

TOPBAND 拓邦

Shenzhen Topband Co., Ltd.

Annual Report 2022



Topband Investor Relations Applet

March 2023

Annual Report 2022

Section I Important Notes, Contents and Definitions

The Board of Directors, the Board of Supervisors and directors, supervisors and senior executives of the Company hereby assure that the content set out in the Annual Report is true, accurate and complete. It shall be free from false records, misleading statements or major omissions, and shall bear individual and joint legal liabilities therein.

Wu Yongqiang, the principal of the Company, Xiangwei, accounting head, and Luo Muchen, accounting department head (the person in charge of accounting department) hereby guarantee the truth, accuracy and completeness of the financial report in this annual report.

All directors have attended the Board Meeting at which the Report was scrutinized.

Forward-looking statements, such as future plans covered in the Report are not regarded as the actual commitment to investors who should be alert to investment risks. A detailed explanation of the risks faced by the Company is presented in Section III of the Report "Management discussion and analysis". Investors are kindly requested to note the relevant content.

The profit distribution plan of common stocks deliberated and passed by the Board of Directors of the Company: Based on the total share capital of the Company of 1,264,354,172 shares (excluding 5,181,200 repurchased treasury shares), the Company distributed cash dividend RMB 0.6 (tax inclusive) and 0 bonus share (tax inclusive) for every 10 shares to all shareholders, without converting the accumulation fund to increase the share capital. The accumulated retained earnings remaining after the implementation of the profit distribution plan will be carried forward to subsequent years. If the total share capital of the Company changes before the implementation of the profit distribution plan due to reasons such as share repurchase and stock option exercise, the total distribution will be adjusted accordingly based on the principle of keeping the distribution ratio per share unchanged. Investors are advised to pay attention to the risk of adjusting the total distribution due to changes in total share capital.

This report has been prepared in Chinese and translated into English. Should there be any

discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

General Manager's speech

Dear shareholders, partners, and all friends concern about Topband:

Thank you for your attention and support to Topband, and I am honored to share our 2022 Annual Report with you here. In the past year, we faced many challenges, but with the joint efforts of all employees, the Company still achieved remarkable results. Our sales revenue reached RMB 8.875 billion, achieving double-digit growth and completing our annual business target.

Topband has been adhering to the "long-term philosophy"; business is in the long run, not in a moment. Our mission is to advance human society by making the world a more innovative and lower-carbon place. Over the past 26 years, we have been committed to providing solutions to our customers using the "four electrics and one network" intelligent technology to create value around "intelligent" and "low carbon."

In 2022, I will focus on sharing five key advances.

First, a healthier business structure. We have formed a home appliance segment with household as the application scenario, a tool segment with labor as the scenario, and a new energy segment with green and low-carbon as the scenario. In 2022, the business of the new energy segment was increasing, forming a good situation of "three legs and driving side by side."

Second, a richer product portfolio. Through continuous technology and product innovation, we have formed a matrix of hundreds of products covering the four core technologies of electric control, battery, motor, and power supply. We offer a range of intelligent products and solutions to help our customers and partners improve their competitiveness and achieve market success.

Third, the level of intelligent manufacturing significantly improved. Under the wave of manufacturing development of "digitalization, networking, and intelligence," we have created a unique intelligent manufacturing system based on "lean," "automation," and "digitalization" to build an intelligent factory with the "shortest delivery time, stable quality, best cost, and flexible delivery." In 2022, the Company achieved a significant reduction in the overall manufacturing rate, a reduction in the manufacturing side, and a substantial increase in intelligent manufacturing.

Fourth, the international layout continues to accelerate. In 2022, Vietnam and India's bases

continued to expand production, and Mexico and Romania bases were also completed and put into operation. International operation departments in Europe, America, South Africa, and Japan were established one after another, which accelerated the development of the Company's global layout.

Fifth, continued improvement in organizational capacity. We further strengthen the business unit (BU) organization, delegate more resources and authority to the BU, support the BU to serve our customers better, and pull the middle and back office departments to work together through the process. In 2022, many new BU businesses increased, and organizational reforms' results gradually became apparent.

Looking ahead to 2023, although there are uncertainties in the global economic situation, we believe that the development trend of "intelligent, low-carbon, and internationalization" will continue in the long term, and the Company still has excellent development opportunities. We will adhere to the value concept of "Agile-Innovation-Partnership," gain deep insight into customer needs, drive the rapid growth of new businesses and new products with innovation, and grow with our partners.

In 2023, I am placing particular emphasis on three strategic priorities.

First, accelerate the development of new businesses and innovative products. We have defined our future strategic emerging businesses and key innovative products through strategic planning. In 2023, we will further launch a series of particular actions around key new businesses and innovative products to focus on accelerating development.

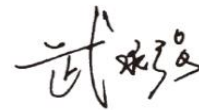
Second, accelerate international operations. The need for internationalization continues to grow as the demand for localized delivery from overseas customers increases and more Chinese companies go abroad. The Company will continue to replicate its successful experience in overseas operations, accelerate the layout of its operations in international markets and enhance its localization capabilities in markets, supply chains, and services.

Third, reduce costs and increase efficiency to improve operating efficiency. Cost control is a long-term task for enterprises and a core task in the current economic environment. We will build cost advantages by strengthening design, material, and manufacturing cost reductions. At the same time, we will further optimize our organizational management and continue to carry out lean, automated, and digital improvements to continuously improve our operational efficiency through

digital operations in the supply chain, manufacturing, and operations.

Looking ahead, we will implement specific work following the Company's strategic planning requirements and continue to work closely with our partners. Thanks to the trust and support of all shareholders and partners, we will continue to provide excellent products and services to our customers and build a more intelligent, low-carbon, and better future world.

General Manager, Shenzhen Topband Co., Ltd.

A handwritten signature in black ink, consisting of stylized Chinese characters, positioned below the title of the General Manager.

March 31, 2023

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Directory of documents for future reference

- I. Financial statements containing the signatures and seals of the leader of the Company, the accounting principal and the accounting department head.
- II. The original audit report bearing the seal of the accounting firm and the signatures and seals of the certified public accountants.
- III. The originals of all the company documents publicly disclosed in newspapers designated by the CSRC during the reporting period and the original manuscripts of announcements.
- IV. The original of the Annual Report 2022 bearing the signature of the chairman.
- V. All the above documents are ready and complete, and are available for reference at the office of the Board of Directors of the Company.

Interpretation

Terms	Refer to	Contents
Company, the Company, Topband	Refer to	Shenzhen Topband Co., Ltd.
RMB, RMB ten thousand and RMB 100 million	Refer to	RMB, RMB ten thousand and RMB 100 million
CSRC	Refer to	China Securities Regulatory Commission
Exchange	Refer to	Shenzhen Stock Exchange
Reporting period	Refer to	From January 1, 2022 to December 31, 2022
Articles of Association	Refer to	Articles of Association of Shenzhen Topband Co., Ltd.
Huizhou Topband	Refer to	Huizhou Topband Electrical Technology Co., Ltd.
YAKO Automation	Refer to	Shenzhen YAKO Automation Technology Co., Ltd.
HCD	Refer to	Shenzhen Allied Control System Co., Ltd.
Topband Software	Refer to	Shenzhen Topband Software Technology Co., Ltd.
ORVIBO	Refer to	Shenzhen ORVIBO Technology Co., Ltd.
Chongqing Yiyuan	Refer to	Chongqing Topband Industrial Co., Ltd.
Ningbo Topband	Refer to	Ningbo Topband Intelligent Control Co., Ltd.
China Tower	Refer to	China Tower Corporation Limited
Meanstone Intelligent	Refer to	Shenzhen Meanstone Intelligent Technology Co., Ltd.
HANSC Intelligent	Refer to	Shenzhen HANSC Intelligent Technology Co., Ltd.
Hong Kong Topband	Refer to	Topband (Hong Kong) Co., Ltd.
Topband Mexico	Refer to	Topband Mexico Company Limited
Topband Romania	Refer to	Topband Smart Europe Company Limited
Topband Battery	Refer to	Shenzhen Topband Battery Co., Ltd.
Ninghui Lithium Battery	Refer to	Taixing Ninghui Lithium Battery Co., Ltd.
IOT	Refer to	Internet of Things
T-SMART	Refer to	Topband one-stop smart home solutions
AI	Refer to	Artificial Intelligence
BLDC Motor	Refer to	Brushless DC Motor
BG and BU	Refer to	Business Group and Business Unit
IPD	Refer to	Integrated Product Development
ISC	Refer to	Integrated Supply Chain

Section II Company profile and primary financial indicators

I. Company information

Stock abbreviation	Topband	Stock code	002139
Listed stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	Shenzhen Topband Co., Ltd.		
Chinese abbreviation of the Company name	Topband		
Name of the Company in foreign language (if any)	Shenzhen Topband Co., Ltd		
Name of the Company in foreign language (if any)	Topband		
Legal representative of the Company	Wu Yongqiang		
Registered address	F1, Topband Industrial Park Phase II, Keji Second Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen		
Postal code of registered address	518108		
Historical changes of registered address of the Company	The registered address of the Company has been changed from "Room 413, Area B, Tsinghua University Research Institute, High-tech Industrial Park, Yuehai Street, Nanshan District, Shenzhen" to "F1, Topband Industrial Park Phase II, Keji Second Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen".		
Office address	Topband Industrial Park, Keji Second Road, Shiyan Sub-district, Bao'an District, Shenzhen		
Postal code of office address	518108		
Company website	http://www.topband.com.cn		
Email	wenzh@topband.com.cn		

II. Contact person and contact information

	Secretary of the Board of Directors	Representative of securities affairs
Name	Wen Zhaohui	Zhang Yuhua
Address	Topband Industrial Park, Keji Second Road, Shiyan Sub-district, Bao'an District, Shenzhen	Topband Industrial Park, Keji Second Road, Shiyan Sub-district, Bao'an District, Shenzhen
Tel	0755-26957035	0755-26957035
Fax	0755-26957440	0755-26957440
Email	wenzh@topband.com.cn	zhangyuhua@topband.com.cn

III. Information disclosure and storage place

Website of the stock exchange for disclosure of the Company's annual report	http://www.cninfo.com.cn
Name and website of the media for disclosure of the	Securities Times and CNINFO (http://www.cninfo.com.cn)

Company's annual report	
Location where the Company's annual report is available	Office of the Board of Directors of the Company

IV. Changes in registration

Unified social credit code	91440300192413773Q
Changes in the main business of the Company since its listing (if any)	No change
Previous changes in controlling shareholders (if any)	No change

V. Other relevant information

Accounting firm engaged by the Company

Name of accounting firm	BAKER TILLY International Accounting Firm (Special General Partnership)
Office address of accounting firm	Areas A-1 and A-5, #68, No. 19, Chegongzhuang West Road, Haidian District, Beijing
Name of undersigned accountant	Chen Zhigang, Zhao Yang

Sponsor engaged by the Company to perform continuous supervision duties during the reporting period

Applicable Not applicable

Name of Sponsor	Office address of Sponsor	Name of Sponsor's representative	Continuous supervision period
China Securities Co., Ltd.	Room 2203, North Tower, Shanghai Securities Building, No. 528 Pudong South Road, Shanghai	Xu Chao and Zhu Mingqiang	2021/6/3-2022/12/31

The financial adviser employed by the Company to perform continuous supervision duties in the reporting period

Applicable Not applicable

VI. Main accounting data and financial indicators

Whether the Company is required to retroactively adjust or restate the accounting data of previous years

Yes No

	2022	2021	Increase or decrease in the current year over the last year	2020
Operating income (RMB)	8,875,099,137.06	7,767,034,835.03	14.27%	5,560,182,998.21
Net profit attributable to shareholders of listed companies (RMB)	582,655,258.38	564,964,282.18	3.13%	532,161,123.64
Net profit attributable to shareholders of listed companies after deducting non-recurring profit and loss (RMB)	483,703,060.80	432,038,218.88	11.96%	381,388,244.05

Net cash flow from operating activities (RMB)	491,055,076.33	-224,562,545.86	318.67%	647,900,708.38
Basic earnings per share (RMB/share)	0.46	0.47	-2.13%	0.51
Diluted earnings per share (RMB/share)	0.46	0.47	-2.13%	0.51
Weighted return on average equity	10.85%	13.11%	-2.26%	19.21%
	End of 2022	End of 2021	Increase or decrease at the end of the current year compared with the end of the previous year	End of 2020
Total assets (RMB)	10,364,556,848.34	9,606,992,402.39	7.89%	6,774,684,691.87
Net assets attributable to shareholders of listed companies (RMB)	5,728,523,458.33	5,028,315,406.63	13.93%	3,457,256,863.83

Note: 1. In 2022, the total amount of share-based payment expenses confirmed due to equity incentives was approximately RMB 123.862 million, a net increase of RMB 96.1039 million compared to RMB 27.7581 million in 2021 (taking into account the impact of related income tax expenses).

2. After excluding the impact of the aforementioned share-based payment expenses, the net profit attributable to shareholders of the listed companies during the reporting period was RMB 706.5173 million, an increase of 19.20% compared to the same period last year; the net profit attributable to shareholders of the listed companies after deduction of non-recurring profits and losses was RMB 607.5651 million, an increase of 32.14% compared to the same period last year.

Whichever was the lower of the Company's net profit before or after deduction of non-recurring profit and loss for the last three fiscal years was negative, and the audit report for the latest year showed that there was uncertainty about the Company's ability to continue as a going concern.

Yes No

The lower of net profit before and after deduction of non-recurring profits and losses was negative

Yes No

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

1. Differences in net profit and net assets between financial reports disclosed in accordance with International Accounting Standards and those disclosed in accordance with PRC GAAP at the same time

Applicable Not applicable

There is no difference in net profit and net assets between financial reports disclosed in accordance with International Accounting Standards and those disclosed in accordance with PRC GAAP during the reporting

period.

(2) Difference between the net profit and net assets in the financial reports disclosed in accordance with both foreign accounting standards and Chinese accounting standards at the same time

Applicable Not applicable

There is no difference in net profit and net assets between financial reports disclosed in accordance with Overseas Accounting Standards and those disclosed in accordance with PRC GAAP during the reporting period.

VIII. Main financial indicators by quarters

Unit: RMB

	First quarter	Second quarter	Third quarter	Fourth quarter
Operating income	1,867,713,022.70	2,360,290,114.87	2,307,433,143.44	2,339,662,856.05
Net profit attributable to shareholders of listed companies	94,076,282.26	152,431,989.12	212,244,704.87	123,902,282.13
Net profit attributable to shareholders of listed companies after deducting non-recurring profit and loss	57,646,415.49	147,009,640.61	163,661,033.59	115,385,971.11
Net cash flow from operating activities	63,137,832.29	11,748,423.10	560,552,037.39	-144,383,216.45

Whether there are any significant differences between the above financial indicators or the sum thereof and relevant financial indicators given in the quarterly and semi-annual reports issued by the Company

Yes No

IX. Items and amount of non-recurring profit and loss

Applicable Not applicable

Unit: RMB

Items	Amount in 2022	Amount in 2021	Amount in 2020	Description
Profits and losses on disposal of non-current assets (including the write-off portion of the provision for asset impairment)	-3,145,453.49	-789,236.29	-2,162,674.03	
Government subsidies included in current profits and losses (except those that are closely related to the normal business of the Company, conform to national policies and regulations and are continuously enjoyed in a fixed or quantitative manner according to certain standards)	33,217,045.91	16,456,682.22	27,326,933.85	
profits and losses due to fair value changes arising from the holding of tradable financial assets and liabilities, as well as the investment income from the disposal of tradable financial assets and liabilities and available-for-sale financial assets, except for the effective hedging business related to the normal business of	90,812,862.06	133,466,036.23	147,775,030.77	

the Company				
Reversal of the provision for impairment in receivables for which impairment tests are carried out separately	120,596.48			
Other non-operating income and expenses other than those mentioned above	373,250.06	-1,787,714.37	43,836.85	
Other items of profits and losses that meet the definition of non-recurring profits and losses	270,112.67	9,914,763.48	5,602,702.63	
Minus: amount affected by income tax	22,265,407.68	23,726,354.32	27,106,631.22	
Amount affected by minority shareholders' equity (after tax)	430,808.43	608,113.65	706,319.26	
Total	98,952,197.58	132,926,063.30	150,772,879.59	--

Details of other items of profits and losses that conform to the definition of non-recurring profits and losses:

Applicable Not applicable

None.

Explanation of defining the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profits and Losses as recurring profit and loss items

Applicable Not applicable

There is no such situation of defining the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profits and Losses as recurring profit and loss items in the Company

Section III Management Discussion and Analysis

I. Industry in which the Company operates during the reporting period

1. Basic situation of the industry

The intelligent controller is a class of advanced automatic control technology and computer technology that integrates sensing, microelectronics, and power electronics technology and many other technical disciplines and forms high-tech products. It acts like the human nervous system, playing the role of "nerve center" and "brain" to achieve precise control of the physical world through collecting, processing, and analyzing various information.

The application field of the intelligent controller is vast, mainly including home appliances, intelligent homes, intelligent buildings, power tools, industrial and automation, automotive electronics, new energy, and medical equipment. With the continuous emergence of new technologies, intelligent control technology is also constantly developing and upgrading, and the degree of intelligence is getting higher and higher. Especially with 5G, the Internet of Things, artificial intelligence, cloud computing, and other new technologies continue to integrate the development of various products to accelerate the iteration of the intelligent controller industry as a broader development prospect will emerge more new products, new industries, and new models.

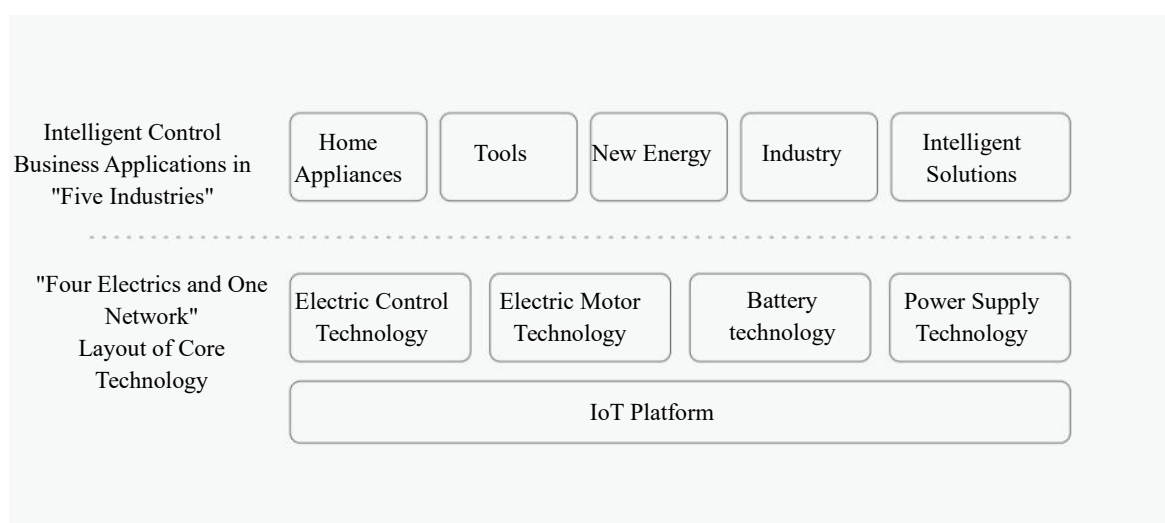
2. Industry status

The Company is a leading global solution provider in intelligent control, always upholds the value of "Agile Innovation Partner," and drives the Company's continuous development through technological innovation. The Company has formed a comprehensive technology system of "four electrics and one network" (electric control, motor, battery, power supply, and IOT platform), mainly for five industries: home appliances, tools, new energy, industry, and intelligent solutions, providing customized intelligent control solutions for downstream customers.

With the three unique capabilities of "platform-based technology innovation capability, partner-based customer service capability, and systematic rapid response capability" as the core, the Company has been forging ahead. It has established close partnerships with many headline customers in the industry. The Company is now a leader in intelligent control solutions for the home appliance and tool industries and an innovation leader in the new energy and industrial sectors.

II. Main business engaged by the Company during the reporting period

The Company's primary business is the research and development, production, and sales of intelligent control system solutions, i.e., the "four electrics and one network" technology of electric control, motor, battery, power supply, and Internet of Things platform as the core, for home appliances, tools, new energy, industrial, intelligent solutions, and other five industries to provide a variety of customized solutions. The Company is a global leader in intelligent control solutions for the home appliance and tool industries and an innovation leader in the new energy and industrial sectors.



1. The Company's core technology: "four electrics and one network," electric control, motor, battery, power technology, and Internet of things platform.

1.1 Electrical control technology. The electrical control technology is the core of a microelectronic computer to achieve intelligent control technology, involving sensing technology, power electronics, signal processing technology, communication technology, interactive technology, power and energy conversion technology, electromagnetic compatibility, and many other technical fields. The Company focuses on developing key technologies such as automatic control technology, human-machine interaction technology, embedded computing technology, machine vision technology, robotics technology, intelligent sensor technology, and motion control technology.

The Company has formed hundreds of electronic control technology platforms that can meet the needs of products in four major industries: home appliances, tools, new energy, and industry. The electronic control technology is widely used in products such as controllers, electromechanical integration, power supplies, and intelligent batteries.

1.2 Electronic motor technology. Motor technology converts electrical energy into kinetic energy and is one of the key technologies necessary for all kinds of intelligent products and modern industries. Focusing on continuous innovation of high efficiency, low noise, high precision, and high stability of motors, the Company has established a complete technical capability from motor design and simulation, testing, and verification to scale manufacturing, forming dozens of advanced motor product platforms such as brushless DC motors (BLDC), stepper motors and servo motors.

The Company's motor technology has been successfully applied to many fields, including power tools, automation equipment, intelligent appliances, new energy vehicles, robots, and other fields. Among them, the Company's power tools and motion control products are in the leading position in China and have been widely recognized in the market.

1.3 Battery technology. Battery technology is the technology where energy is stored and managed. Its core technologies include battery material application, cell design and manufacturing, and battery system integration. Battery material application technologies include positive and negative electrode materials, electrolytes, diaphragms, and other related application technologies; cell design and manufacturing include electrochemical architecture design and manufacturing process technologies such as coating, laminating/winding, and forming; battery system integration consists of a series of technologies such as battery assembly, thermal management, collision and leakage safety, accurate measurement of voltage/current/temperature signals, battery state estimation and cell equalization. The technology spans multiple fields of material science, electrochemistry, electronics, and control engineering. After years of accumulation, the Company has formed a complete design, development customization, and production technology capability from cell technology (CELL) and battery management technology (BMS) to battery pack (PACK) system.

1.4 Power supply technology. Power technology is an electrical energy conversion technology that safely, efficiently, and intelligently transforms the front-end input into the required output for the load. The Company has various analog power supplies, switching power supplies, and digital power supply technology platforms with different power levels. It can provide charging, inverter, and various customized power supply solutions.

1.5 Internet of Things (IoT) platform. The IoT platform is a collection of the sensing layer, connectivity layer, and application layer technologies, mainly including connectivity management, device management, and application. The Company has formed a complete technical capability from IoT module and intelligent terminal to APP and PaaS IoT cloud platform. It has developed solutions for more than ten business scenarios.

2. The Company's main products: for "home appliances, tools, new energy, industrial, intelligent solutions," five significant industries to provide customized system solutions.

The Company's products are mainly classified into four categories: controller, motor, power supply, and battery. The Company's product offering model is based on customers' needs in five major downstream industries: home appliances, tools, new energy, industry, and intelligent solutions, and provides customized products and comprehensive solutions by using "four electrics and one network" core technologies.

2.1 Home appliance solutions

The Company provides a range of customized products and services, from product concept, design, and development to manufacturing delivery for branded customers in the home appliance industry. The products are mainly involved in controller and motor categories, including home appliance master control, power control, motor drive and control, display control, etc. The products are mainly used in various fields, such as HVAC, kitchen appliances, cleaning appliances, health care, lighting, and intelligent home.

2.2 Tool solutions

The tool industry mainly includes power, garden, and other professional tools. The Company provides customized products and services, from concept, design, and development to manufacturing delivery for branded customers in the tool industry. The Company's products mainly involve four components: controller, motor, battery and power supply, and some exclusive intelligent products.

2.3 New energy solutions

The new energy business mainly focuses on two major application areas: small and medium-sized energy storage and new energy vehicles, with products in four categories: batteries, power supplies, controllers, and motors. For the energy storage industry, the Company provides component products, including cells, BMS, PCS, EMS, etc., and complete products, such as household energy storage, industrial and commercial energy storage, communication power backup, portable energy storage, etc. For the new energy vehicle industry, the Company mainly provides intelligent controllers and charging equipment for customers in the fields of new energy vehicles, other special vehicles, and E-bike.

2.4 Industrial solutions

In the industrial control industry, the main business is developing, producing, and selling specialized industrial intelligent control products, mainly involving stepper, servo drive, and motion control products. The Company mainly focuses on downstream automation equipment customers, providing them with controllers,

drivers, motors, etc. Downstream applications involve 3C electronics, robotics, medical equipment, semiconductor equipment, photovoltaic, lithium battery industry, etc. We are committed to helping automation equipment manufacturers improve equipment design performance, reduce equipment manufacturing costs, and accelerate the development of new equipment. We are committed to helping automation equipment manufacturers improve design performance, reduce equipment manufacturing costs, and speed up new equipment development.

2.5 Intelligent solutions

An intelligent solution is based on the Company's AIoT (Artificial Intelligence Internet of Things) technology platform and intelligent product innovation capabilities as the core for "clothing, food, housing and transportation" and "industry, catering, hotels, parks" and other segmentation scenarios, to provide "innovative products + AIoT platform + customized services" comprehensive intelligent solutions.

III. Analysis of core competitiveness

1. Platform-based technology innovation capability.

The Company takes technology as the gene of enterprise development and considers innovation as the core competence of the Company. The Company has the industry-leading platform technology innovation capability, forming a complete technology platform covering various core technology areas of intelligent control integration solutions.

The Company has the ability of deep understanding of various control mechanisms, independent implementation, and continuous innovation, covering the core technologies of intelligent control algorithm, motor control, lithium battery, sodium battery, sensing, human-machine interaction, image recognition, digital power supply, embedded software, temperature control, heating, and cooling, etc.

In addition, the Company has a rich product line that forms many product platforms. Each core product platform has been verified in mass production to ensure quality and reliability. We can quickly provide customers with high-quality, differentiated custom solutions to meet their needs. In addition, the Company has the industry's unique "controller + motor + battery + power supply" total solution capability, with the ability to continuously develop innovative solutions in new categories, which can help customers innovate in the competition to win.

In addition, the Company has the industry's unique "controller + motor + battery + power" total solution capability, with the ability to continuously develop innovative new category solutions, which can help customers in the competitive innovation to win.

2. Partnership customer service capability.

The Company insists on long-term and takes value co-creation and value win-win as the development concept to develop a long-term partnership with customers. Supported by platform-based technology innovation capability, the Company continues to gain insight into customer needs, creates in-depth co-creations with customers, establishes organizational customer relationships, and builds partner-based customer service capabilities.

Through a multi-regional layout, we have established international production bases mainly in Pearl River Delta, Yangtze River Delta, Southeast Asia, North America, and Europe while building an international operation center to enhance our service capability in terms of management capability and resource allocation, and setting up several overseas offices to work closely with our customers.

3. Systematic rapid response capability.

As intelligent technology evolves and uncertainty increases, the pace of global innovation iteration is accelerating, and companies increasingly need to be more agile in their operations to serve their customers. Based on a deep understanding of the intelligent control business, the Company has created a strong platform system from the implementation of IPD ideas in the R&D and design process, the core customer ISC changes in the supply chain system, the laboratory and quality assurance system, and the intelligent manufacturing platform system to build a customer-centric process-oriented organization, internalizing the Company's superior capabilities into agile operational capabilities, and the agile system will further strengthen the Company's advantages, and the two form a mutually reinforcing and virtuous development, thus achieving sustainable, high-quality growth.

IV. Analysis of main business

1. Overview

In 2022, the macro environment at home and abroad was complex and changing, which is a very challenging year for business development. In the face of difficulties, the Company focused on intelligent control and new energy, insisting on high investment to drive high-level business development. The Company's intelligent controller and new energy business breakthrough against the trend, achieving double growth in revenue and profit.

During the reporting period, the Company steadily built up its core competitiveness through reliable quality, stable delivery, high investment in R&D, and multi-regional layout, quickly responding to and serving customers. The management led all employees to continuously thicken the endogenous capacity of the Company in operation

and management, lean manufacturing, and organizational change. The home appliance and tool base continued to grow steadily, and the new energy business achieved high growth. In 2022, with the joint efforts of all employees, the Company achieved operating revenue of RMB 8.875 billion, an increase of 14.27% year-on-year, net profit attributable to shareholders of the listed Company of RMB 583 million, an increase of 3.13% year-on-year, and net profit attributable to shareholders of the listed Company of RMB 484 million after deductions, an increase of 11.96% year-on-year. The total share-based payment expense recognized in 2022 due to the equity incentive is RMB 124 million, compared with RMB 28 million year-on-year in 2021, a net increase of about 96 million (after taking into account the impact of related income tax expense), excluding the effect of the above share-based payment expense, the net profit attributable to shareholders of the listed Company for the reporting period is RMB 707 million, up 19.20% compared with the same period last year; the net profit attributable to shareholders of the listed Company is RMB 608 million, up 32.14% compared with the same period the previous year.

Annual operating results and core operating metrics for 2022 are as follows:

(I) Actively respond to the challenges and revenue growth against the trend.

1. In line with the trend of intelligent + low-carbon, the Company's business continues to grow

Under the opportunities of intelligence, low carbonization, and economic development to multi-regional development, the industry shows the trend of concentration to the head, the Company through the market insight, advanced international industrial layout, the ability to obtain orders and business resilience increased year by year.

The Company actively explored structured opportunities in various regions and industries during the reporting period. It achieved good operating results through key efforts such as head customer development, international operations, product innovation, digital intelligence, and new business talent development. The Company's 2021 "supply guarantee" strategy has laid a solid foundation for sustainable development. The number of head customers and revenue continued to double growth during the reporting period, with head customers accounting for 84% of the Company's total revenue, contributing more than 90% of the incremental revenue; the Company attaches great importance to the development of new business, increasing investment in cutting-edge technology and strengthening industry insight capabilities, providing new momentum for sustainable development.

2. Stable base of scale growth, healthier business structure, richer product portfolio, and competitive resilience continues to be highlighted.

Topband has been adhering to the "long-term philosophy"; business is in the long run, not in a moment. Our mission is to advance human society by making the world a more innovative and lower-carbon place. Over the

past 26 years, we have been committed to providing solutions to our customers using the "four electrics and one network" intelligent technology to create value around "intelligent" and "low carbon." We have formed a home appliance segment with household as the application scenario, a tool segment with labor as the scenario, and a new energy segment with green and low-carbon as the scenario. Through continuous technology and product innovation, we have formed a matrix of hundreds of products covering the four core technologies of electric control, battery, motor, and power supply. Through continuous technology and product innovation, we have formed a matrix of hundreds of products covering the four core technologies of electronic control, battery, motor, and power supply.

In 2022, in the face of the complex and volatile business environment such as structural price increases of raw materials, declining demand, and exchange rate fluctuations, the home appliances and tools segment, as the Company's base, achieved modest growth and still had advantages and room for growth despite the high base in 2021. As the third growth curve of the Company, the new energy segment has seen rapid business growth and has now formed a good situation of "three legs and driving side by side."

3. Healthy development of each business segment, each with its advantages.

(1) Tooling segment: sales revenue of RMB 3.24 billion in 2022, up 8.20% year-on-year. Better than the industry's overall growth rate, the market share is stable and increasing yearly. The Company has a relatively rich product line in this segment. It can provide downstream customers with one-stop solutions, including controllers, motors, BMS, battery packs, and complete machines, with non-controller products such as motors, tool battery packs, and complete machines accounting for 33% of revenue in 2022.

The growth rate slowed in the reporting period due to the economic boom in Europe and the United States. In the medium and long term, the application scenario of the tool is increasing. The market penetration rate outside Europe and the United States also has more room for improvement, and the industry will not change the trend of sustained growth due to short-term factors. The Company's tool business focuses on power tools and garden tools. The global power tool market size is steadily increasing, and the downstream concentration is high. The top ten global OEM customers occupy a significant market share, the terminal market in Europe and the United States accounts for a higher market share, and professional grade (e.g., high technical content, high precision) and industrial grade (e.g., high power, high speed) occupy the significant share of the tool market. The Company serves head customers in the tools segment, mainly providing professional-grade and industrial-grade products and solutions. In the future, with the increase in the rate of lithium-ionization and cordlessness of tools and the

development of products to high-voltage, high-power, portable and intelligent trends, the Company will play the advantages of technology and product portfolio, multi-regional production and supply to achieve the scale of product platforms and volume growth of head customers, and the Company's market share in this segment will further increase.

(2) Home appliance segment: sales revenue of RMB 3.092 billion in 2022, up 4.48% year-on-year. The application of the home appliance industry presents a discrete, comprehensive concentration that is not high. The Company plays a continuous accumulation of technical advantages, in some segments occupying a high market share and showing rapid growth trend. During the reporting period, the development of large customers is progressing well, and there are new customer breakthroughs. The number and volume of customers increased; innovative products continue to emerge. The application of inverter technology is representative of the rapid growth of air conditioning, refrigerator applications, kitchen appliances, heat pumps, cleaning, service robots, and others rapid growth. The application of scenarios extended to the higher technical barriers to commercial appliances and higher boom market, the development of the home appliance segment to open up further; small home appliances, some categories by consumer demand, some decline, is expected to rebound in 2023 gradually. In the future, the Company will focus on advantageous categories to achieve high-quality development in promising areas and outpace the growth rate of the industry

(3) New energy segment: rapid growth, building the Company's third growth curve. The new energy business has maintained high growth in recent years, achieving revenue of RMB 2.036 billion in 2022, up 63.98% year-on-year, higher than the Company's overall growth rate. With the core technology of "one cell and 3S" (cell, BMS, PCS, EMS), the Company is currently focusing on small and medium-sized energy storage and new energy vehicle applications. In 2022, in the field of small and medium-sized energy storage to achieve revenue of RMB 1.566 billion, accounting for about 77% of the new energy business, for household energy storage, portable energy storage, industrial and commercial energy storage to provide batteries, PCS, BMS and other products or overall solutions; in the field of new energy vehicles to achieve revenue of RMB 470 million, accounting for about 23% of the new energy business, around the new energy vehicle charging equipment, two or three wheelers, E-bike and other scenarios to provide charging modules, BMS and other control products.

The future application of new energy will revolve around intelligence. The Company has formed the advantages of four categories of core technologies and hundreds of product matrices of electronic control, battery, motor, and power supply, which will quickly realize technology integration and provide customized and differentiated solutions in the new energy segment with green and low-carbon scenarios. The Company has many

new energy application product lines and diversified product forms. We have cells, battery packs, and PACKs in battery form, as well as PCS (inverter), BMS (battery management system), EMS, and other products in control form, and complete system solution capability, with a broader business inclusion and sustainable growth potential. The historical opportunity of decarbonization overlaid with the global irreversible energy transition. The new energy business is expected to continue its high growth rate in the next few years.

(4) Industrial segment: achieve sales revenue of RMB 248 million in 2022, down 15.86% year-on-year.

The Company mainly provides controllers, drivers, and motors for downstream automation equipment customers, widely used in 3C electronics, robotics, medical equipment, photovoltaic equipment, semiconductor equipment, photovoltaic, lithium battery, packaging machinery, etc. In 2022, the boom of traditional industries will fall back, and equipment investment will decrease, impacting the demand for industrial automation. By focusing on key sectors and customers, the Company will make breakthroughs in the photovoltaic and lithium industries. We are committed to helping automation equipment manufacturers improve equipment design performance, reduce equipment manufacturing costs, and accelerate new equipment development. We are expected to become the leader in efficient, easy-to-use servo and stepper products. The segment benefits from domestic substitution and intelligent upgrading of factories and will usher in a new boom cycle as the economy and demand gradually recover.

(5) Intelligent solutions: sales revenue of RMB 189 million in 2022, down 14.70% year-on-year. The intelligent solution is based on the Company's AIoT (Artificial Intelligence Internet of Things) technology platform and intellectual product innovation capabilities as the core for "medical, food, housing and transportation" and "industry, catering, hotels, parks" and other subdivision scenarios, to provide "innovative products + AIoT platform + customized services" integrated system solutions. The current IoT application scenarios have covered more than a dozen vertical scenarios, such as intelligent home appliances, intelligent door locks, intelligent lighting, intelligent travel, smart hotels, smart campuses, etc., providing one-stop intelligent services for many domestic and foreign customers. In 2022, it won the "Most Popular Award for IoT Platform" and "Top 10 Smart Ecological Brand of the Year" and other honors.

(II) The essential clearance of high-priced inventory, cost pressure relief, and intelligent manufacturing level significantly improved

Consolidated gross margin: In 2022, the Company achieved a consolidated gross margin of 20.14%, down 1.13% year-on-year. During the reporting period, controller products' upstream raw material prices stabilized and gradually declined. The upstream lithium carbonate prices of cells rose sharply, paying higher procurement costs

year-on-year in 2021, which impacted the wide gross margin in the first three quarters. As the high-priced inventory gradually cleared, the gross margin improved to 23.75% in the fourth quarter from a year earlier. With the implementation of measures such as the launch of new products, clearance of high-priced inventory, and cost reduction and efficiency improvement, profitability has improved quarter by quarter.

Active transformation to "smart factory" to achieve the best level in the industry: During the reporting period, the Company continued to introduce automated production lines based on "lean," "automation," and "digital" as the pillar of building "the shortest delivery time, stable quality, the best cost, flexible delivery" of Topband intelligent factory. In 2022, the Company will realize the leap from local automation to whole-line automation for the first time, its precision manufacturing capability will be improved, and manufacturing costs will be significantly reduced. During the reporting period, the Company has planned to promote the digital workshop based on the whole automated line, MES manufacturing management system, and workshop logistics system in several factories such as Ningbo and Huizhou, and integrated intelligent storage and logistics, DFM, QMS, and other intelligent management systems, to accelerate the transformation to a smart factory and realize the complete closed loop of logistics and information flow in the manufacturing system. In terms of long-term planning, Topband will eventually evolve into a smart factory platform cluster based on the global factory layout to achieve process optimization in design, manufacturing, assembly, warehousing, logistics, and other aspects of the entire product life cycle and build a more intelligent, more efficient, and more environmentally friendly industrial ecology and management model.

In the future, we will take systematization and systematization as our hands to continuously reduce costs and increase efficiency, achieve the best level in the industry and maintain the leading edge in total cost.

(III) Insist on high proportional investment in R&D, build platform-based competitive advantages, and tap the blue ocean market with innovation drive

We insist on creating value for customers and society and always take "technological innovation" as the engine of the Company to continuously deepen our technological leadership and build new momentum for corporate development. In 2022, the Company will continue to promote and deepen the technical accumulation and application of "four electrics and one network" technology in five industries, accelerate the integration and application of AI, IOT, 5G, and other new technologies, accelerate the construction of new energy production capacity and new technology research and development, further enhance the Company's innovation ability and core competitiveness, and bring more value to customers and society.

During the reporting period, the Company invested RMB 720 million in R&D, representing a year-on-year increase of 28.54% and accounting for 8.11% of the operating revenue, with 1,776 R&D and technical service personnel. The Company creates a culture of innovation internally, increases the protection of independently controllable products and independent intellectual property rights externally, aims at technology leadership, achievement protection, and benefit enhancement, manages patent assets effectively, guarantees the maximum value of intellectual property rights and promotes the industrial transformation of innovation achievements. At the end of the reporting period, the Company and its subsidiaries applied for a total of 2,946 patents, including 1,054 invention patents, 1,535 utility models, 261 design patents, 39 foreign patents, and 57 PCT patents; the Company and its subsidiaries applied for a total of 134 software copyrights and 361 trademark applications. The Company's R & D investment accounted for about 7% of operating revenue in the past ten years. The continuous high proportion of R & D investment has resulted in many innovative products, such as inverters, thermostats, stir-fryers, lawn mowers, floor scrubbers, air energy heat pumps, etc. The percentage of independently controllable businesses in 2022 rapidly increases, contributing to a continuous power source for future sustainable development.

(IV) Continued acceleration of international layout and deep development of customer intimacy strategy

As a company with global operations, we have customers worldwide. Around the "customer intimacy" strategy, close to customer service, to further improve service responsiveness and service quality. According to business development needs, we have established more than ten regional operation centers, manufacturing centers, R&D centers, and representative offices in many places worldwide. In 2022, Vietnam and India's bases continued to expand production, and Mexico and Romania bases were also completed and put into operation. International operation departments in Europe, America, South Africa, and Japan were established one after another, which accelerated the development of the Company's global layout.

(V) Healthy and sustainable business activities

In FY2022, the Company strengthened its inventory and accounts receivable control and increased its payback efforts. During the reporting period, the Company's net cash flow from operating activities turned from negative to positive, achieving RMB 491 million, an increase of 318.67% year-on-year, making the Company's operating activities healthier and sustainable.

2. Revenue and cost

(1) Composition of operating income

Unit: RMB

	2022		2021		Year-on-year increase or decrease
	Amount	Proportion in operating income	Amount	Proportion in operating income	
Total operating income	8,875,099,137.06	100%	7,767,034,835.03	100%	14.27%
By industry					
Intelligent control electronics industry	8,875,099,137.06	100.00%	7,767,034,835.03	100.00%	14.27%
By product					
Tool	3,240,010,210.60	36.51%	2,994,451,368.50	38.55%	8.20%
Home appliances	3,091,915,524.39	34.84%	2,959,263,866.21	38.10%	4.48%
New energy	2,035,748,139.21	22.94%	1,241,478,904.30	15.98%	63.98%
Industry	248,342,753.93	2.80%	295,153,637.29	3.80%	-15.86%
Intelligent solutions	188,747,795.73	2.13%	221,269,657.19	2.85%	-14.70%
Other	70,334,713.20	0.79%	55,417,401.54	0.71%	26.92%
By region					
Domestic	3,524,383,375.76	39.71%	3,427,652,622.28	44.13%	2.82%
Export	5,350,715,761.30	60.29%	4,339,382,212.75	55.87%	23.31%
Distribution model					
Basing production on sales prospects	8,875,099,137.06	100.00%	7,767,034,835.03	100.00%	14.27%

(2) The situation of industries, products, regions or sales models accounting for more than 10% of the Company's operating income or operating profit

 Applicable Not applicable

Unit: RMB

	Operating income	Operating cost	Gross profit rate	Increase or decrease of operating income over the same period of last year	Increase or decrease of operating costs over the same period of last year	Increase or decrease of gross profit rate over the same period of last year
By industry						
Intelligent control electronics industry	8,875,099,137.06	7,087,226,986.88	20.14%	14.27%	15.91%	-1.14%
By product						
Tool	3,240,010,210.60	2,574,926,005.78	20.53%	8.20%	10.86%	-1.90%
Home appliances	3,091,915,524.39	2,485,460,503.68	19.61%	4.48%	4.40%	0.06%

New energy	2,035,748,139.21	1,658,664,841.64	18.52%	63.98%	70.70%	-3.21%
By region						
Domestic	3,524,383,375.76	2,873,242,064.43	18.48%	2.82%	6.55%	-2.85%
Export	5,350,715,761.30	4,213,984,922.45	21.24%	23.31%	23.29%	0.01%
Distribution model						
Basing production on sales prospects	8,875,099,137.06	7,087,226,986.88	20.14%	14.27%	15.91%	-1.14%

The Company's main business data for the last year adjusted according to the caliber at the end of the reporting period when the statistical caliber of the Company's main business data is adjusted in the reporting period

Applicable Not applicable

(3) Whether the Company's income from physical sales greater than that from labor services

Yes No

Industry classification	Items	Unit	2022	2021	Year-on-year increase or decrease
Intelligent control electronics industry	Sales volume	PCS	145,345,424.00	174,889,510.00	-16.89%
	Production output	PCS	140,109,731.00	181,035,707.00	-22.61%
	Inventory	PCS	11,324,133.00	16,559,826.00	-31.62%

Reasons for the change of more than 30% in relevant data

Applicable Not applicable

The inventory during the reporting period decreased by 31.62% year-on-year, mainly due to the increase in product unit value and the relative decrease in production and sales quantities.

The sales quantity with a unit price $P > \text{RMB } 200$ is 6.2268 million PCSs, and the sales revenue is RMB 3.068 billion;

The sales quantity with a unit price of $\text{RMB } 100 \leq P < \text{RMB } 200$ is 14.3083 million PCSs, and the sales revenue is RMB 2.121 billion;

The sales quantity with a unit price of $\text{RMB } 50 \leq P < \text{RMB } 100$ is 22.2002 million PCSs, and the sales revenue is RMB 1.659 billion;

The sales quantity with a unit price $P < \text{RMB } 50$ is 102.6101 million PCSs, and the sales revenue is RMB 2.028 billion.

(4) The fulfillment of major sales contracts and purchase contracts signed by the Company till the end of the reporting period

Applicable Not applicable

(5) Composition of operating cost

Industry and product classification

Unit: RMB

Industry classification	Items	2022		2021		Year-on-year increase or decrease
		Amount	Proportion accounting for operating cost	Amount	Proportion accounting for operating cost	
Intelligent control electronics industry	Operating cost	7,087,226,986.88	100.00%	6,114,531,354.87	100.00%	15.91%

Unit: RMB

Product category	Items	2022		2021		Year-on-year increase or decrease
		Amount	Proportion accounting for operating cost	Amount	Proportion accounting for operating cost	
Tool	Operating cost	2,574,926,005.78	36.33%	2,322,704,928.43	37.99%	10.86%
Home appliances	Operating cost	2,485,460,503.68	35.07%	2,380,662,056.81	38.93%	4.40%
New energy	Operating cost	1,658,664,841.64	23.40%	971,706,470.22	15.89%	70.70%
Industry	Operating cost	180,681,718.87	2.55%	203,688,366.55	3.33%	-11.30%
Intelligent solutions	Operating cost	154,179,778.42	2.18%	188,848,535.84	3.09%	-18.36%
Other	Operating cost	33,314,138.50	0.47%	46,920,997.03	0.77%	-29.00%

Description

Not applicable

(6) Whether the consolidation scope has changed during the reporting period Yes No

During the reporting period, 4 new companies were included in the consolidation scope, including 2 newly established subsidiaries and 2 newly established sub-subsidiaries.

(7) Major changes or adjustments in the Company's business, products or services during the reporting period Applicable Not applicable**(8) Information of main sales customers and suppliers**

Information on main sales customers of the Company

Sales amount of top five customers of the Company in total (RMB)	3,282,287,525.00
Proportion of the sales amount of top five customers in total accounting for the annual total sales amount	36.98%
Proportion of related party sales in the top five customers' sales in the total annual sales	0.00%

Data of the top five customers of the Company

No.	Customer name	Sales amount (RMB)	Proportion accounting for the annual total sales amount
1	No. 1	2,391,673,730.88	26.95%
2	No. 2	279,817,757.32	3.15%
3	No. 3	270,536,196.32	3.05%
4	No. 4	175,796,499.88	1.98%
5	No. 5	164,463,340.61	1.85%
Total	--	3,282,287,525.00	36.98%

Other information on main customers

Applicable Not applicable

Information on main suppliers of the Company

Purchase amount of the top five suppliers of the Company in total (RMB)	1,921,053,624.68
Proportion of the purchase amount of top five suppliers in total accounting for the annual total purchase amount	22.00%
Proportion of related party purchase amount to annual total purchase amount among the top five suppliers	0.00%

Information on the top five suppliers of the Company

No.	Name of supplier	Purchase amount (RMB)	Proportion accounting for the annual total purchase amount
1	No. 1	1,174,845,885.85	13.45%
2	No. 2	309,449,151.91	3.54%
3	No. 3	174,381,138.75	2.00%
4	No. 4	150,759,689.78	1.73%
5	No. 5	111,617,758.39	1.28%
Total	--	1,921,053,624.68	22.00%

Other information on main suppliers

Applicable Not applicable

3. Expenses

Unit: RMB

	2022	2021	Year-on-year increase or decrease	Explanation of major changes
Selling expenses	260,181,170.88	208,562,819.10	24.75%	Compared with the same period of last year, it increased by RMB 51.62 million or 24.75% during the reporting period. The main reason is that during the reporting period, the recognized share-based payment expenses for equity incentives increased compared with the same period of last year, as well as the increase in personnel salaries and other expenses incurred to achieve income growth.
Management expenses	369,502,745.36	258,345,031.89	43.03%	Compared with the same period of last year, it increased by RMB 111.16 million or 43.03% during the reporting period. The main reason is the recognized share-based payment expenses for the Company's equity incentives during the reporting period, as well as the increase in expenses due to the corresponding increase in the number of employees to meet future strategic implementation.
Finance expenses	-123,173,262.90	63,785,550.48	-293.11%	Compared with the same period of last year, it decreased by RMB 186.96 million or 293.11% during the reporting period. The main reason is that the increase in the exchange rate of the US dollar against the RMB during this period resulted in a large exchange gain.
R&D expenses	592,346,136.09	449,950,052.11	31.65%	Compared with the same period of last year, it increased by RMB 142.4 million or 31.65% during the reporting period. The main reason is that during the reporting period, the recognized share-based payment expenses due to equity incentives and the Company's investment in R&D resources increased compared to the same period last year.

4. R&D investment

Applicable Not applicable

Main R&D project name	Project objective	Project progress	Goals to be achieved	Impact on the Company's future development
R&D of medium and high power frequency conversion control technology	With the increasing demand for intelligence and low-carbon society, the application of frequency conversion technology is becoming increasingly widespread. This project aims to have an insight into user needs, overcome the difficulties of high-power, high-efficiency, and low-noise frequency conversion technology, enrich the Company's series product platform for medium and high power electrical products, and further expand the application of the Company's frequency conversion technology, breaking through the world's leading	The Company has completed the development and verification of technology and product platform technology, and has successively mass-produced multiple products, such as high-power air conditioners, refrigerators, washing machines, and range hoods.	Support up to 20 kw power range; lead industry level in the aspects of energy efficiency, vibration and noise suppression; keep ahead of the reliability of products in complex application environments such as high temperature and humidity, achieving large-scale industrial	It will be widely applied in the Company's household and commercial appliance solutions, accelerating the Company's exploration and development of high-end ODM products, as well as market expansion for international major customers.

	customers.		application of the technology.	
R&D of mobile robot chassis technology	<p>With the intelligentization of products, aging society, and rising labor costs, mobile service robots are rapidly being applied in various industries. The mobile robot chassis is the core platform that integrates various key technologies of robots, and is the most technically challenging and valuable part of mobile robot product solutions. This project aims to develop dozens of key technologies such as robot map construction, positioning, planning, navigation, mobility, obstacle avoidance, multi-sensor fusion, machine vision, and AI, and a comprehensive product platform for robot chassis, and achieve mass production applications in multiple scenarios.</p>	<p>The Company has developed the fourth generation technology platform and added dozens of patented technologies, which are all continuously developing; the product platform has been applied in dozens of projects, and the technical level of borderless AI lawn mowers is at the forefront of the industry.</p>	<p>The third generation mobile robot chassis platform technology is leading. The product platform has achieved mass production applications in multiple scenarios such as homes, gardens and industries, with leading technological levels and comprehensive competitiveness.</p>	<p>By feat of this project, the Company maintains its leading position in the core underlying technology of mobile robots, further enhancing its innovation and competitiveness in the development of various mobile robot solutions and accelerating its business development in the field of mobile robots.</p>
R&D of motor drive without Hall sensor and mechatronics technology	<p>With the development of society, various types of electric tools and garden tools are rapidly popularizing to improve work efficiency and reduce labor intensity. The brushless DC motors and its control technology are the core technologies of electric tools and garden tools. This project focuses on the research of motor drive without Hall sensor and mechatronics technology, and develops solutions to achieve high reliability, low cost, and small volume tool products, further expanding the Company's leading advantage in tool products.</p>	<p>Key technologies have been verified. Breakthroughs have been made in ultra high speed motors and their supporting direct drive control technology, as well as high voltage non-electrolytic capacitor BLDC drive technology. Relevant achievements can be applied to mass production products and are being promoted in the market.</p>	<p>The motor drive without Hall sensor (sensorless) detection and estimation algorithm is leading in the industry in terms of estimation accuracy for high, medium, low, and even zero speed positions. The cost and reliability of the solution using sensorless technology are comprehensively improved by more than 30%.The performance and cost of mechatronics design have been comprehensively improved by over 30%.</p>	<p>It will be widely used in dozens of products such as electric tools and garden tools, with advantages in system reliability, cost, volume, weight, good grip in hand, and other aspects, further consolidating the Company's pioneering advantages in the tool market.</p>

R&D of new permanent magnet motor technology	Permanent magnet motors are currently widely used, and the project aims to improve their performance, reduce noise, and design and develop new types of permanent magnet motor technology. Through innovative research on the application of permanent magnet structures, the smoothness and the vibration of motor operation are improved. By optimizing the structure of the motor and the fixation of magnetic steel, the magnetism gathering ability is improved, the magnetic energy product of the permanent magnet is greatly increased, and ultra-low magnetic leakage is achieved, achieving the goal of significantly reducing the performance requirements of magnetic steel under the same motor performance.	R&D is ongoing, and the technology is mature and stable and has been applied in fields such as E-Blike and electric motorcycles and tricycles.	The performance and noise level of new permanent magnet motors are at the leading level in the industry. The new structure of permanent magnet motors has been mass-produced and applied in high-efficiency brushless DC motors and other products.	This technology has broad application prospects in the Company's brushless DC motors, which can further enhance the Company's competitiveness in the field of high-performance motors and strengthen its strength in various fields such as tools and new energy vehicles.
Research on large capacity iron lithium cell and PACK technology platform	New energy is a revolution in the field of energy, and large-capacity single cells indicate an important development direction of power and energy storage lithium batteries. This project optimizes the cell packaging method, increases the size and capacity of cells, reduces redundant components of cells, and forms 100 ampere-hour level of high capacity and high energy density cell product platform. It can effectively improve the capacity and energy density of cells, promote the PACK integration efficiency, and reduce the comprehensive cost of the battery system. Through the research of supporting BMS and PACK technologies, the system is integrated into a complete solution for power and energy storage batteries.	Breakthroughs have been made in smart lithium battery technology with high-voltage rate and multi-layer stack-based energy storage battery technology, and the products have been mass-produced and applied in fields such as energy storage and UAVs.	Its energy density, high and low temperature discharge performance, and long cycle life are at the leading level in the industry.	This project enriches the Company's cell and battery PACK product line, which will help the Company expand its business in areas such as energy storage and light power.
Research on new sodium ion	Sodium ion secondary batteries have unique advantages in safety, cost, low-temperature capacity retention, and	The Company has completed the verification of technical	Its energy density and cost level rank among the forefront of the	The successful R&D of this technology and product platform will

secondary battery technology platform	over discharge resistance, and there are abundant reserves of sodium salt raw materials, making them an important development direction for batteries in the future. This project aims to solve the difficulties in the design, application, and manufacturing process of new sodium cathode material in cells, forming a technical and product platform for sodium ion secondary batteries, and preparing new product reserves for the further development of new energy business.	principles, conducted R&D verification, and improved the production process.	industry.	help the Company launch a series of sodium ion battery products, effectively supplement the existing lithium iron phosphate battery series products, and is expected to improve the competitiveness of the Company in the large-scale energy storage application market and gain more market share in the future.
R&D of smart shared battery swap system technology	With the implementation of the national "carbon peaking and carbon neutrality" strategy, the deepening of green and low-carbon concepts, and the rise of the sharing economy model, the business development of new models such as shared battery swap is rapid. The research purpose of this project is to conduct in-depth research on the key technologies of smart shared battery swap system, including system architecture design, BMS battery management technology, intelligent charging management, data transmission and processing, safety assurance, battery tracking, cabinet fire protection, etc., in order to improve the intelligence and reliability of the system and provide more convenient, efficient, and safe services for shared travel. This project aims to promote the green and low-carbon development of shared travel, facilitate the sustainable development of urban transportation, and provide support for the development of the intelligent transportation industry.	The first generation of products has been delivered in bulk, and the second generation of products is under iterative development.	This project aims to conduct in-depth research on the key technologies of smart shared battery swap system, improve the intelligence and reliability of the system, and provide more convenient, efficient, and safe services for shared travel. At the same time, this project will develop high-performance and highly reliable smart shared battery swap systems to provide high-quality products and services for the market.	The research of this project aims to develop smart shared battery swap technology, deeply integrating the Company's "four electrics and one network" technology into battery swap scenarios to meet the needs of the green commuting market. The R&D of this technology is conducive to the Company's business development in the field of green commuting and the improvement of the convenience, efficiency, and safety of shared travel, promoting the green, intelligent, and sustainable development of urban transportation.
Research on key	The automotive industry, especially new energy vehicles, is an important	The Company has achieved technological	The Company has mastered core	Enhance the Company's technical and quality

technologies such as automotive electronic controllers, motors, and battery charging and swap equipment	strategic direction for the Company. This project aims to conduct in-depth research on automotive electronic controllers and battery charging and swap technology of new energy vehicles, explore their design principles and key technologies, develop key technology and product platforms, build experimental verification platforms, and improve the Company's technology and product level in the field of new energy vehicle applications.	breakthroughs and product applications in fields such as intelligent car cabins, thermal management, AC/DC charging piles, and motors, forming several mature product platforms and constructing relevant technology and product supporting test and verification platforms.	technologies such as automotive electronic controllers, motors, and battery charging and swap equipment, formed a mature product platform, and constructed and improved relevant technology and product test and verification platforms, enhancing the Company's market competitiveness in the automotive field.	assurance capabilities, the product quality and performance, and the development of the Company in the automotive field.
Research on digital power technology platform	With the implementation of the national "carbon peaking and carbon neutrality" policy, the demand for green new energy and efficient power technology in society has sharply increased. Digital power technology is a revolutionary technology for high-power and efficient power supply. This project studies the digital architecture under different power topologies, constructs relevant DSP processors and a fully digital feedback technology platform, grasps core digital power algorithms, comprehensively improves the control, management, detection, and intelligence level of power supplies, and forms a technology and product platform for medium and high-power digital power.	The Company has formed a technology and product platform for mass production and is continuously developing and upgrading. The 3,000 W bidirectional inverter technology platform has completed development verification and productization; the special medical digital power technology platform has completed development verification and productization;	Take the lead in the reliability and other performances in the conversion efficiency of large power supply ranging from several kilowatts to tens of kilowatts and in complex application scenarios.	Supported by lead-edge technologies, the Company has made business breakthroughs in the field of high-end digital power field, and has extensive applications in fields such as green commuting, energy storage, and other new energy.
R&D of embedded artificial intelligence technology	With the widespread application of artificial intelligence technology and the continuous development of product intelligence, how to apply artificial intelligence technology in embedded products such as smart home appliances and innovative hardware has become a hot topic. Through the	The development for technology platform is on the way, and multiple prototype products have been marketed and applied in fields such as smart homes and home	AI algorithm and performance are leading in the industry, and embedded AI technology has achieved leadership in more than three	The embedded AI technology will further consolidate the Company's leading position in the new generation of intelligent control technology, and support the Company's

	research on machine vision and speech recognition algorithms, this project realizes more intelligent automatic recognition judgments and interactive operations instead of users, reducing the complexity of users' use of products and significantly improving the user experience. This project will also build an algorithm and implementation platform for embedded AI, and develop innovative products for various application scenarios.	appliances.	product applications.	innovation, creation of more new products, and exploration of blue ocean markets.
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R&D personnel of the Company

	2022	2021	Change ratio
Number of R&D personnel (person)	1,776	1,582	12.26%
Proportion of R&D personnel	21.20%	18.73%	2.47%
Educational background structures of R&D personnel			
Bachelor degree	1,186	1,059	11.99%
Master	125	113	10.62%
Doctor and above	3	1	200.00%
Junior college degree and below	462	409	12.96%
Age composition of R&D personnel			
Below 30	797	707	12.73%
30-40	797	735	8.44%
Above 40	182	140	30.00%

R&D investment of the Company

	2022	2021	Change ratio
Amount of R&D investment (RMB)	719,662,208.72	559,857,194.43	28.54%
Proportion of R&D investment in operating income	8.11%	7.21%	0.90%
Capitalized amount of R&D investment (RMB)	127,316,072.63	109,907,142.32	15.84%
Proportion of capitalized R&D investment in R&D investment	17.69%	19.63%	-1.94%

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

Applicable Not applicable

Reason for significant changes in the proportion of total R&D investment to operating income over the same period of last year

Applicable Not applicable

Reason for great change in R&D investment capitalization rate and rational interpretation

Applicable Not applicable

5. Cash flow

Unit: RMB

Items	2022	2021	Year-on-year increase or decrease
Subtotal of cash inflow from operating activities	9,194,212,756.21	7,877,451,630.46	16.72%
Subtotal of cash outflow from operating activities	8,703,157,679.88	8,102,014,176.32	7.42%
Net cash flow from operating activities	491,055,076.33	-224,562,545.86	318.67%
Subtotal of cash inflow from investment activities	63,633,384.24	591,071,911.81	-89.23%
Subtotal of cash outflow from investment activities	840,702,901.36	1,339,243,115.38	-37.23%
Net cash flow from investment activities	-777,069,517.12	-748,171,203.57	-3.88%
Subtotal of cash inflow from financing activities	1,118,783,953.99	2,395,480,159.32	-53.30%
Subtotal of cash outflow from financing activities	1,243,705,863.29	852,767,599.74	45.84%
Net cash flow from financing activities	-124,921,909.30	1,542,712,559.58	-108.10%
Net increase in cash and cash equivalents	-361,823,264.97	539,269,123.28	-167.10%

Explanation of main influencing factors for year-on-year significant changes in related data

Applicable Not applicable

Net cash flow from operating activities: Compared with the same period of last year, it increased by RMB 716.36 million or 318.67% during the reporting period. The main reason is that sales collection and purchase payments were relatively balanced. Last year during the reporting period, and material purchase is increased in response to the rise in material prices and material shortages.

