

Stock Code: 603195

Stock Name: Gongniu Group

**公牛集团股份有限公司**  
**GONGNIU GROUP CO., LTD.**



**Annual Report 2022**

## Important Notes

**1. The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Gongniu Group Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee that the contents of this Report are true, accurate and complete and free of any misrepresentations, misleading statements or material omissions, and collectively and individually accept legal responsibility for such contents.**

**2. All the directors of the Company attended the board meeting for the review of this Report.**

**3. Pan-China Certified Public Accountants LLP has issued an independent auditor’s report with unmodified unqualified opinion for the Company.**

**4. Ruan Liping, the Company’s legal representative, Zhang Lina, the Company’s Chief Financial Officer, and Luo Yuebo, head of the Company’s financial department (equivalent to financial manager) hereby guarantee that the financial statements carried in this Report are true, accurate and complete.**

### **5. Final dividend plan approved by the Board of Directors**

As audited by Pan-China Certified Public Accountants LLP, net profit attributable to shareholders of the Company as the parent stood at RMB3,188,619,359.56 for 2022, and the cumulative distributable profit of the Company as the parent was RMB4,693,667,008.01 as at 31 December 2022. The 2022 final dividend plan is as follows: Based on the total share capital (exclusive of the shares in the Company’s repurchased share account) at the record date of the dividend payout, the Company intends to pay a cash dividend of RMB33 (tax inclusive) per 10 shares to shareholders, with a bonus issue of 4.8 additional shares for every 10 shares held by shareholders from capital reserves.

According to the total share capital of 601,077,590 shares minus the 46 shares in the repurchased share account at the date when this Report was authorized for issue, the total cash dividend amount is RMB1,983,555,895.20 (tax inclusive), and the total share capital will increase to 889,594,811 shares upon the bonus issue (share capital subject to the number registered with the Shanghai branch of China Securities Depository and Clearing Co., Ltd., with tail difference, if any, due to rounding).

Where any change occurs to the total share capital before the record date of the dividend payout, the cash dividend and bonus issue per share shall remain the same while the total payout and bonus issue amount shall be adjusted accordingly.

The final dividend plan is subject to final approval by the 2022 Annual General Meeting of Shareholders.

### **6. Risk warning regarding forward-looking statements**

Applicable  Not applicable

Any plans, development strategies and other forward-looking statements mentioned in this Report shall not be considered as promises to investors. Investors and those concerned shall be sufficiently aware of the risks and understand the differences between plans and forecasts and promises.

**7. Indicate whether any of the controlling shareholder or other related parties occupied the Company's capital for non-operating purpose.**

N/A

**8. Indicate whether the Company provided any guarantee for any external party in violation of the prescribed decision-making procedure.**

N/A

**9. Indicate whether over half of the directors refused to guarantee the truthfulness, accuracy and completeness of this Report.**

N/A

**10. Major risk warning**

The Company has described the possible risks in this Report. For further information, please refer to the contents under the heading "Possible risks" under Item VI (IV) in "Part III Management Discussion and Analysis".

**11. Other information**

Applicable  Not applicable

## To Shareholders

In 2022, we surmounted a multitude of adversities, cultivating vitality amid crises and pioneering new paths in the face of change, ultimately achieving a robust growth in performance. Our traditional business strengthened its competitive advantages, while our initial ventures into new markets and industries began to reveal their potential. The Company's overall operational quality experienced a comprehensive enhancement. We extend our gratitude to our shareholders for their unwavering support and companionship, as well as to our devoted employees for their relentless efforts and persistence.

Throughout this year, we have diligently kept up with the evolving trends in consumer preferences, placing customer needs at the forefront of our priorities and actively pursuing product innovation. We introduced a range of state-of-the-art products, such as orbital socket, ultra-thin switches with aerospace-level safety features, eye-friendly desk lamps, intelligent door locks with integrated peephole cameras, and fan lights. This has enabled us to offer our customers a diverse selection of top-quality, trendy, and visually attractive products.

We enthusiastically pursued the advancement of renewable energy and intelligent headless lamp. Upon its launch, our charging gun rapidly became the top-selling online product among independent brands. Additionally, our portable outdoor energy storage experienced swift growth, and our intelligent headless lamp achieved more than RMB 100 million turnover during its inaugural year on the market, demonstrating a highly promising beginning.

In our extensive brand upgrade, we achieved remarkable progress by unveiling Gongniu's fresh logo in 2022 and reinforcing our brand's core message: "Gongniu is used by 7 out of 10 Chinese families." Additionally, we launched the novel "Muguang" brand and proudly became the first China space affiliate in the civil electrical industry. Our cutting-edge orbital socket quickly gained prominence, emerging as the unrivaled leader among individual products, owing to innovative media promotion. This success sets a robust foundation for our brand's continued growth in 2023.

We diligently endeavored to strengthen our management reforms and augment the development of our Bull Business System (BBS), and comprehensively implanted the improved BBS gene into the whole value chain consisting of production, research, sales, and service from point to surface and from inside to outside, and thus enabled the BBS to be a powerful engine for our innovation, growth, cost reduction and efficiency improvement. In 2022, we established a top-tier Audit and Risk Committee, focusing on addressing ten major risks and effectively enhancing our internal control management. Furthermore, we persistently advocated for organizational innovation and cultivated our talent pool to ensure our company's ongoing, healthy growth.

We stayed true to our founding mission, proactively embraced our social responsibility, and in 2022, we established the "Gongniu Charity Trust", the largest annual charity trust in the country. Additionally, we actively contributed to Shanghai's epidemic prevention and control efforts, supported the construction of cabin hospitals in Hong Kong, and participated in other crucial initiatives. Our efforts

made a positive impact in various fields, including epidemic prevention and control, culture, education, health, poverty alleviation, disaster relief, and employee well-being.

As we enter a new year, we also embrace new opportunities. China's economic fundamentals are steadily improving, the new energy industry is booming and expanding, and China's supply chain and brand have gained global edge in some emerging sectors, all of which lay a solid foundation for our company's growth. In 2023, we will prioritize the following three areas of work:

Firstly, we will diligently work to refine our brand, heightening the professionalism and premium appeal of the Gongniu brand to meet the domestic market's demand for superior quality consumption. We will further raise awareness of our flagship products, including converters, wall switches, and sockets, while increasing visibility for our eco-friendly offerings, such as LED lighting, clothes dryers, and smart door locks. Additionally, we will bolster the promotion of our "Muguang" brand for strategic new ventures, including headless lamp solutions, and establish a professional brand image.

Secondly, we will fortify the core competitive edge of Gongniu's new energy business by mastering critical technologies, including power modules, group charging, and intelligent control. We will expedite the development of our marketing network and establish a swift-response service capability to accelerate our charging pile business growth and delve into the home energy storage market. This will take Gongniu's new energy business to the next level.

Thirdly, we are passionately advancing the internationalization of the Gongniu brand. We are capitalizing on the new wave of new energy development in European and American markets by swiftly entering with our core new energy charging and home energy storage businesses. Simultaneously, we are embracing the new cycle of household electrification development in Southeast Asia and other countries by overcoming the development bottleneck of Chinese brands in emerging markets with core products like converters.

Though the journey ahead may be lengthy and filled with challenges, we will reach our destination by persistently pressing onward. We will maintain our business philosophy of "taking the long way with professionalism and devotion" as we forge ahead. Our commitment lies in generating high-quality and sustainable value returns for our shareholders and striving relentlessly to achieve our vision of "becoming a leader in the international civil electrical industry".

Board of Directors of Gongniu Group Co., Ltd.

27 April 2023

## Contents

<b>Part I</b>	<b>Definitions.....</b>	<b>7</b>
<b>Part II</b>	<b>General Information of the Company and Key Financial Indicators.....</b>	<b>10</b>
<b>Part III</b>	<b>Management Discussion and Analysis .....</b>	<b>16</b>
<b>Part IV</b>	<b>Corporate Governance .....</b>	<b>54</b>
<b>Part V</b>	<b>Environmental and Social Responsibility .....</b>	<b>77</b>
<b>Part VI</b>	<b>Significant Events.....</b>	<b>81</b>
<b>Part VII</b>	<b>Changes in Ordinary Shares and Information about Shareholders .....</b>	<b>99</b>
<b>Part VIII</b>	<b>Relevant Information of Corporate Bonds .....</b>	<b>111</b>
<b>Part IX</b>	<b>Relevant Information of Preference Shares .....</b>	<b>112</b>
<b>Part X</b>	<b>Financial Statements.....</b>	<b>113</b>

Documents available for reference	The financial statements for the year ended 31 December 2022 signed and stamped by the legal representative, the Chief Financial Officer, and the head of the financial department
	The Independent Auditor's Report for the year ended 31 December 2022 stamped by the CPA firm, as well as signed and stamped by the relevant certified public accountants
	The originals of all the Company's documents and announcements disclosed on newspapers and websites designated by CSRC during the Reporting Period

## Part I Definitions

### I Definitions

The expressions in the left column in the table below refer to the contents in the right column unless otherwise specified.

Definitions of frequently used terms		
The “Company”, “Gongniu”, or “we”	refers to	Gongniu Group Co., Ltd.
Reporting Period	refers to	The period from 1 January 2022 to 31 December 2022
Liangji Industrial	refers to	Ningbo Liangji Industrial Co., Ltd., the Company’s controlling shareholder
Ninghui Investment	refers to	Ningbo Ninghui Investment Management Partnership (Limited Partnership), the Company’s shareholder
Suiyuan Investment	refers to	Ningbo Suiyuan Investment Management Partnership (Limited Partnership), the Company’s shareholder
Qiyuanbao	refers to	Ningbo Qiyuanbao Investment Management Partnership (Limited Partnership), the Company’s shareholder
Cixi Gongniu	refers to	Cixi Gongniu Electrics Co., Ltd., a wholly-owned subsidiary of the Company
Shanghai Gongniu	refers to	Shanghai Gongniu Electrics Co., Ltd., a wholly-owned subsidiary of the Company
Ningbo Gongniu	refers to	Ningbo Gongniu Electrics Co., Ltd., a wholly-owned subsidiary of the Company
Banmen Electric Appliance	refers to	Ningbo Banmen Electric Appliance Co., Ltd., a wholly-owned subsidiary of the Company
Gongniu Photoelectric	refers to	Ningbo Gongniu Photoelectric Technology Co., Ltd., a wholly-owned subsidiary of the Company
Gongniu Precision	refers to	Ningbo Gongniu Precision Manufacturing Co., Ltd., a wholly-owned subsidiary of the Company
Gongniu Digital	refers to	Ningbo Gongniu Digital Technology Co., Ltd., a wholly-owned subsidiary of the Company
Bull International Trading	refers to	Ningbo Bull International Trading Co., Ltd., a wholly-owned subsidiary of the Company
Xingluo Trading	refers to	Ningbo Xingluo Trading Co., Ltd., a wholly-owned subsidiary of the Company
Electric Sales	refers to	Ningbo Gongniu Electric Sales Co., Ltd., a wholly-owned subsidiary of the Company
Bull HK	refers to	Bull International Trading (HK) Limited, a wholly-owned subsidiary of the Company
Gongniu Low Voltage	refers to	Ningbo Gongniu Low Voltage Electric Co., Ltd., a wholly-owned subsidiary of the Company
Hainan Dacheng	refers to	Hainan Dacheng Supply Chain Management Co., Ltd., a wholly-owned subsidiary of the Company
Murora Intelligent	refers to	Guangdong Murora Intelligent Lighting Co., Ltd., a wholly-owned subsidiary of the Company
Gongniu New Energy	refers to	Ningbo Gongniu New Energy Technology Co., Ltd., a wholly-owned subsidiary of the Company
Information Technology	refers to	Shanghai Gongniu Information Technology Co., Ltd., a wholly-owned subsidiary of the Company
Shenzhen Intelligent	refers to	Shenzhen Gongniu Intelligent Information Co., Ltd., a wholly-owned subsidiary of the Company
Domestic Electrical Appliance	refers to	Ningbo Gongniu Domestic Electrical Appliance Co., Ltd., a wholly-owned subsidiary of the Company
Gongniu Marketing	refers to	Ningbo Gongniu Marketing Co., Ltd., a wholly-owned subsidiary of the Company

Hangniu Hardware	refers to	Hangzhou Hangniu Hardware and Electrical Co., Ltd.
Dalitek	refers to	Dalitek Intelligent Technology (Shanghai) Inc., a majority-owned subsidiary of the Company
Liangniu Hardware	refers to	Hangzhou Liangniu Hardware and Electrical Co., Ltd.
Feiniu Hardware	refers to	Hangzhou Feiniu Hardware and Electrical Co., Ltd.
Niuweiwang Trading	refers to	Suzhou Niuweiwang Trading Co., Ltd.
Cixi Libo	refers to	Cixi Libo Electric Co., Ltd.
Yaoyang Trading	refers to	Yichang Yaoyang Trading Co., Ltd.
Huantian Technology	refers to	Hubei Huantian Technology Co., Ltd.
Jianke Trading	refers to	Changde Jianke Trading Co., Ltd.
Chenhao Electronic	refers to	Beijing Chenhao Electronic Technology Co., Ltd.
Guoxin Trading	refers to	Changde Guoxin Trading Co., Ltd.
Qiudi Trading	refers to	Hebei Qiudi Trading Co., Ltd.
The “Articles of Association”	refers to	The Articles of Association of Gongniu Group Co., Ltd.
The “Company Law”	refers to	The Company Law of the People’s Republic of China
The “Securities Law”	refers to	The Securities Law of the People’s Republic of China
A-stock	refers to	RMB-denominated ordinary stock
CSRC	refers to	China Securities Regulatory Commission
The Ministry of Finance	refers to	The Ministry of Finance of the People’s Republic of China
STA	refers to	The State Taxation Administration of the People’s Republic of China
Sinolink Securities	refers to	Sinolink Securities Co., Ltd.
PCCPA or the “Independent Auditor”	refers to	Pan-China Certified Public Accountants LLP
RMB RMB’000 RMB’0,000 RMB’00,000,000	refers to	Expressed in the Chinese currency of Renminbi Expressed in thousands of Renminbi Expressed in tens of thousands of Renminbi Expressed in hundreds of millions of Renminbi

## II Terminology

Civil electrical appliances	refers to	Products that are typically purchased at the discretion of consumers and are suitable for use at home, in the office and on other occasions for power connection, transmission, storage, conversion, control and other functions, such as adaptors, wall switches and sockets, circuit breakers, distribution boxes, LED lamps, etc.
Adaptors	refers to	Products that are produced in accordance with GB/T 2099.3-2015 Plugs and Socket-outlets for Household and Similar Purposes -- Parts 2-5: Particular Requirements for Adaptors, GB/T 2099.7-2015 Plugs and Socket-outlets for Household and Similar Purposes -- Parts 2-7: Particular Requirements for Extension-cord Sockets and GB/T 2099.1-2008 Plugs and Socket-outlets for Household and Similar Purposes -- Part 1: General Requirements, as well as similar foreign standards, and are commonly referred to as adaptors in the Company. Consumers or peer companies often call adaptors socket-outlets, power strips, portable sockets, extension-cord sockets, or power converters.
PDU	refers to	Power Distribution Unit. PDU is an electric connection product suitable for power distribution at the data center end that can make power distribution more orderly, reliable, safe, professional and beautiful and make power supply maintenance more convenient and reliable.
Wall switches and sockets	refers to	Wall switches and wall sockets. Specifically, a wall switch refers to a device mounted on the wall for switching on/off the current of one or more circuits and is commonly used to control the on/off status of lighting lamps. A wall socket, also known as a fixed socket, is an electrical accessory mounted on the wall, with a socket inserted with a pin of a plug and installed with terminals for connecting soft cables and



		hard wires, and is often used to provide a power supply interface for electrical products.
Smart ecosystem	refers to	A novel, intelligent household appliance network that builds an interconnected smart home ecosystem.
LED lighting	refers to	Light sources that are produced using light-emitting diodes (such as LED bulb lamps), or luminaries that are produced using LED as a light source.
No-main-lamp lighting	refers to	A lighting design style and lighting without the main light source, that is, a lighting design technique through which downlights, spotlights, light belts, track lights and other luminaries are used to create a light (light and shadow) atmosphere in a point-line-surface combination manner.
Charging plugs	refers to	Portable chargers that are suitable for AC charging of new energy vehicles and special protectors used to connect household sockets and electric vehicles, with such functions as over-voltage and under-voltage protection, over-current protection and leakage protection.
Charging points	refers to	Fixed charging devices for AC charging of new energy vehicles that often require special wiring and installation in garages and special parking spaces, with such functions as over-voltage and under-voltage protection, over-current protection, leakage protection, insulation detection, electricity billing, timed charging and reserved charging.
Circuit breakers	refers to	A mechanical switching device that can connect, carry and disconnect the current both under normal circuit conditions and under specified abnormal circuit conditions. They are also known as automatic switches and are widely used in households, factories and other distribution circuits.
Distribution, delivery, visit and sales	refers to	A sales model in which specialized vehicles are used to provide retail stores with goods distribution, goods delivery, visit services and door-to-door sales on a regular basis along a fixed planned route.
BBS	refers to	Bull Business System

## Part II General Information of the Company and Key Financial Indicators

### I Corporate Information

Company name in Chinese	公牛集团股份有限公司
Abbr.	公牛集团
Company name in English	GONGNIU GROUP CO.,LTD.
Abbr.	GONGNIU
Legal representative	Ruan Liping

### II Contact Information

	Board Secretary	Securities Representative
Name	Liu Shengsong	Jin Xiaoxue
Address	Tower 20, Baoshi Plaza, 487 Tianlin Road, Xuhui District, Shanghai	Tower 20, Baoshi Plaza, 487 Tianlin Road, Xuhui District, Shanghai
Tel.	021-33561091	021-33561091
Fax	021-33561091	021-33561091
E-mail address	liushengsong@gongniu.cn	jinxx@gongniu.cn

### III General Company Information

Registered address	East Zone of Guanhaiwei Town Industrial Park, Cixi City, Zhejiang Province
Changes of registered address	N/A
Office address	Tower 20, Baoshi Plaza, 487 Tianlin Road, Xuhui District, Shanghai
Zip code	201103
Company website	<a href="http://www.gongniu.cn">http://www.gongniu.cn</a>
Email address	ir@gongniu.cn

### IV Media for Information Disclosure and Place where this Report Is Lodged

Media and websites where this Report is disclosed	China Securities Journal, Shanghai Securities News, Securities Daily, and Securities Times
Stock exchange website where this Report is disclosed	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>
Place where this Report is lodged	The Securities Department of the Company

### V Stock Profile

Stock profile				
Class of stock	Stock exchange	Stock name	Stock code	Formerly used stock name
A-stock	Shanghai Stock exchange	Gongniu Group	603195	/

### VI Other Information

Domestic CPA firm appointed by the Company	Name	Pan-China Certified Public Accountants LLP
	Office address	Block B, China Resources Building, 1366

		Qianjiang Road, Jianggan District, Hangzhou
	Accountants writing signatures	Qian Zhongxian, and Liu Chong
Sponsor that exercised supervision over the Company in the Reporting Period	Name	Sinolink Securities Co., Ltd.
	Office address	23/F, Zizhu International Plaza, 1088 Fangdian Road, Pudong New District, Shanghai
	Representatives writing signatures	Du Chunjing, and Feng Bing
	Supervision period	From 6 February 2020 to 31 December 2022

## VII Key Financial Information for the Past Three Years

### (I) Key accounting information

Unit: RMB

Key accounting information	2022	2021	2022-over-2021 change (%)	2020
Operating revenue	14,081,373,030.94	12,384,916,337.51	13.70	10,051,128,834.05
Net profit attributable to the listed company's shareholders	3,188,619,359.56	2,780,360,732.66	14.68	2,313,430,074.14
Net profit attributable to the listed company's shareholders before exceptional gains and losses	2,904,148,417.50	2,632,476,489.56	10.32	2,221,818,427.52
Net cash generated from/used in operating activities	3,057,914,218.16	3,014,326,741.14	1.45	3,437,202,711.65
	31 December 2022	31 December 2021	Change of 31 December 2022 over 31 December 2021 (%)	31 December 2020
Equity attributable to the listed company's shareholders	12,398,865,675.75	10,755,751,576.63	15.28	9,137,392,569.09
Total assets	16,650,497,198.32	15,473,904,666.62	7.60	12,437,541,574.38

### (II) Key financial indicators

Key financial indicator	2022	2021	2022-over-2021 change (%)	2020
Basic earnings per share (RMB/share)	5.32	4.63	14.90	3.89
Diluted earnings per share (RMB/share)	5.30	4.63	14.47	3.89
Basic earnings per share before exceptional gains and losses (RMB/share)	4.84	4.39	10.25	3.73
Weighted average return on equity (%)	27.88	28.28	Down by 0.40 percentage point	26.87

Weighted average return on equity before exceptional gains and losses (%)	25.39	26.77	Down by 1.38 percentage points	25.81
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Explanations about the key accounting and financial information for the past three years:

Applicable  Not applicable

### VIII Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

#### (I) Differences in net profit and equity attributable to the listed company's shareholders under CAS and IFRS

Applicable  Not applicable

#### (II) Differences in net profit and equity attributable to the listed company's shareholders under CAS and foreign accounting standards

Applicable  Not applicable

#### (III) Reasons for accounting data differences above

Applicable  Not applicable

### IX Key Financial Information for 2022 by Quarter

Unit: RMB

	Q1 (January-March)	Q2 (April-June)	Q3 (July-September)	Q4 (October-December)
Operating revenue	3,078,423,636.94	3,759,884,528.11	3,636,181,747.68	3,606,883,118.21
Net profit attributable to the listed company's shareholders	641,426,707.25	866,370,913.31	853,623,027.81	827,198,711.19
Net profit attributable to the listed company's shareholders before exceptional gains and losses	562,060,111.05	810,718,307.90	739,555,455.44	791,814,543.11
Net cash generated from/used in operating activities	433,646,077.61	711,246,493.62	836,250,178.68	1,076,771,468.25

Indicate whether any of the quarterly financial data in the table above differs from what have been disclosed in the Company's past periodic reports.

Applicable  Not applicable

### X Exceptional Gains and Losses

Applicable  Not applicable

Unit: RMB

Item	2022	Notes (if	2021	2020
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		applicable)		
Gain or loss on disposal of non-current assets	-3,980,890.27		-9,714,625.18	-669,979.13
Exceptional tax rebates, reductions and exemptions given with ultra vires approval, in lack of official approval documents or for other reasons				
Government grants through profit or loss (exclusive of government grants consistently given in the Company's ordinary course of business at fixed quotas or amounts as per governmental policies or standards)	130,991,587.24		388,196,973.94	126,164,339.75
Capital occupation charges on non-financial enterprises that are recognized in profit or loss	590,062.34		8,121,324.51	407,671.23
Gain equal to the amount by which investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the Company's enjoyable fair value of identifiable net assets of investees when making investments				
Gain or loss on non-monetary asset swaps				
Gain or loss on assets entrusted to other entities for investment or management	279,374,491.92		171,623,256.63	166,225,979.47
Allowance for asset impairments due to acts of God such as natural disasters				
Gain or loss on debt restructuring				
Restructuring costs in staff arrangement, integration, etc.				
Gain or loss on the over-fair value amount as a result of transactions with distinctly unfair prices				
Current profit or loss on subsidiaries obtained in business combinations involving entities under common control from the period-begin to combination dates, net				
Gain or loss on contingencies that do not arise in the Company's ordinary course of business				
Gain or loss on fair-value	-7,385,680.00		11,107,836.63	-114,631,050.00

changes on held-for-trading and derivative financial assets and liabilities & income from disposal of held-for-trading and derivative financial assets and liabilities and other debt investments (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)				
Reversed portions of impairment allowances for receivables and contract assets which are tested individually for impairment				
Gain or loss on loan entrustments				
Gain or loss on fair-value changes in investment property of which subsequent measurement is carried out using the fair value method				
Effects of all adjustments required by taxation, accounting and other applicable laws and regulations on current profit or loss				
Income from charges on entrusted management				
Non-operating income and expense other than the above	-58,763,095.61		-327,898,293.86	-47,932,397.93
Other gains and losses that meet the definition of exceptional gain/loss	1,712,485.52		2,739,167.53	1,014,971.00
Less: Income tax effects	57,894,123.94		96,291,397.10	38,967,887.77
Non-controlling interests effects (net of tax)	173,895.14			
Total	284,470,942.06		147,884,243.10	91,611,646.62

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable  Not applicable

#### XI Items Measured at Fair Value

Applicable  Not applicable

Unit: RMB

Item	Opening balance	Closing balance	Change in the period	Effect on current profit
Held-for-trading financial assets	5,926,600,000.00	6,949,000,000.00	1,022,400,000.00	
Derivative financial assets	3,613,050.00	643,100.00	-2,969,950.00	
Receivables financing	927,023.00	1,036,801.70	109,778.70	

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Held-for-trading financial liabilities	0.00	18,200,000.00	18,200,000.00	
Total	5,931,140,073.00	6,968,879,901.70	1,037,739,828.70	

**XII Other Information**

Applicable  Not applicable

## Part III Management Discussion and Analysis

### I Discussion and Analysis on Operations

Amid a complex and changeable external environment in 2022, the Company adopted an operating strategy of seeking progress in stability. As a result, it achieved steady growth in operating results and maintained good resilience for development. For the year, operating revenue increased 13.70% year on year to RMB14.081 billion and the net profit attributable to the Company's shareholders amounted to RMB3.189 billion, up 14.68% from the previous year.

During the Reporting Period, the Company focused closely on the three major businesses of electric connection, smart electrical lighting and new energy, continuously promoted product innovation and brand upgrading of traditional advantageous businesses such as adaptors and wall switches and sockets, and accelerated the expansion of new businesses such as new energy connection and smart no-main-lamps, achieving a good start. These efforts have helped further enhance the Company's comprehensive competitiveness in product, channel, brand and supply chain, laying a solid foundation for long-term sustainable and healthy development.

In 2022, the presence and reputation of the Bull brand were further enhanced, with the Company ranking 70th on the 2022 Hurun Brand List China's Top 300 Brands by Brand Value, becoming the first civil electric manufacturer to establish a partnership with the aerospace sector in China, and winning the "China Brand Annual Award for Wall Switches and Sockets No.1" by the World Brand Lab. The Company and its subsidiaries Ningbo Gongniu, Gongniu Photoelectric, Gongniu Digital, and Gongniu Domestic Electrical Appliance were certified as high-tech enterprises, and the Company was named "2022 Pilot Demonstration of Integration of New Generation Information Technology and Manufacturing Industry " by the Ministry of Industry and Information Technology, and "2022 National Intellectual Property Demonstration Enterprise" by the China National Intellectual Property Administration, and was recognised as Top 100 Manufacturing Enterprises of Zhejiang Province. In 2022, the Company achieved sound results in the following aspects:

#### **(I) Seized the trend of consumption upgrading, intelligent transformation and new energy, and developed innovative products centering on user needs**

In 2022, the Company firmly captured the major trends of consumption upgrade, intelligent transformation, and new energy. With deep insight into user needs, it continued to launch innovative products such as smart and ecosystem-based home appliances and new energy-based electrical products. Throughout the year, up to 13 design awards were earned at home and abroad. As of the end of the Reporting Period, the Company has won a total of 64 design awards at home and abroad, including the Red Dot Award (Germany), the iF Award (Germany), the G-Mark Award (Japan), the IDEA Award, the Red Star Design Award (China), the AWE Award, and the Design Intelligence Award. In addition, technical strengths were further enhanced, with 565 new patents and 23 new software copyrights granted in 2022. As of the end of the Reporting Period, the Company boasts 2,379 valid patents and 59 software copyrights.



## 1. The electric connection business

In the electric connection business in 2022, the Company made continuous exploration and individualised innovation fully focusing on scenario-based electricity use, and was committed to providing consumers with a safe, comfortable and pleasant experience of electricity use. This business recorded revenue of RMB7,051 million for the year, an increase of 4.22% year on year.

### (1) Adaptor business

In product innovation in the adaptor business, the Company focused on satisfying user needs in segmented electricity scenarios and extending channel-related categories in 2022.

In terms of satisfying user needs in segmented electricity scenarios, the Company further optimised the consumer experience through trend-based user research, and focused on the development and implementation of mainstream USB fast charging, table lamp power strips and decorative track sockets; based on research on consumer trends and concerns, the Company rapidly extended its product coverage in retractable power strips, textured decorative power strips and retro power strips, which well satisfied the young consumers' pursuit of quality and personalised life.

In the extension of channel-related products, based on the characteristics of hardware, decoration and e-commerce channels and the differences in user groups, the Company has further enriched the product lines of track sockets, electrical wire products and electrical accessories (plugs, electrical tape, etc.) to provide consumers with a convenient "one-stop" purchasing experience in multi-channel dimensions and multi-category sets; in the emerging business-end channels such as industrial terminal power distribution, data centre and embedded home, the Company has continued to enrich and iterate its product lines, further exploring and implementing product families such as track sockets, industrial connectors, PDUs and embedded power strips, which have gained market recognition and user popularity.

### (2) Digital accessories business

In 2022, Gongniu Digital, by following the industry and user trends, successfully listed a series of self-developed new products with profound user insight, leading fast-charging technology and exquisite industrial design.

Based on the charging concept of "safe and fast charging", and relying on the unique miniaturised stacking technology and the exclusively patented "APO Technology", the good-looking charger series based on advanced technology are launched, which save more energy than traditional chargers and can effectively extend the life of mobile phone batteries, giving users differentiated smart charging experience; to meet consumers' needs for fast charging in multiple scenarios, the compact 67W portable fast charging power strip is launched based on the combination of the professional electric connection technology and distinctive gallium nitride fast-charging technology; based on the desktop electricity scenario, the Company optimised the wave crest design through ergonomic research and the golden plugging angle of the power strip, and launched the 67W Mountain Peak fast charging power strip; in addition, in response to needs of female users, the Company launched the Planet fast-charging power

strip which is innovative and upgraded in appearance, which have realised new exploration and sales growth in fast charging power strips.

Furthermore, by leveraging its digital and hardware channels, the Company continued to develop business segments such as audio, mobile phone cells, and dry cells, thereby achieving accurate inbound marketing, enhancing channel and customer royalty, and systematically arranging products for mobile phones and laptops.

## **2. The smart electrical lighting business**

In the smart electrical lighting business, the Company focuses on the process before household decoration is completed (referred to as "pre-decoration"), providing wall switches and sockets, LED lighting, bathroom heaters, circuit breakers, and smart door locks to meet consumers' upgraded needs for whole-house smart home appliances. In 2022, the business reported revenue of RMB6.849 billion, an increase of 23.39% year on year.

### **(1) Wall switches and sockets**

In 2022, the Company continued to lead the way in terms of decorative wall switches and sockets, optimised the product layout based on the strategy of "steadily establishing the foundation, responding to the trend; making insights into new opportunities and layout in the high-end market", and deepened the construction of different product systems as informed by the differentiated needs of customers in different channels.

With the development of industry trends, the Company has taken the initiative to make layouts in large-panel and ultra-thin products in the mainstream price range and successfully launched the Linea switch series, and used the original design by Italian design masters to create a new ultra-thin platform to enhance product power as well as brand power with high-end texture, technology and industrial design.

In order to better meet the home decoration needs of consumers and solve the pain points of user needs, the Company innovatively used radar scanning tools to open up key nodes and stages such as demand management, project establishment and development, promoted lean commodity planning and management, and launched innovative products that have received good market response. At the same time, in view of the characteristics and needs of weak channels, the Company closely followed its development and changes, actively carried out targeted product planning and layout, and successfully listed G35 series switches, with remarkable market integration effects.

In addition, in order to meet the differentiated needs of customers in the business-side market, the Company further improved product flexibility and scalability by strengthening platform and modular structure design, and continued to build a tiered combination of basic products, high-end products and intelligent products to enhance market competitiveness.

### **(2) LED lighting**

Adhering to the positioning of "eye-caring", and oriented to meeting the needs for light in space and behaviour, the Company has continued to push forward the research of "light" and the innovation and application of optical design. According to the segmented customer group profile, different application scenarios for demand mining, the Company made technological innovation in the directions of

"anti-blue light", "visible flicker-free", "full spectrum", "high index", "anti-glare", "comfortable colour temperature", etc., and is committed to providing consumers with a comfortable, healthy light environment.

The Company followed the market trend in basic light source business; in 2022, starting with the new demand of users for product cost performance and functions, the Company further improved the product layout for segmented scenario-based lighting needs, iteratively launched the Wanjiang-series projector lamps, ceiling fittings, and Yue-series panel lights, and launched the commercial lighting series of downlights, induction bulbs, can lights, and lamp tube products for commercial lighting, quickly supplementing the product line and significantly enhancing the competitiveness in commercial lighting.

In 2022, the Company continued to make breakthroughs in technology of lighting business, prepositioned the research and development of "control mode" and "eye-caring technology" to establish technical barriers to products and strengthen the construction of platforms to enhance the level of standardisation. The Company upgraded lighting products to be "ultra-thin" in appearance, deepened intelligent control in terms of functionality, and upgraded the "offline voice" system to address user pain points such as complicated and unresponsive operation of intelligent voice control, and launched a number of collections of "modern and simple" line products that meet the needs of the markets in larger communities and are popular with consumers. In order to meet the higher requirements of users for the appearance and quality of lamps and lanterns, new products such as S02 ceiling spotlights and T02Plus can lights were launched for ambient lighting of homes. These products have good wall washing effect, natural light spot transition, high texture, and possess such advantages as being bright and uniform, and deeply anti-glare, and have received a good market response.

In mobile lighting business, the Company focused on the pain points and needs of consumers in reading and light-filling scenarios, and strove to achieve the best light experience. Focusing on the reading scenarios, in 2022, the Company launched the Eye-Caring Desk Lamp with honeycomb anti-glare technology at its core, which can better block the harsh light by shading treatment; the product is equipped with personalised interactive functions such as stepless dimming, rest reminder and delayed light-off, creating a comfortable, healthy and intelligent reading light environment for consumers at home. Focusing on the light-filling scenarios, the Company has developed light-filling products such as night light, cabinet light and clip light by following the market trend and gaining insight into user needs in 2022, and is committed to bringing good light to every corner of home.

### (3) Smart no-main-lamps

Focusing on consumers' upgraded demand for minimalist decoration style and intelligent light experience, the Company has made smart no-main-lamps a key development direction for its lighting business and is committed to creating a comfortable and professional light environment and convenient control experience for users, better interpreting the lighting levels and light atmosphere of a space.

Upholding the concept of modular and standardised product design, the Company launched S03 magnetic rail light and T03 downlight series and other products for smart no-main-lamps in 2022. The magnetic rail light can be flexibly adjusted to the position of the light source on the rail according to user

needs, and different modules can meet different lighting needs respectively; the downlight series includes embedded downlights, bezel-less downlights, surface mounted downlights, single/dual-ended grille lights and mini grille lights. The high-CRI light source, coupled with professional optical lens, highly reproduces the real colour of objects, and the innovative industrial design ensures uniform light effect and natural visual comfort.

In 2022, the Company created "Murora", a new brand that is positioned as a professional brand in no-main-lamp lighting, with a product layout covering downlight, rail light, strip light, ambient light, Murora MOS system and so on. Murora's products, by employing high colour rendering light sources, have industry-leading optical performance indicators; adopting user-friendly design with user experience at its core, Murora products won the G-Mark Design Award upon its launch; the Company's self-developed Murora MOS system, together with the intelligent large screen and peripheral ecological products, further enhance the convenience, safety and stability of product use through continuous optimisation and software iteration.

#### (4) Ecosystem-based products

To meet consumers' needs for one-stop shopping during pre-decoration, the Company proactively builds a pre-decoration intelligent ecosystem, transforming from providing products that meet users' needs to providing better scenario-based solutions, constantly iterating and innovating ecosystem-based products such as bathroom heaters, smart door locks, smart clothes drying racks, smart curtain machines, fan lights and circuit breakers.

In 2022, Domestic Electrical Appliance fully researched the user habits and pain points of electrical appliances in various household scenarios and gradually improved the category layout. In the bathroom scenario, based on the decoration problem of users with needs in replacement, and taking into account the product use scenario, the Company launched a ceiling-mounting-free, plug-and-use wall-mounted bathroom heater solution to meet users' heating needs; at the same time, the Company launched a series of electric towel racks in 2022, so that the drying needs of users in humid and cold areas can be better met. In the dining and bedroom scenarios, through insight and understanding of users' differentiated demand for different space wind, the Company extended the fan light layout, and launched a differentiated product in the industry - 07A wide-area wind fan light. Also, the Company kept innovation in the fan light around the core needs of users; the ultra-thin fan light launched in 2022 won the international design awards of iF and G-Mark, and the industry's first centrifugal bladeless fan light was successfully launched by the Company. In the balcony scenario, with the continuous upgrade and change of consumer groups and home space aesthetics, the Company launched the Yuebian series of clothes drying racks in 2022, which are more in line with the consumer aesthetics of young people, increasing the attributes of living scenarios on top of satisfying users with easy drying. In the light and shadow scenario, in 2022, the Company launched the new one-line smart retractable rail curtain, which brings a better experience to users in terms of quick collection, one-off installation, smoothness of product operation, and user experience.

Circuit breakers are constantly iterated and innovated on the basis of home decoration and civil product technology platform, and the existing product lines are constantly enriched for factory and engineering project users. In 2022, LC2 contactors, LW3 frame circuit breakers and LQ3 dual power adaptors were launched to meet the needs of new scenarios and applications, while helping customers to further improve the reliability of electricity consumption.

In 2022, the Company completed the layout of two major platforms--the fully automatic type and the handle type, for smart door locks, and added the remote cat-eye model, 3D face model and WiFi model product series to achieve the layout of the full-product and full-function architecture. The Company's latest flagship product combines the functions of AI intelligent cat-eye, 3D face recognition, and intelligent doorbell to continuously improve product integration. In addition, the Company introduced WiFi low-power preservation technology across the industry, and equipped AliCloud video streaming technology and distributed forwarding technology, breaking the technical difficulties of the industry's visual cat-eye category, and bringing consumers a highly smooth and reliable visual experience. The continued strengthening of the smart door lock product iteration capability will become an important guarantee for the Company to enhance market competitiveness.

