1,268,524.85
Accounts payable	Universal Global Technology (Huizhou) Co., Ltd.	3,885.28	1,704.91
Accounts payable	Universal Global Technology Co., Limited	-	117,692,013.37
Accounts payable	FINANCIÈRE AFG S.A.S.	-	826.67
Total		165,326,325.32	179,705,693.22

(XVI) NOTES TO ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS - continued

8. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

(3) Amounts due from/to related parties - continued

(3.2) Amounts due to related parties - continued

Unit: RMB

Item	Related party	31/12/2025	31/12/2024
Other payables	Universal Global Scientific Industrial Co., Ltd.	11,756,553.63	14,172,735.70
Other payables	ASE Corporate Services (Shanghai) Limited	2,240,789.35	1,922,413.32
Other payables	Universal Global Technology Co., Limited	1,855,603.20	1,703,650.80
Other payables	Shanghai Dingxu Property Management Co., Ltd.	230,735.98	182,208.25
Other payables	ASE Assembly & Test (Shanghai) Limited	320,134.25	-
Other payables	USI Science and Technology (Shenzhen) Co., Ltd.	200,000.00	4,200,000.00
Other payables	Universal Global Technology (Shanghai) Co., Ltd.	16,769.20	-
Other payables	Asteelflash Suzhou Co., Ltd.	-	553,145.65
Total		16,620,585.61	22,734,153.72

Unit: RMB

Item	Related party	31/12/2025	31/12/2024
Lease liabilities	ASE Assembly & Test (Shanghai) Limited	31,764,489.15	31,669,194.59

Unit: RMB

Item	Related party	31/12/2025	31/12/2024
Bonds payable	USI Enterprise Limited	-	785,428,252.70

(XVII) SUPPLEMENTARY INFORMATION**1. Breakdown of non-recurring profit or loss for the current period**

Unit: RMB

Item	Amount	Description
Gains or losses on disposal of non-current assets, including those charged off for which provision for impairment of assets has been made	203,325,038.86	See Notes (V), 55, 59 and 61 for details
Government grants recognised in profit or loss (other than those closely related to the Company's business, in line with the national regulations, available under established standards and having a continuous impact on the Company's profit or loss)	30,997,721.69	See Notes (V), 54 for details
Gains or losses on changes in the fair value of financial assets and financial liabilities held by non-financial enterprises and gains or losses on disposal of financial assets and financial liabilities, other than those used in the effective hedging activities relating to the Company's normal businesses	155,340,141.68	See Notes (V), 55 and 56 for details
Reversal of allowance for impairment on receivables subject to impairment testing on an individual basis	3,658,249.59	See Notes (V), 4 for details
One-time costs incurred by enterprises due to the fact that the relevant business activities are no longer sustainable, such as expenses for relocating employees	(109,627,486.97)	
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the requirements of tax laws and accounting laws and regulations	(19,128,013.42)	
Other non-operating income and expenses other than the above	63,381,721.25	See Notes (V), 60 and 61 for details
Less: Income tax effects	24,785,695.23	
Effects attributable to minority interests	47,451.47	
Total	303,114,225.98	

2. Return on net assets and earnings per share ("EPS")

The return on net assets and EPS has been prepared by Universal Scientific Industrial (Shanghai) Co., Ltd. in accordance with *Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share* (Revised 2010) issued by China Securities Regulatory Commission.

Unit: RMB

Profit for the reporting year	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	9.98%	0.85	0.84
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	8.35%	0.71	0.71