Net cash flow from financing activities: Compared with the same period of last year, it decreased by RMB 901.09 million or 167.10% during the reporting period. mainly due to the receipt of funds raised by non-public offering of shares and equity incentives during the same period of last year.

Reasons for the significant difference between the net cash flow generated by the Company's operating activities and the net profit of the current year in the reporting period

Applicable Not applicable

V. Analysis of non-main business

Applicable Not applicable

Unit: RMB

	Amount	Proportion in total profit	Explanation of reasons	Whether it is sustainable
Income from investment	564,908.47	0.09%	The main reason is the profits and losses of long-term equity investment, income of financial products and profits and losses of forward exchange transaction business accounted by equity method during the reporting period	No
Profit and loss from changes in fair value	87,818,625.99	13.87%	The main reason is the changes in fair value from external investment during the reporting period	No
Impairment of assets	-119,329,962.08	-18.84%	The main reason is the provision for inventory falling price reserves and expected credit impairment losses	No
Non-operating income	6,343,380.95	1.00%		No
Non-operating expenses	9,310,001.33	1.47%		No

VI. Analysis of assets and liabilities

1. Significant changes in asset composition

Unit: RMB

	End of 2022		Early 2022		Increase or decrease of proportion	Explanation of major changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary capital	1,403,026,071.34	13.54%	1,767,580,056.07	18.40%	-4.86%	No significant changes
Accounts receivable	2,549,734,039.66	24.60%	2,188,161,465.48	22.78%	1.82%	No significant changes
Inventory	1,992,952,212.53	19.23%	2,184,402,766.04	22.74%	-3.51%	Compared with the beginning of the period, it decreased by RMB 191.45 million or 8.76% during the reporting period. The main reason is that during the same period last year, some of the raw materials in short supply were stocked up in response to the impact of shortage of raw material supply, resulting in a decrease in the stocking and the consumption of inventory during the reporting period.
Investment property	106,242,777.85	1.03%	86,975,114.31	0.91%	0.12%	No significant changes
Long-term equity investment	23,550,658.91	0.23%	26,119,127.82	0.27%	-0.04%	No significant changes
Fixed assets	1,840,358,093.74	17.76%	1,299,517,887.54	13.53%	4.23%	Compared with the beginning of the period, it increased by RMB 540.84

						million or 41.62% during the reporting period. The main reason is that during the period, the Operation Center Project in Ningbo East China and Operation Center Project in India constructed was available and transferred into fixed assets.
Construction in progress	234,775,312.11	2.27%	495,248,025.93	5.16%	-2.89%	Compared with the beginning of the period, it decreased by RMB 260.47 million or 52.59% during the reporting period. The main reason is that during the reporting period, the Ningbo East China Operation Center Project constructed was available and transferred from the status of construction in progress to fixed assets, while the investment for the construction of Huizhou YAKO Automation Technology Co., Ltd. and Romania Operation Center during the same period was increased.
Right-of-use assets	106,196,901.87	1.02%	58,168,151.88	0.61%	0.41%	Compared with the same period of last year, it increased by RMB 48.03 million or 82.57% during the reporting period. The main reason is that overseas companies such as Romania and Mexico added lease expenses during the reporting period.
Short-term loans	283,351,495.57	2.73%	409,531,107.26	4.26%	-1.53%	Compared with the same period of last year, it decreased by RMB 126.18 million or 30.81% during the reporting period. The main reason is that the short-term loan due was repaid during the reporting period.
Contractual liabilities	138,281,929.17	1.33%	93,328,006.70	0.97%	0.36%	Compared with the same period of last year, it increased by RMB 44.95 million or 48.17% during the reporting period. The main reason is that the advance received on contract increased compared with the same period of last year.
Long-term loans	581,500,000.00	5.61%	475,020,000.00	4.94%	0.67%	No significant changes
Lease liabilities	73,610,791.09	0.71%	40,290,402.14	0.42%	0.29%	No significant changes

High proportion of overseas assets

Applicable Not applicable

Unit: RMB

Asset details	Reasons of formation	Asset size	Location	Operation mode	Control measures to ensure the safety of assets	Earning position	Proportion of foreign assets to net assets of the Company	Whether there is a significant risk of impairment
Operation Center in India	Investment and establishment	448,625,579.50	Pune, India	R&D, production and sales	Financial supervision and external audit	5,437,727.96	7.83%	No
Vietnam Dong Nai Operation Center	Investment and establishment	627,512,658.02	Dong Nai Province, Vietnam	R&D, production and sales	Financial supervision and external audit	50,195,927.62	10.95%	No

2. Assets and liabilities measured at fair value

Applicable Not applicable

Unit: RMB

Items	Opening balance	Profits and losses from changes in fair value in the current period	Changes in cumulative fair value included in equity	Impairment accrued in the current period	Purchase amount in the current period	Amount sold in the current period	Other changes	Closing balance
Financial assets								
1. Tradable financial assets (excluding derivative financial assets)	214,999,336.74	87,818,625.99	235,563,333.30		97,141,487.58	57,000,000.00		342,959,450.31
Subtotal of financial assets	214,999,336.74	87,818,625.99	235,563,333.30		97,141,487.58	57,000,000.00		342,959,450.31
Total of the above	214,999,336.74	87,818,625.99	235,563,333.30		97,141,487.58	57,000,000.00		342,959,450.31
Financial liabilities	0.00	0.00	0.00		0.00	0.00		0.00

Contents of other changes

None

Whether there are significant changes in the measurement attributes of the Company's main assets during the reporting period

Yes No

3. Restricted asset rights by the end of the reporting period

See Sections X, VII, and (LXXXI) of this report for details.

VII. Investment analysis**1. General situation**

Applicable Not applicable

Investment in the reporting period (RMB)	Investment amount in the same period of last year (RMB)	Range of change
42,352,940.00	68,500,000.00	-38.17%

2. Major equity investment obtained during the reporting period

Applicable Not applicable

3. Major non-equity investment obtained during the reporting period

Applicable Not applicable

4. Investment in financial assets**(1) Securities investment**

Applicable Not applicable

There was no securities investment during the reporting period.

(2) Derivatives investment

Applicable Not applicable

Derivative investments for hedging purposes during the reporting period

Applicable Not applicable

Unit: RMB ten thousand

Types of derivatives investment	Initial investment amount	Profits and losses from changes in fair value in the current period	Changes in cumulative fair value included in equity	Purchase amount during the reporting period	Amount sold during the reporting period	Ending amount	Proportion of investment amount at the end of the period in net assets of the Company at the end of the reporting period
Forward settlement and sale of foreign exchange	51,097.04	0	0	51,097.04	51,097.04	0	0.00%
Total	51,097.04	0	0	51,097.04	51,097.04	0	0.00%
Explanation of accounting policies and specific accounting principles for hedging business during the reporting period, as well as whether there have been significant changes compared to the last reporting period	The Company has made corresponding accounting and presentation for foreign-exchange derivative transaction to be done according to Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 24 - Hedge Accounting, Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments issued by Ministry of Finance, and other regulations and guides. Foreign exchange derivative contracts were initially and subsequently measured using trading financial assets, which fair value is priced by financial institutions based on open market trading data, and there has been no significant change compared to the last reporting period.						
Explanation of actual profits and losses in the reporting period	Amount included in current profit and loss from foreign-exchange derivative transaction conducted during the reporting period was approximately RMB 2.9942 million.						
Explanation of hedging effect	The Company conducted forward exchange transaction, effectively reducing the risk of exchange fluctuations through reasonable RMB forward exchange transaction, focusing on future transaction costs and incomes, and achieving asset hedging with the aim of avoiding risks.						
Capital sources of derivatives investment	Self-own capitals						
Risk analysis and control measures of derivatives positions in the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>I. Risk analysis of forward exchange transaction</p> <p>The forward exchange transaction business carried out by the Company and its subsidiaries followed the principle of locking in exchange rate risk and not engaging in speculative or arbitrage trading operations. However, there were still certain risks in forward exchange transaction operations:</p> <ol style="list-style-type: none"> 1. Exchange rate fluctuation risk: In the event of significant fluctuations in exchange rates, if the forward settlement exchange rate stipulated in the confirmation letter for forward exchange transactions was lower than the real-time exchange rate on the settlement day, it will cause exchange losses. 2. Internal control risk: Because forward exchange transactions are highly specialized, risks may arise due to inadequate internal control systems. 3. Customer default risk: If the customer's accounts receivable are overdue and the payment cannot be collected within the predicted payment period, it will cause a delay in forward exchange settlement and result in losses for the Company. 4. Risk of payment collection prediction: In general, the Sales Department of the Company predicts payment collection based on customer orders and expected orders. Nonetheless, during the actual execution process, customers may adjust their own orders and the Company may make an inaccurate payment prediction, 						

	<p>leading to the risk of delayed delivery of forward exchange settlement.</p> <p>5. Legal risk: Changes in relevant laws or violations of relevant legal systems by counterparties may result in contracts being unable to be executed normally and cause losses to the Company.</p> <p>II. Risk control measures</p> <p>1. The Company has formulated the Internal Control System for Forward Exchange Transactions, which provides clear regulations on the Company's foreign exchange transaction operating principles, approval authority, internal operating procedures, responsible departments and individuals, information isolation measures, and risk management for forward exchange transaction, and can meet the needs of practical operations, and its internal control and risk management measures formulated are practical and effective.</p> <p>2. The finance center and audit department of the Company, as relevant responsible departments, have clear management positioning and responsibilities, and responsibilities are assigned to their positions. Through this hierarchical management, the risks of single person or individual department operations are fundamentally eliminated, and the speed of risk response is also improved while effectively controlling risks.</p> <p>3. To prevent delayed delivery of forward exchange transactions, the Company attaches great importance to the management of accounts receivable and actively collects accounts receivable to avoid the phenomenon of overdue accounts receivable.</p> <p>4 The Company engages in financial derivative transaction business with large commercial banks with legal qualifications, closely monitors relevant laws and regulations in the field, avoiding potential legal risks.</p> <p>5. The Company's forward exchange transactions must be based on a cautious prediction for foreign currency receipts (payments) of the Company, and the foreign currency amount of the foreign exchange transaction contract must not exceed 90% of the annual planned total amount of foreign currency receipts (payments).The delivery period of forward exchange transactions needs to match the Company's predicted foreign currency collection time.</p>
Changes in market price or fair value of products of the invested derivatives during the reporting period, and the disclosure of specific methods used and relevant assumptions and parameters set in the analysis of the fair value of derivatives	Determine changes in fair value based on market quotes from external financial institutions.
Litigation (if applicable)	Not applicable
Disclosure date of Board of Directors announcement for approval of derivatives investment (if any)	January 15, 2022
Disclosure date of Shareholders' Meeting	

announcement for approval of derivatives investment (if any)	
Special opinions of independent directors on derivatives investment and risk control of the Company	The forward exchange transactions carried out by the Company is to meet the needs of normal production and operation, not solely for profit, and the Company has also formulated the Internal Control System for Forward Exchange Transactions to avoid and prevent exchange rate fluctuation risks and strengthen risk management and control. For details, please refer to the Company's disclosure on Independent Opinions of Independent Directors on Matters Related to the 19th Meeting of the 7th Board of Directors on http://www.cninfo.com.cn on January 15, 2022

2) Derivative investment for speculative purposes during the reporting period

Applicable Not applicable

There was no derivative investment for speculative purposes during the reporting period.

5. Usage of raised capitals

Applicable Not applicable

(1) General use of raised capitals

Applicable Not applicable

Unit: RMB ten thousand

Year of raising capitals	Ways of raising capitals	Total amount of raised capitals	Total amount of raised capitals used in the current period	Total amount of raised capitals used	Total amount of raised capitals for change of purpose during the reporting period	Cumulative total amount of raised capitals with changed purposes	Cumulative total amount proportion of raised capitals with changed purposes	Total amount of unused raised capitals	Purpose and destination of unused raised capitals	Amount of raised capitals which have been idle for more than two years
2019	Public offering of convertible bonds	56,543.65	5,767.75	44,568.25	0	0		11,975.40	Temporary replenishment and deposit in the special account for raised capitals	0
2021	Non-public offering of shares	103,684.71	6,095.45	40,635.32	61,000	61,000	58.83%	63,049.39	Temporary replenishment and deposit in the special account for	0

									raised capitals	
Total	--	160,228.36	11,863.20	85,203.57	61,000	61,000	38.07%	75,024.79	--	0
General use of raised capitals										
1. Actual amount and time of arrival of capitals raised										
(1) Public offering of convertible corporate bonds to raise funds in 2019										
<p>The Company publicly issued 5.73 million convertible corporate bonds on March 7, 2019, each with a par value of RMB 100, with a total amount of RMB 573 million, with the approval in the Reply of China Securities Regulatory Commission on the Approval of Public Offering of Convertible Corporate Bonds by Shenzhen Topband Co., Ltd. (ZJXK [2018] No. 1842).through priority placement to original shareholders, offering of the balance after priority placement to original shareholders (including the part for which the original shareholders gave up priority placement) to public investors online through the trading system of Shenzhen Stock Exchange, and stand-by underwriting of the part with the subscription amount less than RMB 573 million by lead underwriters. Capitals with a total amount of RMB 573,000,000.00 were raised, and the net capitals raised were RMB 565,436,509.42 after deduction of all the issuance costs amounting to RMB 7,563,490.58.</p> <p>The capitals arrived on March 13, 2019. Ruihua Certified Public Accountants (Special General Partnership) verified the arrival and issued the Capital Verification Report (RHYZ [2019] No. 48270001).</p>										
(2) Non-public offering of shares to raise capitals in 2021										
<p>Shenzhen Topband Co., Ltd. issued 92,105,263 common stocks to specific targets in private at the price of RMB 11.40 per stock, with a par value of RMB 1 per stock, with the approval in the Reply of China Securities Regulatory Commission on the Approval of Non-public Offering of Shares by Shenzhen Topband Co., Ltd. (ZJXK [2020] No. 1865). The total amount of funds raised was RMB 1,049,999,998.20, and the net funds actually available for use were RMB 1,036,847,068.71 after deduction of all the issuance costs amounting to RMB 13,152,929.49 (tax-exclusive).</p> <p>The funds were transferred to the Company's special account for raising funds on May 10, 2021. Baker Tilly China Certified Public Accountants (Special General Partnership) verified the arrival and issued the Capital Verification Report (TZYZ [2021] No. 29460) for the capitals.</p>										
2. Usage amount and balance of funds raised in 2021										
(1) Use of capitals raised by public issuing of convertible bonds in 2019										
<p>As of December 31, 2022, the Company has invested RMB 445.6825 million in capital-raising projects. Among them, RMB 419.4477 million was directly invested in the capital-raising projects, and RMB 26.2348 million was returned before the raised capitals were put in place. On December 31, 2022, RMB 120 million idle raised capitals have been used to temporarily supplement the working capital; as of December 31, 2022, the balance of the raised capitals account is RMB 6.3618 million (including interest income).</p>										
(2) Non-public offering of shares to raise capitals in 2021										
<p>As of December 31, 2022, the Company has invested RMB 406.3532 million in capital-raising projects. Among them, RMB 360.95453 million was directly invested in the capital-raising projects, and RMB 45.3987 million was returned before the raised capitals were put in place. On December 31, RMB 2022, 590 million idle raised capitals have been used to temporarily supplement the working capital; as of December 31, 2022, the balance of the raised capitals account is RMB 40.9477 million (including interest income).</p>										

(2) Situation of projects committed when raising capitals

Applicable Not applicable

Unit: RMB ten thousand

Committed investment projects and investment direction of over raised capitals	Whether the project has been changed (including some changes)	Total committed investment of raised capitals	Total investment after adjustment (1)	Amount invested during the reporting period	Accumulated investment by the end of the period (2)	Investment progress by the end of the period (3)=(2)/(1)	The date when the project is ready for use	Benefits achieved during the reporting period	Whether the expected benefits are achieved	Where there is any significant change in the feasibility of the project
Committed investment projects										
Construction project of Topband East China Operation Center	No	56,543.65	56,543.65	5,767.75	44,568.25	78.82%	Some are already in use and the rest are under construction	-2,561.74	Not applicable	No
Topband Huizhou No. 2 Industrial Park Project	Yes	73,684.71	12,684.71		4,539.87	35.79%			Not applicable	No
Topband Nantong Industrial Park Phase - I Stage - 1 Project	Yes		61,000	6,095.45	6,095.45	9.99%			Not applicable	No
Replenish the Company's working capital	No	30,000	30,000		30,000	100.00%			Not applicable	No
Subtotal of committed investment projects	--	160,228.36	160,228.36	11,863.20	85,203.57	--	--		--	--
Investment direction of over raised capitals										
None										
Total	--	160,228.36	160,228.36	11,863.2	85,203.57	--	--	-2,561.74	--	--
Explanation of the situation and reasons of failing to reach the planned progress or expected income (by specific project) (including the reason for selecting "NA" for "whether the expected income has been achieved")	None									
Explanation of major changes in project feasibility	None									
Amount, use and progress of over raised capitals	Not applicable									
Change of implementation	Applicable									
location of investment projects	Applicable									
	1. On January 8, 2022, the Company held the 18th Meeting of the 7th Board of Directors, deliberated and passed the Proposal on Implementation Mode, Subject and Location of Changes in Some Capital-raising Projects, and agreed that the Company									

with raised capitals	<p>should change the implementation subject, location and mode of the lithium battery business in the planned project. Specifically, the implementation place was changed from Huizhou, Guangdong Province to Nantong, Jiangsu Province.</p> <p>2. On August 18, 2022, the Company held the 27th (Extraordinary) Meeting of the 7th Board of Directors, deliberated and passed the Proposal on Changing Implementation Mode and Location Again in Some Capital-raising Projects, and agreed that the implementation mode and location of "Topband Nantong Industrial Park Phase - I Stage - 1 Project (Lithium Battery)", where the location was changed from "Area A, Nantong Free Trade Zone, Jiangsu" to "Nantong Economic & Technological Development Area, Jiangsu".</p>
Adjustment of implementation mode of investment projects with raised capitals	Applicable
	<p>Applicable</p> <p>1. On January 8, 2022, the Company held the 18th Meeting of the 7th Board of Directors, deliberated and passed the Proposal on Implementation Mode, Subject and Location of Changes in Some Capital-raising Projects, and agreed that the Company should change the implementation subject, location and mode of the lithium battery business in the planned project. Specifically, the implementation mode was changed from the land acquisition for building construction to the direct purchasing of building with infrastructure constructed.</p> <p>2. On August 18, 2022, the Company held the 27th (Extraordinary) Meeting of the 7th Board of Directors, deliberated and passed the Proposal on Changing Implementation Mode and Location Again in Some Capital-raising Projects, and agreed that the implementation mode and location of "Topband Nantong Industrial Park Phase - I Stage - 1 Project (Lithium Battery)", where the mode was changed from "the direct purchasing of plant with infrastructure constructed" to "the land acquisition for plant construction".</p>
Upfront investment and replacement of investment projects with raised capitals	<p>Applicable</p> <p>1. The Company invested RMB 26.2348 million in advance in the operation center project of Topband East China with self-raised capitals. Ruihua Certified Public Accountants (special general partnership) conducts a special audit on the above matters, and issues the Authentication Report on the Report of Shenzhen Topband Co., Ltd. on the Investment Projects with Self-raised Capitals in Advance (RHHZ [2019] No. 48250027). On July 25, 2019, the 25th Meeting of the 5th Board of Directors of the Company deliberated and passed the Proposal on Using Raised Capitals to Replace Self-raised Capitals Invested in Advance. As of December 31, 2022, the Company has completed the replacement of self-raised capitals invested in advance.</p> <p>2. The Company invested RMB 45.3987 million in Topband Huizhou No. 2 Industrial Park Project with self-raised funds in advance. Baker Tilly China Certified Public Accountants (Special General Partnership) conducted a special audit on the matter above, and issued the Authentication Report of Pre-investment of Shenzhen Topband Co., Ltd. in the Investment Project of Funds Raised with Self-raised Funds (TZYZ [2021] No. 31911). The 10th Meeting of the 7th Board of Directors was held to review and approve the Proposal on Replacement of Pre-invested Self-raised Funds with Funds Raised on June 8, 2021. As of December 31, 2022, the Company has completed the replacement of self-raised capitals invested in advance.</p> <p>The Board of Supervisors, Independent Directors and Sponsor Institutions of the Company all expressed their clear consent on the matter.</p>
Temporary replenishment of working capital with idle capitals raised	<p>Applicable</p> <p>On February 15, 2022, the Company held the 20th Meeting of the 7th Board of Directors, deliberated and passed the Proposal on Temporarily Replenishing Working Capital with Some Idle Raised Capitals, and agreed that the Company should temporarily replenish working capital with no more than RMB 840 million of idle capitals raised, with a period of not more than 12 months. The above capitals have been fully returned to the raised capitals account within the validity period of the deliberation. As of December 31, 2022, RMB 71,000 of temporary supplementary current assets have been used.</p> <p>The Board of Supervisors, Independent Directors and Sponsor Institutions of the Company all expressed their clear consent on the matter.</p>
Amount and reasons of the balance of raised capitals in project implementation	Not applicable
Purpose and whereabouts of unused raised capitals	<p>1. On February 15, 2022, the Company held the 20th Meeting of the 7th Board of Directors, deliberated and passed the Proposal on Temporarily Replenishing Working Capital with Some Idle Raised Capitals, and agreed that the Company should temporarily replenish working capital with no more than RMB 840 million of idle capitals raised, with a period of not more than 12 months. The above capitals have been fully returned to the raised capitals account within the validity period of the deliberation. As of December 31, 2022, RMB 71,000 of temporary supplementary current assets have been used.</p> <p>2. On March 22, 2022, the Company held the 21st Meeting of the 7th Board of Directors, deliberated and passed the Proposal on Purchasing Cash Financial Products with Some Idle Raised Capitals and Self-own Funds, and agreed that the Company should purchase short-term principal-protected bank financial products with no more than RMB 100 million of idle raised capitals and no more than RMB 600 million of self-own funds. The capitals can be used on a rolling basis within the amount above. As of December 31, 2022, the Company has purchased no financial products with the idle raised capitals.</p>

	The Board of Supervisors, Independent Directors and Sponsor Institutions of the Company all expressed their clear consent on the matter.3. The remaining unused raised capitals are deposited in the Company's special account for raising funds.
Problems or other situations in the usage and disclosure of raised capitals	None

(3) Change of projects with raised capitals

Applicable Not applicable

Unit: RMB ten thousand

Changed projects	Original projects committed	Total amount of raised capitals to be invested in the changed project (1)	Actual investment during the reporting period	Actual accumulated investment by the end of the period (2)	Investment progress by the end of the period (3)=(2)/(1)	The date when the project is ready for use	Benefits achieved during the reporting period	Whether the expected benefits are achieved	Whether there was a significant change in the feasibility of the changed project
Topband Nantong Industrial Park Phase - I Stage - 1 Project	Topband Huizhou No. 2 Industrial Park Project (Lithium Battery)	61,000	6,095.45	6,095.45	9.99%		0	Not applicable	No
Total	--	61,000	6,095.45	6,095.45	--	--	0	--	--
Reasons for change, decision-making procedures and information disclosure (by specific projects)		<p>(1) In January 2022, due to the rapid development of the Company's lithium battery business in recent years, the downstream market demand was rather strong. The Company originally planned to purchase land and build a plant to promote the lithium battery project, with a construction period of 2 years. However, in the Nantong Lithium Battery Project, the Company purchased an existing plant with infrastructure constructed, greatly shortening the construction period. In order to facilitate the expansion of the lithium battery business as soon as possible, the Company fully seized the market opportunities of the lithium battery industry and the new energy industry, enhanced the its market competitiveness and operating performance, and through the comprehensive assessment, planned to change the implementation subject, location and mode of the lithium battery business in the original capital-raising project, so as to utilize the funds raised efficiently.</p> <p>The Company, after holding the 18th (Extraordinary) Meeting of the 7th Board of Directors, the 15th (Extraordinary) Meeting of the 7th Board of Supervisors, the 1st Extraordinary General Meeting of Shareholders in 2022, deliberated and passed the Proposal on Implementation Mode, Subject and Location of Changes in Some Capital-raising Projects, to change the implementation mode, subject and location of the lithium battery business in the planned capital-raising project with the non-public offering of shares in 2021.</p>							

	<p>(2) In August 2022, since the Administrative Committee of Nantong Economic & Technological Development Area changed the overall planning for the implementation location of Topband Nantong Industrial Park Phase - I Stage - 1 Project, taking into account the efficiency of the Company's capital-raising, the speed of the capital-raising project, and the needs of the Company's business development, upon friendly consultation with the Administrative Committee of Nantong Economic & Technological Development Area, the Company decided to give up the right to purchase the use of relevant assets, changed the implementation mode and location of the capital-raising project, purchased approximately 250 mu of land usage right in the Nantong Economic & Technological Development Area using the capital raised and self-own funds, and implemented the "Topband Nantong Industrial Park Phase - I Stage - 1 Project (Lithium Battery)" through self-built mode.</p> <p>The Company, after holding the 27th (Extraordinary) Meeting of the 7th Board of Directors, the 22th (Extraordinary) Meeting of the 7th Board of Supervisors, the 2nd Extraordinary General Meeting of Shareholders in 2022, deliberated and passed the Proposal on Implementation Mode, Subject and Location of Changes in Some Capital-raising Projects, to change the implementation mode and location of the lithium battery business in the planned capital-raising project with the non-public offering of shares in 2021.</p> <p>(3) The above content has been disclosed in strict accordance with the information disclosure requirements.</p>
Situation and reason of failing to reach the planned progress or expected income (by specific project)	Not applicable
Explanation of major changes in the feasibility of the changed project	Not applicable

VIII. Sale of major assets and equity

1. Sale of major assets

Applicable Not applicable

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

2. Sale of major equity

Applicable Not applicable

IX. Analysis of major holding and equity participating companies

Applicable Not applicable

Situation of major subsidiaries and equity participating companies with an impact of 10% or more on net profit of the Company

Unit: RMB

Company name	Company type	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Huizhou Topband Electrical Technology Co., Ltd.	Subsidiary	R&D, production, sales, import and export of electronic components	300 million	4,316,877,579.22	1,646,365,999.19	5,834,382,426.03	240,628,824.54	216,559,180.57
Topband (Vietnam) Co., Ltd	Sub-subsidiary	R&D, production, sales, import and export of electronic components	USD 12.5 million	225,890,130.09	188,392,031.24	450,572,867.46	94,635,999.17	85,146,770.04

Situation of acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

Company name	Method of acquisition and disposal of subsidiaries during the reporting period	Impact on overall production and operations and results
Shenzhen Xiaoyou Aitu Innovation Technology Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report
Shenzhen Yueshang Robot Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report
Shenzhen Topband Motor Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report
Huizhou Chiding Technology Co., Ltd.	Newly established and acquired	No significant impact on the results of the Report

Explanation of major shareholding companies

None

X. Situation of structured entity controlled by the Company

Applicable Not applicable

XI. Prospects for the future development of the Company

(I) Social development trend and 2030 vision

1. Intellectualization

The development and application expansion of new technologies such as IOT, 5G, and AI will open up growth space and continuously accelerate the process of social intelligence. It is expected that the economic value affected by the technology will exceed USD 60 trillion by 2030. The Company will continue to explore innovative technologies in the future world and expand new opportunities for industry intelligence in various application scenarios such as clothing, food, housing and transportation, enterprises, and cities.

Especially with the rapid breakthrough of universal artificial intelligence technology, the application of intelligence will greatly accelerate, and have a profound impact on all aspects of human society. We will continue to strengthen our technological innovation and R&D capabilities, constantly improve the quality and efficiency of intelligent applications, and provide customers with more high-quality services and solutions.

2. Low carbonization

The climate crisis caused by greenhouse gases is deepening year by year, driving energy conservation and carbon reduction in various countries around the world. It is expected that by 2050, China's cumulative investment in various aspects such as energy production, energy use, and ecology will reach RMB 300 trillion. The Company will use the technology of "four electrics and one network" and seize the market opportunities brought by the "carbon peaking and carbon neutrality" policy, helping global low-carbon development.

The Company faces historic new opportunities in areas such as green new energy, energy storage, and efficient energy use. We will continue to strengthen our technological innovation and R&D capabilities, expand new market opportunities in the low-carbon field, provide customers with more high-quality solutions and services, and contribute our strength to the global low-carbon development.

3. Internationalization

As the global supply chain fluctuates more tempestuously, its safety risks are increasing, and the supply chain is developing towards multilateralization, internationalization and multiregional localization. On the one hand, with the increasing complexity, personalization, and differentiation of terminal products, the product R&D and delivery are required to be fast, and the quality be reliable and stable. China's industrial clusters and engineer dividends have promoted the transfer of industries to China. On the other hand, with the impact of international trade conflicts, geopolitical factors, and other factors, the risk of a single Chinese industrial chain has significantly increased. Combined, the industry will gradually show a trend of mainly focusing on China and developing towards multiple regions such as Southeast Asia and North America. The Company will actively respond to new

challenges in the supply chain, expand new opportunities in multiple regions, and accelerate the pace of internationalization.

2030 vision of the Company

By 2030, the Company's goal is to provide customers with intelligent solutions through deep insight into the pain points of users, scenarios, and industries, making the world smarter and low-carbon.

An intelligent society is the irresistible trend, with a long-term, continuous, wide-ranging and far-reaching change, which will deeply affect modern life and change the form of products. We shall seize the historical opportunity of intelligent, scenario-based, green and low-carbon development, actively innovate business models, make transform from components to products and then to solutions, innovate home appliance business around the "four electrics and one network" technology, cultivate blue ocean market, expand tool business product categories, maintain leading market share, and accelerate the development of new energy and industrial business, achieving scale growth.

(II) Development strategies of the Company

1. Focusing on strategy for sustained and effective growth

In 2021, based on the Company's interim development goals for 2025, a vision blueprint for the next decade was formulated, and the long-term development goals for 2030 were clearly proposed. The Company will continue to focus on scale growth as its core goal, deepen the implementation of the five strategic policies of "scale growth, close customer relationship, innovation-driven development, agile operation and organizational evolution", build a pyramid profit model, enhance leading position in global intelligent control solution providers, and achieve sustained and effective growth.

The Company will provide one-stop intelligent control solutions and services for the world's leading brand customers with the advantage of the "four electrics and one network" technology, especially increasing business development in the new energy industry, focusing on four main businesses of the "home appliances + tools + new energy + industry", and make good use of the capital market platform to achieve high growth in operating income scale through a combination of endogenous and extended methods.

2. Continuously enhancing innovation-driven technology and product competitiveness

The Company will adhere to innovation-driven development, continuously maintain R&D investment, strengthen basic and cutting-edge technology research, construct technology control points, strengthen product line construction and create more high-quality product platforms, promote the protection of intellectual assets such

as patents and trade secrets, build technological barriers, cultivate innovative growth engines, and strengthen the cultivation of innovative talents.

At the same time, the Company will seize development opportunities such as "intelligence" and "low-carbon", actively explore innovative businesses such as the Internet of Things and green commuting, consolidate and expand the core technical capabilities of the "four electrics and one network", enhance market and product development capabilities, and explore more high-value markets. The Company has identified key development plans for "knock-out products" in various fields, focused on strategic opportunities and strengthened innovation efforts around key categories.

3. Agile operation for improving quality, reducing costs, and increasing efficiency

The Company will deepen the implementation of agile operation strategy, continuously optimize business processes such as strategy, marketing, R&D, sales, purchase, and after-sales, and improve end-to-end efficiency. The Company will also increase efforts to reduce costs and increase efficiency, and comprehensively utilize various means such as R&D and design cost reduction, purchase cost reduction, and manufacturing cost reduction to achieve effective cost reduction for mature products.

4. Organizational reform and continuous evolution of process-oriented organizations

Promote organizational evolution strategy, strengthen talent team building, quickly increase the number of key positions, strengthen the capacity building of the middle office and background, better empower the iron triangle team, and create a customer-centered process-oriented organization.

5. Accelerate international layout and build global multi-base delivery capabilities

The Company will continue to strengthen its close customer relationship strategy. In order to meet the needs of customers for fast and nearby delivery, and in combination with business needs, the Company has established operation centers, production and manufacturing centers, R&D centers, and representative offices in multiple locations around the world. During the reporting period, the Company accelerated the gradeability of production capacity in Vietnam and India, and accelerated the construction and mass production introduction of factories in Mexico and Romania; at the same time, the Company utilized the advantages of global layout to strengthen supply chain integration and enhance local purchase capabilities.

(III) Business plan of 2023

1. Realize scale growth: Based on the core technology of "four electrics and one network", continue to implement the strategy of leading customers, leverage platform advantages, and increase the share of overseas

factories to achieve scale growth in various industries, and increase the proportion of high-value products and autonomous and controllable businesses;

2. Enhance profitability: By implementing "three reductions and one optimization" and process optimization, and enhancing the level of digitalization and automation, improve the Company's overall cost efficiency, increase efficiency and reduce costs, enhance the Company's profitability, and improve cash flow from operating activities;

3. Organizational evolution: Incubate large-scale BUs, create an outspoken corporate culture, strengthen the sense of mission and internal drive of all Topband staff, stimulate the creativity of all employees, unleash potential, and drive employee success.

(IV) Fund demand and utilization plan

The Company is in a stage of rapid development and has a significant funding demand in terms of equipment upgrades and expansion of production capacity. The Company has a good credit standing, so it is able to get strong support from the bank in a timely manner. In 2023, the Company will combine its own development situation and development strategy, and make reasonable use of various capital-raising channels to raise the necessary funds for the Company's development.

(V) Risks faced by the Company and countermeasures

1. External risks such as the macro environment

Trade frictions and geopolitical tensions will also produce adverse influences on business confidence and investment. The Company may continue to face an uncertain external environment, so we will further strengthen risk identification and control for various businesses and regions and adjust strategies timely to minimize external influences.

2. Risks of technology upgrading

The intelligent controller industry technology, as the main business of the Company, is developing rapidly with fast product upgrading and short life cycle. Although the Company continues to invest in research and development and owns a number of invention and utility patents, there is still a risk that the technology will not be updated in time to meet market demand, or lag behind competitors in launching new products, resulting in a decline in the market share and profitability of the Company.

3. Exchange rate risk

The Company's revenue from export sales accounts for more than half of total revenue. In order to cope with the risk of exchangerate fluctuation, the Company will reduce and hedge foreign exchange risks by conducting RMB hedging business, international purchase and re-pricing of new product.

4. Other risks

There are many uncertainties in the current macro environment at home and abroad, and there are some factors that are unfavorable to the operation of the Company. For example, the China-United States trade war, shortage of raw materials, rising price, insufficient labor and customer credit risk will increase the uncertainty of the Company's operation.

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

Applicable Not applicable

Time of reception	Location of reception	Method of reception	Type of reception object	Reception object	Main contents of interview and materials provided	Basic Information index for investigation
2022/1/18 2022/1/20 2022/1/21	Conference room of the Company	Field survey	Organizations	Ruiyuan Fund, Bank of Communications Schroder Fund, China Orient Asset Management, E Fund Management and UBS AM (US)	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn
2022/1/24	Conference room of the Company	Telephone communication	Organizations	Citibank, ABRDN, Allianz Asia, CHINA RE ASSET MGMT CO LTD, Eurizon Capital SGR SPA, Fountaincap Res & Inv (HK) Co, Fullgoal Fund Management, Hang Seng Investment Management, Lazard Freres, Mackenzie Financial Corp, Manulife Asset Mgmt (HK) Ltd, Millennium Capital Management, Neuberger & Berman, New Silk Road Investment Pte, Orchid China Management Limited, Oscar & Partners Capital Ltd, Pinpoint Asset Management Ltd, Point72 Asset Management, Power Corporation of Canada, Principal Global Investors, Schonfeld Strategic Adv HK Ltd, Schroder Invest Management UK, Schrodgers IM Singapore, UBS AM (US), UBS AM London, Value Partners, Wellington Management Company	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn
2022/2/27 2022/3/1	Conference room of the Company	Telephone communication	Organizations	Neuberger Berman, Vontobel Asset Management, Allianz Global Investors, Essence Securities, Essence Asset Management, Beijing Zundao Asset Management, BlackRock Fund, Truvalue Asset Management, Dacheng Innovation	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn

				Capital Management, Topsperity Fund, Topsperity Securities, Orient Securities Asset Management, Shanghai Fusheng Assets Management, Fullgoal Fund Management, Fortune & Royal Fund, Everbright Securities, Everbright Securities Asset Management, Guangdong Hengsheng Fund Management, Guangdong Development Fund, Guotai Asset Management, Guotai Junan Securities, Guosen Securities, HFT Investment Management, Hua An Fund Management, Hwabao WP Fund Management, Huachuang Securities, Huashang Fund Management, Huatai Baoxing Fund Management, Huatai Securities, China Asset Management, China Universal Asset Management, Harvest Fund, CCB Principal Asset Management, Bank Of Communications Schroder Fund Management, Greenwoods Asset Management, JT Asset Management, Minsheng Royal Fund Management, Mingya Fund, China Southern Asset Management, ABC Wealth Management, Ping An Fund, Ping An Annuity Insurance Company of China, Pingyang Jiuyan Asset Management, SPDB-AXA Fund, First Seafont Fund, Rongtong Fund Management, Foresight Fund, Three Gorges Capital Holdings, Fosun Capital, Shanghai Fosun High Technology, Shanghai Yinsheng Asset Management, Shenzhen Orient Ruizhe Asset Management, Pacific Investment Management, Taikang Asset, Teng Yue Partners Master Fund, TF Securities, Xizang Yuancheng Investment Management, First State Cinda Fund Management, CIB Fund Management, Industrial Securities, E Fund Management, Yinhua Fund Management, Maxwealth Fund Management, Shenzhen Yuanjing Changqing Investment Management, Changjiang Securities, China Merchants Asset Management, Zheshang Securities, Zhonggeng Fund Management, CICC, Lombarda China Fund Management, Citic-prudential Fund Management, China Securities, CITIC Securities, Bank of China Investment Management, EXC Capital Management, TF Securities, Wells Fargo Funds Management		
2022/3/21 2022/3/22 2022/3/23	Conference room of the Company	Telephone communication	Organizations	TF Securities, China Securities, Zhongtai Securities, Guosen Securities, CITIC Securities, CICC Securities, Huachuang Securities, Guotai Junan Securities, Shenwan Hongyuan Securities, Changjiang Securities, Guosheng Securities, Southwest Securities and Haitong Securities. TF Securities, Shenzhen Zhicheng Haiwei Asset Management, Sinosafe Assets, China Asset	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn

				Management, BlackRock Fund, AEGON-INDUSTRIAL Fund Management, Guotai Asset Management, SDIC Fund, China Universal Asset Management, Foresight Fund, Shanghai Silver Leaf Investment, Rongtong Fund Management, CITIC Securities Asset Management, Shanghai South Land Investment Management, Shenzhen Qin Tao Capital Management, Guotai Junan Securities Asset Management, Chaos Investment, China Merchants Fund, Vontobel Asset Management Asia Pacific Limited, Xintai Life Insurance, Shanghai Chunda Investment, Hunan Yuancheng Investment, BOSCO Asset, Zhongtai Securities Proprietary, EXC Capital Management, Yongde Ruixuan (Qingdao) Private Equity Fund, Ningbo Liansheng Investment, Shenzhen Qianhai Dengcheng Asset Management, Essence Securities Asset Management, Hangzhou Qianlu Investment, Shenzhen Shangdao Investment Fund, Beijing Ding Investment, Infore Capital, DIB Asset Management (Zhuhai) Co., Ltd., Rays Capital, Yinhua Fund Management, Value Investment Management, Shanghai EverFortune Investment & Management, Pioneer Fund, Dongfanghong Fund, Huarong Fund, Tianchong Asset Management, Guhe Asset Management, CITIC Industrial Fund, Silver Leaf Investment, Dongxing Securities. Teng Yue Partners Master Fund. CHAIRPERSON, SPEAKER, CITI, OASIS, POINT 72, BLACKROCK, NEW SILK ROAD, HANG SENG INV, XIN DA NEUBERGER BERMAN, VALUE PARTNERS, AXA, PUTNAM, KADENSA CPT, HANG SENG INV, MARSHALL WACE		
2022/3/31	Flush Roadshow Platform	Telephone communication	Organizations	Performance presentation session	Learn about the operation of the Company; no information provided. http://www.cninfo.com.cn	
2022/4/20 2022/4/21 2022/4/22	Conference room of the Company	Telephone communication	Organizations	TF Securities, China Securities, Zhongtai Securities, Guosen Securities, CITIC Securities, CICC Securities, Huachuang Securities, Guotai Junan Securities, Shenwan Hongyuan Securities, Changjiang Securities, Guosheng Securities, Southwest Securities, Sinolink Securities, Citi Medium- and Small-cap Stock, Haitong Securities, Great Wall Securities, Everbright Securities, Huatai Securities, Minsheng Securities, Pacific Securities, Dongxing Securities, Wanlian Securities and Soochow Securities. TF Securities, Yinhua Fund Management, China Universal Asset Management, Shenzhen	Learn about the operation of the Company; no information provided. http://www.cninfo.com.cn	

				Qianhai Dengcheng Asset Management, Foresight Fund, Genharmony Capital, Shenzhen Zhicheng Haiwei Asset Management, Penghua Fund, Rays Capital, Guotai Asset Management, Western Leadbank FMC, Vontobel Asset Management Asia Pacific Limited, Sinosafe Assets, First-Trust Fund Management, BOSCO Asset, BOCI Securities, SPDB-AXA Fund, Fosun Asset Management, Neuberger Berman Fund, Jinfu Anda, Ping An Fund, Shanghai Silver Leaf Investment, Huatai Securities Proprietary Securities Investment, Changjun Capital Investment, AEGON-INDUSTRIAL Fund Management, ABC Wealth Management, BlackRock Fund, Beijing Yihejiufu Investment Management, Tangrong Capital, Shanghai Yinsheng Asset Management, First-Trust Fund Management, Rongtong Fund Management, CCB Pension Asset Management, Purekind Fund Management, Tianchong Asset Management, Oriental Alpha Fund, Shanghai Tongben Investment Management Center, Asset Management Department of Essence Securities, Millennium Capital, Shanghai Feima Investment and Management, Infore Capital, Pacific Investment Management, Asset Management Department of GF Securities, Changjiang Securities. CICC Securities, CCB Principal Asset Management.		
2022/4/25 2022/4/27 2022/4/28	Conference room of the Company	Field survey	Organizations	CHAIRPERSON, SPEAKER, OP CAP, FULLGOAL, Great Wall Fund, Rongtong Fund Management, Chuangfu Business Investment Management, Valuebed Capital, Sinolink Securities	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn
2022/5/6	Conference room of the Company	Telephone communication	Organizations	ABERDEEN, BARING, MANULIFE, FULLGOAL, SUN BRIDGE CAPITAL, MIGHTY DIVINE, PINPOINT, OASIS, CITI, BlackRock Asset Management, T.Rowe Price Group, Guosen Securities, Mondrian Investment Partners Ltd., CICC Securities.	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn
2022/5/16 2022/5/17 2022/5/18 2022/5/19	Conference room of the Company	Field survey	Organizations	CICC Asset Management, Greenwoods Asset Management, Teng Yue Partners Master Fund, CICC Securities, Perseverance Asset Management, Yinhua Fund Management, TF Securities, GF Securities.	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn
2022/5/23 2022/5/24 2022/5/25 2022/5/26 2022/5/27	Conference room of the Company	Field survey	Organizations	AEGON-INDUSTRIAL Fund Management, TF Securities; Industrial Securities, HFT Investment Management, CITIC Securities, CITIC Asset Management; Shenwan Hongyuan Securities, Ping An Fund, Dacheng Fund, Baoying Fund, TF Securities, E Fund Management; Penghua Fund; Bank Of Communications Schroder Fund Management; Citibank, TAIKANG, SPRING CAPITAL, OP CAPITAL, AMUNDI, SAMSUNG, OASIS, NIGHTY ONE,	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn

				PRINCIPAL, ABERDEEN, LAZARD, NEW SILK ROAD, Lombarda China Fund Management, TF Securities, Lion Fund Management, Hengyue Asset Management, Lingzhan Capital, Shenzhen ZHAOTU Investment and Management Corporation, Guangdong Juzhou Investment, Harvest Fund, TF Securities, China Universal Asset Management, Guotai Asset Management		
2022/5/30 2022/5/31 2022/6/1	Conference room of the Company	Field survey	Organizations	TF Securities, Hua An Fund Management; Huatai Baoxing Fund Management; Penghua Fund; Taikang Asset; Perseverance Asset Management; First State Cinda Fund Management, Baoying Fund.	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn
2022/6/14 2022/6/16	Conference room of the Company	Field survey	Organizations	BlackRock Fund, Fidelity Investments	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn
2022/7/11	Conference room of the Company	Field survey	Organizations	Western Securities, Huatai Securities and Mingya Fund	Learn about the operation of the Company; no information provided.	http://www.cninfo.com.cn
2022/7/26 2022/7/27	Conference room of the Company	Telephone communication	Organizations	TF Securities, China Securities, Zhongtai Securities, Guosen Securities, CITIC Securities, CICC, Huachuang Securities, Guotai Junan Securities, Haitong Securities, Huatai Securities, Shenwan Hongyuan Securities, Changjiang Securities, Guosheng Securities, Sinolink Securities, Everbright Securities, Soochow Securities, Southwest Securities, Citibank, Wanlian Securities, Great Wall Securities, Huachuang Securities, Aegon-Industrial Fund, First State Cinda Fund Management, Rongtong Fund Management, TENON Securities Dealing Department, Harvest Fund, Liuren Asset Management, Zhengyuan Investment, Orient Securities Dealing Department, Industrial Securities, Oriental Alpha Fund, HSBC Jintrust Fund, SanGeng Fund, Hengyue Fund, Perseverance Asset Management, Pacific Investment Management, point 72, CPIC Fund, SPDB-AXA Fund, BOSC Asset, Purekind Fund Management, Citic-prudential Fund Management, Bank of Communications Schroder Fund, Shanghai Fuyi Investment Management, BOSC Asset, Vontobel, SanGeng Fund, Zundao Asset Management, Bohai Huijin Securities Asset Management, Neuberger Berman Fund, Hengtai Securities, Guotai Junan Securities Asset Management, Senjin Investment, China International Fund, Ping An Asset, Nuode Asset, Southwest Securities Asset Management, Guangdong Development Fund, Fengpei Investment, Taiping Fund, Gold Wide Asset, Zheshang	Understand the Company's business situation and strategic planning (no information available)	http://www.cninfo.com.cn

				<p>Securities, Great Wall Fund, Guodu Securities (proprietary), Sunrise Asset, Shanghai Tongben Investment Management Center, Xuanyuan Investment, Mingya Fund, Greenwoods, Taiping Fund, PHcapital, Minmetals Securities, Huachuang Securities (proprietary), Generali China, Western Leadbank FMC, Hotland Innovation Asset Management, Lion Fund Management, China Securities, Everbright Securities, PICC, China Southern Asset Management, China Life, Focusbridge, Guosen Securities Investment Department, Chasing Securities, KF Fund, Xitai Investment, New China Asset, Lingzhan Private Equity, Huafu Securities (Asset Management), Ren Bridge, Asset Management Department of Essence Securities, Mutual Fund, Soochow Asset, Essence Securities, Yong An Capital, Zhongrong Fund, TF Securities, Sinosafe Assets, KingTower Asset Management, UCAN Fund, Ducheng Investment, Yuancheng Investment, FIL Investments International, Panjing Investment, Jinjiang Heming Asset Management, Zhengyuan Investment, Tianlang Asset Management, Pengyuan Capital, Point72, Huashan Capital, Ping An Fund, Liushi Private Equity Fund, Shanghai Silver Leaf Investment, Xingjian Asset Management, Tianshi Kaiyuan Fund, Lingze Investment, Tangrong Capital, Guohua Life, Bank of China Investment Management, CPIC Fund, Everbright Securities (proprietary), Honghua Capital, CICC Asset Management, Ningquan Asset Management, Chenghuai Investment, StepStone Group, Topsperity Asset Management, HFT Investment Management, Beijing Ding Investment, CCB Principal Asset Management, SPDB-AXA Fund, Orient Securities, Naying Private Equity Fund, Fuge Investment, Bank of Communications Schroder Fund, Wanjia Asset, Sino Life Asset, Shanghai South Land Investment Management, Haitong Securities, Bosera Funds, Beijing Ding Investment, Qinhe Capital, Chongshan Investment, Perseverance Asset Management, Asset Management Department of Huarong Securities, Fuanda Fund Management, Beijing Yihejiufu Investment Management, Guotai Asset Management, Industrial Securities (proprietary), Huafu Securities, EXC Capital Management, Guotai Junan Securities Asset Management, Heyong Investment Management, Foresight Fund, Lingze Investment, New China Pension Co., Ltd., China Wealth Management Co., Ltd.,</p>		
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				HillView Capital, Shanghai Great Abundance Year Asset Management, CMS, Truvalue Asset Management, Fortune Asset, Gemboom, Gongqingcheng Willpower Private Equity Fund, Pingan Asset Management, Shenzhen Qianhai Dengcheng Asset Management, Hao Sheng Investment, Tian Hong Asset, CCB Pension, BOC International (China) Co., Ltd., ABC Wealth Management, Happy Life, Qianti Investment Management, JT Asset Management, Ping An Fund, Assets Management Department of Industrial Bank, Xizang Hezhong Yisheng Investment, Teng Yue Partners LP, Green Fund, Hony Goldstream Capital, Focusbridge Investment, Dealing Department of China Merchants Securities, BOSC Asset, JINK, Lifan Investment, Topfund, Shenzhen Zhicheng Haiwei Asset Management, Shinian Investment, Harvest Fund, Infore Capital, Springs Fund, Zhonggong Fund Management, Xintai Insurance, Chinalin Securities, Hongdao Investment, Gaoyi Investment, Taiping Pension, Tiancheng Investment, Parantoux Capital, Yingdong Private Equity Fund, Purekind Fund Management, Fullgoal Fund Management, Lishi Asset Management, Everbright Pramerica Fund, Asset Management Department of Dongguan Securities, Hotland Innovation Asset Management, Hongta Hotland Fund, Shanghai Milestone Asset Management, Sinolink Securities (proprietary), Quanxi Investment, RiceBank, Xiansheng, Rays Capital, Lifan Investment, Zeming Investment, Zhongtai Securities (proprietary), Jiinyin Investment, CGB Wealth Management, and Etock Capital		
2022/8/2 2022/8/3 2022/8/4	Conference room of the Company	Telephone communication	Organizations	China Securities, Yinhua Fund Management, Taikang Asset, Gao Hua Securities, TF Securities, Penghua Fund, Zhongtai Securities, China Southern Asset Management, Guangdong Development Fund, Shanghai South Land Investment Management, TF Securities, KingTower Asset Management, Harvest Fund, Liuren Asset Management, Shufa Private Equity Fund, Franklin Templeton Investments, BOSC Asset, Taikang Asset, Pengchengjishi Investment, Shanghai Panwen, Shanghai Panwen, RaysCapital, Fujian Zeyuan Asset Management, Shanghai Xiaoyu Investment, Honghua Capital, Sino Life Asset, Founder Fubon Fund, Tangrong Capital, Great Wall Fund, China Asset Management, Tian Hong Asset, Shan Shi Fund, Everbright Securities (proprietary), Zhongwei Capital, Assets Management Department of Industrial Bank,	Understand the Company's business situation and strategic planning (no information available)	http://www.cninfo.com.cn

				CICC Asset Management, Beijing Ding Investment, Sinosafe Assets, China Wealth Management Co., Ltd., Fullgoal Fund Management, Xingyuan Capital, TF Securities, Mingya Fund, HFT Investment Management, Nanhua Fund, CCB Trust, Yan Hang Investment, Springs Fund, Chenghuai Investment, Jing'an Investment, CPIC Fund, Everbright Securities (proprietary), Essence Securities, Tianshi Kaiyuan Fund, China International Fund, Yimi Fund, Baoying Fund, RiceBank, Hengtai Securities, Shinian Investment, Hongtai Investment, Bank of Communications Schroder Fund, 2PVCapital, JINK, Xuanyuan Investment, Cinda Fund, Changjun Capital Investment, Asset Management Headquarters of Pacific Securities, China Life AMP Asset, Hangzhou Xingjian Asset Management, Pengyuan Asset Management, Jingjing Investment, HFT Investment Management, Hunan Yuancheng Investment, CQ Capital, Western Leadbank FMC, Truvalue Asset Management, Yan Hang Investment, Taiping Fund, Knight Investment, Yuhe Asset, New China Pension Co., Ltd., Purekind Fund Management, Hongta Securities Dealing Department, Yuanfeng Investment, Yinhua Fund Management, Xiansheng, Fengpei Investment, HZBank Wealth Management, Linghui Investment, Dajia Baoxian, Everbright Pramerica Fund, Yunxi Fund, Rongtong Fund Management, Topsperity Fund, China Southern Asset Management, Chang Xin Asset Management, China Universal Asset Management, Lu Shang Private Equity, Xitai Investment, Hotland Innovation Asset Management, Sun Life Enverbright Asset Management, Sunshine Asset Management, Ruiteng (Pingyang) Private Equity Fund, SPDB-AXA Fund, DIB Asset Management (Zhuhai) Co., Ltd., Chinalin Securities, CCB Pension Asset Management, CICC Asset Management, CGB Wealth Management, Bosera Funds, Fengpei Investment, Yunnan International Trust, Wanshan Capital, Bohai Huijin Securities Asset Management, and Cenerali China		
2022/8/8	Conference room of the Company	Telephone communication	Organizations	Wellington Management	Understand the Company's business situation and strategic planning (no information available)	http://www.cninfo.com.cn
2022/8/17 2022/8/18 2022/8/19 2022/8/21	Conference room of the Company	Telephone communication	Organizations	Zhongtai Securities, E Fund Management, CMS, Teng Yue Partners Master Fund, Wells Fargo Funds Management, Eastmoney Securities, Harvest Fund	Understand the Company's business situation and strategic	http://www.cninfo.com.cn

					planning information (no available)	
2022/8/21	Conference room of the Company	Telephone communication	Organizations	<p>TF Securities, First-Trust Fund Management, Harvest Fund, Yimi Fund, E Fund Management, Shanghai Silver Leaf Investment, Lingze Investment, Topsperity Asset Management, Danyi Investment, Fujian Zeyuan Asset, Yingli Investment, Bosera Funds, Perseverance Asset Management, Changle Hui Capital, Baoying Fund, Sunshine Asset Management, KingTower Asset Management, CITIC Securities, Shanghai Silver Leaf Investment, Fuge Investment, China Securities (proprietary), China Wealth Management, Winsure Assets Management, Life Insurance, Franklin Templeton Investments, Panwen Investment, Hexie Huiyi Asset Management, Chaser Asset Management, Minsheng Royal Fund Management, C. Fund, CHERAMI Investment, Topsperity Securities (proprietary), Guodu Securities (proprietary), Zhongsheng Chenjia Wealth, CITIC AMC, China Post Life Insurance, Guangzhou Xinbaixin Fund, Broad Fund, Lingjiu Private Equity, Honghua Capital, Millennium Capital, Chenghuai Investment, Hua An Fund Management, Zhonghai Fund, CGB Wealth Management, Purekind Fund Management, Xinghua Fund, MegaTrust, Beijing Ding Investment, Hengtai Securities (retail), DH Fund Management, PV Capital, Barings Investment, Tianshi Kaiyuan Fund, Qianhe Capital, New China Fund, Citic-prudential Fund Management, Value Partners Limited, Orient Securities, Fujian Zeyuan Asset, Oriental Alpha Fund, Golden Eagle, Jianghai Securities Asset Management Department, Hongnuo Fund, Haitong Securities (proprietary), Baoying Fund, Merit Fund, Xintai Insurance, Jingheng Investment, Western Leadbank FMC, Everbright Securities (proprietary), Huachuang Securities Dealing Department, Tian Hong Asset, CICC Asset Management, Janice Neuberger Berman, Taiping Fund, Goldman Sachs ICBC Wealth, Fenglan Assets Management, Yiheng Investment, New China Assets Management, Industrial Securities (proprietary), Guangdong Development Fund, and Mojing Private Equity Fund</p> <p>2 Funding Capital Management, Alluvium Asset, Lombarda China Fund Management, Zhong An Insurance, Shinian Investment, Springs Fund, Guangdong Development Fund, Willing Capital Management Limited, New China Fund, Pin Point Investment,</p>	Understand the Company's business situation and strategic planning (no information available)	http://www.cninfo.com.cn

				<p>Taiping Pension, Vanho Securities, Q. M. Fortune, Essence Asset Management, Huarong Fund, Fargo Funds Management, Mingya Fund, RiceBank, SPDB-AXA Fund, Shanghai South Land Investment Management, Greenwoods Asset Management, China Southern Asset Management, Truvalue Asset Management, Junyi Asset Management, Black Rock Fund, Yunnan International Trust, Maxwealth Fund Management, China Asset Management, Shanghai Tongben Investment Management Center, Chengyi Investment, Founder Fubon Fund, Qingli Investment, Invesco Great Wall Fund, Shanghai Silver Leaf Investment, CCB Trust, China Life AMP Asset Management, Asset Management Department of Dongguan Securities, ZheShang Fund Management, Rongtong Fund Management, First-Trust Fund Management, Heqing Investment, Panjing Investment, Fuge Investment, Assets Management Department of Industrial Bank, HSBC Jintrust Fund, and Guotai Asset Management</p>		
2022/9/25	Conference room of the Company	Telephone communication	Organizations	<p>TF Securities, Taiju Private Equity Fund, CITIC Securities Asset Department, Guodu Securities, Lequ Investment, Liuren Asset Management, Taikang Pension, E Fund Management, Parantoux Capital, JX Assest Management, KingTower Asset Management, Yiheng Investment, Yimi Fund, Shanghai Jujin Investment, HFT Investment Management, Honghua Capital, Parantoux, Shanghai Silver Leaf Investment, Pengyang Asset Management, Topsperity Asset Management, Eastern Smart Rock Investment, Haitong Securities, JINK, Dajia Baoxian, Springs Fund, Maxwealth Fund Management, China Re Asset Management, Duyi Assest Management, Neuberger Berman, Industrial Securities (proprietary), Qingli Investment, Pengyuan Capital, PKU Founder Life, Shanghai SNOWBALL Capital Management, Baoying Fund, Chenghuai Investment, Top Investment, Harvest Fund, Mufenghe Private Equity Fund, Qindao Capital Management, Huayin Fund, Millennium Capital, Souzhou Asset Management, Shanghai South Land Investment Management, Longwin Asset Management, Huarong Fund, Everbright Securities (proprietary), CITIC Capital, Rongtong Fund Management, ABC Wealth Management, Heng An Standard Life, Esperon Capital, Dacheng Fund, Chinalin Securities, China Life AMP Assest Management, Hangzhou Qianlu Investment, PICC Asset Management, CPIC Fund, Fuge</p>	Understand the Company's business situation and strategic planning (no information available)	http://www.cninfo.com.cn

				Investment, Amundi BOC Wealth Management, Hangzhou Jinhualun Asset Management, Shenjiu Asset Management, China Post Life Insurance, and Jingwei Capital		
2022/9/27 2022/9/28 2022/9/30	Conference room of the Company	Telephone communication	Organizations	Chenghuai Investment, Citibank, Fidelity Investments, Springs Capital, Citibank, CS Private Bank Singapore, Cathay Life Insurance, Dai-ichi Life Insurance Company, Dymon Asia Capital (Singapore), Green Court Management Holding, HSBC Global Asset Management USA, Impax Asset Management Limited, Lazard FreresManulife Asset Mgmt (HK) Ltd., Neuberger & Berman, Oasis Management Company Ltd., Point72 Asset Management, Rays Capital Partners Limited, Samsung Investment Trust, Tairen Capital Limited, UBS AM (US), eFusion Capital, Eastmoney Securities, Greenwoods Asset Management	Understand the Company's business situation and strategic planning (no information available)	http://www.cninfo.com.cn
2022/10/27	Conference room of the Company	Telephone communication	Organizations	TF Securities, TF Securities Asset Management, Hengtai Securities, CCB Principal Asset Management, Yimi Fund, Huatai Securities, Binyuan Capital, FIL Investments International, Panwen Investment Management, Shanghai Jujin Investment, UCAN Fund, Tianhong Asset Management, Milestone Asset Management, Yuhe Asset, China Life AMP Asset Management, Pengyuan Capital, Tianchong Capital, Taikang Pension, Everbright Securities (proprietary), SPDB-AXA Fund, CITIC AMC, Essence Fund, Point72, Harvest Fund, Dajia Baoxian, CMS, Lingze Investment, Guodu Securities, Honghua Capital, Xiansheng, Jingheng Investment, Fengpei Investment, Zhonggeng Fund Management, CCB Life Asset Management, Haijin (Dalian) Investment, China Asset Management, Taiping Fund Management, Rongtong Fund, JT Asset Management, BOC International (China) Co., Ltd., Rongtong Fund, CPIC Fund, Guotai Junan Securities Asset Management, Mingya Fund, Lion Fund, Jiafu Hangyuan Private Equity Fund, CICC Asset Management, Aegon-Industrial Fund, Southern Asset Management, T. Rowe Price, Neuberger Berman, Bosera Funds, Qinchen Private Equity Fund, Penghua Fund, RiceBank, Sichuan Jintuo Investment, RICHCO, Sealand Securities (proprietary), Huatai Securities, GTS Fund, ABC Wealth Management, Bearing no (Shanghai) Investment, China Merchants Fund, China Industrial International Trust, Matthews Asia, China Capital Management, Boze Asset Management, China Assurities, Zhongtai Securities, Guosen Securities, CITIC	Understand the Company's operations, financial situation, and strategic planning (no information available)	http://www.cninfo.com.cn

				Securities, CICC, Huachuang Securities, Guotai Junan Securities, Haitong Securities, Huatai Securities, Shenwan Hongyuan Securities, Changjiang Securities, Sinolink Securities, Soochow Securities, Everbright Securities, China Galaxy Securities, Western Securities, Citibank, and Northeast Securities		
2022/11/25 2022/11/28	Conference room of the Company	Field survey	Organizations	TF Securities, Industrial Securities, GoldStateSecurities, Soochow Securities, Lombarda China Fund Management, Cinda Fund, Mingya Fund, Beijing Ding Investment, Upright Asset, Beijing Ding Investment, Sino Life Asset, Hang Seng Qianhai Fund Management, Rays Capital, Huashan Capital, Haojun Investment, Shansi Investment, Yinhua Fund Management	Understand the Company's business situation and strategic planning (no information available)	http://www.cninfo.com.cn
2022/12/14 2022/12/15	Conference room of the Company	Field survey	Organizations	Northeast Securities, Penghua Fund, Peng Zhaohui, Guosen Securities, E Fund Management, Maxwealth Fund Management	Understand the Company's business situation and strategic planning (no information available)	http://www.cninfo.com.cn

Section IV Corporate Governance

I. Basic status of corporate governance

Since its listing, the Company revised Articles of Association, Rules of Procedure of General Meeting of Shareholders, Rules of Procedure of the Board of Directors, Rules of Procedure of the Board of Supervisors, and other rules and regulations, and established Capital-raising Management System, Management System for Public Information Disclosure and a series of corporate governance system in strict accordance with Company Law, Securities Law, Code of Corporate Governance for Listed Companies, Rules Governing the Listing of Shares on Shenzhen Stock Exchange, and requirements of relevant laws and regulations. During the reporting period, the corporate governance was in line with the requirements of the Code on the Governance of Listed Companies and other normative documents on corporate governance issued by the CSRC.