### **3. The new energy business**

With years of accumulation of electricity technology and brand advantages, the Company's new energy business has been running smoothly as it conducted product iterations and technological innovation based on users' pain points and concerns, and gradually built up a complete product layout and system. Revenue for the year was RMB153 million in this business, an increase of 638.62% year on year.

In the new energy vehicle charging plug and charging point business, for the customer-side market, the Company has fully researched the characteristics of cars and consumer application scenarios, and has successively launched a number of innovative products such as the high-power in-car charger, Mini charging point for A00-class cars and the Smart Link version of the charging point to meet the differentiated scenario-based charging needs of mainstream car models in the market; for the business-side operator market, the Company has launched flexible DC charging points that support the full power range from 20kW to 240kW. The output voltage bandwidth can fully meet the battery charging needs of DC150V-1000V and can operate at maximum power output for a long time. The modular and highly-integrated design ensures stable and reliable performance, and the networked operation and independent deployment technology enables remote supervision and maintenance, which can effectively meet the core requirements of operators for product functionality, operational efficiency and post-maintenance. The listed products have been widely praised by the market for their superior technology, standard quality, innovative appearance and experience design.

The Company accelerated energy storage product innovation and technology research and development, and in 2022, the portable energy storage business focused on camping scenarios, and deepened its expansion in outdoor power supply and outdoor power accessories. Through demand insight, the Company launched a small-size and good-looking portable power supply product for

camping users, with bi-directional inverter fast charging and dimension-raising power technology; for senior users concerned about the characteristics of power, the Company launched a high-energy lithium iron phosphate power supply, advancing product capacity from 1kWh to 2kWh, which has received wide attention in the market; to address senior users' concerns about the low efficiency of battery discharge at low temperature, the Company carried out research and development on the underlying technology and took the lead in applying low-temperature-resistant lithium iron phosphate batteries to its products, leading the innovation trend of the industry. At the same time, the Company has launched solar charging panels, car-mounted chargers, outdoor bracket lighting and other camping products to provide consumers with a complete solution for outdoor electricity use.

**(II) Deepened channel integration and lean marketing, and focused on building a new sales system**

In 2022, the Company continued to promote marketing reforms according to the changes in consumer needs, further establishing the ToC and ToB marketing systems and clarifying the synergy and complementarity strategies of channels including offline hardware, decoration, digital, and online e-commerce. The hardware channel was primarily for the sales of adaptors, circuit breakers, basic light source products, among others. Serving as a shared channel for all categories in smart electrical lighting, the decoration channel focused on the sales of domestic decorative products, including wall switches and sockets, LED lighting, circuit breakers, bathroom heaters, smart door locks, smart clothes drying racks, and curtain machines. The digital channel was primarily for the sales of digital accessories. In 2022, the Company built a new offline energy distribution channel around the development of the new energy business, and has begun to see results. At the same time, the Company accelerated the expansion of overseas channels and increased the pace of internationalisation.

In terms of the consumer-side decoration channel, to meet the needs for one-stop purchase during pre-decoration, the Company deepened a specialised and comprehensive decoration channel, promoted the downward sales of a range of electrical lighting products such as wall switches and sockets, LED lighting, circuit breakers, domestic electrical appliances, and smart door locks in the county and town markets; the Company also launched the construction layout of the full-category flagship shops, which has strongly driven the development of the whole category business. In 2022, the Company carried out the construction of core outlets for no-main-lamps in the decoration channel in a timely manner and achieved good market feedback. In line with the development trend of the industry, the Company has made comprehensive efforts to develop small and medium-sized decoration enterprises as its customers to create a new strategic growth channel. In addition, the Company further expanded new channels such as integrated suspended ceiling shops and integrated kitchen and bath shops, and achieved an important breakthrough in the channel system. In terms of capacity building, the Company further deepened lean marketing in the decorative channel, fully implemented lean dealer market planning, and improved dealer market planning and daily management capabilities. Also, the Company began to promote and replicate lean retailing after exploration and verification, and implemented regional classification and

refinement management and top city management change innovation, making marketing strategies and policies more accurate and effectively stimulating channel vitality.

The Company continued to strengthen its advantages in customer-side hardware channel, managed its core customers precisely, improved the efficiency and output of a single shop by enhancing shop displays and creating exclusive sales areas, consolidated the channel foundation, and with the help of a nationwide network of distributors, continuously expanded product sales channels and optimised the market structure; the Company entered the procurement platform for government and enterprises, provided quality services for government, enterprises and public institutions, and further enhanced the Bull brand's awareness and reputation. In order to meet the needs of young consumers, the Company has launched good-looking youthful products one after another and further explored new channels such as trendy shops, boutique bookstores and high-end supermarkets. At the same time, in the hardware channel in 2022, the Company fully empowered dealer teams by lean marketing tools such as lean operations and market planning in three dimensions: source-opening, cost-cutting and risk prevention, and effectively improved the efficiency of market operations with marketing tools such as CRM and new media.

For the consumer-side digital channel, a range of forms was introduced, including mobile phone repair stores, digital accessories stores, small supermarket and convenient stores, the points mall, and the gifts channel. Through measures such as enhancing the "distribution, delivery, visit and sales" service capability, regional distribution and product improvement, the coverage of terminal outlets was significantly increased and customer stickiness was strengthened. The Company also further upgraded the CRM digital tools to improve the quality of sales services and enhance the channel operation and management capabilities.

The construction of the new energy channel commenced in March 2022 to expand the offline new energy charging point market; Relying on the marketing system capabilities accumulated during the long-term service to distributed customers, the pilots summed up the methodology of precise and rapid investment attraction, recruiting more than a hundred professional distributors nationwide, focusing on covering first-, second- and third-tier cities. For customer-side users, the Company has formed standard "distribution, delivery, visit and sales" method and process, and focused on developing more than 5,000 professional distributors such as new energy auto trade shops and auto beauty and decoration shops; for business-side users, the Company has focused on developing pilot projects for clients such as public institutions, enterprises, properties and charging stations, and summarised and formed a methodology to establish the all-round capability of project development, solution design, installation service and after-sales maintenance unique to the new energy channel, laying a solid foundation for the large-scale promotion of the Company's new energy charging point business in the country.

In terms of business-side channels, in 2022, the Company continued to refine its development around the three major businesses of installation enterprises, engineering projects and houses with fine decoration. With wall switches and sockets as the foundation and smart no-main-lamps as the core, and with the advantage of a multi-category portfolio, the Company continued to broaden and deepen its

cooperation with top domestic installers. In 2022, the Company established strategic partnerships with about 200 well-known top installers and platforms, such as Yenova, Create Decoration, SD, ke.com and LB, and enhanced the coverage of regional installer outlets around key cities; at the same time, the Company made comprehensive efforts in the engineering project business and has become an important partner of Xiong'an New Area, Hong Kong-Zhuhai-Macao Greater Bay Area and other construction projects, and has been proactively building benchmark projects in the fields of provident housing, education, hotels and logistics, etc. The Company has also continued to focus on the development of houses with fine decoration, and has continued its solid cooperation with high-quality real estate companies such as Taikang, Poly and China Construction.

In e-commerce channels, the Company continued to deepen its strategy of advancing digital marketing across all categories and platforms in 2022 by focusing on strengthening its capabilities in channel construction, demand insight and digital marketing promotion. In terms of channel construction, the Company kept optimising its "1+Specialty+N" shop matrix by building flagship shops in lighting, digital and new energy categories with benchmarking significance, and creating a healthy ecology for channel development with distributors in 2022. Regarding demand insight, the Company leveraged online big data to gain in-depth insight into the needs of consumer groups, and continued to seize opportunities in segmented categories to make precise efforts, constantly layout and improve the product matrix with strong competitiveness, successfully created a number of trendy models such as track sockets and new energy charging plugs. With respect to digital marketing, in 2022, the Company formed a digital marketing closed-loop system of "efficient off-site advertising and accurate in-site customer attraction", deepening the relevance of products to users' life scenarios and gradually opening up a crowd-expanding marketing method. In 2022, according to the data of Intelligence, the Company continued to maintain the first place in the market share of two categories, namely adaptors and wall switches and sockets on Tmall and consolidate the leading position; the market share of new energy and other categories had a steady growth and made new breakthroughs.

In terms of overseas channels, the Company grasped the new trend of globalisation and regionalisation of consumption, adopted differentiated strategies for different types of markets, and accelerated the pace of internationalisation. In 2022, the Company focused on exploring the Southeast Asian market for independent brand business, carried out in-depth research on the trend of upgrading home decoration consumption in Southeast Asia, further identified potential opportunity markets, categories and channels, and laid a good foundation for future strategic breakthroughs. In response to the trend of increasing share of new energy in the energy mix of developed countries in Europe and the United States, the Company has actively launched cross-border e-commerce business. Currently, through platforms such as Amazon and independent overseas webs, products such as new energy vehicle charging plugs and portable chargers have been launched and have achieved good market response. The OEM business, as a window for communication and cooperation with international markets, also continued its steady development during the Reporting Period.



**(III) Ongoing efforts were made to promote a lean, automated, and digital supply chain as well as the transformation and upgrade to smart manufacturing in order to build a high-quality, low-cost, and efficient green supply chain**

In 2022, the Company improved intelligent manufacturing factories with a lean, automated, and digital supply chain as the pillar, made the manufacturing technology innovation capability an important carrier of the core competitiveness of the supply chain, deepened the layout of the supply chain in vertical areas, and further enhanced the quality, cost and efficiency advantages.

The Company continued to promote lean improvements. In 2022, the adaptor factory continued to improve its automation level with the help of BPD tools, identified waste through the VSM methodology and promoted the implementation of an agile delivery system. The Company pioneered the direct operations of the moulding factory and assembly factory, through which the production materials of the previous process were directly distributed to the assembly workshop's warehouse, achieving streamlined logistics, warehousing and manpower and continuous improvement in production efficiency. The intelligent logistics system of moulding-painting in the wall switch factory has made possible direct delivery and direct distribution between different internal factories, reducing intermediate inventory and significantly improving operational efficiency. In terms of digital factory, the Company continued to build a lean and flexible factory and achieved a double reduction in finished goods and raw material inventories through VSM's full value stream diagnostics, while initially building a smart delivery system with the APS system as the core and multi-system collaboration. The moulding factory has upgraded its injection moulding machines and ancillary equipment through lean tools such as BMS, SMED, DM and TPM2.0 to achieve improved energy utilisation throughout the year, and has built industry-leading models such as direct delivery of flat logistics and integration of painting. The new energy electric connection factory insists on prioritising quality, and through the MES system, connects intelligent electric batches, AI+vision, testing machines and ageing machines to establish a digital lean line to continuously improve product quality.

The Company insisted on promoting automation upgrading and transformation, and in 2022, the LED lighting factory continued to innovate in its business model, developing a characteristic lighting production model combining automation, line flexibility and lean production. The digital factory transformed into "unitised" flexible automation, focusing on process automation to increase the proportion of automation; through lean gold panning, new product DFM implantation, mechanical arm + vision + flexible vibration plate development and verification, it built the first charging head flexible manufacturing line, and successfully achieved high-flexibility production. It also continued to deepen CMF process research, accelerated the development and application of matching process technologies for fast charging categories, introduced the glue-filling process, through-hole reflow process and glue solder paste dual process, etc., and completed the construction of production capacity for "good-looking black technology" trendy products, greatly enriching the product line. The introduction of automated resistance welding equipment in the circuit breaker factory made available one-off multi-position welding and helped carry out process innovations such as non-destructive welding of silver points and

integrated welding of hot rivets; the automatic product testing line adopted a digital anti-dulling system to realise real-time uploading, storage and analysis of test data of finished circuit breakers to improve product yields in a targeted manner.

In 2022, the Company continued to vigorously promote digital transformation by focusing on the digitisation of core business processes and improvement of factory digital construction, comprehensively upgrading the MES system, integrating ERP, MES, QMS, PLM and other software and hardware systems, fully developing and using MES application functions (internal control and safety, quality and delivery, cost control) to make it more relevant to production; the Company also created the digital management of "design and manufacturing integration, production and processing automation, production process transparency, logistics control precision", realising the information-based and systematic monitoring and management throughout the process covering raw materials (code-sweeping material feeding, dummy prevention and error warning), injection production process (process upload, CCD intelligent detection, intelligent logistics system), and warehouse management system (WMS). The construction of APS2.0 in the wall switch factory has integrated the planning and scheduling of the painting, injection moulding and assembly factories, realised the collaboration of sales, production and procurement planning, and reshaped the business and operational processes of "human", "machine", "material", "method", "environment" and "measurement" with digitalisation. The adaptor factory has promoted digital infrastructure construction and put MES, WMS, QMS and APS into operation, enabling digital management of core business and improving the delivery process by focusing on the "T+2" project. LED and digital factories have also introduced the APS, achieving a significant reduction in inventory and sluggish materials. The moulding factory has introduced such technologies as automatic pallet, automatic cartoning, CCD, AGV and self-researched mechanical arms, and through an intelligent logistics system that highly correlates the injection moulding business with the decorative painting business, innovatively used an integrated production model, enabling injection moulding products to be automatically received - identified - reported - allocated - stocked - discharged, and delivered to the painting workshop fully automatically within a short period, reducing the process of handling and warehousing, and significantly improving the turnaround rate.

#### **(IV) Strengthened the construction of the BBS to build and enhanced the organisational capacity of talents to support future development**

After continuous strengthening and construction in recent years, the BBS has gradually become an important methodology and operational system that drives the Company to improve the quality of its operations. In 2022, the Company has made continued efforts to deepen its management changes, implanting the BBS improvement gene from point to plane and from inside to outside into the entire value chain of production, research, marketing and employment, becoming a powerful engine for the Company's innovative growth and cost reduction; it also continuously promoted organisational innovation and talent building, providing a solid guarantee for the Company's sustainable and healthy development. Through improvement practices, 12 best practices as the lean benchmark were created, 40 BBS methodologies were precipitated and exported, 19 black-belt talents, 25 blue-belt talents and 729

green-belt talents were trained, and the lean transformation was increased from 3 points to 4 points, reaching an industry-leading level.

Driven by the strategic deployment breakthrough target, BBS fully utilised BBS methods (such as lean product planning, BPD trending product development, 3P rapid self-production, etc.) to help promote the continuous improvement of the competitiveness of existing businesses and accelerate the rapid incubation and ground-breaking growth of strategic new businesses. At the same time, the BBS has effectively facilitated the business integration and strategic synergy of the newly acquired companies, helping the Company to quickly fill the capacity requirements of the new business of intelligent no-main-lamp lighting.

After nearly two years of construction and cultivation, the Company has initially realised the layout of a distributed headquarters around the high ground of talents in line with the Company's future sustainable development needs for organisational capacity, talent training and new business development. In 2022, the Company's Shanghai second headquarters project is progressing smoothly, positioning itself as an important base and window for future research and development, product and brand presentation; the Pearl River Delta Centre focused on core cities with obvious industrial clusters, such as Shenzhen and Huizhou, to lay out the R&D and innovation and supply chain support of the no-main-lamp lighting and intelligent and new energy businesses, and further build up the core competitiveness of the strategic business for future development.

The Company keeps focusing on the "selection", "employment", "cultivation" and "retention" of human resources. In addition to attracting outstanding talents from various industries, the Company also brings in highly skilled talents with industry experience for new businesses under incubation and cultivation, so as to quickly build up team capabilities; the Company stimulates the vitality and motivation of employees under the framework of a synergistic assessment system that breaks down organisational performance and individual performance, so as to support the effective implementation of the Company's strategies with efficient organisational execution; based on the Gongniu Leadership Model and BBS empowerment, the Company formulates competency development plans for management and technical talents of different categories and levels, and provides all employees with complete career development plans; the core management team and technical backbones are provided with a regular incentive mechanism by means of restricted share Incentive Plans and special talent shareholding plan, so as to better attract and retain talents to grow with the Company and provide an inexhaustible source of power for organisational development.

**(V) Fully launched the brand upgrade and built the new Murora brand while consolidating the positioning of "Expert in Safe Electricity Use" for the Bull brand**

In 2022, the Company initiated a comprehensive upgrade of the Bull brand, establishing the main brand vision where “7 out of 10 Chinese households will be using Bull products”, and officially becoming the first civil electric manufacturer to establish a partnership with the aerospace sector in China. Relying on its core high-end product series, the Company carried out all-round brand promotion using media channels with strong interaction, wide coverage and high accuracy as a communication

bridge, leveraging the high popularity of hot celebrities, the high potential of China's aerospace IP and the high authority of mainstream media, and systematically upgraded the terminal images of online and offline channels, official websites, new media and other consumer touch points, further consolidating the positioning of "Expert in Safe Electricity Use" for the Bull brand in 2022.

In order to support the development of the strategic business, the Company cultivated and incubated the new brand "Murora", which is positioned as a professional and intelligent no-main-lamp lighting brand, and established the brand's main appeal of "Works of Simplicity by International Masters". In 2022, the Company systematically created a differentiated and recognisable brand VI and SI visual system, deepened the online and offline brand channels' image of being simple, professional, and warm, laying a good foundation for the development of Murora brand. In March 2023, the brand launch and the first flagship shop of Murora was released, attracting much attention from both industry insiders and outsiders with a comprehensive brand promotion, exposing the brand efficiently to dealers and customers and gaining a good market response.

## **II Introduction of the Industry where the Company Operates during the Reporting Period**

### **1. Development stage and periodic characteristics of the industry**

According to the Industry Classification of National Economy (GB/T 4754--2017) issued by the National Bureau of Statistics, the main type of the Company's business is assigned to "Manufacturing Industry of C38 Electric Machine and Equipment". Among them, adaptors, wall switches and sockets, and digital accessories are all assigned to the specific type of "3899 Other Not Classified Manufacture of Electric Machine and Equipment". LED lighting is assigned to the specific type of "3872 Manufacture of Lighting Devices". And new energy charging plugs/points fall in the specific type of "3829 Manufacture of Other Power Distribution and Control Facilities".

With the further improved economic structure as well as the continuous increase of the resident discretionary income and consumption level in China, industries such as household appliances, consumer electronics, real estate, home decoration, and new energy vehicles, grow continuously and rapidly, promoting the market demand for products in electric connection, smart electrical lighting and new energy charging and storage. Nowadays, China is the main producing base of adaptors across the world. The brands of wall switches and sockets in China's market are nationally leading as well as internationally famous. In the field of lighting, China has become the workshop of the world with products sold to around 220 countries and regions. In the field of new energy vehicles, China is the world's largest producer and consumer. In general, traditional electric connection products such as adaptors and digital accessories, as well as wall switches and sockets, LED lighting and electrical lighting products, have entered a mature period of development, but the sub-categories, such as smart ecosystem household products, and new energy products are in a growing period with increasing policy support.

Products of electric connection, smart electrical lighting and new energy all have close connection to people's lives with no obvious characteristics of industry cycle and regions. Among them, some

products of electric connection and smart electrical lighting have been affected by some factors including cessation of business in major retail terminal end outlets (such as hardware stores, specialized markets and so on) and the reduction of housing fixtures during the Spring Festival. Therefore, the first quarter always has the fewer sales volume all over the year.

## **2. The Company's position in the industry**

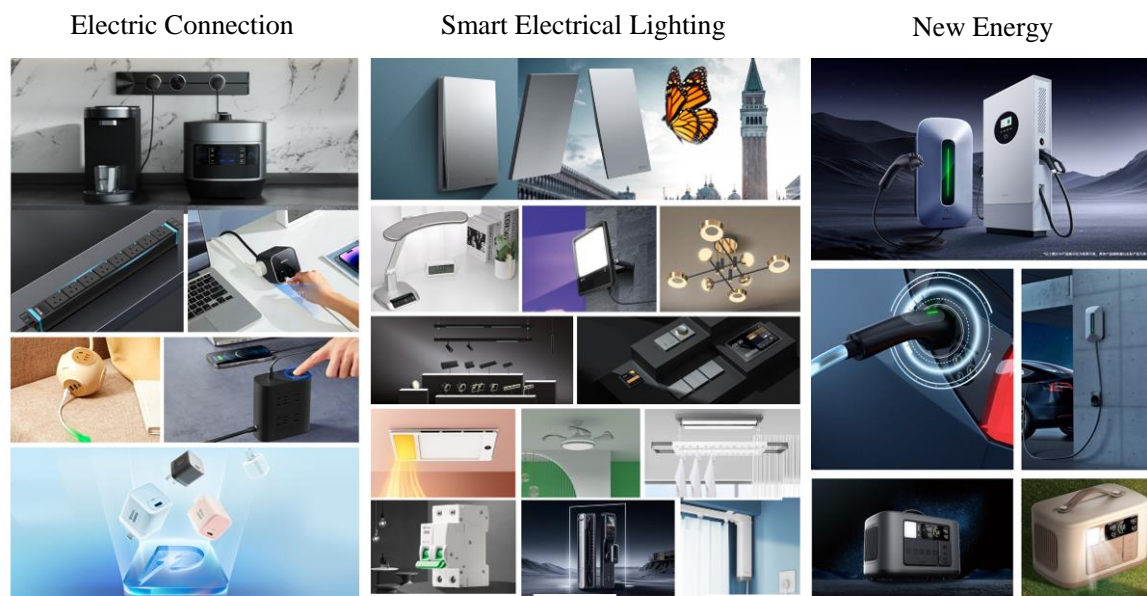
The Company concentrates on the civil electric industry and always upholds the business philosophy of “Be Professional and Concentrated, and Go Further” . Since its establishment in 1995, the Company has gradually formed three main businesses: electric connection, smart electrical lighting and new energy. Relying on excellent product quality and sound word of mouth, the reputation of the Bull brand has increased constantly and its sales volume has always been leading. During the Reporting Period, the Company ranked 70th on the 2022 Hurun Brand List China's Top 300 Brands by Brand Value, becoming the first civil electric manufacturer to establish a partnership with the aerospace sector in China, and winning the "China Brand Annual Award for Wall Switches and Sockets NO.1" by the World Brand Lab. The Company was recognised as a "2022 National Intellectual Property Demonstration Enterprise" by the China National Intellectual Property Administration, named "2022 Pilot Demonstration of Integration of New Generation Information Technology and Manufacturing Industry" by the Ministry of Industry and Information Technology, and awarded the honours of Top 100 Manufacturing Enterprises of Zhejiang Province and Top 100 Fastest Growing Enterprises in Zhejiang Province.

According to the data provided by Info Master, in 2022, the Company's products such as adaptors and wall switches and sockets had the No. 1 online sales volume in Tmall market. In June 2021, the Company successively launched new products such as new energy vehicle charging plugs and charging points for e-commerce platforms, with the sales volume in a leading position among third-party brands.

## **III Principal Operations of the Company during the Reporting Period**

### **1. Principal operations**

During the Reporting Period, the Company focused on the three major businesses of electric connection, smart electrical lighting and new energy towards its strategic objectives. The primary products of electric connection are adaptors (power strips), digital accessories, etc. The products of smart electrical lighting mainly include wall switches and sockets, LED lights (smart no-main-lamps), safe circuit breakers, smart bathroom heaters, smart door locks, smart clothes drying racks, smart curtain machines and so on. The products of new energy mainly include new energy vehicle charging points/plugs, outdoor portable chargers, etc.



The Company adheres to the vision of “Becoming a Leader in the International Civil Electric Industry”, the mission of “providing safe and comfortable electricity experience for customers” and the development philosophy of “be professional, concentrated and go further”. Since its establishment in 1995, the Company has always adhered to the guidance of consumer demand and the base of product quality. The Company started to from the segmentation of power strips, constantly promoting the innovation of functions, technology and design, and developing batches of new products popular among consumers. Focusing on innovation, the Company has the comprehensive advantages of product R&D, marketing, supply chain and branding. After years of developing and expanding, the Company has formed three major business segments: electric connection, smart electrical lighting and new energy. Besides, it has also formed sustainable business layout in the fields of civil electrical industry and lighting.

## 2. Business models

(1) Procurement model: The procurement business of the Company mainly includes the procurement of operating supplies including copper, silver, aluminum, tin, plastic granule, paper pulp, etc., and the procurement of non-operating supplies such as IT materials, administrative supplies and so on. The Company has established a procurement strategy with quality as the core. It has selected the main supplier through the mechanism of strict supplier entrance and regular examination and inspection. Besides, the Company established strategic cooperating relationships with the main suppliers to ensure the quality and delivery. The Company has set up a procurement sharing platform with professional personnel at the group level. It improves the ability of negotiating prices and debasing procurement costs through central procurement. Furthermore, the Company has optimized and improved the suppliers management system, ERP system, manufacturing and storage system, etc. Meanwhile, it has improved the management of procurement and constantly improved the procurement efficiency.

The Company has performed central procurement of bulk raw materials such as copper, silver, aluminum, tin, plastic granules, paper pulp and so on. In addition, the Company has locked the trading

price through ways such as forward hedging to reduce the uncertain risk brought by the price fluctuation in spot market of raw materials.

(2) Production model: The Company has adopted the manufacturing model of “Market Forecast + Safe Inventory”. Products are mainly self-made. Some new products and supporting products have been made by adopting the OEM manufacturing mode. Every factory is responsible for the production of corresponding products and parts. They have ensured product quality, efficient management and on-time delivery at the same time. Meanwhile, the Company has constantly promoted the innovation of manufacturing model. By building a balanced production and sales system, continuously improving lean, automated and intelligent levels, and insisting on technical process innovation, the Company has gradually enhanced its "order-driven" flexible production model while ensuring product quality and reducing inventory slow moving losses.

(3) Sales model: The Company has established online and offline integrated sales model through omnichannel. The offline sales model is mainly based on distribution and partially based on direct selling. The Company has promoted the innovative offline sales mode of “distribution, delivery, visit and sales” in the field of civil electrical appliances and implemented refined management of channels. Through efficiently organizing and transferring dealer resources around the country, and long-term accumulation, the Company has established distribution network with 1.1 million retail stores covering national urban and rural areas. The online channel has covered the mainstream e-commerce platforms through direct selling + distribution, with which we have made every effort to build the flagship stores into a brand promotion window. The Company has actively implemented digital marketing to realize “diversion outside the online channel and sales inside the channel” with the help of each traffic inlet. Additionally, the Company has beefed up development and sales in the B-end channels of decoration and engineering projects. Besides, it has actively explored overseas markets to speed up the global layout.

#### **IV Analysis on Core Competitiveness during the Reporting Period**

Applicable  Not applicable

The Company has always adhered to the core values of “Honest, Faithful, Professional and Concentrated”. It has gradually established strong and comprehensive competitive edges through continual and comprehensive innovation and reform in product development, quality control, channel development, marketing and supply chain construction. During the Reporting Period, the Company’s core edges were continuously strengthened.

**(I) The Company has established an edge of innovative product development based on consumer demand, enabling constant product launches.**

For long, the Company has attached great importance to research on consumer demand and the innovation of product planning and research. It has always viewed the promotion of consumer experience as the primary goal in product research. The Company has established an integrated innovation system and teams of forward research, product planning and research. It has created and

applied all kinds of new technologies, materials and crafts. Through the constant superposition of micro innovation, the Company has promoted a batch of products of electric connection, smart electrical lighting and new energy with new and different characteristics in the aspects of design, performance, technology and function, which are popular among consumers. For years, the Company has participated in drafting 118 national standards, industry standards and association standards. It is the vice chairman unit of the Electrical Accessories and Household Controller Branch of the China Electrical Equipment Industry Association. It is also the vice chairman unit of the National Technical Committee for Standardization of Electrical Accessories. What's more, it is the first electrical enterprise in the industry to draft the "Made in Zhejiang" standard and attain certification.

As of the end of December 2022, the Company holds 2,379 valid patents, of which 565 were granted during the Reporting Period. Meanwhile, the Company is a national industrial design center approved by the Ministry of Industry and Information Technology of the People's Republic of China. It is also a unit of national postdoctoral workstation.

**(II) The Company has always adhered to the philosophy of winning through high quality and put in place an efficient quality control system.**

Since its founding, the Company has aimed to manufacture high-quality products. The idea of winning through high quality has gained support among all in the Company. The Company has established a good brand image and reputation on the market with reliable product quality.

In the aspects of selecting raw materials, procurement, research and production process control, product testing and after-sales service, the Company has established a comprehensive and perfect quality management system of product planning -- product design -- procurement -- production in batch quantity -- post-sale strictly in line with the national standards, related laws and regulations, and enterprise standards. In order to ensure the highly efficient operation of the quality management system, the Company has been equipped with more than 900 professional personnel in quality management, experiment testing, analysis and quality control. It has also had more than 7,000 sets of testing equipment for experiment and production line automation, and established 10 high-standard laboratories for R&D, development and quality testing in the industry. The related laboratories have acquired CNAS National Laboratory Certification, UL WTDP Laboratory Certification and other product certificates such as CCC, VDE, UL, NF, CE, and so on. It assures solid resources for management and control of product quality.

With long-term accumulation, the Company has formed an efficient and systematic quality management and control system. It has achieved the management system certification of ISO9001, ISO14001 and OHSAS18001. Besides, it has been successively awarded 20 prizes related to quality such as "National Qualified Products of Stable Quality", "Products with Reliable Quality", "Demonstration Enterprise of Export Quality and Safety in China", "Famous Brand Products in Zhejiang" and "Ningbo Mayor Quality Award".

**(III) The Company always adapts itself to market changes. Supported by the offline marketing network of more than 1.1 million outlets covering urban and rural areas, as well as a**



**professional online marketing network, the Company has established a marketing system featuring coordinative online and offline channels in the civil electrical industry.**

The Company has implemented an innovative offline sales model featuring “distribution, delivery, visit and sales” in the civil electrical industry. In China, it has already developed more than 750,000 hardware channel retailers (including hardware stores, grocery stores, office supplies stores, supermarkets and so on), more than 120,000 specialized decoration and lamp decoration retailers, and more than 250,000 digital accessories channel retailers. These channels have expanded the selling points to stores, large market places, professional markets in urban and rural areas, forming an offline marketing network hard to be duplicated. At the same time, the Company has established a professional e-commerce direct selling operational team and an online distributor system with strong ability. Nowadays, the Company has comprehensively entered the leading e-commerce platforms such as Tmall, Taobao, JD.com, Vipshop, Pinduoduo, and so on. It has dozens of authorized online distributors. On the basis of maintaining the sales on traditional e-commerce platforms, the Company also worked on hobby and content-oriented e-commerce channels to strengthen its brand presence while driving sales. According to the data provided by Info Master, in 2022, the Company’s products of adaptors and wall switches and sockets continued to maintain the first place in the Tmall online market share and continued to consolidate the leading position, while the market share of new energy and other categories grew steadily and made new breakthroughs.

The high quality coordinated development between offline and online channels has helped the Company establish a comprehensive, multilevel and stereoscopic marketing network, which is the advantage of the Company to maintain sustainable development and competitiveness in the industry. Simultaneously, the Company has always adhered to the refined management of channels for years, developing established systems in the aspects of development, management, operation, and so on. It has had the advantage of exploring new channels.

**(IV) The Company has put in place an integrated branding model with selling point promotion as the core, making “Bull” a household name.**

The Company has adhered to the branding model with selling point promotion as the core. Over the past 20 years, the Company has made constant efforts to support the distributors to put the Bull brand in retail stores and put advertising resources such as display inside and outside the stores, in so doing the Bull brand has been disseminated to cities, towns and counties. It has formed a simple, efficient and unique branding model. With an increasingly strong presence, Bull has become a household name. Meanwhile, the Company has constantly enriched the brand connotation and improved the brand’s penetration and loyalty among different consumers with the help of diversified, intelligent and young new products and the Internet new media promotion.

**(V) The Company boasts a supply chain system featuring advanced manufacturing technologies and automation, helping it stay competitive with respect to quality, efficiency and cost.**

The Company has regarded manufacturing technology as the important carrier of core competitiveness in the supply chain. It has been equipped with a professional mold factory. The factory has designed, developed and manufactured all kinds of high-precision mold for the Company's diversified products by adopting high-precision tolerance grade technology, advanced automatic pouring technology and 3D print technology. At the same time, the factory has adopted manipulator technology and post processing free technology to achieve automation of injection molding production and molding integration as well as to greatly improve the product quality, production efficiency and production innovation. At the same time, the Company has established a dust free electronic factory which has adopted 3D image analysis technology and phase shifting AOI technology. The factory has also been equipped with an independently developed four-axis manipulator. It has ensured the quality of PCBA board products through image comparison after firing, greatly supporting the Company's manufacturing of digital accessories, lighting and smart products.

The Company has constantly improved the fine, automatic and smart manufacturing level and established an industrial automatic team of integrated research, design and manufacturing. The independent development and design, and the assembly application capability of automatic devices and smart assembly devices have constantly improved. The flexible production mode of "man-machine integration" has been promoted rapidly. With the help of a leading automatic stereoscopic warehouse and smart sorting shipment system, the Company has achieved the mechanization and automation of warehouse work, which greatly improves the speed of distribution and delivery, and the customer response ability. The automatic stereoscopic warehouse has efficiently connected the front-end automatic production. The smart manufacturing system for the whole process of feedstock -- production -- storage -- shipment has been established, providing solid support for the sustainable development of the Company's business.

**(VI) The Company has established the Bull Business System (BBS) with innovation and growth as the core, driving growth and breakthroughs to create a stream of business growth points.**

The Company has continuously summarized, refined, iterated, and built the unique Bull Business System (BBS) by importing and extracting the essence of advanced management modes at home and abroad, and combining it with its own experience. It has also established a whole value chain of R&D, manufacturing and marketing with value creation as the core, innovation increase as the key point and cost reduction, efficiency increase as the base. Gongniu BBS takes "empowering everyone and every business of Gongniu in pursuit of faster, higher and further growth" as the mission. It has constantly strengthened the system development and promoted the ability internalization. Focusing on the Company's strategic goal, Gongniu has fully used the BBS instrumental methodology mode (such as 3P quick self-manufacturing, BPD development of popular products, fine marketing and so on). Gongniu BBS has driven the Company to constantly make breakthrough to promote the development of new business, and facilitate the cost reduction and efficiency increase of the traditional business, and the

innovation development. It has also promoted the achievement of high performance objectives, creating a stream of business growth points for the Company.

## V Major Operations during the Reporting Period

For the Reporting Period, operating revenue increased 13.70% year on year to RMB14.081 billion and the net profit attributable to the Company's shareholders amounted to RMB3.189 billion, up 14.68% from the previous year.

### (I) Analysis of Principal Operations

#### 1. Changes in consolidated income statement and cash flow statement items

Unit: RMB

Item	2022	2021	Change (%)
Operating revenue	14,081,373,030.94	12,384,916,337.51	13.70
Cost of sales	8,730,082,585.08	7,808,540,666.84	11.80
Selling expense	800,387,659.41	560,187,002.80	42.88
Administrative expense	500,596,373.88	427,615,556.97	17.07
Finance costs	588,296,080.11	471,015,016.82	24.90
R&D expense	-107,993,300.96	-87,842,281.32	Not applicable
Net cash generated from/used in operating activities	3,057,914,218.16	3,014,326,741.14	1.45
Net cash generated from/used in investing activities	-1,746,083,657.48	-1,588,987,931.15	Not applicable
Net cash generated from/used in financing activities	-1,945,455,689.54	-700,808,446.71	Not applicable

The change in operating revenue was primarily driven by the steady growth in the traditional core business and the fast growth in new businesses in the year.

The change in cost of sales was primarily driven by the increased costs along with the increased revenue. The change in selling expense was primarily driven by the increased advertising and marketing expenses.

The change in administrative expense was primarily driven by the increased employee salaries and equity incentive expenditures.

The change in R&D expense was primarily driven by the increased R&D investments.

The change in finance costs was primarily driven by the increased interest income from bank deposits in the year.

The change in net cash generated from/used in operating activities was primarily driven by the decreased material procurement costs and inventories.

The change in net cash generated from/used in investing activities was primarily driven by the increased purchases of financial products in the year.

The change in net cash generated from/used in financing activities was primarily driven by the decreased bank borrowings in the year.

Particulars about any significant change to the Company's business nature, profit composition or sources in the current period.

Applicable  Not applicable

#### 2. Revenue and cost analysis

Applicable  Not applicable

In 2022, the Company continued to implement individualized innovation in electricity scenarios and develop products based on customer demands for its electric connection business, and the business saw steady growth as a result. For the smart electrical lighting business, the Company actively expanded new product categories and accelerated the construction of a smart home ecosystem with no-main-lamp

lighting as the core, which resulted in rapid growth in the business. And the new energy business enriched the product portfolio to meet the needs of different customers and saw smooth channel expansion, achieving a good start.

**(1) Principal operations by operating division, product category, operating segment and sales model**

Unit: RMB

Principal operations by operating division						
Operating division	Operating revenue	Cost of sales	Gross profit margin (%)	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Civil electrical appliances	14,052,771,512.23	8,716,930,704.54	37.97	13.91	11.89	Up by 1.12 percentage points
Principal operations by product category						
Operating division	Operating revenue	Cost of sales	Gross profit margin (%)	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Electric connection products	7,050,721,172.38	4,636,164,967.40	34.25	4.22	1.73	Up by 1.61 percentage points
Smart electrical lighting products	6,849,336,470.12	3,977,436,921.39	41.93	23.39	23.59	Down by 0.09 percentage point
New energy products	152,713,869.73	103,328,815.75	32.34	638.62	588.48	Up by 4.93 percentage points
Principal operations by operating segment						
Operating division	Operating revenue	Cost of sales	Gross profit margin (%)	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
Domestic	13,791,305,035.94	8,486,294,382.03	38.47	14.36	12.60	Up by 0.96 percentage point
Overseas	261,466,476.29	230,636,322.51	11.79	-5.78	-9.31	Up by 3.43 percentage points

Notes:

As the product categories were adjusted in the current year, the financial data of the prior year were adjusted accordingly based on the new categories.