1. Shareholders and General Meeting of Shareholders: The Company convenes the General Meeting of Shareholders in strict accordance with the Rules of Procedure of General Meeting of Shareholders, Rules for the General Meeting of Shareholders of Listed Companies, and other provisions and requirements of laws and regulations, which can ensure that all shareholders, especially minority shareholders, enjoy equal status and fully exercise their rights.

2. Relationship between controlling shareholders and listed companies: Controlling shareholders regulate their behavior, and enable to exercise their rights and assume corresponding obligations pursuant to the law in strict accordance with laws and regulations such as the Securities Law, Code of Corporate Governance for Listed Companies and Articles of Association. The controlling shareholder of the Company is an individual who does not have any other investment projects and has not directly or indirectly intervened in the Company's decision-making and operating activities beyond the Company's General Meeting of Shareholders. The Board of Directors, the Board of Supervisors and the corresponding departments of the Company can operate normally and have independence.

3. Directors and the Board of Directors: All directors of the Company carry out their work in accordance with laws and regulations such as the Rules of Procedure of the Board of Directors and the Rules for Independent Directors of Listed Companies, attend relevant meetings seriously, actively participate in training, and become familiar with relevant laws and regulations. The Company strictly elects directors in accordance with the recruitment procedure stipulated in the Articles of Association. Currently, the Company has 3 independent

directors and 6 non-independent directors, and the composition of the Board of Directors meets the requirements of laws, regulations, and the Articles of Association.

4. Supervisors and Board of Supervisors: The Board of Supervisors of the Company is strictly established in accordance with relevant provisions such as the Company Law and the Articles of Association. The Company's supervisors are able to conscientiously fulfill their duties in accordance with the requirements of the Rules of Procedure of the Board of Supervisors, supervise the Company's financial situation and the legality and compliance of major matters with integrity and responsibility, and safeguard the legitimate rights and interests of the Company and its shareholders.

5. Performance evaluation and incentive and restraint mechanism: The Company has established a series of performance evaluation and incentive and restraint mechanisms, which are open and transparent in the appointment of senior executives and in accordance with relevant laws and regulations.

6. Relevant stakeholders: The Company can fully respect and safeguard the legitimate rights and interests of relevant stakeholders, and actively cooperate with stakeholders to jointly promote the sustainable and healthy development of the Company.

7. Information disclosure and transparency: The Company conscientiously performs the obligation of information disclosure in accordance with relevant laws and regulations such as the Articles of Association, the Stock Listing Rules of Shenzhen Stock Exchange, and the Administrative Measures for Information Disclosure of Listed Companies. The Company designates Securities Times and <http://www.cninfo.com.cn> as the newspaper and website for its information disclosure, and ensures the timeliness and accuracy of its information disclosure.

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

Yes No

No.

II. The independence of the Company relative to its controlling shareholders and actual controllers in ensuring the Company's assets, personnel, finance, institutions, business, and other aspects

The controlling shareholder of the Company is a natural person and has no other investments. The Company is completely separated from its controlling shareholders in terms of business, personnel, assets, finance, etc. The Company's production and operation are stable and can operate independently and normatively.

1. Business independence: The Company's businesses are independent of its controlling shareholders and the Company has a complete and independent production, supply, and sales system, without relying on shareholders or any other related parties.

2. Personnel independence: The Company has an independent workforce and has established a sound personnel management system. The chairman, general manager, deputy general manager, secretary of the Board of Directors, CFO and other senior executives of the Company work full-time in the Company and receive compensation. They have not held any positions other than directors or supervisors in shareholder entity holding more than 5% of the Company's equity and their subsidiaries, nor have they held any positions in other companies with the same or similar business as the Company. Independent personnel management.

3. Asset independence: The Company has independent production and business premises, production systems, supporting facilities, land usage right, and property ownership, and there is no sharing with controlling shareholders.

4. Institutional independence: The Company has established a sound organizational system that can operate independently. There is no subordinate relationship with the controlling shareholder.

5. Financial independent: The Company has independent financial accounting department, establishes independent accounting system and financial management system, and makes independent financial decisions in accordance with relevant accounting system. The Company has separate bank accounts, and conducts independent tax declaration and performs payment obligations according to law.

III. Competition in the same industry

Applicable Not applicable

IV. Information on the annual and extraordinary general meetings of shareholders held during the reporting period

1. Information on the General Meeting of Shareholders during the reporting period

Meeting session	Meeting type	Investor participation ratio	Meeting date	Date of disclosure	Meeting resolution
The 1st Extraordinary General Meeting of Shareholders in 2022	Extraordinary General Meeting of Shareholders	31.74%	2022/1/24	2022/1/25	Deliberated and passed the Proposal on Implementation Mode, Subject and Location of Changes in Some Capital-raising Projects;
2021 Annual General Meeting	Annual General Meeting of Shareholders	31.27%	2022/4/12	2022/4/13	<ol style="list-style-type: none"> 1. Deliberated and passed the Proposal on Annual Report 2021 and Abstract; 2. Deliberated and passed the Proposal on 2021 Final Financial Report; 3. Deliberated and passed the Proposal on 2021 Profit Distribution Plan; 4. Deliberated and passed the Proposal on 2021 Work Report of the Board of Directors; 5. Deliberated and passed the Proposal on 2021 Work Report of the Board of Supervisors; 6. Deliberated and passed the Proposal on Remuneration of Company Directors in 2021; 7. Deliberated and passed the Proposal on Remuneration of Company Supervisors in 2021; 8. Deliberated and passed the Proposal on Application for Comprehensive Credit Line from Banks by the Company and Its Subsidiaries in 2022; 9. Deliberated and passed the Proposal on Renewing the Employment of Audit Institution in 2022; 10. Deliberated and passed the Proposal on Spinning off Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) to List on the Growth Enterprise Market of Shenzhen Stock Exchange in Compliance with Relevant Laws and Regulations; 11. Deliberated and passed the Proposal on Spinning off Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) for the Initial Public Offering of RMB Ordinary Shares (A Shares); 12. Deliberated and passed the Proposal on the Plan of Shenzhen Topband Co., Ltd. for Spinning Off of Its Subsidiary (Shenzhen YAKO Automation Technology Co., Ltd.) to List on the Growth Enterprise Market; 13. Deliberated and passed the Proposal on Spinning off Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) to List on the Growth Enterprise Market of Shenzhen Stock Exchange in Compliance with Rules for the Spin-off of Listed Companies (For Trial Implementation); 14. Deliberated and passed the Proposal on Spinning off Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) to List on the Growth Enterprise Market of Shenzhen Stock Exchange and to Safeguard the Legal

					<p>Rights and Interests of Shareholders and Creditors;</p> <p>15. Deliberated and passed the Proposal on Maintaining Independence and Sustainable Operation Abilities;</p> <p>16. Deliberated and passed the Proposal on the Shenzhen YAKO Automation Technology Co., Ltd. With Relevant Standard Operation Capacities;</p> <p>17. Deliberated and passed the Proposal on the Explanation of Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) Fulfilling the Completeness and Compliance of Legal Procedures During the Spin-off Listing and Validity of Legal Documents Submitted;</p> <p>18. Deliberated and passed the Proposal on Authorizing the Board of Directors and Authorized Persons to Fully Handle Matters Regarding Spin-off Listing of Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) on the Growth Enterprise Market of Shenzhen Stock Exchange;</p> <p>19. Deliberated and passed the Proposal on the Purpose, Commercial Reasonableness, Necessity and Feasibility Analysis of the Spin-off;</p> <p>20. Deliberated and passed the Proposal on Repurchase and Cancellation of Some Restricted Stocks from Restricted Stock Incentive Plan in 2021.</p>
The 2nd Extraordinary General Meeting of Shareholders in 2022	Extraordinary General Meeting of Shareholders	29.04%	2022/9/5	2022/9/6	<p>1. Deliberated and passed the Proposal on Signing the Supplementary Agreement II to the Investment Agreement by the Wholly-owned Subsidiaries of the Company;</p> <p>2. Deliberated and passed the Proposal on Implementation Location and Mode of Changes in Some Capital-raising Projects Again;</p> <p>3. Deliberated and passed the Proposal on Repurchase and Cancellation of Some Restricted Stocks from Restricted Stock Incentive Plan in 2021;</p> <p>4. Deliberated and passed the Proposal on Changing Registered Capital of the Company;</p> <p>5. Deliberated and passed the Proposal on Revising Articles of Association.</p>
The 3rd Extraordinary General Meeting of Shareholders in 2022	Extraordinary General Meeting of Shareholders	27.38%	2022/10/10	2022/10/11	<p>1. Deliberated and passed the Proposal on Adjusting Corporate-level Performance Evaluation Indicators of Restricted Stock Incentive Plan in 2021;</p> <p>2. Deliberated and passed the Proposal on Changing the Registered Address of the Company and Revising the Articles of Association.</p>

2. The preferred shareholders with restored voting rights request to convene an Extraordinary General Meeting of Shareholders

Applicable Not applicable

V. Directors, supervisors and senior executives

1. Overview

Name	Position	Position status	Gender	Age	Starting date of term of office	Ending date of term of office	Number of shares held at the beginning of the period (shares)	Number of additional shares held in the current period (shares)	Number of shares reduced in the current period (shares)	Other changes (shares)	Number of shares held at the end of the period (shares)	Reasons for increase or decrease of shares
Wu Yongqiang	Chairman	Incumbent	Male	58	2011/08/29	2023/09/13	212,008,715	0	0	0	212,008,715	Not applicable
Ji Shuhai	Director	Incumbent	Male	61	2011/08/29	2023/09/13	27,318,642	0	0	0	27,318,642	Not applicable
Zheng Sibin	Director and deputy general manager	Incumbent	Male	57	2011/08/29	2023/09/13	6,016,970	0	0	320,000	6,336,970	The third exercise period of 2018 stock option met the exercise conditions
Ma Wei	Director and deputy general manager	Incumbent	Male	49	2011/08/29	2023/09/13	8,550,934	0	0	400,000	8,950,934	The third exercise period of 2018 stock option met the exercise conditions
Peng Ganquan	Director	Incumbent	Male	51	2011/08/29	2023/09/13	4,656,900	0	0	480,000	5,136,900	The third exercise period of 2018 stock option met the exercise conditions
Wu Hang	Director	Incumbent	Male	39	2014/09/12	2023/09/13	0	0	0	0	0	Not applicable
Huang Yuegang	Independent director	Incumbent	Male	65	2020/09/14	2023/09/13	0	0	0	0	0	Not applicable
Hua Xiuping	Independent director	Incumbent	Female	45	2017/09/09	2023/09/13	0	0	0	0	0	Not applicable
Li Xumeng	Independent director	Incumbent	Male	57	2021/03/31	2023/09/13	0	0	0	0	0	Not applicable
Wen Zhaohui	Deputy General Manager and	Incumbent	Female	49	2011/08/29	2023/09/13	2,531,127	0	0	240,000	2,771,127	The third exercise period of 2018

	Secretary of the Board of Directors											stock option met the exercise conditions
Xiang Wei	Chief financial officer	Incumbent	Male	46	2019/01/10	2023/09/13	604,500	0	0	160,000	764,500	The third exercise period of 2018 stock option met the exercise conditions
Dai Huijuan	Supervisor	Incumbent	Female	47	2011/08/29	2023/09/13	319,612	0	0	0	319,612	Not applicable
Kang Weiquan	Supervisor	Incumbent	Male	39	2014/08/21	2023/09/13	0	0	0	0	0	Not applicable
Chen Jinzhou	Supervisor	Incumbent	Male	45	2017/02/15	2023/09/13	0	0	0	0	0	Not applicable
Total	--	--	--	--	--	--	262,007,400	0	0	1,600,000	263,607,400	--

Is there any resignation of directors and supervisors during their term of office and dismissal of senior executives during the reporting period

Yes No

Changes in directors, supervisors and senior executives

Applicable Not applicable

2. Employment

Educational background, main working experience and major responsibilities of existing directors, supervisors, and senior executives of the Company

(I) Member of the Board of Directors

Wu Yongqiang, male, born in 1965, holds a master's degree and has no right of permanent residence abroad. He is a local leading talent recognized by Shenzhen City. He has won the titles "Shenzhen Young Science and Technology Leader" awarded by Shenzhen Municipal Government and "Top Ten Outstanding Young People" in Nanshan District, Shenzhen. He served successively as lecturer of Harbin Institute of Technology and vice chairman of the Company. Now he serves as chairman of the Board of Directors of the Company, chairman of the Board of Directors of Shenzhen Topband Software Technology Co., Ltd., executive director of Shenzhen Topband Battery Co., Ltd., executive (managing) director of Shenzhen Hongru Investment Management Co., Ltd., partner of Shenzhen Hongru Investment Enterprise (Limited Partnership), executive director of Shenzhen Yankai Electric

Technology Co., Ltd., executive director and general manager of Ningbo Topband Intelligent Control Co., Ltd., and director of Topband (Hong Kong) Co., Ltd.

Zheng Sibin, male, born in 1966, holds a master's degree and is an accountant without permanent residency abroad; He used to be the office director and vice factory director of Zhejiang Songyang Brewery, and the finance supervisor, manager of finance department and CFO of Nam Tai Electronics (Shenzhen) Co., Ltd.; He is now the director, deputy general manager and general manager of business division of the Company, a supervisor of Shenzhen Topband Software Technology Co., Ltd., and a supervisor of Chongqing Topband Industrial Co., Ltd.

Ma Wei, male, born in 1974, holds a bachelor's degree without permanent residency abroad; He used to be the technical development engineer and general manager of Shenzhen Huafa Electronics Co., Ltd.; He is now the director, deputy general manager and general manager of business division of the Company.

Ji Shuhai, male, born in 1962, holds a master's degree and is a senior engineer without permanent residency abroad; He used to be the engineer, chairman and general manager of Guangzhou Wanbao Electrical Appliance Group Co., Ltd.; He is now a director of the Company, and the director and general manager of Shenzhen Sowin Precision Machine Tool Co., Ltd.

Peng Ganquan, male, born in 1972, holds a master's degree without permanent residency abroad; He used to be the engineer, development engineer of electrical business division, technical director and deputy general manager of Hunan Instrument and Meter Factory; He is now a director of the Company, the general manager and executive director of Shenzhen Allied Control System Co., Ltd., and a director of TOPBAND INDIA PRIVATE LIMITED.

Wu Hang: Male, born in 1984, master's degree. He has no right of permanent residence abroad; He once serves as design conversion engineer of Shenzhen Mindray Bio-Medical Electronics Co., Ltd. Now he serves as director of the Company.

Huang Yuegang, male, born in October 1958, graduated from Jilin University of Finance and Economics with a bachelor's degree and is a senior accountant. He once served as deputy director of the office and deputy director of the Publicity Department of the Party Committee at Jilin University of Finance and Economics, chief financial officer of Shenzhen Far East Hotel Co., Ltd., credit director of Shenzhen Branch of Guangfa Bank, president of Zhenhua Road Sub-branch, executive president of Shenzhen Golden Lighting (Group) Co., Ltd., chairman of Dalian Changxing Industrial Co., Ltd., deputy general manager of Tianjin Guangxia Real Estate Development Co., Ltd., deputy general manager of Shenzhen Zhongnan Hotel (Group) Management Co., Ltd. and

president of Shenzhen Binji Industrial Group Co., Ltd. He is currently an independent director of Guizhou Tyre Co., Ltd. and Shenzhen Aoya Design Co., Ltd.

Hua Xiuping, female, born in 1978, holds a doctor's degree without permanent residency abroad; She used to be a researcher at China Finance 40 Forum, a visiting scholar at School of Oriental and African Studies of University of London funded by the British Academy, a guest editor at European Journal of Finance, and a part-time vice president and partner at Junrun Capital. She is currently an independent director of the Company, professor of finance and doctoral supervisor in Nottingham University Business School (China), and an independent director of the Bank of Dongguan Co., Ltd., Ningbo Fubang Jingyi Group Co., Ltd. and Ningbo Yuyao Rural Commercial Bank Co., Ltd.

Li Xumeng, male, born in 1966, Chinese nationality, holds a doctor's degree in business management without permanent residency abroad. He used to be a consultant at Beijing Shangheng Zhiben Consulting Co., Ltd. and a consultant at Shanghai Danfu Business Consulting Center; He is now a researcher at Zhuoyuehui Innovation and Development (Shenzhen) Co., Ltd. and a partner at Beijing Danfu Investment Management Center (General Partnership).

(II) Member of the Board of Supervisors

Dai Huijuan: Dai Huijuan, female, born in 1976. She holds a bachelor's degree and has no right of permanent residence abroad. She served successively as supervisor and manager of the Company's human resources department. Now she serves as chairwoman of the Board of Supervisors and director of the human resources center at the Company, director and general manager of Huizhou Topband Electrical Technology Co., Ltd., partner of Shenzhen Hongru Investment Enterprise (Limited Partnership), and executive director and manager of Huizhou Topband New Energy Co., Ltd.

Chen Jinzhou, male, born in 1978, a permanent resident of Hong Kong, China, holds a doctor's degree from the Chinese University of Hong Kong; He used to be an electronic engineer at Hong Kong Productivity Council, a senior researcher at Beijing Noitom Technology Ltd., and a senior chief engineer at Johnson Electric; He is now the deputy general manager of microelectronics business division and supervisor of the Company.

Kang Weiquan, male, born in 1984, holds a bachelor's degree without permanent residency abroad; He used to be a cost accountant at Shenzhen EVA Precision Industry Holdings Limited; He is now the cost accountant, employee representative and supervisor of the Company.

(III) Senior executives

Wu Yongqiang, the general manager, is detailed in the resume of members of Board of Directors.

Zheng Sibin, the deputy general manager, is detailed in the resume of members of Board of Directors.

Ma Wei, the deputy general manager, is detailed in the resume of members of Board of Directors.

Wen Chaohui, female, born in 1974, holds a bachelor's degree and is an accountant without permanent residency abroad; She used to be the head of finance department, manager of finance department and CFO of Shenzhen Topband Co., Ltd., a director of Shenzhen Defang Nano Co., Ltd., and a director of Shenzhen Dynanonic Co., Ltd.; She is now the deputy general manager and secretary of Board of Directors of the Company. Ms. Wen Zhaohui has been honored as "New Fortune Golden Secretary" for five consecutive years. She won the titles of "Excellent Secretary" awarded by Shenzhen Securities Regulatory Bureau and "Securities Times Top 100 Board Secretaries" in 2015, 2016 and 2017, and was selected into "New Fortune Hall of Fame of Golden Secretaries in 2019".

Xiang Wei, male, born in 1977, holds a bachelor's degree and is a senior management accountant and an international accountant without permanent residency abroad; He used to be the chief accountant of North China Aluminum Co., Ltd., the accounting supervisor and subsidiary financial manager of Yi Yang Jewelry Industry Co., Ltd., and the deputy financial manager and financial manager of Shenzhen Topband Co., Ltd.; He is now the CFO of the Company.

Employment in shareholder entity

Applicable Not applicable

Employment in other entities

Applicable Not applicable

Name of staff	Name of other entities	Position at other entities	Starting date of term of office	Ending date of term of office	Receive remuneration allowance from other entity or not
Wu Yongqiang	Shenzhen Topband Software Technology Co., Ltd.	Executive director	2014/09/18		No
Wu Yongqiang	Shenzhen Topband Battery Co., Ltd.	Executive director and general manager	2009/04/29		No
Wu Yongqiang	Shenzhen Hongru Investment Management Co., Ltd.	Executive (standing) director	2015/08/20		No
Wu Yongqiang	Shenzhen Hongru Investment Enterprise (Limited Partnership)	Partner	2015/09/02		No
Wu Yongqiang	Shenzhen YAKO Automation Technology Co., Ltd.	Chairman	2022/12/24		No
Wu Yongqiang	Shenzhen Topband Automation Technology Co., Ltd.	Executive director	2016/11/24		No

Wu Yongqiang	Shenzhen Yankai Electrical Technology Co., Ltd.	Executive director and general manager	2019/05/05		No
Wu Yongqiang	Topband (Qingdao) Intelligent Control Co., Ltd.	Executive director and manager	2021/03/29		No
Wu Yongqiang	Ningbo Topband Intelligent Control Co., Ltd.	Executive director and general manager	2017/08/28		No
Ji Shuhai	Shenzhen Shuofang Precision Machinery Co., Ltd.	Executive director and general manager	2010/05/24		Yes
Peng Ganquan	Shenzhen Allied Control System Co., Ltd.	Executive director and general manager	2016/12/20		No
Peng Ganquan	Shenzhen Topband Automotive Electronics Co., Ltd.	General Manager	2021/09/07		No
Peng Ganquan	TOPBAND INDIA PRIVATE LIMITED	Director	2015/12/11		No
Zheng Sibin	Shenzhen Topband Software Technology Co., Ltd.	Supervisor	2004/02/26		No
Zheng Sibin	Chongqing Topband Industrial Co., Ltd.	Supervisor	2008/03/12		No
Hua Xiuping	Ningbo Fubang Jingye Group Co., Ltd.	Independent director	2020/03/28		Yes
Hua Xiuping	Ningbo Yuyao Rural Commercial Bank Co., Ltd.	Independent director	2022/02/17		Yes
Hua Xiuping	Bank of Dongguan Co. Ltd.	Independent director	2020/06/01		Yes
Hua Xiuping	Nottingham University Business School (China)	Associate Professor of Finance	2016/07/01		Yes
Li Xumeng	Zhuoyuehui Innovation and Development (Shenzhen) Co., Ltd.	Researcher	2018/06/01		Yes
Li Xumeng	Beijing Danfu Investment Management Center (General Partnership)	Partner	2015/06/08		No
Huang Yuegang	Shenzhen Aoya Design Co., Ltd.	Independent director	2021/07/06		Yes
Huang Yuegang	Guizhou Tyre Co., Ltd.	Independent director	2019/03/01		Yes
Dai Huijuan	Huizhou Topband Electrical Technology Co., Ltd.	Executive director and general manager	2011/11/14		No
Dai Huijuan	Shenzhen Topband Automotive Electronics Co., Ltd.	Supervisor	2021/09/07		No
Explanation of employment in other entities	None				

Punishment of securities regulator for the present and off-post director, supervisor and senior executives during the reporting period in the Company in the last three years

Applicable Not applicable

3. Remuneration for directors, supervisors and senior executives

Decision-making procedures, confirmation basis, and actual payment of remuneration for directors, supervisors, and senior executives

1. Decision-making procedure and confirmation basis of remuneration: The remuneration of the Company's directors, supervisors and senior executives shall be paid according to the Remuneration Management System for

Directors, Supervisors and Senior Executives deliberated and passed by the General Meeting of Shareholders. The remuneration and appraisal committee shall formulate a directors' remuneration plan and submit it to the Board of Directors for review and approval by the General Meeting of Shareholders.

2. The Remuneration Management System for Directors, Supervisors and Senior Executives of Shenzhen Topband Co., Ltd., which was revised at the 2011 General Meeting of Shareholders on April 17, 2012, stipulates that the allowance for independent directors of the Company is RMB 84,000 (before tax) per year, which is paid according to their duration of service and relevant regulations. The Company shall be responsible for the travel expenses of the independent directors who attend the Board of Directors and the General Meeting of Shareholders and the expenses required for the exercise of their functions and powers according to the Articles of Association of the Company.

Remuneration for directors, supervisors, and senior executives in the reporting period

Unit: RMB ten thousand

Name	Position	Gender	Age	Position status	Total pre-tax remuneration received from the Company	Is remunerations received from related parties of the Company
Wu Yongqiang	Chairman	Male	58	Incumbent	157.61	No
Ji Shuhai	Director	Male	61	Incumbent	8.40	No
Zheng Sibin	Director and deputy general manager	Male	57	Incumbent	221.39	No
Ma Wei	Director and deputy general manager	Male	49	Incumbent	193.12	No
Peng Ganquan	Director	Male	51	Incumbent	244.13	No
Wu Hang	Director	Male	38	Incumbent	8.40	No
Li Xumeng	Independent director	Male	56	Incumbent	8.40	No
Hua Xiuping	Independent director	Female	44	Incumbent	8.40	No
Wen Zhaohui	Deputy General Manager and Secretary of the Board of Directors	Female	49	Incumbent	89.96	No
Xiang Wei	Chief financial officer	Male	46	Incumbent	89.68	No
Dai Huijuan	Supervisor	Female	47	Incumbent	96.95	No
Kang Weiquan	Supervisor	Male	39	Incumbent	39.87	No
Chen Jinzhou	Supervisor	Male	45	Incumbent	88.87	No
Huang Yuegang	Independent director	Male	65	Incumbent	8.40	No
Total	--	--	--	--	1,263.58	--

VI. Performance of duties by directors during the reporting period

1. Information on the Board of Directors in the reporting period

Meeting session	Meeting date	Date of disclosure	Meeting resolution
The 18th (Extraordinary) Meeting of the 7th Board of Directors	2022/01/07	2022/01/08	<ol style="list-style-type: none"> 1. Deliberated and passed the Proposal on Implementation Mode, Subject and Location of Changes in Some Capital-raising Projects; 2. Deliberated and passed the Proposal on Adding a Special Account for Raised Funds and Signing a Tripartite Supervision Agreement; 3. Deliberated and passed the Proposal on Increasing Investment in Wholly-owned Subsidiaries and Sub-subsidiaries; 4. Deliberated and passed the Proposal on Convening the First Extraordinary General Meeting of Shareholders in 2022;
The 19th Meeting of the 7th Board of Directors	2022/01/13	2022/01/15	<ol style="list-style-type: none"> 1. Deliberated and passed the Proposal on the Development of Forward Exchange Transactions; 2. Deliberated and passed the Proposal on Signing A Purchase Framework Agreement with Shenzhen Jizhiguang Electronics Co., Ltd.
The 20th (Extraordinary) Meeting of the 7th Board of Directors	2022/02/11	2022/02/15	<ol style="list-style-type: none"> 1. Deliberated and passed the Proposal on Temporarily Replenishing Working Capital with Some Idle Raised Capitals
The 21st Meeting of the 7th Board of Directors	2022/03/18	2022/03/22	<ol style="list-style-type: none"> 1. Deliberated and passed the Proposal on Annual Report 2021 and Abstract; 2. Deliberated and passed the Proposal on 2021 Work Report of the Board of Directors; 3. Deliberated and passed the Proposal on 2021 Work Report of the General Manager; 4. Deliberated and passed the Proposal on 2021 Final Financial Report; 5. Deliberated and passed the Proposal on 2021 Profit Distribution Plan; 6. Deliberated and passed the Proposal on 2021 Internal Control Evaluation Report; 7. Deliberated and passed the Proposal on Remuneration of Company Directors in 2021; 8. Deliberated and passed the Proposal on Remuneration of Company Senior Executives in 2021; 9. Deliberated and passed the Proposal on Special Report on Deposit and Using of Raised Funds in 2021; 10. Deliberated and passed the Proposal on the Third Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights; 11. Deliberated and passed the Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan; 12. Deliberated and passed the Proposal on Using Part of Idle Raised Capitals and Self-own Funds for Cash Management; 13. Deliberated and passed the Proposal on Application for Comprehensive Credit Line from Banks by the Company and Its Subsidiaries in 2022; 14. Deliberated and passed the Proposal on Renewing the Employment of Audit Institution in 2022; 15. Deliberated and passed the Proposal on Accrual of Asset Impairment Reserves in 2021; 16. Deliberated and passed the Proposal on the Repurchase of the Company's Shares; 17. Deliberated and passed the Proposal on Planning the Spin-off Listing of Controlled Subsidiaries;

			<p>18. Deliberated and passed the Proposal on Correction and Retroactive Adjustment of Early Accounting Errors;</p> <p>19. Deliberated and passed the Proposal on 2021 ESG & Social Responsibility Report;</p> <p>20. Deliberated and passed the Proposal on Convening the 2021 Annual General Meeting of Shareholders</p>
The 22nd (Extraordinary) Meeting of the 7th Board of Directors	2022/03/24	2022/03/26	<p>1. Deliberated and passed the Proposal on Spinning off Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) to List on the Growth Enterprise Market of Shenzhen Stock Exchange in Compliance with Relevant Laws and Regulations;</p> <p>2. Deliberated and passed the Proposal on Spinning off Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) for the Initial Public Offering of RMB Ordinary Shares (A Shares);</p> <p>3. Deliberated and passed the Proposal on the Plan of Shenzhen Topband Co., Ltd. for Spinning Off of Its Subsidiary (Shenzhen YAKO Automation Technology Co., Ltd.) to List on the Growth Enterprise Market;</p> <p>4. Deliberated and passed the Proposal on Spinning off Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) to List on the Growth Enterprise Market of Shenzhen Stock Exchange in Compliance with Rules for the Spin-off of Listed Companies (For Trial Implementation);</p> <p>5. Deliberated and passed the Proposal on Spinning off Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) to List on the Growth Enterprise Market of Shenzhen Stock Exchange and to Safeguard the Legal Rights and Interests of Shareholders and Creditors;</p> <p>6. Deliberated and passed the Proposal on Maintaining Independence and Sustainable Operation Abilities;</p> <p>7. Deliberated and passed the Proposal on the Shenzhen YAKO Automation Technology Co., Ltd. With Relevant Standard Operation Capacities;</p> <p>8. Deliberated and passed the Proposal on the Explanation of Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) Fulfilling the Completeness and Compliance of Legal Procedures During the Spin-off Listing and Validity of Legal Documents Submitted;</p> <p>9. Deliberated and passed the Proposal on Authorizing the Board of Directors and Authorized Persons to Fully Handle Matters Regarding Spin-off Listing of Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) on the Growth Enterprise Market of Shenzhen Stock Exchange;</p> <p>10. Deliberated and passed the Proposal on the Purpose, Commercial Reasonableness, Necessity and Feasibility Analysis of the Spin-off;</p> <p>11. Deliberated and passed the Proposal on the Appointment of Representative for Securities Affairs;</p> <p>12. Deliberated and passed the Proposal on Adding Temporary Proposals for the 2021 Annual General Meeting of Shareholders</p>
The 23rd (Extraordinary) Meeting of the 7th Board of Directors	2022/03/30	2022/03/31	<p>1. Deliberated and passed the Proposal on Repurchase and Cancellation of Some Restricted Stocks from Restricted Stock Incentive Plan in 2021;</p> <p>2. Deliberated and passed the Proposal on Adding Temporary Proposals for the 2021 Annual General Meeting of Shareholders</p>
The 24th Meeting of the 7th Board of Directors	2022/04/19	2022/04/21	<p>1. Deliberated and passed the Proposal on Report for the First Quarter of 2022;</p> <p>2. Deliberated and passed the Proposal on Using Bank Acceptance Bills to Pay for Funds of Capital-raising Projects and Exchange the Raised Funds in Equal Amount</p>
The 25th Meeting of the 7th Board of Directors	2022/04/26	2022/04/27	<p>1. Deliberated and passed the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan in 2018;</p>

			2. Deliberated and passed the Proposal on Cancellation of Partial Stock Options of 2018 Stock Option Incentive Plan
The 26th Meeting of the 7th Board of Directors	2022/07/25	2022/07/27	1. Deliberated and passed the Proposal on 2022 Semi-annual Report and Abstract; 2. Deliberated and passed the Proposal on Special Report on Deposit and Using of Semi-annual Raised Funds in 2022; 3. Deliberated and passed the Proposal on Adjusting the Repurchase Price of Restricted Stock Incentive Plan in 2021; 4. Deliberated and passed the Proposal on Revising the Investor Relation Management System
The 27th (Extraordinary) Meeting of the 7th Board of Directors	2022/08/18	2022/08/20	1. Deliberated and passed the Proposal on Signing the Supplementary Agreement II to the Investment Agreement by the Wholly-owned Subsidiaries of the Company; 2. Deliberated and passed the Proposal on Implementation Location and Mode of Changes in Some Capital-raising Projects Again; 3. Deliberated and passed the Proposal on Repurchase and Cancellation of Some Restricted Stocks from Restricted Stock Incentive Plan in 2021; 4. Deliberated and passed the Proposal on Changing Registered Capital of the Company; 5. Deliberated and passed the Proposal on Revising Articles of Association; 6. Deliberated and passed the Proposal on Convening the Second Extraordinary General Meeting of Shareholders in 2022
The 28th (Extraordinary) Meeting of the 7th Board of Directors	2022/09/23	2022/09/24	1. Deliberated and passed the Proposal on Adjusting Corporate-level Performance Evaluation Indicators of Restricted Stock Incentive Plan in 2021; 2. Deliberated and passed the Proposal on Changing the Registered Address of the Company and Revising the Articles of Association; 3. Deliberated and passed the Proposal on Convening the Third Extraordinary General Meeting of Shareholders in 2022
The 29th Meeting of the 7th Board of Directors	2022/10/27	2022/10/28	1. Deliberated and passed the Proposal on Report for the Third Quarter of 2022; 2. Deliberated and passed the Proposal on Revising the Related Transaction Management System; 3. Deliberated and passed the Proposal on Revising the External Guarantee System
The 30th Meeting of the 7th Board of Directors	2022/12/19	2022/12/20	1. Deliberated and passed the Proposal on Temporarily Replenishing Working Capital with Some Idle Raised Capitals

2. Attendance of directors at board meetings and the general meetings of shareholders

Attendance of directors at board meetings and the general meetings of shareholders							
Names of directors	Number of required attendances on the meeting of Board of Directors in the reporting period	Number of board meetings that shall be attended on the spot	Number of board meetings attended by means of communication	Number of times of entrusted attendance at board meetings	Number of times of absence from board meetings	Did any of them fail to attend board meetings in person for two consecutive times	Number of the general meetings of shareholders attended
Wu Yongqiang	13	9	4	0	0	No	4
Ji Shuhai	13	0	13	0	0	No	4
Ma Wei	13	8	5	0	0	No	4

Peng Ganquan	13	9	4	0	0	No	4
Zheng Sibin	13	9	4	0	0	No	4
Wu Hang	13	0	13	0	0	No	4
Huang Yuegang	13	0	13	0	0	No	4
Hua Xiuping	13	0	13	0	0	No	4
Li Xumeng	13	1	12	0	0	No	4

Explanation of absence from board meetings for two consecutive times

Not applicable

3. Objection of directors to related matters of the Company

Did any director raise any objection to relevant matters of the Company

Yes No

During the reporting period, no director raised any objection to relevant matters of the Company.

4. Other description for performance of duties by directors

Were the relevant suggestions of directors to the Company adopted

Yes No

Explanation of the fact that the relevant suggestions of directors to the Company were or were not adopted

Not applicable

VII. Information of special committees under the Board of Directors during the reporting period

Names of committees	Members	Number of meetings held	Meeting date	Meeting content	Important opinions and suggestions put forward	Other performance of duties	Details of objections (if any)
Audit Committee	Huang Yuegang Hua Xiuping Li Xumeng	5	2022/01/20	Deliberation: 1. Proposal on the Preliminary Review Opinions on the Financial and Accounting Statements of 2021 Annual Report; 2. Proposal on the Audit Work Time and Arrangement of Annual Report 2021; 3. Proposal on the Work Report for the Fourth Quarter of 2021 and Work Plan for the First Quarter of 2022 of the Audit	The audit committee strictly reviewed the matters under review in accordance with the Rules of Procedure of the Audit Committee of the Board of Directors and relevant laws and regulations, fully communicated with the finance department and audit institution, and unanimously agreed on	Not applicable	Not applicable

			Department; 4. Proposal on the 2021 Work Summary and Work Plan for the Next Year of the Audit Department.	the relevant proposals.		
		2022/03/18	Deliberation: 1. Proposal on the Opinions on the Financial and Accounting Reports of the Company in 2021; 2. Proposal on 2021 Internal Control Evaluation Report; 3. Proposal on Renewing the Employment of Baker Tilly China Certified Public Accountants as the Audit Institution in 2022; 4. Proposal on Accrual of Asset Impairment Reserves in 2021; 5. Proposal on Special Report on Deposit and Using of Raised Funds in 2021.	The audit committee strictly reviewed the matters under review in accordance with the Rules of Procedure of the Audit Committee of the Board of Directors and relevant laws and regulations, fully communicated with the finance department and audit institution, and unanimously agreed on the relevant proposals.	Not applicable	Not applicable
		2022/04/19	Deliberation: 1. Proposal on the Opinions on the Financial and Accounting Statements for the First Quarter of 2022; 2. Deliberated the Proposal on the Work Report for the First Quarter and Work Plan for the Second Quarter of 2022 of the Audit Department.	The audit committee strictly reviewed the matters under review in accordance with the Rules of Procedure of the Audit Committee of the Board of Directors and relevant laws and regulations, fully communicated with the finance department and audit institution, and unanimously agreed on the relevant proposals.	Not applicable	Not applicable
		2022/07/25	Deliberation: 1. Proposal on the Opinions on the Financial and Accounting Reports of the Company for the Second Quarter of 2022; 2. Deliberated the Proposal on the Work Report for the First Quarter and Work Plan for the Third Quarter of 2022 of the Audit Department.	The audit committee strictly reviewed the matters under review in accordance with the Rules of Procedure of the Audit Committee of the Board of Directors and relevant laws and regulations, fully communicated with the finance department and audit institution, and unanimously agreed on the relevant proposals.	Not applicable	Not applicable
		2022/10/27	Deliberation: 1. Proposal on the Opinions on the Financial and Accounting Reports of the Company for the Third Quarter of 2022; 2. Proposal on the Work Report for the Third Quarter of 2022 and Work Plan for the Fourth	The audit committee strictly reviewed the matters under review in accordance with the Rules of Procedure of the Audit Committee of the Board of Directors and relevant laws and	Not applicable	Not applicable

				Quarter of 2022 of the Audit Department; 3. Opinions on the Occupation of Company Funds and External Guarantees of Controlling Shareholders and Other Related Parties.	regulations, fully communicated with the finance department and audit institution, and unanimously agreed on the relevant proposals.		
Salary and Assessment Committee	Hua Xiuping Wu Yongqiang Huang Yuegang	2	2022/03/18	Deliberation: 1. Proposal on Remuneration of Company Directors in 2021; 2. Proposal on Remuneration of Company Supervisors in 2021; 3. Proposal on Remuneration of Company Senior Executives in 2021; 4. Proposal on the Third Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights.	The Remuneration and Appraisal Committee under the Board of Directors reviewed the matters under consideration in strict accordance with the Working Rules of Remuneration and Appraisal Committee under the Board of Directors and relevant laws and regulations, and unanimously agreed to the relevant proposal.	Not applicable	Not applicable
			2022/09/23	Deliberated the Proposal on Adjusting Corporate-level Performance Evaluation Indicators of Measures for Implementation, Assessment and Management of Restricted Stock Incentive Plan in 2021.	The Remuneration and Appraisal Committee under the Board of Directors reviewed the matters under consideration in strict accordance with the Working Rules of Remuneration and Appraisal Committee under the Board of Directors and relevant laws and regulations, and unanimously agreed to the relevant proposal.	Not applicable	Not applicable
Strategy committee	Wu Yongqiang Zheng Sibin Peng Ganquan Ma Wei Li Xumeng	2	2022/03/18	Deliberation: 1. Proposal on Spinning off Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) to List on the Growth Enterprise Market with Relevant Laws and Regulations; 2. Proposal on Spinning off Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) for the Initial Public Offering of RMB Ordinary Shares (A Shares); 3. Proposal on the Plan of Shenzhen Topband Co., Ltd. for Spinning Off of Its Subsidiary (Shenzhen YAKO Automation Technology Co., Ltd.) to List on the Growth	The Strategic Committee under the Board of Directors reviewed the matters under consideration in strict accordance with the Working Rules of Strategic Committee under the Board of Directors and relevant laws and regulations, and unanimously agreed to the relevant proposal.	Not applicable	Not applicable

				<p>Enterprise Market; 4. Proposal on Spinning off Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) to List on the Growth Enterprise Market in Compliance with Rules for the Spin-off of Listed Companies (For Trial Implementation);</p> <p>5. Proposal on Spinning off Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) to List on the Growth Enterprise Market and to Safeguard the Legal Rights and Interests of Shareholders and Creditors;</p> <p>6. Proposal on Maintaining Independence and Sustainable Operation Abilities;</p> <p>7. Proposal on the Shenzhen YAKO Automation Technology Co., Ltd. With Relevant Standard Operation Capacities;</p> <p>8. Proposal on the Explanation of Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) Fulfilling the Completeness and Compliance of Legal Procedures During the Spin-off Listing and Validity of Legal Documents Submitted;</p> <p>9. Proposal on Authorizing the Board of Directors and Authorized Persons to Fully Handle Matters Regarding Spin-off Listing of Shenzhen YAKO Automation Technology Co., Ltd. (Subsidiary) on the Growth Enterprise Market of Shenzhen Stock Exchange;</p> <p>10. Proposal on the Purpose, Commercial Reasonableness, Necessity and Feasibility Analysis of the Spin-off.</p>			
			2022/09/23	Deliberated the Proposal on Adjusting Corporate-level Performance Evaluation Indicators of Restricted Stock Incentive Plan in 2021.		Not applicable	Not applicable
Nomination committee:	Li Xumeng, Wu Yongqiang, Huang Yuegang	0			Not applicable	Not applicable	Not applicable

VIII. Work of the Board of Supervisors

Did the Board of Supervisors find that the Company had any risk in the supervision activities during the reporting period

Yes No

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

IX. Information on the Company's employees

1. Number, professional composition and education level of employees

Number of on-the-job employees in the parent company at the end of the reporting period (person)	2,934
Number of on-the-job employees in major subsidiaries at the end of the reporting period (person)	5,445
Total number of on-the-job employees at the end of the reporting period (person)	8,379
Total number of salaried employees in the current period (person)	8,379
Number of retired employees paid by the parent company and major subsidiaries (person)	9
Specialty composition	
Professional composition category	Number of specialty composition (person)
Production personnel	4,527
Salesmen	593
Technician	1,776
Financial staff	106
Administrative personnel	668
Logistics personnel	709
Total	8,379
Education level	
Education level category	Number (person)
Bachelor or above	3,017
Junior college level	1,286
Below junior college level	4,076
Total	8,379

2. Remuneration policy

The Company formulates salary management regulations in accordance with relevant national labor regulations and policies and its actual situation, and assesses and pays salaries in accordance with the salary

management regulations. The Company strictly complies with the Labor Law and relevant national and local labor laws and regulations, signs labor contracts with employees, and pays various employee insurance according to regulations. The total remuneration of the Company consists of three parts: fixed salary, performance salary, and welfare benefits. The fixed salary includes basic salary, post salary, and confidential salary; The performance salary includes performance bonus, year-end bonus, and special bonus; The benefits include statutory benefits, corporate benefits, and subsidies.

3. Training plan

The Company has established a talent training system combining professional competence and leadership, including routine training, professional module training and management cadre training. For new employees, professionals in R&D, purchase and sales, and middle to senior executives, the Company develops different training courses in stages, and implements annual training plans in terms of corporate culture, professional skills, management improvement, professional quality, and mental health. Through the combination of internal and external training, excellent human resources support is provided for the sustainable development of the Company.

In 2022, the talent development department and relevant departments of the Company conducted a series of trainings to help new employees better adapt to the new work environment and post, familiarize themselves with the Company's relevant systems, and integrate into the corporate culture. The Company's human resources center specially arranged a systematic plan for "Topband's Orientation Training", which covered company introduction, welfare, corporate culture, information systems, finance, intellectual property, basis of legal affairs, business secrets knowledge, ISC core ideological concepts, and occupational mental health. The "Training for Topband's New Employees" has become the Company's systematic newcomer training program. In 2022, more than 6,600 new employees participated in the Orientation Training. In order to improve training efficiency, the "Orientation Training" in 2022 was changed from the original offline mode to online mode, and offline ice breaking activities and "Topband Initial Experience" offline check-in activities were added to enrich the training forms for new employees and improve the effectiveness of training. At the same time, the Company also carried out 101 offline trainings for production line employees in Huizhou, including orientation training, on-the-job training, post transfer training, and special post skills training.

In addition to regular training, the Company also irregularly held various professional training tailored to different posts based on actual business needs, including special training on finance, legal affairs, patent, customs,

purchase, supply chain, sales, R&D, manufacturing and quality, as well as subject exchange and sharing on various professional modules and technologies. The training for professional posts provided by the Company in 2022, including R&D Special Skill Training, HRBP Training Camp, Sourcing Training Camp, Buyer Training Camp, Internal Trainer Training Camp, Tutor Training Camp, AR\SR Ability Improvement Training Camp, English Improvement Training Camp, Communication Training Camp and Newbie Training Camp, covered 1,600 persons-time, with the course duration of about 260 h. Various departments conducted nearly 1,000 internal skill trainings, with a total training duration of about 2,000 h.

In terms of leadership improvement training, the Company designed and implemented management ability and leadership improvement training camps at all levels in 2022, which were conducted in multiple phases, with a total learning duration of 480 h. This achieved full coverage of training for management cadres at all levels, from grass-roots reserve cadres and group leaders to middle-level supervisors and managers, and then to the BU general managers, so as to improve the comprehensive ability of the Company's executives and provide talent guarantee for the implementation of the Company's strategies.

In addition, in 2022, the Company established a special team and built an online learning platform covering the whole group and all employees and aiming to create a more convenient and flexible learning channel for the learning and growth of all employees in the group. The online learning platform course system was mainly divided into eight modules: strategy study school, management school, marketing school, professional school, HR school, workplace school, master school, and EAP school. After the initial construction of the platform, the special team listed the construction plan for the next three years, which was divided into each year and gradually implemented. The Company first established quality courses for the management school. In 2023, it will continue to push forward and plan to establish 185 courses. At the same time, it is also planned to cover the overseas employee training system in 2023, to help improve the abilities of the Company's domestic and foreign employees.

The Company places a high priority on the training plan. In order to improve the targeted nature of the training and effectively enhance the professional abilities of personnel in various departments of the Company, the module heads of various departments and the talent development department of the human resources center jointly formulate the 2023 training plan. In order to enhance the internal implementation ability of the department, the module heads of various departments and corresponding lecturers will ensure that the training plan is effectively and orderly carried out, and the talent development department of the human resources center will supervise and manage the implementation. The 2023 training plan covers multiple modules such as management, professional

technical theory and practice, and engineering process capability improvement. In terms of course design, teaching methods, training system, lecturers and other resources, the Company effectively guarantees the opportunities for employees to learn and grow, and escorts the career development of employees.

4. Labor outsourcing

Applicable Not applicable

I. Profit distribution and conversion of capital accumulation fund to share capital of the Company

Preparation, implementation, or adjustment of policy for profit distribution, especially policy of cash dividends in the reporting period

Applicable Not applicable

During the reporting period, the Board of Directors of the Company formulated the profit distribution proposal in 2021 after detailed consultation and listening to the opinions of the shareholders of the Company in combination with the Company's profit situation and investment situation in 2021 and the investment and expenditure plans in 2022, which was deliberated and passed by the 21th Meeting of the 7th Board of Directors and the Annual General Meeting of Shareholders in 2021. The profit distribution plan of the Company in 2021 was after deducting 1,254,260,172 million shares already repurchased in the Company's special repurchase accounts from the total share capital of the Company on the date of record and the cash dividends of RMB 0.5 (including tax) for every 10 shares was distributed to all shareholders. Besides, no share capital was converted from the accumulation fund and no bonus share was given. The above profit distribution plan was completed on April 29, 2022. The 2021 annual profit distribution plan complied with laws, regulations, the Articles of Association, and the Shareholders' Dividend Plan for the Next Three Years (2020-2022), and the profit distribution decision-making procedures complied with relevant laws, regulations, and rules.

Special explanation of cash dividend policy	
Whether it met the requirements of the Articles of Association or the resolution of the General Meeting of Shareholders:	Yes
Whether the dividend standard and proportion were definite and clear:	Yes
Whether the relevant decision-making procedures and mechanisms were complete:	Yes
Whether the Independent Director performed their duties and played their due roles:	Yes
Whether the minority shareholders fully raised their opinions and demands, and whether their lawful rights and interests were protected fully:	Yes

If the cash dividend policy is adjusted or changed, whether the conditions and procedures were compliant and transparent:	Not applicable
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The Company made a profit during the reporting period and the profit of the parent company available for shareholders' distribution was positive, but no cash dividend distribution proposal was proposed

Applicable Not applicable

Profit distribution and conversion of capital accumulation fund to share capital in the reporting period

Applicable Not applicable

Number of bonus shares send for every 10 shares (shares)	0
Number of dividend paid for every 10 shares (RMB) (including tax)	0.60
Equity base in the distribution plan (shares)	1,264,354,172
Cash dividend amount (RMB) (including tax)	75,861,250.32
Cash dividend amount (RMB) by other means (such as share repurchase)	52,434,493.65
Total cash dividends (including other means) (RMB)	128,295,743.97
Distributable profit (RMB)	1,256,697,391.07
Proportion of total cash dividends (including other means) in total profit distribution	100%
Distribution of cash dividends in this period	
If the development stage of the Company is in the growth period with significant capital expense, the lowest proportion of cash dividends in profit distribution this time shall reach 20%.	
Detailed explanations of plan for profit distribution or conversion of capital accumulation fund to share capital	
2022 profit distribution plan of the Company: Based on the total share capital of the Company of 1,264,354,172 shares (excluding 5,181,200 repurchased treasury shares), the Company distributed cash dividend RMB 0.60 (tax inclusive) for every 10 shares to all shareholders, without converting the accumulation fund to increase the share capital. The accumulated retained earnings remaining after the implementation of the profit distribution plan will be carried forward to subsequent years. If the total share capital of the Company changes before the implementation of the profit distribution plan due to reasons such as share repurchase and stock option exercise, the total distribution will be adjusted accordingly based on the principle of keeping the distribution ratio per share unchanged.	

XI. Implementation of the Company's equity incentive plan, employee stock ownership plan or other employee incentive measures

Applicable Not applicable

1. Equity incentive

1. Implementation of the stock option incentive plan in 2018:

(1) On October 26, 2018, the 7th Meeting of the 6th Board of Directors and the 5th Meeting of the 6th Board of Supervisors of the Company deliberated and passed the Proposal on the Company's 2018 Stock Option Incentive Plan (Draft) and Its Abstract, which was approved by the Company's 1st Extraordinary General Meeting of Shareholders in 2018. The grant registration was completed on January 4, 2019 and a total of 684 incentive

objects were granted 42.887 million stock options. Among them, 684 incentive objects were all directors, middle and senior executives and core technology (business) backbones of the Company. The grant price was RMB 3.80/share and the grant date was November 27, 2018. The stock option was locked within 12 months from the date of grant. After meeting the exercise conditions, the incentive objects could apply for exercise in three phases within 48 months after the date of grant.

(2) On July 26, 2019, the 15th Meeting of the 6th Board of Directors and the 12th Meeting of the 6th Board of Supervisors deliberated and passed the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan in 2018. The 2018 annual equity distribution plan was implemented, and the exercise price was adjusted from RMB 3.80 per share to RMB 3.70 per share accordingly.

(3) On March 30, 2020, the 22nd Meeting of the 6th Board of Directors deliberated and passed the Proposal on the First Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights and Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan: there are 606 incentive objects in the first exercise period of the 2018 stock option incentive plan in the Company, in total of 12.0147 million stock options, that meet the exercise conditions and can be exercised. The Company plans to adopt the independent exercise mode. Given that 7 incentive objects, including Fang Dikui and Zhang Rong, resigned from the Company due to personal reasons during the period from the announcement on March 31 to the vesting date, their 142,000 stock options that have been granted but not yet exercised would not be exercised and would be canceled by the Company. The review procedure for the adjustment of the number of these options would be carried out in the future.

(4) As of May 21, 2020, 606 incentive objects in the first exercise period had completed the exercise of 12.0147 million stock options, increased the Company's share capital by RMB 12.0147 million.

(5) On March 5, 2021, the 6th Meeting of the 7th Board of Directors and the 6th Meeting of the 7th Board of Supervisors deliberated and passed the Proposal on the Second Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights, the Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan, and the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan in 2018. There were 569 incentive objects in the second exercise period to exercise their rights independently and a total of 10,985,100 stock options meeting the exercise conditions. At the same time, the 2019 annual equity distribution plan was implemented, and the exercise price of the 2018 stock option incentive plan was adjusted from RMB 3.70 per share to RMB 3.65 per share accordingly.

(6) On April 26, 2021, the 9th Meeting of the 7th Board of Directors and the 8th Meeting of the 7th Board of Supervisors deliberated and passed the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan in 2018. The 2020 annual equity distribution plan was implemented, and the exercise price was adjusted from RMB 3.65 per share to RMB 3.60 per share accordingly.

(7) As of August 6, 2021, 10,950,600 stock options involving 567 incentive objects that meet the exercising conditions have been exercised.

(8) On March 18, 2022, the 21st Meeting of the 7th Board of Directors and the 17th Meeting of the 7th Board of Supervisors deliberated and passed the Proposal on the Third Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights and the Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan. There were 543 incentive objects in the third exercise period to exercise their rights independently and a total of 14,049,300 stock options meeting the exercise conditions. Given that 22 incentive objects, including Zhang Ran and Wu Mingli, resigned from the Company due to personal reasons during the period from the announcement on March 22 to the vesting date, their 324,000 stock options that have been granted but not yet exercised would not be exercised and would be canceled by the Company; Given that 2 incentive objects was rated as "unqualified" in terms of the performance appraisal during the assessment period of the third exercise period in 2021, all the exercisable quota of the stock option in the current year can not be exercised; Given that 22 incentive objects rated as "good" or "qualified" in terms of the performance appraisal, 75% of exercisable quota of the stock option in the current year can be exercised. The number of options that cannot be exercised by the 24 incentive objects mentioned above was 227,500, which would be uniformly canceled by the Company. The review procedure for the adjustment of the total number of 551,500 stock options will be carried out in the future.

(9) On April 26, 2022, the 25th Meeting of the 7th Board of Directors and the 21st Meeting of the 7th Board of Supervisors deliberated and passed the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan in 2018. The 2021 annual equity distribution plan was implemented, and the exercise price was adjusted from RMB 3.60 per share to RMB 3.55 per share accordingly.

(10) As of May 16, 2022, 14.0493 million stock options involving 543 incentive objects that meet the exercising conditions had been exercised, increased the Company's share capital by RMB 14.0493 million.

(11) On June 2, 2022, upon review and confirmation by the Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., 551,500 stock options that failed to meet the exercise conditions during the assessment

period of the third exercise period in 2021 have been the canceled, and the 2018 stock option incentive plan has been successfully implemented.

For details of the implementation of the stock option incentive plan in 2018, please refer to the Company's announcements disclosed in the Securities Times and CNINFO (<http://www.cninfo.com.cn>) on July 30, 2019, March 31, 2020, May 11, 2020, March 9, 2021, March 22, 2022, April 27, 2022, and June 3, 2022.

2. Implementation of the restricted stock incentive plan in 2021:

(1) On September 20, 2021, the 13th (Extraordinary) Meeting of the 7th Board of Directors deliberated and passed the Proposal on the Company's Restricted Stock Incentive Plan in 2021, and agreed to grant up to 34 million restricted stocks to the incentive object. The shares of this plan come from the shares repurchased by the Company's special repurchase account and the ordinary A shares issued by the Company to the incentive object. Among them, 14,838,920 shares in the Company's special repurchase securities account will be used as a source of some of the shares in the implementation of this plan, while the rest will be issued to the incentive object. The restricted period of the restricted stocks granted this time is 12 months, 24 months and 36 months from the date of completion of the granting and registration of the restricted stocks, and the restricted stocks will be lifted at a ratio of 30%, 30% and 40%, respectively.

(2) The Company held the 14th Meeting of the 7th Board of Directors and the 11th Meeting of the 7th Board of Supervisors on October 13, 2021, which deliberated and passed the Proposal on the Company's Restricted Stock Incentive Plan in 2021 (Draft) and Its Abstract, the Proposal on Administrative Measures for the Implementation and Evaluation of the Company's Restricted Stock Incentive Plan in 2021, and the Proposal on Requesting the Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to the Company's Restricted Stock Incentive Plan in 2021 and agreed to grant 34 million restricted stocks to 1,250 incentive objects. The 11th Meeting of the 7th Board of Supervisors of deliberated and passed relevant proposals and verified the list of incentive objects in this incentive plan. Independent directors expressed independent opinions on this matter, and lawyers issued legal opinions.

(3) On October 15, 2021, the Company publicly announced the names and positions of the incentive objects in this incentive plan on the Company's internal OA office system, with a publicity period from October 15, 2021 to October 24, 2021. No organization or individual raised any objection to the list of incentive objects during the publicity period. On October 26, 2021, the Company disclosed the Audit Opinions of the Board of Supervisors on the List of Incentive Objects in the Restricted Stock Incentive Plan in 2021 and the Explanation of Publicity. The

Board of Supervisors believed that the proposed incentive objects in this incentive plan did not have the situation that relevant laws and regulations do not allow them to be the incentive objects, and met the participation qualifications within the scope of the incentive objects in this incentive plan.

(4) On November 1, 2021, the Company held the 2nd extraordinary shareholders' meeting, which deliberated and passed the Proposal on the Company's Restricted Stock Incentive Plan in 2021 (Draft) and Its Abstract, the Proposal on Administrative Measures for the Implementation and Evaluation of the Company's Restricted Stock Incentive Plan in 2021, and the Proposal on Requesting the Shareholders' Meeting to Authorize the Board of Directors to Handle Matters Related to the Company's Restricted Stock Incentive Plan in 2021 and other relevant proposals related to the Incentive Plan, and authorized the Board of Directors to determine the grant date under the Incentive Plan, grant restricted stocks to incentive objects when they met the conditions and handle all matters required for the grant of restricted stocks.

(5) On November 2, 2021, the Company held the 16th (Extraordinary) Meeting of the 7th Board of Directors and the 13th (Extraordinary) Meeting of the 7th Board of Supervisors, which deliberated and passed the Proposal on Adjusting the Number of Stock Options Granted under the Restricted Stock Incentive Plan in 2021 and List of Incentive Objects and the Proposal on Granting Restricted Stocks to Incentive Objects. In view of the demission of the incentive object Ou Li specified in the Incentive Plan and the fact that Wang Cheng, Shen Zhiwen and Tian Conghui et al. voluntarily gave up the subscription of restricted stocks to be granted by the Company for personal reasons, the Board of Directors of the Company decided to cancel the restricted stocks to be granted to them. After the cancellation, the number of restricted stocks to be granted under the Incentive Plan was reduced from 34 million to 33.951 million, and the number of incentive objects decreased from 1,250 to 1,246. November 2, 2021 was determined as the grant date, and 33.951 million restricted stocks were granted to 1,246 eligible incentive objects. The Board of Supervisors of the Company reviewed the list of incentive objects, and independent directors expressed their independent opinions and lawyers issued legal opinions.

(6) On December 7, 2021, the Company held the 17th (Extraordinary) Meeting of the 7th Board of Directors and the 14th (Extraordinary) Meeting of the 7th Board of Supervisors, which deliberated and passed the Proposal on Adjusting the Number of Stock Options Granted under the Restricted Stock Incentive Plan in 2021 and List of Incentive Objects. In view of the fact that 22 incentive objects such as Li Xiang, Yu Dingguo and Lu Yuanshan specified in the Incentive Plan voluntarily gave up their subscription of all the restricted stocks granted to them for personal reasons and 10 incentive targets such as Liao Xinmeng, Wang Cao and Liu Xiaoshi voluntarily gave up

their subscription of some of the restricted stocks granted to them for personal reasons in the process of capital payment before share registration after the Board of Directors of the Company confirmed November 2, 2021 as the grant date under the Restricted Stock Incentive Plan in 2021, the Board of Directors of the Company adjusted the objects and the number of shares granted under the Restricted Stock Incentive Plan in 2021 according to the authorization of the 2nd extraordinary shareholders' meeting of the Company in 2021. After adjustment, the number of incentive objects under the Restricted Stock Incentive Plan in 2021 decreased from 1,246 to 1,224, and the number of restricted stocks granted decreased from 33.951 million to 33.54432 million. The Board of Supervisors of the Company reviewed the list of incentive objects, and independent directors expressed their independent opinions and lawyers issued legal opinions.

(7) On December 16, 2021, upon review and confirmation by the Shenzhen Stock Exchange and Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., the Company completed the granting and registration of 187,054 million restricted stocks (new shares) and 14,838,920 restricted stocks (repurchased shares) involved in the restricted stock incentive plan in 2021. The above shares were listed on December 17, 2021.

(8) On March 30, 2022, the 23rd (Extraordinary) Meeting of the 7th Board of Directors deliberated and passed the Proposal on the Proposal on Repurchase and Cancellation of Some Restricted Stocks from Restricted Stock Incentive Plan in 2021, and agreed to repurchase and cancel 201,000 restricted stocks that have been granted but not yet unlocked of 10 incentive objects, including Wu Song and Luo Qingshan in the restricted stock incentive plan in 2021, who resigned from the Company due to personal reasons. The above matters had been deliberated and passed by the Annual General Meeting of Shareholders in 2021.

(9) On July 25, 2022, the 26th Meeting of the 7th Board of Directors and the 22nd Meeting of the 7th Board of Supervisors deliberated and passed the Proposal on Adjusting the Repurchase Price of Restricted Stock Incentive Plan in 2021. The 2021 annual equity distribution plan was implemented, and the repurchase price was adjusted from RMB 7.23 per share to RMB 7.18 per share accordingly.

(10) On August 18, 2022, the 27th (Extraordinary) Meeting of the 7th Board of Directors and the 22nd (Extraordinary) Meeting of the 7th Board of Supervisors deliberated and passed the Proposal on the Proposal on Repurchase and Cancellation of Some Restricted Stocks from Restricted Stock Incentive Plan in 2021, and agreed to repurchase and cancel 1.291 million restricted stocks that have been granted but not yet unlocked of 66 incentive objects, including Wei Yin and Li Xinwei in the restricted stock incentive plan in 2021, who resigned

from the Company due to personal reasons. The above matters had been deliberated and passed by the Second Extraordinary General Meeting of Shareholders in 2022.

(11) On November 23, 2022, the 28th (Extraordinary) Meeting of the 7th Board of Directors and the 23rd (Extraordinary) Meeting of the 7th Board of Supervisors deliberated and passed the Proposal on Adjusting Corporate-level Performance Evaluation Indicators of Restricted Stock Incentive Plan in 2021, and agreed to adjust the corporate-level performance evaluation indicators of restricted stock incentive plan in 2021. Independent directors expressed independent opinions, the law firm issued legal opinions, and affiliated directors recused themselves from voting. The above matters had been deliberated and passed on the Third Extraordinary General Meeting of Shareholders in 2022.

(12) On December 27, 2022, given that 76 incentive objects, including Wu Song, Luo Qingshan, Wei Yin and Li Xinwei in the restricted stock incentive plan in 2021, resigned from the Company due to personal reasons and no longer met the conditions of becoming the incentive object, their restricted stocks that have been granted but not unlocked could not be unlocked and would be canceled after being repurchased by the Company. The above repurchase and cancellation matters were completed on December 27, 2022. After the repurchase and cancellation, the number of incentive objects in the restricted stock incentive plan in 2021 reduced from 1,224 to 1,148, and the general capital reduced from 1,271,027,372 shares to 1,269,535,372 shares.

For details of the implementation of the restricted stock incentive plan in 2021, please refer to the Company's announcements on Securities Times and CNINFO (<http://www.cninfo.com.cn>) on September 22, 2021, October 14, 2021, November 2, 2021, November 3, 2021, December 9, 2021, December 16, 2021, December 20, 2021, March 31, 2022, July 26, 2022, August 19, 2022, September 24, 2022, and December 28, 2022.

Equity incentive awarded to directors and senior executives of the Company

Applicable Not applicable

Unit: Share

Name	Position	Number of stock options held at the beginning of the year	Number of new stock options granted during the reporting period	Number of shares exercisable during the reporting period	Number of shares exercised during the reporting period	Number of exercised shares and exercise price during the reporting period (RMB/share)	Number of stock options held at the end of the period	Market price at the end of the reporting period (RMB/share)	Number of restricted stocks held at the beginning of the period	Number of shares unlocked in the current period	Number of new restricted stocks granted during the reporting period	Grant price of restricted stocks (RMB/share)	Number of restricted stocks held at the end of the period
Zheng Sibin	Director, deputy general	320,000	0	320,000	320,000	3.55	0	10.37	533,000	0	0	7.23	533,000

	manager and BG general manager												
Ma Wei	Director, deputy general manager and BG general manager	400,000	0	400,000	400,000	3.55	0	10.37	616,000	0	0	7.23	616,000
Peng Ganquan	Director and BG General Manager	480,000	0	480,000	480,000	3.55	0	10.37	400,000	0	0	7.23	400,000
Wen Zhaohui	Deputy General Manager and Secretary of the Board of Directors	240,000	0	240,000	240,000	3.55	0	10.37	183,000	0	0	7.23	183,000
Xiang Wei	Chief financial officer	160,000	0	160,000	160,000	3.55	0	10.37	183,000	0	0	7.23	183,000
Total	--	1,600,000	0	1,600,000	1,600,000	--	0	--	1,915,000	0	0	--	1,915,000
Remarks (if any)	During the reporting period, the exercise conditions corresponding to the third exercise period of the 2018 stock option incentive plan were met, and all options of the corresponding proportion of the above directors and executives were exercised; At the same time, the restricted stock incentive plan in 2021 did not reach the unlock period, and all stocks were restricted stocks.												

Evaluation and incentives of senior executives

The performance appraisal of core executives of the Company is based on the operational efficiency and strategic goals of the Company and the completion of annual production, operation and management capacity building and work goals of executives under the principles of combining distribution according to work with responsibilities, rights and interests, linking income level with company performance and work goals, emphasizing both incentives and constraints, and combining result evaluation with process management, and the salary distribution of senior executives is determined according to the appraisal results, so as to promote the long-term development of the Company the achievement of strategic goals.

The Company adopts an annual salary system for senior executives, which consists of basic annual salary, performance-based annual salary and long-term equity incentive. The basic annual salary is mainly determined according to the average salary level of the executives in the previous year after taking into account factors such as industry characteristics and market salary trends; The performance-based annual salary is based on year-end management level, operational efficiency, and operational quality, is submitted to the Board of Directors for review and distribution after assessment; The long-term equity incentive is formulated according to the management measures for the periodic equity incentive assessment.

2. Implementation of employee stock ownership plan

Applicable Not applicable

3. Other employee incentives

Applicable Not applicable

XII. Construction and implementation of internal control system during the reporting period**1. Internal control construction and implementation**

During the reporting period, the Company continuously updated and improved its internal control system, and revised and formulated the Investor Relation Management System and other regulations based on daily and special supervision of internal control according to normative documents such as the Basic Norms of Enterprise Internal Control, Guidelines for Independent Directors to Promote Internal Control of Listed Companies, and Application Guidance for Internal Control of Enterprises, the internal control system and evaluation methods, and its actual situation; At the same time, according to management needs, the Company set up an internal audit institution to cooperate with the audit committee to supervise and inspect the implementation of relevant systems, effectively ensuring the implementation of the Company's rules and regulations, reducing operation risks, and strengthening internal control; The Company continued to optimize its organizational structure, clarify the responsibilities of departments and corresponding posts, and effectively control the implementation of internal control related to decision-making, execution, supervision, feedback and other whole process management activities, to effectively avoid internal control loopholes.

The Company established a rigorous, scientific, effective internal control system suitable for its actual situation, and formulated effective internal control evaluation standards; The Company effectively prevented risks in business management and promoted the achievement of internal control objectives through the operation, analysis, and evaluation of its internal control system.

2. Specific information about the major defects for internal control discovered in the reporting period

Yes No

XIII. The Company's management and control of subsidiaries during the reporting period

Applicable Not applicable

The Company has completed the integration of its acquisition of subsidiary Taixing Ninghui Lithium Battery Co., Ltd. in 2021 by the end of 2021. The Company did not acquire any new subsidiaries during the reporting period.

XIV. Internal control self-evaluation report or internal control audit report

1. Self evaluation report for internal control

Disclosure date of the full text of the internal control evaluation report	March 31, 2023	
Index for disclosure of the full text of the internal control evaluation report	CNINFO (http://www.cninfo.com.cn)	
Ratio of total assets for entities included in evaluation scope accounting for the total assets of consolidated financial statements of the Company	100.00%	
Ratio of operating income for entities included in evaluation scope accounting for the operating income of consolidated financial statements of the Company	100.00%	
Defect identification criteria		
Category	Financial report	Non-financial report
Qualitative standard	<p>Indications of major defect of financial reports include:</p> <p>(1) Fraud of directors, supervisors or senior executives of the Company;</p> <p>(2) The Company corrects its published financial reports;</p> <p>(3) A certified public accountant discovers significant misstatements in the current financial report that have not been identified by the Company's internal control;</p> <p>(4) The audit committee and audit department have ineffective supervision over the Company's external financial reports and internal control over the Company's financial reports.</p> <p>Indications of significant defect of financial reports include:</p> <p>(1) Fail to select and apply accounting policies in accordance with generally accepted accounting standards;</p> <p>(2) Fail to prepare anti-fraud procedures and control measures;</p> <p>(3) There is no corresponding control mechanism or compensatory control for the accounting treatment of unusual or special transactions;</p> <p>(4) There are one or more defects in the control of the financial reporting process at the end of the period, and it can not reasonably guarantee that the prepared financial statements are true and accurate.</p>	<p>The qualitative criteria for evaluating internal control defects in non-financial reports determined by the Company are as follows:</p> <p>The non-financial report defect identification is mainly based on the influence degree of the defect on the validity of the business process and the possibility of occurrence.</p> <p>If the probability of a defect is relatively low and it will reduce work efficiency or effect, or increase the uncertainty of the effect, or make it deviate from the expected goal, it is recognized as a general defect;</p> <p>If the probability of a defect is relatively high and it will significantly reduce work efficiency or effect, or significantly increase the uncertainty of the effect, or make it significantly deviate from the expected goal, it is recognized as a significant defect; If the probability of a defect is high and it will seriously reduce work efficiency or effect, or seriously increase the uncertainty of the effect, or make it seriously deviate from the expected goal, it is recognized as a major defect.</p>

	General defects refer to other control defects except the above-mentioned major defects and important defects.	
Quantitative standard	<p>In quantitative standards, the consolidated operating income and total assets are measurement indicators. Internal control defects with losses or possible losses incurred related to the income statement are measured by the consolidated operating income. If a defect alone or in conjunction with other defects may result in a financial report misstatement amount less than 0.5% of the consolidated operating income, it is recognized as a general defect; If it exceeds 0.5% of the consolidated operating income but is less than 1%, it is recognized as a significant defect; If it exceeds 1% of the consolidated operating income, it is recognized as a major defect.</p> <p>Internal control defects that may lead to or result in losses related to asset management are measured by the total consolidated asset indicator. If a defect alone or in conjunction with other defects may result in a financial report misstatement amount less than 0.5% of the total consolidated asset, it is recognized as a general defect; If it exceeds 0.5% of the total consolidated asset but is less than 1%, it is recognized as a significant defect; If it exceeds 1% of the total consolidated asset, it is recognized as a major defect.</p>	<p>In quantitative standards, the operating income and total assets are measurement indicators. Internal control defects with losses or possible losses incurred related to the income statement are measured by the consolidated operating income. If a defect alone or in conjunction with other defects may result in a financial report misstatement amount less than 0.5% of the consolidated operating income, it is recognized as a general defect; If it exceeds 0.5% of the consolidated operating income but is less than 1%, it is recognized as a significant defect; If it exceeds 1% of the consolidated operating income, it is recognized as a major defect.</p> <p>Internal control defects that may lead to or result in losses related to asset management are measured by the total consolidated asset indicator. If a defect alone or in conjunction with other defects may result in a financial report misstatement amount less than 0.5% of the total consolidated asset, it is recognized as a general defect; If it exceeds 0.5% of the total consolidated asset but is less than 1%, it is recognized as a significant defect; If it exceeds 1% of the total consolidated asset, it is recognized as a major defect.</p>
Number of major defects in financial report (pcs)		0
Number of major defects in non-financial report (pcs)		0
Number of significant defects in financial report (pcs)		0
Number of significant defects in non-financial report (pcs)		0

2. Internal control audit report

Applicable Not applicable

The deliberation opinion paragraph in the internal control audit report	
In our opinions, as of December 31, 2022, Shenzhen Topband Co., Ltd. has maintained, in all material aspects, an effective internal control pertaining to financial report, in accordance with Implementation Guidelines for Enterprise Internal Control and other applicable rules and regulations.	
Disclosure of internal control audit report	Disclosure
Disclosure date of the full text of the internal control audit report	March 31, 2023
Index of full-text disclosure of internal audit report	CNINFO (http://www.cninfo.com.cn)
Opinion type of internal control audit report	Standard and unqualified opinion

Whether there were major defects in the non-financial report	No
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Did the accounting firm issue an internal control audit report with a non-standard opinion

Yes No

Is the internal control audit report issued by the accounting firm consistent with the self-evaluation report of the Board of Directors

Yes No

XV. Rectification of self-examination problems in special actions of governance of listed companies

Not applicable

Section V Environmental and Social Responsibility

I. Major environmental issues

Whether the listed companies and their subsidiaries were key pollutant discharging organizations announced by the Environmental Protection Department

Yes No

Administrative punishment for environmental problems during the reporting period

Not applicable

Refer to other environmental information disclosed by key pollutant discharge companies

Not applicable

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

Applicable Not applicable

Reasons for not disclosing other environmental information

Not applicable

II. Social responsibility

The full text of the 2022 ESG & Social Responsibility Report was published on CNINFO

(<http://www.cninfo.com.cn>) on March 31, 2023.

III. Consolidated and enhanced the achievements in poverty alleviation and rural revitalization

The Company has not yet carried out targeted poverty alleviation work in the reporting year, and there are no subsequent targeted poverty alleviation plans.

Section VI Important Matters

I. Performance of commitments

1. Completed commitments in the reporting period and uncompleted commitments by the end of the reporting period by the Company's actual controller, shareholders, related parties, acquirers, the Company and other committed related parties

Applicable Not applicable

Reasons for commitments	Commitment Party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Commitments made during the initial public offering or refinancing	Wu Yongqiang	Commitments to horizontal competition	Mr. Wu Yongqiang, the actual controller of the Company, has promised that during the period of being the controlling shareholder and/or actual controller of the Company, he would not directly or indirectly engage in any business which was the same, similar or substantially competitive with the main business of the Company at present and in the future.	2006/06/12	Long-term effective	Fulfill the commitment strictly
Commitments made during the initial public offering or refinancing	Ji Shuhai	Commitments to horizontal competition	Ji Shuhai, a director of the Company as a shareholder, has promised not to directly or indirectly engage in any business which was the same, similar or substantially competitive with the main business of the Company at present and in the future in any way during his term of office.	2006/06/12	Long-term effective	Fulfill the commitment strictly
Commitments made during the initial public offering or refinancing	All directors and senior executives of the Company	Other commitments	<p>1. I would not deliver benefits to other organizations or individuals free of charge or under unfair conditions and not damage the interests of the Company in other means.</p> <p>2. I fully supported and cooperated with the Company in regulating the duty consumption behavior of directors and senior executives. Any duty consumption behaviors would occur within the scope necessary for fulfilling my duty to the Company. I strictly accepted the supervision and management of the Company to avoid extravagance or excessive consumption.</p> <p>3. I would strictly abide by the relevant laws and regulations, the regulations and rules of the CSRC, the stock exchange and other regulatory institutions as well as the requirements of the Company's rules and regulations on the code of conduct of directors and senior executives. Besides, I would not use the Company's assets to engage in investment and consumption activities unrelated to the performance of</p>	2020/04/29	On-going	Fulfill the commitment strictly

			<p>my duties.</p> <p>4. I would try my best to make the Company implement the compensation demand return measures.</p> <p>5. I would work hard to link the compensation system formulated by the Board of Directors or the Compensation Committee with the implementation of the Company's compensation return measures. At the same time, I would vote in favor of the compensation system proposal when the Board of Directors and the General Meeting of Shareholders of the Company deliberated (if I have vote/voting right).</p> <p>6. If the Company would implement the employee equity incentive in the future, I would fully support the Company to link the arrangement of exercise conditions of the employee incentive with the implementation of the Company's compensation return measures. At the same time, I would vote in favor of the employee equity incentive proposal when the Board of Directors and the General Meeting of Shareholders of the Company deliberated (if I have vote/voting right).</p> <p>7. If I violate the above commitments, I would make an explanation and apologize publicly at the General Meeting of Shareholders and the designated newspapers and magazines designated by the CSRC. I voluntarily accept the self-discipline supervision measures taken by the stock exchange and China Association for Public Companies. If my breach of the commitment causes losses to the Company or the shareholders, I shall be liable for compensation in accordance with the law.</p>			
Commitments made during the initial public offering or refinancing	Wu Yongqiang	Other commitments	<p>1. I would not abuse the position of the controlling shareholder/actual controller to interfere with the operation and management activities of the Company beyond my power and would not infringe the Company's interests under any circumstances.</p> <p>2. I would try my best to make the Company implement the compensation demand return measures.</p> <p>3. I would work hard to link the compensation system formulated by the Board of Directors or the Compensation Committee with the implementation of the Company's compensation return measures.</p> <p>4. I would work hard to link the exercise conditions (if any) of the corporate equity incentive to be published in the future with the implementation of the Company's compensation return measures.</p>	2020/04/29	On-going	Fulfill the commitment strictly

			<p>5. I would support the relevant proposals related to the implementation of the Company's compensation return measures and would vote for them (if I have voting right).</p> <p>6. After the issuance of this commitment, if there are other requirements in the relevant provisions of the regulatory institution on the compensation return measures and its commitment and the above commitments could not meet the relevant requirements of the regulatory institution, I promise that I would issue a supplementary commitment in accordance with the relevant provisions at that time.</p> <p>7. If I violate the above commitments, I would make an explanation and apologize publicly at the General Meeting of Shareholders and the designated newspapers and magazines designated by the CSRC. I voluntarily accept the self-discipline supervision measures taken by the stock exchange and China Association for Public Companies. If my breach of the commitment causes losses to the Company or the shareholders, I shall be liable for compensation in accordance with the law.</p>			
Commitments made during the initial public offering or refinancing	Wu Yongqiang	Other commitments	<p>If Huizhou Topband, a wholly-owned subsidiary of Shenzhen Topband Co., Ltd., failed to bid for the land usage right of the plot DN-02-16 at the southeast of the intersection of Dongxin Avenue and Xing'an Road of Dongjiang High-tech Industrial Park in HZZK Hi-tech Industrial Development Zone to be used by "Topband Huizhou No. 2 Industrial Park Project" and Huizhou Topband was required to purchase or lease other lands while the Company would suffer from heavy losses, I would compensate for such losses (such as overpayment of land-transferring fees, rents).</p>	2020/07/30		Completion of performance
Equity incentive commitment	Peng Ganquan, Zheng Sibin, Ma Wei, Wen Zhaohui and Xiang Wei	Other commitments	<p>I promise that I would not transfer all the Company's shares (including the shares obtained from exercise and other shares) within six months after the exercise of the stock option incentive plan in 2018.</p>		Six months after exercise	Completion of performance
Whether the commitment was fulfilled on schedule	Yes					
If the commitment was not fulfilled within	Not applicable					

the time limit, the specific reasons for the failure and the next work plan shall be explained in detail.	
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2. There is profit forecast for corporate assets or projects, and the forecast still lasts in the reporting period, so the Company made an explanation on whether the original profit forecast for assets or project has been reached and the reasons

Applicable Not applicable

II. Non-operating capital occupation of listed companies by controlling shareholders and their related parties

Applicable Not applicable

There was no non-operating capital occupation of listed companies by controlling shareholders and their related parties in the reporting period of the Company.

III. External guarantee in violation of regulations

Applicable Not applicable

The Company had no external guarantee in violation of regulations during the reporting period.

IV. Explanation of the Board of Directors on the latest "non-standard audit report"

Applicable Not applicable

V. Explanation of the "non-standard audit report" of the Accounting Firm in the reporting period by the Board of Directors, the Board of Supervisors and the independent directors (if any)

Applicable Not applicable

VI. Explanation of changes in accounting policies and estimates or corrections to material accounting errors compared with the financial report for the previous year

Applicable Not applicable

There were no changes in accounting policies and estimates or corrections to material accounting errors during the reporting period.

VII. Explanation of any changes of the scope of the consolidated statement compared with that in the financial report of the last year

Applicable Not applicable

There are a total of 39 subsidiary companies included in the scope of the consolidated statement this time, as shown in IX. Interests in other entities of Section X; during the reporting period, 4 companies were newly included in the scope of consolidation, of which 4 were newly-established subsidiaries or sub-subsidiaries, as shown in VIII. Change of consolidation scope of Section X.

VIII. Appointment and dismissal of accounting firms

Accounting firms currently employed

Name of domestic accounting firms	BAKER TILLY International Accounting Firm (Special General Partnership)
Remuneration of the domestic accounting firm (RMB ten thousand)	100
Consecutive years for domestic accounting firms to provide audit service	4
Name of the certified public accountant of the domestic accounting firm	Chen Zhigang, Zhao Yang
Consecutive years for Certified Public Accountants of domestic accounting firms to provide audit service	4

Whether to change the current employment of the accounting firm

Yes No

Employment of accounting firm for audit of internal controls, financial consultant, or sponsor

Applicable Not applicable

IX. Delisting after disclosure of the annual report

Applicable Not applicable

X. Matters related to bankruptcy reorganization

Applicable Not applicable

There were no matter related to bankruptcy reorganization during the reporting period.

XI. Major litigation and arbitration matters

Applicable Not applicable

The Company had no major litigation and arbitration matters during the reporting period.

XII. Punishment and rectification

Applicable Not applicable

The Company had no punishment or rectification during the reporting period.

XIII. Integrity condition of the Company, its controlling shareholders and actual controllers

Applicable Not applicable

XIV. Major related transactions

1. Related transactions connected with the daily operation

Applicable Not applicable

The Company had no related transactions connected with daily operations during the reporting period.

2. Related transactions arising from acquisition and sale of assets or equity

Applicable Not applicable

The Company had no related transaction of acquisition or sale of assets or equity during the reporting period.

3. Related transactions of joint foreign investment

Applicable Not applicable

The Company had no related transaction of joint foreign investment during the reporting period.

4. Related creditor's right and debt transaction

Applicable Not applicable

The Company had no related creditor's right and debt transaction during the reporting period.

5. Transactions with associated financial companies

Applicable Not applicable

There was no deposit, loan, credit extension or other financial business between the Company and its related financial companies or between the related parties.

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

Applicable Not applicable

There was no deposit, loan, credit or other financial business between financial companies controlled by the Company and related parties.

7. Other major related transactions

Applicable Not applicable

The Company had no other major related transactions during the reporting period.

XV. Major contracts and their performance

1. Trusteeship, contracting and lease

(1) Trusteeship

Applicable Not applicable

The Company had no trusteeship during the reporting period.

(2) Contracting

Applicable Not applicable

The Company had no contracting during the reporting period.

(3) Lease

Applicable Not applicable

The Company had no lease during the reporting period.

2. Material guarantee

Applicable Not applicable

Unit: RMB ten thousand

External guarantee of the Company and its subsidiaries (excluding guarantee for subsidiaries)										
Name of guarantee object	Date of disclosure of the relevant announcement of guarantee amount limit	Guarantee amount limit	Actual date of occurrence	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it was completed	Whether the guarantee objects were related parties
Guarantee of the Company to its subsidiaries										
Name of guarantee object	Date of disclosure of the relevant announcement of guarantee amount limit	Guarantee amount limit	Actual date of occurrence	Actual guarantee amount	Guarantee type	Collateral (if any)	Counter guarantee (if any)	Guarantee period	Whether it was completed	Whether the guarantee objects were related parties
Ningbo Topband	2019/1/12	19,000			Joint liability guaranty			The tentative guarantee period shall not exceed 5 years from the date of signing the formal guarantee agreement	No	No
Ningbo Topband	2020/10/20	22,000	2020/11/05	22,000	Joint liability guaranty			The tentative guarantee period shall not exceed 5 years from the date of signing the formal guarantee agreement	No	No
Total amount of approved guarantee for subsidiaries at the end of the reporting period (B3)		41,000		Total actual balance of guarantee for subsidiaries at the end of the reporting period (B4)						22,000
Guarantee of the Company to its subsidiaries										
Name of guarantee	Date of disclosure of the relevant	Guarantee amount	Actual date of	Actual guarantee	Guarantee type	Collateral (if any)	Counter guarantee	Guarantee period	Whether it was	Whether the guarantee

object	announcement of guarantee amount limit	limit	occurrence	amount		(if any)		completed	objects were related parties
Total amount of the corporate guarantee (i.e. the sum of the first three items)									
Total amount of guarantee approved at the end of the reporting period (A3+B3+C3)			41,000	Total actual balance of guarantee at the end of the reporting period (A4+B4+C4)				22,000	
The proportion of the total actual amount of guarantee (A4+B4+C4) in the Company's net assets				3.84%					

Explanation of details of complex guarantee

None

3. Entrusting others for cash asset management

(1) Entrusted financial management

Applicable Not applicable

Overview of entrusted financial management during the reporting period

Unit: RMB ten thousand

Specific types	Capital source of entrusted financing	Amount of entrusted financial management	Unexpired balance	Overdue amount not recovered	Accrued impairment amount of overdue and unrecovered wealth management
Bank financial products	Self-own capitals	5,478.62	178.62	0	0
Total		5,478.62	178.62	0	0

Specific situation of high-risk entrusted financial management with the significant single amount or low security and poor liquidity

Applicable Not applicable

Entrusted financial management was expected to be unable to recover the principal or there were other situations that may lead to impairment

Applicable Not applicable

(2) Entrusted loans

Applicable Not applicable

There was no entrusted loan during the reporting period.

4. Others major contracts Applicable Not applicable

Name of contracting company	Name of the other party of the contract	Contract object	Contract signing date	Book value of assets involved in the Contract (RMB ten thousand) (if any)	Appraisal value of assets involved in the Contract (RMB ten thousand) (if any)	Name of appraisal institution (if any)	Base date of appraisal (if any)	Pricing principle	Transaction price (RMB ten thousand)	Whether it is connected transaction	Relationship	Implementation by the end of the reporting period	Date of disclosure	Disclosure index
Topband	China Tower	Lithium iron phosphate battery for power reservation	2021/12/28					Bidding	24,140.00	No	Not applicable	Enforced	2021/12/09	CNINFO (http://www.cninfo.com.cn)
Topband	China Tower	Lithium iron phosphate battery for power reservation	2022/08/26					Bidding	52,421.09	No	Not applicable	Under execution	2022/07/28	CNINFO (http://www.cninfo.com.cn)

XVI. Explanation of other major matters Applicable Not applicable

There are no other significant matters that need to be explained during the reporting period of the Company.

XVII. Major matters of subsidiaries of the Company Applicable Not applicable

1. In March 2022, the Company invested to establish a wholly-owned subsidiary, Shenzhen Topband Motor Co., Ltd., with a registered capital of RMB 10 million, and included it in the scope of consolidated statements since its establishment;

2. In March 2022, Shenzhen Topband Investment Co., Ltd., a wholly-owned subsidiary of the Company, invested to establish a wholly-owned sub-subsidiary, Shenzhen Yueshang Robot Co., Ltd., with a registered capital of RMB 10 million; Shenzhen Topband Investment Co., Ltd., a wholly-owned subsidiary of the Company,

invested to establish a wholly-owned subsidiary, Shenzhen Xiaoyou Aitu Innovation Technology Co., Ltd., with a registered capital of RMB 10 million;

3. In September 2022, the Company invested to establish a wholly-owned subsidiary, Huizhou Chiding Technology Co., Ltd., with a registered capital of RMB 5 million, and included it in the scope of consolidated statements since its establishment.

4. In December 2022, Shenzhen Topband Investment Co., Ltd., a wholly-owned subsidiary of the Company, invested in Shenzhen Jizhi Laser Technology Co., Ltd. with an investment amount of RMB 2.3529 million and a shareholding ratio of 10%;

Section VII Share Change and Shareholders

I. Share change

1. Share change

Unit: Share

	Before this change		Increase or decrease of change this time (+, -)					After this change	
	Quantity	Proportion	Issuance of new shares	Stock dividend	Conversion of accumulation fund into shares	Other	Subtotal	Quantity	Proportion
I. Shares with non-tradable conditions	228,613,617	18.19%	1,200,000			-640,750	559,250	229,172,867	18.05%
1. Shares held by the state	0	0.00%							0.00%
2. Shares held by state-owned legal persons	0	0.00%							0.00%
3. Shares held by other domestic capital	228,502,617	18.18%	1,200,000			-640,750	559,250	229,061,867	18.04%
Including: shares held by domestic legal persons		0.00%							0.00%

Shares held by domestic natural person	228,502,617	18.18%	1,200,000			-640,750	559,250	229,061,867	18.04%
4. Shares held by foreign investment	111,000	0.01%						111,000	0.01%
Including: shares held by overseas legal persons	0	0.00%							0.00%
Shares held by overseas natural persons	111,000	0.01%						111,000	0.01%
II. Shares with unlimited tradable conditions	1,028,364,455	81.81%	12,849,300			-851,250	11,998,050	1,040,362,505	81.95%
1. A shares	1,028,364,455	81.81%	12,849,300			-851,250	11,998,050	1,040,362,505	81.95%
2. Domestic listed foreign shares		0.00%							0.00%
3. Overseas listed foreign shares		0.00%							0.00%
4. Others		0.00%							0.00%
III. Total number of shares	1,256,978,072	100.00%	14,049,300			1,492,000	12,557,300	1,269,535,372	100.00%

Reasons for share change

Applicable Not applicable

The change in the Company's share capital during the reporting period was due to the joint effect of the following: the third exercising period of the stock option incentive plan in 2018 met the relevant conditions, the incentive objects increased 14,049,300 shares independent exercise, and 1,492,000 restricted stocks were repurchased and canceled.

Approval of share change

Applicable Not applicable

1. During the third exercising period of the Company's stock option incentive plan in 2018, the following decision-making procedures have been executed:

On March 18, 2022, the 21st Meeting of the 7th Board of Directors and the 17th Meeting of the 7th Board of Supervisors deliberated and passed the Proposal on the Third Exercise Period of 2018 Stock Option Incentive Plan

Meeting the Exercise Conditions and Exercisable Rights and the Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan. On April 26, 2022, the 25th Meeting of the 7th Board of Directors and the 21st Meeting of the 7th Board of Supervisors deliberated and passed the Proposal on Adjusting the Exercise Price of the Stock Option Incentive Plan in 2018. The Board of Supervisors of the Company expressed verification opinions on the adjustment of the exercise price of the 2018 stock option incentive plan and the list and number of incentive objects involved in the third exercise period of granting stock options, and the independent directors expressed their independent opinions, agreeing that 543 incentive objects would exercise their rights independently in the third exercise period, with the total exercisable stock options of 14,049,300. As of May 20, 2022, 14,049,300 stock options involving 543 incentive objects that meet the exercising conditions has been exercised, increasing the number of share capitals.

2. The Company performed the following decision-making procedures in the repurchase and cancellation of restricted stocks:

On March 30, 2022, the 23rd (Extraordinary) Meeting of the 7th Board of Directors deliberated and passed the Proposal on the Proposal on Repurchase and Cancellation of Some Restricted Stocks from Restricted Stock Incentive Plan in 2021, and agreed to repurchase and cancel 201,000 restricted stocks that have been granted but not yet unlocked of 10 incentive objects, including Wu Song and Luo Qingshan in the restricted stock incentive plan in 2021, who resigned from the Company due to personal reasons. The above matters had been deliberated and passed by the Annual General Meeting of Shareholders in 2021.

On August 18, 2022, the 27th (Extraordinary) Meeting of the 7th Board of Directors and the 22nd (Extraordinary) Meeting of the 7th Board of Supervisors deliberated and passed the Proposal on the Proposal on Repurchase and Cancellation of Some Restricted Stocks from Restricted Stock Incentive Plan in 2021, and agreed to repurchase and cancel 1.291 million restricted stocks that have been granted but not yet unlocked of 66 incentive objects, including Wei Yin and Li Xinwei in the restricted stock incentive plan in 2021, who resigned from the Company due to personal reasons. The above matters had been deliberated and passed by the Second Extraordinary General Meeting of Shareholders in 2022.

As of December 27, 2022, a total of 1,492,000 restricted stocks above had been repurchased and canceled in Shenzhen Branch of China Securities Depository and Clearing Co., Ltd., and the number of share capital decreased.

Transfer of share change

Applicable Not applicable

In the third exercise period of the 2018 stock option incentive plan, 14,049,300 stock options were approved to be exercised. As of May 17, 2022, due to the exercise of stock options, 14,049,300 shares were increased, all of which had been registered under the names of each incentive object.

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

Applicable Not applicable

For the impact of changes in shareholding on financial indicators such as the basic earnings per share, diluted earnings per share, and net assets per share attributable to ordinary shareholders of the Company in the last year and the most recent period, please refer to Section X Financial Report XVIII: Supplementary Information 2. Return on net assets and earnings per share in this Announcement.

Other contents deemed necessary by the Company or required to be disclosed by the securities regulatory institution

Applicable Not applicable

2. Changes in non-tradable shares

Applicable Not applicable

Unit: Share

Name of shareholder	Number of non-tradable shares at the beginning of the period	Increase number of non-tradable shares in the current period	Desterilization number of non-tradable shares in the current period	Number of non-tradable shares at the end of the period	Reasons for non-trading	Date of lifting sales restriction
Wu Yongqiang	159,006,536	1,330,000 ¹		160,336,536	Executives lock-in shares	Not applicable
Ji Shuhai	20,488,981			20,488,981	Executives lock-in shares	Not applicable
Ma Wei	6,567,200	300,000	154,000	6,713,200	Executives lock-in shares	Not applicable
Peng Ganquan	3,592,674	360,000	100,000	3,852,674	Executives lock-in shares	Not applicable
Zheng Sibin	4,645,977	240,000	133,250	4,752,727	Executives lock-in shares	Not applicable
Wen Zhaohui	1,944,095	180,000	45,750	2,078,345	Executives lock-in shares	Not applicable
Dai Huijuan	239,709			239,709	Executives lock-in shares	Not applicable

Xiang Wei	499,125	120,000	45,750	573,375	Executives lock-in shares	Not applicable
Incentive objects of restricted stock incentive plan	31,629,320		1,492,000	30,137,320	Stock-option-incentive restricted stocks	The restrictions on sales will be lifted at a ratio of 30%, 30%, and 40% in 2023, 2024, and 2025, respectively; The number of shares that have been lifted from restrictions on sales in this period is the number of shares that repurchased and canceled by retired employees in 2022.
Total	228,613,617	2,530,000	1,970,750	229,172,867	--	--

Note 1: Mr. Wu Yongqiang's newly added restricted stocks in this period are due to the securities company's system's failure to timely handle the lifting of restrictions on sales during the process of transferring shares to pledge. These shares will automatically be lifted from restrictions on sales.

II. Issuance and listing of securities

1. Issuance of securities (excluding preferred shares) during the reporting period

Applicable Not applicable

Names of stocks and their derivative securities	Date of issue	Issuance price (or rate)	Issued quantity	Listing date	Number of shares approved for listing and trading	Transaction closing date	Disclosure index	Date of disclosure
Stock category								
Topband	2022/05/13	3.55	11,636,202	2022/05/13	11,636,202		CNINFO (http://www.cninfo.com.cn)	2022/05/12
Topband	2022/05/16	3.55	2,403,098	2022/05/16	2,403,098		CNINFO (http://www.cninfo.com.cn)	2022/05/12
Topband	2022/05/17	3.55	10,000	2022/05/17	10,000		CNINFO (http://www.cninfo.com.cn)	2022/05/12
Convertible bonds, separate-bargaining convertible bonds and corporation bonds								
Other derivative securities								

Explanation on the issuance of securities (excluding preferred shares) during the reporting period

On March 18, 2022, the 21st Meeting of the 7th Board of Directors of the Company deliberated and passed the Proposal on the Third Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights. There are 543 incentive objects in the third exercise period of the 2018 stock option incentive plan in the Company, in total of 14.0493 million stock options, which meet the exercise conditions and

can be exercised. The Company plans to adopt the independent exercise mode. After the stock options are exercised, the share capital will increase to 14.0493 million shares.

2. Changes of total shares of the Company and shareholders structure, and change of the Company's structure of assets and liabilities

Applicable Not applicable

1. Changes in the total number of shares and shareholder structure:

During the reporting period, the share capital was increased by 14,049,300 shares in the third exercise period of the 2018 stock option incentive plan, and 1,492,000 restricted stocks were repurchased and canceled, which resulted in an increase of 12,557,300 shares in the total share capital of the Company, from 1,256,978,072 shares to 1,269,535,372 shares.

2. Changes in the corporate assets and liability structure

As of the end of the period, the total share capital of the Company was 1,269,535,372 shares, and the total corporate assets at the end of 2022 were RMB 10,364,556,848.34, with an asset liability ratio of 44.83%.

3. Existing internal employee shares

Applicable Not applicable

III. Shareholders and actual controllers

1. Number of shareholders and shareholding situation of the Company

Unit: Share

Total number of ordinary shareholders at the end of the reporting period	106,865	Total number of ordinary shareholders at the end of the previous month before the disclosure date of the annual report	93,200	Total number of preferred shareholders with voting rights restored at the end of the reporting period (if any) (see Note 8)	0	The total number of preferred shareholders whose voting rights were restored at the end of the previous month before the disclosure date of the annual report (if any) (see Note 8)	0	
Shareholding situation of shareholders holding more than 5% or top 10 shareholders								
Name of shareholder	Nature of shareholders	Shareholding ratio	Number of shares held at the end of the	Changes in increase or decrease in the reporting	Number of shares with unlimited tradable	Number of shares with unlimited tradable	Pledge, marking or freezing	
							Share status	Quantity

			reporting period	period	conditions	conditions		
Wu Yongqiang	Domestic natural person	16.70%	212,008,715	0	160,336,536	53,002,179	Pledge	47,800,000
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	3.07%	38,935,943	-58,778,207	0	38,935,943		
Ji Shuhai	Domestic natural person	2.15%	27,318,642	0	20,488,981	6,829,661		
Xie Renguo	Domestic natural person	1.81%	22,978,388	1,828,800	0	22,978,388		
Orient Securities Co., Ltd. - Zhonggeng Value Pioneer Equity Securities Investment Fund	Other	1.40%	17,774,414	9,538,388	0	17,774,414		
Basic Endowment Insurance Fund 1206 Portfolio	Other	1.36%	17,284,781	6,708,025	0	17,284,781		
Dajia Life Insurance Co., Ltd. - Universal Product	Other	1.02%	12,927,800	9,374,938	0	12,927,800		
China International Capital Corporation Limited - China Construction Bank - CICC Emerging Equity Collective Asset Management Plan	Other	0.91%	11,567,525	11,567,525	0	11,567,525		
Ma Wei	Domestic natural person	0.71%	8,950,934	400,000	6,713,200	2,237,734		
AMCM - self-own funds	Overseas legal person	0.61%	7,702,426	7,702,426	0	7,702,426		
The top 10 shareholders of strategic investors or general legal persons due to placement of new shares (if any) (see Note 3)	Not applicable							
Explanation of the above shareholders' relationship or concerted action	Not applicable							
Explanation of the above shareholders' entrusting/entrusted voting	Not applicable							

rights and waiver of voting rights			
Special explanations for the existence of special repurchase accounts among the top 10 shareholders (if any) (see Note 10)	Not applicable		
Shareholding of the top 10 shareholders with unlimited tradable conditions			
Name of shareholder	Number of shares held with unlimited tradable conditions at the end of the reporting period	Type of shares	
		Type of shares	Quantity
Wu Yongqiang	51,672,179	A shares	51,672,179
Hong Kong Securities Clearing Company Ltd.	38,935,943	A shares	38,935,943
Xie Renguo	22,978,388	A shares	22,978,388
Orient Securities Co., Ltd. - Zhonggeng Value Pioneer Equity Securities Investment Fund	17,774,414	A shares	17,774,414
Basic Endowment Insurance Fund 1206 Portfolio	17,284,781	A shares	17,284,781
Dajia Life Insurance Co., Ltd. - Universal Product	12,927,800	A shares	12,927,800
China International Capital Corporation Limited - China Construction Bank - CICC Emerging Equity Collective Asset Management Plan	11,567,525	A shares	11,567,525
AMCM - self-own funds	7,702,426	A shares	7,702,426
Ji Shuhai	6,829,661	A shares	6,829,661
#Shenzhen Sai Shuo Fund Management Co., Ltd. - Sai Shuo No. 1 Private Securities Investment Fund	6,080,000	A shares	6,080,000
Explanation of the relationship or concerted action between the top 10 shareholders with unlimited tradable shares and between the top 10 shareholders with unlimited tradable shares and the top 10 shareholders	Not applicable		
Explanation of the participation of the top 10 ordinary shareholders in securities margin trading (if any) (see Note 4)	Shareholder Mr. Xie Renguo holds 14,707,103 shares through the credit securities account.		

Whether the top 10 ordinary shareholders and the top 10 ordinary shareholders with unlimited sales conditions have conducted the agreed repurchase transactions during the reporting period

Yes No

The top 10 ordinary shareholders and the top 10 ordinary shareholders with unlimited sales conditions did not carry out the agreed repurchase transaction during the reporting period.

2. Controlling shareholder of the Company

Nature of controlling shareholder: controlling by natural person

Type of controlling shareholder: natural person

Name of controlling shareholder	Nationality	Whether the right of residence in other countries or regions was obtained
Wu Yongqiang	China	No
Main position and occupation	Served as the chairman and general manager of Shenzhen Topband Co., Ltd. since 2009	
Equity of other domestic and foreign listed companies holding shares or participating in shares during the reporting period	None	

Change of controlling shareholders during the reporting period

Applicable Not applicable

The controlling shareholder of the Company did not change during the reporting period.

3. The Company's actual controller and its person acting in concert

Nature of actual controller: domestic natural person

Type of actual controller: natural person

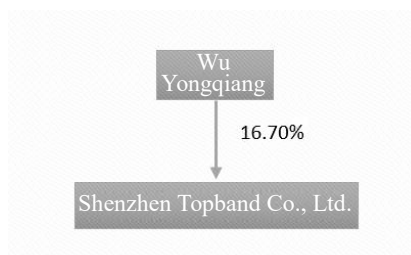
Name of actual controller	Relationship with actual controller	Nationality	Whether the right of residence in other countries or regions was obtained
Wu Yongqiang	In person	China	No
Main position and occupation	Served as the chairman and general manager of Shenzhen Topband Co., Ltd. since 2009		
Situation of listed companies both at home and abroad that have been held in the past 10 years	None		

Change of actual controller during the reporting period

Applicable Not applicable

The actual controller of the Company did not change during the reporting period.

Block Diagram of Property Rights and Control Relationship between the Company and the Actual Controller



Actual controller controls the Company by means of trust or other ways of assets management

Applicable Not applicable

4. The cumulative number of pledged shares held by the controlling shareholder or the largest shareholder and its persons acting in concert accounts for 80% of the total number of shares held by them in the Company

Applicable Not applicable

5. Other institutional shareholders holding over 10% of shares

Applicable Not applicable

6. Limited reduction of shares of controlling shareholders, actual controllers, reorganizers and other committed entities

Applicable Not applicable

IV. The specific implementation of targeted share repurchase during the reporting period

Implementation progress of share repurchase

Applicable Not applicable

Scheme disclosure time	Number of shares to be repurchased (shares)	Proportion to total share capital	Amount of shares to be repurchased (RMB ten thousand)	Proposed repurchase period	Repurchase purpose	Number of shares repurchased (shares)	Proportion of repurchased shares to underlying stocks involved in the equity incentive plan (if any)
2022/03/22	2,500,000-3,750,000	0.1989%-0.2983%	4,000-6,000	2022/3/18-2023/3/17	The repurchased company shares are all used to implement equity incentives or employee stock ownership plans for core employees. If the Company fails to implement the aforementioned purposes within 36 months after the completion of the share repurchase, or if the repurchased shares are not fully used for the aforementioned purposes, the unused portion will be canceled in accordance with the law.	5,181,200	0.00%

Progress in the implementation of the reduction of share repurchase through centralized bid trading

Applicable Not applicable

Section VIII Information on Preferred Shares

Applicable Not applicable

The Company did not have preferred shares during the reporting period.

Section IX Relevant Information of Bonds

Applicable Not applicable

Section X Financial Report

I. Audit report

Type of audit opinion	Standard unqualified opinion
Date of signing the audit report	March 29, 2023
Name of audit Institution	BAKER TILLY International Accounting Firm (Special General Partnership)
Document number of audit report	TZYZ [2023] No. 17594
Name of certified public accountant	Chen Zhigang, Zhao Yang

Text of audit report

All shareholders of Shenzhen Topband Co., Ltd.:

I. Audit Opinion

We have audited the attached financial statements of Shenzhen Topband Co., Ltd. (hereinafter referred to as Topband), including the consolidated and parent company balance sheet as of December 31, 2022, and the consolidated and parent company income statement, the consolidated and parent company cash flow statement, and the consolidated and parent company statement of change in shareholder equity of 2022, as well as the notes to financial statements.

In our opinions, the attached financial statements have been prepared in accordance with the Accounting Standard for Business Enterprises in all significant aspects, and given fair views on the consolidated and parent company financial positions of Topband as of December 31, 2022, and the consolidated and parent company operating results as well as cash flow of 2022.

II. Basis for the formation of audit opinions

We have carried out audit in compliance with Auditing Standards for Certified Public Accountants of China. Our responsibility under these standards is further described in "Certified Public Accountants' Responsibility for the Financial Statements" in the audit report. In accordance with China Code of Ethics for Certified Public Accountants, we are independent of Topband and have performed other responsibilities in professional ethics. We believe that the audit evidence obtained by us is sufficient and appropriate and has provided a basis for the expression of our audit opinion.

III. Key Audit Matters

The key items for audit are items that we consider the most important for the audit of the financial statements of the current period according to the professional judgment. The response of these items is based on an audit of the overall financial statements and the formation of audit opinions, and we do not individually express views on these items.

Key Audit Matters	How are the matter handled in the audit
<p>1. Revenue recognition</p> <p>In 2022, the operating income of Topband was RMB 8,875.0991 million. Considering that operating income is a key operating indicator of Topband, there may be potential misstatements in whether the sales revenue of products is included in the appropriate accounting period. Therefore, we take the recognition of operating income as a key audit matter.</p> <p>Please refer to the notes to the financial statements: "(XXIX) Revenue" of "III. Important accounting policies and estimates", "(XXXX) Operating income and cost" of "VI. Notes to items of consolidated financial statement", and "(IV) Operating income and cost" of "XVI. Notes to main items of financial statements of the parent company".</p>	<p>The main audit procedures we have carried out for revenue recognition include, but are not limited to the following:</p> <p>(1) Understand, evaluate, and test the effectiveness of internal control design and operation related to sales and collection of Topband;</p> <p>(2) Understand revenue recognition policies through interviews with management, examine relevant clauses of major customer contracts, analyze and evaluate whether the actual revenue recognition policies are appropriate, and review whether relevant accounting policies are consistently applied;</p> <p>(3) Query and understand the background information of major customers or new customers through public channels, such as business registration materials, and confirm whether there are potential unrecognized related party relationships between major customers and Topband and related parties;</p> <p>(4) Analyze the rationality of changes in the sales structure of main products, and the gross profit margin changes of main products and customers compared with the gross profit margin of the same period in history and the same industry, and review the rationality of sales revenue;</p> <p>(5) Audit and confirm the balance of accounts receivable of major customers by letter according to accounts receivable, and perform alternative tests on customers who have not responded to the letter;</p> <p>(6) Select samples, check the relevant documents of sales revenue transactions, such as sales contracts (orders), delivery notes, receipts (warehouse receipts), customs declarations, account statements, and sales invoices, and verify whether the confirmed sales revenue is true;</p> <p>(7) Select samples from the sales revenue transactions</p>

Key Audit Matters	How are the matter handled in the audit
	recorded before and after the balance sheet date, check supporting vouchers for revenue recognition under each model, and assess whether the sales revenue is recorded in an appropriate accounting period;

Key Audit Matters	How are the matter handled in the audit
2. Receivables impairment	
<p>At the end of 2022, the book value of receivables of Topband was RMB 2,549.734 million. Due to the large book value of receivables, the evaluation of bad debt reserves involves significant accounting estimates and judgments by management. Therefore, we take bad debt reserves for receivables as a key audit matter.</p> <p>Please refer to the notes to the financial statements: "(XI) Receivables" of "III. Important accounting policies and estimates", "(IV) Receivables" of "VI. Notes to items of consolidated financial statement", and "(I) Receivables" of "XVI. Notes to main items of financial statements of the parent company".</p>	<p>The main audit procedures we have carried out for the impairment of accounts receivable include, but are not limited to the following:</p> <p>(1) Understand, evaluate, and test the effectiveness of internal control design and operation related to Topband credit policy and accounts receivable management;</p> <p>(2) Analyze the rationality of the accounting policies for accrual of bad debt reserves for receivables, including the basis for determining the portfolio of receivables, expected credit loss rate, judgment of significant individual amounts, judgment of individual accrual of bad debt reserves, and review whether they comply with relevant accounting policies;</p> <p>(3) Obtain accounts receivable aging analysis table and bad debt provision table, analyze and check the rationality and accuracy of accounts receivable aging division and bad debt provision;</p> <p>(4) Analyze and calculate the ratio between the amount of bad debt reserves on the balance sheet date and the balance of receivables, compare the amount of bad debt reserves accrued in the previous period with the actual amount incurred, and analyze whether the accrual of bad debt reserves for receivables is sufficient;</p> <p>(5) Analyze the rationality of the scale of receivables for major customers based on the credit period of receivables, understand the reasonable reasons for receivables beyond the credit period, and identify whether there are any situations that affect the evaluation results of bad debt reserves for receivables of Topband.</p>

IV. Other Information

Topband's management (hereinafter referred to as "management") is responsible for other information. Other information includes information covered in the 2022 annual report, but does not include financial statements and our audit reports.

We do not cover other information on the audit opinions issued for the financial statements, nor do we have any form of attestation conclusions on other information.

In conjunction with our audit of the financial statements, our responsibility is to read other information, and in this process, consider whether other information is materially inconsistent with the financial statements or what we have learned in the audit process or it appears to be significant misstatement. Based on the work we have carried out, we should report the fact if we determine the existence of a significant misstatement in other information. In this regard, we have nothing to report.

V. Responsibility of the management and the governance to the financial statements

The management is responsible for preparing the financial statements in accordance with the provisions of the Accounting Standard for Business Enterprises to make it fair reflection, then designing, implementing and maintaining the necessary internal controls so that the financial statements do not have any significant misstatement resulting from fraud or error.

When the financial statements were prepared, the Management was responsible for assessing Topband's ability to continue as a going concern, disclosing the matters related to the going concern (if applicable) and applying the going concern assumption unless the Management planned to conduct liquidation, terminated operation or had no other practical option.

The governance is responsible for overseeing the financial reporting process of Topband.