1) Electric connection products include adaptors, electrical tape, wire coil, couplers, digital accessories, etc.

2) Smart electrical lighting products include wall switches and sockets, LED lighting, circuit breaker, bathroom heaters, smart door locks, smart clothes drying racks, smart curtain machines and other smart ecosystem products.

3) New energy products include new energy vehicle charging plugs/points, portable energy storage products, etc.

The performance of the Company's principal operations by operating division, product category, operating segment and sales model:

1) For electric connection products, the revenue amounted to RMB7,051 million, up 4.22% year on year, while the cost of sales stood at RMB4,636 million, up 1.73% year on year. Supported by the brand advantage and the hardware channel advantage, the electric connection business, as the Company's core business, maintained a steady growth.

2) For smart electrical lighting products, the revenue amounted to RMB6,849 million, up 23.39% year on year, while the cost of sales stood at RMB3,977 million, up 23.59% year on year. In this business, the Company accelerated the development of new business and decoration channels were expanded during the Reporting Period, achieving strong growth in all operations.

3) For new energy products, the revenue amounted to RMB153 million, up 638.62% year on year, while the cost of sales stood at RMB103 million, up 588.48% year on year. The new energy business enriched the product portfolio and focused on building a new offline sales channel system during the Reporting Period, achieving a good start.

## (2) Output and unit sales analysis

√ Applicable □ Not applicable

Primary products	Unit	Output	Unit sales	Inventory	YoY change in output (%)	YoY change in unit sales (%)	YoY change in inventory (%)
Electricity connecting products	0,000 pieces	56,973.48	56,418.53	3,852.52	-1.24	-0.71	4.17
Electrical lighting products	0,000 pieces	80,362.34	74,716.25	6,042.97	12.19	11.62	-22.51
New energy products	0,000 pieces	25.65	23.90	4.96	228.73	435.63	19.04

Notes:

As the product categories were adjusted in the current year, the financial data of the prior year were adjusted accordingly based on the new categories.

1) The inventory of electric connection products increased steadily in the current period compared with last year.

2) The inventory of electrical lighting products showed a substantial decrease compared with last year, mainly due to the strong sales in Q4.

3) The inventory of new energy products showed a significant increase compared with last year, mainly due to the strategic re-stocking due to strong sales this year.

## (3) Execution of significant purchase or sales contracts

□ Applicable √ Not applicable

## (4) Cost analysis

Unit: RMB

By operating division							
Operating division	Cost category	2022	As % of	2021	As % of	Change in	Note

			total costs in 2022 (%)		total costs in 2021 (%)	amount (%)	
Civil electrical appliances	Direct materials	6,975,115,126.99	79.90	6,440,815,836.35	82.48	8.30	
	Direct labor cost	597,581,598.69	6.85	494,515,730.18	6.33	20.84	
	Manufacturing expense	1,144,233,978.87	13.11	855,431,187.95	10.96	33.76	

Notes:

The cost of direct materials as a percentage of total costs decreased year on year, primarily driven by the falling prices of bulk materials in the current period.

The manufacturing expense increased year on year, primarily driven by the increased costs as a result of the stronger sales in the current period.

### (5) Changes to the consolidation scope due to changed ownership in principal subsidiaries in the Reporting Period

Applicable  Not applicable

For details, please refer to “VIII Changes in Consolidation Scope” in “Part X Financial Statements”.

### (6) Significant changes to the business scope or product or service range in the Reporting Period

Applicable  Not applicable

### (7) Major customers and suppliers

#### A. Major customers

Applicable  Not applicable

Sales to the top five customers stood at RMB1,808.4866 million, accounting for 12.84% of the total annual sales. Sales to the related-parties among the top five customers stood at RMB0, accounting for 0% of the total annual sales.

Indicate whether sales to a single customer accounted for over 50% of the total sales, there was any new customer in the top five customers, or the Company heavily relied on a few number of customers in the Reporting Period.

Applicable  Not applicable

#### B. Major suppliers

Applicable  Not applicable

Purchases from the top five suppliers stood at RMB2,101.8552 million, accounting for 22.14% of the total annual purchases. Purchases from the related-parties among the top five suppliers stood at RMB0, accounting for 0% of the total annual purchases.

Indicate whether purchases from a single supplier accounted for over 50% of the total purchases, there was any new supplier in the top five suppliers, or the Company heavily relied on a few number of suppliers in the Reporting Period.

Applicable  Not applicable

### 3. Expense

Applicable  Not applicable

Unit: RMB

Item	2022	2021	Amount of change	Change
Selling expense	800,387,659.41	560,187,002.80	240,200,656.61	42.88%
Administrative	500,596,373.88	427,615,556.97	72,980,816.91	17.07%

expense				
R&D expense	588,296,080.11	471,015,016.82	117,281,063.29	24.90%
Finance costs	-107,993,300.96	-87,842,281.32	-20,151,019.64	Not applicable

(1) Selling expense increased primarily driven by the increased advertising and marketing expenses.

(2) Administrative expense increased primarily driven by the increased employee salaries and equity incentive expenditures.

(3) R&D expense increased primarily driven by the increased R&D investments.

(4) Finance costs decreased primarily driven by the increased interest income from bank deposits in the year.

#### 4. R&D investments

##### (1) R&D investments

Applicable  Not applicable

Unit: RMB

Expensed R&D investments in the current period	588,296,080.11
Capitalized R&D investments in the current period	
Total R&D investments	588,296,080.11
Total R&D investments as % of operating revenue	4.18
Capitalized R&D investments as % of total R&D investments	

##### (2) R&D personnel

Applicable  Not applicable

Number of R&D personnel	1,400
R&D personnel as % of total employees	11.34
Educational background of R&D personnel	
Educational background	Number of employees
Doctoral degree	0
Master's degree	69
Bachelor's degree	787
Junior colleges	465
Senior high school and below	79
Age structure of R&D personnel	
Age	Number of employees
Below 30 (exclusive)	319
30-40 (inclusive of 30 and exclusive of 40)	817
40-50 (inclusive of 40 and exclusive of 50)	245
50-60(inclusive of 50 and exclusive of 60)	19
60 and beyond	0

##### (3) Other information

Applicable  Not applicable

The Company, as a national industrial design center and a national postdoctoral workstation, has always attached importance to product development and technological innovation. By establishing a leading scientific research innovation platform and innovating mechanism, the Company focuses on the research of industry basic and key common technologies to continuously improve product development and technological innovation capability. Meanwhile, with great emphasis on cultivation and introduction

of talents of R&D and product planning as well as adhering to market demand-oriented principle, the Company continues to strengthen the insight and research on the potential consumer demands and scenario-based requirements, constantly expands the areas by launching products that meet consumer demands to lead the industry development. In addition, the Company continues reinforcing the construction of the standardization system and the strategic layout of intellectual property rights, and constantly promotes open innovation to set an excellent example with respect to innovation capability.

**(4) Reasons for any significant change to the composition of R&D personnel and the impact on the Company**

Applicable  Not applicable

**5. Cash flows**

Applicable  Not applicable

Unit: RMB

Item	2022	2021	Amount of change	Change
Net cash generated from/used in operating activities	3,057,914,218.16	3,014,326,741.14	43,587,477.02	1.45%
Net cash generated from/used in investing activities	-1,746,083,657.48	-1,588,987,931.15	-157,095,726.33	Not applicable
Net cash generated from/used in financing activities	-1,945,455,689.54	-700,808,446.71	-1,244,647,242.83	Not applicable

(1) Net cash generated from operating activities increased primarily driven by the decreased material procurement costs and inventories.

(2) Net cash generated from investing activities decreased primarily driven by the increased purchases of financial products in the year.

(3) Net cash generated from financing activities decreased primarily driven by the decreased bank borrowings in the year.

**(II) Significant changes in profit incurred by non-core business**

Applicable  Not applicable

**(III) Analysis of assets and liabilities**

Applicable  Not applicable

**1. Assets and Liabilities**

Unit: RMB

Item	Closing amount	As % of closing total assets (%)	Opening amount	As % of opening total assets (%)	Change (%)	Note
Derivative financial assets	643,100.00	0.00	3,613,050.00	0.02	-82.20	
Notes receivable	0.00	-	750,723.35	0.00	-100.00	
Prepayments	49,635,694.61	0.30	29,140,223.00	0.19	70.33	
Other receivables	71,887,692.32	0.43	195,924,505.99	1.27	-63.31	



Other current assets	363,825,426.89	2.19	1,126,520,898.44	7.28	-67.70	
Construction in progress	611,457,850.54	3.67	198,364,136.97	1.28	208.25	
Goodwill	45,133,442.04	0.27		-	Not applicable	
Short-term borrowings	845,374,749.03	5.08	500,430,555.55	3.23	68.93	
Held-for-trading financial liabilities	18,200,000.00	0.11		-	Not applicable	
Notes payable		-	2,333,774.75	0.02	-100.00	
Taxes and levies payable	300,308,365.64	1.80	533,077,969.51	3.45	-43.67	
Current portion of non-current liabilities	8,798,658.13	0.05	673,911,937.53	4.36	-98.69	
Deferred income	53,820,328.00	0.32		-	Not applicable	
Treasury shares	129,612,354.00	0.78	80,711,540.00	0.52	60.59	
Other comprehensive income	4,389,526.95	0.03	7,537,390.37	0.05	-41.76	
Minority interests	16,498,466.95	0.10		-	Not applicable	

Other notes:

Derivative financial assets decreased primarily driven by the decreased carrying closing amount of floating income of hedges.

Notes receivable decreased primarily driven by the decreased closing balance of trade acceptance notes receivable.

Prepayments increased primarily driven by the increased advance payments to suppliers.

Other receivables decreased primarily driven by the decreased closing balance of security deposit payments.

Other current assets decreased primarily driven by the decreased closing balance of structured deposits held.

Construction in progress increased primarily driven by the increased investments in infrastructure and equipment of the raised funds investment projects.

Goodwill increased primarily driven by the goodwill arising from the acquisition of Dalitek.

Short-term borrowings increased primarily driven by additional short-term bank loan in the period.

Held-for-trading financial liabilities increased primarily driven by the unpaid investment amount for the acquisition of Dalitek.

Notes payable decreased primarily driven by the decreased bank acceptance notes payable.

Taxes and levies payable decreased primarily driven by the substantial tax and levy deferral last year.

Current portion of non-current liabilities decreased primarily driven by the decreased current portion of long-term borrowings.

Deferred income increased primarily driven by the increased special government subsidies.

Treasury shares increased primarily driven by the increased equity incentives.

Other comprehensive income decreased primarily driven by the decreased net gain (exclusive of tax) recognized on futures contracts for hedging purposes.

Minority interests increased primarily driven by the inclusion of Dalitek in the consolidated financial statements in the current period.

## 2. Overseas assets

Applicable  Not applicable

**3. Major restricted assets as at the period-end**

Applicable  Not applicable

For details, please refer to “81. Assets with restricted ownership or right to use” under “VII Notes to the Consolidated Financial Statements” of “Part X Financial Statements”.

**4. Other information**

Applicable  Not applicable

**(IV) Industry environment analysis**

Applicable  Not applicable

For details, please refer to “(I) Industry landscape and trends” under “VI Outlook Discussion and Analysis” of Part III Management Discussion and Analysis”.

**(V) Investments made**

**Equity investments in other entities**

Applicable  Not applicable

**1. Significant equity investments**

Applicable  Not applicable

**2. Significant non-equity investments**

Applicable  Not applicable

For details, please refer to “(2) Changes in significant constructions in progress in the current period” under “22. Construction in progress” in “VII Notes to the Consolidated Financial Statements” of “Part X Financial Statements”.

**3. Financial assets measured at fair value**

Applicable  Not applicable

For details, please refer to “XI Items Measured at Fair Value” in “Part II Corporate Information and Key Financial Information”.

Securities investments:

Applicable  Not applicable

Investments in private equity funds:

Applicable  Not applicable

Derivatives investments:

Applicable  Not applicable

**4. Progress on any major asset restructuring in the Reporting Period**

Applicable  Not applicable

**(VI) Sale of significant assets and equity investments**

Applicable  Not applicable

**(VII) Principal subsidiaries**

Applicable  Not applicable

## 1. Principal subsidiaries

Unit: RMB'0,000

Full name of subsidiary	Principal activities	Registered capital	Total assets	Net assets	Operating revenue	Net profit
Ningbo Gongniu Electrics Co., Ltd.	Household appliances manufacturing; manufacturing of mechanical and electrical equipment; manufacturing of distribution switch control equipment; lighting apparatus manufacturing; general merchandising of hardware products; electrical materials manufacturing; manufacturing of electronic components and electromechanical components and equipment; manufacturing of intelligent home consumption equipment; communication equipment manufacturing; network equipment manufacturing; IoT equipment manufacturing; technical services, technical development, technical consulting, technical communication, technical transfer, and technical promotion (business activities shall be conducted independently in accordance with laws with the business license, except the items that require approval in accordance with laws). Items permitted: Import and export of products; and import and export of technologies (business activities that require approval in accordance with laws shall be subject to the approval by relevant authorities. Specific business items are indicated on the approval results).	10,000	477,118.57	168,090.09	446,008.40	144,878.09
Ningbo Gongniu Precision Manufacturing Co., Ltd.	Manufacturing, processing and sales of mold, plastic products, hardware accessories, and electronic components.	10,000	53,375.22	19,614.63	230,303.32	4,648.98
Ningbo	General merchandising, retailing and	10,000	223,545.26	21,670.47	1,328,447.7	62,555.96

Gongniu Electric Sales Co., Ltd.	online sales of electrical materials, electronic products, hardware products, household appliances, communication apparatus, lamps, and articles of everyday use; import and export businesses of self-owned and commissioned goods and technologies (excluding those limited or prohibited by state laws and regulations). (business activities that require approval in accordance with laws shall be subject to the approval by relevant authorities)				9	
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## 2. New subsidiaries

Unit: RMB'0,000

Full name of subsidiary	Principal activities	How it was obtained	Registered capital	Closing net assets	Net profit in the current period
Shanghai Gongniu Information Technology Co., Ltd.	General operations: Technical services, technical development, technical consulting, technical communication, technical transfer, and technical promotion; software development; information consultant services(excluding the information consultant services requiring any license); sales of household appliances; sales of mechanical and electrical equipment; sales of power distribution switch control equipment; wholesale of hardware products; sales of electrical equipment; sales of electrical accessories; sales of electronic components and electromechanical component equipment; sales of electronic products; sales of plastic products; sales of lighting apparatus; sales of lamps; non-residential real estate leasing; sales of charging points; sales of intelligent vehicle-mounted equipment; sales of electric accessories for new energy vehicles (business activities shall be conducted independently in accordance with laws with the business license, except the items that require approval in accordance with laws).	Incorporated	10,000.00	11,329.22	829.23
Ningbo Gongniu Tool Technology Co., Ltd.	General operations: Technical services, technical development, technical consulting, technical communication, technical transfer, and technical promotion; sales of wind and power tools; sales of electronic products; sales of electrical equipment; wholesale of hardware products; sales of mechanical and electrical equipment; sales of communication equipment; sales of lamps; sales of general merchandise; sales of daily necessities (business activities shall be conducted independently in accordance with laws with the business license, except the items that	Incorporated	4,800.00	0.00	0.00

	require approval in accordance with laws).				
Ningbo Gongniu New Energy Technology Co., Ltd.	General operations: Engineering and technological research and experimental development; technical services, technical development, technical consulting, technical communication, technical transfer, and technical promotion; manufacturing of new energy primary-power equipment; manufacturing of power transmission and distribution and control equipment; manufacturing of power and electronic components; operations of electric vehicle charging infrastructure; sales of intelligent power transmission and distribution and control equipment; sales of charging points; centralised fast charging station; information consultant services(excluding the information consultant services requiring any license); sales of new energy vehicle power exchange facilities; sales of motor vehicle chargers; manufacturing of electronic components; installation services for household appliances; engineering management services (business activities shall be conducted independently in accordance with laws with the business license, except the items that require approval in accordance with laws).	Incorporated	1,000.00	56.36	-3.64
Shenzhen Gongniu Intelligent Information Co., Ltd.	General operations: Software development; information technology consulting services; manufacturing of lighting apparatus; manufacturing of distribution switch control equipment; manufacturing of electrical equipment; manufacturing of hardware products; manufacturing of household appliances; manufacturing of other electronic devices; manufacturing of plastic products; manufacturing of electronic components (business activities shall be conducted independently in accordance with laws with the business license, except the items that require approval in accordance with laws).	Incorporated	1,000.00	32.73	-94.45
Guangdong Murora Intelligent Lighting Co., Ltd.	General operations: Manufacturing of lighting apparatus; sales of lighting apparatus; manufacturing of special equipment for the production of lighting apparatus; manufacturing of distribution switch control equipment; manufacturing of electronic components; manufacturing of special electronic equipment; manufacturing of hardware products; manufacturing of household appliances; information technology consulting services; manufacturing of intelligent household consumption equipment (business activities shall be conducted independently in accordance with laws with the business	Incorporated	1,000.00	543.49	424.28

	license, except the items that require approval in accordance with laws).				
Ningbo Gongniu Marketing Co., Ltd.	General operations: Wholesale of hardware products; sales of electrical accessories; sales of household appliances; sales of communication equipment; sales of electronic products; sales of daily necessities; sales of special equipment for lighting apparatus production; sales of mechanical and electrical equipment; sales of lighting apparatus; sales of general merchandise; sales of lamps; sales of wind and power tools; sales of metal tools; wholesale of electronic components; sales of plastic products; sales of motor vehicle chargers; sales of charging points; sales of household goods; installation services for household appliances (business activities shall be conducted independently in accordance with laws with the business license, except the items that require approval in accordance with laws).	Incorporated	1,000.00	0.00	0.00
Dalitek Intelligent Technology (Shanghai) Inc.	Research and development, design, assembly, manufacturing and sales of intelligent electrical systems, lighting control systems and related ancillary equipment, development and design of software systems, design of intelligent lighting systems, installation and maintenance of self-produced products, import and export of the above products and related technologies, and provision of related consultancy and technical services (not related to the state-operated trade and management commodities; if it is related to the commodities under quota or license management, application must be filed according to the relevant national regulations).	Business combination	1,500.00	5,499.49	-1,052.88

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

Applicable  Not applicable

**VI Discussion and Analysis on the Company's Future Development****(I) Industry landscape and trends**

Applicable  Not applicable

According to the National Bureau of Statistics, the national GDP grew by 3.0% year on year in 2022; the national per capita disposable income reached RMB36,883 in 2022, up by 5.0% year on year; the national per capita consumption expenditure for the year was RMB24,538, up by 1.8% compared to the previous year; the urbanisation rate of the resident population was 65.22% at the end of the year, up by 0.50 percentage points compared to the end of the previous year. In 2022, the report of the 20th CPC National Congress and the Central Economic Work Conference reaffirmed the status of real estate as a

pillar industry of the national economy; real estate regulation and control policies focusing on "preserving the delivery of buildings and stabilising people's livelihood" were one after another introduced; policies emphasised strengthening the housing security system, strongly supporting rigid and improved housing demand, and accelerating the renovation of old neighbourhoods and dilapidated houses, thus fuelling the steady and healthy development of the real estate industry. We expect that the steady growth of the national economy and the stable operation of the real estate industry will provide a good environment for the sustainable and healthy development of the Company.

The domestic lighting market size is more than RMB200 billion, but the industrial pattern is scattered. In recent years, under the influence of complex changes in the social and economic environment and rising bulk raw materials, small and medium-sized lighting enterprises are facing greater pressure to survive, and the advantages of leading enterprises will be more prominent. With the popularity of minimalist decoration style, as well as the rising concern of consumers for the home light environment and light effect, both light quality and intelligent no-main-lamp lighting products are emerging and enter gradually into the mass market and become a trend from the previous commercial lighting and high-end home decoration field. At the same time, LED lighting technology innovation drives the cost reduction so that LED light has the basic conditions to become mass consumer goods; on this basis, the Company judges that no-main-lamp lighting will be expected to grow into an important opportunity category in the lighting field. After incubation and cultivation, the Company's no-main-lamp lighting business has started well and is in the process of rapidly building core capabilities. In the future, the Company will continue to vigorously promote it to seize the minds of consumers, bring into play the advantages of industrial synergy and achieve ground-breaking development.

The smart home industry has undergone a transformation from single product to system and interaction after the integration and evolution in recent years. With the increasing maturity of the supply-side solutions and the gradual increase in consumer acceptance on the demand side, smart home products are increasingly coming into homes and bringing convenient use experience. AVC monitoring data suggest that in 2022, China's smart home overall (smart home system, smart switch, smart door lock) refined decoration market size reaches 1,661,000 sets, of which the smart home system configuration rate is 13.6%, up 4.0% year-on-year; smart switch configuration rate is 17.6%, up 2.7% year-on-year; smart door lock configuration rate is 79.2%, up 5.1% year-on-year. The brand pattern of the smart home industry has not yet been formed, and there is a huge market space behind the rapid development. As the core of the smart home system, the lighting control system has obvious user interaction perception and high usage frequency. The Company makes intelligent no-main-lamp lighting and self-developed control system the entry point, takes into account smart door locks, smart curtain machines, smart clothes drying racks and other eco-categories to build a front-loading smart ecology, which will be an important development direction for the future smart electrical lighting business.

In 2022, under the dual impacts of policy and market, the new energy vehicle industry continued to grow explosively. According to the China Association of Automobile Manufacturers, in 2022, 7,058,000 new energy vehicles were produced and 6,887,000 were sales in China, up 96.9% and 93.4%



year-on-year, and the market share on the sales side increased by 12.1 percentage points to 25.6%, reaching ahead of schedule the goal that by 2025, the sales of new energy vehicles will reach about 20% of the total sales of new vehicles in the New Energy Automobile Development Plan (2021-2035) issued by the General Office of the State Council. With the continuous refinement and implementation of policies such as the Implementation Opinions on Further Improving the Service Guarantee Capability of Electric Vehicle Charging Infrastructure by the National Development and Reform Commission and other ten ministries, and the Notice on Organizing the Pilot Work of the Comprehensive Electrification of Vehicles in the Public Sector by the Ministry of Industry and Information Technology and other eight ministries, China's new energy vehicles will enter an accelerated development stage in various application areas. Following the trends of the industry and policy, the Company has quickly completed the layout of new energy vehicle charging plugs and charging points for individual consumers and small and medium-sized operators over the past two years, and our business development is now in good shape. In the future, the Company will respond to market demand, accelerate product innovation and technology reserves, proactively explore new business directions, meet the storage and charging needs of more user groups in a wider variety of scenarios, and seize the historical opportunities of the development of the new energy industry.

## **(II) Development strategies of the Company**

Applicable  Not applicable

With the vision of “Becoming a Leader in the International Civil Electric Industry”, the Company will grasp the opportunities of the times brought by consumption upgrading, new energy and internationalisation, focus on the three major businesses of electric connection, smart electrical lighting and new energy, promote the upgrading of the Bull brand and the construction of the new Murora brand in all aspects, accelerate the building of the core competitiveness of the new energy business, and proactively explore the international market by providing consumers with better electrical products and services across the world.

## **(III) Business plans**

Applicable  Not applicable

In order to achieve its operating goals in 2023, the Company will work on the following priorities:

1. The electric connection business will continue to be rooted in the brand positioning of “Expert in Safe Electricity Use” to provide consumers with a safe and comfortable electricity use experience.

(1) Adaptors are the foundation of the Company. The Company will continue to study the market and consumer trends in depth, carry out product innovation around the needs of segmented electricity scenarios, launch more high-value products by focusing on scenario fit, smart upgrade and intelligent power distribution, and promote product structure upgrade. On the basis of consolidating the advantages of the original hardware channel, the Company will focus on developing the offline industrial decoration market, and continue to enhance digital marketing in the e-commerce channel. In terms of supply chain, the Company will pilot the “T+2” production and sales model reform, which is centred on customer

demand, to strengthen delivery capacity, enhance business efficiency and improve operational indicators. With regard to the brand, the Company will further consolidate the brand positioning of Bull as the "Expert in Safe Electricity Use" in consumers' minds through a series of marketing and promotion.

(2) In terms of digital accessories business, the Company adheres to the third-party boutique strategy and complies with the mainstreaming and civilianisation trend of high-power devices. Bull Digital will focus on the field of fast charging. Relying on good-looking black-technology chargers, fast charging power strips and other product platforms, and "overcharge protection" + gallium nitride and other technology accumulation, Gongniu Digital will innovate in products, strengthen the user perception of "safe and fast charging". At the same time, the Company will explore the "exquisite lifestyle" to meet consumers' needs for convenient power consumption in multiple scenarios.

2. In terms of smart electrical lighting business, the Company will, based on the home improvement consumer upgrading demand, accelerate the construction of the whole-house intelligent ecology with no-main-lamp lighting as the core.

(1) In terms of wall switches and sockets, the Company will, in the product side, uphold the decorative line, grasp the intelligent, ultra-thin and other industry trends, and accelerate high-end, intelligent product layout, so as to further enhance brand power and competitiveness through products with a strong sense of design and high value, and lead consumption upgrade in the wall switch industry. Regarding the channel side, the Company will continue to increase the marketing and promotion efforts in the high-end market and lower markets, and comprehensively expand the market shares through flagship shop construction, disadvantaged market support, expansion of installer project channel, channel product planning, lean marketing and other measures. With respect to the supply chain, the Company will promote the comprehensive transformation from automation to digitalisation, amplify the productivity of the end-to-end process, and enhance the comprehensive competitiveness of the supply chain brought about by the synergy of research, production and marketing. In terms of brand, the Company will, taking series of products as the carrier, further enhance the visibility and reputation of the Bull brand in the wall switch and socket industry.

(2) In terms of LED lighting and light source business, the Company will continue to lay out product lines in outdoor, office, commercial chain and other segments, keep developing engineering channels, and further explore the industrial and commercial basic light source market. As for lighting business, the Company will continue to study the light needs of users in different scenarios such as living room, dining room, bedroom, kitchen and bathroom, differentiate product layout based on the characteristics of user needs in different channels, integrate intelligence into modern and simple product innovation and solution provision, and strengthen the construction of the "Eye-Caring" brand positioning in the minds of consumers. Mobile lighting will continue to focus on users' reading and light-filling needs in the home environment to further enhance the competitiveness of products in the professional reading and writing field; safe eye-caring will be combined with convenient access to electricity and other usage trends to continue to improve the use experience.

(3) In terms of no-main-lamp lighting business, the Company will focus on creating a high-quality, low-cost and high-efficiency supply chain through whole value chain integration and innovation. It will also enrich and perfect no-main-lamp lighting product lines, build a closed-loop system with standardised and simple hardware and software to improve product user experience. On the basis of accelerating the coordinated sales of no-main-lamps in existing decoration channels, the Company will build a new intelligent no-main-lamp lighting brand "Murora" to quickly reach and seize consumers' minds with independent channel system construction, professional and complete product lines, agile and stable MOS light control system, and high investment in brand construction.

(4) With respect to ecosystem-based products, Domestic Electrical Appliance will upgrade and extend product categories through functional differentiation, intelligence and conceptual innovation, lead the development of the industry based on creation of new categories and quality leadership with the thinking of building trending products, and drive business growth relying on the upgrade of integrated and exclusive decoration channels and the development of associated new channels through online and offline synergy. Regarding circuit breaker business, the Company will take into account the diversification of application scenarios and product technology specialisation, continue to enhance the power of residential products for home decoration, and develop and improve factory engineering product lines to further expand customer groups. For smart door lock business, the Company will focus on security and technology, build a professional brand image, focus on improving the terminal sales of the main sales channels, and accelerate the improvement of the service system and the building of capacity. In terms of intelligent ecosystems, the Company will continue to focus on smart lighting, rely on the cloud platform and local control technology starting with user needs, optimise the interactive experience and accelerate the system layout, creating a more comfortable home electricity environment for consumers.

3. As for new energy business, the Company will be in line with the trend of the times and accelerate the layout of products and channel development for more customer groups and more use scenarios.

With respect to new energy vehicle charging plugs and points, customer-end products will move from "complete" to "refined", further improving compatibility, stability and durability in extreme environments to support brand positioning. In terms of business-side products, the Company will continue to build core technical capabilities in the DC charging field to support remarkable growth of operators' business, and provide high-quality, reliable and safe products for different user groups. Regarding new energy channel, the Company will continue the construction of a nationwide distribution channel network, improve the coverage of terminal outlets, focus on expanding customers such as operators, establish a nationwide after-sales operation system to improve the quality and satisfaction of after-sales service, build benchmark shops and establish the online competitive advantage of new energy charging products relying on a complete e-commerce channel system. The Company will also continue to integrate its vertical supply chain system and accelerate its self-research and self-production of key core components and processes, such as power modules. As for charger products, the Company will

continue to gain deep insight into consumer demand, enrich its technical reserves in the field of higher capacity and power, and launch high-quality products suitable for more scenarios. Also, the Company will accelerate its technological research and product layout in the field of energy systems to provide consumers with more and better electricity products and services for the future household electricity ecology.

4. The Company will proactively explore the implementation path of internationalisation strategy. In response to the increasingly widespread application of new energy in homes, household transportation and other fields in developed countries in Europe and the United States, as well as the trend of consumption upgrading and the rise of the real estate industry in some emerging markets, the Company will focus on promoting the overseas business expansion of new energy and electric connection products through cross-border e-commerce and offline channels of its own brand.

5. The Company will continuously improve its business management capabilities, further build a full value chain empowerment system based on its strategic objectives, and consolidate the Company's comprehensive competitive advantages in products, channels, brands and supply chains. The Company will stimulate organisational vitality through innovation in organisational design and process mechanism for the implementation of strategic objectives and future business development, and effectively integrate quality resources such as human resources, technology research and development, and industrial supply chain by relying on the headquarters laid out in the talent hub, so as to continuously enhance the Company's business innovation and value creation capabilities.

#### **(IV) Possible risks**

√ Applicable  Not applicable

##### 1. Risk associated with the sluggish macroeconomic growth

Domestic and overseas political and economic environments are undergoing profound changes. The main products of the Company are consumer goods widely used at home, office, and other places needing electricity. The cyclical fluctuation of economy will directly influence the actual discretionary income of consumers, consumers' income structure, and the consumer confidence index. Then, consumers' demand for consumer goods including electric connection products and smart electrical lighting products will be affected. If the growth rate of the domestic macroeconomy is sluggish or slides, it will lead to a decrease in discretionary income and the power of consumption of residents. It will also decrease consumers' demand and purchasing capacity for the Company's products. As a result, the business development and the growth of results of the Company.

##### 2. Risk of intensified market competition

The civil electrical industry demonstrates full market competition. There are not only many domestic enterprises, but also some famous international brands. Meanwhile, adaptors, wall switches and sockets, and other products, as the main controlled entrance of future smart home, also have attracted many powerful new enterprises to join in the competition. In the future, the civil electrical and lighting industry is expected to remain its relatively fierce competition. There are uncertainties in the

changes of market competition. If the Company cannot adapt to the new competition situation, intensify and expand its original competition advantages, it will face the risk of losing market shares.

### 3. Risk of the new business development failing to reach expectation

At the time of intensifying and expanding the original competition advantages, centering on the scenarios of electric vehicle charging and home decoration, the Company developed new business such as charging plugs/points, no main lamps, circuit breakers, bathroom heaters, smart door locks, smart clothes drying racks, and smart curtain machines. However, considering uncertain factors including the development trend, market competition, and changes of consumer preferences in relevant fields, the possibility that the development of new businesses will fail to reach expectation cannot be excluded.

### 4. Risk of the new channel development failing to reach expectation

According to the differences and changes of consumers' purchasing habits, the Company continued to improve the layout of channels. Regarding the B-end business with decoration companies as the core, the overlap of the channels such as the vehicle after-markets for new energy charging plugs/points and B-end operators and the existing competitive channels is relatively low. The possibility that the development of new channels will fail to reach expectation cannot be excluded.

### 5. Risk of fluctuations in main material prices

The main materials that the Company needs for production are copper, plastic, assembly, hardware, packaging materials, electronic parts, etc. There is certain relevance between the procurement prices of raw materials and the prices of bulk commodities such as copper and plastic. The procurement prices of raw materials have a relatively big impact on the cost of sales of the Company. If the procurement prices of raw materials rise significantly or fluctuate sharply in the future, it will be harmful to the cost control of the Company and then influence the Company's results.

### 6. Risk of failing to recover a small amount of receivables

There is a small amount of undue loans for some real estate enterprises in other receivables of the Company. The Company has disclosed it in the periodic report and the bad debt provision has been accrued with prudence. The possibility that such receivables will not be recovered cannot be excluded.

## (V) Other information

Applicable  Not applicable

## VII Explanation of circumstances and reasons for non-disclosure by the company inconsideration of inapplicable regulations, state secrets and commercial secrets.

Applicable  Not applicable

## Part IV Corporate Governance

### I Overview of Corporate Governance

√ Applicable  Not applicable

In accordance with the requirements of the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies and other relevant national laws and regulations, and based on the business development, the Company has established a governance structure consisting of the General Meeting of Shareholders, the Board of Directors, the Supervisory Committee and the Management, and formed a mechanism of mutual coordination and checks and balances among the authority, decision-making body, supervisory body and the management to promote modern corporate governance and system building.

In accordance with the relevant laws and regulations and the Articles of Association, the Company has formulated policies such as the Rules of Procedure of the General Meeting of Shareholders, the Rules of Procedure of the Board of Directors, the Rules of Procedure of the Supervisory Committee, the Work Policy for Independent Directors, the Working Rules for the Board Secretary, the Working Rules for the General Manager (President), the Related-Party Transaction Management System, Foreign Investment Management System and the External Guarantee Management System, and amended the Articles of Association, the Rules of Procedure of the General Meeting of Shareholders, the Rules of Procedure of the Board of Directors, the Raised Funds Management Methods, the Information Disclosure Management System, the Internal Reporting System Regarding Significant Information, the Investor Relations Management System, and the Management System for Changes in Shareholdings of Directors, Supervisors and Senior Management during the Reporting Period to comply with the latest laws and regulations and further improve the management level.

#### (I) General Meeting of Shareholders

The General Meeting of Shareholders of the Company has clear duties and rules of procedure, which are effectively implemented. The procedures for convening, holding and proposing the General Meeting of Shareholders of the Company are in line with laws and regulations and the Company's internal systems and other relevant regulations.

#### (II) Directors and the Board of Directors

The duties of the Board of Directors of the Company are clear and all directors are able to perform their duties conscientiously and responsibly. The procedures for convening and holding the meeting of the Board of Directors are in line with relevant laws, regulations and systems.

During their tenure, all directors were diligent and attended the meeting of the Board of Directors conscientiously and responsibly. They were familiar with the relevant laws and regulations, and able to fully exercise and perform their rights, obligations and responsibilities as directors, safeguarding the legitimate rights and interests of the Company and all shareholders.

In order to align with the Company's development, the Audit Committee under the Board of Directors was renamed the Audit and Risk Committee during the Reporting Period with more responsibilities to accommodate the development of the Company and strengthen its risk prevention

capability. Except for the Strategy Committee, all other specialized committees are chaired by independent directors, who play an important role in the performance of major decision-making and monitoring functions by the Board of Directors, making the Company's decision-making more efficient, standardized and scientific.

### (III) Supervisors and the Supervisory Committee

The duties of the Supervisory Committee of the Company are clear and all supervisors are able to perform their duties conscientiously and responsibly. The procedures for convening and holding the meeting of the Supervisory Committee are in line with relevant laws, regulations and systems.

During the tenure, the Supervisors were diligent, actively attended the meetings of the Supervisory Committee of the Company and performed their duties conscientiously. In line with the attitude of being responsible to shareholders, they supervised the financial affairs of the Company as well as the legality and compliance of the performance of duties by directors and senior management personnel of the Company, and safeguarded the legitimate rights and interests of the Company and all shareholders.

In addition, the Company has established a relatively sound internal management and control system, and has formulated relevant management systems in the areas of technology research and development, procurement management, safe production, marketing management, quality control and financial accounting. It conducted internal audit and supervision of the organization and management, operating activities, financial revenues and expenditures and economic benefits of its subsidiaries, and regularly inspected and evaluated the establishment and implementation of its internal control system to ensure the effectiveness of internal control.

Indicate whether there was any material incompliance with the applicable laws and regulations, as well as the CSRC's requirements in corporate governance. If yes, please explain.

Applicable  Not applicable

## **II Specific Measures Taken by the Controlling Shareholder and Actual Controller to Guarantee the Asset, Personnel, Financial, Organizational and Business Independence of the Company, as well as Solutions, Progress and Subsequent Plans when the Company's Independence Is Intervened**

Applicable  Not applicable

The Company is independent of its controlling shareholder in assets, personnel, finance, organization, business, etc.

Indicate whether the controlling shareholder, the actual controller, or any entity under their control is engaged in the same or similar business with the Company. Please explain the impact of horizontal competition or any significant change to horizontal competition on the Company, solutions taken, progress and subsequent plans.

Applicable  Not applicable

## **III General Meetings of Shareholders**

Meeting	Date	Index to disclosed resolutions	Disclosure date	Resolutions
The First Extraordinary General	12 January 2022	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>	13 January 2022	The Proposal on the Change of Registered Capital and Amendment to the Articles of Association was approved.

Meeting of Shareholders of 2022				
The 2021 Annual General Meeting of Shareholders	5 May 2022	<a href="http://www.sse.com.cn">http://www.sse.com.cn</a>	6 May 2022	The Proposal on the Work Report of the Board of Directors in 2021, Proposal on the Work Report of the Supervisory Committee in 2021, Proposal on the Financial Final Account Report of 2021, Proposal on the Annual Report and its Summary for 2021, Proposal on the Profit Distribution Plan for 2021, Proposal on the Renewal of the Annual Auditor for 2022, Proposal on the Use of Equity Funds for Entrusting Wealth Management, Proposal on the Compensation Scheme for Directors, Proposal on the Restricted Share Incentive Plan for 2022 (Draft) and its Summary, Proposal on the Management Measures for the Assessment of the Restricted Share Incentive Plan for 2022, and Proposal on the Request to the General Meeting to Authorize the Board of Directors to Handle Share Incentive-Related Matters were approved.