VI. Certified public accountant's responsibility for audit of financial statements

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

As part of an audit in accordance with the audits standards, we exercise professional judgment and maintain professional scepticism throughout the audit. Meanwhile, we also execute the following works:

(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. Since fraud may involve collusion, forgery, intentional omission, false representation or not be subject to internal control, the risk of failure to find the significant misstatement due to fraud is higher than the risk of failure to find a major misstatement due to errors.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of using the going concern assumption by the management. At the same time, on the basis of the acquired audit evidence, make a conclusion whether there is a significant uncertainty in matters or circumstances that cause significant doubts about constant operational capacity of Topband. If we come to the conclusion that there are significant uncertainties, the audit guidelines require that we draw the attention of the report users to the relevant disclosures in the financial statements in the audit report; if the disclosure is not sufficient, we should issue a modified audit report. Our conclusion is based on the information that was available as of the date of the audit report. However, future events or conditions may cause Topband to discontinue operation.

(5) Evaluate the overall presentation, structure and content of the financial statements and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient and appropriate audit evidence on the financial information of entities or business activities under Topband to make an audit opinion on the financial statements. We are responsible for guiding, supervising and implementing the Company's audit and bear full responsibility for the audit opinion.

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

We also provide a statement to governance regarding compliance with the independence-related professional ethics requirements and communicate with the governance all the relationships and other matters that may reasonably be considered to affect our independence, as well as the relevant preventive measures.

In items communicated with the governance, we determine those items most important to the audit of the financial statements of the current period and constitute a key item for audit. We describe these items in the audit report unless laws and regulations prohibit the disclosure of these items, or in rare cases, the negative consequences of communicating an item in the audit report are beyond the benefits of public interest, we determine that the item should not be communicated in the audit report.

II. Financial Statements

The unit of statements in the financial notes is: RMB

1. Consolidated Balance Sheet

Prepared by: Shenzhen Topband Co., Ltd.

December 31, 2022

Unit: RMB

Items	December 31, 2022	January 1, 2022
Current assets:		
Monetary capital	1,403,026,071.34	1,767,580,056.07
Settlement of provisions		
Lending funds		
Tradable financial assets	342,959,450.31	214,999,336.74
Derivative financial assets		
Notes receivable	51,791,758.90	161,659,470.21
Accounts receivable	2,549,734,039.66	2,188,161,465.48
Receivables financing	254,988,202.60	36,902,507.85
Prepayments	53,005,656.95	41,320,285.02
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	77,743,150.98	50,156,221.82
Including: interest receivable		
Dividends receivable		
Repurchase of financial assets for resale		
Inventory	1,992,952,212.53	2,184,402,766.04

Contractual assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets	155,126,777.31	113,071,619.93
Total current assets	6,881,327,320.58	6,758,253,729.16
Non-current assets:		
Loans and advances granted		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	23,550,658.91	26,119,127.82
Other equity instrument investment		
Other non-current financial assets		
Investment property	106,242,777.85	86,975,114.31
Fixed assets	1,840,358,093.74	1,299,517,887.54
Construction in progress	234,775,312.11	495,248,025.93
Productive biological assets	0.00	
Oil and gas assets	0.00	
Right-of-use assets	106,196,901.87	58,168,151.88
Intangible assets	547,316,314.57	435,639,773.29
Development expenditure	100,947,313.14	66,358,407.48
Goodwill	110,732,042.84	110,732,042.84
Long-term deferred expenses	132,221,565.23	95,151,616.38
Deferred tax assets	108,517,258.70	102,787,097.36
Other non-current assets	172,371,288.80	72,041,428.40
Total non-current assets	3,483,229,527.76	2,848,738,673.23
Total assets	10,364,556,848.34	9,606,992,402.39
Current liabilities:		
Short-term loans	283,351,495.57	409,531,107.26
Loan from the Central Bank		
Borrowed funds		
Tradable financial liabilities		
Derivative financial liabilities		
Notes payable	1,065,652,340.80	1,231,106,148.24
Accounts payable	1,606,446,204.02	1,511,284,996.56
Accounts collected in advance	1,130,165.23	353,895.16
Contractual liabilities	138,281,929.17	93,328,006.70
Financial assets sold for repurchase		
Deposit absorption and interbank deposit		
Acting trading securities		

Acting underwriting securities		
Employee compensation payable	206,979,773.15	198,863,796.02
Taxes payable	88,405,514.65	16,254,542.45
Other account payable	335,047,520.52	318,632,275.66
Including: interest payable		
Dividends payable		
Service charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities due within one year	75,356,303.72	47,721,695.74
Other current liabilities	22,476,430.74	107,064,543.82
Total current liabilities	3,823,127,677.57	3,934,141,007.61
Non-current liabilities:		
Insurance contract reserve		
Long-term loans	581,500,000.00	475,020,000.00
Bonds payable		
Including: preferred shares		
Perpetual bonds		
Lease liabilities	73,610,791.09	40,290,402.14
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	13,370,250.14	14,385,200.00
Deferred tax liabilities	51,144,154.13	26,280,456.34
Other non-current liabilities		
Total non-current liabilities	719,625,195.36	555,976,058.48
Total liabilities	4,542,752,872.93	4,490,117,066.09
Owner's equity:		
Share capital	1,269,535,372.00	1,256,978,072.00
Other equity instruments		
Including: preferred shares		
Perpetual bonds		
Capital public reserve	2,266,142,198.44	2,140,053,149.74
Minus: treasury shares	284,257,854.91	242,525,433.60
Other comprehensive income	-8,479,622.35	-91,831,496.88
Special reserve	0.00	0.00
Surplus reserves	214,764,194.14	186,397,631.76
General risk provision	0.00	0.00
Retained earnings	2,270,819,171.01	1,779,243,483.61
Total owner's equity attributable to the parent company	5,728,523,458.33	5,028,315,406.63

Minority shareholders' equity	93,280,517.08	88,559,929.67
Total owners' equity	5,821,803,975.41	5,116,875,336.30
Total liabilities and owners' equity	10,364,556,848.34	9,606,992,402.39

Legal Representative: Wu Yongqiang Accounting Head: Xiang Wei Accounting Department Head: Luo Muchen

2. Balance Sheet of Parent Company

Items	Unit: RMB	
	December 31, 2022	January 1, 2022
Current assets:		
Monetary capital	417,402,306.51	1,110,855,192.86
Tradable financial assets	243,989,473.48	187,011,836.74
Derivative financial assets		
Notes receivable	15,799,157.89	50,356,382.14
Accounts receivable	1,746,854,951.82	1,496,921,254.34
Receivables financing	188,468,485.11	13,909,195.16
Prepayments	40,076,367.47	11,308,739.07
Other receivables	902,544,005.07	141,619,648.22
Including: interest receivable		
Dividends receivable		
Inventory	182,264,664.43	343,548,795.39
Contractual assets		
Assets held for sale		
Non-current assets due within one year		
Other current assets		14,074,292.52
Total current assets	3,737,399,411.78	3,369,605,336.44
Non-current assets:		
Debt investment		
Other debt investment		
Long-term receivables		
Long-term equity investment	3,958,403,119.94	2,947,556,465.89
Other equity instrument investment		
Other non-current financial assets		
Investment property		
Fixed assets	137,310,278.44	145,229,190.35
Construction in progress	22,775,996.65	6,486,761.99
Productive biological assets		
Oil and gas assets		
Right-of-use assets	14,765,367.57	554,157.99
Intangible assets	164,654,805.95	161,311,708.12

Development expenditure	53,698,954.16	43,638,980.21
Goodwill		
Long-term deferred expenses	16,270,648.51	20,573,462.40
Deferred tax assets	31,434,169.93	55,938,073.37
Other non-current assets	8,686,283.92	8,160,527.96
Total non-current assets	4,407,999,625.07	3,389,449,328.28
Total assets	8,145,399,036.85	6,759,054,664.72
Current liabilities:		
Short-term loans	10,000.00	153,591,779.50
Tradable financial liabilities		
Derivative financial liabilities		
Notes payable	968,645,962.43	990,389,640.00
Accounts payable	610,163,494.08	368,537,246.64
Accounts collected in advance		
Contractual liabilities	50,483,032.75	37,061,438.92
Employee compensation payable	107,895,045.76	105,820,526.01
Taxes payable	23,225,286.94	10,652,318.75
Other account payable	1,258,071,297.67	568,675,865.75
Including: interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities due within one year	6,896,279.13	326,602.76
Other current liabilities	5,163,830.86	38,799,661.21
Total current liabilities	3,030,554,229.62	2,273,855,079.54
Non-current liabilities:		
Long-term loans	300,000,000.00	
Bonds payable		
Including: preferred shares		
Perpetual bonds		
Lease liabilities	7,788,265.09	221,776.58
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	5,583,950.14	9,053,500.00
Deferred tax liabilities	30,395,858.72	20,935,893.00
Other non-current liabilities		
Total non-current liabilities	343,768,073.95	30,211,169.58
Total liabilities	3,374,322,303.57	2,304,066,249.12
Owner's equity:		
Share capital	1,269,535,372.00	1,256,978,072.00

Other equity instruments		
Including: preferred shares		
Perpetual bonds		
Capital public reserve	2,314,366,149.44	2,189,685,216.22
Minus: treasury shares	284,257,854.91	242,525,433.60
Other comprehensive income	0.00	370,109.41
Special reserve		
Surplus reserves	214,735,675.68	186,369,113.30
Retained earnings	1,256,697,391.07	1,064,111,338.27
Total owners' equity	4,771,076,733.28	4,454,988,415.60
Total liabilities and owners' equity	8,145,399,036.85	6,759,054,664.72

3. Consolidated income statement

Unit: RMB

Items	2022	2021
I. Total operating income	8,875,099,137.06	7,767,034,835.03
Including: operating income	8,875,099,137.06	7,767,034,835.03
Interest income		
Premium earned		
Service charge and commission income		
II. Total operating cost	8,245,478,544.66	7,124,228,676.16
Including: operating cost	7,087,226,986.88	6,114,531,354.87
Interest expense		
Service charge and commission payment		
Surrender value		
Net compensation expenditure		
Net reserve amount set aside for insurance liability contracts		
Policy dividend payment		
Reinsurance expenses		
Taxes and surcharges	59,394,768.35	29,053,867.71
Selling expenses	260,181,170.88	208,562,819.10
Management expenses	369,502,745.36	258,345,031.89
R&D expenses	592,346,136.09	449,950,052.11
Finance expenses	-123,173,262.90	63,785,550.48
Including: interest expenses	35,262,744.35	24,677,917.47
Interest income	22,969,451.22	8,722,530.08
Plus: other income	39,182,827.95	26,208,046.69
Investment loss (loss marked with "-")	564,908.47	54,827,083.25
Including: income from investment in associated enterprises and joint ventures	-2,568,468.91	-2,883,400.31

Derecognition of income for financial assets measured at amortized cost		
Exchange gains (loss marked with "-")		
Net exposure hedge gain (loss marked with "-")		
Loss from fair value change (loss marked with "-")	87,818,625.99	85,670,316.15
Credit impairment loss (loss marked with "-")	-49,371,999.14	-85,593,629.08
Asset impairment loss (loss marked with "-")	-69,957,962.94	-99,995,344.56
Income from disposal of assets (loss marked with "-")	-1,612,652.02	-404,389.75
III. Operating profits (loss marked with "-")	636,244,340.71	623,518,241.57
Plus: non-operating income	6,343,380.95	2,260,355.74
Minus: non-operating expenses	9,310,001.33	5,538,292.94
IV. Total profit (total loss marked with "-")	633,277,720.33	620,240,304.37
Minus: income tax expense	51,508,213.48	48,127,689.76
V. Net profit (net loss marked with "-")	581,769,506.85	572,112,614.61
(I) Classification according to business continuity		
1. Net profit from continuing operations (net loss marked with "-")	581,769,506.85	572,112,614.61
2. Net profit of discontinued operation (net loss marked with "-")		
(II) Classification according to ownership		
1. Net profits attributable to shareholders of the parent company	582,655,258.38	564,964,282.18
2. Profits and losses of minority shareholders	-885,751.53	7,148,332.43
VI. Net after-tax amount of other comprehensive income	83,351,874.53	-67,276,266.91
Net after-tax amount of other comprehensive income attributable to the owner of the parent company	83,351,874.53	-67,276,266.91
(I) Other comprehensive income that cannot be reclassified into profits or losses		
1. Re-measurement of changes in the defined benefit plans		
2. Other comprehensive income not available for transferring to profits or losses under equity method		
3. Changes in fair value of other equity instrument investment		
4. Changes in fair value of enterprise's own credit risk		
5. Others		
(II) Other comprehensive income that is reclassified into profits and losses	83,351,874.53	-67,276,266.91
1. Other comprehensive income that can be transferred into profits or losses under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provisions for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Difference from conversion of foreign currency financial statements	83,721,983.94	-62,076,801.28
7. Others	-370,109.41	-5,199,465.63
Net after-tax amount of other comprehensive income attributed to the minority of shareholders		
VII. Total comprehensive income	665,121,381.38	504,836,347.70
Total consolidated income attributable to the owners of the parent company	666,007,132.91	497,688,015.27

Total consolidated income attributable to minority shareholders	-885,751.53	7,148,332.43
VIII. Earnings per share:		
(I) Basic earnings per share	0.46	0.47
(II) Diluted earnings per share	0.46	0.47

In case of consolidation under the same control in the current period, the net profit realized by the combined party before the consolidation is RMB 0.00, and the net profit realized by the combined party in the previous period is RMB 0.00.

Legal Representative: Wu Yongqiang Accounting Head: Xiang Wei Accounting Department Head: Luo Muchen

4. Income statement of parent company

Items	Unit: RMB	
	2022	2021
I. Operating income	5,202,648,644.72	4,564,044,890.75
Minus: operating cost	4,377,885,965.16	3,792,141,796.05
Taxes and surcharges	27,844,377.41	12,625,707.59
Selling expenses	161,446,390.50	130,293,799.46
Management expenses	199,330,817.89	151,795,451.87
R&D expenses	288,197,868.48	186,514,426.05
Finance expenses	-97,593,261.74	37,274,271.38
Including: interest expenses	14,742,345.29	12,147,542.62
Interest income	12,642,025.47	5,763,930.72
Plus: other income	18,196,376.76	8,563,323.92
Investment loss (loss marked with "-")	2,905,522.38	69,299,464.03
Including: income from investment in associated enterprises and joint ventures	-88,713.69	-527,468.28
Income from derecognition of financial assets measured at amortized cost (loss marked with "-")		
Net exposure hedge gain (loss marked with "-")		
Loss from fair value change (loss marked with "-")	56,977,636.74	85,670,316.15
Credit impairment loss (loss marked with "-")	-7,750,950.30	-12,263,755.40
Asset impairment loss (loss marked with "-")	-4,062,161.66	-8,393,828.43
Income from disposal of assets (loss marked with "-")	73,024.55	870,158.85
II. Operating profit (loss marked with "-")	311,875,935.49	397,145,117.47
Plus: non-operating income	3,353,859.66	406,354.97
Minus: non-operating expenses	3,072,574.72	3,621,199.53
III. Total profit (total loss marked with "-")	312,157,220.43	393,930,272.91
Minus: income tax expense	28,491,596.65	43,553,530.65
IV. Net profit (net loss marked with "-")	283,665,623.78	350,376,742.26
(I) Net profit from continuing operation (net loss marked with "-")	283,665,623.78	350,376,742.26

(II) Net profit from termination of operation (net loss marked with "-")		
V. Net after-tax amount of other comprehensive income	-370,109.41	-5,199,465.63
(I) Other comprehensive income that cannot be reclassified into profits or losses		
1. Re-measurement of changes in the defined benefit plans		
2. Other comprehensive income not available for transferring to profits or losses under equity method		
3. Changes in fair value of other equity instrument investment		
4. Changes in fair value of enterprise's own credit risk		
5. Others		
(II) Other comprehensive income that is reclassified into profits and losses	-370,109.41	-5,199,465.63
1. Other comprehensive income that can be transferred into profits or losses under the equity method		
2. Changes in fair value of other debt investments		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provisions for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Difference from conversion of foreign currency financial statements		
7. Others	-370,109.41	-5,199,465.63
VI. Total comprehensive income	283,295,514.37	345,177,276.63
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Items	2022	2021
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	8,626,949,263.26	7,379,366,133.60
Net increase in customer deposits and interbank deposits		
Net increase in borrowing from the central bank		
Net increase in funds borrowed from other financial institutions		
Cash from receipt of original insurance contract premiums		
Receipt of net cash for reinsurance operations		
Net increase in savings and investment funds of the insured		
Cash from receipt of interest, service charges and commissions		
Net increase in borrowed funds		
Net increase in funds from repurchase operations		
Net cash received for acting trading securities		
Tax rebates received	438,361,600.33	408,342,014.70
Other cash received related to operating activities	128,901,892.62	89,743,482.16
Subtotal of cash inflow from operating activities	9,194,212,756.21	7,877,451,630.46
Cash paid for purchasing goods and accepting labor services	6,729,462,234.98	6,328,279,127.11
Net increase in loans and advances of clients		

Net increase in deposits with central banks and interbanks		
Cash in compensation funds paid for the original insurance contract		
Net increase in lending funds		
Cash for payment of interest, service charges and commissions		
Cash for payment of policy dividends		
Cash paid to and for employees	1,486,982,071.31	1,315,339,474.82
Various taxes paid	223,823,801.46	156,592,618.79
Other cash paid in connection with operating activities	262,889,572.13	301,802,955.60
Subtotal of cash outflow from operating activities	8,703,157,679.88	8,102,014,176.32
Net cash flow from operating activities	491,055,076.33	-224,562,545.86
II. Cash flow from investing activities:		
Cash received from investment recovery	57,000,000.00	526,447,603.26
Cash received as return on an investment	3,133,377.38	57,710,483.56
Net cash recouped from disposal of fixed assets, intangible assets, and other long-term assets	3,500,006.86	6,913,824.99
Net cash received from disposal of subsidiaries and other business units		
Other cash received relating to investment activities		
Subtotal of cash inflow from investment activities	63,633,384.24	591,071,911.81
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	734,670,701.34	854,193,345.35
Cash paid for investment	97,032,200.02	470,500,000.00
Net increase in pledged loans		
Net cash obtained from subsidiaries and other business units		14,549,770.03
Other cash paid related to investment activities	9,000,000.00	
Subtotal of cash outflow from investment activities	840,702,901.36	1,339,243,115.38
Net cash flow from investment activities	-777,069,517.12	-748,171,203.57
III. Cash flow from financing activities:		
Cash received from absorbing investment	49,875,015.00	1,341,854,327.60
Including: cash received by subsidiaries' absorption of minority shareholders' investment		21,246,898.25
Cash received from loan	1,048,010,000.00	1,026,376,959.97
Other cash received relating to financing activities	20,898,938.99	27,248,871.75
Subtotal of cash inflow from financing activities	1,118,783,953.99	2,395,480,159.32
Cash paid for repayments of debts	1,054,629,259.95	726,099,200.02
Cash paid to distribute dividends, profits or pay interest	92,131,933.80	86,470,656.52
Including: dividends and profits paid by subsidiaries to minority shareholders		5,197,835.08
Other cash paid related to financing activities	96,944,669.54	40,197,743.20
Subtotal of cash outflow from financing activities	1,243,705,863.29	852,767,599.74
Net cash flow from financing activities	-124,921,909.30	1,542,712,559.58
IV. Impact of exchange rate fluctuations on cash and cash equivalents	49,113,085.12	-30,709,686.87
V. Net increase in cash and cash equivalents	-361,823,264.97	539,269,123.28
Plus: balance of cash and cash equivalents at the beginning of the period	1,736,104,958.20	1,196,835,834.92
VI. Balance of cash and cash equivalents at the end of the period	1,374,281,693.23	1,736,104,958.20

6. Cash flow statement of the parent company

Unit: RMB

Items	2022	2021
I. Cash flow from operating activities:		
Cash received from sales of goods or rendering of services	4,734,306,171.71	4,281,179,459.86
Tax rebates received	227,237,393.79	257,161,861.26
Other cash received related to operating activities	3,336,116,773.24	686,667,031.96
Subtotal of cash inflow from operating activities	8,297,660,338.74	5,225,008,353.08
Cash paid for purchasing goods and accepting labor services	3,894,502,672.61	3,729,736,400.30
Cash paid to and for employees	625,644,473.84	456,452,513.20
Various taxes paid	47,969,809.00	74,299,409.46
Other cash paid in connection with operating activities	3,442,743,241.93	1,073,422,053.80
Subtotal of cash outflow from operating activities	8,010,860,197.38	5,333,910,376.76
Net cash flow from operating activities	286,800,141.36	-108,902,023.68
II. Cash flow from investing activities:		
Cash received from investment recovery		50,792,461.51
Cash received as return on an investment	2,994,236.07	69,826,932.31
Net cash recouped from disposal of fixed assets, intangible assets, and other long-term assets	2,707,761.44	3,706,391.67
Net cash received from disposal of subsidiaries and other business units		
Other cash received relating to investment activities		
Subtotal of cash inflow from investment activities	5,701,997.51	124,325,785.49
Cash paid for the purchase and construction of fixed assets, intangible assets and other long-term assets	113,986,390.44	132,018,239.35
Cash paid for investment	975,275,000.00	465,477,642.93
Net cash obtained from subsidiaries and other business units		
Other cash paid related to investment activities		
Subtotal of cash outflow from investment activities	1,089,261,390.44	597,495,882.28
Net cash flow from investment activities	-1,083,559,392.93	-473,170,096.79
III. Cash flow from financing activities:		
Cash received from absorbing investment	49,875,015.00	1,320,607,429.35
Cash received from loan	718,010,000.00	371,000,000.00
Other cash received relating to financing activities	16,164,446.24	12,264,121.98
Subtotal of cash inflow from financing activities	784,049,461.24	1,703,871,551.33
Cash paid for repayments of debts	568,000,000.00	623,151,500.00
Cash paid to distribute dividends, profits or pay interest	74,343,060.81	68,705,946.59
Other cash paid related to financing activities	64,028,921.16	27,128,147.14
Subtotal of cash outflow from financing activities	706,371,981.97	718,985,593.73
Net cash flow from financing activities	77,677,479.27	984,885,957.60
IV. Impact of exchange rate fluctuations on cash and cash equivalents	28,525,978.51	-14,047,341.55
V. Net increase in cash and cash equivalents	-690,555,793.79	388,766,495.58
Plus: balance of cash and cash equivalents at the beginning of the period	1,085,257,236.62	696,490,741.04
VI. Balance of cash and cash equivalents at the end of the period	394,701,442.83	1,085,257,236.62

7. Consolidated statement of changes in owner's equity

Amount in the current period

Unit: RMB

Items	2022														
	Owner's equity attributable to the parent company													Minority shareholders' equity	Total owners' equity
	Share capital	Other equity instruments			Capital public reserve	Minus: treasury shares	Other comprehensive income	Special reserve	Surplus reserves	General risk provision	Retained earnings	Other	Subtotal		
	Preferred shares	Perpetual bonds	Other												
I. Ending balance of last year	1,256,978,072.00				2,140,053,149.74	242,525,433.60	- 91,831,496.88		186,397,631.76		1,779,243,483.61		5,028,315,406.63	88,559,929.67	5,116,875,336.30
Plus: changes in accounting policies															
Early error correction															
Consolidation under the same control															
Other															
II. Beginning balance of the current year	1,256,978,072.00				2,140,053,149.74	242,525,433.60	- 91,831,496.88		186,397,631.76		1,779,243,483.61		5,028,315,406.63	88,559,929.67	5,116,875,336.30
III. Amount of changes in increase or decrease in the current period (decrease marked with "-")	12,557,300.00				126,089,048.70	41,732,421.31	83,351,874.53		28,366,562.38		491,575,687.40		700,208,051.70	4,720,587.41	704,928,639.11
(I) Total comprehensive income							83,351,874.53				582,655,258.38		666,007,132.91	-885,751.53	665,121,381.38
(II) Capital invested and reduced by owners	12,557,300.00				160,961,901.03	41,732,421.31							131,786,779.72		131,786,779.72

1. Ordinary shares invested by owners	14,049,300.00				35,825,715.00							49,875,015.00		49,875,015.00
2 Capital contributed by holders of other equity instruments														
3. Amount of share-based payment included in owner's equity					134,356,746.03							134,356,746.03		134,356,746.03
4. Other	-1,492,000.00				-9,220,560.00	41,732,421.31						-52,444,981.31		-52,444,981.31
(III) Profit distribution								28,366,562.38		-91,079,570.98		-62,713,008.60		-62,713,008.60
1. Withdraw surplus reserve								28,366,562.38		-28,366,562.38				
2 Withdrawal of general risk provision														
3. Distribution to owners (or shareholders)										-62,713,008.60		-62,713,008.60		-62,713,008.60
4. Other														
(IV) Internal carryover of owner's equity														
1. Conversion of surplus reserves to additional capital (or share capital)														
2 Conversion of surplus reserves to additional capital (or share capital)														
3. Surplus public reserve to compensate losses														
4. Change of														

defined benefit plans carried forward to retained earnings															
5.Other comprehensive income carried forward into retained earnings															
6.Other															
(V) Special reserve															
1.Amount withdrawn in the current period															
2Amount used in the current period															
(VI) Others					-34,872,852.33							-34,872,852.33	5,606,338.94	-29,266,513.39	
IV. Ending balance of the current year	1,269,535,372.00				2,266,142,198.44	284,257,854.91	-8,479,622.35		214,764,194.14		2,270,819,171.01	5,728,523,458.33	93,280,517.08	5,821,803,975.41	

Amount in the previous period

Unit: RMB

Items	2021														
	Owner's equity attributable to the parent company													Minority shareholders' equity	Total owners' equity
	Share capital	Other equity instruments			Capital public reserve	Minus: treasury shares	Other comprehensive income	Special reserve	Surplus reserves	General risk provision	Retained earnings	Other	Subtotal		
	Preferred shares	Perpetual bonds	Other												
I. Ending balance of last year	1,135,216,809.00				956,734,039.75	80,017,965.68	-24,555,229.97		151,359,957.53		1,324,944,369.91		3,463,681,980.54	84,992,151.43	3,548,674,131.97
Plus: changes in accounting policies															
Early error correction					12,636,853.09						-19,061,969.80		-6,425,116.71	-	-34,050,345.41
Consolidation under the same control															
Other															
II. Beginning balance of the current year	1,135,216,809.00				969,370,892.84	80,017,965.68	-24,555,229.97		151,359,957.53		1,305,882,400.11		3,457,256,863.83	57,366,922.73	3,514,623,786.56
III. Amount of changes in increase or decrease in the current period (decrease marked with "-")	121,761,263.00				1,170,682,256.90	162,507,467.92	-67,276,266.91		35,037,674.23		473,361,083.50		1,571,058,542.80	31,193,006.94	1,602,251,549.74
(I) Total comprehensive income							-67,276,266.91				564,964,282.18		497,688,015.27	7,148,332.43	504,836,347.70
(II) Capital invested and reduced by owners	121,761,263.00				1,182,369,916.81	162,507,467.92							1,141,623,711.89		1,141,623,711.89

1. Ordinary shares invested by owners	121,761,263.00				1,130,665,320.69								1,252,426,583.69		1,252,426,583.69
2 Capital contributed by holders of other equity instruments															
3. Amount of share-based payment included in owner's equity					51,704,596.12	242,525,433.60							-190,820,837.48		-190,820,837.48
4. Other						-80,017,965.68							80,017,965.68		80,017,965.68
(III) Profit distribution								35,037,674.23		-91,603,198.68			-56,565,524.45	-5,197,835.08	-61,763,359.53
1. Withdraw surplus reserve								35,037,674.23		-35,037,674.23					
2 Withdrawal of general risk provision															
3. Distribution to owners (or shareholders)										-56,565,524.45			-56,565,524.45	-5,197,835.08	-61,763,359.53
4. Other															
(IV) Internal carryover of owner's equity															
1. Conversion of surplus reserves to additional capital (or share capital)															
2 Conversion of surplus reserves to additional															

capital (or share capital)															
3.Surplus public reserve to compensate losses															
4.Change of defined benefit plans carried forward to retained earnings															
5.Other comprehensive income carried forward into retained earnings															
6.Other															
(V) Special reserve															
1.Amount withdrawn in the current period															
2.Amount used in the current period															
(VI) Others					-11,687,659.91							-11,687,659.91	29,242,509.59	17,554,849.68	
IV. Ending balance of the current year	1,256,978,072.00				2,140,053,149.74	242,525,433.60	91,831,496.88	-	186,397,631.76		1,779,243,483.61	5,028,315,406.63	88,559,929.67	5,116,875,336.30	

8. Parent company's statement of changes in owner's equity

Amount in the current period

Unit: RMB

Items	2022											
	Share capital	Other equity instruments			Capital public reserve	Minus: treasury shares	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
I. Ending balance of last year	1,256,978,072.00				2,189,685,216.22	242,525,433.60	370,109.41		186,369,113.30	1,064,111,338.27		4,454,988,415.60
Plus: changes in accounting policies												
Early error correction												
Other												
II. Beginning balance of the current year	1,256,978,072.00				2,189,685,216.22	242,525,433.60	370,109.41		186,369,113.30	1,064,111,338.27		4,454,988,415.60
III. Amount of changes in increase or decrease in the current period (decrease marked with "-")	12,557,300.00				124,680,933.22	41,732,421.31	-370,109.41		28,366,562.38	192,586,052.80		316,088,317.68
(I) Total comprehensive income							-370,109.41			283,665,623.78		283,295,514.37
(II) Capital invested and reduced by owners	12,557,300.00				155,943,760.34	41,732,421.31						126,768,639.03
1. Ordinary shares invested by owners	14,049,300.00				35,825,715.00							49,875,015.00
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in owner's equity					129,338,605.34							129,338,605.34
4. Other	-1,492,000.00				-9,220,560.00	41,732,421.31						-52,444,981.31
(III) Profit distribution									28,366,562.38	-91,079,570.98		-62,713,008.60
1. Withdraw surplus reserve									28,366,562.38	-28,366,562.38		
2. Distribution to owners (or												

shareholders)												
3.Other										-62,713,008.60		-62,713,008.60
(IV) Internal carryover of owner's equity												
1.Conversion of surplus reserves to additional capital (or share capital)												
2Conversion of surplus reserves to additional capital (or share capital)												
3.Surplus public reserve to compensate losses												
4.Change of defined benefit plans carried forward to retained earnings												
5.Other comprehensive income carried forward into retained earnings												
6.Other												
(V) Special reserve												
1.Amount withdrawn in the current period												
2Amount used in the current period												
(VI) Others					-31,262,827.12							-31,262,827.12
IV. Ending balance of the current year	1,269,535,372.00				2,314,366,149.44	284,257,854.91			214,735,675.68	1,256,697,391.07		4,771,076,733.28

Amount in the previous period

Unit: RMB

Items	2021											
	Share capital	Other equity instruments			Capital public reserve	Minus: treasury shares	Other comprehensive income	Special reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
I. Ending balance of last year	1,135,216,809.00				1,007,315,299.41	80,017,965.68	5,569,575.04		151,331,439.07	805,337,794.69		3,024,752,951.53
Plus: changes in accounting policies												
Early error correction												
Other												
II. Beginning balance of the current year	1,135,216,809.00				1,007,315,299.41	80,017,965.68	5,569,575.04		151,331,439.07	805,337,794.69		3,024,752,951.53
III. Amount of changes in increase or decrease in the current period (decrease marked with "-")	121,761,263.00				1,182,369,916.81	162,507,467.92	-5,199,465.63		35,037,674.23	258,773,543.58		1,430,235,464.07
(I) Total comprehensive income							-5,199,465.63			350,376,742.26		345,177,276.63
(II) Capital invested and reduced by owners	121,761,263.00				1,182,369,916.81	162,507,467.92						1,141,623,711.89
1. Ordinary shares invested by owners	121,761,263.00				1,130,665,320.69							1,252,426,583.69
2. Capital contributed by holders of other equity instruments												
3. Amount of share-based payment included in owner's equity					51,704,596.12	242,525,433.60						-190,820,837.48
4. Other						-80,017,965.68						80,017,965.68
(III) Profit distribution									35,037,674.23	-91,603,198.68		-56,565,524.45
1. Withdraw surplus reserve									35,037,674.23	-35,037,674.23		
2. Distribution to owners (or shareholders)												
3. Other										-56,565,524.45		-56,565,524.45
(IV) Internal carryover of owner's equity												
1. Conversion of surplus reserves to additional capital (or share capital)												
2. Conversion of surplus reserves to												

additional capital (or share capital)												
3.Surplus public reserve to compensate losses												
4.Change of defined benefit plans carried forward to retained earnings												
5.Other comprehensive income carried forward into retained earnings												
6.Other												
(V) Special reserve												
1.Amount withdrawn in the current period												
2.Amount used in the current period												
(VI) Others												
IV. Ending balance of the current year	1,256,978,072.00				2,189,685,216.22	242,525,433.60	370,109.41		186,369,113.30	1,064,111,338.27		4,454,988,415.60

III. Basic information of the Company

(I) Basic information of the Company

Registered Chinese name of the Company: 深圳拓邦股份有限公司 (hereinafter referred to as "the Company")

Address: F1, Topband Industrial Park Phase II, Keji Second Road, Tangtou Community, Shiyan Sub-district, Bao'an District, Shenzhen

Legal representative: Wu Yongqiang

Registered capital: RMB 1,269,535,372

Share capital: RMB 1,269,535,372

Company type: company limited by shares (listing)

Business scope: intelligent control of electrical products, intelligent power supply and control, high efficiency lighting products and its control, high efficiency precision motor and control research and development, production and sales.

Business term: sustainable operation

(II) Historical development of the Company

Shenzhen Topband Co., Ltd. formerly known as Shenzhen Topband Electronic Equipment Co., Ltd., is a limited liability company approved by Shenzhen Administration for Industry and Commerce on February 9, 1996. It has obtained the business license of enterprise legal person with the registration number of 19241377-3 and the registered capital of RMB 2 million.

On May 19, 1997, the registered capital of Shenzhen Topband Electronic Equipment Co., Ltd. was increased to RMB 3.2 million after the resolution of the Shareholders' Meeting of Shenzhen Topband Electronic Equipment Co., Ltd. and approved by Shenzhen Administration for Industry and commerce.

On January 10, 2001, with the resolution of the Shareholders' Meeting of Shenzhen Topband Electronic Equipment Co., Ltd. and the approval of Shenzhen Administration for Industry and Commerce (Shenzhen) name change NZ [2001] No. 0154224 Enterprise Name Change Approval Notice, it was agreed to change the name of Shenzhen Topband Electronic Equipment Co., Ltd. to Shenzhen Topband Electronic Technology Co., Ltd.

On July 15, 2002, with the approval of SFG (2002) No. 24 issued by Shenzhen Municipal People's Government, it was agreed that Shenzhen Topband Electronic Technology Co., Ltd. would be reorganized into a joint stock limited company jointly by five shareholders, namely Wu Yongqiang, Ji Shuhai, Zhuhai Tsinghua Science and Technology Park Venture Capital Co., Ltd., Qi Hongwei and Li Xianqian. After the reorganization, the total share capital of the Company is RMB 21 million. Shenzhen Pengcheng Accounting Firm issued the Capital Verification Report (SPSYZ (2002) No. 67) to verify the share capital of the Company. On August 16, 2002, the Company was approved by Shenzhen Administration for Industry and Commerce to register the change of industry and commerce, in exchange for the business license of enterprise legal person with Registration No. 4403012049338. The business period is from February 9, 1996 to February 9, 2046.

On November 23, 2004, the registered capital of the Company was increased to RMB 22.8 million upon the resolution of the Shareholders' Meeting and the document of Shenzhen Municipal People's Government "SFG [2004] No. 38" and approved by Shenzhen Administration for Industry and Commerce.

On March 15, 2006, the registered capital of the Company was increased to RMB 31.92 million upon the resolution of the Shareholders' Meeting of the Company, and change in the industrial and commercial registration was handled on July 24, 2006.

On June 26, 2007, the Company issued RMB 18.08 million ordinary shares (face value of each share is RMB 1) to the public with an increase of registered capital of RMB 18.08 million, and the registered capital after the change is RMB 50 million by the approval of "ZJH No. 2007135" Notice on Approving the Initial Public Offering of Shenzhen Topband Electronic Technology Co., Ltd. by China Securities Regulatory Commission. The investment business has been verified by Shenzhen Pengcheng Accounting Firm Co., Ltd. and the capital verification report SPSYZ [2007] No. 059 has been issued.

On August 29, 2008, according to the resolution of the Annual General Meeting of Shareholders in 2008, the Company increased the registered capital by RMB 50 million with capital reserve, and the registered capital after the change was RMB 100 million. The capital increase has been verified by Shenzhen Pengcheng Accounting Firm Co., Ltd., and the capital verification report SPSYZ [2008] No. 179 has been issued.

The 3rd Board of Directors of the Company deliberated and passed the Plan on the Distribution of Mid-term Profits in 2009 at the 6th meeting in 2009: Based on the total share capital of the Company at the end of the reporting period of 100 million shares, 4 shares were added in share capitals per 10 shares for all shareholders regarding the capital reserves, and the total share capital increased by 40 million shares. After the increase by conversion, the total share capital of the Company increased from 100 million shares to 140 million shares.

On April 7, 2010, the Company held a meeting of the Board of Directors to deliberate and approve the profit distribution plan for 2009: Based on the total share capital of 140 million shares as of December 31, 2009, the Company will pay cash dividends of RMB 1.50 (tax included) per 10 shares, and based on the total share capital of 140 million shares as of December 31, 2009, 2 shares will be added per 10 shares. After the increase by conversion, the total share capital of the Company increased from 140 million shares to 168 million shares.

The Company held the 2nd Meeting of the 4th Board of Directors in 2012 on March 26, 2012, deliberated and passed the profit distribution plan for 2011: Based on the total share capital 168 million shares of the Company on December 31, 2011, 2 shares were additionally given to all shareholders for every 10 shares, and cash dividend of RMB 2 (tax included) was distributed. 1 share was added per 10 shares for all shareholders regarding the capital reserves. The equity distribution was completed on May 4, 2012. After the increase by conversion, the total share capital of the Company increased from 168 million shares to 218.4 million shares.

According to the resolutions of 1st Extraordinary General Meeting of Shareholders of the Company in 2014, after the approval of ZJXK [2014] No. 1425 of China Securities Regulatory Commission, the Company's non-public offering did not exceed 36.935679 million new shares. On February 5, 2015, the Company privately issued 23,521,768 ordinary shares (A shares) in RMB to specific investors at the price of RMB 13.63 per share. After the issuance, the registered capital of the Company was increased to RMB 241,921,768.00.

According to the Revised Draft of the Second Option Incentive Plan (Draft) of Shenzhen Topband Co., Ltd. deliberated and passed by the Company in 2012 Annual General Meeting of Shareholders and the Proposal on the Second Exercise Period of the Second Phase Stock Option Incentive Plan Meeting with the Exercise Conditions and Exercisable Rights, which was deliberated and passed by the 9th Meeting of the 5th Board of Directors of the Company, the total exercise was 3,101,700 stock options in 2015, exercise price was RMB 5.72 each. After exercise, the registered capital of the Company was increased to RMB 245,023,468.00.

According to the Restricted Stock Incentive Plan (Draft) of Shenzhen Topband Co., Ltd. in 2015 approved by the 2nd Extraordinary General Meeting of Shareholders in 2015 and the Proposal on Adjusting the Number of Restricted Stock Incentive Plans Granted and List of Incentive Objects approved at the 18th Meeting of the 5th Board of Directors, the Company granted 359 incentive objects restricted stocks 17.633 million shares. The registered capital of the Company was increased to RMB 262,656,468.00 after the issuance.

According to the resolution of the 3rd Extraordinary General Meeting of Shareholders of the Company in 2015, and approved by the Reply to the Approval of Non-public Development of Shares of Shenzhen Topband Co., Ltd. issued by China Securities Regulatory Commission (ZJXK [2016] No. 205), the Company non-publicly issued 35,864,345 ordinary shares (A shares) in RMB to specific investors on March 28, 2016, with the issuance price of RMB 16.66 per share. The registered capital of the Company was increased to RMB 298,520,813.00 after the issuance.

According to the Revised Draft of the Second Phase Stock Option Incentive Plan (Draft) of Shenzhen Topband Co., Ltd. deliberated and passed by the 2012 Annual General Meeting of Shareholders of the Company and the Proposal on the Third Exercise Period of the Second Phase Stock Option Incentive Plan Meeting Exercise Conditions and Exercisable Rights deliberated and passed by the 23rd Meeting of the 5th Board of Directors of the Company, a total of 4,594,000 shares were exercised in 2016. After exercise, the registered capital of the Company was increased to RMB 303,114,813.00.

According to the Proposal on Repurchase and Cancellation of Some Restricted Stocks deliberated and passed by the 24th Meeting of the 5th Board of Directors of the Company held on April 26, 2016, as for the incentive object who resigned due to personal reasons and no longer met the conditions of becoming the incentive object, those 72,000 restricted stocks that have not been unlocked held by the incentive object were repurchased and cancelled. After cancellation, the registered capital of the Company was reduced to RMB 303,042,813.00.

The Company held the 2015 Annual General Meeting of Shareholders on May 11, 2016 and approved the 2015 annual equity distribution plan. Based on the Company's current total share capital of 301,520,013 shares, the Company distributed RMB 1.50 to all shareholders for every 10 shares. At the same time, the Company increased 5 shares to all shareholders for every 10 shares with the capital accumulation fund, and the capital increased by RMB 150,760,006. After the capital was increased, the Company's registered capital was increased to RMB 453,802,819.00.

According to the Proposal on Repurchase and Cancellation of Some Restricted Stocks deliberated and passed by the 28th Meeting of the 5th Board of Directors of the Company held on October 26, 2016, as for the incentive object who resigned due to personal reasons and no longer met the conditions of becoming the incentive object,

those 331,500 shares of restricted stocks that have not been unlocked held by the incentive object were repurchased and cancelled. After cancellation, the registered capital of the Company was reduced to RMB 453,471,319.00.

The 2016 Annual General Meeting of Shareholders of the Company was held on April 11, 2017, and the 2016 annual equity distribution plan was approved. Based on the Company's existing total share capital of 453,471,319 shares, the Company distributed RMB 1.50 in cash to all shareholders for every 10 shares. At the same time, the Company increased 5 shares to all shareholders for every 10 shares with the capital accumulation fund, and the capital increased by RMB 226,735,659. After the capital increased, the registered capital of the Company was increased to RMB 680,206,978.00.

According to the Proposal on Repurchase and Cancellation of Some Restricted Stocks deliberated and passed by the 32nd Meeting of the 5th Board of Directors of the Company held on June 13, 2017, as for the incentive object who resigned due to personal reasons and no longer met the conditions of becoming the incentive object, the 346,500 restricted stocks that have not been unlocked held by the incentive object were repurchased and cancelled. After cancellation, the registered capital of the Company was reduced to RMB 679,860,478.00.

The 2017 Annual General Meeting of Shareholders of the Company was held on April 17, 2018, and the 2017 annual equity distribution plan was approved. Based on the Company's existing total share capital of 679,860,478 shares, the Company distributed RMB 1.0 in cash to all shareholders for every 10 shares. At the same time, the Company increased 5 shares to all shareholders for every 10 shares with the capital accumulation fund, and the capital increased by RMB 339,930,239.00. After the capital increased, the registered capital of the Company was increased to RMB 1,019,790,717.00.

According to the Proposal on Repurchase and Cancellation of Some Restricted Stocks deliberated and passed by the 6th Meeting of the 6th Board of Directors of the Company held on July 27, 2018, as for the incentive object who resigned due to personal reasons and no longer met the conditions of becoming the incentive object, the 744,186 restricted stocks that have not been unlocked held by the incentive object were repurchased and cancelled. After cancellation, the registered capital of the Company was reduced to RMB 1,019,046,531.00.

According to the Proposal on Repurchase and Cancellation of Some Restricted Stocks deliberated and passed by the 6th Meeting of the 6th Board of Directors of the Company held on July 27, 2018, as for the incentive object who resigned due to personal reasons and no longer met the conditions of becoming the incentive object, the 744,186 restricted stocks that have not been unlocked held by the incentive object were repurchased and cancelled. After cancellation, the registered capital of the Company was reduced to RMB 1,019,046,531.00.

According to the Proposal on Repurchase and Cancellation of Some Restricted Stocks deliberated and passed by the 15th Meeting of the 6th Board of Directors session Company held on July 26, 2019, as for the incentive object who resigned due to personal reasons and no longer met the conditions of becoming the incentive object, the 310,800 restricted stocks that have not been unlocked held by the incentive object were repurchased and cancelled. After cancellation, the registered capital of the Company was reduced to RMB 1,018,735,692. With the approval of "SZS [2019] No. 164 Document" issued by Shenzhen Stock Exchange, the Company's RMB 573 million convertible corporate bonds will be listed and traded in Shenzhen Stock Exchange from April 8, 2019. Since September 16, 2019, bondholders can exercise the right to transfer shares. As of December 31, 2019, the Company

has transferred 2,223.00 shares of bonds and increased the share capital by RMB 40,077.00. After the share transfer, the registered capital of the Company will increase to RMB 1,018,775,769.00.

The 22nd Meeting of the 6th Board of Directors deliberated and passed the Proposal on the First Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights and Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan: there are 606 incentive objects in the first exercise period of the 2018 stock option incentive plan in the Company, in total of 12.0147 million stock options, that meet the exercise conditions and can be exercised. The Company plans to adopt the independent exercise mode. As of December 31, 2020, 606 incentive objects in the first exercise period had completed the exercise of 12.0147 million stock options, increased the Company's share capital by RMB 12.0147 million, and the share capital increased to RMB 1,030,790,469.00 after the exercise of the stock options.

According to the "SZS [2019] No. 164 Document" by the Shenzhen Stock Exchange, the Company's convertible corporate bonds of RMB 573 million are listed and traded on Shenzhen Stock Exchange from April 8, 2019. Since September 16, 2019, the bondholders can exercise the equity transfer. In 2020, a total of 5,712,224.00 bonds were converted into shares, increasing the share capital by RMB 104,426,340.00. After the conversion, the registered capital of the Company was increased to RMB 1,135,216,809.00.

On August 18, 2020, the China Securities Regulatory Commission issued the Reply on Approving the Non-Public Offering of Shares by Shenzhen Topband Co., Ltd. (ZJXK [2020] No. 1865), and approved the Company's non-public offering of no more than 309,243,655 new shares. In June 2021, the non-public issuance of 92,105,263 new shares was listed on the Stock Exchange, with the registered capital increased by RMB 92,105,263, and the Company's registered capital increased to RMB 1,238,254,672.00 after the change.

In November 2021, the Company granted 33,544,320 restricted stocks to 1,224 eligible incentive objects on November 2, 2021, the grant date, at a grant price of RMB 7.23 per share. The restricted stocks are set with a restricted period. In the three fiscal years from 2022 to 2024, the performance assessment will be carried out on an annual basis and the restricted stocks will be lifted at a ratio of 30%, 30% and 40%, respectively. The 14,838,920 shares granted come from the repurchase shares, and 18,705,400 shares come from private placement. By granting the restricted stocks, the registered capital of the Company increases by 18,705,400 shares, and the registered capital increase to RMB 1,256,978,072.00 after the change.

On March 18, 2022, the 21st Meeting of the 7th Board of Directors and the 17th Meeting of the 7th Board of Supervisors deliberated and passed the Proposal on the Third Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights and the Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan. There were 543 incentive objects in the third exercise period to exercise their rights independently and a total of 14.0493 million stock options meeting the exercise conditions. The Company's share capital increased by RMB 14.0493 million due to the exercise of stock options. After the stock options are exercised, the share capital will increase to RMB 1,271,027,372.00.

The Company held the 23rd (Extraordinary) Meeting of the 7th Board of Directors on March 30, 2022, the 27th (Extraordinary) Meeting of the 7th Board of Directors and the 22nd (Extraordinary) Meeting of the 7th Board of Supervisors on August 18, 2022, deliberated and passed the Proposal on the Proposal on Repurchase and Cancellation of Some Restricted Stocks from Restricted Stock Incentive Plan in 2021, describing as for the

incentive object who resigned due to personal reasons and no longer met the conditions of becoming the incentive object, the 1.492 million restricted stocks that have not been unlocked held were repurchased and cancelled. By repurchasing and cancelling the restricted stocks, the number of restricted stocks of the Company decreased by 1.492 million shares, and the share capital decreased to RMB 1,269,535,372.00.

(III) Issue for financial reports

The financial report is approved and submitted by the Board of Directors of the Company on March 29, 2023.

There are a total of 39 subsidiaries and sub-subsidiaries included in the scope of the consolidated statement this time, as shown in Note IX. (I); during the reporting period, 4 companies were newly included in the scope of consolidation, all of which were newly-established subsidiaries or sub-subsidiaries, as shown in Note VIII. (V).

IV. Preparation basis of the financial statement

1. Basis of preparation

The financial statements are based on the assumption of continuation of the Company, according to the actual transactions, in accordance with the relevant provisions of the accounting standards for business enterprises, and based on the following important accounting policies and accounting estimates.

2. Continuation

The Company has no major doubt on the ability of continuation and other influencing factors for 12 months since the end of the reporting period.

V. Significant accounting policies and accounting estimates

Specific accounting policies and accounting estimates reminders:

None

1. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements prepared on the basis of above compiling foundation give a true and full view of the financial position, operating results, cash flow and other relevant information of the Company, conforming to the requirements of the latest accounting standards for business enterprises and its application guidelines, interpretations as well as other relevant provisions (collectively referred to as "accounting standards for business enterprises") issued by the Ministry of Finance.

Additionally, the presentation and disclosure requirements of the No. 15 Rules for the Preparation and Presentation of Information Disclosure of Companies Offering Securities to the Public - General Provisions on Financial Reporting (revised in 2014) and the Notice on Matters Related to the Implementation of the New Accounting Standards for Business Enterprises by Listed Companies (No. 453 letter from Accounting Department [2018]) were taken as reference in these financial reports issued by the CSRC.

2. Accounting period

The fiscal year of the Company adopts the Gregorian calendar year, that is, from January 1 to December 31 every year.

3. Operating cycle

The financial year of the Company adopts the Gregorian calendar year, that is, from January 1 to December 31 every year.

4. Recording currency

The bookkeeping base currency is RMB for the Company. The Company's overseas subsidiaries may determine their own bookkeeping base currencies based on the currencies in the main economic environments for their operation. In preparation of financial statements, the currency used is RMB.

5. Accounting treatment for consolidation under the same control and under different control

1. Accounting treatment for consolidation under the same control

Assets and liabilities obtained by the Company in the consolidation under the same control realized through one transaction or multiple transactions step by step were accounted based on book value of assets and liabilities of the consolidated party in the consolidated financial statements of the final controller on consolidation date. Capital reserves should be adjusted according to difference between the book value of net assets obtained by the Company and the payment for the book value of consolidation consideration (or total nominal value of the issued shares). If the capital reserve is insufficient to be offset, the retained earnings shall be offset.

2. Accounting treatment for consolidation under different control

The Company, at the date of acquisition, recognizes the difference of the combination cost greater than the fair value share of the Acquiree's net identifiable assets obtained in the combination as goodwill; if the combination cost is less than the fair value share of the Acquiree's net identifiable assets obtained in the combination, the Company first re-checks the fair value of the Acquiree's identifiable assets, liabilities and contingent liabilities as well as the measurement of combination cost. The difference shall be included in the current profits and losses, if the combination cost is still less than the fair value share of the Acquiree's net identifiable assets obtained in the combination.

The consolidation under different control realized step by step through multiple transactions shall be treated as follows:

(1) Adjusting the initial investment cost of long-term equity investment. If the equity held before the acquisition date is calculated with the equity method, it shall be re-measured as per the fair value of the equity at the date of acquisition, and the difference between the fair value and its book value shall be included in the current investment income; if the equity of the acquiree held before the acquisition date involves changes in other comprehensive income and other equity accounted under the equity method, it shall be transferred to the current

income on the acquisition date, excluding other comprehensive income arising from changes in net liabilities or net assets of the defined benefit plan and changes in the fair value of other equity instruments held re-measured by the investee.

(2) Recognizing goodwill (or amount included in the current profits and losses). The initial investment cost of long-term equity investment after the first step adjustment is compared with the fair value share of net identifiable assets of subsidiaries at the date of acquisition. If the former is greater than the latter, the difference is recognized as goodwill; otherwise, it is included in the current profits and losses.

The situation of disposing equity step by step through multiple transactions to losing control over subsidiaries

(1) Judging whether the transactions in the process of disposing equity step by step to losing control over subsidiaries belong to the principle of "package transaction"

The terms, conditions and economic impact of transactions relating to disposal of equity investment in subsidiaries meet one or more of the following circumstances, which generally indicates that multiple transactions should be accounted for as a package transaction:

1) Such transactions are concluded at the same time or under the situation of considering the impact on each other;

2) Only can the unity of such transactions reach an integral commercial result;

3) The occurrence of a transaction is based on the occurrence of at least one of other transactions;

4) A transaction is regarded as uneconomic, but being economic when regarded along with other transactions.

(2) Accounting treatment for transactions in the process of disposing equity step by step to losing control over subsidiaries belonging to "package transaction"

If the transactions relating to disposal of equity investment in subsidiaries to losing control over subsidiaries belong to "package transaction", these shall be treated as a transaction for disposing the subsidiary and losing control; however, the difference between the price of every disposal and the net assets share held in the subsidiary corresponding to the disposal of investment before losing control shall be recognized as other consolidated income in the consolidated financial statements, which shall be transferred to the current profits and losses at the time of losing control.

In the consolidated financial statements, the remaining equity shall be re-measured according to its fair value on the date of losing control. The difference between the sum of consideration obtained from equity disposal and fair value of remaining equity less the net assets share held in original subsidiary and continuously calculated from the date of acquisition as per the original shareholding ratio shall be included in the investment income of the current period of loss of control. Other comprehensive income related to the equity investment in original subsidiary shall be transferred to the current investment income or retained earnings at the time of losing control.

(3) Accounting treatment for transactions in the process of disposing equity step by step to losing control over subsidiaries not belonging to "package transaction"

If no loss of control occurs in the disposal of the investment in the subsidiary, the difference between the disposal price and the net assets share held in the subsidiary corresponding to the disposal of investment in the

consolidated financial statements shall be included in the capital reserve (capital premium or share premium). If the capital premium is insufficient to offset, the retained earnings shall be adjusted.

In case of loss of control of the investment of the subsidiary, in the consolidated financial statements, the remaining equity shall be re-measured according to its fair value on the date of losing control. The difference between the sum of consideration obtained from equity disposal and fair value of remaining equity less the net assets share held in original subsidiary and continuously calculated from the date of acquisition as per the original shareholding ratio shall be included in the investment income of the current period of loss of control. Other comprehensive income related to the equity investment in original subsidiary shall be transferred to the current investment income or retained earnings at the time of losing control.

6. Compiling method of consolidated financial statements

The consolidated financial statements, based on the financial statements of the parent company and its subsidiaries, are prepared by the Company in accordance with the Accounting Standards for Business Enterprises No. 33-Consolidated Financial Statements and with reference to other relevant information.

7. Classification of joint venture arrangements and accounting treatment for joint operation

1. Identification and classification of joint venture arrangements

Joint venture arrangement refers to an arrangement under joint control by two or more parties. The joint venture arrangement has the following features: (1) all parties are bound by the arrangement; (2) two or more parties jointly control the arrangement. No single party can control the arrangement solely, and any party with joint control over the arrangement can prevent other parties or a combination of party alliance from controlling the arrangement alone.

Joint control refers to the common control of an arrangement in accordance with relevant agreements, and the activities related to the arrangement must be agreed upon by the parties holding control right before the decision can be made.

Joint venture arrangement includes joint operation and joint venture. Joint operation is the joint venture arrangement in which the joint venture party holds the relevant assets of the arrangement and assumes the relevant liabilities. Joint venture refers to a joint venture arrangement in which the joint venture party has rights only to the net assets of the arrangement.

2. Accounting treatment for joint venture arrangement

Parties in joint operation shall recognize the following items related to their share of interests in joint operation, and perform accounting treatment in accordance with the relevant provisions of the Accounting Standards for Business Enterprises: (1) recognize the assets held separately and those held jointly as per their share; (2) recognize the liabilities assumed separately and those assumed jointly as per their share; (3) recognize the income generated from the sale of its share of joint operation output; (4) recognize the income from the sale of the output of the joint operation as per its share; (5) recognize the expenses incurred separately and those incurred in the joint operation as per its share.

The parties of a joint venture shall make accounting treatment for the investment in the joint venture in accordance with the Accounting Standards for Business Enterprises No. 2 - Long-Term Equity Investment.

8. Standards for determining cash and cash equivalents

Cash in the cash flow statement refers to cash on hand and deposits that are available for payment at any time. Cash equivalents refer to investments with short term (generally due within three months from the date of purchase), strong liquidity, easy to convert into known amount of cash and low risk of value change.

9. Foreign currency transaction and foreign currency statement translation

1. The translation of foreign currency transactions

When foreign currency transactions are initially recognized, they are converted into RMB at the spot exchange rate on the transaction date. On the balance sheet date, foreign currency monetary items are translated at the spot exchange rate on the balance sheet date. The exchange difference arising from different exchange rates shall be included in the current profits and losses, except for the exchange difference of the principal and interest of foreign currency special borrowings related to the acquisition and construction of assets that meet the capitalization conditions; foreign currency non-monetary items measured at historical cost shall be translated at the spot exchange rate on the transaction date, with the amount in RMB maintaining unchanged; foreign currency non-monetary items measured at fair value shall be translated at the spot exchange rate on the date of determining fair value, with the difference included in the current profits and losses or other comprehensive income.

The non-monetary items would be converted as per the spot exchange rate of the date when the fair value is determined, and the difference resulted would be included in the current profit and loss account or other comprehensive income.

2. Translation of foreign currency financial statements

The assets and liabilities in balance sheet shall be translated at the spot exchange rate on the balance sheet date; except for the "retained earnings", other items in the owner's equity shall be converted at the spot exchange rate on the transaction date; the income and expense in the income statement shall be converted at the spot exchange rate on the transaction date. The difference in translation of foreign currency financial statements generated from the above conversion is recognized as other comprehensive income.

10. Financial instruments

1. Recognition and derecognition of financial instruments

When the Company becomes one party of the financial instrument contract, it shall recognize a financial asset or financial liability.

The trading of financial assets in a conventional manner shall be recognized and derecognized according to the accounting of the trading day. Conventional trading of financial assets refers to the collection or delivery of financial assets within the time limit specified by laws and regulations or common practice in accordance with the terms of the contract. Trading day refers to the date when the Company promises to buy or sell financial assets.

If the following conditions are met, the financial assets (or a part of financial assets, or a part of a set of similar financial assets) shall be derecognized, i.e., they shall be written off from its accounts and balance sheets:

(1) The right to receive cash flow of financial assets has expired;

(2) The right to receive cash flow of financial assets has been transferred, or the Company has assumed the obligation to timely pay the full amount of the cash flow received to a third party under the "transfer agreement"; and (a) has transferred substantially all the risks and rewards from the ownership of financial assets, or (b) abandoned the control of the financial asset, though almost all risks and rewards from the ownership of the financial asset are neither transferred nor retained.

2. Classification and measurement of financial assets

At the time of initial recognition, the financial assets of the Company are classified according to the Company's business model for the management of financial assets and the contractual cash flow characteristics of financial assets as follows: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through current profits and losses. The subsequent measurement of financial assets depends on its classification.

The classification of financial assets is based on the Company's business model for the management of financial assets and the cash flow characteristics of financial assets.

(1) Financial assets measured at amortized cost

Financial assets that meet the following conditions at the same time are classified as financial assets measured at amortized cost: the Company's business mode of managing the financial assets is to collect the contract cash flow as the target; the contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. For such financial assets, the effective interest rate method is adopted, and subsequent measurement is made at amortized cost, and the gains or losses arising from amortization or impairment are included in the current profits and losses.

(2) Debt instruments investment measured at fair value with changes included in other comprehensive income

Financial assets that meet the following conditions at the same time are classified as financial assets measured at fair value with their changes included in other comprehensive income: the Company's business mode of managing the financial assets aims to collect the contract cash flow and sell them; the contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal. For such financial assets, fair value is adopted for subsequent measurement. The discount or premium is amortized using the effective interest rate method and recognized as interest income or expense. Except the impairment loss and the exchange difference of foreign currency monetary financial assets are recognized as the current profits and losses, the changes in the fair value of such financial assets are recognized as other comprehensive income until their accumulated gains or losses are transferred into the current profits and losses when the financial asset is derecognized. Interest income related to such financial assets is included in the current profits and losses.

(3) Equity instruments investment measured at fair value with changes included in other comprehensive income

The Company irrevocably chooses to designate part of the non-tradable equity instrument investment as financial assets measured at fair value through other comprehensive income. Only the relevant dividend income is included in the current profits and losses, and the changes in fair value are recognized as other comprehensive income, until their accumulated gains or losses are transferred into retained earnings when the financial asset is derecognized.

(4) Financial assets measured at fair value with changes included in the current profits and losses

The financial assets other than the above financial assets measured at amortized cost and those at fair value through other comprehensive income are classified as financial assets measured at fair value with changes included in the current profits and losses. At the time of initial recognition, for the purpose of elimination or significant reduction of accounting mismatch, financial assets can be designated as those measured at fair value with changes included in the current profits and losses. For such financial assets, fair value is used for subsequent measurement, and all changes in fair value are included in the current profits and losses.

If and only when the Company changes the business model for managing financial assets, it will reclassify all the affected financial assets.

For the financial assets measured at fair value and whose changes are included in the current profits and losses, the relevant transaction costs are directly included in the current profits and losses, and such costs of other types of financial assets are included in the initial recognition amount.

3. Classification and measurement of financial liabilities

During initial recognition, the Company's financial liabilities are classified as: "financial liabilities measured at amortization cost" and "financial liabilities measured at fair value with their changes included into the current profit and loss".

Financial liabilities satisfying one of the following requirements can be designated as financial liabilities measured at fair value with their changes included in the current profit and loss during initial measurement: (1) Such designation can eliminate or remarkably reduce the accounting mismatch; (2) According to group risk management or investment strategy in the formal written documents, the management and performance evaluation of the portfolio of financial liabilities or portfolio of financial assets and financial liabilities are conducted on the basis of fair price, and within the group, it is reported to the key management personnel on such basis; (3) Such financial liabilities include embedded derivatives requiring separate splitting.

The Company determines the classification of financial liabilities at the time of the initial recognition. For the financial liabilities measured at fair value with changes included in the current profits and losses, the relevant transaction costs are directly included in the current profits and losses, and such costs of other financial liabilities are included in the initial recognition amount.

The subsequent measurement of financial liabilities depends on its classification:

(1) Financial liabilities measured at amortized cost

For such financial liabilities, the effective interest rate method is adopted and the subsequent measurement is conducted as per the amortized cost.

(2) Financial liabilities measured at fair value with changes included in the current profits and losses

Such financial liabilities include tradable financial liabilities (including derivatives that belong to financial liabilities) and financial liabilities designated upon initial recognition as those measured at fair value with changes included in the current profits or losses.

4. Set off of financial instruments

If the following conditions are met at the same time, financial assets and financial liabilities are presented in the balance sheet at the net amount after offsetting each other: the Company has the legal right to offset the recognized amount, which is currently enforceable; they plan to settle at the net amount, or realize the financial assets and pay off the financial liabilities at the same time.

5. Impairment of financial assets

The Company recognizes the loss provision based on the expected credit loss for the financial assets measured at the amortized cost, the debt instrument investment and financial guarantee contract measured at the fair value and whose changes are included in other comprehensive income. The term "credit loss" refers to the difference between all the contractual cash flows that the Company discounted at the original effective interest rate and received according to the contract and all the expected cash flows, i.e., the present value of all the cash shortage.

Upon considering all reasonable and well-founded information (including forward-looking information), the Company estimates the expected credit impairment loss is withdrawn for "financial assets measured at amortized cost" and "financial asset (debt instruments) measured at fair value with their changes included in other comprehensive income" in single or combined manner.

(1) General model of expected credit loss

If the credit risk of this financial instrument has increased obviously since initial recognition, the Company will measure the loss reserves according to the expected credit loss amount of such financial instrument in the whole duration; if the credit risk of this financial instrument hasn't increased obviously since initial recognition, the Company will measure the loss reserves according to the expected credit loss amount of such financial instrument in the next 12 months. The increased or reversed amount of the loss provisions arising therefrom shall be included in the current profits and losses as impairment losses or gains. The specific assessment of credit risk by the Company is detailed in the Note "IX. Risks Associated with Financial Instruments".

Generally, in case of overdue for more than 30 days, the Company will consider that the credit risk of such financial instrument has increased obviously, unless conclusive evidence is available to prove that the credit risk of such financial instrument hasn't obviously increased since the initial recognition.

To be specific, the Company divides the credit impairment process of financial instruments that have not been impaired at the time of purchase or origination into three stages, with different accounting treatment for the impairment of financial instruments at different stages:

First stage: credit risk has not increased significantly since initial recognition

For the financial instrument at this stage, the enterprise shall measure the loss provision according to the expected credit loss in the next 12 months, and calculate the interest income as per its book balance (i.e. without deducting the impairment provision) and the actual interest rate (if the instrument is a financial asset, the same below).

Second stage: the credit risk has increased significantly since the initial recognition, but the credit impairment has not occurred

For the financial instrument at this stage, the enterprise shall measure the loss provision according to the expected credit loss of the instrument thought the whole duration, and calculate the interest income as per its book balance and the actual interest rate.

Third stage: credit impairment occurs after initial recognition

For the financial instrument at this stage, the enterprise shall measure the loss provision according to the expected credit loss of the instrument thought the whole duration, but the calculation of interest income is different from the financial assets at the first two stages. For the financial assets with credit impairment, the enterprise shall calculate the interest income according to its amortized cost (book balance minus accrued provision for impairment, i.e. book value) and the actual interest rate.

For the financial assets with credit impairment at the time of purchase or origination, the enterprise shall only recognize the change of expected credit loss in the whole duration after initial recognition as loss provision, and calculate the interest income as per its amortized cost and the effective interest rate adjusted by credit.

(2) For financial instruments with low credit risk on the balance sheet date, the Company directly assumes that the credit risk of such instruments has not increased significantly since the initial recognition, while not comparing them with the credit risk at the time of initial recognition.

A financial instrument may be considered to have a lower credit risk if the enterprise recognizes that the financial instruments feature low default risk, the borrower is able to fulfill its obligations to pay the contractual cash flow in the short term, and that even if there are adverse changes in economic situation and operating environment over a longer period of time, it does not necessarily reduce the borrower's ability to fulfill its obligations to pay the contractual cash flow.

(3) Receivables and lease receivables

The Company measures the loss provisions as per the amount of expected credit losses throughout the whole duration by the use of simplified model for expected credit loss for receivables specified in Accounting Standards for Business Enterprises No. 14 - Income, excluding significant financing components (including cases in which financing components in contracts not exceeding one year are not taken into account in accordance with the standards).

The Company makes accounting policy choices to adopt a simplified model for expected credit loss, i.e., measuring the loss provisions as per the amount equivalent to the expected credit loss throughout the whole duration for receivables including significant financing components and lease receivables regulated by Accounting Standards for Business Enterprises No. 21 - Leasing.

6. Transfer of financial assets

The financial assets shall be derecognized when the Company has transferred all the risks and rewards on the ownership of the financial assets to the transferee. The financial assets shall not be derecognized if the Company retains all the risks and rewards on the ownership of the financial assets.

If the Company neither transfers nor retains almost all the risks and rewards in the ownership of the financial asset, the following conditions shall be referred to: if it gives up the control over the financial asset, it shall terminate the recognition of the financial asset and recognize the assets and liabilities generated; if it does not abandon the control over the financial asset, the relevant financial assets shall be recognized according to the extent to which it continues to be involved in the transferred financial asset, and the relevant liabilities shall be recognized accordingly.

If the financial guarantee is provided to the transferred financial assets to continue to be involved, the assets generated from the continued involvement shall be recognized according to the lower of the book value of the financial assets and the amount of financial guarantee. Financial guarantee amount refers to the maximum amount that will be required to be repaid out of consideration received.

11. Notes receivable

The Company divides notes receivable into two portfolios of bank acceptance bills and commercial acceptance bills by type of financial instrument. With respect to bank acceptance bills, the Company considers its overdue default risk to be 0 for it has low overdue credit loss which has not significantly increased since the initial recognition, because the acceptance bank pays the payee or holder a certain amount unconditionally when the bill is due. In respect of commercial acceptance bills, the Company believes that the probability of default is correlated with the aging, and the bad debts shall be accrued according to the accounting policy of expected credit loss of accounts receivable.

12. Accounts receivable

The Company measures the loss provisions as per the amount of expected credit losses throughout the whole duration by the use of simplified model for expected credit loss for receivables specified in Accounting Standards for Business Enterprises No. 14 - Income, excluding significant financing components (including cases in which financing components in contracts not exceeding one year are not taken into account in accordance with the standards). The increased or reversed amount of loss provisions generated therefrom shall be included in the current profits and losses as impairment losses or gains.

The Company has implemented Accounting Standard No. 22 - Recognition and Measurement of Financial Instruments (CK [2017] No. 7) since January 1, 2019. The Company believes that the probability of default is related to the aging, which is still a mark of whether the credit risk of the Company's accounts receivable increases significantly, after it has reviewed the appropriateness of the provision for bad debts receivable in previous years based on the Company's historical bad debt losses. Therefore, credit risk loss of the Company's accounts receivable is still estimated on the basis of aging according to the original loss ratio of previous years. The accounting policies for measuring overdue credit loss of accounts receivable adopted by the Company are as follows:

1. Receivables with significant individual amount and individual provision for bad debts

Significant individual amount refers to the amount of which the ending balance of individual receivables is more than RMB 1 million.

At the end of the period, a separate impairment test will be carried out on the individual receivables with significant amount. If there is objective evidence that it is impaired, the impairment loss shall be recognized with provision for bad debts according to the difference between the present value of future cash flow and the book value.

2. Receivables with provision for bad debts by portfolio

The individual receivables with not significant amount at the end of the period, together with the receivables that have not been impaired after separate test, are divided into several portfolios according to the aging as the credit risk characteristics, and the impairment loss is calculated and determined according to a certain proportion of the ending balance of these receivables portfolio (the impairment test can be conducted separately), with provision for bad debts.

Except for the receivables for which impairment provision has been made separately, the Company determines the proportion for following bad debt provision based on the actual loss rate of the portfolio of the same or similar receivables in previous years with the aging of receivables as the credit risk feature and in combination with the current situation:

Aging	Estimated loss of accounts receivable (note)	Estimated loss of other receivables
Within 1 year (including 1 year)	3.10%	5.00%
1-2 years (including 2 years)	9.04%	10.00%
2-3 years (including 3 years)	22.11%	30.00%
3-4 years (including 4 years)	47.51%	50.00%
4-5 years (including 5 years)	84.26%	80.00%
Above 5 years	100.00%	100.00%
Including: those that have been determined to be irrecoverable	Write-off	Write-off

Note: when measuring the expected credit loss of receivables, the Company has referred to the historical experience of credit loss and adjusted it based on forward-looking estimates.

3. Receivables with not significant amount but with single provision for bad debts

Reasons for individual provision for bad debts: the Company conducts a separate impairment test for the receivables with the following characteristics, although its amount is not significant. If there is objective evidence that the receivables are impaired, the impairment loss shall be recognized with provision for bad debts according to the difference between the present value of future cash flow and the book value; receivables that are in dispute with the other party or involved in litigation or arbitration; receivables that have obvious indications that the debtor is likely to be unable to perform the repayment obligation, etc.

Method for bad debt provision: the impairment test shall be conducted separately. If there is objective evidence that it has been impaired, the impairment loss shall be recognized with provision for bad debts according to the difference between the present value of future cash flow and its book value.

The Company measures the loss provisions as per the amount of expected credit losses throughout the whole duration by the use of simplified model for expected credit loss for receivables specified in Accounting Standards for Business Enterprises No. 14 - Income, excluding significant financing components (including cases in which

financing components in contracts not exceeding one year are not taken into account in accordance with the standards). The increased or reversed amount of loss provisions generated therefrom shall be included in the current profits and losses as impairment losses or gains.

13. Receivables financing

Financial assets that meet the following conditions at the same time are classified as financial assets measured at fair value with their changes included in other comprehensive income: the Company's business mode of managing the financial assets aims to collect the contract cash flow and sell them; the contract terms of the financial asset stipulate that the cash flow generated on a specific date is only the payment of principal and interest based on the amount of outstanding principal.

The receivables held by the Company transferred in the endorsed or discounted form that such transactions are frequent and involve significant amounts and the management mode aims to collect the contract cash flow and sell them in nature, are classified as financial assets measured at fair value with their changes included in other comprehensive income in accordance with the relevant provisions of the Financial Instruments Standards.

14. Other receivables

Recognition method and accounting treatment method for expected credit loss of other receivables

Recognition methods and accounting treatment of expected credit losses of other receivables. The Company measures the impairment loss by an amount equivalent to the expected credit loss within the next 12 months or over the entire duration, depending on whether the credit risk of other receivables has increased significantly since the initial recognition. In addition to other receivables with individual credit risk assessment, they are divided into different portfolios based on their credit risk characteristics:

Portfolio name	Basis for determining the portfolios	Provision methods
Portfolio I	Risk-free portfolio	This portfolio is a risk-free account.
Portfolio II	Aging portfolio	The credit risk of the portfolio is characterized by the aging.

15. Inventories

1. Classification of inventories

The inventory includes the finished products or commodities held for sale in daily activities, the unfinished products and the materials consumed in the production or in the provision of labor services, etc.

2. Pricing method of delivered inventories

The delivered inventories are subject to the weighted-average system.

3. Determination basis for net realizable value of the inventory and counting and drawing method for inventory falling price reserves

On the balance sheet date, the inventories are measured at the lower of cost and net realizable value, and the inventory revaluation reserves are calculated at the difference between the cost of inventory category and the net realizable value. The net realizable value of the inventories ready for sale is determined at the estimated sale price of such inventories minus the estimated sales expenses and relevant taxes during normal production and operation, and that of the inventories to be processed is determined at the estimated sale price of the finished products minus the costs, sales expenses and relevant taxes estimated to be incurred up to completion during normal production and operation. On the balance sheet date, the net realizable values are determined separately and compared with the corresponding costs to determine the amount of withdrawal or reversal of inventory revaluation reserve if a part of inventory is subject to the contractual price agreement and the rest is not.

4. Inventory system

Perpetual inventory system is the inventories.

5. Amortization method of low value consumables and packaging materials

One-off write-off method is employed for both the low-value consumption goods and the packaging materials.

16. Contractual assets

1. Recognition methods and standards for the contractual assets

The Company presents contractual assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company's right to receive consideration for goods or services transferred to customers (excluding receivables) is listed as contractual assets.

2. The recognition method and accounting treatment for expected credit loss of contractual assets

The Company measures the loss provisions as per the amount of expected credit losses throughout the whole duration by the use of simplified model for expected credit loss for contractual assets excluding significant financing components. The increased or reversed amount of loss provisions generated therefrom shall be included in the current profits and losses as impairment losses or gains.

The Company measures the loss provisions as per the amount of expected credit losses throughout the whole duration by the use of simplified model for expected credit loss for contractual assets including significant financing components. The increased or reversed amount of loss provisions generated therefrom shall be included in the current profits and losses as impairment losses or gains.

17. Contractual costs

None

18. Assets held for sale

None

19. Debt investment

None

20. Other debt investment

None

21. Long-term receivables

None

22. Long-term equity investment**1. Determination of investment costs**

(1) If the investment cost is incurred in consolidation under the same control in which case the combining party pays the combination consideration in cash, by transferring the non-cash assets, undertaking the debts or issuing the equity securities, the initial investment cost shall be determined on the basis of the share of the owner's equity of the combined party in the book value of the ultimate controlling party's consolidated financial statements on the combination date. For the difference between the initial investment cost of long-term equity investment and the book value of the consideration paid for combination or the total face value of the issued shares, the capital reserve (capital premium or share premium) shall be adjusted. If the capital reserve is insufficient to be offset, the retained earnings shall be adjusted.

If a consolidation under the same control is realized step by step, the initial investment cost shall be determined on the basis of the share of the owner's equity of the combining party in book that is obtained from the combined party on the combination date and calculated at shareholding ratio. For the difference between the initial investment cost and the sum of the book value of the original long-term equity investment plus the book value of the consideration newly paid for acquiring further shares on the combination date, the capital reserve (capital premium or share premium) shall be adjusted. If the capital reserve is insufficient to be offset, the retained earnings shall be adjusted.

(2) If the investment cost is incurred in the consolidation under different control, the initial investment cost shall be determined as the fair value of the consideration paid for combination on the purchase date.

(3) Investment costs other than those incurred in consolidation: The initial investment cost shall be the purchase price paid actually if the investment is obtained by paying cash, the fair value of the issued equity securities if by issuing the equity securities, and the value specified in the investment contract or agreement in case of investment from an investor (unless the unfair value is specified in the contract or agreement).

2. Subsequent measurement and recognition methods for profits and losses

The long-term equity investment that the Company has the control over the investee shall be calculated with cost method in its individual financial statement; those under the same control or significant influence shall be calculated with equity method.

If the cost method is applied, the long-term equity investments shall be priced at the initial investment cost. The cash dividends or profits declared to be distributed by the investee other than those that have been declared but not distributed and included in the price or consideration paid actually when the investment is obtained shall be recognized as the current investment income, and it is necessary to consider whether the long-term investment is impaired in accordance with the relevant policy of asset impairment.

When the equity method is applied, if the initial investment cost of a long-term equity investment is greater than the share of fair value of identifiable net assets entitled from the investee at the time of investment, it shall be included in the initial investment cost of the long-term equity investment; otherwise, the difference shall be included in the current profits and losses and the cost of long-term equity investment shall be adjusted.

When the equity method is applied, the profits and losses on investment shall be recognized and the book value of the long-term equity investment shall be adjusted according to share of the net profits and losses that shall be entitled or shared and have been realized by the investee after the long-term equity investment is obtained. When the share of the net profit and loss entitled from the investee is recognized, the proportion attributable to the investor shall be calculated at the shareholding ratio after offsetting the profits and losses of internal transactions with associated enterprises and joint ventures (full amount shall be recognized if the losses of internal transactions are the asset impairment losses) in light of the accounting policies and period of the Company on the basis of the fair value of the identifiable assets of the investee when the investment is obtained, and the net profit of the investee shall be recognized after adjustment. The portion to be distributed shall be calculated with reference to the profits or cash dividends declared to be distributed by the investee, and the book value of the long-term equity investment shall be reduced accordingly. If a net loss of the investee confirmed by the Company, the book value of the long-term equity investment, as well as other long-term equity investment which form the net investment of the investment units should be written down until zero limits, except that the Company has to undertake obligations of additional losses. The book value of the long-term equity investment was adjusted and included in the owner's equity for other changes in the owner's equity other than the net profits and losses of the investee.

3. Basis for determination of control over and significant influence on the investee

Control refers to having the power over the investee, being entitled to variable returns by participating in the relevant activities of the investee and able to influence the amount of return by exercising the power over the investee. Significant influence refers to that the investor has the right to participate in decision-making in terms of the financial and operating policies of the investee but has no right to control or jointly control the formulation of these policies with other parties.

4. Disposal of long-term equity investments

(1) Partial disposal of long-term equity investments into subsidiaries without loss of control

The difference between the disposal price and the corresponding book value of the disposed investment shall be recognized as the current investment income in case of partial disposal of long-term equity investments into subsidiaries without loss of control.

(2) Loss of control over subsidiaries due to partial disposal of long-term equity investments or other reasons

If the control over the subsidiaries is lost due to partial disposal of long-term equity investments or other reasons, the book value of the long-term equity investment corresponding to the sold equity shall be carried forward for the disposed equity, and the difference between the sales price and the book value of the disposed long-term equity investment shall be recognized as investment income (loss). In addition, the remaining equity shall be recognized as long-term equity investment or other related financial assets at its book value. The remaining equity after disposal that has joint control or significant influence on the subsidiaries shall be subject to the accounting treatment in accordance with the relevant regulations on the conversion from the cost method to the equity method.

5. Methods for impairment test and provision of impairment reserve

If there is any objective evidence showing that the investments into subsidiaries, associated enterprises and joint ventures are impaired on the balance sheet date, the provision of impairment reserve shall be made accordingly based on the difference between the book value and the recoverable amount.

23. Investment property

Measurement model of investment property

Measurement with cost method

Depreciation or amortization method

1. Investment property includes leased land use rights, land use rights held and ready to be assigned after appreciation, and leased buildings.

2. Investment property is measured initially at cost and subsequently with cost model. The provision for depreciation and amortization of the investment property are made in the way as used for fixed assets and intangible assets. If there is any sign showing that the investment property is impaired on the balance sheet date, the provision of impairment reserve shall be made accordingly based on the difference between the book value and the recoverable amount.

The Company applied the cost model to subsequent measurement of investment property, and depreciated or amortized it in accordance with the policy as used for the buildings or land use rights.

See V. 31."Long-term Assets Impairment" for details of the methods for impairment test and provision of impairment reserve applicable to investment property.

If the real estate for private use or inventory is converted to an investment property or the investment property is converted to a real estate for private use, the book value before such conversion shall be deemed as the entry value after the conversion.

If the purpose of an investment property is changed to private use, this investment property shall be converted into a fixed or intangible asset from the date of change. If the purpose of a property is changed to rent gains or capital appreciation from private use, the fixed asset or intangible asset shall be converted into an investment property from the date of change. If the purpose of a property is changed to rent gains or capital appreciation from private use, the fixed asset or intangible asset shall be converted into an investment property from the date of change. If any asset is converted into an investment property measured with the cost model, the book value before the conversion shall be deemed as the entry value after the conversion. If any asset is converted into an investment

property measured with the fair value model, the fair value on the conversion date shall be deemed as the entry value after the conversion.

An investment property shall be derecognized if this investment property is disposed of or permanently retired, and it is expected that no economic benefits can be obtained from its disposal. The disposal income from the sale, transfer, scrapping or damage of an investment property shall be included in the current profits and losses after deducting its book value and relevant taxes and dues. The disposal income from the sale, transfer, scrapping or damage of an investment property shall be included in the current profits and losses after deducting its book value and relevant taxes and dues.

24. Fixed assets

(1) Conditions for recognition

Fixed assets refer to the tangible assets that are held for production of goods, provision of labor services, lease or operation management and of which the service life exceeds one fiscal year.

Fixed assets shall be recorded at the actual cost upon the acquisition and subject to the provision for straight-line depreciation from the next month following the date when they are ready for use as intended.

(2) Depreciation method

Category	Depreciation method	Depreciable life	Residual rate	Annual depreciation rate
Houses and buildings	Straight-line method	20-40 years	5.00	2.375-4.75
Machinery and equipment	Straight-line method	10 years	5.00	9.50
Transportation equipment	Straight-line method	5 years	5.00	19.00
Tooling	Straight-line method	5 years	5.00	19.00
Electronic equipment and other equipment	Straight-line method	5 years	5.00	19.00

(3) Basis for recognition, valuation and depreciation method of fixed assets under financing lease

Financing lease will be recognized if one or more of following criteria is or are met: ① The ownership of the leased asset is transferred to the lessee at the expiration of the lease term; ② It can be reasonably determined that the lessee will exercise the option at the start of the lease since the lessee has such option to purchase the leased asset and the agreed purchase price is expected to be much lower than the fair value of the leased asset when the option is exercised; ③ The lease term accounts for most of the useful life of the leased asset [generally, it accounts for more than 75% (including 75%) of the useful life of the leased asset] even if the ownership of the asset will not be transferred; ④ The present value of the minimum lease payment made by the lessee on the start date of lease is almost equivalent to the fair value [90% and above (including 90%)] of the leased asset on the start date of lease; the present value of the minimum lease payment received by the lessor on the start date of lease is almost equivalent to the fair value [90% and above (including 90%)] of the leased asset on the start date of lease; ⑤ The leased asset is of a special nature and will be only used by the lessee if no major transformation is made.

The fixed assets under financing lease shall be recorded at the lower of the fair value of the leased assets on the start date of lease and the present value of the minimum lease payment and shall be subject to provision for depreciation in accordance with the depreciation policy of self-owned fixed assets.

25. Construction in progress

1. The construction in progress shall be transferred to fixed assets at the actual cost of the project when it is ready for use as intended. If a product under construction has been ready for use as intended but has not undergone final settlement of account, this project shall be transferred to fixed assets at the estimated value first. After final settlement of account is made, the original temporary estimated value shall be adjusted according to the actual cost without adjustment of depreciation previously accrued.

2. If there is any sign showing that a project under construction is impaired on the balance sheet date, the provision for impairment shall be made accordingly at the difference between the book value and the recoverable amount.

26. Borrowing costs

1. Recognition principle for capitalizing borrowing cost

Borrowing costs occurred by the Company that may be directly attributable to the acquisition or construction of assets eligible for capitalization, are capitalized and accounted in the cost of relevant assets; while other borrowing costs are recognized as expenses and accounted into current profits and losses whenever occurred.

2. Capitalization period of borrowing costs

(1) The borrowing costs shall be capitalized if they meet the following conditions: 1) Asset expenditures have been incurred; 2) Borrowing costs have been incurred; 3) Acquisition, construction or production activities necessary for the assets to reach the usable or marketable state as intended have begun.

(2) The capitalization of borrowing costs shall be discontinued if the acquisition, construction or production of an asset that meets the conditions for capitalization is abnormally interrupted for more than 3 successive months. The borrowing costs incurred during the period of interruption shall be recognized as current expenses until the acquisition, construction or production of assets is resumed.

(3) The capitalization of borrowing costs shall cease when the purchased, constructed or produced assets that meet the conditions for capitalization reaches the intended usable or marketable state.

3. Capitalized amount of borrowing costs

If special borrowings are for the purpose of purchase, construction or production of assets that meet the conditions for capitalization, the amount of interest to be capitalized shall be determined as the interest expenses actually incurred (including the amortization of discounts or premiums determined with the effective interest rate method) in the current period of the special borrowing minus the interest income from the unused borrowings that have been deposited in the bank or the profit from temporary investment by the unused borrowings. If general borrowings are used for the purpose of purchase, construction or production of assets that meet the conditions for capitalization, the amount of interest to be capitalized shall be determined as the weighted average of asset

expenditure with accumulated asset expenditure exceeding special borrowing multiplied by capitalization rate of the general borrowing occupied.

27. Biological assets

None

28. Oil and gas assets

None

29. Right-of-use assets

On the commencement date of the lease term, the Company recognizes the right-of-use assets and lease liabilities for the leases, except for simplified short-term leases and low-value asset leases.

The Company initially measures the right-of-use assets at cost. This cost includes:

1. The initial measurement amount of the lease liability;
2. For lease payments paid on or before the starting date of the lease term, if there are lease incentives, the amount of lease incentives already enjoyed shall be deducted;
3. The initial direct expenses incurred by the Company;
4. Estimated costs to dismantle and remove the leased asset, restore the site where the leased asset is located, or restore the leased asset to the state agreed upon in the lease terms. The aforementioned costs are incurred for the make-to-stock production, and the Accounting Standards for Business Enterprises No. 1 - Inventories shall apply.

The Company recognizes and measures the costs mentioned in Item 4 above in accordance with the Accounting Standards for Business Enterprises No. 13 - Contingencies.

Initial direct costs are the incremental costs incurred to achieve the lease. Incremental costs are the costs that would not have been incurred if the enterprise did not completed the lease.

The provision for the depreciation of the right-of-use assets shall be made with reference to the relevant depreciation provisions of the Accounting Standards for Business Enterprises No. 4 - Fixed Assets. If there is reasonable certainty that the lessee will obtain ownership of the leased assets when the lease term expires, the Company shall make depreciation of leased assets over their remaining service life. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased assets at the expiry of the lease term, the leased assets should be calculated and withdrawn as depreciation over the shorter one of the lease term or the remaining service life.

The Company determines whether the right-of-use assets are impaired in accordance with the Accounting Standards for Business Enterprises No. 8 - Asset Impairment, and carries out accounting treatment for the identified impairment losses.

30. Intangible assets

(1) Valuation method, service life and impairment test

1. Intangible assets include land usage right, software, patent rights and non-patent technologies, etc., and are initially measured at cost.

2. Intangible assets with limited service life shall be systematically and reasonably amortized according to the expected realization mode of economic benefits related within the service life, and in case the expected realization mode cannot be reliably determined, the straight-line method shall be adopted for amortization.

The land usage right shall be averagely amortized within the remaining service life (generally 50 years), the software shall be averagely amortized within 3-5 years, and the patent rights and non-patent technologies within 5-10 years.

3. In case of evidence of impairment of intangible assets with defined service life on the balance sheet date, corresponding provision for impairment shall be made according to the difference between the book value and the recoverable amount; For intangible assets with uncertain service life and intangible assets that have not reached the serviceable state, the impairment tests shall be carried out every year, whether there are signs of impairment or not.

(2) Accounting policy of internal R&D expenditure

Research stage expenditures of internal R&D projects shall be included in the current profits and losses at the time of occurrence. In case following conditions have been met at the same time, expenditure of internal R&D projects in development stage shall be recognized as intangible assets: (1) It is technically feasible to complete the intangible assets for adoption and sale; (2) There is the intention to complete the intangible assets for adoption and sale; (3) There exist ways for intangible assets to generate economic benefits, including the evidence that there is a market for products produced by using the intangible assets or for the intangible assets. If the intangible assets will be used internally, it can be proved that they are useful; (4) There are sufficient technical, financial and other resources to support the development of the intangible assets and to use or sell the intangible assets; (5) Expenditure of the intangible assets in development stage can be measured reliably.

31. Long-term assets impairment

The enterprise shall judge whether there is any sign of possible assets impairment on the balance sheet date.

Goodwill arising from consolidation and intangible assets with uncertain service life shall be tested for impairment every year, no matter whether there is any sign of impairment.

In case of following signs, the assets may be impaired:

(1) Market price of assets falls sharply in the current period, which is significantly higher than the expected decline due to time or normal use; (2) There are significant changes in current and future economic, technological or legal environment in which the enterprise operates and the market where assets are located, bringing adverse effects on the enterprise; (3) The market interest rate or other market return on investment has been increased in the current period, affecting the discount rate of the enterprise to calculate the present value of the expected future cash

flow of the assets and resulting in a significant decrease in the recoverable amount of the assets; (4) There exists evidence showing that the assets have become obsolete or the entity has been damaged; (5) Assets have been or will be idle, terminated or planned to be disposed in advance; (6) Evidence in the internal report of the enterprise shows that economic performance of assets has been or will be lower than the expected, for instance, the net cash flow arising from assets or the realized operating profit (or loss) is far lower (or higher) than the expected amount, etc. (7) Other indications showing that assets may have been impaired.

In case of signs of assets impairment, corresponding recoverable amount shall be estimated.

Recoverable amount shall be determined based on the higher of the net amount of fair value of assets minus the disposal expenses and the present value of expected future cash flow of assets.

Disposal expenses include legal expenses, relevant taxes and handling fees related to disposal of assets as well as direct expenses incurred to make the assets marketable.

Present value of expected future cash flow of assets shall be determined by selecting an appropriate discount rate based on the expected future cash flow generated during continuous use and final disposal of the assets. To estimate present value of future cash flow of assets, measures shall be taken to comprehensively consider factors as the expected future cash flow, service life and discount rate of the assets.

In case of measurement result of recoverable amount showing that recoverable amount of the asset is lower than its book value, the book value shall be written down to the recoverable amount, and the written down amount shall be recognized as the loss of asset impairment and included in the current profits and losses; besides, corresponding provision for asset impairment shall be made at the same time.

32. Long-term deferred expenses

Long-term deferred expenses shall be recorded according to the actual amount, and shall be averagely amortized in the benefit period or the specified period. In case future accounting period cannot benefit from long-term deferred expenses, all unamortized value of the item shall be transferred into the current profits and losses.

33. Contractual liabilities

The Company presents contractual assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company's obligation to transfer commodities or services to customers for consideration received or receivable by the Company is listed as contract liability.

34. Employee compensation

(1) Accounting treatment of short-term compensation

Employee wages refer to the remuneration or compensation in various forms which the Company pays to its employees for their services or severing of labor relations, Employee compensation includes short-term compensation, post-employment benefits, dismissal benefits and other long-term employee benefits. Benefits

provided by the Company to employees' spouses, children and dependants, family members of deceased employees as well as other beneficiaries shall also be included in employee compensation.

Share-based payments issued by the enterprise to its employees shall also be included in employee compensation, and shall be handled in accordance with relevant provisions of Accounting Standards for Business Enterprises No. 11 - Share-based Payments.

During the accounting period when employees provide service for the Company, the actual short-term remuneration is recognized as liabilities and included in the current profits and losses or the relevant assets cost. Where, non-monetary welfare shall be measured at fair value.

(2) Accounting treatment of post-employment benefits

Dismissal welfare mainly includes basic endowment insurance, unemployment insurance and so on. Post-employment benefit plan includes defined contribution plan. Where the defined contribution plan is used, the corresponding amount shall be recorded into relevant asset costs or current profits and losses.

(3) Accounting treatment of dismissal benefits

In case the Company terminates labor relationship with employees prior to the expiration of employee's labor contract, or offers compensation to encourage employees to accept the layoff voluntarily, it shall confirm the compensation for termination of labor relationship with employees and include the compensation amount in the current profits and losses at the earlier time when it fails to unilaterally withdraw labor relationship termination plan or layoff proposal and confirms costs related to reorganization involving the payment of dismissal benefits.

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

None

35. Lease liabilities

On the commencement date of the lease term, the Company recognizes the right-of-use assets and lease liabilities for the leases, except for simplified short-term leases and low-value asset leases.

Lease liabilities are initially measured at the present value of outstanding lease payments from lease date.

Lease payment refers to the amount paid by the Company to the lessor in connection with the right to use the leased assets during the lease term, including:

1. For fixed payment and the actual fixed payment with lease incentives, the relevant amount of it shall be deducted;
2. The amount of variable lease payments depending on the index or ratio, which is recognized at the initial measurement according to the index or ratio on the starting date of the lease term;
3. The exercise price of the purchase option; provided that this option will be exercised base on the reasonable determination of the Company;

4. The amount to be paid for exercising the option to terminate the lease; provided that in the lease term, it reflects that the Company will exercise the option to terminate the lease;

5. The amount expected to be paid based on the guaranteed balance provided by the Company.

When calculating the present value of the lease payments, the Company adopts the interest rate implicit in lease as the discount rate, but if the interest rate implicit in lease cannot be reasonably determined, the incremental borrowing rate of the Company will be used as the discount rate.

36. Estimated liabilities

None

37. Share-based payment

1. Types of share-based payment

It includes equity-settled share-based payment and cash-settled share-based payment

2. Determination method of fair value of equity instrument

(1) In case of active market, it shall be determined according to the quoted price in the active market.

(2) In case of no active market, it shall be determined by adopting valuation technologies, including referring to prices used in recent market transactions by parties familiar with the situation and willing to trade, current fair value of other financial instruments that are essentially the same, discounted cash flow method and option pricing model.

3. Basis for confirming the best estimate of vesting equity instruments

Estimation shall be based on the latest available changes on vesting employee number and other subsequent information.

4. Accounting treatment of implementing, modifying and terminating share-based payment plan

(1) Equity-settled share-based payment

Equity-settled share-based payment in exchange for employee services that can be exercised immediately after the grant shall be included in the relevant costs or expenses according to the fair value of equity instruments on the grant date, and the capital reserve shall be adjusted accordingly. For equity-settled share-based payment in exchange for employee services only after completing service within the waiting period or reaching the specified performance conditions, it is required to include the services obtained in the current period into relevant costs or expenses according to the best estimate of number of vesting equity instruments and the fair value on the grant date of equity instruments on each balance sheet date within the waiting period, and the capital reserve shall be adjusted accordingly.

For equity-settled share-based payment in exchange for other party's services, if the fair value of other party's services can be reliably measured, it shall be measured based on the fair value of other party's services on the acquisition date; In case the fair value of other party's services cannot be reliably measured, but the fair value of equity instruments can be reliably measured, it shall be measured based on the fair value of equity instruments on

the acquisition date and shall be included in relevant costs or expenses; besides, the owner's equity shall be increased accordingly.

(2) Cash-settled share-based payment

Cash-settled share-based payment in exchange for employee services that can be exercised immediately after the grant shall be included in relevant costs or expenses according to the fair value of the liabilities undertaken by the Company on the grant date, and the liabilities shall be increased accordingly. For cash-settled share-based payment in exchange for employee services only after completing service within the waiting period or reaching the specified performance conditions, it is required to include the services obtained in the current period into relevant costs or expenses and relevant liabilities according to the best estimate of vesting situation and the fair value of the liabilities assumed by the Company on each balance sheet date within the waiting period.

(3) Modification and termination of share-based payment plan

In case of increase of fair value of the equity instruments granted due to modification, the Company shall recognize the increase of services obtained based on the increase of fair value of equity instruments; In case of increase of the number of equity instruments granted due to modification, the Company shall recognize the fair value of the increased equity instruments as the increase of services obtained accordingly. Besides, if the Company modifies vesting conditions in a way beneficial to employees, it shall consider all modified vesting conditions when dealing with the vesting conditions.

In case of decrease of fair value of the equity instruments granted due to modification, the Company shall continue to recognize the amount of services obtained based on the fair value of equity instruments on the grant date without considering the decrease of fair value of equity instruments; In case of decrease of the number of equity instruments granted due to modification, the Company shall recognize the decreased part as the cancellation of granted equity instruments; Besides, if the Company modifies vesting conditions in a way not beneficial to employees, it shall not consider the modified vesting conditions when dealing with vesting conditions.

In case the Company cancels or settles the granted equity instruments within the waiting period (except those cancelled due to failure to meet the vesting conditions), the cancellation or settlement shall be accelerated for vesting, and the amount originally recognized in the remaining waiting period shall be recognized immediately.

38. Preferred shares, perpetual bonds and other financial instruments

None

39. Revenue

Accounting policies adopted for revenue recognition and measurement

1. Revenue recognition

The Company's revenue mainly includes sales revenue of intelligent controller, lithium battery, motor and control system.

The Company has fulfilled performance obligation in the Contract, that is, recognizing revenue when the customer obtains the control right of relevant commodities. Obtaining of the control right of relevant commodities means to be able to dominate the use of the commodities and obtain almost all economic benefits arising therefrom.

2. The Company shall judge the nature of relevant performance obligations as "performance obligations fulfilled in a certain period" or "performance obligations fulfilled at a certain time point" based on relevant provisions of revenue standards, and shall confirm revenue according to the following principles respectively.

(1) In case the Company meets one of the following conditions, it shall fulfill the performance obligations within a certain period of time:

① Customers obtain and consume economic benefits arising from performance of the Company during the Company's performance of the Contract.

② Customers can control the assets under construction during the Company's performance of the Contract.

③ Assets of the Company during the performance of the Contract are irreplaceable, and the Company shall be entitled to collect money for the performance part completed so far in the whole contract period.

For performance obligations fulfilled within a certain period of time, the Company shall recognize revenue according to the performance progress within that period, except that the performance progress cannot be reasonably determined. The Company shall consider the nature of commodities, and shall determine the proper performance progress by adopting the output method or the input method.

(2) For performance obligations fulfilled at a certain time point rather than in a certain period, the Company shall recognize revenue at the time when customers obtain the control right of relevant commodities.

When judging whether customers have obtained the control right of relevant commodities, the Company consider the following signs:

① The Company shall be entitled to immediately collect revenues from commodities, which means that customers have the obligation to pay for commodities immediately.

② The Company has transferred the legal ownership of commodities to customers, which means that customers have obtained the legal ownership of commodities.

③ The Company has transferred commodities in kind to customers, which means that customers have possessed commodities in kind.

④ The Company has transferred main risks and rewards related to the ownership of commodities to customers, which means that customers have obtained main risks and rewards related to the ownership of commodities.

⑤ Customers have accepted the commodities.

⑥ Other indications that customers have obtained the control right of commodities.

The specific policies of revenue recognition of the Company are as follows:

In case the sales contract between the Company and customers has been deemed as a performance obligation fulfilled at a certain time point, the specific revenue recognition method shall be formulated according to the actual situation of the Company's product sales as follows:

Domestic sales: ① The customer picks up the goods in cash. After the payment and delivery, it is considered that the customer has obtained the control of the relevant goods, and the Company has recognized the sales revenue; ② If the advance payment is used for settlement, and the other party's customer confirmation receipt is obtained after the delivery, it is considered that the customer has obtained the control of the relevant commodities, and the Company has recognized the sales revenue; ③ If the credit sale is adopted according to a certain payment period, within which the customer settles, and after the delivery, the other party's customer confirmation receipt is obtained, it is considered that the customer has obtained the control of the relevant goods, and the Company has recognized the sales revenue.

Foreign sales: the Company shall deliver commodities according to the signed order, hold special export invoice, delivery note and other original documents for customs clearance and export, pass customs audit, complete export declaration procedures, obtain the customs declaration documents as the point of transfer of control of the relevant goods, and recognize the sales revenue by recording the revenue based on the delivery order, special export invoice and customs declaration form.

3. Measurement of revenue

The Company shall measure revenue according to the transaction price allocated to each individual performance obligation. In determining the transaction price, the Company shall consider the influence of variable consideration, significant financing components in the Contract, non-cash consideration, consideration payable to customers as well as other factors.

(1) Variable consideration

The Company shall determine the best estimate of variable consideration according to the expected value or the most likely amount, but the transaction price including the variable consideration shall not exceed the accumulated recognized revenue that will not be significantly reversed when relevant uncertainty is eliminated. When evaluating whether the accumulative recognized revenue is unlikely to be significantly reversed, the enterprise shall further consider the possibility and proportion of revenue reversal.

(2) Significant financing components

In case of significant financing components in the Contract, the Company shall determine the transaction price according to the amount payable in cash when assuming that customers obtain the control right of commodities. Difference between the transaction price and the contract consideration shall be amortized by adopting the effective interest rate method during the contract period.

(3) Non-cash consideration

In case customers pay non-cash consideration, the Company shall determine the transaction price according to the fair value of the non-cash consideration. In case the fair value of non-cash consideration cannot be reasonably estimated, the Company shall indirectly determine the transaction price by referring to the separate selling price of commodities for transferring commodities to customers that it promises.

(4) Consideration payable to customers

Consideration payable to customers shall be written down against the transaction price, and the current income shall be offset at the later of confirming relevant income or paying (or promising to pay) customer's consideration, except that the consideration payable to customers is to obtain other clearly distinguishable commodities from customers.

In case the consideration payable by an enterprise to customers is to obtain other clearly distinguishable commodities from customers, the purchased commodities shall be confirmed in a way consistent with other purchases of the enterprise. In case the consideration payable by an enterprise to customers exceeds the fair value of a clearly distinguishable commodity obtained from the customer, the excess amount shall be used to offset the transaction price. In case the fair value of clearly distinguishable commodities obtained from customers cannot be reasonably estimated, the enterprise shall offset the transaction price with the consideration payable to customers in full.

Differences in revenue recognition accounting policies caused by different business models of similar businesses

None

40. Government subsidies

1. Government subsidies include government subsidies related to assets and government subsidies related to income.

2. In case the government subsidies can be included in monetary assets, they shall be measured according to the amount received or receivable; In case the government subsidies can be classified as non-monetary assets, they shall be measured at fair value, and once the fair value cannot be obtained reliably, they shall be measured in nominal amount.

3. Government subsidies calculated by adopting the gross method:

(1) Government subsidies related to assets shall be recognized as deferred income and included in profits and losses by stages in a reasonable and systematic way within the service life of relevant assets. In case relevant assets are sold, transferred, scrapped or damaged prior to the end of their service life, the balance of relevant deferred income that has not been allocated shall be transferred to the profits and losses of the current period of asset disposal.

(2) Government subsidies related to income and used to compensate related expenses or losses in the later period shall be recognized as deferred income, and shall be included in the current profits and losses during the period when related expenses are recognized; subsidies used to compensate relevant expenses or losses incurred shall be directly included in the current profits and losses.

4. Government subsidies calculated by adopting the net method:

(1) Government subsidies related to assets shall be used to offset the book value of relevant assets;

(2) Government subsidies related to income and used to compensate related expenses or losses in the later period shall be recognized as deferred income, and shall be used to offset related costs when related expenses are

recognized; subsidies used to compensate relevant expenses or losses incurred shall be directly used to offset related costs.

5. For government subsidies including asset-related part and income-related part, measures shall be taken to distinguish different parts and carry out accounting treatment separately; Part difficult to distinguish shall be classified as government subsidies related to income.

6. The government subsidies related to the daily activities of the Company shall be included into other incomes or used to write down related costs and expenses in accordance with the essence of economic operations; the government subsidies independent of the daily activities shall be included into the non-operating income and expense.

7. For discount interest of preferential policy loans to be obtained by the Company, two measures shall be adopted, including that the Ministry of Finance allocates the discount funds to the lending banks and that the Ministry of Finance allocates the discount funds to the Company:

(1) In case the Ministry of Finance allocates the discount funds to the lending banks, and the lending bank provides loans to the Company at preferential policy interest rate, the Company shall choose the following methods for accounting treatment:

1) Taking the loan amount actually received as the entry value of the loan, and calculating relevant borrowing costs based on the loan principal and the preferential policy interest rate.

2) Taking the fair value of loan as the entry value, calculate the borrowing costs by adopting the effective interest rate method, and recognizing the difference between the actual received amount and the fair value of the loan as deferred income. Deferred income shall be amortized by adopted the effective interest rate method within the duration of loan to offset relevant borrowing costs.

(2) In case the Ministry of Finance allocates the discount funds to the Company, the Company will write down the corresponding discount interest against relevant borrowing costs.

41. Deferred tax assets/deferred tax liabilities

1. It is required to calculate and recognize the deferred tax assets or liabilities according to the difference between the book value of the assets and liabilities and corresponding tax base (in case the tax base of items not recognized as assets and liabilities can be determined according to the provisions of the tax law, the difference between the tax base and their book amount shall be adopted) as well as the applicable tax rate during the period of expected recovery of the assets or settlement of the liabilities.

2. Recognition of deferred tax assets shall be limited to the taxable income that is likely to be obtained to offset temporary deductible differences. On the balance sheet date, if there is conclusive evidence that it is likely to obtain sufficient taxable income in the future periods to offset the deductible temporary differences, the deferred tax assets not recognized in the previous accounting periods shall be recognized.

3. The book value of deferred tax assets shall be reviewed on the balance sheet date. In case it is impossible to obtain enough taxable income to offset the benefits of the deferred tax assets in the future, the book value of the

deferred tax assets shall be written down. If it is likely to obtain enough taxable income, the write down amount shall be reversed.

4. The current income tax and deferred tax of the Company shall be recognized as income tax expense or income, and shall be included in the current profits and losses, except for income tax arising from the following circumstances: (1) consolidation; (2) transactions or matters directly recognized in the owner's equity.

42. Lease

(1) Accounting treatment of operating lease

1. Lessee

As the lessee, the Company recognizes the right-of-use assets and lease liabilities for the lease on the beginning date of the lease term excluding short-term leases and leases of low-value assets to which the simplified treatment applies.

After the starting date of the lease term, the Company uses the cost model to make subsequent measurement of the right-of-use assets. The provision for the depreciation of the right-of-use assets shall be made with reference to the relevant depreciation provisions of the Accounting Standards for Business Enterprises No. 4 - Fixed Assets. If the lessee can reasonably determine that it will obtain the ownership of the leased assets upon the expiration of the lease term, provision for depreciation shall be made within the remaining service life of the leased assets. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased assets at the expiry of the lease term, the leased assets should be calculated and withdrawn as depreciation over the shorter one of the lease term or the remaining service life. The Company determines whether the right-of-use assets are impaired in accordance with the Accounting Standards for Business Enterprises No. 8 - Asset Impairment, and carries out accounting treatment for the identified impairment losses.

The Company calculates the interest expense of the lease liabilities in each period of the lease at the fixed periodic interest rate, which is included in the current profits and losses. If the cost should be included in the cost of relevant assets in accordance with the Accounting Standard for Business Enterprises No. 17 - Borrowing Costs and other standards, such provisions shall prevail.

For short-term leases and low-value asset leases, the Company shall choose not to recognize right-of-use assets and lease liabilities, and include the lease payments for short-term leases and low-value asset leases in the relevant asset cost or current profit and loss according to the straight-line method during each period of the lease term.

2. Lessor

During each period of the lease term, the Company as the lessor shall adopt the straight-line method to recognize the rental revenue from operating lease as rental income. The lessor shall capitalize the initial direct cost related to operating lease, and amortizes and includes such cost into the current profits and losses by installment according to the same recognition base of the rental revenue during the lease term.

As for the fixed assets subject to operating leases, the Company shall calculate the depreciation of it by adopting depreciation policy for similar assets. As for other leased assets, systematic and reasonable methods shall

be adopted for its amortization according to the accounting standards for business enterprises applicable to this asset. The Company determines whether the operating lease assets are impaired in accordance with Accounting Standards for Business Enterprises, No. 8 -Asset Impairment, and carries out corresponding accounting treatment.

(2) Accounting treatment of financing lease

Accounting treatment of the Company as the lessee is shown in Note V 29, Note V 35 and Note V 42 (1).

As the lessor, the Company shall confirm the receivable payment for financial lease on the beginning date of the lease term, terminate the recognition of financial lease assets, and calculate and recognize the interest income of each period in the lease term according to the fixed periodic interest rate.

43. Other important accounting policies and accounting estimation

Hedge accounting

The hedge means the risk management activity where the enterprise designates the financial instruments as the hedge instruments for the risk exposure due to the management of the specific risks such as foreign exchange risk, interest rate risk, price risk, credit risk so that the fair value or the cash flow changes, which is expected to countervail all or part of the fair value or cash flow change of the hedged projects.

1. In the hedge accounting, the hedge is divided into fair value hedge, cash flow hedge, and net investment hedge for overseas operation.

2. Only when the fair value hedge, cash flow hedge, or net investment hedge for overseas operation meet the following conditions at the same time can the hedge accounting method stipulated by the Code for handling:

(1) The hedge relationship is only composed of the hedge instruments and hedged projects that meet the conditions; (2) When the hedge begins, the enterprise officially designates the hedge instruments and hedged projects and prepares the written documents about hedge relationship and the risk management strategies and risk management objectives related to the hedge for the enterprise. These documents at least describe the hedge instrument, hedged projects, nature of the hedged risks, and evaluation methods on hedge effectiveness (including the forming reason analysis for invalid part of the hedge and the recognition methods of the hedge ratio) etc. (3) The hedge relationship conforms to the requirements of hedge effectiveness.

If the hedge meets the following conditions at the same time, the enterprise shall identify that the hedge relationship conforms to the requirements of hedge effectiveness:

(a) There is the economic relationship between the hedged projects and hedge instruments. The economic relationship makes the value of the hedge instruments and hedged projects change in the reverse direction due to the same hedged risks.

(b) In the value change generated for the hedged projects and hedge instruments, the effect of the credit risk is not dominant.

(c) The hedge ratio of the hedge relationship shall be equal to the ratio between the hedged project quantity of the actual hedge for the enterprise and the actual quantity of the hedge instruments and shall not reflect the

unbalance of the relative weight between the hedged projects and hedge instruments, which will cause the hedge invalidation and may generate the accounting results not consistent with the hedge accounting objectives.

The enterprise shall continuously evaluate whether the hedge relationship conforms to the hedge effectiveness requirements when the hedge begins and during the sequent periods, especially for the analysis of the forming reasons why it is expected to affect the hedge relationship due to the invalid part of the hedge during the residual periods of the hedge. The enterprise shall at least evaluate the hedge relationship on the day of balance sheet and when the major changes will happen for relevant situations affecting the hedge effectiveness requirements.

If the hedge relationship does not conform to the hedge effectiveness requirements any more due to the hedge ratio, but the risk management objective to designate the hedge relationship does not change, the enterprise shall re-balance the hedge relationship.

3. Accounting handling of the hedge.

(1) Fair value hedge

If the fair value hedge meets the conditions of the hedge accounting methods, it shall be handled in accordance with the provisions below:

(a) The profit or loss generated by the hedge instrument shall be incorporated into the profits and losses. If the hedge instrument is used to hedge the non-tradable equity instrument investment (or its components) which is measured at fair value with the changes including in other comprehensive income, the profit or loss generated by the hedge instruments shall be incorporated into other comprehensive income.

(b) The profit or loss generated by the hedged projects due to the hedge risk exposure shall be incorporated into the current profit or loss. At the same time, the account value shall be adjusted for the confirmed hedged projects measured at the fair value.

(2) Cash flow hedge

If the cash flow value hedge meets the conditions to apply the hedge accounting methods, it shall be handled in accordance with the provisions below:

(a) If the profit or loss generated by the hedge instrument belongs to the valid part of the hedge as the cash flow hedge reserve, it shall be incorporated into other comprehensive income. The amount of cash flow hedge reserve included in other comprehensive income in each period shall be the change amount of cash flow hedge reserve in the current period. The amount of cash flow hedge reserve included in other comprehensive income in each period shall be the change amount of cash flow hedge reserve in the current period.

(b) If the profit or loss generated by the hedge instrument belongs to the invalid part of the hedge (that is, other profit or loss after deducting other comprehensive income), it shall be incorporated into the current profits and losses.

(3) Net investment hedge for overseas operation

As for the net investment hedge for overseas operation, including the hedge of monetary items accounting as part of net investment, it shall be handled in accordance with the provisions similar to the cash flow hedge accounting:

(a) If the profit or loss generated by the hedge instrument belongs to the valid part of the hedge, it shall be incorporated into other comprehensive income.

When all or part of the overseas business is disposed, the above profit or loss of hedge instruments included in other comprehensive income shall be transferred out and incorporated into the current profits and losses.

(b) If the profit or loss generated by the hedge instrument belongs to the invalid part of the hedge, it shall be incorporated into the current profits and losses.

Repurchase shares

If the Company or its subsidiaries shares are acquired due to the reduction of registered capital or reward of employees, the amount actually paid shall be treated as the treasury share, and the record shall be made for reference. If the repurchase shares are cancelled, the capital reserve will be offset by the difference between the total par value of the cancelled shares and the number of cancelled shares and the amount paid for the actual repurchase. If the capital reserve is insufficient to be offset, the retained earnings shall be offset; If the repurchase shares are awarded to the employees of the Company as equity-settled share-based payment, when the employees exercise the right to purchase the shares of the Company or its subsidiaries and receive the price, the cost of treasury shares delivered to the employees and the accumulated amount of capital reserve (other capital reserves) during the waiting period shall be resold, and the capital reserve (capital premium or share premium) shall be adjusted according to the difference.

44. Important accounting policy and accounting estimation changes

(1) Important accounting policy changes

Applicable Not applicable

Contents and reasons of the accounting policy change	Approval procedures	Remarks
On December 30, 2021, the Ministry of Finance issued Interpretation of Accounting Standards for Business Enterprises No. 15 (CK [2021] No. 35) (hereinafter referred to as "Interpretation No. 15"), and the contents of "Accounting treatment of external sales of products or by-products produced by an enterprise before the fixed assets meet the expected conditions for use or during the R&D process" and "Judgment about loss contract" were implemented from January 1, 2022.	Deliberated and passed by the 32nd Meeting of the 7th Board of Directors	The changes in accounting policies have no effect on the financial statements in the reporting period.
On November 30, 2022, the Ministry of Finance issued Accounting Standards for Business Enterprises No. 16 (CK [2022] No. 31, hereinafter referred to as "Interpretation No. 16"), in which "accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions that are not exempt from initial recognition" was implemented from January 1, 2023, allowing enterprises to execute it in advance from the year of publication, and "accounting treatment for the income tax impact of dividends related to financial instruments classified as equity instruments by the issuer" and "accounting treatment for enterprises modifying cash-settled share-based payments to equity settled share-based payments" were implemented from the date of publication.	Deliberated and passed by the 32nd Meeting of the 7th Board of Directors	The changes in accounting policies have no effect on the financial statements in the reporting period.

(2) Important accounting estimation changes

Applicable Not applicable

45. Others

None

VI. Tax**1. Main tax types and tax rate**

Tax type	Tax basis	Tax rate
VAT (value-added tax)	Revenue from sales of goods	13%、9%、6%、3%
Consumption tax	Paid turnover tax amount	7%
City maintenance and construction tax	Paid turnover tax amount	3%
Corporate income tax	Taxable income	Please refer to the different corporate income tax rates, subject of taxation and their tax rate disclosures below for details.

Where there are any taxpayers with different corporate income tax rates, details shall be disclosed.

Name of taxpayer	Income tax rate
Shenzhen Topband Co., Ltd.	15%
Shenzhen Topband Software Technology Co., Ltd.	15%
Shenzhen Topband Automation Technology Co., Ltd.	25%
Shenzhen Topband Battery Co., Ltd.	15%
Chongqing Topband Industrial Co., Ltd.	25%
Topband (Hong Kong) Co., Ltd.	16.5%
Huizhou Topband Electrical Technology Co., Ltd.	15%
TOPBAND INDIA PRIVATE LIMITED	25.17%
Shenzhen YAKO Automation Technology Co., Ltd.	15%
Shenzhen Allied Control System Co., Ltd.	15%
Shenzhen Yansheng Software Co., Ltd.	15%
Ningbo Topband Intelligent Control Co., Ltd.	25%
Shenzhen Meanstone Intelligent Technology Co., Ltd.	20%
Hangzhou Zhidong Motor Technology Co., Ltd.	25%
Taixing Ninghui Lithium Battery Co., Ltd.	15%
Shenzhen Topband Supply Chain Services Co., Ltd.	25%
Shenzhen Topband Investment Co., Ltd.	25%
Shenzhen Spark IOT Technology Co., Ltd.	20%
Shenzhen Zhongli Consulting Co., Ltd.	20%
Shenzhen Tunnu Innovation Co., Ltd.	20%
TUNNU INNOVATION,INC	21%

Shenzhen Senxuan Technology Co., Ltd.	20%
Shenzhen Tengyi Industrial Co., Ltd.	20%
Topband (Qingdao) Intelligent Control Co., Ltd.	20%
Shenzhen Topband Automotive Electronics Co., Ltd.	20%
TOPBAND JAPAN Co.,Ltd	23.2%
Tunnu Innovation (Hong Kong) Limited	8.25%
Topband (Vietnam) Co.,ltd	20%
TOPBAND SMART DONGNAI(VIETNAM) Co.,ltd	20%
Topband Germany GmbH	15.825%
Huizhou Topband Lithium Battery Co., Ltd.	20%
Nantong Topband Youneng Technology Co., Ltd.	25%
Huizhou YAKO Automation Technology Co., Ltd.	25%
Shenzhen Topband Motor Co., Ltd.	20%
Shenzhen Yueshang Robot Co., Ltd.	20%
Shenzhen Xiaoyou Aitu Innovation Technology Co., Ltd.	20%
Huizhou Chiding Technology Co., Ltd.	20%
Q.B.PTE.LTD	17%
TOPBAND MEXICO,S.DE R.L.DE C.V.	30%
TOPBAND SMART EUROPE COMPANY LIMITED S.R.L.	16%

2. Tax preference

On December 11, 2020, the Company obtained the Certificate for High-tech Enterprise that is numbered GR202044206158 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2021 to 2023 is 15% in accordance with relevant provisions of the Law of the People's Republic of China on Enterprise Income Tax, Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax and the Management Measures for the Certification of High-tech Enterprises.