Extraordinary general meetings of shareholders convened at the request of preference shareholders with resumed voting rights:

Applicable  Not applicable

Notes to general meetings of shareholders:

Applicable  Not applicable

For details, please refer to the Announcement on the Resolutions of the First Extraordinary General Meeting of Shareholders of 2022 (Announcement No.: 2022-004), and the Announcement on the Resolutions of the 2021 Annual General Meeting of Shareholders (Announcement No.: 2022-047) published by the Company on the website of the Shanghai Stock Exchange (<http://www.sse.com.cn>).



**IV Directors, Supervisors and Senior Management****(I) Shareholding changes and remunerations of incumbent directors, supervisors and senior management and those who resigned before the end of their tenures during the Reporting Period**

√ Applicable □ Not applicable

Unit: share

Name	Office title (note)	Gender	Age	Start of tenure	End of tenure	Opening shareholding (share)	Closing shareholding (share)	Change in shareholding in the Reporting Period (share)	Reason for change	Total pre-tax remuneration received from the Company in the Reporting Period (RMB' 0,000)	Remuneration received from any of the Company's related parties (yes/no)
Ruan Liping	Chairman of the Board and President	Male	59	2017-12-23	2024-1-6	96,864,199	96,864,199			287.17	No
Ruan Xueping	Vice Chairman of the Board	Male	51	2017-12-23	2024-1-6	96,864,199	96,864,199			248.00	No
Cai Yingfeng	Director and Vice President	Male	60	2017-12-23	2024-1-6	25,300	43,800	18,500	Granted under the 2022 Restricted Share Incentive Plan	239.75	No
Liu Shengsong	Director, Vice President and Board	Male	53	2017-12-23	2024-1-6	18,800	42,400	23,600	Granted under the 2022 Restricted	293.47	No

	Secretary								Share Incentive Plan		
Zhou Zhenghua	Director and Vice President	Male	51	2017-12-23	2024-1-6	13,100	42,600	29,500	Granted under the 2022 Restricted Share Incentive Plan	409.90	No
Zhou Wenchuan	Director	Female	39	2021-5-20	2024-1-6	0					No
Xie Tao	Independent Director	Male	60	2017-12-23	2024-1-6	0				16.67	No
Zhang Zeping	Independent Director	Male	50	2017-12-23	2024-1-6	0				16.67	No
He Hao	Independent Director	Female	47	2017-12-23	2024-1-6	0				16.67	No
Shen Huiyuan	Chairman of the Supervisory Committee	Male	59	2017-12-23	2024-1-6	0				244.89	No
Guan Xuejun	Supervisor	Male	45	2017-12-23	2024-1-6	0				215.77	No
Li Yu	Employee Supervisor	Male	40	2017-12-23	2024-1-6	0				121.84	No
Li Guoqiang	Vice President	Male	56	2017-12-23	2024-1-6	24,400	44,200	19,800	Granted under the 2022 Restricted Share Incentive Plan	245.96	No
Zhang Lina	Vice President	Female	63	2017-12-23	2024-1-6	7,500	21,600	14,100	Granted under the	151.14	No

	and CFO								2022 Restricted Share Incentive Plan		
Total	/	/	/	/	/	193,817,498	193,922,998	105,500	/	2,507.90	/

Name	Main work experience
Ruan Liping	Born in 1964, Bachelor's degree, Chinese nationality, with permanent residence in Singapore and a Hong Kong Identity Card. He once served as an engineer at Hangzhou Mechanical Design Institute of the Ministry of Water Resources, and Chairman of the Board and President of Gongniu Group Co., Ltd. (the former private company). He is currently the Chairman of the Board and President of Gongniu Group and a member of the 13th National People's Congress of Zhejiang Province. Also, he is the Executive Director and General Manager of Gongniu Photoelectric, and the Executive Director of Liangji Industrial, among others.
Ruan Xueping	Born in 1972, junior secondary education, Chinese nationality, with permanent residence in Singapore and a Hong Kong Identity Card. He once served as the Production Manager of Cixi Gongniu, Vice Chairman of the Board of Gongniu Group Co., Ltd. (the former private company). He is currently the Vice Chairman of the Board of Gongniu Group. Also, he is the Executive Director of Cixi Gongniu, and the Supervisor of Liangji Industrial.
Cai Yingfeng	Born in 1963, Bachelor's degree, professor-level senior engineer, Chinese nationality, with permanent residence in Singapore. He once served as the Director Engineer of the Crane Room of Hangzhou Mechanical Design Institute of the Ministry of Water Resources, Senior Engineer of Portek International Pte Ltd (Singapore), Vice President and Chief Engineer of Gongniu Group Co., Ltd. (the former private company). He is currently a director and Vice President of Gongniu Group.
Liu Shengsong	Born in 1970, Bachelor's degree, engineer, Chinese nationality, no permanent residence abroad. He once served as the Director's Assistant of the Science and Technology Department of Kmk Group, Senior Manager of Midea Group Co., Ltd., Director of strategic operations and Deputy General Manager of the Business Division of AUX Group Co., Ltd., President's Assistant and General Manager of the Business Division of Jiangxi Zhengbang Technology Co., Ltd., and Vice President of Gongniu Group Co., Ltd. He is currently a director, Vice President and Board Secretary of Gongniu Group, with the professional qualification of Board Secretary of the Shanghai Stock Exchange.
Zhou Zhenghua	Born in 1972, Master's degree, Chinese nationality, no permanent residence abroad. He once served as a technician of incoming material quality control (IQC) at Zhongshan Kawa Electronic(Group)Co., Ltd., the Managing Officer of quality control (QC) at One Earth Group Limited, General Manager of the product company of Midea Group Co., Ltd., and Vice President of Gongniu Group Co., Ltd. (the former private company). He is currently a director, Vice President and General Manager of the Wall Opening Division of Gongniu Group.
Zhou Wenchuan	Born in 1983, Master's degree, Ph.D. in progress, permanent resident of Hong Kong. She is currently the Vice Chairman and President of Meilleure Health International Group, Assistant President of U-Home Group, General Manager of Shenzhen Xiaozhou Investment Co., Ltd., and a member of the Standing Executive Committee of Shenzhen Federation of Industry & Commerce (Chamber of Commerce), and a director of Gongniu Group.
Xie Tao	Born in 1963, Bachelor's degree, member of the Institute of Chartered Accountants, Singaporean nationality. He once served as a partner of PwC.

	He is currently a director of Shanghai Vico Precision Mold &Plastics Co., Ltd., an independent director of China Yuchai International Limited, Zhejiang Wanfeng Auto Wheel Co., Ltd. and Gongniu Group.
Zhang Zeping	Born in 1973, doctoral degree, Chinese nationality, no permanent residence abroad. He once served as a teacher at the School of Basic Education of Shanghai University of Engineering Science, a teacher at the School of International Law of East China University of Political Science and Law, and the Director of the Consular Department of the China Embassy in Macedonia. He is currently a professor at the School of International Law of East China University of Political Science and Law, an arbitrator of Shanghai International Economic and Trade Arbitration Commission (SHIAC), Shanghai Arbitration Commission and Shenzhen Court of International Arbitration, a part-time lawyer of Shanghai Zhonglian Law Firm, an independent director of Shenzhen Soocas Technology Co., Ltd., an independent director of CTS International Logistics Corporation Limited, an independent director of Shanghai Allied Industrial Co., Ltd., a director of Suzhou Kelinyuan Electronics Co., Ltd. and an independent director of Gongniu Group.
He Hao	Born in 1976, Master's degree, Chinese nationality, no permanent residence abroad. He once served as a senior auditor of Arthur Andersen LLP, an audit manager of PwC LLP, Vice President of Deutsche Bank (China) Co., Ltd., and Chief Controller of the Corporate Customer Department of Standard Chartered Bank (China) Limited. He is currently the CEO of Hang Fun International Group Limited, a managing partner of Shanghai Xingduo Investment Partnership Enterprise (Limited Partnership), executive director of Shanghai Heyue Intelligent Technology Co., Ltd., an executive director of Shanghai Lihao Creative Design Co., Ltd., executive director and manager of Beijing Xinghao Kairui Technology Co., Ltd., and independent director of Gongniu Group.
Shen Huiyuan	Born in 1964, Bachelor's degree, Chinese nationality, no permanent residence abroad. He once served as the project leader of the International Electrical Development Department of TCL Group Co., Ltd, head of the Electrical R&D Department of Huizhou IDV Electrical Technology Co., Ltd., head of Electrical Accessories Department of Gongniu Group Co., Ltd. (the former private company), Executive Deputy General Manager and Deputy General Manager of R&D of Ningbo Gongniu Electrics Co., Ltd., and Director of the Research Institute of Gongniu Group Co., Ltd. (the former private company). He is currently the Chairman of the Supervisory Committee of Gongniu Group Co., Ltd., head of the R&D and Technology Management Center and Director of the Research Institute of Gongniu Group.
Guan Xuejun	Born in 1978, Master's degree, Chinese nationality, no permanent residence abroad. He once served as the procurement manager of Foshan Shunde District MiTAC Computer (Shunde) Limited, senior procurement manager of Ningbo Franta Kitchenware Co., Ltd., senior procurement manager of Quanyou Furniture Co., Ltd., and Director of the New Business Management Center of Gongniu Group Co., Ltd. (the former private company). He is currently a supervisor of Gongniu Group and the General Manager of the decoration channel marketing system.
Li Yu	Born in 1983, Bachelor's degree, intermediate auditor, international certified internal auditor, Chinese nationality, no permanent residence abroad. He once served as the Manager of the Audit Department, Manager of the Operation Department, Executive President of Gongniu University and Director of Human Resources Center of Gongniu Group Co., Ltd. (the former private company). He is currently the General Manager of the Low-voltage Electrical Appliances Division of Gongniu Group.
Li Guoqiang	Born in 1967, junior college's degree, Chinese nationality, no permanent residence abroad. He used to be a regional manager for TCL International Electrical (Huizhou) Co., Ltd., the Marketing Director of Aidiwei International Electrical (Huizhou) Co., Ltd., and the Marketing Vice President of Gongniu Group. He is now the Marketing Vice President of Gongniu Group.
Zhang Lina	Born in 1960, junior college's degree, Chinese nationality, no permanent residence abroad. She used to be the Finance Director at the Cixi branch of China Telecom Corporation Limited, and the Financial Manager and CFO of Gongniu Group. She is now a Vice President and the CFO of Gongniu

	Group.
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Other information:

Applicable  Not applicable

**(II) Offices held by incumbent directors, supervisors and senior management and those who resigned before the end of their tenures during the Reporting Period****1. Offices held concurrently in shareholding entities**

√ Applicable □ Not applicable

Name	Shareholding entity	Office held in the shareholding entity	Start of tenure	End of tenure
Ruan Liping	Ningbo Liangji Industrial Co., Ltd.	Executive Director	November 2011	Currently ongoing
Ruan Xueping	Ningbo Liangji Industrial Co., Ltd.	Supervisor	November 2011	Currently ongoing
Note	Not applicable			

**2. Offices held concurrently in other entities**

√ Applicable □ Not applicable

Name	Other entity	Office held in other entity	Start of tenure	End of tenure
Ruan Liping	Shanghai Minshen Property Co., Ltd.	Vice Chairman of the Board	July 1999	Currently ongoing
Ruan Liping	Ningbo Gongniu Property Co., Ltd.	Executive Director	June 2010	Currently ongoing
Ruan Liping	Qingdao Haili Commercial Appliances Co., Ltd.	Director	May 2009	Currently ongoing
Ruan Liping	Cixi Gongniu Electrics Co., Ltd.	General Manager	January 2008	Currently ongoing
Ruan Liping	Wuhan Fenjin Power Tech Co., Ltd.	Executive Director	December 2006	Currently ongoing
Ruan Liping	Ningbo Meishan Bonded Port Shuojin Investment Management Co., Ltd.	Executive Director	November 2017	Currently ongoing
Ruan Liping	Wuhan Zhongjia Hongyi Technology Information Industrial Park Co., Ltd.	Director	January 2019	Currently ongoing
Ruan Liping	Dalitek Intelligent Technology (Shanghai) Inc.	Chairman of the Board	October 2021	Currently ongoing
Ruan Liping	Ningbo Gongniu Precision Manufacturing Co., Ltd.	Executive Director and General Manager	September 2015	Currently ongoing
Ruan Liping	Ningbo Gongniu Photoelectric Technology Co., Ltd.	Executive Director and General Manager	June 2014	Currently ongoing
Ruan Liping	Shenzhen Gongniu Intelligent Information Co., Ltd.	Executive Director and General Manager	July 2022	Currently ongoing
Ruan Liping	Guangdong Murora Intelligent Lighting Co., Ltd.	Executive Director	July 2022	Currently ongoing
Ruan Liping	Ningbo Gongniu Electrics Co., Ltd.	Executive Director and General Manager	December 2008	February 2023
Ruan Liping	Ningbo Gongniu Digital Technology Co., Ltd.	Executive Director and General Manager	October 2016	February 2023
Ruan Liping	Ningbo Bull International Trading Co., Ltd.	Executive Director and General Manager	March 2017	February 2023
Ruan Liping	Ningbo Gongniu Supply Chain Management Co., Ltd.	Executive Director and General Manager	December 2016	January 2023
Ruan Liping	Ningbo Gongniu Electric Sales Co., Ltd.	Executive Director	August 2017	December 2022
Ruan Liping	Ningbo Xingluo Trading Co., Ltd.	Executive Director	August 2017	January 2023
Ruan Liping	Cixi Shenghui Electronics Co., Ltd.	Executive Director	January 2016	February 2023

Ruan Liping	Ningbo Golden Mango Ecological Manor Co., Ltd.	Executive Director	December 2013	February 2023
Ruan Liping	Ningbo Gongniu Domestic Electrical Appliance Co., Ltd.	Executive Director and Manager	April 2020	February 2023
Ruan Liping	Shanghai Gongniu Information Technology Co., Ltd.	Executive Director and General Manager	February 2022	March 2023
Ruan Liping	Ningbo Gongniu Smart Technology Co., Ltd.	Executive Director and Manager	October 2021	February 2023
Ruan Xueping	Cixi Gongniu Electrics Co., Ltd.	Executive Director	January 1995	Currently ongoing
Ruan Xueping	Shanghai Minshen Property Co., Ltd.	Director	July 1999	Currently ongoing
Ruan Xueping	Shanghai Dumin Real Estate Co., Ltd.	Chairman of the Board	March 2006	Currently ongoing
Ruan Xueping	Shanghai Minshen Real Estate Management Co., Ltd.	Director	August 2005	Currently ongoing
Ruan Xueping	Ningbo Meishan Bonded Port Shuojin Investment Management Co., Ltd.	Supervisor	November 2017	Currently ongoing
Ruan Xueping	Dalitek Intelligent Technology (Shanghai) Inc.	Supervisor	September 2021	Currently ongoing
Cai Yingfeng	Hainan Dacheng Supply Chain Management Co., Ltd.	Executive Director and General Manager	January 2021	Currently ongoing
Zhou Zhenghua	Ningbo Gongniu Intelligent Technology Co., Ltd.	Executive Director and General Manager	February 2023	Currently ongoing
Zhou Zhenghua	Ningbo Gongniu Electrics Co., Ltd.	Executive Director and General Manager	February 2023	Currently ongoing
Liu Shengsong	Wuhan Gongniu Investment Management Co., Ltd.	Supervisor	October 2021	Currently ongoing
Liu Shengsong	Shanghai Gongniu Information Technology Co., Ltd.	Supervisor	January 2022	Currently ongoing
Liu Shengsong	Wuhan Gongniu Venture Capital Co., Ltd.	Supervisor	January 2021	Currently ongoing
Liu Shengsong	Yangtze Optical Electronic Co., Ltd.	Director	August 2020	Currently ongoing
Liu Shengsong	Qingdao Soar Automobile Co., Ltd.	Director	September 2022	Currently ongoing
Liu Shengsong	Dalitek Intelligent Technology (Shanghai) Inc.	Director	September 2021	Currently ongoing
Zhou Wenchuan	Meilleure Health International Group Co., Ltd.	Vice Chairman of the Board and President	August 2013	Currently ongoing
Zhou Wenchuan	U-Home Group Co., Ltd.	Supervisor	June 2010	Currently ongoing
Zhou Wenchuan	Shenzhen Xiaozhou Investment Co., Ltd.	General Manager	January 2009	Currently ongoing
Zhou Wenchuan	Yunnan Hansu Biotechnology Co., Ltd.	Director	June 2018	Currently ongoing
Zhou Wenchuan	Shenzhen Yinguan Biological Technology Co., Ltd.	Director	February 2019	Currently ongoing
Zhou Wenchuan	Shenzhen Meiray Vap Technology Co., Ltd.	Chairman of the Board	December 2019	Currently ongoing
Zhou Wenchuan	Zhuhai Fuhai Canyang Investment Development Co., Ltd.	Director	December 2009	Currently ongoing
Zhou Wenchuan	Wuhu Meilleure Health Management Co., Ltd.	General Manager	April 2018	Currently ongoing

Zhou Wenchuan	Shenzhen Skin Analysis Medical Beauty Clinic	Chairman of the Board	June 2017	Currently ongoing
Zhou Wenchuan	Shenzhen Ruima Electric Technology Co., Ltd.	General Manager	September 2019	Currently ongoing
Zhou Wenchuan	Beijing Meiaikang Technology Co., Ltd.	Director	February 2020	Currently ongoing
Zhou Wenchuan	Wuhu Xiaozhou Investment Co., Ltd.	General Manager	October 2019	Currently ongoing
Zhang Zeping	Shanghai Allied Industrial Co., Ltd.	Independent Director	December 2022	Currently ongoing
Zhang Zeping	Shenzhen Soocas Technology Co., Ltd.	Independent Director	October 2020	Currently ongoing
Zhang Zeping	Suzhou Kelinyuan Electronics Co., Ltd.	Director	January 2022	Currently ongoing
Zhang Zeping	CTS International Logistics Corporation Limited	Independent Director	January 2023	Currently ongoing
Xie Tao	Shanghai Vico Precision Mold &Plastics Co., Ltd.	Director	May 2021	Currently ongoing
Xie Tao	China Yuchai International Limited	Independent Director	September 2020	Currently ongoing
Xie Tao	Zhejiang Wanfeng Auto Wheel Co., Ltd.	Independent Director	June 2020	Currently ongoing
He Hao	Hang Fun International Group Limited	CEO	March 2023	Currently ongoing
He Hao	Shanghai Xingduo Investment Partnership Enterprise (Limited Partnership)	Executive Partner	July 2018	Currently ongoing
He Hao	Shanghai Heyue Intelligent Technology Co., Ltd.	Executive Director	June 2022	Currently ongoing
He Hao	Shanghai Lihao Creative Design Co., Ltd.	Executive Director	July 2019	Currently ongoing
He Hao	Beijing Xinghao Kairui Technology Co., Ltd.	Executive Director and Manager	December 2018	Currently ongoing
Li Yu	Ningbo Gongniu Electrics Co., Ltd.	Supervisor	December 2017	Currently ongoing
Li Yu	Cixi Gongniu Electrics Co., Ltd.	Supervisor	December 2017	Currently ongoing
Li Yu	Ningbo Gongniu Low Voltage Electric Co., Ltd.	Executive Director and Manager	December 2022	Currently ongoing
Li Yu	Ningbo Banmen Electric Appliance Co., Ltd.	Supervisor	December 2017	Currently ongoing
Li Yu	Ningbo Gongniu Digital Technology Co., Ltd.	Supervisor	December 2017	Currently ongoing
Li Yu	Ningbo Bull International Trading Co., Ltd.	Supervisor	December 2017	Currently ongoing
Li Yu	Ningbo Gongniu Supply Chain Management Co., Ltd.	Supervisor	December 2017	Currently ongoing
Li Yu	Ningbo Gongniu Photoelectric Technology Co., Ltd.	Supervisor	December 2017	Currently ongoing
Li Yu	Shanghai Gongniu Electrics Co., Ltd.	Supervisor	December 2017	Currently ongoing
Li Yu	Ningbo Gongniu Precision Manufacturing Co., Ltd.	Supervisor	November 2019	Currently ongoing
Li Yu	Ningbo Gongniu Domestic Electrical Appliance Co., Ltd.	Supervisor	April 2020	Currently ongoing
Shen	Hainan Dacheng Supply Chain	Supervisor	January 2021	Currently ongoing



Huiyuan	Management Co., Ltd.			ongoing
Guan Xuejun	Ningbo Gongniu Electric Sales Co., Ltd.	Executive Director and General Manager	December 2022	Currently ongoing
Li Guoqiang	Ningbo Bull International Trading Co., Ltd.	Executive Director and General Manager	January 2023	Currently ongoing
Zhang Lina	Dalitek Intelligent Technology (Shanghai) Inc.	Supervisor	September 2021	Currently ongoing
Note	Not applicable			

**(III) Remunerations of directors, supervisors and senior management**

Applicable  Not applicable

Decision-making procedures for the remuneration of directors, supervisors and senior management personnel	The remuneration of directors and supervisors shall be deliberated and determined by the General Meeting of Shareholders. The remuneration of senior management personnel shall be reviewed and determined by the Board of Directors.
Basis for determining the remuneration of directors, supervisors and senior management personnel	Internal directors, supervisors and senior management personnel are paid remuneration in accordance with the specific management positions they hold in the Company, taking into account the Company's business picture, relevant remuneration system and results of performance appraisals. The remuneration of independent directors is based on an allowance system, and directors who do not hold specific management positions in the Company will not receive remuneration.
Actual payment of remuneration for directors, supervisors and senior management personnel	The earnings disclosed in the report represent the actual remuneration of the directors, supervisors and senior management personnel.
Total actual remuneration received by all directors, supervisors and senior management personnel at the end of the Reporting Period	RMB25.0790 million

**(IV) Changes of directors, supervisors and senior management**

Applicable  Not applicable

**(V) Punishments imposed by securities regulators in the past three years**

Applicable  Not applicable

**(VI) Other information**

Applicable  Not applicable

**V Board Meetings Convened during the Reporting Period**

Meeting	Date	Resolutions
The 10 <sup>th</sup> Meeting of the Second Board of Directors	11 April 2022	The Proposal on the Work Report of the President (General Manager) in 2021, Proposal on the Financial Final Account Report of 2021, Proposal on the Work Report of the Board of Directors in 2021, Proposal on the Annual Report and its Summary for 2021, Proposal on the Profit Distribution Plan for 2021, Proposal on the 2021 Annual Internal Control Evaluation Report, Proposal on Renaming the Audit Committee of the Board of Directors as the Audit and Risk Committee of the Board of Directors and Revising the Implementation Rules, Proposal on the 2021 Environmental, Social and Governance Report, Proposal on the Work Report of Independent Directors for 2021, Proposal on

		the Report on the Performance of the Audit Committee of the Board of Directors for 2021, Proposal on the Estimated Routine Related-party Transactions of the Company in 2022, Proposal on the Renewal of the Annual Auditor for 2022, Proposal on the Use of Equity Funds for Entrusting Wealth Management, Proposal on the Special Report on the Deposit and Actual Use of Raised Funds for 2021, Proposal on Repurchasing the Company's Shares through Call Auction, Proposal on Authorizing the Management of the Company to Handle Matters Related to the Share Repurchase, Proposal on the Restricted Share Incentive Plan in 2022 (Draft) and Its Summary, Proposal on the Management Measures for the Assessment of the Restricted Share Incentive Plan for 2022, Proposal on the Request to the General Meeting to Authorise the Board of Directors to Handle Share Incentive-Related Matters, Proposal on the Compensation Schemes for Directors and Senior Management Personnel, Proposal on the Appointment of Securities Affairs Representative, and Proposal on Holding 2021 Annual General Meeting were approved by the resolution.
The 11 <sup>th</sup> Meeting of the Second Board of Directors	26 April 2022	The Proposal on the Report for the First Quarter of 2022 and Proposal on the Repurchase and Write-off of Certain Restricted Shares were approved by the resolution.
The 12 <sup>th</sup> Meeting of the Second Board of Directors	20 May 2022	The Proposal on the Adjustment of the Repurchase Price of the 2020 Restricted Share Incentive Plan, Proposal on the Adjustment of the Repurchase Price of the 2021 Restricted Share Incentive Plan, Proposal on Adjusting the List of Awardees, the Number of Grants and the Grant Price of the Restricted Share Incentive Plan in 2022, and Proposal on Granting Restrictive Shares to Awardees were approved by the resolution.
The 13 <sup>th</sup> Meeting of the Second Board of Directors	17 June 2022	The Proposal on the Achievement of Lifting the Restriction Conditions in the Second Lifting Period of the 2020 Restricted Share Incentive Plan and Proposal on the Achievement of Lifting the Restriction Conditions in the First Lifting Restriction Period of the 2021 Restricted Share Incentive Plan were approved by the resolution.
The 14 <sup>th</sup> Meeting of the Second Board of Directors	17 August 2022	The Proposal on the Semi-Annual Report for 2022 and its Summary and Proposal on the Special Report on the Deposit and Actual Use of Raised Funds for the Semi-Annual Period of 2022 were approved by the resolution.
The 15 <sup>th</sup> Meeting of the Second Board of Directors	27 October 2022	The Proposal on the Report for the Third Quarter of 2022, Proposal on the Repurchase and Write-off of Certain Restricted Shares, and Proposal on Revising Certain Corporate Governance Policies were approved by the resolution.
The 16 <sup>th</sup> Meeting of the Second Board of Directors	21 December 2022	The Proposal on the Continued Use of Part of Temporarily Idle Raised Funds for Cash Management, Proposal on the Continued Use of Part of Idle Raised Funds for Temporary Replenishment of Working Capital, Proposal on the Application for Comprehensive Credit Line from Banks, Proposal on Conducting Bulk Raw Material Futures Business, Proposal on the Extension of Some Investment Projects with Raised Funds, Proposal on Adding the Implementation Entity of Some Investment Projects with Raised Funds, Proposal on the Change of Registered Capital and Domicile, Modification of Business Scope, and Amendment to the Articles of Association, Proposal on Amending the Rules of Procedure for General Meeting, Proposal on Revising the Management Measures for the Use of Raised Funds, and Proposal on the Convening of the 1st Extraordinary General Meeting of

	2023 were approved by the resolution.
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## VI Performance of Duty by Directors

### (I) Attendance of directors at board meetings and general meetings of shareholders during the Reporting Period

Name of director	Independent director or not	Attendance at board meetings						Attendance at general meetings of shareholders
		Total number of board meetings the director was supposed to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Absence	The director failed to attend two consecutive board meetings (yes/no)	Total number of general meetings of shareholders the director was supposed to attend
Ruan Liping	No	7	7	1	0	0	No	2
Ruan Xueping	No	7	7	5	0	0	No	2
Cai Yingfeng	No	7	7	4	0	0	No	2
Liu Shengsong	No	7	7	3	0	0	No	2
Zhou Zhenghua	No	7	7	2	0	0	No	2
Zhou Wenchuan	No	7	7	7	0	0	No	2
Xie Tao	Yes	7	7	7	0	0	No	2
Zhang Zeping	Yes	7	7	7	0	0	No	2
He Hao	Yes	7	7	7	0	0	No	2

Explain why any director failed to attend two consecutive board meetings.

Applicable  Not applicable

Total number of board meetings convened in the Reporting Period	7
Of which: on-site meetings	0
Meetings convened by way of telecommunication	1
Meetings where on-site attendance and attendance by telecommunication were both allowed	6

**(II) Objections raised by directors on matters of the Company**

Applicable  Not applicable

**(III) Other information**

Applicable  Not applicable

**VII Specialized Committees under the Board of Directors**

Applicable  Not applicable

**(1) Members of the specialized committees**

Specialized committee	Members
Audit and Risk Committee	He Hao (convener), Xie Tao, and Ruan Xueping
Nomination Committee	Xie Tao (convener), Ruan Liping, and Zhang Zeping
Remuneration and Appraisal Committee	Zhang Zeping (convener), Ruan Liping, and He Hao
Strategy Committee	Ruan Liping (convener), Liu Shengsong, Zhou Zhenghua, Zhou Wenchuan, and Xie Tao

**(2) The Audit and Risk Committee held five meetings during the Reporting Period.**

Date	Contents	Important comments and suggestions	Other performance of duties
1 April 2022	The Proposal on the Financial Final Account Report of 2021, Proposal on the 2021 Annual Report and the Summary, Proposal on the 2021 Annual Internal Control Evaluation Report, Proposal on the Estimated Continuing Related-party Transactions in 2022, Proposal on the Renewal of the Annual Auditor for 2022, Proposal on the Special Report on the Deposit and Actual Use of Raised Funds for 2021, and Proposal on the Audit Committee under the Board of Directors Being Renamed the Audit and Risk Committee and Amendments to the Specific Implementation Rules were approved.	The Audit and Risk Committee carried out its work in strict accordance with laws, regulations and relevant rules and policies with diligence. It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.	For details, please refer to the Report of Gongniu Group Co., Ltd. On the Duty Performance of the Audit and Risk Committee of the Board of Directors in 2022.
19 April 2022	The Proposal on the First Quarterly Report 2022 was approved.	The Audit and Risk Committee carried out its work in strict accordance with laws, regulations and relevant rules and policies with diligence. It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals	For details, please refer to the Report of Gongniu Group Co., Ltd. On the Duty Performance of the Audit and Risk Committee of the Board of Directors in 2022.

		were unanimously approved.	
5 August 2022	The Proposal on the 2022 Interim Report and the Summary, Proposal on the Special Report on the Deposit and Actual Use of Raised Funds for H1 2022, and Proposal on the Work Report of the Audit and Risk Management Joint Office for H1 2022 were approved.	The Audit and Risk Committee carried out its work in strict accordance with laws, regulations and relevant rules and policies with diligence. It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.	For details, please refer to the Report of Gongniu Group Co., Ltd. On the Duty Performance of the Audit and Risk Committee of the Board of Directors in 2022.
20 October 2022	The Proposal on the Third Quarterly Report 2022 was approved.	The Audit and Risk Committee carried out its work in strict accordance with laws, regulations and relevant rules and policies with diligence. It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.	For details, please refer to the Report of Gongniu Group Co., Ltd. On the Duty Performance of the Audit and Risk Committee of the Board of Directors in 2022.
21 December 2022	The Annual Audit Plan of Pan-China Certified Public Accountants LLP was approved.	The Audit and Risk Committee carried out its work in strict accordance with laws, regulations and relevant rules and policies with diligence. It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.	For details, please refer to the Report of Gongniu Group Co., Ltd. On the Duty Performance of the Audit and Risk Committee of the Board of Directors in 2022.

**(3) The Remuneration and Appraisal Committee held two meetings during the Reporting Period.**

Date	Contents	Important comments and suggestions	Other performance of duties
11 April 2022	The Proposal on the Remuneration Schemes for Directors and Senior Management Personnel, Proposal on the Restricted Share Incentive Plan for 2022 (Draft) and its Summary, and Proposal on the Management Measures for the Appraisal of the Restricted Share Incentive Plan for 2022 were	The Remuneration and Appraisal Committee carried out its work in strict accordance with laws, regulations and relevant rules and policies with diligence. It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were	

	approved.	unanimously approved.	
17 June 2022	The Proposal on the Achievement of Lifting the Restriction Conditions in the Second Lifting Restriction Period of the 2020 Restricted Share Incentive Plan, and the Proposal on the Achievement of Lifting the Restriction Conditions in the First Lifting Restriction Period of the 2021 Restricted Share Incentive Plan were approved.	The Remuneration and Appraisal Committee carried out its work in strict accordance with laws, regulations and relevant rules and policies with diligence. It put forward relevant opinions based on the reality of the Company. Upon full communication and discussion, all proposals were unanimously approved.	

**(4) Objections**

Applicable  Not applicable

**VIII Risks Detected by the Supervisory Committee**

Applicable  Not applicable

The Supervisory Committee raised no objections during the Reporting Period.

**IX Employees of the Company as the Parent and Its Principal Subsidiaries at the Period-end****(I) Employees**

Number of in-service employees of the Company as the parent	3,987
Number of in-service employees of principal subsidiaries	8,364
Total number of in-service employees	12,351
Number of retirees to whom the Company as the parent or its principal subsidiaries need to pay retirement pensions	0
<b>Functions</b>	
Function	Employees
Production	7,876
Sales	1,457
Technical	1,842
Financial	163
Administrative	1,013
Total	12,351
<b>Educational background</b>	
Educational background	Employees
Bachelor's degree and above	2,113
Junior college	2,076
Technical secondary school and below	8,162
Total	12,351

**(II) Remuneration policy**

Applicable  Not applicable

The Company further improved its remuneration management and incentive mechanism by revising the management system related to remuneration and benefits to establish remuneration guide lines for all levels and categories of employees, thus enhancing the competitiveness of employee remunerations with

changes in the labor market taken into account. Following the establishment of the Company's new job grade system, the welfare and incentive system for marketing staff was continuously improved. The Company conducted comprehensive and objective appraisals of employees from dimensions such as company operating performance, job value, personal performance and personal ability, and continued to improve the performance-oriented system of assessment, training, promotion and incentive, fully mobilizing the creativity and enthusiasm of employees and promoting the Company's performance growth and personal career development while improving the remuneration and benefits.

### **(III) Training plans**

Applicable  Not applicable

The Company takes the needs of strategic development as the input for learning and development, and is committed to the training of its cadre team and expert team. It continuously cultivates and builds outstanding talents to help achieve the strategic goals of the Company. Adhering to the learning concept of "combination of training and practice, with a focus on practice and supplemented by training", the Company adopts the "721" talent training principle to systematically train talent in a stratified and graded manner with the two-wheel drive of "BBS capacity" and "leadership development", so as to comprehensively build a Gongniu talent team in line with the Company's cultural values and ability requirements. So far, it has successfully developed a series of Gongniu leadership training programmes to promote the leadership training of managers at all levels and their successors. Taking competency model as the standard, the Company has carried out professional and general competence training, pushed forward the building of an expert team, and developed an autonomous and shared learning atmosphere in an all-round way based on the Gongniu online learning platform.

### **(IV) Labor outsourcing**

Applicable  Not applicable

## **X Dividend Payouts**

### **(I) Formulation, execution and adjustments of the cash dividend policy**

Applicable  Not applicable

#### 1. The cash dividend policy

The Articles of Association clarifies the decision-making procedures and mechanism for profit distribution, the principles of profit distribution, the conditions and proportion of cash dividends, etc., ensuring the transparency and operability of cash dividends to effectively safeguard the legitimate rights and interests of small and medium shareholders and investors. The Company's profit distribution plan is strictly implemented in accordance with the provisions of the Articles of Association and the resolutions of the Company's General Meeting of Shareholders.

The Company will implement sustaining and stable profit distribution methods in line with the provisions of the Articles of Association. The Company may distribute dividends by means of cash, stocks, a combination of cash and stocks, or other means permitted by laws and regulations.

Among the profit distribution methods, the Company gives priority to cash dividends over stock dividends; if the Company adopts stock dividends for profit distribution, it shall have taken into account factors such as its growth and stock liquidity.

Description of dividends in the Articles of Association: The Board of Directors of the Company shall comprehensively consider factors such as the Company's industry characteristics, development phase, business model, profitability, and whether there are arrangements for major capital expenditures, distinguish the following circumstances, and propose differentiated cash dividend policies according to the procedures set forth in the Articles of Association:

(1) If the Company is in the phase of mature development and there is no arrangement for major capital expenditures, cash dividends shall account for at least 80% in the profit distribution;

(2) If the Company is in the phase of mature development and there are arrangements for major capital expenditures, cash dividends shall account for at least 40% in the profit distribution;

(3) If the Company is in the growth period and there are arrangements for major capital expenditures, cash dividends shall account for at least 20% in the profit distribution; where it is difficult to distinguish the Company's development phase but there are arrangements for major capital expenditures, it may be handled in accordance with the provisions of the preceding paragraph.

## 2. Cash dividend payouts during the Reporting Period

As approved at the 2021 Annual General Meeting of Shareholders on 5 May 2022, the 2021 final dividend payout was carried out. Based on the total share capital of 601,180,520 shares at the record date of the dividend payout (i.e. 18 May 2022), the Company paid out a cash dividend of RMB2.40 (tax inclusive) per share to its shareholders. The total amount of the cash dividend payout was RMB1,442,833,248.00 (tax inclusive), accounting for 51.89% of the net profit attributable to the Company's shareholders during 2021. The dividend payout was completed on 19 May 2022.