On December 19, 2022, Shenzhen Topband Software Technology Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202244203890 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2022 to 2024 is 15% in accordance with relevant provisions of the Law of the People's Republic of China on Enterprise Income Tax, Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax and the Management Measures for the Certification of High-tech Enterprises.

On December 23, 2021, Shenzhen Topband Battery Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202144203102 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2021 to

2023 is 15% in accordance with relevant provisions of the Law of the People's Republic of China on Enterprise Income Tax, Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax and the Management Measures for the Certification of High-tech Enterprises.

On December 20, 2021, Huizhou Topband Electrical Technology Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202144003640 and issued by the Department of Science and Technology of Guangdong Province, the Department of Finance of Guangdong Province, and Guangdong Provincial Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2021 to 2023 is 15% in accordance with relevant provisions of the Law of the People's Republic of China on Enterprise Income Tax, Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax and the Management Measures for the Certification of High-tech Enterprises.

On December 23, 2021, Shenzhen YAKO Automation Technology Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202144205479 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2021 to 2023 is 15% in accordance with relevant provisions of the Law of the People's Republic of China on Enterprise Income Tax, Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax and the Management Measures for the Certification of High-tech Enterprises.

On December 23, 2021, Shenzhen Allied Control System Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202144206368 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Bureau and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2021 to 2023 is 15% in accordance with relevant provisions of the Law of the People's Republic of China on Enterprise Income Tax, Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax and the Management Measures for the Certification of High-tech Enterprises.

On December 23, 2021, Shenzhen Yansheng Software Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202144207744 and issued by Shenzhen Science and Technology Innovation Commission, Shenzhen Finance Commission and Shenzhen Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2021 to 2023 is 15% in accordance with relevant provisions of the Law of the People's Republic of China on Enterprise Income Tax, Regulations of the People's Republic of China on the Implementation of Enterprise Income Tax and the Management Measures for the Certification of High-tech Enterprises.

On November 30, 2021, Taixing Ninghui Lithium Battery Co., Ltd. obtained the Certificate for High-tech Enterprise that is numbered GR202132010782 and issued by the Jiangsu Provincial Department of Science and Technology, the Department of Finance of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration. This Certificate is valid within 3 years from the date of issuance. The corporate income tax rate applicable for the Company from 2021 to 2023 is 15% in accordance with relevant provisions of the Law of the People's Republic of China on Enterprise Income Tax, Regulations of the People's Republic of China on the

Implementation of Enterprise Income Tax and the Management Measures for the Certification of High-tech Enterprises.

According to CS [2019] No. 13 Notice on the Implementation of Inclusive Tax Relief Policies for Small and Micro Businesses, the small and micro businesses shall pay their corporate income taxes at 20% of tax rate, and reduce the portion of not more than RMB 1 million in their annual taxable incomes by 25% and that of more than RMB 1 million but not more than RMB 3 million in their annual taxable incomes by 50% before including such portion into their taxable incomes. According to Announcement of the State Taxation Administration on Matters Concerning the Implementation of Preferential Income Tax Policies Supporting the Development of Small Low-Profit Enterprises and Individual Industrial and Commercial Households (CS [2021] No. 12), the annual taxable income of small and low-profit enterprises shall not exceed RMB 1 million. On the basis of the preferential policies stipulated in Article 2 of the Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises (CS [2019] No. 13), the corporate income tax will be halved. The provisions of this Policy apply to Shenzhen Spark IOT Technology Co., Ltd., Shenzhen Tunnu Innovation Co., Ltd., Huizhou Topband Battery Co., Ltd., Shenzhen Meanstone Intelligent Technology Co., Ltd., Shenzhen Zhongli Consulting Co., Ltd., Shenzhen Senxuan Technology Co., Ltd., Shenzhen Tengyi Industrial Co., Ltd., Topband (Qingdao) Intelligent Control Co., Ltd., Shenzhen Topband Automotive Electronics Co., Ltd., Shenzhen Yueshang Robot Co., Ltd., Shenzhen Topband Motor Co., Ltd., Shenzhen Xiaoyou Aitu Innovation Technology Co., Ltd., and Huizhou Chiding Technology Co., Ltd. that are subsidiaries and sub-subsidiaries.

3. Others

None

VII. Notes to Items of Consolidated Financial Statements

1. Monetary capital

Unit: RMB

Items	Ending balance	Beginning balance
Cash on hand	606,436.16	1,015,081.13
Bank deposit	1,210,218,469.79	1,337,414,181.07
Other monetary capital	192,201,165.39	429,150,793.87
Total	1,403,026,071.34	1,767,580,056.07
Including: total amount deposited abroad	412,196,063.34	177,157,407.23

Other description:

1. Other monetary capital mainly includes the large-denomination certificates of deposit of RMB 100,000,000.00 and the fixed-time deposit of RMB 50,000,000.00.

2. At the end of the period, the other restricted monetary capital amounts to RMB 18,937,494.54 million. For details, please refer to Note "VII. (LXXXI)" in this financial report.

3. At the end of the period, there is no amount deposited overseas and with the repatriation restricted.

2. Tradable financial assets

Unit: RMB

Items	Ending balance	Beginning balance
Financial asset at fair value and changes through profit or loss	342,959,450.31	214,999,336.74
Including:		
Including: financial products	1,790,866.41	4,000,000.00
Investment in equity instruments	341,168,583.90	210,999,336.74
Including:		
Total	342,959,450.31	214,999,336.74

Other description:

3. Derivative financial assets

Applicable Not applicable

4. Notes receivable

(1) List of classification of notes receivable

Unit: RMB

Items	Ending balance	Beginning balance
Bank acceptance instruments	40,056,132.32	141,695,340.12
Commercial acceptance bill	11,735,626.58	19,964,130.09
Total	51,791,758.90	161,659,470.21

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Notes receivable with single provision for bad debts	40,056,132.32	76.78%			40,056,132.32	150,816,667.92	93.09%			150,816,667.92
Including:										
Bank acceptance bill	40,056,132.32	76.78%			40,056,132.32	141,695,340.12	87.46%			141,695,340.12
Commercial acceptance bill						9,121,327.80	5.63%			9,121,327.80
Notes receivable with provision for	12,111,069.74	23.22%	375,443.16	3.10%	11,735,626.58	11,189,682.44	6.91%	346,880.15	3.10%	10,842,802.29

bad debts by portfolio										
Including:										
Commercial acceptance bill	12,111,069.74	23.22%	375,443.16	3.10%	11,735,626.58	11,189,682.44	6.91%	346,880.15	3.10%	10,842,802.29
Total	52,167,202.06	100.00%	375,443.16	0.72%	51,791,758.90	162,006,350.36	100.00%	346,880.15	0.21%	161,659,470.21

Provision for bad debts by portfolio: 375,443.16

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Commercial acceptance bill	12,111,069.74	375,443.16	3.10%
Total	12,111,069.74	375,443.16	

Explanation of the basis for determining the portfolio:

If the provision for bad debts on notes receivable is based on the general model of expected credit loss, the information about the provision for bad debts shall be disclosed by referring to the disclosure method of other receivables:

Applicable Not applicable

(2) Provision for bad debts withdrawn, recovered or reversed in current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Write-off	Other	
Provision for bad debts - notes receivable	346,880.15	28,563.01				375,443.16
Total	346,880.15	28,563.01				375,443.16

Of which the amount of provision for bad debts recovered or reversed in the current period is significant:

Applicable Not applicable

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

Applicable Not applicable

(4) Notes receivable endorsed or discounted by the Company at the end of the period and not due yet on balance sheet date

Unit: RMB

Items	Amount derecognized at the end of period	Amount not derecognized at the end of the period
Bank acceptance instruments		24,122,359.22
Commercial acceptance bill		1,000,000.00
Total		25,122,359.22

(5) Notes converted into receivables at the end of period due to unfulfillment of drawer

Applicable Not applicable

(6) Notes receivable actually written off in the current period

Applicable Not applicable

5. Accounts receivable

(1) Disclosure of accounts receivable by category

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with single provision for bad debts	82,546,521.29	3.04%	82,546,521.29	100.00%		84,081,324.24	3.60%	70,915,243.12	84.34%	13,166,081.13
Including:										
Accounts receivable with a single significant amount and single bad debt provision	82,546,521.29	3.04%	82,546,521.29	100.00%		82,399,228.54	3.53%	69,233,147.42	84.02%	13,166,081.13
Receivables with not significant amount but with single provision for bad debts						1,682,095.70	0.07%	1,682,095.70	100.00%	
Accounts receivable with provision for bad debts by portfolio	2,634,259,443.00	96.96%	84,525,403.34	3.21%	2,549,734,039.66	2,247,009,076.28	96.40%	72,013,691.92	3.20%	2,174,995,384.35
Including:										
Accounts receivable with provision for bad debts by aging combination	2,634,259,443.00	96.96%	84,525,403.34	3.21%	2,549,734,039.66	2,247,009,076.28	96.40%	72,013,691.92	3.20%	2,174,995,384.35
Total	2,716,805,964.29	100.00%	167,071,924.63	6.15%	2,549,734,039.66	2,331,090,400.52	100.00%	142,928,935.04	6.13%	2,188,161,465.48

Single provision for bad debts: 82,546,521.29

Unit: RMB

Name	Ending balance			
	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Receivables with significant individual amount and single provision for bad debts	82,546,521.29	82,546,521.29	100.00%	It is difficult to recover
Total	82,546,521.29	82,546,521.29		

Provision for bad debts by portfolio: 84,525,403.34

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Accounts receivable with provision for bad debts by combination (aging analysis method)	2,634,259,443.00	84,525,403.34	3.21%
Total	2,634,259,443.00	84,525,403.34	

Explanation of the basis for determining the portfolio:

If the provision for bad debts on notes receivable is based on the general model of expected credit loss, the information about the provision for bad debts shall be disclosed by referring to the disclosure method of other receivables:

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	2,634,692,660.36
1-2 years	41,435,174.20
2-3 years	37,842,457.63
Above 3 years	2,835,672.10
3-4 years	1,167,983.94
4-5 years	1,387,990.68
Above 5 years	279,697.48
Total	2,716,805,964.29

(2) Provision for bad debts withdrawn, recovered or reversed in current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Write-off	Other	
Provision for bad debts	142,928,935.04	41,773,385.68		17,907,620.17	277,224.08	167,071,924.63
Total	142,928,935.04	41,773,385.68		17,907,620.17	277,224.08	167,071,924.63

Of which the amount of provision for bad debts recovered or reversed in the current period is significant:

Applicable Not applicable

(3) Accounts receivable actually written off in the current period

Unit: RMB

Items	Write-off amount
Accounts receivable actually written off	17,907,620.17

Of which the significant write-offs of accounts receivable:

Unit: RMB

Name of unit	Nature of receivables	Write-off amount	Reason for write-off	Write-off procedures implemented	Whether the payment is generated from related transactions
Customer A	Payment for goods	15,246,555.50	It is expected to be difficult to recover the account	Approved by the management of the Company	No
Total		15,246,555.50			

Explanation of accounts receivable written off:

(4) Accounts receivable of top five ending balances grouped by debtors

Unit: RMB

Name of unit	Ending balance of accounts receivable	Proportion to total ending balances of accounts receivable	Ending balance of provision for bad debts
No. 1	879,181,599.43	32.36%	27,272,298.58
No. 2	65,080,405.66	2.40%	65,080,405.66
No. 3	57,925,548.32	2.13%	1,795,692.00
No. 4	54,623,359.26	2.01%	1,693,324.13
No. 5	54,349,143.94	2.00%	1,684,823.46
Total	1,111,160,056.61	40.90%	

(5) Amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

Other description:

(6) Accounts receivable derecognized due to transfer of financial assets**6. Receivables financing**

Unit: RMB

Items	Ending balance	Beginning balance
Bank acceptance bill	79,652,525.19	26,520,757.05
Accounts receivable	173,392,414.33	10,381,750.80
Yunxin	1,943,263.08	
Total	254,988,202.60	36,902,507.85

Changes in increase or decrease in receivables financing and changes in fair value in the current period

Applicable Not applicable

If the provision for impairment on receivables financing is based on the general model of expected credit loss, the information about the provision for impairment shall be disclosed by referring to the disclosure method of other receivables:

Applicable Not applicable

Other description:

7. Prepayments**(1) List of advance payments by aging**

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	52,386,993.93	98.83%	40,538,366.14	98.11%
1-2 years	512,018.85	0.97%	666,816.83	1.61%
2-3 years	16,728.11	0.03%	94,392.13	0.23%
Above 3 years	89,916.06	0.17%	20,709.92	0.05%
Total	53,005,656.95		41,320,285.02	

Explanation of the cause for untimely settlement of advance payments aging more than one year with important amounts:

(2) Accounts prepaid of the top five prepaying entities for ending balance

The total amount of prepayments of top five ending balances grouped by debtors in the year was RMB 24,008,214.25, accounting for 45.29% of the total ending balances of prepayments.

Other description:

8. Other receivables

Unit: RMB

Items	Ending balance	Beginning balance
Other receivables	77,743,150.98	50,156,221.82
Total	77,743,150.98	50,156,221.82

(1) Interest receivable**1) Classification of interest receivable** Applicable Not applicable**2) Significant overdue interest** Applicable Not applicable**3) Provision for bad debts** Applicable Not applicable**(2) Dividends receivable****1) Classification of interest receivable** Applicable Not applicable**2) Important dividends receivable aged over 1 year** Applicable Not applicable**3) Provision for bad debts** Applicable Not applicable**(3) Other receivables****1) Classification of other receivables by nature of amount**

Unit: RMB

Nature of payment	Book balance at the end of the period	Book balance at the beginning of the period
Margin, deposit	25,628,574.96	28,560,062.74
Export rebate	21,954,980.84	14,317,249.26
Convertible loan	14,000,000.00	
Employee personal loan	12,085,358.61	11,891,648.41
Compensation	10,820,710.33	

Other	882,396.18	638,217.83
Total	85,372,020.92	55,407,178.24

2) Provision for bad debts

Unit: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of January 1, 2022	5,250,956.42			5,250,956.42
Balance as of January 1, 2022 in the current period				
Accrual in the current period	2,344,758.98			2,344,758.98
Amount charged off in the current period	26,845.33			26,845.33
Other	59,999.87			59,999.87
Balance as of December 31, 2022	7,628,869.94			7,628,869.94

Changes in book balance with significant changes in loss reserves in the current period

 Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	58,018,314.16
Subtotal within 1 year	58,018,314.16
1-2 years	18,433,375.67
2-3 years	1,554,331.58
Above 3 years	7,365,999.51
3-4 years	5,508,631.96
4-5 years	728,086.38
Above 5 years	1,129,281.17
Total	85,372,020.92

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

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Write-off	Other	
Provision for bad debts	5,250,956.42	2,344,758.98		26,845.33	59,999.87	7,628,869.94
Total	5,250,956.42	2,344,758.98		26,845.33	59,999.87	7,628,869.94

Of which the amount of provision for bad debts recovered or reversed in the current period is significant:

None

4) Other receivables actually written off in the current period

Unit: RMB

Items	Write-off amount
Other accounts receivable cancelled after verification	26,845.33

Of which the significant write-offs of other receivables: None

5) Other receivables of top five ending balances grouped by debtors

Unit: RMB

Name of unit	Nature of payment	Ending balance	Aging	Proportion to total ending balances of other receivables	Ending balance of provision for bad debts
No. 1	Export rebate	21,954,980.84	Within 1 year	25.72%	
No. 2	Convertible loan	14,000,000.00	Within 1 year, 1-2 years	16.40%	
No. 3	Compensation	10,820,710.33	Within 1 year	12.67%	541,035.52
No. 4	Margin, deposit	3,500,000.00	1-2 years	4.10%	350,000.00
No. 5	Margin, deposit	3,499,529.44	1-2 years	4.10%	349,952.94
Total		53,775,220.61		62.99%	1,240,988.46

6) Receivables involving government subsidies

None

7) Other receivables derecognized due to transfer of financial assets

None

8) Amount of assets and liabilities formed by transferring other receivables and continuing to be involved

None

9. Inventory

Whether the Company is required to comply with the disclosure requirements of the real estate industry

No

(1) Inventory classification

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value	Book balance	Provision for decline in value of inventories or provision for impairment of contract performance cost	Book value
Raw materials	1,173,950,054.61	83,688,904.02	1,090,261,150.59	1,373,010,350.15	87,214,891.71	1,285,795,458.44
Goods in process	125,103,265.61		125,103,265.61	108,042,400.38		108,042,400.38
Goods on hand	577,199,818.92	12,958,236.03	564,241,582.89	601,322,955.25	15,914,381.24	585,408,574.01
Goods shipped in transit	114,595,833.38	3,797,469.37	110,798,364.01	122,939,046.46	3,114,595.53	119,824,450.93
Self-manufactured semi-finished product	107,289,297.10	4,809,578.57	102,479,718.53	80,789,830.11	3,180,906.96	77,608,923.15
Materials entrusted for processing	2,670.00		2,670.00	7,625,498.26		7,625,498.26
Low priced and easily worn articles	65,460.90		65,460.90	97,460.87		97,460.87
Total	2,098,206,400.52	105,254,187.99	1,992,952,212.53	2,293,827,541.48	109,424,775.44	2,184,402,766.04

(2) Provision for decline in value of inventories and provision for impairment of contract performance cost

Unit: RMB

Items	Beginning balance	Increase in the current period		Decrease amount in the current period		Ending balance
		Provision	Other	Reversal or write-off	Other	
Raw materials	87,214,891.71	59,729,903.67	61,424.83	63,317,316.19		83,688,904.02
Goods on hand	15,914,381.24	4,289,405.37	3,577.15	7,249,127.73		12,958,236.03
Goods shipped in transit	3,114,595.53	780,920.74		98,046.90		3,797,469.37
Self-manufactured semi-finished product	3,180,906.96	5,157,733.16	3,573.67	3,532,635.22		4,809,578.57
Total	109,424,775.44	69,957,962.94	68,575.65	74,197,126.04		105,254,187.99

(3) Explanation of capitalized amount of borrowing costs included in ending balance of inventory

None

(4) Explanation of current amortization amount of contract performance cost

None

10. Contractual assets

If the provision for bad debts on contractual assets is based on the general model of expected credit loss, the information about the provision for bad debts shall be disclosed by referring to the disclosure method of other receivables:

Applicable Not applicable

Provision for impairment of current contract assets:

None

11. Assets held for sale

None

12. Non-current assets due within one year

None

13. Other current assets

Unit: RMB

Items	Ending balance	Beginning balance
VAT to be deducted	143,163,557.71	92,861,498.25
Other prepaid taxes	10,472,653.58	19,851,631.11
IPO-related fees	1,490,566.02	358,490.57
Total	155,126,777.31	113,071,619.93

Other description:

None

14. Debt investment

Applicable Not applicable

Other descriptions: None

15. Other debt investment

Applicable Not applicable

Other description:

16. Long-term receivables**(1) Situation of long-term receivables**

Applicable Not applicable

(2) Long-term receivables derecognized due to transfer of financial assets**(3) Amount of assets and liabilities formed by transferring long-term receivables and continuing to be involved**

Other descriptions: None

17. Long-term equity investment

Unit: RMB

Investee	Beginning balance (book value)	Changes in increase or decrease in the current period								Ending balance (book value)	Ending balance of provision for impairment
		Additional investment	Decrease in investment	Profits and losses on investment recognized under equity method	Adjustment to other comprehensive income	Other changes in equity	Declaration of distribution for cash dividends or profits	Provision for impairment	Other		
I. Joint venture											
II. Associated enterprises											
Tai'an Yuchengxin Power Supply Technology Co., Ltd.											9,764,719.19
Shenzhen Daka Optoelectronics Co., Ltd.	5,975,059.85			-88,713.69						5,886,346.16	
Pas Electronic Technology (Nanjing) Co., Ltd.	7,967,433.99			-1,038,598.09						6,928,835.90	
Shanghai Yidong Power Technology Co., Ltd.	12,176,633.98			-1,441,157.13						10,735,476.85	
Subtotal	26,119,127.82			-2,568,468.91						23,550,658.91	9,764,719.19
Total	26,119,127.82			-2,568,468.91						23,550,658.91	9,764,719.19

Other descriptions: None

18. Investment in other equity instruments

None

19. Other non-current financial assets

None

20. Investment property**(1) Investment property with cost measurement model** Applicable Not applicable

Unit: RMB

Items	Houses and buildings	Land usage right	Construction in progress	Total
I. Original book value				
1. Beginning balance	94,945,556.51			94,945,556.51
2. Increase in the current period	24,125,005.55			24,125,005.55
(1) Outsourcing				
(2) Transfer in of inventory, fixed assets and construction in progress	24,125,005.55			24,125,005.55
(3) Increment from consolidation				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer out				
4. Ending balance	119,070,562.06			119,070,562.06
II. Accumulated depreciation and accumulated amortization				
1. Beginning balance	7,970,442.20			7,970,442.20
2. Increase in the current period	4,857,342.01			4,857,342.01
(1) Provision or amortization	2,592,503.52			2,592,503.52
(2) Depreciation transfer-in of fixed assets	2,264,838.49			2,264,838.49
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer out				
4. Ending balance	12,827,784.21			12,827,784.21
III. Provision for impairment				
1. Beginning balance				
2. Increase in the current period				
(1) Accrual				
3. Decrease in the current period				
(1) Disposal				
(2) Other transfer out				
4. Ending balance				
IV. Book value				
1. Ending book value	106,242,777.85			106,242,777.85

2. Beginning book value	86,975,114.31			86,975,114.31
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(2) Investment property with fair value measurement model

Applicable Not applicable

(3) Investment property without property certificate of title

None

21. Fixed assets

Unit: RMB

Items	Ending balance	Beginning balance
Fixed assets	1,840,358,093.74	1,299,517,887.54
Total	1,840,358,093.74	1,299,517,887.54

(1) Situation about fixed assets

Unit: RMB

Items	Houses and buildings	Machinery and equipment	Transportation equipment	Office equipment and others	Total
I. Original book value:					
1. Beginning balance	816,035,996.54	863,846,203.58	2,552,040.27	59,078,081.95	1,741,512,322.34
2. Increase in the current period	419,186,324.48	282,998,527.08	621,093.26	10,684,365.39	713,490,310.21
(1) Purchase		139,646,793.81	582,718.38	10,319,361.01	150,548,873.20
(2) Transfer into projects under construction	417,392,956.11	139,326,339.05			556,719,295.16
(3) Increment from consolidation					
(4) Impact of exchange rate changes	1,793,368.37	4,025,394.22	38,374.88	365,004.38	6,222,141.85
3. Decrease in the current period	24,585,353.16	25,832,082.55	220,383.14	2,330,239.36	52,968,058.21
(1) Disposal or scrapping		25,832,082.55	220,383.14	2,330,239.36	28,382,705.05
(2) Decrease of transfer-out of investment property	24,125,005.55				24,125,005.55
(3) Transfer into projects under construction	460,347.61				460,347.61
4. Ending balance	1,210,636,967.86	1,121,012,648.11	2,952,750.39	67,432,207.98	2,402,034,574.34
II. Accumulated depreciation					
1. Beginning balance	118,546,655.80	293,028,629.51	2,159,834.87	28,259,314.62	441,994,434.80
2. Increase in the current period	27,647,052.98	107,387,569.44	338,235.67	9,595,146.22	144,968,004.31
(1) Accrual	27,743,709.19	107,672,099.44	334,441.58	9,473,750.89	145,224,001.10

(2) Impact of exchange rate changes	-96,656.21	-284,530.00	3,794.09	121,395.33	-255,996.79
3. Decrease in the current period	2,264,838.49	20,839,388.93	209,363.98	1,972,367.11	25,285,958.51
(1) Disposal or scrapping		20,839,388.93	209,363.98	1,972,367.11	23,021,120.02
(2) Decrease of transfer-out of investment property	2,264,838.49				2,264,838.49
4. Ending balance	143,928,870.29	379,576,810.02	2,288,706.56	35,882,093.73	561,676,480.60
III. Provision for impairment					
1. Beginning balance					
2. Increase in the current period					
(1) Accrual					
3. Decrease in the current period					
(1) Disposal or scrapping					
4. Ending balance					
IV. Book value					
1. Ending book value	1,066,708,097.57	741,435,838.09	664,043.83	31,550,114.25	1,840,358,093.74
2. Beginning book value	697,489,340.74	570,817,574.07	392,205.40	30,818,767.33	1,299,517,887.54

(2) Temporary idle fixed assets

None

(3) Fixed assets leased out through operating lease

None

(4) Fixed assets without certificate of title

Unit: RMB

Items	Book value	Reasons for failure to complete certificate of title
Vietnam Topband Property	1,148,158.87	The property rights are currently being processed
Plant in Dong Nai, Vietnam	73,052,318.39	Short completion time, the property rights are currently being processed
Topband (India) Plant	87,159,009.95	Short completion time, the property rights are currently being processed

Other description:

None

(5) Disposal of fixed assets

None

22. Construction in progress

Unit: RMB

Items	Ending balance	Beginning balance
Construction in progress	234,775,312.11	495,248,025.93
Total	234,775,312.11	495,248,025.93

(1) Projects under construction

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Ningbo Topband Industrial Park	6,548,784.76		6,548,784.76	342,090,917.50		342,090,917.50
Test equipment to be commissioned	90,444,560.92		90,444,560.92	102,011,463.64		102,011,463.64
Chongqing Yiyuan				16,356,912.92		16,356,912.92
Topband (India) Plant	5,360,095.79		5,360,095.79	15,671,909.07		15,671,909.07
Vietnam Dong Nai Decoration	1,229,894.49		1,229,894.49	7,740,644.30		7,740,644.30
Huizhou YAKO Automation Plant	78,399,893.68		78,399,893.68	3,452,853.07		3,452,853.07
Decoration of Huizhou Plant	1,155,051.38		1,155,051.38	2,966,677.50		2,966,677.50
Huizhou Electrical No. 2 Industrial Park Phase-I Project	16,352,994.82		16,352,994.82	2,916,753.17		2,916,753.17
Qingdao Plant	1,804,902.19		1,804,902.19	1,086,337.54		1,086,337.54
Dormitory renovation of Huizhou plant	689,406.28		689,406.28	953,557.22		953,557.22
Nantong Lithium Battery Industrial Park	5,259,209.25		5,259,209.25			
Sporadic items	3,113,633.24		3,113,633.24			
Romania Plant	22,102,695.19		22,102,695.19			
Plant Decoration in Shenzhen	2,314,190.12		2,314,190.12			
Total	234,775,312.11		234,775,312.11	495,248,025.93		495,248,025.93

(2) Changes in the important projects under construction in the current period

Unit: RMB

Project name	Budget	Beginning balance	Increase in the current period	Amount of transfer into fixed assets this period	Other decrements this period	Ending balance	Proportion of accumulated project investment in budget	Project progress	Accumulated amount of interest capitalization	Including: interest capitalization amount in the current period	Interest capitalization rate in the current period	Source of capitals
Chongqing Yiyuan	230,000,000.00	16,356,912.92	14,443,726.59	0.00	30,800,639.51	0.00	96.44%	100%				Capital raising
Topband Huizhou No. 2 Industrial Park	800,000,000.00	2,916,753.17	13,436,241.65	0.00	0.00	16,352,994.82	1.68%	2%				Other
Ningbo Topband Industrial Park	465,704,300.00	342,090,917.50	56,336,651.75	391,878,784.49	0.00	6,548,784.76	85.55%	86%	5,062,500.00	4,941,000.00	4.12%	Other
Huizhou YAKO Automation Plant	370,000,000.00	3,452,853.07	74,947,040.61	0.00	0.00	78,399,893.68	20.26%	21%				Other
Topband (India) Plant	136,004,000.00	15,671,909.07	749,435.36	10,977,014.66	84,233.98	5,360,095.79	85.57%	86%				Other
Plant Decoration in Romania	31,220,000.00		21,104,060.60		-998,634.59	22,102,695.19	70.80%	71%				Other
Total	2,032,928,300.00	380,489,345.73	181,017,156.56	402,855,799.15	29,886,238.90	128,764,464.24			5,062,500.00	4,941,000.00		

(3) Provision for impairment of project under construction in the current period

None

(4) Engineering materials

Other descriptions: None

23. Productive biological assets**(1) Productive biological assets with cost measurement model** Applicable Not applicable**(2) Productive biological assets with fair value measurement model** Applicable Not applicable**24. Oil and gas assets** Applicable Not applicable**25. Right-of-use assets**

Unit: RMB

Items	Houses and buildings	Total
I. Original book value		
1. Beginning balance	74,075,277.49	74,075,277.49
2. Increase in the current period	84,765,139.75	84,765,139.75
(1) New lease	81,307,922.91	81,307,922.91
(2) Contract change	414,889.93	414,889.93
(3) Impact of exchange rate changes	3,042,326.91	3,042,326.91
3. Decrease in the current period	7,617,693.88	7,617,693.88
(1) Contract termination	4,524,536.41	4,524,536.41
(2) Contract change	3,093,157.47	3,093,157.47
4. Ending balance	151,222,723.36	151,222,723.36
II. Accumulated depreciation		
1. Beginning balance	15,907,125.61	15,907,125.61
2. Increase in the current period	31,615,539.58	31,615,539.58
(1) Accrual	31,143,855.37	31,143,855.37
(2) Impact of exchange rate changes	471,684.21	471,684.21
3. Decrease in the current period	2,496,843.70	2,496,843.70
(1) Disposal	1,957,544.11	1,957,544.11
(2) Contract change	539,299.59	539,299.59

4. Ending balance	45,025,821.49	45,025,821.49
III. Provision for impairment		
1. Beginning balance		
2. Increase in the current period		
(1) Accrual		
3. Decrease in the current period		
(1) Disposal		
4. Ending balance		
IV. Book value		
1. Ending book value	106,196,901.87	106,196,901.87
2. Beginning book value	58,168,151.88	58,168,151.88

Other description:

None

26. Intangible assets

(1) Situation of intangible assets

Unit: RMB

Items	Land usage right	Patent right	Non-patented technology	Software	Trademark	Total
I. Original book value						
1. Beginning balance	238,231,231.17	435,321.58	395,881,185.31	23,753,932.01	9,728,450.00	668,030,120.07
2. Increase in the current period	102,556,578.02		92,727,166.97	3,702,926.37		198,986,671.36
(1) Purchase	100,690,355.00			3,702,926.37		104,393,281.37
(2) Internal R&D			92,727,166.97			92,727,166.97
(3) Increment from consolidation						
(4) Impact of exchange rate changes	1,866,223.02					1,866,223.02
3. Decrease in the current period						
(1) Disposal						
4. Ending balance	340,787,809.19	435,321.58	488,608,352.28	27,456,858.38	9,728,450.00	867,016,791.43
II. Accumulated amortization						
1. Beginning balance	15,679,029.95	435,321.58	190,562,973.49	20,088,159.26	5,624,862.50	232,390,346.78
2. Increase in the current period	5,660,627.69		78,437,175.55	2,671,302.82	541,024.02	87,310,130.08
(1) Accrual	5,840,158.87		78,437,175.55	2,671,302.82	541,024.02	87,489,661.26
(2) Impact of exchange rate changes	-179,531.18					-179,531.18
3. Decrease in the current period						

(1) Disposal						
4. Ending balance	21,339,657.64	435,321.58	269,000,149.04	22,759,462.08	6,165,886.52	319,700,476.86
III. Provision for impairment						
1. Beginning balance						
2. Increase in the current period						
(1) Accrual						
3. Decrease in the current period						
(1) Disposal						
4. Ending balance						
IV. Book value						
1. Ending book value	319,448,151.55		219,608,203.24	4,697,396.30	3,562,563.48	547,316,314.57
2. Beginning book value	222,552,201.22		205,318,211.82	3,665,772.75	4,103,587.50	435,639,773.29

The proportion of intangible assets formed through internal R&D in the balance of intangible assets at the end of the period accounted for 40.12%.

(2) Situation of land usage right without property certificate of title

Unit: RMB

Items	Book value	Reasons for failure to complete certificate of title
Topband Huizhou No. 2 Industrial Park	160,665,255.00	In the process of bidding in succession; the property certificate of title will be uniformly processed after all bidding is completed

Other description:

27. Development expenditure

Unit: RMB

Items	Beginning balance	Increase in the current period			Decrease amount in the current period		Ending balance
		Internal development expenditure	Other		Recognized as intangible assets	Transferred to current profit and loss	
Intelligent controller project	43,894,360.09	85,684,563.60			59,315,150.54		70,263,773.15
Lithium battery project	6,675,242.57	15,624,502.69			9,609,964.21		12,689,781.05
Motor and control system project	10,500,319.42	20,867,627.51			13,374,187.99		17,993,758.94
Other projects	5,288,485.40	5,139,378.83			10,427,864.23		
Total	66,358,407.48	127,316,072.63			92,727,166.97		100,947,313.14

Other description:

None

28. Goodwill**(1) Original book value of goodwill**

Unit: RMB

Name of investees or items forming goodwill	Beginning balance	Increase in the current period		Decrement in the current period		Ending balance
		Disposal formed by consolidation				
Shenzhen YAKO Automation Technology Co., Ltd.	107,314,446.71					107,314,446.71
Shenzhen Allied Control System Co., Ltd.	53,768,699.68					53,768,699.68
Shenzhen Meanstone Intelligent Technology Co., Ltd.	3,006,892.59					3,006,892.59
Hangzhou Zhidong Motor Technology Co., Ltd.	1,322,921.77					1,322,921.77
Taixing Ninghui Lithium Battery Co., Ltd.	1,962,891.12					1,962,891.12
Shenzhen Tengyi Industrial Co., Ltd.	131,783.24					131,783.24
Total	167,507,635.11					167,507,635.11

(2) Impairment of goodwill

Unit: RMB

Name of investees or items forming goodwill	Beginning balance	Increase in the current period		Decrement in the current period		Ending balance
		Provision				
Shenzhen Allied Control System Co., Ltd.	53,768,699.68					53,768,699.68
Shenzhen Meanstone Intelligent Technology Co., Ltd.	3,006,892.59					3,006,892.59
Total	56,775,592.27					56,775,592.27

Information about the asset group or portfolio of goodwill

None

Explanation of goodwill impairment test process, key parameters (e.g. growth rate during the forecast period, growth rate during the stabilization period, profitability, discount rate, forecast period, etc. when the present value of future cash flow is expected) and method for recognizing impairment loss of goodwill:

None

Impact of goodwill impairment test

None

Other description:

None

29. Long-term deferred expense

Unit: RMB

Items	Beginning balance	Increase in the current period	Amortization in the current period	Other reduced amount	Ending balance
Decoration cost	94,763,914.58	74,545,676.87	35,494,154.27	1,724,608.74	132,090,828.44
Other	387,701.80		138,734.83	118,230.18	130,736.79
Total	95,151,616.38	74,545,676.87	35,632,889.10	1,842,838.92	132,221,565.23

Other description:

None

30. Deferred tax assets/deferred tax liabilities**(1) Non-offset deferred tax assets**

Unit: RMB

Items	Ending balance		Beginning balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	281,652,280.08	43,628,391.64	261,692,978.84	40,332,191.17
Deductible loss	188,813,388.08	39,381,980.91	69,221,226.16	13,336,499.73
Amortization differences on intangible assets	94,689,166.74	14,203,375.01	60,259,563.87	9,038,934.58
Deferred income	13,245,250.14	1,986,787.52	14,150,200.00	2,122,530.00
Equity incentive expenses	62,111,490.83	9,316,723.62	253,046,279.23	37,956,941.88
Total	640,511,575.87	108,517,258.70	658,370,248.10	102,787,097.36

(2) Deferred tax liabilities without offset

Unit: RMB

Items	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Valuation and appreciation of assets of business consolidation under different control	857,693.62	128,654.04	2,589,919.73	388,487.96
Changes in fair value of tradable financial assets	235,561,014.47	39,250,529.22	147,744,707.31	22,161,706.10
Book-tax difference of fixed assets depreciation	51,414,751.05	10,622,182.15	10,334,504.12	2,570,545.66
Book-tax difference of rental income	4,571,154.88	1,142,788.72	4,638,866.49	1,159,716.62
Total	292,404,614.02	51,144,154.13	165,307,997.65	26,280,456.34

(3) Deferred tax assets or liabilities listed by net amount after offset

Unit: RMB

Items	Amount of offset between deferred tax assets and liabilities at the end of the period	Ending balance of deferred tax assets or liabilities after offset	Amount of mutual offset between deferred tax assets and liabilities at the beginning of the period	Beginning balance of deferred tax assets or liabilities after offset
Deferred tax assets		108,517,258.70		102,787,097.36
Deferred tax liabilities		51,144,154.13		26,280,456.34

(4) Details of unrecognized deferred tax assets

Unit: RMB

Items	Ending balance	Beginning balance
Deductible temporary differences	13,989,990.57	6,322,216.54
Deductible loss	73,447,423.03	32,682,476.84
Total	87,437,413.60	39,004,693.38

(5) Deductible loss of unrecognized deferred tax assets will mature in the following years

Unit: RMB

Year	Ending amount	Beginning amount	Remarks
2023			
2024			
2025	2,034,722.96		
2026	14,435,579.52	2,183,482.54	
2027	27,240,120.80		
No time limit	29,736,999.75	30,498,994.30	
Total	73,447,423.03	32,682,476.84	

Other description:

The deductible losses of unrecognized deferred tax assets with no maturity period are recoverable losses of overseas subsidiaries, and there are no local policy requirements for deductible periods.

31. Other non-current assets

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepayment for long-term assets	172,371,288.80		172,371,288.80	72,041,428.40		72,041,428.40
Total	172,371,288.80		172,371,288.80	72,041,428.40		72,041,428.40

Other description:

32. Short-term loans**(1) Classification of short-term borrowings:**

Unit: RMB

Items	Ending balance	Beginning balance
Credit loan	12,325,580.00	150,321,259.95
Letter of credit	265,000,000.00	250,000,000.00
Bills receivable discounted but not due	6,025,915.57	9,209,847.31
Total	283,351,495.57	409,531,107.26

Explanation of classification of short-term loans:

(2) Overdue short-term loans

The total amount of overdue but not repaid short-term loans at the end of the current period is RMB 0.00, of which the important overdue but not repaid short-term loans are as follows:

None

The Company has no overdue and outstanding short-term loans.

33. Tradable financial liabilities

Other descriptions: None

34. Derivative financial liabilities

None

35. Notes payable

Unit: RMB

Category	Ending balance	Beginning balance
Bank acceptance bill	1,065,652,340.80	1,231,106,148.24
Total	1,065,652,340.80	1,231,106,148.24

The total amount of notes payable due but unpaid at the end of the current period was RMB.

36. Accounts payable**(1) Accounts payable listed**

Unit: RMB

Items	Ending balance	Beginning balance
Within 1 year (including 1 year)	1,601,875,172.01	1,493,504,084.34
1-2 years (including 2 years)	940,565.81	11,697,003.66

2-3 years (including 3 years)	2,570,462.09	4,533,633.55
Above 3 years	1,060,004.11	1,550,275.01
Total	1,606,446,204.02	1,511,284,996.56

(2) Significant accounts payable aged over 1 year

Other descriptions: None

37. Advances received**(1) Advances received listed**

Unit: RMB

Items	Ending balance	Beginning balance
Within 1 year (including 1 year)	1,130,165.23	353,895.16
Total	1,130,165.23	353,895.16

(2) Important advance receipts with aging over 1 year

None

38. Contractual liabilities

Unit: RMB

Items	Ending balance	Beginning balance
Advances on sales	138,281,929.17	93,328,006.70
Total	138,281,929.17	93,328,006.70

Amount of and reasons for significant changes in book value during the reporting period

None

39. Employee compensation payable**(1) Presentation of employee pay payable**

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
I. Short-term compensation	198,774,619.59	1,505,670,146.03	1,497,633,790.18	206,810,975.44
II. Post-employment benefits - defined contribution plan	89,176.43	73,955,182.36	73,875,561.08	168,797.71
Total	198,863,796.02	1,579,625,328.39	1,571,509,351.26	206,979,773.15

(2) Reporting of short-term remuneration

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
1. Wages, bonuses, allowances and subsidies	196,488,729.39	1,413,593,339.14	1,406,403,090.58	203,678,977.95
2. Employee benefits	647,448.84	35,734,430.35	36,338,653.04	43,226.15
3. Social insurance expense	146,677.04	26,901,696.38	26,518,870.09	529,503.33
Including: medical insurance premiums	141,117.22	24,127,660.38	23,743,673.24	525,104.36
Industrial injury insurance expense	3,334.60	934,123.20	933,058.83	4,398.97
Maternity insurance expense	2,225.22	1,839,912.80	1,842,138.02	
4. Housing provident fund		27,790,066.90	27,790,066.90	
5. Trade union funds and staff education funds	249.29	306,927.56	257,086.95	50,089.90
8. Others	1,491,515.03	1,343,685.70	326,022.62	2,509,178.11
Total	198,774,619.59	1,505,670,146.03	1,497,633,790.18	206,810,975.44

(3) List of defined contribution plan

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
1. Basic endowment insurance	87,064.50	72,671,711.71	72,596,976.84	161,799.37
2. Unemployment insurance expense	2,111.93	1,283,470.65	1,278,584.24	6,998.34
Total	89,176.43	73,955,182.36	73,875,561.08	168,797.71

Other description:

None

40. Taxes payable

Unit: RMB

Items	Ending balance	Beginning balance
VAT (value-added tax)	53,017,545.90	1,412,358.17
Corporate income tax	19,648,268.34	435,351.06
Individual income tax	11,251,522.04	13,324,912.30
City maintenance and construction tax	336,488.64	145,831.34
Education surcharge	240,581.55	103,910.96
Property tax	3,647,511.72	751,908.84

Land use tax	174,669.06	
Stamp duty and others	88,927.40	80,269.78
Total	88,405,514.65	16,254,542.45

Other description:

None

41. Other payables

Unit: RMB

Items	Ending balance	Beginning balance
Other account payable	335,047,520.52	318,632,275.66
Total	335,047,520.52	318,632,275.66

(1) Interest payable

Other descriptions: None

(2) Dividends payable

Other description, including significant dividends payable that have not been paid for more than 1 year. The reasons for the non-payment shall be disclosed: None

(3) Other payables

1) Other payables listed by fund nature

Unit: RMB

Items	Ending balance	Beginning balance
restricted stock repurchase obligations	231,812,873.60	242,525,433.60
Expenses	25,199,800.55	23,828,359.68
Long-term assets	42,160,937.47	32,124,975.07
Margin, deposit	7,162,370.39	5,830,893.34
Intercourse funds	17,398,987.82	0.00
Other	11,312,550.69	14,322,613.97
Total	335,047,520.52	318,632,275.66

2) Other significant payables aged over 1 year

Unit: RMB

Items	Ending balance	Reasons for not repaying or carrying forward
restricted stock repurchase obligations	231,812,873.60	Repurchase obligation undue
Total	231,812,873.60	

Other descriptions: None

42. Liabilities held for sale

Other description:

None

43. Non-current liabilities due within one year

Unit: RMB

Items	Ending balance	Beginning balance
Long-term borrowings due within one year	37,135,000.00	27,209,500.00
Lease liabilities due within one year	38,221,303.72	20,512,195.74
Total	75,356,303.72	47,721,695.74

Other descriptions: None

44. Other current liabilities

Unit: RMB

Items	Ending balance	Beginning balance
Tax amount to be resold	3,379,987.09	2,874,899.86
Notes receivable that have been endorsed but not derecognized	19,096,443.65	104,189,643.96
Total	22,476,430.74	107,064,543.82

Increase/decrease of short-term bond payable: Other descriptions:

None

45. Long-term loans**(1) Classification of long-term loan**

Unit: RMB

Items	Ending balance	Beginning balance
Pledged borrowings		156,520,000.00
Guaranteed loan	84,000,000.00	120,000,000.00
Credit loan	497,500,000.00	198,500,000.00
Total	581,500,000.00	475,020,000.00

Explanation of long-term loan classification: None

Additional notes, including interest rate ranges: None

46. Bonds payable**(1) Bonds payable**

None

(2) Changes in increase or decrease for the bonds payable (excluding the preferred share classified as financial liability, perpetual liability and other financial instrument)

None

(3) Explanation of share transfer conditions and time of convertible bonds

None

(4) Explanation of other financial instruments classified as financial liabilities

None

47. Lease liabilities

Unit: RMB

Items	Ending balance	Beginning balance
Rental payment	86,053,288.78	49,741,467.06
Unrecognized financing expenses	-12,442,497.69	-9,451,064.92
Total	73,610,791.09	40,290,402.14

Other description:

48. Long-term accounts payable

None

49. Long-term employee compensation payable

None

50. Estimated liabilities

None

51. Deferred income

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance	Reasons of formation
Governmental subsidies	14,385,200.00	5,744,000.00	6,758,949.86	13,370,250.14	Governmental subsidies related to assets
Total	14,385,200.00	5,744,000.00	6,758,949.86	13,370,250.14	--

Items involving government subsidies:

Unit: RMB

Liability items	Beginning balance	Newly increased subsidy in the current period	Amount accounted into non-operating revenue in the current period	Amount included in other income in the current period	Amount of write-down costs in the current period	Other changes	Ending balance	Asset-related/revenue-related
Special fund for the industrialization of high-efficiency energy-saving rare-earth permanent magnet motor	1,105,000.00			195,000.00			910,000.00	Asset-related
R&D equipment project of intelligent home management system such as IoT cloud computing technology	131,500.00			131,500.00			0.00	Asset-related
R&D project of key technology for clean energy DC system measurement	175,000.00			50,000.00			125,000.00	Asset-related
Nano lithium iron phosphate power battery project	500,000.00			250,000.00			250,000.00	Asset-related
Key technology R&D of 18650-2.8A.h high power battery	357,000.00			204,000.00			153,000.00	Asset-related
Intelligent grid connected project of distributed photovoltaic power station	60,000.00			60,000.00			0.00	Asset-related
R&D project of 60A solar charging controller with peak power tracking technology	410,000.00			120,000.00			290,000.00	Asset-related
R&D project of unmanned robot cleaner	2,550,000.00			600,000.00			1,950,000.00	Asset-related
Key technology R&D project of rare-earth permanent	4,000,000.00			1,969,049.86			2,030,950.14	Asset-related

magnet brushless DC motor and controller with high speed ratio and variable frequency								
Monthly Acceptance Amortization of Huizhou Anti-epidemic National Debt Technical Transformation Project (2006) for 5 Years	2,912,210.00			832,060.00			2,080,150.00	Asset-related
Monthly Acceptance Amortization of Technical Transformation Project of Intelligent Controller in Huizhou Province and Technical Transformation of Lithium Battery Automation Production Line in 2006 for 5 Years	2,184,490.00			624,140.00			1,560,350.00	Asset-related
Monthly acceptance amortization of provincial-level enterprise technology transformation fund (2106) special for promoting high-quality economic development for 5 years in 2022		5,744,000.00		1,723,200.00			4,020,800.00	Asset-related

Other description:

None

52. Other non-current liabilities

None

53. Share capital

Unit: RMB

	Beginning balance	Increase or decrease of change this time (+, -)					Ending balance
		Issuance of new shares	Stock dividend	Conversion of accumulation fund into shares	Other	Subtotal	
Total number of shares	1,256,978,072.00	14,049,300.00			-1,492,000.00	12,557,300.00	1,269,535,372.00

Other description:

Note: The share capital increased by RMB 12,557,300.00 in the current period, including RMB 14,049,300.00 due to the exercise of stock options, and the repurchase and cancellation decreased by RMB 1,492,000.00 due to the dimission of incentive objects.

54. Other equity instruments

None

55. Capital reserve

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
Capital premium (share premium)	2,076,431,608.14	54,522,812.37	9,220,560.00	2,121,733,860.51
Other capital reserves	63,621,541.60	140,174,019.60	59,387,223.27	144,408,337.93
Total	2,140,053,149.74	<u>194,696,831.97</u>	68,607,783.27	<u>2,266,142,198.44</u>

Additional descriptions, including the changes in increase or decrease in the current period and the reasons for changes:

Note 1: The share premium increased by RMB 54,522,812.37 this year, of which due to the unlocking of options, the Company transferred RMB 18,697,097.37 of equity incentive expenses previously included in other capital reserves into the share premium, and the share capital premium increased by RMB 35,825,715.00 through exercise capital contributions. The decrease of RMB 9,220,560.00 in share premium this year is due to the incentive objects to leave the Company to repurchase and cancel stocks to release the share premium.

Note 2: Other capital reserves increased by RMB 140,174,019.60 in the current year, including RMB 135,155,878.90 of share-based payment expenses confirmed by issuing restricted stock in the current period and RMB 5,018,140.70 of share-based payment confirmed by Huizhou YAKO Automation Technology Co., Ltd. (subsidiary). Other capital reserves decreased by RMB 59,387,223.27 this year, including a decrease of RMB 31,262,827.12 due to the release of deferred tax assets based on the expected pre-tax deduction of stock equity incentive expenses for future exercise, a decrease of other capital reserves of RMB 18,697,097.37 due to the transfer of capital premium from the exercise of stock options, a decrease of other capital reserves of RMB

5,817,273.57 due to releasing share-based payment expenses from the resignation of incentive objects, and a decrease of consolidation-level capital reserve of RMB 3,610,025.21 due to acquisition of Taixing Ninghui Lithium Battery Co., Ltd.

56. Treasury shares

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
restricted stock repurchase obligations	242,525,433.60		10,712,560.00	231,812,873.60
Repurchase of company shares in competitive trading		52,444,981.31		52,444,981.31
Total	242,525,433.60	52,444,981.31	10,712,560.00	284,257,854.91

Additional descriptions, including the changes in increase or decrease in the current period and the reasons for changes:

Note: The increase in treasury shares in the current period is RMB 52,444,981.31 of company shares repurchased by the Company, and the decrease in the current period is RMB 10,712,560.00 of restricted stock repurchased and canceled due to the resignation of incentive objects.

57. Other comprehensive income

Unit: RMB

Items	Beginning balance	Amount incurred in the current period						Ending balance
		Amount of pre-income tax incurred in the current period	Minus: profits and losses included in other comprehensive income previously and transferred in the current period	Minus: current retained earnings included in other comprehensive income in the previous period	Minus: income tax expense	Attributable to parent company after tax	Attributable to minority shareholders after tax	
II. Other comprehensive income that is reclassified into profits and losses	-91,831,496.88	83,351,874.53				83,351,874.53		- 8,479,622.35
Translation difference of foreign currency financial statements	-92,201,606.29	83,721,983.94				83,721,983.94		- 8,479,622.35
Other	370,109.41	-370,109.41				-370,109.41		0.00
Total amount of other comprehensive income	-91,831,496.88	83,351,874.53				83,351,874.53		- 8,479,622.35

Other description, including the adjustment to the effective portion of the profits and losses of cash flow hedging transferred to the amount initially recognized for the hedged item:

None

58. Special reserve

None

59. Surplus reserve

Unit: RMB

Items	Beginning balance	Increase in the current period	Decrement in the current period	Ending balance
Statutory surplus reserve	186,397,631.76	28,366,562.38		214,764,194.14
Total	186,397,631.76	28,366,562.38		214,764,194.14

Explanation of the surplus reserve, including the changes in increase or decrease in the current period and the reasons for the change:

None

60. Retained earnings

Unit: RMB

Items	Current period	Previous period
Retained earnings at the end of the previous period before adjustment	1,779,243,483.61	1,324,944,369.91
Total retained earnings at the beginning of the period (+ for increase, - for decrease)		-19,061,969.80
Retained earnings at the beginning of last period after adjustment	1,779,243,483.61	1,305,882,400.11
Plus: net profit attributable to owners of parent company in current year	582,655,258.38	564,964,282.18
Minus: withdrawal of statutory surplus reserve	28,366,562.38	35,037,674.23
Common stock dividends payable	62,713,008.60	56,565,524.45
Retained earnings at the end of the period	2,270,819,171.01	1,779,243,483.61

Details of retained earnings at the beginning of adjustment period:

- 1). Due to the retroactive adjustment of Accounting Standards for Business Enterprises and related new regulations, the retained earnings at the beginning of the period was RMB 0.00.
- 2). Due to the change of accounting policy, the retained earnings at the beginning of the period was RMB 0.00.
- 3). Due to the correction of major accounting errors, the undistributed profit at the beginning of the period was RMB 0.00.
- 4). Due to the change in consolidation under the same control, the retained earnings at the beginning of the period was RMB 0.00.
- 5). The retained earnings at the beginning of the period were RMB 0.00 with other adjustments.

61. Operating income and operating costs

Unit: RMB

Items	Amount incurred in the current period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	8,836,386,705.11	7,078,885,305.98	7,717,976,814.04	6,107,767,617.78
Other business	38,712,431.95	8,341,680.90	49,058,020.99	6,763,737.09
Total	8,875,099,137.06	7,087,226,986.88	7,767,034,835.03	6,114,531,354.87

Whether the lower of net profit before and after deduction of non-recurring profits and losses upon the audit was negative

Yes No

Income-related information:

Unit: RMB

Contract classification	Intelligent Controller Division	Total
Types of commodities		
Including:		
Tool	3,240,010,210.60	3,240,010,210.60
Home appliances	3,091,915,524.39	3,091,915,524.39
New energy	2,035,748,139.21	2,035,748,139.21
Industry	248,342,753.93	248,342,753.93
Intelligent solutions	188,747,795.73	188,747,795.73
Total	8,875,099,137.06	8,875,099,137.06
Classified by business area		
Including:		
Domestic	3,524,383,375.76	3,524,383,375.76
Foreign	5,350,715,761.30	5,350,715,761.30
Total	8,875,099,137.06	8,875,099,137.06

Information related to performance obligations:

Not applicable

Information related to the transaction price allocated to the remaining performance obligations:

Other description:

None

62. Taxes and surcharges

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
City maintenance and construction tax	22,104,766.90	9,880,306.75
Education surcharge	15,789,417.57	7,057,104.39
Property tax	10,105,204.62	7,220,449.07
Land use tax	1,640,955.29	768,937.95
Stamp duty	9,544,596.67	4,088,571.43
Other	209,827.30	38,498.12
Total	59,394,768.35	29,053,867.71

Other description:

None

63. Sales expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	154,170,333.91	117,940,781.05
Low priced and easily worn articles	4,674,650.75	4,721,582.36
Business entertainment expenses	15,604,369.50	16,931,032.05
Travel expenses	8,814,511.30	11,055,029.71
Intermediary service expenses	19,354,887.13	19,280,507.23
Exhibition expenses	2,771,660.29	2,256,350.43
Materials expenses	11,175,625.80	12,365,975.47
Mail expenses	1,954,588.01	3,187,394.23
Option fee	22,864,675.20	4,731,183.73
Advertising expenses	4,788,150.81	4,568,296.26
Customs charges	2,883,673.61	2,542,454.90
Rentals	1,775,051.00	1,980,077.01
Other	9,348,993.57	7,002,154.67
Total	260,181,170.88	208,562,819.10

Other descriptions: None

64. Administrative expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	202,600,465.16	155,978,506.36
Decoration cost	20,922,117.86	17,168,830.94
Intermediary service expenses	14,920,006.17	12,359,796.94
Depreciation and amortization	42,055,068.30	19,379,537.14
Rent and utilities	6,564,412.32	6,233,831.28
Low priced and easily worn articles	9,426,710.31	2,819,301.47
Property insurance expenses	5,465,439.61	4,833,375.18
Office expenses	9,427,291.32	8,227,084.07
Option fee	30,803,647.94	10,472,082.30
Travel expenses	7,853,325.04	4,686,846.18
Recruitment expenses	1,479,131.93	2,814,710.51
Royalties	3,928,633.31	3,844,108.79
Business entertainment expenses	3,154,186.69	1,936,130.95
Maintenance fees	1,880,084.37	2,493,243.02
Other	9,022,225.03	5,097,646.76
Total	369,502,745.36	258,345,031.89

Other description:

None

65. R&D expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Employee compensation	335,394,101.32	270,040,042.63
Depreciation and amortization	92,403,641.99	67,822,294.92
Material expenses	30,803,656.42	32,453,761.31
Option fee	56,384,583.55	13,876,403.61
Tooling expenses	20,693,229.51	19,674,097.73
Intermediary service expenses	10,656,282.28	8,558,169.27
Low priced and easily worn articles	5,457,987.48	5,380,174.29
Testing expense	7,199,211.70	6,429,992.15
Decoration cost	5,203,379.48	3,724,447.95
Utilities	7,629,464.57	4,942,111.11
Travel expenses	3,544,510.11	4,141,146.62
Rentals	2,684,107.73	1,266,488.74
Other	14,291,979.95	11,640,921.78
Total	592,346,136.09	449,950,052.11

Other description:

None

66. Financial expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Interest expense	35,262,744.35	24,677,917.47
Minus: interest income	22,969,451.22	8,722,530.08
Profit or loss on exchange	-138,431,161.16	44,680,917.00
Other	2,964,605.13	3,149,246.09
Total	-123,173,262.90	63,785,550.48

Other description:

None

67. Other revenues

Unit: RMB

Source for other revenues	Amount incurred in the current period	Amount incurred in prior period
Governmental subsidies	33,217,045.91	16,456,682.22
Added-value tax refund on demand	5,231,680.35	8,646,329.13
Return of individual income tax service charge	734,101.69	1,105,035.34
Total	39,182,827.95	26,208,046.69

68. Investment income

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Long-term equity investment income accounted by the cost method	-2,568,468.91	-2,883,400.31
Investment revenue from disposal of tradable financial assets		38,226,720.08
Investment income of financial products	139,141.31	9,914,763.48
Forward foreign exchange contract settlement profit and loss	2,994,236.07	9,569,000.00
Total	564,908.47	54,827,083.25

Other description:

None

69. Net exposure hedging revenue

None

70. Fair value change revenue

Unit: RMB

Sources of income from change in fair value	Amount incurred in the current period	Amount incurred in prior period
Tradable financial assets	87,818,625.99	85,670,316.15
Total	87,818,625.99	85,670,316.15

Other description:

71. Credit impairment loss

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Bad debt loss of other receivables	-2,344,758.98	-3,478,279.55
Bad debt loss of receivables	-46,998,677.15	-81,957,775.77
Bad debt loss of notes receivable	-28,563.01	-157,573.76
Total	-49,371,999.14	-85,593,629.08

Other description:

72. Asset impairment loss

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
II. Loss on inventory valuation and contract performance cost impairment loss	-69,957,962.94	-99,995,344.56
Total	-69,957,962.94	-99,995,344.56

Other description:

73. Assets disposal revenue

Unit: RMB

Source of assets disposal revenue	Amount incurred in the current period	Amount incurred in prior period
Revenue from disposal of non-current assets	-1,612,652.02	-415,086.11
Right-of-use asset derecognition		10,696.36
Total	-1,612,652.02	-404,389.75

74. Non-operating income

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period	Amount included in the current non-recurring profit and loss
Accepting donations		22,475.87	
Gain on non-current assets damage and retirement	906,885.79		906,885.79
Other	5,436,495.16	2,237,879.87	5,436,495.16
Total	6,343,380.95	2,260,355.74	6,343,380.95

Government subsidy included in the current profits and losses: None

75. Non-operating expenses

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period	Amount included in the current non-recurring profit and loss
External donations		300,000.00	
Loss on damage and scrapping of non-current assets	2,439,687.26	384,846.54	2,439,687.26
Customer quality deduction expenses	5,072,526.83	4,211,737.26	5,072,526.83
Other	1,797,787.24	641,709.14	1,797,787.24
Total	9,310,001.33	5,538,292.94	9,310,001.33

Other description:

76. Income tax expenses**(1) Table of income tax expenses**

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Current income tax expenses	63,736,073.65	47,133,452.67
Deferred tax expense	-12,227,860.17	994,237.09
Total	51,508,213.48	48,127,689.76

(2) Adjustment process of accounting profits and income tax expenses

Unit: RMB

Items	Amount incurred in the current period
Total profits	633,277,720.33
Income tax expenses calculated at statutory/applicable tax rates	94,991,658.05
Influence of different tax rates applicable to subsidiary	10,382,981.40
Effect of income tax adjustment in previous period	-3,896,247.97
Impact of non-taxable income	633,245.86
Impact of non-deductible cost, expense and loss	2,468,905.23
Impact of deductible loss of unrecognized deferred tax assets in previous period	-15,534.79
Impact of deductible temporary differences or deductible losses of unrecognized deferred tax assets in the current period	2,739,199.82

The impact of changes in tax rates on the initial balance of deferred tax	-77,037.06
Additional deduction of technical development cost	-36,930,824.02
Vietnamese subsidiaries enjoy halved taxation and tax exemption effects	-21,270,522.10
Impact of other adjustments	2,482,389.06
Income tax expenses	51,508,213.48

Other descriptions: None

77. Other comprehensive income

See Note 57 for details.

78. Items of cash flow statement

(1) Other cash received related to operating activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Intercourse funds	66,422,718.48	57,806,582.88
Interest income	22,969,451.22	8,722,530.08
Governmental subsidies	32,202,096.05	16,217,112.22
Deposit and earnest money received	3,458,869.84	3,213,112.84
Other	3,848,757.03	3,784,144.14
Total	128,901,892.62	89,743,482.16

Explanation of other cash received related to operating activities:

None

(2) Other cash paid related to operating activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Service charge	2,964,605.13	3,149,246.09
Out-of-pocket expenses	243,947,454.24	273,704,414.80
Margin and deposit expenses	8,772,578.49	15,969,153.96
Other	7,204,934.27	8,980,140.75
Total	262,889,572.13	301,802,955.60

Explanation of other cash paid related to operating activities:

None

(3) Other cash received related to investment activities

None

(4) Other cash paid related to investment activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Convertible loan	9,000,000.00	
Total	9,000,000.00	

Explanation of other cash paid related to investment activities:

None

(5) Other cash received related to financing activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Margins for bills and notes	16,164,446.24	18,039,024.44
Bills receivable discounted but not due	4,734,492.75	9,209,847.31
Total	20,898,938.99	27,248,871.75

Explanation of other cash received related to financing activities: None

(6) Other cash paid related to financing activities

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Margins for bills and notes		25,597,956.24
Stock issue cost		1,266,137.03
Share repurchase amount	63,157,541.31	
Lease payments paid	33,787,128.23	13,333,649.93
Total	96,944,669.54	40,197,743.20

Explanation of other cash paid related to financing activities: None

79. Supplementary information of cash flow statement

(1) Supplementary materials of cash flow statement

Unit: RMB

Supplementary information	Amount in the current period	Amount in the previous period
1.Adjusting net profit to cash flow from operating activities:		
Net profit	581,769,506.85	572,112,614.61
Plus: impairment of assets	119,329,962.08	184,862,507.33
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	144,630,956.80	106,211,599.68
Depreciation of right-of-use assets	31,615,539.58	16,234,413.73
Amortization of intangible assets	86,884,445.54	65,392,596.89
Amortization of long-term deferred expenses	35,618,497.97	27,180,925.99
Loss from disposal of fixed assets, intangible assets and other long-term assets (income marked with "-")	1,612,652.02	415,188.40
Losses on scrapping of fixed assets (income marked with "-")	1,532,801.47	374,047.89
Loss from fair value change (income marked with "-")	-87,818,625.99	-85,670,316.15
Financial expenses (income marked with "-")	-3,114,719.50	52,717,851.97
Investment loss (income marked with "-")	-564,908.47	-54,827,083.25

Decrease in deferred tax assets (increase marked with "-")	-37,224,039.39	-12,739,891.64
Increase in deferred tax liabilities (decrease marked with "-")	24,996,179.22	14,523,480.93
Decrease in inventory (increase marked with "-")	130,052,908.43	-1,161,081,258.04
Decrease in operating receivables (increase marked with "-")	-623,114,911.84	-593,959,509.24
Increase in operating payables (decrease marked with "-")	-51,504,228.20	608,846,276.29
Other	136,353,059.76	34,844,008.75
Net cash flow from operating activities	491,055,076.33	-224,562,545.86
2.Major investment and financing activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible bonds due within one year		
Fixed assets acquired under finance leases		
3.Net change in cash and cash equivalents:		
Ending balance of cash	1,374,281,693.23	1,736,104,958.20
Minus: beginning balance of cash	1,736,104,958.20	1,196,835,834.92
Plus: ending balance of cash equivalents		
Minus: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-361,823,264.97	539,269,123.28

(2) Net cash paid for obtaining subsidiaries in current period

None

(3) Net cash received for disposal of subsidiaries in current period

None

(4) Composition of cash and cash equivalents

Unit: RMB

Items	Ending balance	Beginning balance
I. Cash	1,374,281,693.23	1,736,104,958.20
Including: cash in stock	606,436.16	1,015,081.13
Bank deposit available for payment at any time	1,210,002,652.40	1,337,414,181.07
Other monetary capital for payment at any time	163,672,604.67	397,675,696.00
III. Balance of cash and cash equivalents at the end of the period	1,374,281,693.23	1,736,104,958.20

Other description:

None

80. Notes to items in change statement of owner's equity

Describe the names and adjusted amounts of "other" items that adjusted the closing balance of the previous year:

81. Assets with limited ownership or use right

Unit: RMB

Items	Book value at the end of the period	Restricted reasons
Monetary capital	18,937,494.54	Apply to the bank for the issuance of bills and guarantee deposits; amount of freezing of property
Total	18,937,494.54	

Other descriptions: None

82. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Items	Foreign currency balance at the end of the period	Exchange rate for conversion	Balance converted into RMB at the end of the period
Monetary capital			860,674,253.68
Including: US dollars	104,800,835.10	6.964600	729,895,896.14
Euros	2,208,019.48	7.422900	16,389,907.80
Hong Kong dollars	3,298,122.34	0.893270	2,946,113.74
Vietnamese Dong	27,035,459,402.00	0.000295	7,975,460.52
Indian Rupee	1,180,874,319.03	0.084127	99,343,413.84
Romanian Leu	1,514,035.65	1.499408	2,270,157.17
Mexican Peso	1,989,735.36	0.357679	711,686.55
Japanese Yen	21,804,078.00	0.052358	1,141,617.92
Accounts receivable			1,439,309,967.11
Including: US dollars	187,823,448.85	6.964600	1,308,115,191.86
Euros	1,022,795.74	7.422900	7,592,110.50
Hong Kong dollars	1,095,534.72	0.893270	978,608.30
Japanese Yen	5,093,384.00	0.052358	266,679.40
Indian Rupee	1,023,097,257.79	0.084127	86,070,103.01
Vietnamese Dong	123,007,708,619.00	0.000295	36,287,274.04
Receivables financing			72,022,255.79
Including: US dollars	25,692,723.21	6.964600	178,939,540.07
Other receivables			8,888,447.78
Including: Romanian Leu	928,539.45	1.499408	1,392,259.48
US dollars	611,412.27	6.964600	4,258,241.90
Mexican Peso	245,982.91	0.357679	87,982.92
Euros	15,785.83	7.422900	117,176.64
Japanese Yen	3,305,248.00	0.052358	173,056.17
Indian Rupee	15,193,144.00	0.084127	1,278,153.63
Vietnamese Dong	5,361,278,095.00	0.000295	1,581,577.04
Accounts payable			72,022,255.79
Including: HKD	196,143.32	0.893270	175,208.94
Romanian Leu	2,598,485.17	1.499408	3,896,189.45
US dollars	7,448,625.86	6.964600	51,876,699.66
Euros	125,142.98	7.422900	928,923.83
Japanese Yen	107,482,219.00	0.052358	5,627,554.02
Indian Rupee	66,559,185.85	0.084127	5,599,424.63
Vietnamese Dong	13,282,221,205.00	0.000295	3,918,255.26
Other account payable			38,739,474.78
Including: Romanian Leu	1,043,621.74	1.499408	1,564,814.79
US dollars	2,817,768.59	6.964600	19,624,631.12

Mexican Peso	1,774,894.02	0.357679	634,842.32
Indian Rupee	89,213,646.99	0.084127	7,505,276.48
Vietnamese Dong	31,898,000,242.00	0.000295	9,409,910.07

Other descriptions: None

(2) Explanation of overseas business entities, including for important overseas business entities, disclosure of main overseas business locations, recording currency and selection basis as well as disclosure of reasons for changes in recording currency.

Applicable Not applicable

1. Topband India Private Limited, a subsidiary of the Company, is mainly located in Pune City, Maharashtra, India, with Indian Rupee as the recording currency;
2. Topband (Vietnam) Co., Ltd., a sub-subsidiary of the Company, is mainly located in Binh Duong, Vietnam, with Vietnamese Dong as the recording currency;
3. TOPBAND SMART DONG NAI (VIETNAM) Co., Ltd., a sub-subsidiary of the Company, is mainly located in Dong Nai, Vietnam, with Vietnamese Dong as the recording currency;
4. Topband Germany GmbH, a sub-subsidiary of the Company, is mainly located in Unterföhring, Germany, with Euro as the recording currency;
5. TOPBAND JAPAN Co., Ltd., a sub-subsidiary of the Company, is mainly located in Nagoya, Japan, with Japanese Yen as the recording currency;
6. Q.B.PTE.LTD, the sub-subsidiary of Topband, is located in Singapore, with Singapore dollar as the bookkeeping base currency;
7. TOPBAND SMART EUROPE COMPANY LIMITED S.R.L., the sub-subsidiary of Topband, is located in Timisoara, Romania, with Lei as the bookkeeping base currency the bookkeeping base currency;
8. TOPBAND MEXICO, S.DER.L.DEC.V, the sub-subsidiary of Topband, is located in Monterrey, Mexico, with peso as the bookkeeping base currency.

83. Hedging

The qualitative and quantitative information on hedging items, related hedging instruments, and hedged risks is disclosed according to the type of hedging:

84. Government subsidies

(1) Basic situation of government subsidies

Unit: RMB

Category	Amount	Items presented	Amount included in the current profits and losses
Technological transformation supported by 2020 anti-epidemic national debt funds	832,060.00	Deferred income	832,060.00

R&D equipment project of intelligent home management system such as IoT cloud computing technology	131,500.00	Deferred income	131,500.00
Nano lithium iron phosphate power battery project	250,000.00	Deferred income	250,000.00
High rate 18650-2.8Ah power battery key technology research and development project	204,000.00	Deferred income	204,000.00
Special fund for the industrialization of high-efficiency energy-saving rare-earth permanent magnet motor	195,000.00	Deferred income	195,000.00
R&D project of 60A solar charging controller with peak power tracking technology	120,000.00	Deferred income	120,000.00
Intelligent grid connected project of distributed photovoltaic power station	60,000.00	Deferred income	60,000.00
R&D project of key technology for clean energy DC system measurement	50,000.00	Deferred income	50,000.00
R&D project of unmanned robot cleaner	600,000.00	Deferred income	600,000.00
Special fund for intelligent controller and lithium battery technology transformation	624,140.00	Deferred income	624,140.00
Key technology R&D project of rare-earth permanent magnet brushless DC motor and controller with high speed ratio and variable frequency	1,969,049.86	Deferred income	1,969,049.86
Provincial-level enterprise technology transformation fund for promoting high-quality economic development in 2022	1,723,200.00	Deferred income	1,723,200.00
Single champion award program and funding plan in manufacturing industry in 2022	2,000,000.00	Other income	2,000,000.00
Technical breakthrough projects in 2022 ("2022014 important 3D objects based on SLAM")	500,000.00	Other income	500,000.00
Internet Development Support Plan	2,990,000.00	Other income	2,990,000.00
Funding plan of 2022 Shenzhen enterprise technology center construction project	2,770,000.00	Other income	2,770,000.00
2022 central funding (foreign investment cooperation subsidy)	120,000.00	Other income	120,000.00
Support and subsidy for corporate expansion and efficiency enhancement	268,512.72	Other income	268,512.72
Corporate R & D subsidy	834,600.00	Other income	834,600.00
Export credit insurance subsidy	2,228,261.00	Other income	2,228,261.00
Industrial and commercial electricity subsidy	231,468.12	Other income	231,468.12
Position stabilization subsidy and position creation subsidy	1,907,023.79	Other income	1,907,023.79
Technological transformation and promotion project subsidy	610,710.00	Other income	610,710.00
Special funds for foreign trade development of enterprises	146,103.00	Other income	146,103.00
Special fund for industrial and information technology development in Huizhou City	645,800.00	Other income	645,800.00
Patent subsidy	9,000.00	Other income	9,000.00
Financial support fund of Xinqiao Town of Songjiang District of Shanghai	60,000.00	Other income	60,000.00
Subsidy on retention training	3,792,585.00	Other income	3,792,585.00
Cultivation subsidy for high-tech enterprises	2,070,000.00	Other income	2,070,000.00
Award of industrial enterprises expanding production capacity	1,990,000.00	Other income	1,990,000.00
Subsidy of corporate relief development	946,800.80	Other income	946,800.80
Subsidy of corporate epidemic prevention and the sterilization	208,300.00	Other income	208,300.00
Subsidy of scientific and technological enterprise training project	900,000.00	Other income	900,000.00
Award of specialized and sophisticated enterprises that produce new and unique products in 2022	200,000.00	Other income	200,000.00
Supporting funds for the innovation and development of municipal private enterprise and small and medium-sized enterprises in 2022	200,000.00	Other income	200,000.00
Special plan development and technology enterprise cultivation project in	300,000.00	Other income	300,000.00

high-tech zone in 2022			
Other projects	528,931.62	Other income	528,931.62

(2) Situation of government subsidies refund

Applicable Not applicable

Unit: RMB

Items	Amount	Reason
The overpayment by the special subsidy funds for the central foreign trade and economic development was refunded (treasury deposit of Shenzhen Finance Bureau) in 2020	8,465.00	Return of overpayment

Other descriptions: None

85. Others

None

VIII. Changes in the scope of consolidation**1. Consolidation under different control****(1) Consolidation under different control occurred in the current period**

Unit: RMB

Name of acquiree	Date of equity acquired	Cost of equity acquisition	Ratio of equity acquired	Equity acquired via	Date of purchasing	Basis for determination of acquisition date	Revenue of the acquiree from the date of purchasing to the end of the period	Net profit of acquiree from the acquisition date to the end of the period
Other descriptions: None								

Other descriptions: None

(2) Combined cost and business reputation

None

(3) Identifiable assets and liabilities of the acquiree on the acquisition date

None

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

Was there a transaction that realized consolidation step by step through multiple transactions and obtained control during the reporting period

Yes No

(5) Relevant explanations for the inability to reasonably determine the consolidation consideration or the fair value of the identifiable assets and liabilities of the acquiree on the acquisition date or at the end of the current period

None

(6) Other descriptions

None

2. Consolidation under the same control

None

3. Reverse purchase

Basic information of the transaction, the basis for the reverse purchase of the transaction, whether the assets and liabilities retained by the listed company constitute the business and its basis, the determination of the consolidation cost, the amount of the adjustment of the equity when the transaction is processed as an equity transaction and its calculation:

None

4. Disposal of subsidiaries

Is there single disposal of the investment in a subsidiary which results in loss of control

Yes No

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

Yes No

5. Changes in the scope of consolidation due to other reasons

Explanations for the changes in the scope of the consolidation caused by other reasons (e.g., establishment of new subsidiaries, or liquidation of subsidiaries, etc.) and relevant circumstances:

During the reporting period, the Company established a total of 4 new subsidiaries (grandson companies), as follows:

No.	Name of subsidiary	Registered place	Date of registration	Shareholding ratio	
				Direct	Indirect
1	Shenzhen Topband Motor Co., Ltd.	Shenzhen, Guangdong	2022-3-29	100%	
2	Shenzhen Yueshang Robot Co., Ltd.	Shenzhen, Guangdong	2022-3-28		100%
3	Shenzhen Xiaoyou Aitu Innovation Technology Co., Ltd.	Shenzhen, Guangdong	2022-3-7		100%
4	Huizhou Chiding Technology Co., Ltd.	Huizhou, Guangdong	2022-9-19	100%	

6. Others

None

IX. Interests in Other Entities

1. Equities in subsidiaries

(1) Composition of enterprise group

Name of subsidiary	Principal place of business	Registered place	Nature of business	Shareholding ratio		Acquisition method
				Direct	Indirect	
Shenzhen Topband Software Technology Co., Ltd.	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Topband Automation Technology Co., Ltd.	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Topband Battery Co., Ltd.	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Chongqing Topband Industrial Co., Ltd.	Chongqing	Chongqing	Production and sales	100.00%		Establishment
Topband (Hong Kong) Co., Ltd.	Hong Kong	Hong Kong	Investment	100.00%		Establishment
Huizhou Topband Electrical Technology Co., Ltd.	Huizhou	Huizhou	Production and sales	100.00%		Establishment
TOPBANDINDIAPRIVATELIMITED	India	India	Production and sales	100.00%		Establishment
Shenzhen YAKO Automation Technology Co., Ltd.	Shenzhen	Shenzhen	Production and sales	71.54%		Consolidation under different control
Shenzhen Allied Control System Co., Ltd.	Shenzhen	Shenzhen	Production and sales	100.00%		Consolidation under different control
Huizhou Topband Lithium Battery Co., Ltd.	Huizhou	Huizhou	Production and sales		100.00%	Establishment
Ningbo Topband Intelligent Control Co., Ltd.	Ningbo	Ningbo	Production and sales	100.00%		Establishment
Shenzhen Meanstone Intelligent Technology Co., Ltd.	Shenzhen	Shenzhen	Production and sales	77.25%		Consolidation under different control
Shenzhen Yansheng Software Co., Ltd.	Shenzhen	Shenzhen	Production and sales		71.54%	Consolidation under different control
Hangzhou Zhidong Motor Technology Co., Ltd.	Hangzhou	Hangzhou	Production and sales		53.66%	Consolidation under different control
Topband (Vietnam)Co.,Ltd	Vietnam	Vietnam	Production and sales		100.00%	Establishment
TOPBANDSMARTDONGNAI(VIETNAM) COMPANYLIMITED	Vietnam	Vietnam	Production and sales		100.00%	Establishment
TopbandGermanyGmbH	Germany	Germany	Sales		100.00%	Establishment
TOPBANDJAPANCo.,Ltd	Japan	Japan	Sales		100.00%	Establishment
Shenzhen Topband Supply Chain Services Co., Ltd.	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Shenzhen Topband Investment Co., Ltd.	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Shenzhen Spark IOT Technology Co., Ltd.	Shenzhen	Shenzhen	Sales		100.00%	Establishment
Shenzhen Tunnu Innovation Co., Ltd.	Shenzhen	Shenzhen	Sales		100.00%	Establishment

Shenzhen Senxuan Technology Co., Ltd.	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Topband (Qingdao) Intelligent Control Co., Ltd.	Qingdao	Qingdao	Production and sales	100.00%		Establishment
Shenzhen Tengyi Industrial Co., Ltd.	Shenzhen	Shenzhen	Sales		100.00%	Establishment
Taixing Ninghui Lithium Battery Co., Ltd.	Taixing	Taixing	Production and sales		90.48%	Consolidation under different control
Shenzhen Topband Automotive Electronics Co., Ltd.	Shenzhen	Shenzhen	Sales	100.00%		Establishment
Q.B.PTE.LTD	Singapore	Singapore	Sales		100.00%	Establishment
TOPBANDMEXICO,S.DER.L.DEC.V.	Mexico	Mexico	Production and sales		100.00%	Establishment
Tunnu Innovation (Hong Kong) Limited	Hong Kong	Hong Kong	Sales		100.00%	Establishment
TOPBANDSMARTEUROPECOMPANYLIMITEDS.R.L.	Romania	Romania	Sales		100.00%	Establishment
Huizhou YAKO Automation Technology Co., Ltd.	Shenzhen	Shenzhen	Production and sales		71.54%	Establishment
Shenzhen Zhongli Consulting Co., Ltd.	Shenzhen	Qingdao	Sales		100.00%	Establishment
TUNNUINNOVATION,INC	The United States	The United States	Sales		100.00%	Establishment
Nantong Topband Youneng Technology Co., Ltd.	Nantong	Nantong	Production and sales		100.00%	Establishment
Shenzhen Topband Motor Co., Ltd.	Shenzhen	Shenzhen	Production and sales	100.00%		Establishment
Shenzhen Yueshang Robot Co., Ltd.	Shenzhen	Shenzhen	Production and sales		100.00%	Establishment
Shenzhen Xiaoyou Aitu Innovation Technology Co., Ltd.	Shenzhen	Shenzhen	Sales		100.00%	Establishment
Huizhou Chiding Technology Co., Ltd.	Huizhou	Huizhou	Production and sales	100.00%		Establishment

Explanation of the shareholding ratio in the subsidiary being different from the voting rights ratio:

None

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

For important structured entities included in the consolidation scope, the basis for control:

None

Basis for determining whether a company is an agent or a principal:

None

Other description:

(2) Important non-wholly-owned subsidiaries

Unit: RMB

Name of subsidiary	Shareholding ratio of minority shareholders	Profits and losses attributable to minority shareholders during the current period	Dividends declared and distributed to minority shareholders during the current period	Ending balance of minority shareholders' equity

Shenzhen YAKO Automation Technology Co., Ltd.	28.46%	317,022.94	0.00	83,645,322.00
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Explanation of the shareholding ratio of minority shareholder in subsidiary shareholder being different from the voting rights ratio:

None

Other description:

(3) Major financial information of important non-wholly-owned subsidiaries

Unit: RMB

Name of subsidiary	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenzhen YAKO Automation Technology Co., Ltd.	242,689,924.08	136,833,968.50	379,523,892.58	79,730,092.08	5,379,639.90	85,109,731.98	308,879,580.82	61,169,539.31	370,049,120.13	74,267,013.30	9,059,144.56	83,326,157.86

Unit: RMB

Name of subsidiary	Amount incurred in the current period				Amount incurred in prior period			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Shenzhen YAKO Automation Technology Co., Ltd.	248,511,066.02	676,743.90	676,743.90	22,473,846.35	296,759,371.59	29,933,264.92	29,933,264.92	-14,283,982.69

Other descriptions: None

(4) Significant restrictions on the use of enterprise group assets and the liquidation of enterprise group debts

None

(5) Financial support or other support provided to structured entities included in the scope of the consolidated financial statements

None

Other description:

None

2. Transactions causing the owner's equity share change but still controlling the subsidiary

(1) Explanation of changes in owner's equity share in the subsidiary

Not applicable

(2) The impact of the transaction on the minority shareholders' equity and the owners' equity attributable to the parent company:

Not applicable

3. Interests in joint venture arrangements or associated enterprises

(1) Important joint ventures or associated enterprises

Not applicable

Basis for holding less than 20% of the voting rights but having significant influence, or holding 20% or more of the voting rights but having no significant influence:

None

(2) Major financial information of important joint ventures

None

(3) Major financial information of important associated enterprises

None

(4) Summarized financial information of unimportant joint ventures and associated enterprises

Unit: RMB

	Ending balance/amount incurred in current period	Beginning balance/Amount incurred in the previous period
Joint venture:		
Sum of the following items calculated according to the shareholding ratio		

Associated enterprises:		
Total book value of investment	23,550,658.91	26,119,127.82
Sum of the following items calculated according to the shareholding ratio		
-- Net profit	-2,568,468.91	-2,883,400.31
-- Total comprehensive income	-2,568,468.91	-2,883,400.31

Other descriptions: None

(5) Statement that there is a material limitation on the ability of the joint venture or associated enterprise to transfer funds to the Company

None

(6) Excess losses incurred by the joint ventures or associated enterprises

None

(7) Unconfirmed commitments related to the investment of joint ventures

None

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

None

4. Important joint operation

None

5. Rights and interests in structured entities not included in the scope of the consolidated financial statements

Relevant explanations of structured entities not included in the scope of the consolidated financial statements:

Not applicable

6. Others

None

X. Risks Associated with Financial Instruments

The main financial instruments of the Company include equity investment, debt investment, borrowings, accounts receivable, accounts payable, convertible bonds, etc. For details of each financial instrument, please refer to the relevant items in Note VI. The risks associated with these financial instruments and the risk management policies adopted by the Company to mitigate these risks are described below. In order to ensure all the above risks

to be controlled within a limited scope, the management of the Company has controlled and supervised the risk exposure.

Sensitivity analysis technique is used for analyzing reasonableness of risk variable and possible impacts from its variation on current profits and losses or shareholder's equity. Since any risk variable rarely changes in isolation, and the correlation between the variables will have a significant effect on the final amount affected by a change in a risk variable, the following contents are based on the assumption that changes in each variable are made in isolation. The main risks arising from the Company's financial instruments include the credit risk, liquidity risk and market risk.

(I) Risk management objective and policy

The Company's risk management objective is to strike an appropriate balance between risks and returns, reduce the negative impact of risks on the Company's business performance to the lowest level, and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic risk management strategy of the Company is to determine and analyze various risks faced by it, establish an appropriate risk bearing bottom line and carry out risk management, and conduct timely and reliable supervision of various risks to control risks within the limited scope.

1. Market risk

(1) Foreign exchange risk

Foreign exchange risk refers to the risk of loss due to exchange rate fluctuations. The Company's exposure to foreign exchange risks is mainly related to US dollars and Hong Kong dollars. Except for the Company and its subsidiary, Topband (HK) Co., Limited, which purchases and sells some materials and products in US dollars, Euros and Hong Kong dollars, TOPBAND INDIA PRIVATE LIMITED, the subsidiary, uses Indian Rupee, Topband (Vietnam) Co., Ltd. and TOPBAND SMART DONG NAI (VIETNAM)Co., Ltd., the sub-subsidiaries, use Vietnamese Dong, and Topband Germany GmbH, the sub-subsidiary, uses Euros; TOPBAND JAPAN Co., Ltd., the sub-subsidiary, uses Japanese Yen, Q.B.PTE.LTD, the sub-subsidiary, uses Singapore dollars, and TOPBAND MEXICO, S.DER.L.DEC.V., the sub-subsidiary, uses Mexican Peso; TOPBAND SMART EUROPE COMPANY LIMITED S.R.L., the grandson company, uses Romanian Leu, Tunnu Innovation HK Limited, the grandson company, uses Hong Kong dollars, and TUNNU INNOVATION, INC., the grandson company, uses US dollars; other major business activities of Topband are settled in RMB.As of December 31, 2022, the assets and liabilities of the Company are RMB balances, except that the assets or liabilities stated in VI. (LVIII) foreign currency monetary items are US dollars, Hong Kong dollars, Euros, Vietnamese Dong, Japanese Yen, Indian Rupee, Romanian Leu and Mexican Peso balances. The foreign exchange risks arising from the assets and liabilities of such foreign currency balances may have an impact on the Company's operating results.

The Company pays close attention to the impact of exchange rate fluctuations on the Company's foreign exchange risks. The Company currently takes no measures to avoid foreign exchange risks.

(2) Other price risks

Investments held by the Company and classified as tradable financial assets are measured at fair value on the balance sheet date. Therefore, the Company is exposed to the risk of changes in the securities market.

2. Credit risk

On December 31, 2022, the maximum credit risk exposure causing the Company's financial losses is mainly incurred from the other party's failure to fulfill obligations, which leads the Company to financial asset losses, and financial guarantee undertaken by the Company, including confirmed carrying amounts of financial assets in consolidated balance sheets; the carrying value only reflects risk exposure of financial instruments measured at fair value rather than the maximum risk exposure, that varies with the fair value in the future.

In order to reduce credit risks, the Company has set up special positions responsible for determining credit limits, conducting credit approval, and implementing other monitoring procedures to ensure that necessary measures are taken to recover overdue claims. In addition, the Company reviews the recovery of each individual receivable on each balance sheet date to ensure that adequate provision is made for uncollectible amounts. As a result, the Management of the Company believes that the credit risk assumed by the Company has been significantly reduced.

The Company's working capital is deposited in a bank with a high credit rating, so the credit risk of working capital is low.

The Company has adopted necessary policies to ensure that all sales customers have good credit records. The Company has no other major credit concentration risk.

3. Flow risk

When managing liquidity risk, the Company maintains sufficient cash and cash equivalents as deemed by the management and monitors them to meet the Company's operational needs and reduce the impact of cash flow fluctuations. The management of the Company monitors the use of bank loans and ensures compliance with loan agreements.

(II) Transfer of financial assets

There were no events related to the transfer of financial assets in the Company this year.

(III) Offsetting between financial assets and financial liabilities

There were no events related to the offsetting between financial assets and financial liabilities in the Company this year.

XI. Disclosure of Fair Value

1. Ending fair value of assets and liabilities measured at fair value

Unit: RMB

Items	Ending fair value			
	The first level of fair value measurement	The second level of fair value measurement	The third level of fair value measurement	Total
I. Continuous fair value measurement	--	--	--	--
(I) Tradable financial assets			342,959,450.31	342,959,450.31
1. Financial asset at fair value			342,959,450.31	342,959,450.31

and changes through current profits and losses				
(1) Debt instrument investment			1,790,866.41	1,790,866.41
(2) Equity instrument investment			341,168,583.90	341,168,583.90
(II) Receivables financing			254,988,202.60	254,988,202.60
(1) Bank acceptance bill			79,652,525.19	79,652,525.19
(2) Accounts receivable			173,392,414.33	173,392,414.33
(3) Yunxin			1,943,263.08	1,943,263.08
Total assets continuously measured at fair value			597,947,652.91	597,947,652.91
II. Non-continuous fair value measurement	--	--	--	--

2. The basis for determining the market price of continuous and non-continuous first-level fair value measurement items

None

3. Continuous and non-continuous second-level fair value measurement items, valuation techniques adopted and qualitative and quantitative information of important parameters

None

4. Continuous and non-continuous third-level fair value measurement items, valuation techniques adopted and qualitative and quantitative information of important parameters

None

5. Continuous third-level fair value measurement items, adjustment information between beginning and ending book value and sensitivity analysis of unobservable parameters

None

6. For continuous fair value measurement items, if the conversion occurs among different levels in the current period, the reasons for the conversion and the policies for determining the conversion time point

None

7. Technical changes in valuation during the current period and the reasons for such changes

None

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

None

9. Others

None

XII. Related Parties and Related Transactions**1. Profile of parent company of the Company**

Name of parent company	Registered place	Nature of business	Registered capital	Shareholding ratio of parent company to the Company	Proportion of the parent company's voting rights in the Enterprise
Wu Yongqiang	Shenzhen			16.68%	16.68%

Profile of parent company of the Company

The first majority shareholder and actual controller of the Company

The ultimate controller of the Company is Wu Yongqiang.

Other description:

2. Profile of subsidiaries of the Company

For details of the subsidiaries of the Company, please refer to Note IX 1.

3. Information on the joint ventures and associated enterprises of the Enterprise

See the Note IX.3 on key joint ventures or associated enterprises of the enterprise.

Other joint ventures or associated enterprises having related-party transaction in current period or in previous period to form balance are listed as follows:

None

4. Other related parties

Names of other related parties	Relationship between other related parties and the Enterprise
Shenzhen Jizhiguang Electronics Co., Ltd.	A company substantially controlled by the relative of the Company's legal representative
Shenzhen Lianghui Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen ORVIBO Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen HANSC Intelligent Technology Co., Ltd.	Shareholding companies of the Company
Guangdong Zhongchuang Zhijia Scientific Research Co., Ltd.	Shareholding companies of the Company
Guangdong Huixin Semiconductor Co., Ltd.	Shareholding companies of the Company
Fujian Mini Dolphin New Energy Technology Co., Ltd.	Shareholding companies of the Company
Chengdu Senwei Technology Co., Ltd.	Shareholding companies of the Company
Shenzhen Youbi Technology Co., Ltd.	Shareholding companies of the Company
Shanghai Yidong Power Technology Co., Ltd.	Shareholding companies of the Company

Pas Electronic Technology (Nanjing) Co., Ltd.	Shareholding companies of the Company
Jiangsu Donghai Semiconductor Co., Ltd.	Shareholding companies of the Company
Jiangxi Sarui Microelectronics Technology Co., Ltd.	Shareholding companies of the Company
Shanghai Xinggan Semiconductor Co., Ltd.	Shareholding companies of the Company
Shenzhen Jizhi Laser Technology Co., Ltd.	Shareholding companies of the Company

Other description:

None

5. Related party transaction

(1) Related transactions involving the purchase and sale of goods and the provision and acceptance of services

List of goods purchased/services received

Unit: RMB

Related party	Related transaction content	Amount incurred in the current period	Approved transaction limit	Is the transaction limit exceeded	Amount incurred in prior period
Shenzhen Jizhiguang Electronics Co., Ltd.	Raw materials	16,943,886.18	27,000,000.00	No	18,415,795.03
Shenzhen ORVIBO Technology Co., Ltd.	Raw materials	28,062.77		No	
Jiangsu Donghai Semiconductor Co., Ltd.	Raw materials	38,775.00		No	

List of goods sold/services provided

Unit: RMB

Related party	Related transaction content	Amount incurred in the current period	Amount incurred in prior period
Shenzhen ORVIBO Technology Co., Ltd.	Goods on hand	23,106,968.00	32,048,669.89

Related transactions involving the purchase and sale of goods and the provision and acceptance of services

(2) Relevant entrusted management/contracting and entrusted management/outsourcing

None

(3) Related lease

None

(4) Related party guarantee situation

None

(5) Interbank lending of related parties

None

(6) Asset transfer and debt restructuring of related parties

None

(7) Remuneration of key management personnel

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Remuneration of key management personnel	12,635,800.00	10,758,300.00

(8) Other related transactions

None

6. Payables due to related parties**(1) Item receivable**

Unit: RMB

Project name	Related party	Ending balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Shenzhen ORVIBO Technology Co., Ltd.	6,487,666.99	201,117.68	10,396,665.72	322,296.64
Accounts receivable	Fujian Mini Dolphin New Energy Technology Co., Ltd.	1,753,420.02	158,509.17		

(2) Payables

Unit: RMB

Project name	Related party	Book balance at the end of the period	Book balance at the beginning of the period
Accounts payable	Shenzhen Jizhiguang Electronics Co., Ltd.	1,411,710.91	3,099,592.01
Accounts payable	Jiangsu Donghai Semiconductor Co., Ltd.	43,708.50	
Notes payable	Shenzhen Jizhiguang Electronics Co., Ltd.	110,000.00	2,376,908.03
Contractual liabilities	Guangdong Zhongchuang Zhijia Scientific Research Co., Ltd.	132,075.47	

7. Commitment of related parties

None

8. Others

None

XIII. Share-based payment

1. General situation of share-based payments

Applicable Not applicable

Unit: RMB

Total amount of equity instruments granted by the Company during the current period	0.00
Total amount of equity instruments exercised by the Company during the current period	14,049,300.00
Total amount of the Company's equity instruments that expired during the current period	1,816,000.00
The range of the exercise price of the Company's other equity instruments outstanding at the end of the period and the remaining term of the contract	On November 2, 2021, the Company granted restricted stocks to incentive objects at a grant price of RMB 7.23 per share, including 1,224 registered objects and 33.54432 million restricted stocks in total. Topband carried out the performance appraisal for companies and the individual incentive objects once in each fiscal year, taking the performance appraisal target as the unlocking condition for restricted stocks. This incentive plan was valid from the grant date of restricted stocks to the date when all restricted stocks were unlocked or canceled, with the maximum time of 48 months. After 12 months from the grant date of the restricted stocks granted this time, the incentive objects that meet the unlocking conditions could be unlocked at the exercise ratio of 30%, 30% and 40% within the unlocking day.

Other description:

Explanation of share-based payment:

1. Stock options in 2018

On November 27, 2018, the 9th Meeting of the 6th Board of Directors of the Company deliberated and passed the Proposal on Granting Stock Options to Incentive Objects, granting 42.887 million stock options to 684 eligible incentive objects at a grant price of RMB 3.80 per share.

On July 26, 2019, the 15th Meeting of the 6th Board of Directors of the Company deliberated and passed the Proposal on Adjusting the Stock Option Exercise Price of the 2018 Stock Option Incentive Plan, which adjusted the exercise price of the 2018 Stock Option Incentive Plan from RMB 3.80 to RMB 3.70 due to the Company's 2018 annual equity distribution.

On March 30, 2020, the Company held the 22nd Meeting of the 6th Board of Directors, deliberating and approving the Proposal on the First Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights and the Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan: In the first exercise period of the 2018 stock option incentive plan of the Company, a total of 606 incentive objects with 12.0147 million stock options in total were eligible for

exercise. In May 2020, a total of 606 incentive objects with 12.0147 million stock options in total in the first exercise period completed exercise.

On January 16, 2021, given that 76 original incentive objects of the Company, including Huang Xinyu and Yang Shengcang, left office due to personal reasons, according to relevant provisions of the 2018 Stock Option Incentive Plan (Revised Draft), the above personnel did not meet the incentive conditions, and a total of 2.773 million stock options that were granted to the 76 original incentive objects but were not exercised may not be exercised. The Company has completed the cancellation of this part of the stock options on January 29, 2021.

On March 5, 2021, the 6th Meeting of the 7th Board of Directors of the Company deliberated and passed the Proposal on the Second Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights and Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan: there are 567 incentive objects in the second exercise period of the 2018 stock option incentive plan in the Company, in total of 10.9506 million stock options, that meet the exercise conditions and can be exercised. The Company plans to adopt the independent exercise mode. Cheng Xuejing and Lin Qiao, the incentive objects, resigned from the Company due to personal reasons, and their 80,500 stock options that have been granted but not yet exercised would not be exercised and would be canceled by the Company. On August 6, 2021, 10.9506 million stock options involving 567 incentive objects that meet the exercising conditions had been exercised.

On March 18, 2022, the 21st Meeting of the 7th Board of Directors and the 17th Meeting of the 7th Board of Supervisors of the Company deliberated and passed the Proposal on the Third Exercise Period of 2018 Stock Option Incentive Plan Meeting the Exercise Conditions and Exercisable Rights and the Proposal on Adjustment of the Incentive Objects and the Number of Stock Options of 2018 Stock Option Incentive Plan: there are 543 incentive objects in the third exercise period of the 2018 stock option incentive plan in the Company, in total of 14.0493 million stock options, which meet the exercise conditions and can be exercised. The Company plans to adopt the independent exercise mode. The total number of exercisable stock options was 14.0493 million. 22 incentive objects, including Zhang Ran and Wu Mingli, resigned from the Company due to personal reasons, and their 324,000 stock options that have been granted but not yet exercised would not be exercised and would be canceled by the Company. On May 16, 2022, 14.0493 million stock options involving 543 incentive objects that meet the exercising conditions had been exercised.

2. Restricted stock in 2021

On October 13, 2021, the Company held the 14th Meeting of the 7th Board of Directors, and deliberated and passed the Proposal on the Company's Restricted Stock Incentive Plan in 2021 (Draft) and Its Abstract, Proposal on the Appraisal Management Measures for the Implementation of the Restricted Stock Incentive Plan in 2021 and Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters Related to the Company's Restricted Stock Incentive Plan in 2021, agreeing that the Company would grant 34 million restricted stocks to 1,250 incentive objects.

On November 2, 2021, the Company held the 16th (Extraordinary) Meeting of the 7th Board of Directors and the 13th (Extraordinary) Meeting of the 7th Board of Supervisors, to deliberate and approve the Proposal on Adjusting the Number of Granted Options and List of Incentive Objects in Restricted Stock Incentive Plan in

2021. In view of the resignation of Ou Li who is one of the incentive objects, and Wang Cheng, Shen Zhiwen and Tian Conghui who voluntarily gave up the subscription of the restricted stocks granted due to personal reasons, incentive objects were adjusted from 1,250 to 1,246, and the total restricted stocks granted for the first time was changed from 34 million to 33.951 million.

On December 7, 2021, the Company held the 17th (Extraordinary) Meeting of the 7th Board of Directors, to deliberate and approve the Proposal on Adjusting the Number of Granted Options and List of Incentive Objects in Restricted Stock Incentive Plan in 2021. The 21st believed that after determining November 2, 2021 as the grant date of the restricted stock incentive plan in 2021, in the process of capital payment before the share registration, 22 incentive objects determined in this incentive plan, including Li Xiang, Yu Dingguo and Lu Yuanshan, voluntarily gave up the subscription of all the restricted stocks granted due to personal reasons, and 10 incentive objects, including Ao Ximeng, Wang Cao, and Liu Xiaoshi, voluntarily gave up the subscription of some of the restricted stocks granted to them due to personal reasons. With the authorization of the 2nd Extraordinary General Meeting of Shareholders in 2021, the 21st adjusted the grant objects and grant quantities of this incentive plan. After adjustment, the number of incentive objects under the Restricted Stock Incentive Plan in 2021 decreased from 1,246 to 1,224, and the number of restricted stocks granted decreased from 33.951 million to 33.54432 million.

On March 30, 2022, the 23rd (Extraordinary) Meeting of the 7th Board of Directors and the 19th (Extraordinary) Meeting of the 7th Board of Supervisors of the Company deliberated and passed the Proposal on the Proposal on Repurchase and Cancellation of Some Restricted Stocks from Restricted Stock Incentive Plan in 2021. 10 incentive objects, including Wu Song and Luo Qingshan in the Restricted Stock Incentive Plan in 2021, resigned from the Company due to personal reasons and no longer met conditions for becoming stock incentive objects. Therefore, their 201,000 restricted stocks that have been granted but not yet unlocked would be canceled by the Company. In the restricted stock incentive plan in 2021, the objects to be granted were reduced from 1,224 to 1,214.

On July 25, 2022, the 26th Meeting of the 7th Board of Directors and the 22nd Meeting of the 7th Board of Supervisors deliberated and passed the Proposal on Adjusting the Repurchase Price of Restricted Stock Incentive Plan in 2021. The 2021 annual equity distribution plan was implemented, and the repurchase price was adjusted from RMB 7.23 per share to RMB 7.18 per share accordingly.

On August 19, 2022, the 27th (Extraordinary) Meeting of the 7th Board of Directors and the 22nd (Extraordinary) Meeting of the 7th Board of Supervisors of the Company deliberated and passed the Proposal on the Proposal on Repurchase and Cancellation of Some Restricted Stocks from Restricted Stock Incentive Plan in 2021. 66 incentive objects, including Wei Yin and Li Xinwei in the Restricted Stock Incentive Plan in 2021, resigned from the Company due to personal reasons and no longer met conditions for becoming stock incentive objects. Therefore, their 1.291 million restricted stocks that have been granted but not yet unlocked would be canceled by the Company. In the restricted stock incentive plan in 2021, the objects to be granted were reduced from 1,214 to 1,148.

2. Equity-settled share-based payments

Applicable Not applicable

Unit: RMB

Method for determining the fair value of the equity instrument on the grant date	Fair value of equity instruments = (market price on grant date - grant price) * number of shares
Basis for determining the number of exercisable equity instruments	Estimation shall be based on the latest available changes on vesting employee number and other subsequent information.
Reasons for the significant difference between the estimates of the current period and that of the previous period	None
Accumulated amount of equity-settled share-based payments included in capital reserves	239,742,584.41
Total amount of expenses recognized by equity-settled share-based payments in the current period	129,338,605.34

Other description:

3. Cash-settled share-based payments Applicable Not applicable**4. Modification and termination of share-based payments**

None

5. Others

None

XIV. Commitments and contingencies**1. Important commitments**

Important commitments that existed on the balance sheet date

As of December 31, 2022, the Company has no commitment that needs to be disclosed.

2. Contingencies**(1) Significant contingencies on the balance sheet date**

As of December 31, 2022, the Company has no contingency that needs to be disclosed.

(2) The important contingencies not required to be disclosed shall be explained as well

No significant contingencies need to be disclosed by the Company.

3. Others

None

XV. Events after the balance sheet date

1. Important non-adjusting matters

None

2. Profit distribution

None

3. Sales return

None

4. Explanation of other events after the balance sheet date

None

XVI. Other important matters

1. Correction of early accounting errors

(1) Retrospective restatement method

None

(2) Prospective application method

None

2. Debt restructuring

None

3. Asset replacement

None

4. Annuity plan

None

5. Discontinued operation

None

6. Division information

(1) Basis for recognition and accounting policies of reportable divisions

None

(2) Financial information of reportable divisions

None

(3) If the Company has no reportable segments, or fails to disclose the total assets and liabilities of each segment, the reasons shall be given.

None

(4) Other descriptions

None

7. Other important transactions and matters that have an impact on investors' decisions

None

8. Others

None

XVII. Notes to main items of financial statements of the parent company

1. Accounts receivable

(1) Disclosure of accounts receivable by category

Unit: RMB

Category	Ending balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with single provision for bad debts	450,165,784.04	25.14%			450,165,784.04	231,814,138.25	15.06%			231,814,138.25
Including:										
Accounts receivable with a single significant amount and single bad debt provision	449,954,452.01	25.13%			449,954,452.01	231,795,120.17	15.06%			231,795,120.17
Accounts receivable with insignificant single amount but separate bad debt provision	211,332.03	0.01%			211,332.03	19,018.08	0.00%			19,018.08
Accounts receivable with provision for bad debts by portfolio	1,340,185,677.97	74.86%	43,496,510.19	3.25%	1,296,689,167.78	1,306,965,149.94	84.94%	41,858,033.85	3.20%	1,265,107,116.09
Including:										
Accounts receivable with provision for bad debts by combination (aging analysis method)	1,340,185,677.97	74.86%	43,496,510.19	3.25%	1,296,689,167.78	1,306,965,149.94	84.94%	41,858,033.85	3.20%	1,265,107,116.09
Total	1,790,351,462.01	100.00%	43,496,510.19	2.43%	1,746,854,951.82	1,538,779,288.19	1.00%	41,858,033.85	2.72%	1,496,921,254.34

Single provision for bad debts: 0

Unit: RMB

Name	Ending balance			
	Book balance	Provision for bad debts	Proportion of provision	Reasons for provision
Receivables with significant individual amount and single provision	449,954,452.01			

for bad debts				
Receivables with not significant amount but with single provision for bad debts	211,332.03			
Total	450,165,784.04			

Provision for bad debts by portfolio: 43,496,510.19

Unit: RMB

Name	Ending balance		
	Book balance	Provision for bad debts	Proportion of provision
Accounts receivable with provision for bad debts by combination (aging analysis method)	1,340,185,677.97	43,496,510.19	3.25%
Total	1,340,185,677.97	43,496,510.19	

Explanation of the basis for determining the portfolio:

If the provision for bad debts on notes receivable is based on the general model of expected credit loss, the information about the provision for bad debts shall be disclosed by referring to the disclosure method of other receivables:

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	1,781,879,318.05
1-2 years	5,015,015.44
2-3 years	1,465,220.68
Above 3 years	1,991,907.84
3-4 years	659,343.12
4-5 years	1,332,564.72
Above 5 years	0.00
Total	1,790,351,462.01

(2) Provision for bad debts withdrawn, recovered or reversed in current period

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Write-off	Other	
Provision for bad debts	41,858,033.85	1,537,879.86		-100,596.48		43,496,510.19
Total	41,858,033.85	1,537,879.86		-100,596.48		43,496,510.19

Of which the amount of provision for bad debts recovered or reversed in the current period is significant: None

(3) Accounts receivable actually written off in the current period

None

(4) Accounts receivable of top five ending balances grouped by debtors

Unit: RMB

Name of unit	Ending balance of accounts receivable	Proportion to total ending balances of accounts receivable	Ending balance of provision for bad debts
No. 1	551,671,878.51	30.81%	17,106,763.12
No. 2	358,663,142.99	20.03%	
No. 3	68,175,617.40	3.81%	

No. 4	57,925,548.32	3.24%	1,795,692.00
No. 5	54,349,143.94	3.04%	1,684,823.46
Total	1,090,785,331.16	60.93%	

(5) Amount of assets and liabilities formed by transferring accounts receivable and continuing to be involved

Other descriptions: None

(6) Accounts receivable derecognized due to transfer of financial assets

2. Other receivables

Unit: RMB

Items	Ending balance	Beginning balance
Other receivables	902,544,005.07	141,619,648.22
Total	902,544,005.07	141,619,648.22

(1) Interest receivable

1) Classification of interest receivable

None

2) Significant overdue interest

None

3) Provision for bad debts

Applicable Not applicable

(2) Dividends receivable

1) Classification of interest receivable

None

2) Important dividends receivable aged over 1 year: None

3) Provision for bad debts

Applicable Not applicable

Other descriptions: None

(3) Other receivables

1) Classification of other receivables by nature of amount

Unit: RMB

Nature of payment	Book balance at the end of the period	Book balance at the beginning of the period
Export rebate	13,029,637.12	0.00
Employee loans	7,933,323.35	6,888,020.46
Margin, deposit	6,090,182.95	5,474,993.31
Receivables and payables	878,703,958.79	131,639,091.99
Other	30,456.33	7,693.46
Total	905,787,558.54	144,009,799.22

2) Provision for bad debts

Unit: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss in the next 12 months	Expected credit loss for the entire duration (no credit impairment)	Expected credit loss for the entire duration (credit impairment occurred)	
Balance as of January 1, 2022	2,390,151.00			2,390,151.00
Balance as of January 1, 2022 in the current period				
Accrual in the current period	862,460.59			862,460.59
Amount charged off in the current period	9,058.12			9,058.12
Balance as of December 31, 2022	3,243,553.47			3,243,553.47

Changes in book balance with significant changes in loss reserves in the current period

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Book balance
Within 1 year (including 1 year)	899,507,615.15
Total within 1 year	899,507,615.15
1-2 years	1,718,310.98
2-3 years	877,475.83
Above 3 years	3,684,156.58

3-4 years	2,500,962.00
4-5 years	69,484.58
Above 5 years	1,113,710.00
Total	905,787,558.54

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

Provision for bad debts in the current period:

Unit: RMB

Category	Beginning balance	Amount changed in the current period				Ending balance
		Provision	Recover or reversal	Write-off	Other	
Provision for bad debts	2,390,151.00	862,460.59		9,058.12		3,243,553.47
Total	2,390,151.00	862,460.59		9,058.12		3,243,553.47

4) Other receivables actually written off in the current period

None

5) Other receivables of top five ending balances grouped by debtors

Unit: RMB

Name of unit	Nature of payment	Ending balance	Aging	Proportion to total ending balances of other receivables	Ending balance of provision for bad debts
No. 1	Transactions with related parties	704,552,468.64	Within 1 year	77.78%	
No. 2	Transactions with related parties	139,616,541.34	Within 1 year	15.41%	
No. 3	Transactions with related parties	23,261,228.00	Within 1 year	2.57%	
No. 4	Export tax rebate	13,029,637.12	Within 1 year	1.44%	
No. 5	Transactions with related parties	3,503,540.00	Within 1 year	0.39%	
Total		883,963,415.10		97.59%	

6) Receivables involving government subsidies

None

7) Other receivables derecognized due to transfer of financial assets

None

8) Amount of assets and liabilities formed by transferring other receivables and continuing to be involved

None

3. Long-term equity investment

Unit: RMB

Items	Ending balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	3,952,516,773.78		3,952,516,773.78	2,941,581,406.04		2,941,581,406.04
Investment in associated enterprises and joint ventures	18,320,001.21	12,433,655.05	5,886,346.16	18,408,714.90	12,433,655.05	5,975,059.85
Total	3,970,836,774.99	12,433,655.05	3,958,403,119.94	2,959,990,120.94	12,433,655.05	2,947,556,465.89

(1) Investment in subsidiaries

Unit: RMB

Investee	Beginning balance (book value)	Changes in increase or decrease in the current period				Ending balance (book value)	Ending balance of provision for impairment
		Additional investment	Decrease in investment	Provision for impairment	Other		
Shenzhen Topband Software Technology Co., Ltd.	18,699,450.44	5,395,624.24				24,095,074.68	
Shenzhen Topband Battery Co., Ltd.	5,963,808.90	617,193,739.55				623,157,548.45	
Shenzhen Topband Automation Technology Co., Ltd.	34,634,741.13	1,108,629.30				35,743,370.43	
Chongqing Topband Industrial Co., Ltd.	210,330,745.87	809,138.72				211,139,884.59	
Topband (Hong Kong) Co., Ltd.	364,511,500.00	163,897,000.00				528,408,500.00	
Huizhou Topband Electrical Technology Co., Ltd.	1,007,281,720.35	17,443,269.29				1,024,724,989.64	
Ningbo Topband Intelligent Control Co., Ltd.	519,868,835.07	150,714,633.48				670,583,468.55	
Shenzhen Allied Control System Co., Ltd.	122,145,544.81	3,499,900.70				125,645,445.51	
Shenzhen Meanstone Intelligent Technology Co., Ltd.	10,000,000.00					10,000,000.00	
TOPBANDINDIAPRIVATELIMITED	195,026,748.97					195,026,748.97	
Shenzhen YAKO Automation Technology Co., Ltd.	350,014,659.96					350,014,659.96	
Shenzhen Topband Investment Co., Ltd.	60,092,202.62	40,144,265.56				100,236,468.18	
Shenzhen Topband Supply Chain Services Co., Ltd.	5,000,000.00	0.00				5,000,000.00	
Shenzhen Senxuan Technology Co., Ltd.	8,011,447.92	62,800.02				8,074,247.94	
Topband (Qingdao) Intelligent Control Co., Ltd.	30,000,000.00	0.00				30,000,000.00	
Shenzhen Topband Motor Co., Ltd.		10,666,366.88				10,666,366.88	
Total	2,941,581,406.04	1,010,935,367.74				3,952,516,773.78	

(2) Investment in associated enterprises and joint ventures

Unit: RMB

Investment unit	Beginning balance (book value)	Changes in increase or decrease in the current period								Ending balance (book value)	Ending balance of provision for impairment
		Additional investment	Decrease in investment	Profits and losses on investment recognized under equity method	Adjustment to other comprehensive income	Other changes in equity	Declaration of distribution for cash dividends or profits	Provision for impairment	Other		
I. Joint venture											
II. Associated enterprises											
Shenzhen Daka Optoelectronics Co., Ltd.	5,975,059.85			-88,713.69						5,886,346.16	
Tai'an Yuchengxin Power Supply Technology Co., Ltd.											12,433,655.05
Subtotal	5,975,059.85			-88,713.69						5,886,346.16	12,433,655.05
Total	5,975,059.85			-88,713.69						5,886,346.16	12,433,655.05

(3) Other descriptions

None

4. Operating income and operating cost

Unit: RMB

Items	Amount incurred in the current period		Amount incurred in prior period	
	Income	Cost	Income	Cost
Main business	5,013,119,851.86	4,207,791,500.54	4,371,958,034.40	3,624,790,477.82
Other business	189,528,792.86	170,094,464.62	192,086,856.35	167,351,318.23
Total	5,202,648,644.72	4,377,885,965.16	4,564,044,890.75	3,792,141,796.05

Income-related information:

None

Information related to performance obligations:

Not applicable

Other description:

None

5. Return on investment

Unit: RMB

Items	Amount incurred in the current period	Amount incurred in prior period
Long-term equity investment income accounted with cost method		14,053,405.97
Long-term equity investment income accounted by the cost method	-88,713.69	-527,468.28
Investment revenue from disposal of tradable financial assets		38,226,720.08
Forward foreign exchange settlement profit and loss	2,994,236.07	9,569,000.00
Income of financial products		7,977,806.26
Total	2,905,522.38	69,299,464.03

6. Others

None

XVIII. Supplementary Information

1. Schedule of current non-recurring profits and losses

Applicable Not applicable

Unit: RMB

Items	Amount	Description
Profits and losses on disposal of non-current assets	-3,145,453.49	
Government subsidies included in current profits and losses (except those that are closely related to the normal business of the Company, conform to national policies and regulations and are continuously enjoyed in a fixed or quantitative manner according to certain standards)	33,217,045.91	
profits and losses due to fair value changes arising from the holding of tradable financial assets and liabilities, as well as the investment income from the disposal of tradable financial assets and liabilities and available-for-sale financial assets, except for the effective hedging business related to the normal business of the Company	90,812,862.06	
Reversal of the provision for impairment in receivables for which impairment tests are carried out separately	120,596.48	
Other non-operating income and expenses other than those mentioned above	373,250.06	
Other items of profits and losses that meet the definition of non-recurring profits and losses	270,112.67	
Minus: amount affected by income tax	22,265,407.68	
Impact amount of minority shareholders' equity	430,808.43	
Total	98,952,197.58	--

Details of other items of profits and losses that conform to the definition of non-recurring profits and losses:

Applicable Not applicable

None.

Explanation of defining the non-recurring profit and loss items listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring Profits and Losses as recurring profit and loss items

Applicable Not applicable

2. Return on equity and earnings per share

Profits of the reporting period	Weighted return on average equity	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net income attributable to the ordinary shareholders of the Company	10.85%	0.46	0.46
Net profit attributable to the ordinary shareholders of the Company after deduction of non-recurring profits and losses	9.00%	0.38	0.38

3. Differences in accounting data under domestic and foreign accounting standards

(1) Differences in net profit and net assets between financial reports disclosed in accordance with International Accounting Standards and those disclosed in accordance with PRC GAAP at the same time

Applicable Not applicable

(2) Difference between the net profit and net assets in the financial reports disclosed in accordance with both foreign accounting standards and Chinese accounting standards at the same time

Applicable Not applicable

(3) Reasons for differences in accounting data under domestic and foreign accounting standards. If the data audited by an overseas audit institution is adjusted for differences, the name of the overseas audit institution shall be indicated

None

4. Others

None