### (II) Special statement on the cash dividend policy

Applicable  Not applicable

In compliance with the Company's Articles of Association or the relevant resolutions of general meeting of shareholders	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Specific and clear dividend standards and ratios	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Complete decision-making procedure and mechanism	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Independent directors have faithfully performed their duties and played their due role	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Non-controlling shareholders are able to fully express their opinion and demand and their legal rights and interests are fully protected	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**(III) Where the Company fails to put forward a cash dividend proposal despite the facts that the Company has made profits in the Reporting Period and the profits of the Company as the parent distributable to shareholders are positive, it shall give a detailed explanation of why, as well as of the purpose and use plan for the retained earnings.**

Applicable  Not applicable

### (IV) Final dividend plan for the Reporting Period

Applicable  Not applicable

Unit: RMB



Bonus issue from profit (share/10 shares)	/
Cash dividend/10 shares (tax inclusive)	33
Bonus issue from capital reserves (share/10 shares)	4.8
Cash dividends (tax inclusive)	1,983,555,895.20
Consolidated net profit attributable to the ordinary shareholders of the listed company in the year	3,188,619,359.56
Cash dividends as % of consolidated net profit attributable to the ordinary shareholders of the listed company	62.21
Cash dividends in form of share repurchase in cash	215,219,556.49
Total dividend amount (tax inclusive)	2,198,775,451.69
Total dividend amount as % of consolidated net profit attributable to the ordinary shareholders of the listed company	68.96

### XI Status and Impact of Share Incentive Plans, Employee Shareholding Plan or Other Incentive Measures for Employees

#### (I) Relevant incentive matters disclosed in current announcement with no subsequent progress or change

Applicable  Not applicable

Overview	Index to the disclosed information
To further establish and improve its long-term incentive mechanisms to attract and retain outstanding talent, the Company formulated the 2022 Restricted Share Incentive Plan (Draft) of Gongniu Group and its summary, completed the registration of the grant of the 2022 Restricted Share Incentive Plan on 21 June 2022, and granted a total of 1,501,800 restricted shares to 646 people at a price of RMB63.06/share.	For details, please refer to the following announcements disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn): The 2022 Restricted Share Incentive Plan (Draft) of Gongniu Group; The Announcement on Adjusting the List of Awardees, the Number of Grants and the Grant Price of the Restricted Share Incentive Plan in 2022 (Announcement No.: 2022-057); and The Announcement on the Grant Results of the 2022 Restricted Share Incentive Plan (Announcement No.: 2022-071)
According to the provisions of the 2020 Restricted Share Incentive Plan of Gongniu Group Co., Ltd. and 2021 Restricted Share Incentive Plan of Gongniu Group Co., Ltd., some awardees have lost the incentive qualification of the Incentive Plan due to their departure from the Company, and the Company completed the repurchase and cancellation of 28,100 restricted shares held by them which had been granted but not lifted from restricted sales on 29 July 2022.	For details, please refer to the following announcements disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn): The Announcement on the Repurchase and Cancellation of Some Restricted Shares (Announcement No.: 2022-042); The Announcement on Notifying Creditors of the Repurchase and Cancellation of Some Restricted Shares (Announcement No.: 2022-043); The Announcement on Adjusting the Repurchase Price for the 2020 Restricted Share Incentive Plan (Announcement No.: 2022-055); The Announcement on Adjusting the Repurchase Price for the 2021 Restricted Share Incentive Plan (Announcement No.: 2022-056); and The Announcement of Gongniu Group on the Implementation of the Repurchase and Cancellation of Some Restricted Incentive Shares (Announcement No.: 2022-080)

<p>According to the relevant provisions of the 2021 Restricted Share Incentive Plan, the lifting of the restriction conditions in the second lifting restriction period of the 2020 Restricted Share Incentive Plan has been achieved, and a total of 152,190 shares held by 367 awardees have met the conditions for lifting the sale restrictions, which were unlocked and listed on 6 July 2022.</p>	<p>For details, please refer to the following announcements disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn): The Announcement on Satisfaction of the Conditions for Lifting Restriction in the Second Lifting Restriction Period of the 2020 Restricted Share Incentive Plan (Announcement No.: 2022-067); and The Announcement on Lifting the Restriction Conditions in the Second Lifting Restriction Period of the 2020 Restricted Share Incentive Plan and Trading in the Market (Announcement No.: 2022-073)</p>
<p>According to the relevant provisions of the 2021 Restricted Share Incentive Plan, the lifting of the restriction conditions in the first lifting restriction period of the 2021 Restricted Share Incentive Plan has been achieved, and a total of 251,680 held by 486 awardees have met the conditions for lifting the sale restrictions, which were unlocked and listed on 15 July 2022.</p>	<p>For details, please refer to the following announcements disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn): The Announcement on Satisfaction of the Conditions for Lifting Restriction in the First Lifting Restriction Period of the 2021 Restricted Share Incentive Plan (Announcement No.: 2022-068); and The Announcement on Lifting the Restriction Conditions in the First Lifting Restriction Period of the 2021 Restricted Share Incentive Plan and Trading in the Market (Announcement No.: 2022-077)</p>
<p>According to the relevant provisions of the 2020 Restricted Share Incentive Plan, 2021 Restricted Share Incentive Plan and 2022 Restricted Share Incentive Plan, 31 awardees have lost the incentive qualification of the Incentive Plan due to their departure from the Company, and the Company completed the repurchase and cancellation of 74,830 restricted shares held by them which had been granted but not lifted from restricted sales on 23 December 2022.</p>	<p>For details, please refer to the following announcements disclosed on the website of the Shanghai Stock Exchange (www.sse.com.cn): The Announcement on the Repurchase and Cancellation of Some Restricted Shares (Announcement No.: 2022-104); The Announcement on Notifying Creditors of the Repurchase and Cancellation of Some Restricted Shares (Announcement No.: 2022-105); and The Announcement of Gongniu Group on the Implementation of the Repurchase and Cancellation of Some Restricted Incentive Shares (Announcement No.: 2022-121)</p>

### (II) Incentive Plans undisclosed in current announcements or disclosed but with new progress

Equity Incentive Plans:

Applicable  Not applicable

Other information:

Applicable  Not applicable

Employee stock ownership plans:

Applicable  Not applicable

Other incentive measures:

Applicable  Not applicable

### (III) Equity incentives granted to directors and senior management during the Reporting Period

Applicable  Not applicable

Unit: share

Name	Office title	Restricted shares held at the period-begin	Restricted shares granted in the Reporting Period	Grant price (RMB)	Unlocked shares	Shares still in lockup	Restricted shares held at the period-end	Closing market price (RMB)
Cai Yingfeng	Director and Vice President	25,300	18,500	63.06	13,870	29,930	29,930	143.26
Liu Shengsong	Director, Vice President and Board Secretary	18,800	23,600	63.06	13,160	29,240	29,240	143.26
Zhou Zhenghua	Director and Vice President	13,100	29,500	63.06	9,170	33,430	33,430	143.26
Li Guoqiang	Vice President	24,400	19,800	63.06	13,900	30,300	30,300	143.26
Zhang Lina	Vice President and CFO	7,500	14,100	63.06	5,250	16,350	16,350	143.26
Total	/	89,100	105,500	/	55,350	139,250	139,250	/

#### **(IV) Establishment and formulation of appraisal and incentive mechanisms for senior management during the Reporting Period**

√ Applicable □ Not applicable

The remuneration of the senior management personnel of the Company is implemented based on the actual operations and the relevant rules of the Company.

#### **XII Development and implementation of internal control systems during the Reporting Period**

√ Applicable □ Not applicable

In strict compliance with the Company Law, Securities Law, Code of Corporate Governance for Listed Companies, Guidelines for Evaluation of Enterprise Internal Control and other relevant laws and regulations, the Company continuously establishes and improves its internal control system and enhances the level of internal control management. During the Reporting Period, in order to further promote the standardized operation of the Company, the Audit Committee under the Board of Directors was renamed the Audit and Risk Committee with more responsibilities, and the Specific Implementation Rules for the Audit and Risk Committee was amended accordingly. And the Audit and Risk Management Joint Office has been established to further strengthen internal control.

Explanation of material weaknesses in internal control during the Reporting Period:

Applicable  Not applicable

**XIII Management and control over subsidiaries during the Reporting Period**

Applicable  Not applicable

During the Reporting Period, the Company strictly followed the requirements of the Shanghai Stock Exchange and various rules and regulations of the Board of Directors of the Company to regulate the management and risk control of subsidiaries. Subsidiaries reported significant information such as operations to the Company, and there were no undisclosed matters that should have been disclosed.

**XIV Independent auditor's report on internal control**

Applicable  Not applicable

Upon its audit on the effectiveness of the Company's internal control over financial reporting for 2022, Pan-China Certified Public Accountants LLP is of the opinion that the Company maintained, in all material respects, effective internal control over financial reporting as of 31 December 2022, based on the Basic Rules on Enterprise Internal Control and other applicable regulations. For further information, see the Independent Auditor's Report on Internal Control for 2022, which has been disclosed together with this Report on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

Whether the Independent Auditor's Report on Internal Control is disclosed: Yes

Type of the independent auditor's opinion: Unmodified unqualified opinion

**XV Remediation of problems identified by self-inspection in the special action on the governance of the Company**

Not applicable

**XVI Other information**

Applicable  Not applicable

## Part V Environmental and Social Responsibility

### I Environmental information

Whether any environment protecting mechanism has been established	Yes
Spending on environmental protection during the Reporting Period (unit: RMB'0,000)	960.50

### (I) Description of the environmental protection of the company and its major subsidiaries that are key emission units as declared by the environmental protection authorities

Applicable  Not applicable

#### 1. Discharge information

Applicable  Not applicable

Ningbo Gongniu Electrics Co., Ltd. is a key unit supervised for soil environmental pollution in Ningbo, with a commissioned disposal volume of 530 tons of hazardous waste in 2022. The company's hazardous waste disposal is in compliance with relevant regulations and administrative plans.

During the Reporting Period, the Company discharged in strict accordance with the requirements of the implemented pollutant discharge standards, with no environmental pollution incidents and no penalties imposed by the environmental protection authorities. None of the Company's units, other than Ningbo Gongniu Electrics Co., Ltd., is a key emission unit as declared by the environmental protection authorities.

#### 2. Construction and operation of pollution control facilities

Applicable  Not applicable

As a state-level Green Factory, Ningbo Gongniu Electrics Co., Ltd. actively implements the green development strategy, practices the concept of green, low-carbon and ecological development, increases investment in safety and environmental protection, applies green technologies of green, energy conservation, environmental protection and resource reuse, promotes innovation and transformation in manufacturing processes and business procedures, reduces wastewater, waste gas emissions and noise pollution, vigorously carries out energy-saving technology reform and eliminates backward equipment with high energy consumption, and continuously develops a green manufacturing system.

In 2022, the Company spent a total of RMB9.605 million in operation costs of environmental protection equipment, and the majority of the waste gas pollution treatment facilities have been upgraded to the international advanced “zeolite rotary adsorption + RTO combustion” technology, with the treatment effect of VOC reduced to 30mg/m<sup>3</sup> and below. In addition, an online monitoring system has been put in place to monitor the exhaust gas emissions in real time, and monitor the pollutant data in real time to make sure that the exhaust gas emissions meet the applicable standards and regulations at all time.

**3. Assessment of the environmental impact of construction projects and other administrative licenses of environmental protection**√ Applicable  Not applicable

All the Company's construction projects have fulfilled the environmental impact evaluation and other environmental protection administrative licensing procedures in accordance with the requirements of national environmental protection laws and regulations.

**4. Contingency plan for environmental emergencies**√ Applicable  Not applicable

The Company has established an effective emergency response mechanism for environmental emergencies, and the chemical intermediate warehouse of each base and each plant involving hazardous waste and hazardous chemicals rehearse the contingency plan at least twice a year. In order to improve the corporate ability to respond to environmental pollution accidents, the Company formulated the Contingency Plan of Ningbo Gongniu Electrics Co., Ltd. for Environmental Emergencies (File No. 330282-2018-001-L) in accordance with relevant legal provisions such as the requirements of the Environmental Protection Law of the People's Republic of China and based on the actual situation.

**5. Environmental self-monitoring plan**√ Applicable  Not applicable

In accordance with the pollutant discharge permits and the requirements of self-monitoring of environmental protection, the Company has formulated the Management System for Self-monitoring of Pollution Sources and regularly carries out self-monitoring work. In 2022, it commissioned qualified third-party testing units to orderly carry out tests on spraying exhaust gas, noise at the factory boundary, domestic sewage, etc., and made sure that the test reports issued were all valid.

**6. Administrative penalties imposed for environmental issues during the Reporting Period** Applicable √ Not applicable**7. Other environmental information that should be disclosed**√ Applicable  Not applicable

Ningbo Gongniu Electrics Co., Ltd. is among the first batch of Ningbo 2022 positive list of enterprises for ecological and environmental supervision and enforcement. Also, the company was rated A in the environmental credit evaluation of enterprises in Zhejiang Province in 2022.

**(II) Environmental protection of companies other than key emission units**√ Applicable  Not applicable**1. Administrative penalties for environmental problems** Applicable √ Not applicable**2. Other environmental information disclosed with reference to key emission units**√ Applicable  Not applicable

Except for Ningbo Gongniu Electrics Co., Ltd., all other units of the Group are not key emission units and have strictly implemented relevant laws and regulations on environmental protection, installed additional environmental protection equipment for processes that generate environmental pollution in accordance with the requirements of the environmental credit evaluation, which passed the acceptance and met the discharge standards. All three wastes were discharged in accordance with the standard. There was no environmental pollution accident and no punishment by the environmental protection authorities, and all the units were rated A in the environmental credit evaluation of enterprises in Zhejiang Province. In particular, Ningbo Gongniu Photoelectric Technology Co., Ltd. is among the first batch of Ningbo 2022 positive list of enterprises for ecological and environmental supervision and enforcement.

### 3. Reasons for not disclosing other environmental information

Applicable  Not applicable

### (III) Efforts and results in ecological protection, pollution prevention and environmental responsibility performance

Applicable  Not applicable

To strengthen the awareness of environmental protection among employees, the Company organized a photographic event at the World Environment Day on 5 June 2022. Promotional photos and videos were taken on themes such as low carbon living and green factories, and winning works were exhibited to motivate employees.

The Company has strengthened the environmental management on the spraying lines with the internationally advanced “zeolite rotary adsorption + RTO combustion” technologies. The environmental protection equipment operated in an efficient manner during the Reporting Period, with the VOC removal rate reaching over 95%.

Meanwhile, the spraying plants have increased research into source substitution - water-based paints instead of oil-based paints - during the Reporting Period. The substantial investment is expected to produce results by 2023. Adhering to its business philosophy of "Strive for No. 1" in everything it does, the Company is committed to environmental responsibility.

In order to practice a circular economy and make effective use of resources, the molding plants have set up a recycling mechanism for plastic pellets.

### (IV) Measures taken to reduce carbon emissions during the Reporting Period and their effects

Whether any measure was taken to reduce carbon emissions	Yes
Emissions of CO2 equivalent reduced (unit: ton)	Not applicable
Type of carbon reduction measures (for example, use of clean energy in power generation, use of carbon reducing technologies in production processes, development and production of novel	During the Reporting Period, the Company actively enhanced the management and conservation of energy resources and took necessary measures, including vigorously increasing the proportion of clean energy use such as photovoltaic, with a total of 5.94 million kilowatt

products that can help reduce carbon emissions, etc.)	hours of photovoltaic power use; strengthening the energy consumption management of equipment and the conservation management of water resources; promoting green office and issuing office rules, etc. Meanwhile, the Company is vigorously developing its new energy business and has launched various products such as new energy vehicle charging plugs/points and portable products to actively contribute to the national strategy of "carbon peaking and carbon neutrality".
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Detailed description:

Applicable  Not applicable

For details, please refer to the 2022 Environmental, Social and Governance Report of Gongniu Group Co., Ltd. published by the Company on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

## II Fulfillment of Social Responsibility

**(I) Indicate whether a separate social responsibility report, sustainability report or ESG report has been disclosed.**

Applicable  Not applicable

For details, please refer to the 2022 Environmental, Social and Governance Report of Gongniu Group Co., Ltd. published by the Company on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

### (II) Specific efforts in relation to social responsibility

Applicable  Not applicable

Donations and public welfare programs	Number/content	Description
Total spending (RMB'0,000)	6,250	
Of which: Funds (RMB'0,000)	6,224	Gongniu Group Charitable Trust, Medical and Health Fund, etc.
Worth of supplies (RMB'0,000)	26	Pandemic prevention and control
Number of beneficiaries		

Detailed description:

Applicable  Not applicable

For details, please refer to the 2022 Environmental, Social and Governance Report of Gongniu Group Co., Ltd. published by the Company on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

### III Efforts in Poverty Alleviation, Rural Revitalization, etc

Applicable  Not applicable

Detailed description:

Applicable  Not applicable



## Part VI Significant Events

### I Fulfillment of Commitments

(I) Commitments of the Company's actual controller, shareholders, related parties and acquirers, as well as the Company and other entities during the Reporting Period or commitments continuing to the Reporting Period

√ Applicable □ Not applicable

Commitment background	Commitment category	Promisor	Commitment contents	Time of commitment making and term	Whether there is a deadline for performance	Whether it is timely and strictly performed	If it is not timely performed, the specific reasons shall be stated	If it is not timely performed, the plan for the next step shall be stated
Commitments related to IPO	Restricted share sales	Liangji Industrial, Ninghui Investment, Suiyuan Investment	Within 36 months from the date of listing of the Company's shares, the promisor will not transfer or entrust others to manage the shares he/she directly or indirectly holds in the Company which were issued before the IPO, nor will the Company repurchase such shares. If the shares held by the promisor are reduced within two years after the expiry of the lock-up period, the price of such reduction shall not be lower than the issue price of the IPO (if the Company's shares are subject to ex-rights and ex-dividend matters such as dividend distribution, share bonus and capital reserves to share capital, the issue price will be adjusted ex-rights and ex-dividend, the same below); if the closing price of the Company's shares for 20 consecutive trading days is lower than the issue price within six months after the listing of the Company, or the closing price at the end of six months after	Within 36 months from the date of listing of the Company's shares	Yes	Yes	Not applicable	Not applicable

			the listing is lower than the issue price, the lock-up period for holding the Company's shares will be automatically extended for at least six months.					
	Restricted share sales	Qiyuanbao	Within 36 months from the date of listing of the Company's shares, the promisor will not transfer or entrust others to manage the shares he/she directly or indirectly holds in the Company which were issued before the IPO, nor will the Company repurchase such shares.	Within 36 months from the date of listing of the Company's shares	Yes	Yes	Not applicable	Not applicable
	Restricted share sales	Ruan Liping, Ruan Xueping, Cai Yingfeng, Liu Shengsong, Zhou Zhenghua, Li Guoqiang, Zhang Lina	Within 36 months from the date of listing of the Company's shares, the promisor will not transfer or entrust others to manage the shares he/she directly or indirectly holds in the Company which were issued before the IPO, nor will the Company repurchase such shares. If the Company's shares directly or indirectly held by the promisor are reduced within two years after the expiry of the lock-up period, the price of such reduction shall not be lower than the issue price (if the Company's shares are subject to ex-rights and ex-dividend matters such as dividend distribution, share bonus and capital reserves to share capital, the issue price will be adjusted ex-rights and ex-dividend, the same below); if the closing price of the Company's shares for 20 consecutive trading days is lower than the issue price within six months after the listing of the Company, or the closing price at the end of six months after the listing is lower than the issue price, the lock-up period for holding the Company's shares will be automatically extended for at least six months.	Within 36 months from the date of listing of the Company's shares	Yes	Yes	Not applicable	Not applicable

			After the expiry of the above-mentioned commitment lock-up period, during my term of office as a director, supervisor or senior management personnel of the Company, if I leave the Company before the expiry of my term of office, during the term of office determined at the time of my assumption of office and within six months after the expiry of my term of office: 1) I will transfer no more than 25% of the total number of shares of the Company held directly or indirectly by me each year; 2) I will not transfer the shares of the Company held directly or indirectly by me within six months after leaving the Company; 3) (iii) I will comply with laws, administrative regulations, departmental rules and regulations, regulatory documents and other regulations for the transfer of shares by directors, supervisors and senior management personnel of the business rules of the stock exchange.					
	Restricted share sales	Shen Huiyuan, Guan Xuejun, Li Yu	Within 36 months from the date of listing of the Company's shares, the promisor will not transfer or entrust others to manage the shares he/she directly or indirectly holds in the Company which were issued before the IPO, nor will the Company repurchase such shares. After the expiry of the above-mentioned commitment lock-up period, during my term of office as a director, supervisor or senior management personnel of the Company, if I leave the Company before the expiry of my term of office, during the term of office determined at the time of my assumption of office and within six months after the expiry	Within 36 months from the date of listing of the Company's shares	Yes	Yes	Not applicable	Not applicable

			of my term of office: 1) I will transfer no more than 25% of the total number of shares of the Company held directly or indirectly by me each year; 2) I will not transfer the shares of the Company held directly or indirectly by me within six months after leaving the Company; 3) (iii) I will comply with laws, administrative regulations, departmental rules and regulations, regulatory documents and other regulations for the transfer of shares by directors, supervisors and senior management personnel of the business rules of the stock exchange.					
	Other	Gongniu Group	<p>1. Specific conditions for initiating the stock price stabilisation measures: Within three years of the Company's IPO and listing, if the closing price of the Company's shares is lower than the latest audited net asset value per share for 20 consecutive trading days (hereinafter referred to as the "initiation condition"), the Company shall initiate the measures for stabilizing its stock prices in line with relevant provisions. In the event of changes in the Company's net assets or the total number of shares due to matters such as capitalisation from capital reserve, distribution of stock or cash dividends, follow-on offering, share allotment and stock reverse split-up after the latest audit base day, the net assets per share shall be adjusted accordingly.</p> <p>2. When the initiation condition for the specific measures to stabilise stock prices is triggered, the Company shall, in accordance with laws and regulations, normative documents, and relevant plans of the Articles</p>	Three years from the date of the Company's IPO and listing	Yes	Yes	Not applicable	Not applicable

			of Association, take one or more of the following measures to stabilise stock prices at the same time or in steps in the light of the actual situation of the Company and the stock market, and based on the principle of protecting the interests of the Company and investors: (1) The Company repurchases shares from the public; (2) Controlling shareholders, directors who receive remuneration from the Company (except independent directors) and senior managers increase their holdings of the Company's shares.					
Others	Liangji Industrial	In strict accordance with the Proposal on the Stabilization of Share Price within Three Years of Listing, Ningbo Liangji Industrial Co., Ltd. will fully and effectively fulfill its obligations and responsibilities under the Proposal, and strongly urge the joint stock company and the relevant parties to fully and effectively fulfill their obligations and responsibilities under the Proposal. When the General Meeting of the Company resolves on the repurchase of shares in accordance with the provisions of the Proposal, Ningbo Liangji Industrial Co., Ltd. undertakes to vote in favor of the proposal on the repurchase at the General Meeting.	Three years from the date of the Company's IPO and listing	Yes	Yes	Not applicable	Not applicable	
Others	Ruan Liping, Ruan Xueping	In strict accordance with the Proposal on the Stabilization of Share Price within Three Years of Listing, I will fully and effectively fulfill its obligations and responsibilities under the Proposal, and strongly urge the company and the relevant parties to fully and effectively fulfill the obligations and responsibilities	Three years from the date of the Company's IPO and listing	Yes	Yes	Not applicable	Not applicable	

			under the Proposal. When the General Meeting of the Company resolves on the repurchase of shares in accordance with the provisions of the Proposal, I undertake that I and those acting in concert will vote in favor of the proposal on the repurchase at the General Meeting.					
Others	Senior management of the Company		In strict accordance with the Proposal on the Stabilization of Share Price within Three Years of Listing, I will fully and effectively fulfill its obligations and responsibilities under the Proposal, and strongly urge the company and the relevant parties to fully and effectively fulfill the obligations and responsibilities under the Proposal.	Three years from the date of the Company's IPO and listing	Yes	Yes	Not applicable	Not applicable
Others	Liangji Industrial, Ruan Liping, and Ruan Xueping		1. No reduction of the Company's shares will be performed within 36 months after the Company's shares are listed. 2. The methods of shareholding reduction include but are not limited to call auction on exchanges, block trade, and negotiating transfer. 3. When reducing shareholdings, information such as the amount and method of reduction shall be notified to the Company in writing in advance, and the Company shall make an announcement in a timely manner. Shareholding reduction shall be performed after three trading days from the date of the Company's announcement.	Three years from the date of the Company's IPO and listing	Yes	Yes	Not applicable	Not applicable
Settlement of horizontal competition	Liangji Industrial		(1) The company and companies or other organizations controlled by the company are not engaged in the same or similar business as the issuer and its subsidiaries, with no horizontal competition. (2) The company and companies or other organizations controlled	Not applicable	No	Yes	Not applicable	Not applicable

			<p>by the company will not engage in the same or similar business as the existing business of the issuer and its subsidiaries in any form outside China, including not investing in, acquiring or merging with companies or other economic organizations outside China that compete with the existing principal business of the issuer and its subsidiaries. (3) If the issuer and its subsidiaries engage in new business in the future, the company and companies or other organizations controlled by the company will not engage in business activities in direct competition with the new business of the issuer and its subsidiaries by share holding or participating in but having substantial control over the shares of the issuer and its subsidiaries within or outside China, including investing in, acquiring or merging with companies or other economic organizations within or outside China that directly compete with the new business of the issuer and its subsidiaries in the future. (4) If the company and legal entities controlled by the company have business operations in direct competition with the issuer and its subsidiaries, the issuer and its subsidiaries shall have the right to centralize the competing businesses to the operations of the issuer and its subsidiaries through preferential acquisition or entrustment. (5) The company undertakes not to use its position as a shareholder of the issuer and its subsidiaries to seek improper benefits and thereby harm the rights and interests of other shareholders of the issuer and its subsidiaries. If the rights and interests</p>					
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			of the issuer and its subsidiaries are damaged due to a breach of the above statements and commitments by the company and companies or other organizations controlled by the company, the company agrees to be liable to the issuer and its subsidiaries for the corresponding damages.					
	Settlement of horizontal competition	Ruan Liping, Ruan Xueping	(1) I and companies or other organizations controlled by me are not engaged in the same or similar business as the issuer and its subsidiaries, with no horizontal competition. (2) I and companies or other organizations controlled by me will not engage in the same or similar business as the existing business of the issuer and its subsidiaries in any form outside China, including not investing in, acquiring or merging with companies or other economic organizations outside China that compete with the existing principal business of the issuer and its subsidiaries. (3) If the issuer and its subsidiaries engage in new business in the future, I and companies or other organizations controlled by me will not engage in business activities in direct competition with the new business of the issuer and its subsidiaries by share holding or participating in but having substantial control over the shares of the issuer and its subsidiaries within or outside China, including investing in, acquiring or merging with companies or other economic organizations within or outside China that directly compete with the new business of the issuer and its subsidiaries in the future. (4) If I and legal entities controlled by me have business	Not applicable	No	No	Not applicable	Not applicable



			operations in direct competition with the issuer and its subsidiaries, the issuer and its subsidiaries shall have the right to centralize the competing businesses to the operations of the issuer and its subsidiaries through preferential acquisition or entrustment. (5) I undertake not to use its position as a shareholder of the issuer and its subsidiaries to seek improper benefits and thereby harm the rights and interests of other shareholders of the issuer and its subsidiaries. If the rights and interests of the issuer and its subsidiaries are damaged due to a breach of the above statements and commitments by me and companies or other organizations controlled by me, I agree to be liable to the issuer and its subsidiaries for the corresponding damages.					
	Settlement of related-party transactions	Liangji Industrial	The company will minimize and standardize the related-party transactions with Gongniu Group Co., Ltd. and its wholly-owned or controlled subsidiaries. For related-party transactions that are inevitable or occur for reasonable reasons, the company will strictly comply with the provisions of relevant laws, regulations and the Articles of Association of the company, follow the principles of equitable, remunerative and fair transactions, perform legal procedures, and determine the transaction prices in accordance with reasonable prices recognized by the market to ensure the fairness of the related-party transactions. The company will not leverage its shareholder status to induce the General Meeting or the Board of Directors of the Company to make resolutions that infringe	Not applicable	No	Yes	Not applicable	Not applicable

			upon the legitimate rights and interests of the Company and other shareholders. In operating decisions, the company will strictly follow the relevant provisions of the Company Law and the Articles of Association to implement the avoidance system of related shareholders to safeguard the legitimate rights and interests of all shareholders.					
	Settlement of related-party transactions	Ruan Liping, Ruan Xueping	I will minimize and standardize the related-party transactions with Gongniu Group Co., Ltd. and its wholly-owned or controlled subsidiaries. For related-party transactions that are inevitable or occur for reasonable reasons, I will strictly comply with the provisions of relevant laws, regulations and the Articles of Association of the company, follow the principles of equitable, remunerative and fair transactions, perform legal procedures, and determine the transaction prices in accordance with reasonable prices recognized by the market to ensure the fairness of the related-party transactions. I will not leverage its shareholder status to induce the General Meeting or the Board of Directors of the Company to make resolutions that infringe upon the legitimate rights and interests of the Company and other shareholders. In operating decisions, I will strictly follow the relevant provisions of the Company Law and the Articles of Association to implement the avoidance system of related shareholders to safeguard the legitimate rights and interests of all shareholders.	Not applicable	No	Yes	Not applicable	Not applicable
Commitments related to	Others	Gongniu Group	The Company will not provide loans and any other forms of financial assistance, including	Not applicable	No	Yes	Not applicable	Not applicable

equity incentives			provision of guarantees for loans, to the awardees of the Restricted Share Incentive Plan for acquiring the relevant restricted shares under the Incentive Plan.					
	Others	Awardees of restricted share Incentive Plans	If the Company is not eligible for the grant of equity or exercise of equity arrangement due to a false record, misleading statement or material omission in the information disclosure document, the awardee shall return to the Company all the benefits received from the share Incentive Plan after the false record, misleading statement or material omission are confirmed in relevant information disclosure documents.	Not applicable	No	Yes	Not applicable	Not applicable

**(II) Where there had been an earnings forecast for an asset or project and the Reporting Period was still within the forecast period, explain why the forecast has or has not been reached for the Reporting Period.**

Forecast reached  Forecast unreached  Not applicable

**(III) Fulfillment of performance commitments and the impact on goodwill impairment tests**

Applicable  Not applicable

**II Occupation of the Company's Capital by the Controlling Shareholder or Other Related Parties for Non-Operating Purposes during the Reporting Period**

Applicable  Not applicable

**III Irregularities in the Provision of Guarantees**

Applicable  Not applicable

**IV Explanation Given by the Board of Directors Regarding “Independent Auditor’s Report with Modified Opinion”**

Applicable  Not applicable

**V Reasons for Accounting Policy or Estimate Changes or Correction of Material Accounting Errors and the Impact****(I) Reasons for accounting policy or estimate changes and the impact**

Applicable  Not applicable

For details, see “44. Changes to critical accounting policies and estimates” under “V Critical Accounting Policies and Estimates” of “Part X Financial Statements”.

**(II) Reasons for correction of material accounting errors and the impact**

Applicable  Not applicable

**(III) Communications with the former CPA firm**

Applicable  Not applicable

**(IV) Other information**

Applicable  Not applicable

**VI Appointment and Dismissal of CPA Firm**

Unit: RMB’0,000

	In service
Name of the domestic CPA firm	Pan-China Certified Public Accountants LLP
The Company’s payment to the domestic CPA firm	278
How many years the domestic CPA firm has provided audit service for the Company	10
Name of certified public accountants of the domestic CPA firm	Qian Zhongxian, and Liu Chong
How many consecutive years the certified public accountants of the domestic CPA firm have provided audit service for the Company	Qian Zhongxian: 2 years Liu Chong: 1 year

	Name	Payment
CPA firm for the audit of internal control	Pan-China Certified Public Accountants LLP	50

Note: The audit fees of the Company for the year 2022 amounted to RMB2,780,000, of which the audit fee for the financial statements of the Company for the year 2022 amounted to RMB2,180,000, the internal control audit fee amounted to RMB500,000 and the raised funds authentication fee amounted to RMB100,000.

Appointment and dismissal of CPA firm:

Applicable  Not applicable

As resolved by the 2021 Annual General Meeting of Shareholders, the Company decided to re-appoint Pan-China Certified Public Accountants LLP as the independent auditor for the financial statements and internal control of 2022.

Change of the CPA firm during the audit:

Applicable  Not applicable

## **VII Delisting Risk**

### **(I) Reasons for the delisting risk warning**

Applicable  Not applicable

### **(II) The Company's response**

Applicable  Not applicable

### **(III) Risk of termination of listing and the reasons**

Applicable  Not applicable

## **VIII Insolvency and Reorganization**

Applicable  Not applicable

## **IX Significant Legal Matters**

The Company has material litigation and arbitration this year

The Company has no material litigation and arbitration this year

## **X Punishments on the Company as well as Its Directors, Supervisors, Senior Management, Controlling Shareholder and Actual Controller for Violation of Laws or Regulations, as well as the Relevant Rectifications**

Applicable  Not applicable

## **XI Credit Standings of the Company as well as Its Controlling Shareholder and Actual Controller during the Reporting Period**

Applicable  Not applicable

## **XII Major Related-Party Transactions**

### **(I) Continuing related-party transactions**

#### **1. Already disclosed in current announcement without new progress or changes**

Applicable  Not applicable

#### **2. Disclosed in current announcement but with new progress or changes**

Applicable  Not applicable

The Proposal on Estimated Continuing Related-Party Transactions for 2022 was approved at the Tenth Meeting of the Second Board of Directors. For details, please refer to the Announcement on Estimated Continuing Related-Party Transactions for 2022 (Announcement No. 2022-024) disclosed by the Company on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)). For the actual execution of the aforesaid estimated related-party transactions, see the Announcement on Estimated Continuing Related-Party Transactions for 2023 (Announcement No. 2023-018).

#### **3. Undisclosed in current announcement**

Applicable  Not applicable

### **(II) Related-party transactions regarding purchase or sale of assets or equity investments**

#### **1. Already disclosed in current announcement without new progress or changes**

Applicable  Not applicable

**2. Disclosed in current announcement but with new progress or changes**

Applicable  Not applicable

**3. Undisclosed in current announcement**

Applicable  Not applicable

**4. Where a performance commitment is involved in such a related-party transaction, the performance results for the Reporting Period shall be disclosed.**

Applicable  Not applicable

**(III) Major related-party transactions regarding joint investments in third parties**

**1. Already disclosed in current announcement without new progress or changes**

Applicable  Not applicable

**2. Disclosed in current announcement but with new progress or changes**

Applicable  Not applicable

**3. Undisclosed in current announcement**

Applicable  Not applicable

**(IV) Amounts due to and from related parties**

**1. Already disclosed in current announcement without new progress or changes**

Applicable  Not applicable

**2. Disclosed in current announcement but with new progress or changes**

Applicable  Not applicable

**3. Undisclosed in current announcement**

Applicable  Not applicable

**(V) Financial transactions between the Company and related finance companies, or between finance companies under the Company's control and related parties**

Applicable  Not applicable

**(VI) Other information**

Applicable  Not applicable

**XIII Major Contracts and the Execution**

**(I) Entrustment, Contracting and Leases**

**1. Entrustment**

Applicable  Not applicable

**2. Contracting**

Applicable  Not applicable

**3. Leases**

Applicable  Not applicable

**(II) Guarantees**

Applicable  Not applicable



**(III) Cash entrusted to other entities for management****1. Cash entrusted for wealth management****(1) Total cash entrusted for wealth management**

Applicable  Not applicable

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount
Bank's financial product	Self-funded	209,450.00	191,900.00	
Structured deposits	Self-funded	50,001.00	3,001.00	
Structured deposits	Raised funds	60,000.00	15,000.00	
Trust product	Self-funded	126,000.00	126,000.00	
Securities firm's product	Self-funded	342,000.00	342,000.00	
Securities firm's product	Raised funds	78,000.00	45,000.00	

**Other information**

Applicable  Not applicable

**(2) Single Wealth Management Entrustment**

Applicable  Not applicable

**Other information:**

Applicable  Not applicable

**(3) Impairment allowances for wealth management entrustment**

Applicable  Not applicable

**2. Entrustment loans****(1) Total entrustment loans**

Applicable  Not applicable

**Other information:**

Applicable  Not applicable

**(2) Single entrustment loans**

Applicable  Not applicable

**Other information:**

Applicable  Not applicable

**(3) Impairment allowances for entrustment loans**

Applicable  Not applicable

**3. Other information**

Applicable  Not applicable

**(IV) Other significant contracts**

Applicable  Not applicable

**XIV Other Significant Events for Investors' Judgment of Value and Investment Decision-making**

Applicable  Not applicable

## Part VII Changes in Ordinary Shares and Information about Shareholders

### I Share Changes

#### (I) Share changes

##### 1. Share changes

Unit: share

	Before		Increase/decrease in the current period (+/-)					After	
	Shares	Percentage (%)	New issue	Bonus issue from profit	Bonus issue from capital reserves	Other	Subtotal	Shares	Percentage (%)
I Restricted shares	525,579,506	87.42				995,000	995,000	526,574,506	87.61
1. Shares held by the state									
2. Shares held by state-owned corporations									
3. Shares held by other domestic investors	525,579,506	87.42				995,000	995,000	526,574,506	87.61
Including: Shares held by domestic corporations	330,886,108	55.04						330,886,108	55.05
Shares held by domestic individuals	194,693,398	32.38				995,000	995,000	195,688,398	32.56
4. Shares held by overseas investors									
Including: Shares held by overseas corporations									
Shares held by overseas individuals									
II Unrestricted shares	75,601,014	12.58				-1,097,930	-1,097,930	74,503,084	12.39
1. RMB-denominated ordinary shares	75,601,014	12.58				-1,097,930	-1,097,930	74,503,084	12.39
2. Domestically listed foreign shares									
3. Overseas listed foreign shares									
4. Others									
III Total shares	601,180,520	100.00				-102,930	-102,930	601,077,590	100.00

## 2. Description of changes in shares

√ Applicable  Not applicable

(1) On 11 April 2022, the Company held the 10th meeting of the 2nd Board of Directors and the 10th meeting of the 2nd Supervisory Committee, and reviewed and approved the Proposal on the Restricted Share Incentive Plan for 2022 (Draft) and its Summary, and Proposal on the Management Measures for the Assessment of the Restricted Share Incentive Plan for 2022. On 20 May 2022, the Company held the 12th meeting of the 2nd Board of Directors and the 12th meeting of the 2nd Supervisory Committee, and review and approved the Proposal on Adjusting the List of Awardees, the Number of Grants and the Grant Price of the Restricted Share Incentive Plan in 2022, and Proposal on Granting Restrictive Shares to Awardees, agreeing to grant a total of 1,501,800 shares (ordinary shares repurchased by the Company from the secondary market) to awardees. After this change, the total share capital of the Company remained unchanged, and the number of restricted tradable shares changed from 525,579,506 to 527,081,306, while that of non-restricted tradable shares changed from 75,601,014 to 74,099,214. For details, please refer to the Announcement on the Grant Results of the 2022 Restricted Share Incentive Plan (Announcement No.: 2022-071) published by the Company on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on 23 June 2022;

(2) According to the relevant provisions, the lifting of the restriction conditions in the second lifting restriction period of the 2020 Restricted Share Incentive Plan has been achieved, and a total of 152,190 shares held by 367 awardees have met the conditions for lifting the sale restrictions. After this change, the total share capital of the Company remained unchanged, and the number of restricted tradable shares changed from 527,081,306 to 526,929,116, while that of non-restricted tradable shares changed from 74,099,214 to 74,251,404. For details, please refer to the Announcement on Lifting the Restriction Conditions in the Second Lifting Restriction Period of the 2020 Restricted Share Incentive Plan and Trading in the Market (Announcement No.: 2022-073) published by the Company on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on 1 July 2022;

(3) According to the relevant provisions, the lifting of the restriction conditions in the first lifting restriction period of the 2021 Restricted Share Incentive Plan has been achieved, and a total of 251,680 shares held by 486 awardees have met the conditions for lifting the sale restrictions. After this change, the total share capital of the Company remained unchanged, and the number of restricted tradable shares changed from 526,929,116 to 526,677,436, while that of non-restricted tradable shares changed from 74,251,404 to 74,503,084. For details, please refer to the Announcement on Lifting the Restriction Conditions in the First Lifting Restriction Period of the 2021 Restricted Share Incentive Plan and Trading in the Market (Announcement No.: 2022-077) published by the Company on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on 12 July 2022;

(4) As 22 awardees of the 2020 Restricted Share Incentive Plan and 2021 Restricted Share Incentive Plan have lost the incentive qualification of the Incentive Plan due to their departure from the Company, the Company repurchased and cancelled 28,100 restricted shares held by them, which had been granted but not lifted from restricted sales. After that, the total share capital of the Company changed from 601,180,520 to 601,152,420, and the number of restricted tradable shares changed from 526,677,436 to 526,649,336. For details, please refer to the Announcement of Gongniu Group on the Implementation of the Repurchase and Cancellation of Some Restricted Incentive Shares (Announcement No.: 2022-080) published by the Company on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on 27 July 2022;

(5) As 31 awardees of the 2020 Restricted Share Incentive Plan, 2021 Restricted Share Incentive Plan and 2022 Restricted Share Incentive Plan have left the Company, the Company repurchased and cancelled 74,830 restricted shares held by them, which had been granted but not lifted from restricted sales. After that, the total share capital of the Company changed from 601,152,420 to 601,077,590, and the number of restricted tradable shares changed from 526,649,336 to 526,574,506. For details, please refer to the Announcement of Gongniu Group on the Implementation of the Repurchase and Cancellation of Some Restricted Incentive Shares (Announcement No.: 2022-121) published by the Company on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) on 21 December 2022.

**3. Impact of share changes on financial indicators such as earnings per share and net asset value per share for the most recent year and the most recent period (if any)**

Applicable  Not applicable

**4. Other information necessary to be disclosed or required to be disclosed**

Applicable  Not applicable

**(II) Change of restricted shares**

Applicable  Not applicable

Unit: Share

Name of shareholder	Opening restricted shares	Number of shares lifted from restrictions during the year	Number of new restricted shares during the year	Shares repurchased and retired	Closing restricted shares	Reasons for restricted sales	Date of unlocking
Awardees of the 2020 Equity Incentive Plan	296,600	152,190	0	8,610	135,800	Conditions for unlocking the equity incentives are unmet	6 July 2022
Awardees of the 2021 Equity Incentive Plan	668,400	251,680	0	41,920	374,800	Conditions for unlocking the equity incentives are unmet	15 July 2022
Awardees of the 2022 Equity Incentive Plan	0	0	1,501,800	52,400	1,449,400	Conditions for unlocking the equity incentives are unmet	In lockup
Total	965,000	403,870	1,501,800	102,930	1,960,000	/	/

**II Issuance and Listing of Securities****(I) Securities issued during the Reporting Period**

Applicable  Not applicable

Description of securities issued during the Reporting Period (for bonds with different interest rates over the lifetime, please specify separately):

Applicable  Not applicable

**(II) Changes in Total Shares and Shareholder Structure, as well as in Asset and Liability Structures**

Applicable  Not applicable

For changes in the shareholder structure, see “(I) Share changes” under “I Share Changes” of “Part VII Share in Ordinary Shares and Information about Shareholders”.

For changes in asset and liabilities structures, see “(III) Analysis of assets and liabilities” under “V Business Overview for the Reporting Period” of “Part III Management Discussion and Analysis”.

### (III) Existing staff-held shares

Applicable  Not applicable

## III Shareholders and Actual Controller

### (I) Total number of shareholders

Number of ordinary shareholders at the period-end	21,987
Number of ordinary shareholders at the month-end prior to the disclosure of this Report	18,815
Number of preference shareholders with resumed voting rights at the period-end	Not applicable
Number of preference shareholders with resumed voting rights at the month-end prior to the disclosure of this Report	Not applicable

### (II) Top 10 shareholders and public shareholders (or unrestricted shareholders) at the period-end

Unit: share

Top 10 shareholders							
Full name of shareholder	Shareholding increase/decrease in the Reporting Period	Closing shareholding	Shareholding percentage (%)	Restricted shares held	Shares in pledge, marked or frozen		Nature of shareholder
					Status	Shares	
Ningbo Liangji Industrial Co., Ltd.	0	324,000,000	53.90	324,000,000	N/A		Domestic non-state-owned corporation
Ruan Liping	0	96,864,199	16.12	96,864,199	N/A		Domestic individual
Ruan Xueping	0	96,864,199	16.12	96,864,199	N/A		Domestic individual
Hong Kong Securities Clearing Company Limited	-5,122,251	8,920,301	1.48	0	N/A		Other
Ningbo Ninghui Investment Management Partnership (Limited Partnership)	0	4,072,954	0.68	4,072,954	N/A		Other

China Merchants Bank Co., Ltd.— Xingquan Herun Mixed Securities Investment Fund	478,840	3,949,515	0.66	0	N/A	Other
China Merchants Bank Co., Ltd.— Xingquan Heyi Dynamic Asset Allocation Mixed Securities Investment Fund (LOF)	0	2,600,615	0.43	0	N/A	Other
Schroder Investment Management (Hong Kong) Limited— Schroder International Selection Fund -Emerging Asia (ETF)	0	2,465,095	0.41	0	N/A	Other
Industrial Bank Co., Ltd.— Xingquan New View Dynamic Asset Allocation Regularly Open-ended Mixed Initiated Securities Investment Fund	9,731	1,878,106	0.31	0	N/A	Other



China Everbright Bank Company Limited—Xingquan Business Model Selected Mixed Securities Investment Fund (LOF)	305,207	1,819,850	0.30	0	N/A	Other
Top 10 unrestricted shareholders						
Name of shareholder	Unrestricted public shares held	Type and number of shares				
		Class	Shares			
Hong Kong Securities Clearing Company Limited	8,920,301	RMB-denominated ordinary stock	8,920,301			
China Merchants Bank Co., Ltd.—Xingquan Herun Mixed Securities Investment Fund	3,949,515	RMB-denominated ordinary stock	3,949,515			
China Merchants Bank Co., Ltd.—Xingquan Heyi Dynamic Asset Allocation Mixed Securities Investment Fund (LOF)	2,600,615	RMB-denominated ordinary stock	2,600,615			
Schroder Investment Management (Hong Kong) Limited—Schroder International Selection Fund -Emerging Asia (ETF)	2,465,095	RMB-denominated ordinary stock	2,465,095			
Industrial Bank Co., Ltd.—Xingquan New View Dynamic Asset Allocation Regularly Open-ended Mixed Initiated Securities Investment Fund	1,878,106	RMB-denominated ordinary stock	1,878,106			
China Everbright Bank Company Limited Co., Ltd.—Xingquan Business Model Selected Mixed Securities Investment Fund (LOF)	1,819,850	RMB-denominated ordinary stock	1,819,850			
Schroder Investment Management (Hong Kong) Limited—Schroder International Selection Fund -China A (ETF)	1,562,700	RMB-denominated ordinary stock	1,562,700			
Basic Endowment Insurance Fund—Portfolio 807	1,184,651	RMB-denominated ordinary stock	1,184,651			
National Social Security Fund—Portfolio 114	1,142,436	RMB-denominated ordinary stock	1,142,436			

Schroder Investment Management (Hong Kong) Limited – Schroder International Selection Fund -Greater China (ETF)	1,076,041	RMB-denominated ordinary stock	1,076,041
Share repurchase account among the top 10 shareholders	Not applicable		
Shareholders above entrusting/entrusted with or waiving voting rights	Not applicable		
Related or acting-in-concert parties among shareholders above	Ruan Liping and Ruan Xueping are brothers and acting-in-concert parties. They jointly control Ningbo Liangji Industrial Co., Ltd., the Company's controlling shareholder. Ningbo Meishan Bonded Port Area Shuo Jin Investment Management Co., Ltd., under the joint control of Ruan Liping and Ruan Xueping, is an executive partner of Ningbo Ninghui Investment Management Partnership (Limited Partnership), one of the Company's shareholders. Save as disclosed above, the Company is not aware of any other related parties or acting-in-concert parties as defined in the Administration Methods for Acquisition of Listed Companies among the shareholders above.		
Preference shareholders with resumed voting rights and their shareholdings	Not applicable		

Shareholdings of the top 10 restricted shareholders and the restrictions:

√ Applicable □ Not applicable

Unit: share

No.	Name of restricted shareholder	Restricted shares held	Restricted shares allowed for public trading		Restriction
			Date when public trading is allowed	Increase in restricted shares allowed for public trading	
1	Ningbo Liangji Industrial Co., Ltd.	324,000,000	6 February 2023		Non-tradable for 36 months from the IPO
2	Ruan Liping	96,864,199	6 February 2023		Non-tradable for 36 months from the IPO
3	Ruan Xueping	96,864,199	6 February 2023		Non-tradable for 36 months from the IPO
4	Ningbo Ninghui Investment Management Partnership (Limited Partnership)	4,072,954	6 February 2023		Non-tradable for 36 months from the IPO
5	Ningbo Suiyuan Investment Management Partnership (Limited Partnership)	1,787,442	6 February 2023		Non-tradable for 36 months from the IPO

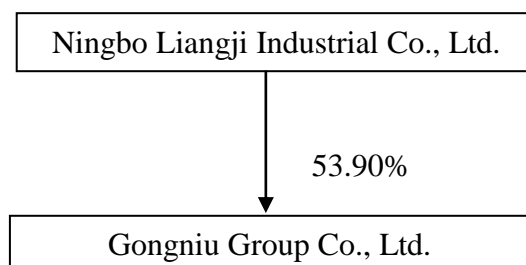
6	Ningbo Qiyuanbao Investment Management Partnership (Limited Partnership)	1,025,712	6 February 2023		Non-tradable for 36 months from the IPO
7	Cheng Rong	33,800	To be unlocked when the conditions for the equity incentives are met		In the lockup period according to the equity Incentive Plan
8	Xie Weiwei	33,590	To be unlocked when the conditions for the equity incentives are met		In the lockup period according to the equity Incentive Plan
9	Zhou Zhenghua	33,430	To be unlocked when the conditions for the equity incentives are met		In the lockup period according to the equity Incentive Plan
10	Li Guoqiang	30,300	To be unlocked when the conditions for the equity incentives are met		In the lockup period according to the equity Incentive Plan
Related or acting-in-concert parties among shareholders above		<p>Ruan Liping and Ruan Xueping are brothers and acting-in-concert parties. They jointly control Ningbo Liangji Industrial Co., Ltd., the Company's controlling shareholder. Ningbo Meishan Bonded Port Area Shuo Jin Investment Management Co., Ltd., under the joint control of Ruan Liping and Ruan Xueping, is an executive partner of Ningbo Ninghui Investment Management Partnership (Limited Partnership) and Ningbo Suiyuan Investment Management Partnership (Limited Partnership), both shareholders of the Company. Ruan Liping and Ruan Xueping are both limited partners of Ningbo Suiyuan Investment Management Partnership (Limited Partnership). The Company's shareholder Ningbo Qiyuanbao Investment Management Partnership (Limited Partnership) is under the control of Ruan Shuhong and Zhu Funing, both near relatives of Ruan Liping. Zhou Zhenghua is a director and senior executive of the Company. And Li Guoqiang, a senior executive of the Company, is a limited partner of the Company's shareholder Ningbo Suiyuan Investment Management Partnership (Limited Partnership). Save as disclosed above, the Company is not aware of any other related parties or acting-in-concert parties as defined in the Administration Methods for Acquisition of Listed Companies among the shareholders above.</p>			

**(III) Indicate whether any strategic investor or general corporation has become a top-10 shareholder in a rights issue.**

Applicable  Not applicable

**IV Controlling Shareholder and Actual Controller****(I) Controlling shareholder****1. Corporation**√ Applicable  Not applicable

Name	Ningbo Liangji Industrial Co., Ltd.
Legal representative/company principal	Ruan Liping
Date of establishment	23 November 2011
Principal activities	Investment management
Interests held in other domestically and overseas listed companies in the Reporting Period	Not applicable
Other information	Not applicable

**2. Individual** Applicable √ Not applicable**3. Special statement regarding the fact that the Company does not have a controlling shareholder** Applicable √ Not applicable**4. Change of the controlling shareholder in the Reporting Period** Applicable √ Not applicable**5. Illustration of the controlling shareholder's ownership in the Company**√ Applicable  Not applicable**(II) Actual controller****1. Corporation** Applicable √ Not applicable**2. Individual**√ Applicable  Not applicable

Name	Ruan Liping
Nationality	Chinese
Residency in other countries or regions (yes/no)	Yes
Main occupations and positions	Chairman of the Board and President of Gongniu Group Co., Ltd.
Controlling interests in other domestically and overseas listed companies in the past 10 years	Not applicable
Name	Ruan Xueping

Nationality	Chinese
Residency in other countries or regions (yes/no)	Yes
Main occupations and positions	Vice Chairman of the Board of Gongniu Group Co., Ltd. and General Manager of Shanghai Gongniu Electrics Co., Ltd.
Controlling interests in other domestically and overseas listed companies in the past 10 years	Not applicable

**3. Special statement regarding the fact that the Company does not have an actual controller.**

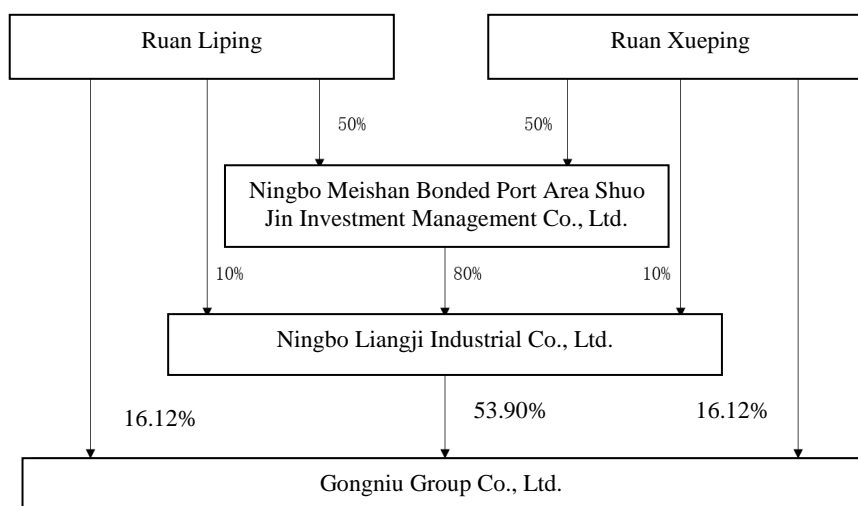
Applicable  Not applicable

**4. Change of the actual controller in the Reporting Period**

Applicable  Not applicable

**5. Illustration of the actual controller's ownership in the Company**

Applicable  Not applicable



**6. Indicate whether the actual controller controls the Company via trust or other ways of asset management.**

Applicable  Not applicable

**(III) Other information about the controlling shareholder and the actual controller**

Applicable  Not applicable

**V Indicate whether the cumulative number of shares put in pledge by the Company's controlling shareholder or the largest shareholder and its acting-in-concert parties accounts for over 80% of their shareholdings in the Company.**

Applicable  Not applicable

**VI Other 10% or Greater Corporate Shareholders**

Applicable  Not applicable

**VII Restrictions on Shareholding Reduction**

Applicable  Not applicable

**VIII Share Repurchases during the Reporting Period**√ Applicable  Not applicable

Unit: RMB'0,000

Title of the share repurchase plan	The Plan for a Share Repurchase on the Open Market
Date of the disclosure of the plan	12 April 2022
To-be-repurchased shares as % of the total share capital	0.16-0.25
Amount to be used	20,000-30,000
Intended period for the repurchase	Within 12 months from 11 April 2022
Purpose of the repurchase	For the implementation of equity Incentive Plan
Number of shares already repurchased	1,501,846
Number of shares already repurchased (if any) as % of all the target shares of the equity Incentive Plan	100
Progress on any reduction of repurchased shares on the open market	Not applicable

Note: The repurchase plan has been carried out. A total of 1,501,846 shares were repurchased, of which 1,501,800 shares were granted under the 2022 Restricted Share Incentive Plan and the rest of 46 shares were in the Company's securities account for repurchased shares. For further information, see the Announcement on the Results of the Implementation of the Share Repurchase Plan & the Changes in Shares (announcement No.: 2022-106) disclosed by the Company on the website of the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

## **Part VIII Relevant Information of Corporate Bonds**

### **I Enterprise Bonds, Corporate Bonds and Debt Financing Instruments of Non-financial Enterprise**

Applicable  Not applicable

### **II Convertible Corporate Bonds**

Applicable  Not applicable

## **Part IX Relevant Information of Preference shares**

Applicable  Not applicable



## Part X Financial Statements

### I Independent Auditor's Report

√ Applicable □ Not applicable

#### Independent Auditor's Report

PCCPA Audit [ 2023 ] No. 5588

To the shareholders of Gongniu Group Co., Ltd.:

##### I Opinion

We have audited the financial statements of Gongniu Group Co., Ltd. ("Gongniu" or the "Company"), which comprise the consolidated and parent company (the Company as the parent exclusive of subsidiaries) balance sheets as at 31 December 2022, the consolidated and parent company statements of income, cash flows and changes in owners' equity for the year then ended, as well as the notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated and parent company financial position of the Company at 31 December 2022, and the consolidated and parent company operating results and cash flows for the year then ended, in conformity with the Chinese Accounting Standards (CAS).

##### II Basis for Opinion

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

##### III Key Audit Matters

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

###### (I) Revenue recognition

###### 1. Description

For relevant information disclosed, please refer to "38. Revenue" in "V Significant Accounting Policies and Accounting Estimates" and "61. Operating revenue and cost of sales" in "VII Notes to the Consolidated Financial Statements" of "Part X Financial Statements".

The revenue of Gongniu Group is mainly derived from the sale of adaptors, wall switches, LEDs and digital accessories. In 2022, Gongniu Group achieved operating revenue of RMB14.081 billion. Gongniu Group has identified different specific methods of revenue recognition for different sales methods.

As operating revenue is one of the key performance indicators of Gongniu Group, we have identified revenue recognition as a key audit matter.

## 2. Audit response

The audit procedures we performed in relation to revenue recognition primarily include:

(1) Understanding the key internal controls relating to revenue recognition, evaluating the design of those controls, determining whether they are implemented and testing the effectiveness of the operation of the relevant internal controls;

(2) Examining major sales contracts for major contractual terms and evaluating whether the revenue recognition policy is in line with the provisions of the Accounting Standard for Business Enterprises;

(3) Implementing substantive analysis procedures for operating revenue and gross margin on a monthly, product and customer basis to identify any significant or abnormal fluctuations and analyze the causes of fluctuations;

(4) For domestic sales revenue, conducting sample-check on supporting documents related to revenue recognition, including sales contracts, orders, sales invoices, outbound delivery orders, delivery notes, transportation orders and customer sign-off sheets; for export revenue, obtaining information from the Administration of Foreign Exchange and reconciling it with the carrying records, and checking supporting documents such as sales contracts, export customs declarations, freight bills of lading and sales invoices on a sample basis;

(5) Confirming with key customers on a sample basis regarding sales for the period based on the accounts receivable letter;

(6) Verifying operating revenue recognized around the balance sheet date on a sample basis to supporting documents such as outbound delivery orders, delivery notes, customer sign-off sheets and freight bills of lading, and evaluating whether operating revenue is recognized in the appropriate period;

(7) Checking whether the information relating to operating revenue is properly presented in the financial statements.

## (II) Recognition, measurement and presentation of wealth management products

### 1. Description

For relevant information disclosed, please refer to "10. Financial instruments" in "V Significant Accounting Policies and Accounting Estimates" and "2. "Held-for-trading financial assets", "13. Other current assets" and "68. Return on investment" in "VII Notes to the Consolidated Financial Statements" of "Part X Financial Statements".

As at 31 December 2022, the wealth management balance of held-for-trading financial assets of Gongniu Group was RMB6,949 million, the wealth management balance of other current assets was RMB284 million, and the cumulative return on investment for wealth management products in 2022 amounted to RMB279 million. We determined the recognition, measurement and presentation of wealth management products as a key audit matter due to the large amount of wealth management products and

the fact that the return on investment of the relevant products had a significant impact on the net profit of Gongniu Group for 2022.

## 2. Audit response

The audit procedures we performed in relation to the recognition, measurement and presentation of wealth management products primarily include:

(1) Understanding the key internal controls relating to investments in wealth management products, evaluating the design of those controls, determining whether they are implemented and testing the effectiveness of the operation of the relevant internal controls;

(2) Checking whether the classification of wealth management products is correct based on the contractual cash flow characteristics of the wealth management products and the business model of Gongniu Group in managing the wealth management products;

(3) Obtaining statements of account related to wealth management products, reconciling them with the carrying amount and writing to banks, securities companies and trust companies to confirm the asset balance and the existence of balances of wealth management products;

(4) Checking the supporting documents for increase and reduction in wealth management products during the period on a sample basis, checking whether they have been authorized and approved, and confirming that the amounts relating to the purchase, sale and return on investment of wealth management products are correct and fully recorded;

(5) Reviewing the valuation method of wealth management products to check whether the basis for obtaining their fair value, the measurement of their value at the end of the period and the accounting treatment are correct;

(6) Checking whether information related to the recognition, measurement and presentation of wealth management products has been properly presented in the financial statements.

## **IV Other Information**

The Company's management is responsible for the other information. The other information comprises all of the information included in the Company's 2021 Annual Report other than the financial statements and our auditor's report thereon.

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

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

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

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

The Company's management is responsible for the preparation of the financial statements that give a fair view in accordance with CAS, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **VI Auditor's Responsibilities 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CAS 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 CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(I) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(II) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

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

(IV) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CAS to draw users' attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(V) 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.

(VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

Pan-China Certified Public Accountants LLP

Chinese certified public accountant: Qian Zhongxian  
(engagement partner)

Hangzhou China

Chinese certified public accountant: Liu Chong

27 April 2023

## II Financial Statements

### Consolidated Balance Sheet

31 December 2022

Prepared by Gongniu Group Co., Ltd.

Unit: RMB

Item	Note	31 December 2022	31 December 2021
<b>Current assets:</b>			
Monetary assets		4,611,966,169.54	4,377,228,556.74
Settlement reserve			
Loans to other banks and financial institutions			
Held-for-trading financial assets		6,949,000,000.00	5,926,600,000.00

Derivative financial assets		643,100.00	3,613,050.00
Notes receivable			750,723.35
Accounts receivable		226,808,699.19	219,259,743.25
Receivables financing		1,036,801.70	927,023.00
Prepayments		49,635,694.61	29,140,223.00
Premiums receivable			
Reinsurance receivables			
Receivable reinsurance contract reserve			
Other receivables		71,887,692.32	195,924,505.99
Of which: Interest receivable			
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories		1,285,218,456.09	1,376,987,122.60
Contract assets			
Assets held for sale			
Current portion of non-current assets			
Other current assets		363,825,426.89	1,126,520,898.44
Total current assets		13,560,022,040.34	13,256,951,846.37
<b>Non-current assets:</b>			
Loans and advances to customers			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments			
Other equity investments			
Other non-current financial assets			
Investment property			
Fixed assets		1,854,494,510.57	1,493,733,120.82
Construction in progress		611,457,850.54	198,364,136.97
Productive living assets			
Oil and gas assets			
Right-of-use assets		13,312,707.57	18,809,799.71
Intangible assets		325,725,286.18	295,769,642.48
Development costs			
Goodwill		45,133,442.04	
Long-term prepaid expense		20,364,230.78	17,750,835.99
Deferred income tax assets		143,479,114.53	116,456,369.78
Other non-current assets		76,508,015.77	76,068,914.50
Total non-current assets		3,090,475,157.98	2,216,952,820.25
Total assets		16,650,497,198.32	15,473,904,666.62
<b>Current liabilities:</b>			
Short-term borrowings		845,374,749.03	500,430,555.55
Borrowings from the central bank			
Loans from other banks and financial institutions			
Held-for-trading financial		18,200,000.00	

liabilities			
Derivative financial liabilities			
Notes payable			2,333,774.75
Accounts payable		1,643,661,963.53	1,701,686,564.14
Advances from customers			
Contract liabilities		431,654,611.71	437,999,921.93
Financial assets sold under repurchase agreements			
Customer deposits and deposits from other banks and financial institutions			
Payables for acting trading of securities			
Payables for underwriting of securities			
Employee benefits payable		335,092,159.01	279,463,472.43
Taxes and levies payable		300,308,365.64	533,077,969.51
Other payables		446,413,870.85	430,813,760.10
Of which: Interest payable			
Dividends payable			
Fees and commissions payable			
Reinsurance payables			
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities		8,798,658.13	673,911,937.53
Other current liabilities		56,140,971.75	56,939,989.86
Total current liabilities		4,085,645,349.65	4,616,657,945.80
<b>Non-current liabilities:</b>			
Insurance contract reserve			
Long-term borrowings			
Bonds payable			
Of which: Preference shares			
Perpetual bonds			
Lease liabilities		4,544,619.22	5,089,837.39
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income		53,820,328.00	
Deferred income tax liabilities		56,308,610.05	50,280,119.30
Other non-current liabilities		34,814,148.70	46,125,187.50
Total non-current liabilities		149,487,705.97	101,495,144.19
Total liabilities		4,235,133,055.62	4,718,153,089.99
<b>Owners' equity (or shareholders' equity):</b>			
Paid-in capital (or share capital)		601,077,590.00	601,180,520.00
Other equity instruments			
Of which: Preference shares			
Perpetual bonds			
Capital reserves		3,863,547,883.54	3,914,068,288.56

Less: Treasury shares		129,612,354.00	80,711,540.00
Other comprehensive income		4,389,526.95	7,537,390.37
Specific reserve			
Surplus reserves		302,797,998.73	302,797,998.73
General reserve			
Retained earnings		7,756,665,030.53	6,010,878,918.97
Total equity attributable to owners (or shareholders) of the Company as the parent		12,398,865,675.75	10,755,751,576.63
Non-controlling interests		16,498,466.95	
Total owners' equity (or shareholders' equity)		12,415,364,142.70	10,755,751,576.63
Total liabilities and owners' equity (or shareholders' equity)		16,650,497,198.32	15,473,904,666.62

Legal representative: Ruan Liping  
Head of the financial department: Luo Yuebo

Chief Financial Officer: Zhang Lina

### Balance Sheet of the Company as the Parent

31 December 2022

Prepared by Gongniu Group Co., Ltd.

Unit: RMB

Item	Note	31 December 2022	31 December 2021
<b>Current assets:</b>			
Monetary assets		2,558,169,565.15	2,815,595,132.13
Held-for-trading financial assets		3,000,000,000.00	1,700,000,000.00
Derivative financial assets			
Notes receivable			
Accounts receivable		341,413,356.20	3,783,723.14
Receivables financing			
Prepayments		60,568,126.16	302,683,310.52
Other receivables		2,756,026,303.85	3,038,980,082.79
Of which: Interest receivable			
Dividends receivable		1,700,000,000.00	2,000,000,000.00
Inventories		292,728,441.34	409,900,890.43
Contract assets			
Assets held for sale			
Current portion of non-current assets			
Other current assets		253,744,657.54	610,271,780.82
Total current assets		9,262,650,450.24	8,881,214,919.83
<b>Non-current assets:</b>			
Debt investments			
Other debt investments			
Long-term receivables			
Long-term equity investments		688,178,210.52	441,959,500.17
Other equity investments			
Other non-current financial assets			
Investment property			



Fixed assets		812,047,460.58	805,605,614.22
Construction in progress		517,776,172.33	171,842,155.89
Productive living assets			
Oil and gas assets			
Right-of-use assets		2,707,156.94	7,057,187.09
Intangible assets		244,677,232.50	258,323,362.23
Development costs			
Goodwill			
Long-term prepaid expense		19,172,452.61	17,750,835.99
Deferred income tax assets		7,810,872.95	3,735,033.97
Other non-current assets		58,509,382.81	72,827,494.50
Total non-current assets		2,350,878,941.24	1,779,101,184.06
Total assets		11,613,529,391.48	10,660,316,103.89
<b>Current liabilities:</b>			
Short-term borrowings		611,169,986.13	
Held-for-trading financial liabilities		18,200,000.00	
Derivative financial liabilities			
Notes payable			100,000,000.00
Accounts payable		596,911,385.90	450,634,960.80
Advances from customers			
Contract liabilities		550,246,157.68	424,645,030.61
Employee benefits payable		108,720,042.83	101,482,634.41
Taxes and levies payable		70,631,710.25	205,109,507.99
Other payables		196,246,589.96	126,829,316.67
Of which: Interest payable			
Dividends payable			
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities		1,660,616.21	666,081,836.66
Other current liabilities		71,532,000.50	55,203,853.98
Total current liabilities		2,225,318,489.46	2,129,987,141.12
<b>Non-current liabilities:</b>			
Long-term borrowings			
Bonds payable			
Of which: Preference shares			
Perpetual bonds			
Lease liabilities		1,074,013.26	2,163,270.25
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred income tax liabilities		25,344,037.44	22,249,738.30
Other non-current liabilities		34,814,148.70	46,125,187.50
Total non-current liabilities		61,232,199.40	70,538,196.05
Total liabilities		2,286,550,688.86	2,200,525,337.17
<b>Owners' equity (or shareholders' equity):</b>			
Paid-in capital (or share capital)		601,077,590.00	601,180,520.00
Other equity instruments			

Of which: Preference shares			
Perpetual bonds			
Capital reserves		3,859,048,459.88	3,909,568,864.90
Less: Treasury shares		129,612,354.00	80,711,540.00
Other comprehensive income			
Specific reserve			
Surplus reserves		302,797,998.73	302,797,998.73
Retained earnings		4,693,667,008.01	3,726,954,923.09
Total owners' equity (or shareholders' equity)		9,326,978,702.62	8,459,790,766.72
Total liabilities and owners' equity (or shareholders' equity)		11,613,529,391.48	10,660,316,103.89

Legal representative: Ruan Liping  
Head of the financial department: Luo Yuebo

Chief Financial Officer: Zhang Lina

### Consolidated Income Statement

January-December 2022

Unit: RMB

Item	Note	2022	2021
I Total revenues		14,081,373,030.94	12,384,916,337.51
Of which: Operating revenue		14,081,373,030.94	12,384,916,337.51
Interest income			
Insurance premium income			
Fee and commission income			
II Total costs and expenses		10,627,127,457.42	9,262,301,258.59
Of which: Cost of sales		8,730,082,585.08	7,808,540,666.84
Interest expense			
Fee and commission expense			
Surrenders			
Net insurance claims paid			
Net amount provided as insurance contract reserve			
Expenditure on policy dividends			
Reinsurance premium expense			
Taxes and levies		115,758,059.90	82,785,296.48
Selling expense		800,387,659.41	560,187,002.80
Administrative expense		500,596,373.88	427,615,556.97
R&D expense		588,296,080.11	471,015,016.82
Finance costs		-107,993,300.96	-87,842,281.32
Of which: Interest expense		35,925,352.09	39,763,491.76
Interest income		137,795,215.87	128,887,165.64
Add: Other income		132,940,722.76	390,936,141.47
Return on investment ("—" for loss)		271,988,811.92	190,025,308.81
Of which: Share of profit or loss of joint ventures and associates			
Income from the derecognition of financial assets at amortized cost			

Exchange gain (“—” for loss)			
Net gain on exposure hedges (“—” for loss)			
Gain on changes in fair value (“—” for loss)			
Credit impairment loss (“—” for loss)		-30,470,523.21	-24,746,561.94
Asset impairment loss (“—” for loss)		-11,504,455.94	-16,257,123.26
Asset disposal income (“—” for loss)		-3,139,686.69	-11,308,464.89
III Operating profit (“—” for loss)		3,814,060,442.36	3,651,264,379.11
Add: Non-operating income		3,784,363.32	4,353,269.76
Less: Non-operating expense		63,388,662.51	330,657,723.91
IV Gross profit (“—” for gross loss)		3,754,456,143.17	3,324,959,924.96
Less: Income tax expense		568,995,412.93	544,599,192.30
V Net profit (“—” for net loss)		3,185,460,730.24	2,780,360,732.66
(I) By operating continuity			
1.Net profit from continuing operations (“—” for net loss)		3,185,460,730.24	2,780,360,732.66
2.Net profit from discontinued operations (“—” for net loss)			
(II) By ownership			
1.Net profit attributable to owners of the Company as the parent (“—” for net loss)		3,188,619,359.56	2,780,360,732.66
2.Net profit attributable to non-controlling interests (“—” for net loss)		-3,158,629.32	
VI Other comprehensive income, net of tax		-3,147,863.42	-21,326,379.54
(I) Other comprehensive income, net of tax attributable to owners of the Company as the parent		-3,147,863.42	-21,326,379.54
1. Other comprehensive income that will not be reclassified to profit or loss			
(1) Changes caused by remeasurements on defined benefit schemes			
(2) Other comprehensive income that will not be reclassified to profit or loss under the equity method			
(3) Changes in the fair value of other equity investments			
(4) Changes in the fair value arising from changes in own credit risk			
2. Other comprehensive income that will be reclassified to profit or loss		-3,147,863.42	-21,326,379.54
(1) Other comprehensive income that will be reclassified to profit or loss under the equity method			

(2) Changes in the fair value of other debt investments			
(3) Other comprehensive income arising from the reclassification of financial assets			
(4) Credit impairment allowance for other debt investments			
(5) Reserve for cash flow hedges		-3,182,910.54	-21,324,986.08
(6) Differences arising from the translation of foreign currency-denominated financial statements		35,047.12	-1,393.46
(7) Others			
(II) Other comprehensive income, net of tax attributable to non-controlling interests			
VII Total comprehensive income		3,182,312,866.82	2,759,034,353.12
(I) Total comprehensive income attributable to owners of the Company as the parent		3,185,471,496.14	2,759,034,353.12
(II) Total comprehensive income attributable to non-controlling interests		-3,158,629.32	
VIII Earnings per share:			
(I) Basic earnings per share (RMB/share)		5.32	4.63
(II) Diluted earnings per share (RMB/share)		5.30	4.63

Where business combinations involving entities under common control occurred in the current period, the net profit achieved by the acquirees before the combinations was nil, with the amount for last year being nil.

Legal representative: Ruan Liping  
Head of the financial department: Luo Yuebo

Chief Financial Officer: Zhang Lina

### Income Statement of the Company as the Parent

January-December 2022

Unit: RMB

Item	Note	2022	2021
I Operating revenue		5,527,593,701.30	5,306,290,224.15
Less: Cost of sales		4,279,629,067.01	3,876,062,056.48
Taxes and levies		29,964,139.67	27,736,575.48
Selling expense		24,152,009.03	22,442,913.93
Administrative expense		257,770,302.62	237,296,868.57
R&D expense		243,157,154.27	190,443,988.85
Finance costs		-41,364,078.62	-31,504,593.32
Of which: Interest expense		24,239,236.11	24,790,531.90
Interest income		66,036,418.38	56,305,098.21
Add: Other income		18,055,681.70	266,969,614.03
Return on investment (“-” for loss)		1,811,912,481.21	2,079,124,417.58
Of which: Share of profit or loss of joint ventures and associates			
Income from the			

derecognition of financial assets at amortized cost			
Net gain on exposure hedges (“—” for loss)			
Gain on changes in fair value (“—” for loss)			
Credit impairment loss (“—” for loss)		-54,867,900.40	-18,213,104.15
Asset impairment loss (“—” for loss)		-1,215,659.46	-2,744,147.10
Asset disposal income (“—” for loss)		-1,475,418.41	-3,937,217.96
II Operating profit (“—” for loss)		2,506,694,291.96	3,305,011,976.56
Add: Non-operating income		2,547,612.90	602,007.58
Less: Non-operating expense		10,152,903.02	317,803,063.92
III Gross profit (“—” for gross loss)		2,499,089,001.84	2,987,810,920.22
Less Income tax expense		89,543,668.92	172,118,152.88
IV Net profit (“—” for net loss)		2,409,545,332.92	2,815,692,767.34
(I) Net profit from continuing operations (“—” for net loss)		2,409,545,332.92	2,815,692,767.34
(II) Net profit from discontinued operations (“—” for net loss)			
V Other comprehensive income, net of tax			
(I) Other comprehensive income that will not be reclassified to profit or loss			
1. Changes caused by remeasurements on defined benefit schemes			
2. Other comprehensive income that will not be reclassified to profit or loss under the equity method			
3. Changes in the fair value of other equity investments			
4. Changes in the fair value arising from changes in own credit risk			
(II) Other comprehensive income that will be reclassified to profit or loss			
1. Other comprehensive income that will be reclassified to profit or loss under the equity method			
2. Changes in the fair value of other debt investments			
3. Other comprehensive income arising from the reclassification of financial assets			
4. Credit impairment allowance for other debt investments			
5. Reserve for cash flow hedges			
6. Differences arising from the translation of foreign currency-denominated financial statements			

7. Others			
VI Total comprehensive income		2,409,545,332.92	2,815,692,767.34
VII Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal representative: Ruan Liping  
Head of the financial department: Luo Yuebo

Chief Financial Officer: Zhang Lina

**Consolidated Cash Flow Statement**  
January-December 2022

Unit: RMB

Item	Note	2022	2021
<b>I Cash flows from operating activities:</b>			
Proceeds from sale of goods and rendering of services		15,641,388,293.29	14,169,320,101.49
Net increase in customer deposits and deposits from other banks and financial institutions			
Net increase in borrowings from the central bank			
Net increase in loans from other financial institutions			
Premiums received on original insurance contracts			
Net proceeds from reinsurance			
Net increase in deposits and investments of policy holders			
Interest, fees and commissions received			
Net increase in loans from other banks and financial institutions			
Net increase in proceeds from repurchase transactions			
Net proceeds from acting trading of securities			
Tax and levy rebates		25,583,045.08	25,804,052.16
Cash generated from other operating activities		370,035,518.43	525,426,517.23
Subtotal of cash generated from operating activities		16,037,006,856.80	14,720,550,670.88
Payments for goods and services		8,181,607,639.34	7,589,799,374.35
Net increase in loans and advances to customers			
Net increase in deposits in the central bank and other banks and financial institutions			
Payments for claims on original insurance contracts			
Net increase in loans to other banks and financial institutions			
Interest, fees and commissions paid			

Policy dividends paid			
Cash paid to and for employees		1,902,469,445.47	1,741,129,477.86
Taxes and levies paid		1,783,549,323.16	1,161,567,823.93
Cash used in other operating activities		1,111,466,230.67	1,213,727,253.60
Subtotal of cash used in operating activities		12,979,092,638.64	11,706,223,929.74
Net cash generated from/used in operating activities		3,057,914,218.16	3,014,326,741.14
<b>II Cash flows from investing activities:</b>			
Proceeds from disinvestment			
Return on investment		290,169,702.87	203,660,051.16
Net proceeds from the disposal of fixed assets, intangible assets and other long-term assets		3,462,880.79	22,285,265.83
Net proceeds from the disposal of subsidiaries and other business units			
Cash generated from other investing activities		9,613,715,309.31	11,281,533,253.72
Subtotal of cash generated from investing activities		9,907,347,892.97	11,507,478,570.71
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		1,018,824,058.36	475,375,845.86
Payments for investments			
Net increase in pledged loans granted			
Net payments for the acquisition of subsidiaries and other business units		19,107,492.09	
Cash used in other investing activities		10,615,500,000.00	12,621,090,656.00
Subtotal of cash used in investing activities		11,653,431,550.45	13,096,466,501.86
Net cash generated from/used in investing activities		-1,746,083,657.48	-1,588,987,931.15
<b>III Cash flows from financing activities:</b>			
Capital contributions received		94,703,508.00	58,919,460.00
Of which: Capital contributions by non-controlling interests to subsidiaries			
Borrowings received		1,685,000,000.00	1,229,444,657.64
Cash generated from other financing activities			
Subtotal of cash generated from financing activities		1,779,703,508.00	1,288,364,117.64
Repayment of borrowings		2,010,000,000.00	733,145,768.73
Interest and dividends paid		1,478,511,496.88	1,235,638,745.39
Of which: Dividends paid by subsidiaries to non-controlling interests			
Cash used in other financing activities		236,647,700.66	20,388,050.23
Subtotal of cash used in		3,725,159,197.54	1,989,172,564.35

financing activities			
Net cash generated from/used in financing activities		-1,945,455,689.54	-700,808,446.71
<b>IV Effect of foreign exchange rate changes on cash and cash equivalents</b>		6,251,850.30	-1,365,206.44
<b>V Net increase in cash and cash equivalents</b>		-627,373,278.56	723,165,156.84
Add: Cash and cash equivalents, beginning of the period		2,552,716,453.54	1,829,551,296.70
<b>VI Cash and cash equivalents, end of the period</b>		1,925,343,174.98	2,552,716,453.54

Legal representative: Ruan Liping  
Head of the financial department: Luo Yuebo

Chief Financial Officer: Zhang Lina

**Cash Flow Statement of the Company as the Parent**  
January-December 2022

Unit: RMB

Item	Note	2022	2021
<b>I Cash flows from operating activities:</b>			
Proceeds from sale of goods and rendering of services		6,407,458,800.74	6,475,570,410.73
Tax and levy rebates			
Cash generated from other operating activities		843,447,820.27	338,813,300.33
Subtotal of cash generated from operating activities		7,250,906,621.01	6,814,383,711.06
Payments for goods and services		3,994,662,575.62	4,252,140,785.92
Cash paid to and for employees		632,474,762.15	622,109,797.27
Taxes and levies paid		433,295,397.95	262,378,388.50
Cash used in other operating activities		1,409,134,256.52	898,019,962.90
Subtotal of cash used in operating activities		6,469,566,992.24	6,034,648,934.59
Net cash generated from/used in operating activities		781,339,628.77	779,734,776.47
<b>II Cash flows from investing activities:</b>			
Proceeds from disinvestment			
Return on investment		2,118,439,604.49	1,095,128,801.14
Net proceeds from the disposal of fixed assets, intangible assets and other long-term assets		5,068,195.56	17,822,095.19
Net proceeds from the disposal of subsidiaries and other business units			
Cash generated from other investing activities		3,920,000,000.00	4,390,001,001.00
Subtotal of cash generated from investing activities		6,043,507,800.05	5,502,951,897.33
Payments for the acquisition and construction of fixed assets, intangible assets and other long-term assets		450,775,042.68	351,818,203.17



Payments for investments		148,409,344.00	11,000,000.00
Net payments for the acquisition of subsidiaries and other business units			
Cash used in other investing activities		5,120,000,000.00	3,906,990,656.00
Subtotal of cash used in investing activities		5,719,184,386.68	4,269,808,859.17
Net cash generated from/used in investing activities		324,323,413.37	1,233,143,038.16
<b>III Cash flows from financing activities:</b>			
Capital contributions received		94,703,508.00	58,919,460.00
Borrowings received		1,010,000,000.00	633,145,768.73
Cash generated from other financing activities			
Subtotal of cash generated from financing activities		1,104,703,508.00	692,065,228.73
Repayment of borrowings		1,060,000,000.00	633,145,768.73
Interest and dividends paid		1,466,589,386.88	1,225,366,634.27
Cash used in other financing activities		225,449,579.56	11,332,303.38
Subtotal of cash used in financing activities		2,752,038,966.44	1,869,844,706.38
Net cash generated from/used in financing activities		-1,647,335,458.44	-1,177,779,477.65
<b>IV Effect of foreign exchange rate changes on cash and cash equivalents</b>			
<b>V Net increase in cash and cash equivalents</b>			
Add: Cash and cash equivalents, beginning of the period		1,729,210,241.72	894,111,904.74
<b>VI Cash and cash equivalents, end of the period</b>		1,187,537,825.42	1,729,210,241.72

Legal representative: Ruan Liping  
Head of the financial department: Luo Yuebo

Chief Financial Officer: Zhang Lina

**Consolidated Statements of Changes in Owners' Equity**  
January-December 2022

Unit: RMB

Item	2022														Non-controlling interests	Total owners' equity
	Equity attributable to owners of the Company as the parent															
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Others	Subtotal			
Preference shares		Perpetual bonds	Others													
I Balance as at the end of the prior year	601,180,520.00				3,914,068,288.56	80,711,540.00	7,537,390.37		302,797,998.73		6,010,878,918.97		10,755,751,576.63		10,755,751,576.63	
Add: Adjustments for changes in accounting policies																
Adjustments for correction of previous errors																
Adjustments for business combinations involving entities under common control																
Other adjustments																
II Balance as at the	601,180,520.00				3,914,068,288.56	80,711,540.00	7,537,390.37		302,797,998.73		6,010,878,918.97		10,755,751,576.63		10,755,751,576.63	

## Annual Report 2022

beginning of the year												576.6 3		
III Increase/decrease in the period ("-" for decrease)	-102,93 0.00				-50,520,405. 02	48,900,814. 00	-3,147,863 .42				1,745,786,11 1.56	1,643, 114,0 99.12	16,498,466. 95	1,659,612,56 6.07
(I) Total comprehensive income							-3,147,863 .42				3,188,619,35 9.56	3,185, 471,4 96.14	-3,158,629. 32	3,182,312,86 6.82
(II) Capital increased and reduced by owners	-102,93 0.00				-50,520,405. 02	48,900,814. 00						-99,5 24,14 9.02	19,657,096. 27	-79,867,052. 75
1. Ordinary shares increased by owners	-102,93 0.00				-127,989,88 1.86	215,286,33 4.56						-343, 379,1 46.42		-343,379,146 .42
2. Capital increased by other equity holders														
3. Share-based payments recognized in owners' equity					77,469,476. 84	-166,385,52 0.56						243,8 54,99 7.40		243,854,997. 40
4. Others													19,657,096. 27	19,657,096.2 7
(III) Profit distribution											-1,442,833,2 48.00	-1,44 2,833, 248.0 0		-1,442,833,2 48.00
1. Appropriation to surplus reserves														
2. Appropriation to general reserve														



the period															
2. Used in the period															
(VI) Others															
IV Balance as at the end of the period	601,077,590.00				3,863,547,883.54	129,612,354.00	4,389,526.95		302,797,998.73		7,756,665,030.53		12,398,865,675.75	16,498,466.95	12,415,364,142.70

Item	2021														Non-controlling interests	Total owners' equity
	Equity attributable to owners of the Company as the parent															
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Others	Subtotal			
Preference shares		Perpetual bonds	Others													
I Balance as at the end of the prior year	600,613,800.00				3,820,175,608.14	46,728,594.00	28,863,769.91		302,797,998.73		4,431,669,986.31		9,137,392,569.09		9,137,392,569.09	
Add: Adjustments for changes in accounting policies																
Adjustments for correction of previous errors																
Adjustments for business combinations involving entities under common control																
Other																

## Annual Report 2022

adjustments														
II Balance as at the beginning of the year	600,613,800.00				3,820,175,608.14	46,728,594.00	28,863,769.91		302,797,998.73	4,431,669,986.31		9,137,392,569.09		9,137,392,569.09
III Increase/decrease in the period (“-” for decrease)	566,720.00				93,892,680.42	33,982,946.00	-21,326,379.54			1,579,208,932.66		1,618,359,007.54		1,618,359,007.54
(I) Total comprehensive income							-21,326,379.54			2,780,360,732.66		2,759,034,353.12		2,759,034,353.12
(II) Capital increased and reduced by owners	566,720.00				93,892,680.42	33,982,946.00						60,476,454.42		60,476,454.42
1. Ordinary shares increased by owners	566,720.00				50,544,523.60							51,111,243.60		51,111,243.60
2. Capital increased by other equity holders														
3. Share-based payments recognized in owners' equity					43,348,156.82	33,982,946.00						9,365,210.82		9,365,210.82
4. Others														
(III) Profit distribution										-1,201,151,800.00		-1,201,151,800.00		-1,201,151,800.00
1. Appropriation to surplus reserves														
2. Appropriation to														

general reserve															
3. Appropriation to owners (or shareholders)											-1,201,151,800.00			-1,201,151,800.00	
4. Others															
(IV) Transfers within owners' equity															
1. Increase in capital (or share capital) from capital reserves															
2. Increase in capital (or share capital) from surplus reserves															
3. Surplus reserves used to offset loss															
4. Changes in defined benefit schemes transferred to retained earnings															
5. Other comprehensive income transferred to retained earnings															
6. Others															
(V) Specific reserve															

1. Increase in the period														
2. Used in the period														
(VI) Others														
IV Balance as at the end of the period	601,180,520.00				3,914,068,288.56	80,711,540.00	7,537,390.37		302,797,998.73		6,010,878,918.97		10,755,751,576.63	10,755,751,576.63

Legal representative: Ruan Liping

Chief Financial Officer: Zhang Lina

Head of the financial department: Luo Yuebo

**Statements of Changes in Owners' Equity of the Company as the Parent**  
January-December 2022

Unit: RMB

Item	2022										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I Balance as at the end of the prior year	601,180,520.00				3,909,568,864.90	80,711,540.00			302,797,998.73	3,726,954,923.09	8,459,790,766.72
Add: Adjustments for changes in accounting policies											
Adjustments for correction of previous errors											
Other adjustments											
II Balance as at the beginning of the year	601,180,520.00				3,909,568,864.90	80,711,540.00			302,797,998.73	3,726,954,923.09	8,459,790,766.72
III Increase/ decrease in the period ("-" for decrease)	-102,930.00				-50,520,405.02	48,900,814.00				966,712.084.92	867,187,935.90
(I) Total comprehensive income										2,409,545,332.92	2,409,545,332.92
(II) Capital increased and reduced by owners	-102,930.00				-50,520,405.02	48,900,814.00					-99,524,149.02
1. Ordinary shares increased by owners	-102,930.00				-127,989,881.86	215,286,334.56					-343,379,146.42
2. Capital increased by other equity holders											
3. Share-based payments					28,594,844	-166,385,5					194,980,36



Annual Report 2022

recognized in owners' equity					.11	20.56					4.67
4. Others					48,874,632						48,874,632
					.73						.73
(III) Profit distribution										-1,442,833	-1,442,833
										,248.00	,248.00
1. Appropriation to surplus reserves											
2. Appropriation to owners (or shareholders)										-1,442,833	-1,442,833
										,248.00	,248.00
3. Others											
(IV) Transfers within owners' equity											
1. Increase in capital (or share capital) from capital reserves											
2. Increase in capital (or share capital) from surplus reserves											
3. Surplus reserves used to offset loss											
4. Changes in defined benefit schemes transferred to retained earnings											
5. Other comprehensive income transferred to retained earnings											
6. Others											
(V) Specific reserve											
1. Increase in the period											
2. Used in the period											
(VI) Others											
IV Balance as at the end of the period	601,077,59				3,859,048,	129,612,35			302,797,9	4,693,667,	9,326,978,
	0.00				459.88	4.00			98.73	008.01	702.62

Item	2021										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I Balance as at the end of the	600,613,80				3,815,676,	46,728,594			302,797,9	2,112,413,	6,784,773,

## Annual Report 2022

prior year	0.00				184.48	.00			98.73	955.75	344.96
Add: Adjustments for changes in accounting policies											
Adjustments for correction of previous errors											
Other adjustments											
II Balance as at the beginning of the year	600,613,80 0.00				3,815,676, 184.48	46,728,594 .00			302,797,9 98.73	2,112,413, 955.75	6,784,773, 344.96
III Increase/ decrease in the period (“-” for decrease)	566,720.00				93,892,680 .42	33,982,946 .00				1,614,540, 967.34	1,675,017, 421.76
(I) Total comprehensive income										2,815,692, 767.34	2,815,692, 767.34
(II) Capital increased and reduced by owners	566,720.00				70,456,679 .24	33,982,946 .00					37,040,453 .24
1. Ordinary shares increased by owners	566,720.00				50,544,523 .60						51,111,243 .60
2. Capital increased by other equity holders											
3. Share-based payments recognized in owners’ equity					19,912,155 .64	33,982,946 .00					-14,070,79 0.36
4. Others											
(III) Profit distribution										-1,201,151 ,800.00	-1,201,151 ,800.00
1. Appropriation to surplus reserves											
2. Appropriation to owners (or shareholders)										-1,201,151 ,800.00	-1,201,151 ,800.00
3. Others											
(IV) Transfers within owners’ equity											
1. Increase in capital (or share capital) from capital reserves											
2. Increase in capital (or share capital) from surplus reserves											
3. Surplus reserves used to offset loss											
4. Changes in defined benefit schemes transferred to											

retained earnings											
5. Other comprehensive income transferred to retained earnings											
6. Others											
(V) Specific reserve											
1. Increase in the period											
2. Used in the period											
(VI) Others					23,436,001.18						23,436,001.18
IV Balance as at the end of the period	601,180,520.00				3,909,568,864.90	80,711,540.00			302,797,998.73	3,726,954,923.09	8,459,790,766.72

Legal representative: Ruan Liping

Chief Financial Officer: Zhang Lina

Head of the financial department: Luo Yuebo

### III Company Profile

#### 1. Company overview

√ Applicable □ Not applicable

Gongniu Group Co., Ltd (hereinafter referred to as “the Company” or “Gongniu”) is a joint stock limited company transformed from the former Gongniu Group Limited with 31 August 2017 as the base date. It was registered with Ningbo Municipal Market Supervision Administration on 27 December 2017 and is headquartered in Ningbo City, Zhejiang Province. The Company now holds a business license with a unified social credit code of 91330282671205242Y, with a registered capital of RMB601.0776 million and a total of 601.0776 million shares (each with a par value of RMB1). Among them, there are 526.5746 million restricted public A-shares and 74.5030 million unrestricted public A-shares. The Company’s shares were listed for public trading on the Shanghai Stock Exchange on 6 February 2020.

The Company pertains to the electrical machinery and equipment manufacturing industry. It is mainly engaged in the research, development, production and sales of power connection and power extension products such as adaptors, wall switches and sockets, LED lighting and digital accessories. Products mainly include adaptors, wall switches and sockets, LED lighting and digital accessories.

These financial statements have been authorized for issue by the 17<sup>th</sup> Meeting of the Second Board of Directors of the Company on 27 April 2023.

The Company included 23 subsidiaries including Ningbo Gongniu Electrics Co., Ltd. in the consolidated financial statements for the current period. For further information, see “VII Notes to the Consolidated Financial Statements” and “IX Interests in Other Entities” under “Part X Financial Statements” herein.

For the sake of conciseness, the subsidiaries and other related companies of the Company are hereinafter referred to by their abbreviations as follows:

Full name	Abbreviation
Subsidiaries	
Ningbo Gongniu Electrics Co., Ltd.	Ningbo Gongniu
Ningbo Gongniu Photoelectric Technology Co., Ltd.	Gongniu Photoelectric
Ningbo Gongniu Digital Technology Co., Ltd.	Gongniu Digital
Ningbo Gongniu Precision Manufacturing Co., Ltd.	Gongniu Precision
Ningbo Banmen Electric Appliance Co., Ltd.	Banmen Electric Appliance
Cixi Gongniu Electrics Co., Ltd.	Cixi Gongniu
Shanghai Gongniu Electrics Co., Ltd.	Shanghai Gongniu
Bull International Trading (HK) Limited	Bull HK
Ningbo Gongniu Supply Chain Management Co., Ltd.	Gongniu Management
Ningbo Bull International Trading Co., Ltd.	Bull International Trading
Ningbo Gongniu Electric Sales Co., Ltd.	Electric Sales
Ningbo Xingluo Trading Co., Ltd.	Xingluo Trading
Ningbo Gongniu Low Voltage Electric Co., Ltd.	Gongniu Low Voltage
Ningbo Gongniu Domestic Electrical Appliance Co., Ltd.	Domestic Electrical Appliance
Hainan Dacheng Supply Chain Management Co., Ltd.	Hainan Dacheng
Ningbo Gongniu Intelligent Technology Co., Ltd.	Intelligent Technology
Dalitek Intelligent Technology (Shanghai) Inc.	Dalitek
Shanghai Gongniu Information Technology Co., Ltd.	Information Technology
Ningbo Gongniu Tool Technology Co., Ltd.	Gongniu Tool
Ningbo Gongniu New Energy Technology Co., Ltd.	Gongniu New Energy

Shenzhen Gongniu Intelligent Information Co., Ltd.	Shenzhen Intelligent
Guangdong Murora Intelligent Lighting Co., Ltd.	Murora Intelligent
Ningbo Gongniu Marketing Co., Ltd.	Gongniu Marketing
Other related parties	
Ningbo Liangji Industrial Co., Ltd.	Liangji Industrial
Hangzhou Liangniu Hardware and Electrical Co., Ltd.	Liangniu Hardware
Hangzhou Hangniu Hardware and Electrical Co., Ltd.	Hangniu Hardware
Hangzhou Feiniu Hardware and Electrical Co., Ltd.	Feiniu Hardware
Shanghai Baidi Electrics Co., Ltd.	Baidi Electrics
Yichang Yaoyang Trading Co., Ltd.	Yaoyang Trading
Hubei Huantian Technology Co., Ltd.	Huantian Technology
Cixi Libo Electric Co., Ltd.	Cixi Libo
Suzhou Niuweiwang Trading Co., Ltd.	Niuweiwang Trading
Beijing Chenhao Electronic Technology Co., Ltd.	Chenhao Electronic
Shanghai Minshen Property Co., Ltd.	Minshen Property
Hebei Qiudi Trading Co., Ltd.	Qiudi Trading
Changde Jianke Trading Co., Ltd.	Jianke Trading
Cixi Shenghui Electronics Co., Ltd.	Shenghui Electronics

## 2. Scope of consolidated financial statements

Applicable  Not applicable

The Company included 23 subsidiaries, including Ningbo Gongniu Electrics Co., Ltd., Cixi Gongniu Electrics Co., Ltd. and Shanghai Gongniu Electrics Co., Ltd. in the scope of consolidated financial statements for the current period. For details, please refer to the notes of "VIII. Changes in Consolidation Scope" and "IX. Interests in Other Entities" in "Section 10 Financial Report" of this annual report.

## IV Preparation Basis of Financial Statement

### 1. Basis of preparation

The financial statements of the Company are based on continuing operations.

### 2. Continuing operations

Applicable  Not applicable

The Company does not undergo any event or situation which may cause great concern about sustainable operation ability within 12 months since the end of the reporting period.

## V Significant Accounting Policies and Accounting Estimates

Specific accounting policies and accounting estimation hint:

Applicable  Not applicable

### 1. Statement on Compliance with Accounting Standards for Business Enterprises

The Company's Financial Statements are prepared in accordance with Accounting Standards for Business Enterprises, and indicate relevant information about the Company's financial status, business results and cash flow truly and completely.

## **2. Accounting period**

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

## **3. Operating cycle**

Applicable  Not applicable

The operating cycle of the Company is short, and 12 months is taken as the liquidity criterion for assets and liabilities.

## **4. Standard currency for accounting**

The standard currency for accounting is RMB.

## **5. Accounting treatment of business combination under the same control and business combination not under the same control**

Applicable  Not applicable

### **1. Accounting methods of business combination under the same control**

The Company's assets and liabilities acquired from business combinations will be measured according to the carrying value of the acquiree in financial statement of the final controlling party. The Company will adjust capital reserves according to proportion of the acquiree's carrying value in consolidated financial statement of the final controlling party and the balance between carrying value and the carrying value paid for combination consideration or total nominal value of issued shares; if the capital reserve is insufficient to offset such difference, the difference will be offset against retained earnings.

### **2. Accounting methods of business combination not under the same control**

On the acquisition date, the difference between the combined cost and the fair value share of the identifiable net assets of the acquiree obtained in the merger is recognized as goodwill. If the combined cost is less than the fair value share of the identifiable net assets of the acquiree obtained in the combination, firstly, the fair value of identifiable assets, liabilities and contingent liabilities of the acquiree and the measurement of combined cost are reviewed. If the combined cost is still less than the fair value share of identifiable net assets of the acquiree obtained in the merger after review, the difference is recorded in profit and loss of the current period.

## **6. Method of preparation of consolidated financial statements**

Applicable  Not applicable

1. The Company as the parent brings all subsidiaries under its control into the consolidated scope of the consolidated financial statements. The consolidated financial statements are based on the financial statements of the Company as the parent and its subsidiaries and are prepared by the Company as the parent according to other relevant information and Accounting Standards for Enterprises No. 33 - Consolidated Financial Statements.

2. Relevant accounting treatment methods for buying and re-selling or selling and re-buying the equity of the same subsidiary in two consecutive fiscal years

## **7. Classification of joint arrangements and accounting of joint operations**

Applicable  Not applicable

## **8. Criteria for recognition of cash and cash equivalents**

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

## **9. Foreign currency business and conversion of foreign currency statement**

Applicable  Not applicable

### **1. Conversion of foreign currency business**

At the initial recognition of foreign currency transactions, foreign currency shall be converted into RMB at the approximate exchange rate of the spot exchange rate on the transaction date. On the balance sheet date, foreign currency monetary items are converted at the spot exchange rate on the balance sheet date, and the exchange difference arising from different exchange rates is recorded in profit and loss of the current period except the exchange difference between the principal and interest of foreign currency special loans related to the purchase and construction of assets eligible for capitalization. Foreign currency non-monetary items measured at historical cost adopt the spot exchange rate on the transaction date, without changing their RMB amount. Foreign currency non-monetary items measured at fair value shall be converted at the spot exchange rate on the date when the fair value is determined, and the difference shall be recorded in the profit and loss of the current period or other comprehensive income.

### **2. Conversion of foreign currency financial statements**

Assets and liabilities in the balance sheet shall be converted at the spot exchange rate on the balance sheet date. Except for the “undistributed profit” item, other items of owner’s equity items are converted at the spot exchange rate on the transaction date; the income and expense items in the income statement are converted at the spot exchange rate on the transaction date. The differences arising from the above conversion of foreign currency-denominated financial statements shall be recorded in other comprehensive income.

## **10. Financial instruments**

Applicable  Not applicable

### **1. Classification of financial assets and financial liabilities**

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

Financial liabilities are classified into the following four categories when they are initially recognized: (1) Financial liabilities at fair value through current profit or loss; (2) financial liabilities arising from the transfer of financial assets not meeting the de-recognition criteria or from the continuing involvement in the transferred assets; (3) financial guarantee contracts which do not fall within the category of (1) or (2) above, and loan commitments which do not fall within category (1) above and made at an interest rate lower than the market rate; (4) financial liabilities measured at amortized cost.

2. Recognition basis, measurement methods and derecognition conditions for financial assets and financial liabilities

(1) Determination basis and measuring methods for financial assets and financial liabilities

A financial instrument is recognized as an asset or liability when the Company becomes a party thereto. For financial assets or financial liabilities measured at fair value through profit or loss, the transaction expenses are directly included in profit and loss of the current period; for financial assets or financial liabilities in other categories, the transaction expenses are included in the amount initially recognized. However, accounts receivable initially recognized by the Company that do not include a significant financing component or where the Company does not consider the financing component in a contract with a term not exceeding one year will be initially measured at the transaction price defined in Accounting Standard for Business Enterprises No.14-Income.

(2) Subsequent measurement of financial assets

1) Financial assets measured at amortized cost

Financial assets are subsequently measured at amortized cost by the effective interest method. Gains or losses arising from a financial asset measured at amortized cost which does not form part of any hedging relationship are recorded in current profit or loss at the time of de-recognition, reclassification, amortization according to the effective interest method or recognition of impairment.

2) Investments in debt instruments at fair value through other comprehensive income

Such financial assets shall be subsequently measured at fair value. Interest, impairment loss or gain and exchange gain/loss calculated using the effective interest method are recorded in current profit or loss, other gains or losses are recorded in other comprehensive income. On derecognition, cumulative gains or losses that were previously recorded in other comprehensive income are transferred from other comprehensive income and recorded in current profit or loss.

3) Investments in equity instruments at fair value through other comprehensive income

Such financial assets shall be subsequently measured at fair value. Dividend received (except for the portion which forms part of investment cost recovered) is recorded in current profit or loss, other gains or losses are recorded in other comprehensive income. On derecognition, cumulative gains or losses that were previously recorded in other comprehensive income are transferred from other comprehensive income and recorded in retained earnings.

4) Financial assets at fair value through profit or loss

Gains or losses (including interest income and dividend income) arising from the subsequent measurement at fair value are recorded in current profit or loss, unless the financial asset forms part of a



hedging relationship.

(3) Method for the subsequent measurement of financial liabilities

1) Financial liabilities measured at fair value through profit and loss of the current period

Such financial liabilities include transactional financial liabilities (including derivative instruments which belong to the category of financial liabilities) and financial liabilities designated as at fair value through current profit or loss. Such financial liabilities are subsequently measured at fair value. The amount of changes in the fair value of financial liabilities designated as at fair value through profit or loss, which arise from the change in the credit risk of the Company, is recorded in other comprehensive income, unless such accounting treatment would result in or increase the accounting mismatch of gain and loss. Other gains or losses (including interest expense, except for the fair value changes arising from the change in credit risk of the Company) on such financial liabilities are recorded in current profit or loss, unless such financial liabilities form part of a hedging relationship. On derecognition, cumulative gains or losses that were previously recorded in other comprehensive income are transferred from other comprehensive income and recorded in retained earnings.

2) Financial liabilities resulting from the transfer of financial assets which does not satisfy the de-recognition criteria or from the continuing involvement in the transferred assets are measured according to the relevant provisions of the Accounting Standard for Business Enterprises No.23-Transfer of Financial Assets.

3) Financial guarantee contracts that do not fall within the category of 1) or 2) above, and loan commitments that do not fall within the category of 1) above and made at an interest rate lower than the market rate, are subsequently measured at the higher of the two following amounts after initial recognition: ① The amount of loss provision determined according to the rules related to the impairment of financial instruments; ② The remaining balance of the initially recognized amount after deducting the amount of cumulative amortization determined according to relevant rules of the Accounting Standard for Business Enterprises No.14-Income.

4) Financial liabilities measured at amortized cost

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

(4) Derecognition of financial assets and financial liabilities

1) Financial assets are derecognized when any of the following criteria is met:

① The contractual rights to receive the cash flows from the financial assets terminate; or

② The financial asset has been transferred, and such transfer satisfies the criteria set out in the Accounting Standard for Business Enterprises No.23-Transfer of Financial Assets regarding the de-recognition of financial assets.

2) Where the present obligation of a financial liability (or a portion thereof) has been discharged, the Company de-recognizes the financial liability (or a portion thereof).

### 3. Recognition basis and measurement method of financial asset transfer

If the Company has transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognized, and the right and obligation arising from or retained in the transfer are individually recognized as an asset or liability. If substantially all risks and rewards of ownership of the financial asset are retained, the financial asset transferred remains recognized. If the Company has not transferred or retained nearly all the risks and remunerations of ownership of the credit assets, different measures should be taken in accordance with the following circumstances respectively: (1) If the Company gives up the control of the financial assets, these financial assets shall be derecognized; (2) if the Company does not give up the control of the financial assets, the relevant financial assets shall be recognized and the relevant liabilities shall be recognized accordingly in accordance with the extent of their continued involvement in the transferred financial assets.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be recorded in profit and loss of the current period: (1) The carrying value of the transferred financial asset as of the date of derecognition; (2) Sum of the consideration received for the transfer of the financial asset, and the portion of the cumulative amount of fair value changes previously recorded in other comprehensive income that corresponds with the portion of the asset de-recognized (the transferred financial asset is an investment in debt instruments at fair value through other comprehensive income). Where a portion of the financial asset has been transferred and the transferred portion as a whole satisfies the derecognition criteria, the carrying value of the financial asset as a whole prior to its transfer is allocated between the portion of the asset derecognized and the portion that remains recognized, according to their relative fair value as of the transfer date, and the difference between the two amounts mentioned below is recorded in current profit or loss: (1) The carrying value of the derecognized portion; (2) Sum of the consideration received for the derecognition portion, and the portion of the cumulative amount of fair value changes previously recorded in other comprehensive income, which corresponds with the derecognized portion (the transferred financial asset is an investment in debt instruments at fair value through other comprehensive income).

### 4. Methods for determining the fair value of financial assets and financial liabilities

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

(1) Level 1 inputs are the unadjusted quotation of the same assets or liabilities available on the active market on the measurement day;

(2) Level 2 inputs are inputs for the relevant assets or liabilities other than the level 1 inputs, which are directly or indirectly observable, including quotations for similar assets or liabilities in an active market; quotations for the same or similar assets or liabilities in an inactive market; other observable inputs other than quotations, such as interest rate and yield curve observable during normal quotation intervals; and market-tested inputs;

(3) Level 3 inputs are non-observable inputs for the relevant assets or liabilities, including interest rate and stock volatility which cannot be directly observed or cannot be verified by observable market data, the future cash flow of a retirement obligation assumed in a business combination, and financial forecast performed based on internal data.

#### 5. Impairment of financial instruments

##### (1) Measurement and accounting treatment of impairment of financial instruments

Based on the expected credit loss, for financial assets measured in amortized cost, investment in debt instruments measured at fair value and whose changes are recorded in other comprehensive income, contract assets, lease receivables, loan commitments classified as financial liabilities measured at fair value and whose changes are recorded in profit and loss of the current period, financial guarantee contracts that do not belong to financial liabilities measured at fair value and whose changes are recorded in the profits and losses of the current period or financial liabilities formed by the transfer of financial assets that do not meet the conditions for derecognition or continue to be involved in the transferred financial assets shall be impaired and loss reserves shall be recognized.

Expected credit loss refers to the weighted average of credit loss of financial instruments weighted with default risks. Credit loss refers to the difference between all contractual cash flow receivable by the Company under contracts which are discounted according to the original effective interest rate, and all the cash flow expected to be received, namely the present value of all cash shortfall. Specifically, financial assets acquired or derived to which credit impairment has occurred are discounted by the Company according to the credit-adjusted effective interest rate.

For the acquired or derived financial assets with credit impairment, the Company only recognizes the cumulative change of expected credit loss over the lifetime after initial recognition as the loss reserve on the balance sheet date.

For receivables and contract assets formed by transactions regulated by Accounting Standards for Business Enterprises No.14-Income, which do not contain significant financing components or the Company does not consider the financing components in contracts not exceeding one year, the Company uses simplified measurement methods to measure the loss reserve according to the expected credit loss amount over the lifetime.

For financial assets other than the above measurement methods, at each balance sheet date, the Company assesses the financial assets to see if the credit risk has significantly increased after initial recognition. If the credit risk has significantly increased after initial recognition, the Company calculates provision for loss according to the amount of expected credit loss over the lifetime of the assets; if credit risk has not significantly increased after initial recognition, the Company calculates loss provision based on expected credit loss in the future 12 months.

The Company uses available reasonable and well-founded information, including forward-looking information, to determine whether the credit risk of financial instruments has increased significantly since the initial recognition by comparing the default risk of financial instruments on the balance sheet date with the default risk on the initial recognition date.

On the balance sheet date, if the Company judges that the financial instrument only has low credit risk, it is assumed that the credit risk of the financial instrument has not increased significantly since the initial recognition.

The Company assesses the expected credit risk and measures the expected credit loss on the basis of single financial instrument or portfolios of financial instruments. When based on the portfolio of financial instruments, the Company classifies the financial instruments into different portfolios according to the common risk characteristics.

The Company re-measures expected credit loss at each balance sheet date, and the amount of increase in loss provision or the written-back amount of loss provision arising from re-measurement is recorded in current profit or loss as an impairment loss or gain. For financial assets measured at amortized cost, impairment losses were allocated to offset the carrying value of the financial asset presented in the balance sheet. For the debt investments measured at fair value through other comprehensive income, the Company recognized its loss reserves in other comprehensive income but did not offset the carrying value of the financial asset.

(2) Financial instruments of which expected credit risk is assessed by portfolio and expected credit loss is measured using the three-stage model

Item	Basis for portfolio recognition	Measurement of expected credit loss
Other receivables-aging portfolio	Aging portfolio	With reference to historical credit loss experience, combined with the current situation and the forecast of future economic conditions, the expected credit loss is calculated through default risk exposure and the expected credit loss rate in the next 12 months or over the lifetime.

(3) Receivables and contract assets with expected credit losses measured by portfolio using a simplified approach

1) Specific combination and method of measuring expected credit loss

Item	Basis for portfolio recognition	Measurement of expected credit loss
Notes receivable--trade acceptance portfolio	Type of notes	With reference to historical credit loss experience, combined with the current situation and the forecast of future economic conditions, the expected credit loss is calculated through default risk exposure and the expected credit loss rate or over the lifetime. Commercial acceptance bills receivable
Notes receivable--bank acceptance portfolio	Type of notes	With reference to historical credit loss experience, combined with the current situation and the forecast of future economic conditions, the expected credit loss is calculated through default risk exposure and the expected credit loss rate or over the lifetime. Commercial acceptance bills

		receivable
Accounts receivable--aging portfolio	Aging portfolio	With reference to historical credit loss experience, combined with the current situation and the forecast of future economic conditions, the comparison table between the aging of accounts receivable and the expected credit loss rate over the lifetime is prepared to calculate the expected credit loss.

2) Accounts receivable--comparison of aging portfolio with expected credit loss rate over the lifetime

Aging	Accounts receivable Expected credit losses (%)
Within 1 year (inclusive, the same below)	5.00
1 to 2 years	10.00
2 to 3 years	50.00
Over 3 years	100.00

#### 6. Offsetting financial assets and financial liabilities

The financial assets and financial liabilities are respectively listed in the balance sheet, not offsetting each other. However, when all the following criteria are met, financial assets and liabilities are shown on a net basis after offsetting: (1) The Company has the statutory right to offset the recognized amounts, and such right is currently enforceable; (2) The Company intends to settle the financial assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

For the transfer of financial assets where the derecognition criteria are not met, the Company may not offset the financial assets transferred against the related liabilities.

#### 11. Notes receivable

##### Determination methods and accounting methods of the expected credit losses of notes receivable

Applicable  Not applicable

#### 12. Accounts receivable

##### Determination methods and accounting methods of the expected credit losses of accounts receivable

Applicable  Not applicable

#### 13. Receivables financing

Applicable  Not applicable

#### 14. Other receivables

##### Determination methods and accounting methods of the expected credit losses of other receivables

Applicable  Not applicable

**15. Inventories**

√ Applicable  Not applicable

1. Classification of inventories

Inventories refer to finished goods or commodities for sale held in daily activities, unfinished goods in manufacturing process, and materials and supplies consumed in process of manufacturing products or providing services, etc.

2. Valuation method of inventories upon delivery

The cost measurement for the inventories delivered is made with a one-time weighted average method at the end of the month.

3. Basis for determining the net realizable value of various categories of inventories

On the balance sheet date, inventories should be measured whichever is lower in accordance with the cost and net reliable value, and the provision for decline in value of inventories shall be made according to the difference that the cost of each item of inventories higher than the net realizable value. For inventories directly used for sale, the net realizable value shall be determined by the estimated selling price of the inventory minus the estimated selling expenses and relevant taxes and fees in the normal production and operation process. For materials inventory requiring processing during normal process of production and operation, the net realizable value shall be determined by deducting estimated costs occurring during completion, estimated selling expenses and related taxes from estimated sale price of finished products. On the balance sheet date, some of the same inventory have contract price agreed, others not; their net realizable value shall be recognized respectively and compared with the corresponding cost to determine the amount of provision or write-back of inventory depreciation reserve.

4. Inventory system of inventories

The perpetual inventory system is adopted for the inventories of the Company.

5. Amortization of low-value consumables and packing materials

(1) Low-value consumables

Low-value consumables are amortized with a one-time write-off method.

(2) Packing materials

Packing materials are amortized with a one-time write-off method.

**16. Contract assets****(1). Method and criteria for determining contract assets**

√ Applicable  Not applicable

The Company presented contract assets or contract liabilities on the balance sheet in accordance with the relationship between performance obligations and customer payment. The Company will set off the contract assets and contract liabilities under the same contract and present them in net amount.

The right of the Company to receive consideration from its customers unconditionally (i.e. only depending on the passage of time) is presented as receivables, and the right to receive consideration for goods transferred to its customers (depending on factors other than the passage of time) is presented as a contract asset.

The obligation to transfer goods to customers for consideration received or receivable from customers is presented as a contract liability.

**(2). Determination methods and accounting methods of the expected credit losses of contract assets**

Applicable  Not applicable

**17. Assets held for sale**

Applicable  Not applicable

**18. Debt investments**

**(1). Determination methods and accounting methods of the expected credit losses of debt investments**

Applicable  Not applicable

**19. Other debt investments**

**(1). Determination methods and accounting methods of the expected credit losses of other debt investments**

Applicable  Not applicable

**20. Long-term receivables**

**(1). Determination methods and accounting methods of the expected credit losses of long-term receivables**

Applicable  Not applicable

**21. Long-term equity investments**

Applicable  Not applicable

1. Judgment criteria for joint control and significant influence

Joint control refers to the control the Company shares with other entities over a certain arrangement following relevant agreements by which any activity under the arrangement may be conducted only with the unanimous agreement of all participants sharing the power of control. Significant influence refers to the power to participate in making decisions on the financial and operating policies of an investee, but not to control or do joint control together with other parties over the formulation of these policies.

2. Determination of investment cost

(1) In case of a business combination under the same control, if the acquirer pays cash, transfers non-cash assets, assumes debts or issues equity securities as merger consideration, the share of the owner's equity of the acquiree obtained on combination date in the carrying value of the financial statements of the ultimate controlling party is deemed as an initial investment cost. Capital reserve is adjusted based on the difference between initial investment cost of long-term equity investment and carrying value of paid combination consideration or total nominal value of issued share; if the capital

reserve is insufficient to offset such difference, the difference will be offset against retained earnings.

If business combination under the same control is realized step by step through multiple transactions, whether the multiple transactions is a “Package Deal” is determined. If the deals fell into a “Package Deal”, all transactions shall be treated as a transaction to gain control. If it is not a “package deal”, on the combination date, the initial investment cost of the long-term equity investment shall be determined based on the share of net assets’ carrying value of the acquiree in the consolidated financial statements of the ultimate controlling party. The capital reserve is adjusted based on the difference between the initial investment cost of the long-term equity investment on the combination date and the sum of the carrying value of the long-term equity investment before the acquisition and the carrying value of the new payment consideration on the acquisition date. If the capital reserve is insufficient to offset such difference, the difference will be offset against retained earnings.

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

For long-term equity investment formed by a business combination achieved step by step through multiple transactions, relevant accounting treatment is performed with distinctions made between separate financial statements and consolidated financial statements:

1) In the separate financial statements, the sum of the fair value of the originally held equity investment and the additional investment cost shall be taken as the initial investment cost when converting to using the cost method.

2) In the consolidated financial statements, it is determined whether it is a “package deal”. If the deals fell into a “Package Deal”, all transactions shall be treated as a transaction to gain control. If it is not a “Package Deal”, the equity of the acquiree held prior to the acquisition date shall be re-measured according to the fair value of the equity at the acquisition date, and the difference between the fair value and the carrying value shall be recorded in the current investment income. Where the equity of the acquiree held prior to the acquisition date involves other comprehensive income accounted for based on the equity method, etc., the other comprehensive income related to it shall be converted into the current investment income of the acquisition date. However, other comprehensive income arising from the re-measurement of net liabilities or changes in net assets of defined benefit plans by the investee is excluded.

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

### 3. Method for subsequent measurement and recognition of profit or loss

The long-term equity investment controlled by the investee shall be accounted for by the cost



method; the long-term equity investment of associated enterprises and joint ventures shall be accounted for by the equity method.

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

(1) Separate financial statements

For the disposal of long-term equity investments, the difference between the carrying value and the actual price acquired shall be recorded into profit and loss of the current period. For the remaining equity, if it still has a significant impact on the investee or implements joint control with other parties, it shall be accounted for by the equity method; if it is no longer possible to exercise control, joint control or significant influence on the investee, accounting shall be carried out in accordance with the relevant provisions of Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments.

(2) Consolidated financial statements

1) The Company disposes of investment in subsidiaries step by step through multiple transactions until loss of control right. If it is not a "package deal", before the loss of control right, the difference between the disposal price and the share of net assets is continuously calculated by the subsidiary from the acquisition date or combination date corresponding to the disposal of long-term equity investment shall be adjusted, and the capital reserve (capital premium) shall be adjusted. If the capital premium is insufficient to offset, the retained earnings shall be offset.

In case of loss of control over the original subsidiary, the remaining equity shall be re-measured according to its fair value on the date of loss of control. The aggregate of the consideration obtained by disposing of the equity and the fair value of the remaining equity less the portion of the net assets of the subsidiary that has been measured, as calculated at the original shareholding proportion, from the acquisition date or combination date is recognized in profit and loss of the current period on investments in which the control is lost, and goodwill shall be offset. Other comprehensive income, etc. related to the original subsidiary's equity investment will be converted into income from investment for the current period when the control is lost.

2) The Company disposes of investment in subsidiaries step by step through multiple transactions until loss of control right. If it is a "package deal", the Company treats each transaction as a transaction that disposes of a subsidiary and loses control. However, the difference between each disposal price before losing control and the share of subsidiaries' net assets corresponding to the disposed investment shall be recognized as other comprehensive income in the consolidated financial statements, and shall be transferred into the profits and losses of the current period in case of loss of control.

## **22. Investment property**

Not applicable

**23. Fixed assets****(1). recognition criteria**√ Applicable  Not applicable

The fixed assets of the Company refer to tangible assets held for production of goods, provision of labor services, lease or business with a service life of over a fiscal year. Fixed assets shall be recognized when the economic benefits are flowing in and the cost can be measured reliably.

**(2). Depreciation method**√ Applicable  Not applicable

Category	Depreciation method	Depreciable life (year)	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line depreciation method	20	3%	4.85%
Machinery equipment	Straight-line depreciation method	4-10	3%	9.70%-24.25%
Means of transportation	Straight-line depreciation method	2-10	3%	9.70%-48.50%
Electronic and other equipment	Straight-line depreciation method	2-10	3%	9.70%-48.50%
Fixed assets fixtures	Straight-line depreciation method	5	0	20%

**(3). Recognition basis, valuation and depreciation method for fixed assets under financing lease** Applicable  Not applicable**24. Construction in progress**√ Applicable  Not applicable

1. Fixed assets shall be recognized when the economic benefits are flowing in and the cost can be measured reliably. The construction in progress is measured according to the actual cost incurred before the construction of the asset reaches its intended serviceable condition.

2. When construction in progress reaches expected serviceable conditions, it will be carried forward into fixed assets based on its actual cost. For those that have reached their intended serviceable status but have not yet completed the settlement, they shall be transferred to fixed assets according to the estimated value, and the original provisional value shall be adjusted according to the actual cost after the final accounts are completed, but the depreciation already accrued shall not be adjusted.

**25. Borrowing costs**√ Applicable  Not applicable

1. Recognition principles for the capitalization of borrowing costs

The borrowing costs that have occurred and can be directly attributed to the acquisition, construction or production of assets eligible for capitalization are capitalized by the Company and recorded in relevant cost of assets; other borrowing costs are recognized as expenses based on the amount incurred when they occur, and shall be recorded in profit and loss of current period.

## 2. Period for capitalization of borrowing costs

(1) When all the following conditions are met by the borrowing costs, capitalization will start: 1) asset expenditure has occurred; 2) borrowing costs have occurred; 3) acquisition, construction or production activities have started in order to make the fixed asset be ready for the intended use or sale.

(2) If the acquisition, construction or production of an asset eligible for capitalization is continuously suspended for over 3 months for abnormal reasons, capitalization of the borrowing costs shall be suspended; borrowing costs incurred during the suspension shall be recognized as the current expenses until the acquisition, construction or production of the asset is resumed.

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

## 3. Capitalization rate and capitalization amount of borrowing costs

For a specifically borrowed fund for the acquisition, construction or production of an asset eligible for capitalization, the amount of interest that shall be capitalized is determined based on the interest expenses incurred in the period when a specifically borrowed fund is obtained (including the amortization of discounts or premiums recognized according to the effective interest method) less any income earned on the unused borrowing fund as a deposit in a bank or as a temporary investment. Where a general borrowing is used for the acquisition, construction and production of an asset eligible for capitalization, the amount of interest that shall be capitalized is determined by multiplying the part of the accumulative asset disbursements in excess of the weighted average asset disbursement for the specifically borrowed fund by the capitalization rate of the general borrowing used.

## 26. Biological assets

Applicable  Not applicable

## 27. Oil and gas assets

Applicable  Not applicable

## 28. Right-of-use assets

Applicable  Not applicable

## 29. Intangible assets

### (1). Pricing method, service life, and impairment test

Applicable  Not applicable

1. Intangible assets include land use rights, software, etc., which are initially measured at costs.

2. Intangible assets with limited service life are properly amortized within the service life based on the expected method to realize economic benefits relating to the intangible assets. Where the expected realization method cannot be reliably determined, Straight-line Amortization Method is adopted. The detailed period is as follows:

Item	Amortization period (year)
Land use right	Duration of land use
Software	2-5

Intangible assets with indefinite useful lives are not amortised and the Company reviews the useful life of the intangible asset in each accounting period.

### **(2). Accounting policies for internal research and development costs**

Applicable  Not applicable

The expenditures occurring during the research period of internal R&D items are included in the profit or loss for the current period at the time of occurrence. Expenditure on internal research and development projects in the research stage shall be recognized as intangible assets when the following conditions are met at the same time: (1) It is technically feasible to complete the intangible assets so that they can be used or sold; (2) it has the intention of completing the intangible asset and using or selling it; (3) the ways in which intangible assets generate economic benefits include the existence of a market for the products produced by using such intangible assets or the existence of a market for the intangible assets themselves, and intangible assets that will be used internally shall be proven their usefulness; (4) there should be sufficient technical, financial and other resources to complete the development of the intangible asset and have the ability to use or sell the intangible assets; (5) the expenditure attributed to the development stage of intangible assets can be measured reliably.

### **30. Long-term assets impairment**

Applicable  Not applicable

For long-term equity investments, fixed assets, construction in progress, right-of-use assets, long-term assets with limited service life and other long-term assets, if there are signs of impairment on the balance sheet date, the recoverable amount shall be estimated. Goodwill and intangible assets with uncertain service life formed by business combinations are tested for impairment every year regardless of whether there are signs of impairment. Goodwill is tested for impairment in conjunction with the asset group or combination of asset groups to which it relates.

If the recoverable amount of the above-mentioned long-term assets is lower than its carrying value, the asset impairment reserve shall be recognized according to the difference and recorded in profit and loss of the current period.

**31. Long-term prepaid expense**√ Applicable  Not applicable

Long-term prepaid expenses are accounted for all expenses that have been paid and have an amortization period of more than one year (excluding one year). The long-term prepaid expenses are accounted for according to the actual amount incurred and are amortized averagely over the benefit period or the specified period. If the long-term deferred expenses item cannot bring benefit in the subsequent accounting period, the amortized value of the item that has not been amortized will be transferred to the profit or loss for the current period.

**32. Contract liabilities****(1). Method for determining contract liabilities**√ Applicable  Not applicable

The Company presented contract assets or contract liabilities on the balance sheet in accordance with the relationship of performance obligations and customer payment. The Company will set off the contract assets and contract liabilities under the same contract and present them in net amount.

The obligations of transferring goods to customers as a result of the consideration that the Company had received or shall receive from customers were presented as contract liabilities.

**33. Employee remuneration****(1). Accounting treatment methods of short-term remuneration**√ Applicable  Not applicable

1. Employee remuneration includes short-term remuneration, post-employment benefits, dismissal benefits and other long-term employee benefits.

2. Accounting treatment methods of short-term remuneration

Within the accounting period when employees provide service, the actual short-term remuneration shall be recognized as liabilities and be recorded in profit and loss of the current period or relevant asset costs.

**(2). Accounting treatment method for post-employment benefits**√ Applicable  Not applicable

The Company classifies post-employment benefit plans into the defined contribution plan and the defined benefit plan.

(1) During the accounting period in which the employees provide services to the Company, the amount to be contributed as calculated according to the defined contribution plan is recognized as a liability and recorded in the profit or loss for the current period or the related asset costs.

(2) The accounting handling of the defined benefit plan usually includes the following steps:

1) Based on the projected unit credit method, related demographic variables and financial variables are estimated by using unbiased and mutually compatible actuarial assumptions, the obligations under

the defined benefit plan are measured, and the periods to which relevant obligations are attributed are determined. Meanwhile, the Company will discount the obligations incurred from a defined benefit plan, to determine present value of defined benefit plan and current service cost.

2) The deficit or surplus formed by present value of obligations to the defined benefit plan minus the fair value of assets of the defined benefit plans is recognized as one net liabilities or net profits of the defined benefit plans. If the defined benefit plans have a surplus, the Company shall measure the net profit of the defined benefit plans according to whichever is lower between the surplus and upper limit on the assets of the defined benefit plans.

3) At the end of the period, the employee compensation cost incurred in the defined benefit plan is recognized as service cost, net interest arising from the net liabilities and net assets of the defined benefit plan, and changes in the net liabilities or net assets of the remeasured defined benefit plan. Of which, the net interest arising from the net liabilities or net assets of the defined benefit plan is recorded in profit and loss of the current period or related asset cost, and changes in the net liabilities or net assets of the remeasured defined benefit plan are recorded in other comprehensive income, and is not written-back to profits and losses in subsequent accounting periods. But these amounts recognized in other comprehensive income can be transferred within the scope of equity.

### **(3). Accounting treatment method for dismissal benefits**

Applicable  Not applicable

If the Company provides the employee with dismissal benefits, the Company shall recognize the employee remuneration liabilities and record them in profit or loss for the current period on the following dates (whichever is earlier): (1) the date when the Company may not unilaterally withdraw dismissal benefits provided due to termination of labor relationship plans or layoff proposals; (2) the date when the Company recognizes costs or expenses relating to the restructure of payments of dismissal benefits.

### **(4). Accounting treatment method for other long-term employee benefits**

Applicable  Not applicable

If other long-term benefits provided by the Company to employees meet the conditions of the defined contribution plan, accounting treatment shall be carried out according to the relevant provisions of defined contribution plan. Except for that, the other long-term benefits shall be subject to the accounting handling according to the defined benefit plan. To simplify the related accounting treatment, employee compensation cost incurred in the defined benefit plan is recognized as service costs. Net interests of net liabilities or net assets of other long-term employee benefits, as well as the total net amount of changes caused by re-measurement of net liabilities or net assets of other long-term employee benefits, will be recorded in profit and loss of the current period or the related asset costs.

**34. Lease liabilities**

Applicable  Not applicable

**35. Provisions**

Applicable  Not applicable

**36. Share-based payment**

Applicable  Not applicable

**1. Category of share-based payment**

The Company's share-based payment includes equity-settled share-based payment and cash-settled share-based payment.

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

**(1) Equity-settled share-based payment**

For an equity-settled share-based payment in return for services of employees, if the right can be exercised immediately after the grant, the fair value of the equity instruments shall, on the grant date, be recorded in the relevant costs or expenses and the capital reserve shall be adjusted accordingly. For an equity-settled share-based payment in return for employee services, if the right cannot be exercised only after completing the service during the vesting period or meeting the prescribed performance conditions, then on each balance sheet date within the vesting period, the services acquired in the current period shall, based on the best estimate of the number of vested equity instruments, be recorded in the relevant costs or expenses at the fair value of the equities instruments on the grant date, and the capital reserve shall be increased accordingly.

For an equity-settled share-based payment in return for the service of any other party, if the fair value of the service of any other party can be reliably measured, it shall be measured at the fair value of the service of any other party on the acquisition date; if the fair value of the service of any other party can not be reliably measured, but the fair value of the equity instruments can be reliably measured, it shall be measured at the fair value of the equity instruments on the acquisition date and recorded in the relevant costs or expenses, and the owner's equity shall be increased correspondingly.

**(2) Cash-settled share payment**

For a cash-settled share-based payment in return for services of employees, if the right can be exercised immediately after the grant, the fair value of liabilities assumed by the Company shall, on the grant date, be recorded in the relevant costs or expenses and the liabilities shall be increased accordingly. For a cash-settled share-based payment, if the right cannot be exercised only after completing the service during the vesting period or meeting the prescribed performance conditions, on each balance sheet date within the vesting period, the services acquired in the current period shall, based on the best estimate of the information about the vesting right, be recorded in the relevant costs or expenses and the corresponding liabilities at the fair value of the liabilities assumed by the Company.

**(3) Modification and termination of share-based payment plans**

If the modification increases the fair value of the granted equity instruments, the Company shall recognize the increase of the services acquired according to the increase of the fair value of the equity instruments. If the modification increases the number of the granted equity instruments, the Company shall recognize the increased fair value of equity instruments as the increase of the services acquired. If the Company modifies the vesting conditions in a way that is favorable to employees, the Company shall consider the modified vesting conditions when processing vesting conditions.

If the modification reduces the fair value of the granted equity instruments, the Company shall continue to recognize the amount of the service acquired based on the fair value of the equity instruments on the grant date, and shall not consider the decrease of the fair value of the equity instruments. If the modification reduces the number of equity instruments, the Company shall process equity instruments by reducing some of them as the cancellation of the granted equity instruments. If the vesting conditions are modified in a way that is unfavorable to employees, the Company shall not consider the modified vesting conditions when processing vesting conditions.

If the Company cancels the granted equity instruments or settles the granted equity instruments (not including those canceled due to failure to meet vesting conditions) during the vesting period, the cancellation or settlement shall be processed as the vested right and the amount to be recognized within the remaining vesting period originally shall be recognized immediately.

**37. Preference shares, perpetual bonds and other financial instruments**

Applicable  Not applicable

**38. Revenue****(1). Accounting policy for recognition and measurement of revenue**

Applicable  Not applicable

**1. Principles of revenue recognition**

On the commencement date of a contract, the Company shall assess the contract, identify each single performance obligation in the contract, and determine that each single performance obligation is satisfied whether within a certain period of time or at a certain point in time.

When one of the following conditions is met, it belongs to fulfilling the performance obligation within a certain period of time, otherwise, it belongs to fulfilling the performance obligation at a certain point in time: (1) The customer obtains and consumes the economic benefits brought by the Company's performance while the Company performs the obligation; (2) The customer can control the goods under construction during the performance of the Company; (3) The goods produced during the performance of the Company have irreplaceable uses, and the Company has the right to collect amount for the cumulative performance completed so far during the whole contract period.

For the performance obligations performed within a certain period of time, the Company recognizes the revenue according to the performance progress within that period of time. When the performance



progress cannot be reasonably determined, if the cost incurred is expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined. For performance obligations performed at a certain point in time, revenue is recognized at the time when the customer obtains control over related goods or services. To decide whether the customer has obtained the control over goods, the Company takes into account the following signs: (1) the enterprise has the present right to collection for the goods, meaning the customer bears the present obligation to payment for the goods; (2) the enterprise has passed the legal title to the goods to the customer, meaning the customer has had the legal title to the goods; (3) the enterprise has transferred the physical possession of the goods to the customer, meaning the customer has had the physical possession of the goods; (4) the enterprise has transferred the major risks and remunerations concerning the title to the goods to the customer, meaning the customer has obtained the major risks and remunerations concerning the title to the goods; (5) the customer has accepted the goods; (6) other signs to show that the customer has obtained the control over the goods.

## 2. Principles of revenue measurement

(1) The Company measures revenue on the basis of the transaction price allocated to each performance obligation. Transaction price is the amount of consideration that the Company is expected to be entitled to receive for transferring goods or services to customers, excluding the amount received on behalf of third parties and the amount expected to be refunded to customers.

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

(3) If there is a significant financing component in a contract, the Company shall determine the transaction price according to the amount payable in cash when the customer assumes control of the goods or services. The difference between the transaction price and the contract consideration shall be amortized by the effective interest rate method during the contract period.

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

## 3. Specific methods for revenue recognition

The Company mainly sells adaptors, wall switches and sockets, LED lighting and digital accessories. In addition to meeting the general principles of revenue recognition, the sales of products under different sales situations are generally recognized after meeting the following conditions.

(1) The specific time points for revenue recognition of various domestic sales methods of the Company are as follows:

1) Distribution method: Revenue is recognized when the goods are sent to the designated place and the distributor receives the goods.

2) Direct sales: For direct sales by supermarkets and e-commerce, when the buyer receives the goods and publishes the information on the quantity and amount of goods received on its supplier platform, the Company recognizes the revenue when it completes the reconciliation. For sales by opening an online shop on the e-commerce platform, the Company recognizes the revenue when the customer receives the goods and confirms such receipt on the e-commerce platform. For the sales by real estate developers or decoration companies, the Company recognizes the revenue when the buyer has received the goods and both parties complete the reconciliation. For offline direct sales such as Shanghai area, the Company recognizes the revenue when the goods are delivered to the buyer.

3) Consignment method: The Company recognizes the revenue when receiving the consignment list.

(2) The Company recognizes its revenue when it has completed the customs declaration formalities and obtained the bill of lading.

**(2). Different business models are adopted for different businesses, which may lead to the differences in the accounting policy for recognition of revenue**

Applicable  Not applicable

**39. Contract costs**

Applicable  Not applicable

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

The Company recognizes as an asset the incremental costs of obtaining a contract if it expects to recover those costs. The costs of obtaining a contract shall be included in profit or loss if the asset's amortization period is one year or less.

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

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

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

3. The costs are expected to be recovered.

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

The Company shall make provision for impairment and recognize it as impairment losses on assets to the extent that the carrying amount of an asset related to the contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates less the costs expected to be incurred. If the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the asset relates

minus the costs expected to be incurred is higher than the carrying amount of the asset due to the subsequent changes in the factors of impairment in previous periods, the asset impairment provisions set aside should be reversed and included in profit and loss of the current period. However, the carrying amount of the asset upon the reversal should not exceed the carrying amount of the asset on the reversal date, supposing that impairment provisions are not set aside.

#### 40. Government grants

Applicable  Not applicable

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

##### 2. Judgment basis and accounting treatment method for government grants related to assets

Government documents stipulate that government grants used to purchase, build or otherwise form long-term assets are classified as government grants related to assets. If the government documents concerning a government grant do not specify the target of the grant, it should be determined based on the basic conditions that must be met in order to receive the grant, and government grants which are conditional upon a long-term asset acquired, constructed or otherwise formed are classified as asset-related government grants. Government grants related to assets are used to offset carrying value of assets or are recognized as deferred income. If recognized as deferred income, government grants related to assets shall be recorded in the profit and loss in stages in a reasonable and systematic manner within the useful life of the relevant asset. Government grants measured at nominal amount were directly recognized as profit or loss for the current period. If the underlying assets were sold, transferred, scrapped, or damaged before the end of the useful life, the unallocated balance of the relevant deferred income was transferred to the profit or loss for the period of assets disposal.

##### 3. Judgment basis and accounting treatment method for government grants related to income

Government grants other than government grants related to assets were classified as government grants related to income. For government grants, including both asset-related parts and income-related parts that are difficult to be distinguished, overall government grants shall be classified as government grants related to income. Government grants related to income shall be recognized as deferred income if they are used to compensate related future expenses or losses and recorded in profit and loss of the current period during the period when relevant expenses are recognized, or shall be recognized as current profit and loss or offset the related costs if they are used to compensate related expenses or losses incurred.

4. Government grants related to daily activities are recognized as other income or used to offset relevant costs according to the substance of business activities. Government grants that are not related to daily activities are recognized as non-operating income and expenses.

#### 5. Accounting method for interest subsidy on policy prime loans

(1) If the fiscal system allocated the funds of interest subsidies to the lending bank, and the lending bank provided loans to the Company at a policy prime interest rate, the actual loan amount received by the Company was recognised as the carrying value of the loan, and the relevant borrowing costs were calculated in accordance with the loan principal and the policy prime interest rate. /The fair value of the loan was recognised as the carrying value and the borrowing costs were calculated according to the effective interest method. The discrepancy between the actual loan amount received by the Company and the fair value of the loan was recognised as deferred income. The deferred income was amortised by the effective interest method during the outstanding maturities of the loan to offset relevant borrowing costs.

(2) If the fiscal system allocated the funds of interest subsidies to the Company directly, the Company reduced the corresponding interest subsidies against relevant borrowing costs.

#### 41. Deferred income tax assets/Deferred income tax liabilities

Applicable  Not applicable

1. Based on the difference between the carrying value of assets and liabilities and their tax bases (the difference between the tax base and the carrying value, where tax bases of items that are not recognized as assets and liabilities can be determined according to the tax law), deferred income tax assets or deferred income tax liabilities are recognized in accordance with the applicable tax rates during the expected period in which such assets are to be recovered or such liabilities are to be settled.

2. Deferred income tax assets shall be recognized to the extent of the amount of the taxable income that is likely to be obtained and deducted from deductible temporary difference. On the balance sheet date, if there is conclusive evidence that it is probable that sufficient taxable income will be available to offset the deductible temporary differences in the future, the deferred income tax assets that have not been recognized in the previous accounting period shall be recognized.

3. The Company reviews carrying values of deferred tax assets on the balance sheet date. If it is determined that the Company is not Period likely to obtain adequate taxable income to offset benefits from deferred tax assets, the carrying values of deferred tax assets are written down. Such write-downs are reversed when it becomes probable that sufficient taxable income should be available.

4. The current income tax and deferred income tax of the Company shall be recorded in profit and loss of the current period as income tax expenses or incomes, excluding the income taxes incurred in the following circumstances: (1) Business combination; (2) Transactions or events directly recognized in the owner's equity.

#### 42. Leases

##### (1). Accounting treatment method for operating lease

Applicable  Not applicable

1. The Company as the lessee

On the beginning date of the lease term, the Company will recognize the lease with a lease term not exceeding 12 months and excluding the purchase option as a short-term lease. Leases with lower value when a single leased asset is a brand-new asset are identified as low-value asset leases. If the Company sublets or expects to sublet the leased assets, the original lease shall not be deemed as a low-value asset lease.

The Company records the payments of short-term and low-value asset leases incurred during each period of the lease term in the relevant asset costs or the profit or loss for the current period by the straight-line method.

The Company will recognize right-of-use assets and lease liabilities on the inception date of the lease term, excluding the above short-term and low-value asset leases.

#### (1) Right-of-use assets

Right-of-use assets are initially measured at costs, including: 1) The initial measurement amount of lease liabilities; 2) If there is a lease incentive for the lease payment paid on or before the start date of the lease term, the relevant amount of the lease incentive already enjoyed shall be deducted; 3) Initial direct expenses incurred by the lessee; 4) The expected cost to be borne by the lessee in order to dismantle and remove the assets leased, restore original state of the place where the assets leased are in, or restore the assets leased to the state stipulated in the lease terms.

The Company depreciates right-of-use assets on a straight-line basis. If it is reasonably certain that ownership of the leased asset(s) will be obtained at the end of the lease term, the Company depreciates the leased asset(s) over its/their remaining service life. If it is not reasonably certain that the ownership of the leasehold property will be obtained at the end of the lease term, the Company will depreciate the leased asset(s) over the lease term or the remaining service life, whichever is shorter.

#### (2) Lease liabilities

On the start date of the lease term, the Company recognizes the present value of the outstanding lease payments as lease liabilities. The Company regards the interest rate implicit in lease as the rate of discount when calculating the present value of the lease payment. The incremental lending rate of the lessee will be deemed as the rate of discount, if the interest rate implicit in lease cannot be confirmed. The difference between the lease payment and its present value is regarded as an unrecognized financing expense. Interest expense is recognized at the discount rate of the present value of the recognized lease payment during each period of the lease term and is recorded in the profits and losses of the current period. Variable lease payments that are not recorded in the lease liabilities measurement are recorded in profits and losses of the current period when they are actually incurred.

After the start of the lease term, in case of any changes in actual fixed payment amount, the expected payable amount of the guarantee residual value, the index or ratio used to determine the lease payment amount, and the evaluation result or actual exercise of the purchase option, renewal option or termination option, the Company will re-calculate the lease obligation using the present value of the changed lease payment, and adjusts the carrying value of right-of-use assets accordingly. If the carrying value of right-of-use assets has been reduced to zero, while lease liabilities still needs to be further

reduced, the remaining amount will be recorded in the profits and losses of the current period.

## 2. The Company as lessor

On the start date of the lease term, the Company divides the lease that substantially transfers almost all risks and rewards related to the ownership of the leased assets into finance leases, except for operating leases.

The Company recognizes the lease payments receivable as rental earnings in each period within the lease term on a straight-line basis. The initial direct costs related to the operating lease are capitalized, amortized within the lease term on the same basis as the recognition of rental earnings, and included in the profit or loss for the current period. Variable lease payments obtained by the Company in relation to operating leases that are not included in the lease receivable are included in the profit or loss for the current period when they are actually incurred.

### (2). Accounting treatment method for finance lease

Applicable  Not applicable

### (3). Definition method and accounting treatment method of lease under the new lease standards

Applicable  Not applicable

## 43. Other important accounting policies and accounting estimation

Applicable  Not applicable

## 44. Changes in important accounting policies and accounting estimation

### (1). Changes in important accounting policy

Applicable  Not applicable

Contents of and reasons for the changes to accounting policies	Approval procedure	Remarks (Name and amount of items in the statement suffering significant influence)
1. The Company started to implement the provisions on "accounting treatment for the sale of products or by-products produced by an enterprise before the fixed assets reach their intended useable state or during the research and development process" stipulated in the Interpretation No. 15 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance since 1 January 2022. Changes in the accounting policy had no influence on the Company's financial statements.	No approval required	No influence
2. The Company started to implement the provisions on "judgment on loss-making contracts" stipulated in the Interpretation No. 15 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance since 1 January 2022. Changes in the accounting policy had no influence on the Company's financial statements.	No approval required	No influence

3. The Company started to implement the provisions on "accounting treatment of the income tax effect of financial instrument related dividend whose issuer is classified as equity instrument" stipulated in the Interpretation No. 16 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance since 30 November 2022. Changes in the accounting policy had no influence on the Company's financial statements.	No approval required	No influence
4. The Company started to implement the provisions on "accounting treatment of share-based payment in cash settlement modified into share-based payment in equity settlement by the enterprise" stipulated in the Interpretation No. 16 of the Accounting Standards for Business Enterprises issued by the Ministry of Finance since 30 November 2022. Changes in the accounting policy had no influence on the Company's financial statements.	No approval required	No influence

Other notes:

N/A

**(2). Key changes in accounting estimates**

Applicable  Not applicable

**(3). Adjustments to the financial statements at the beginning of the year of implementation of the new accounting standards or interpretations of the standards for the first time since 2022**

Applicable  Not applicable

**45. Other information**

Applicable  Not applicable

(1) Segment reporting

The Company identifies the operating segments based on the internal organisation structure, management requirements and internal reporting system. An operating segment of the Company refers to a component that meets the following conditions:

1. The component can generate revenue and incur expenses in its routine activities;
2. The management assesses the operating results of the component on a regular basis to decide its resource allocation and evaluate its performance;
3. The Company can obtain the financial position, operating results, cash flow and other accounting information of the component through analysis.

(2) Hedge accounting

1. The hedging relationship is classified into fair value hedge, cash flow hedge and hedge of net investment in foreign operations.

2. For hedging that meets the following conditions, hedging accounting methods are used to deal with it: (1) The hedging relationship is only composed of qualified hedging instruments and hedged instruments; (2) At the beginning of hedging, the Company formally designated hedging instruments and hedged items, and prepared written documents on hedging relationship and risk management strategies and risk management objectives of the Company engaged in hedging; (3) The hedging relationship meets the requirements of hedging effectiveness.

When the hedging meets the following conditions at the same time, the Company determines that the hedging relationship meets the requirements of hedging effectiveness: (1) There is an economic relationship between the hedged item and the hedging instrument; (2) Credit risk does not play a dominant role in the value changes caused by the economic relationship between hedged items and hedging instruments; (3) The hedging ratio of the hedging relationship is equal to the ratio of the number of hedged items actually hedged by the Company to the actual number of hedging instruments, but does not reflect the imbalance of the relative weights of hedged items and hedging instruments.

The Company continuously evaluates whether the hedging relationship meets the hedging effectiveness requirements on and after the hedging start date. If the hedging relationship no longer meets the requirements of hedging effectiveness due to the hedging ratio, but the risk management objectives of the designated hedging relationship have not changed, the Company shall rebalance the hedging relationship.

### 3. Hedging accounting treatment

#### (1) Fair value hedge

1) Gain or loss arising from a hedging instrument shall be recorded in profit and loss of the current period. If the hedging instrument is used to hedge a non-trading equity instrument (or a component thereof) that is chosen to be measured at fair value and whose changes are included in other comprehensive income, the gains or losses arising from the hedging instrument are included in other comprehensive income.

2) Gain or loss of a hedged item arising from hedged risk exposure shall be recorded in profit and loss of the current period and meanwhile the carrying value of the hedged item not measured at fair value shall be adjusted. If a hedged item is classified as financial assets (or a component thereof) that are measured at fair value and whose changes are recorded in other comprehensive income according to Article 18 of Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, its gains or losses due to hedged risk exposure are recorded in profit and loss of the current period, and its carrying value has been measured at fair value and will not be adjusted. If the hedged item is a non-trading equity instrument investment (or a component thereof) that the Company chooses to measure at fair value and its changes are recorded in other comprehensive income, the gains or losses arising from the hedged risk exposure are recorded in other comprehensive income, and its carrying value has been measured at fair value and will not be adjusted.

If a hedged item is an unrecognized firm commitment (or a component thereof), the cumulative changes in the fair value arising from hedged risk after the designation of hedging relationship shall be recognized as an asset or liability, and the related gain or loss shall be recorded in profit and loss of the respective periods. In case of acquiring assets or bearing liabilities for performing a firm commitment, the initially recognized amount of the assets or liabilities shall be adjusted to include the cumulative changes in the fair value of the recognized hedged item.

If a hedged item is a financial instrument (or a component thereof) at measured amortized cost, the adjustment to the carrying value of the hedged item shall be amortized based on the actual interest rate recalculated on the commencement date of amortization and recorded in profit and loss of the current period. If a hedged item is classified as financial assets (or a component thereof) that are measured at fair value and whose changes are recorded in other comprehensive income according to Article 18 of Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, cumulative recognized hedging gains or losses are amortized in the same manner and



recorded in profit and loss of the current period, but the carrying value of financial assets (or their components) is not adjusted.

(2) Cash flow hedge

1) The part of the gain or loss of the hedging instrument that belongs to the effective hedging is included in the other comprehensive income as a reserve for cash flow hedges, and the invalid part is included in profit and loss of the current period. The amount of reserve for cash flow hedges is recognized as the absolute amount of the lower of the following two items: A. The cumulative gains or losses of hedging instruments since hedging; B. The cumulative change in the present value of the estimated future cash flows of the hedged item since hedging.

2) If a hedged item is a forecast transaction and the forecast transaction leads the Company to subsequently recognize a non-financial asset or non-financial liability, or the forecast transaction of the non-financial asset or non-financial liability forms a recognized commitment to which fair value hedge accounting is applicable, the original amount of reserve for cash flow hedges recognized in other comprehensive income shall be transferred out and recorded in the initially recognized amount of such non-financial asset or non-financial liability.

3) For other cash flow hedges, the amount of reserve for cash flow hedges originally included in other comprehensive income is transferred out during the same period when the hedged expected transaction affects the profit and loss, and is recorded in the profit and loss of the current profit.

(3) Net investment hedge in a foreign operation

The part of the gains or losses formed by hedging instruments that belong to effective hedging is recognized as other comprehensive income, and when disposing of foreign operations, it is transferred out and recorded in the profit and loss of the current profit. The part of the gains or losses resulting from hedging instruments that belong to invalid hedging shall be recorded in profit and loss of the current period.

## VI Taxation

### 1. Main taxes and tax rates

Major types of taxes and tax rates

√ Applicable □ Not applicable

Tax	Tax basis	Tax rate
VAT	Revenue from commodity sales and taxable services calculated according to the tax law are the basic calculation of output tax. After deducting the amount of input tax which is allowed to be deducted in the current period, the difference is the VAT payable.	13%, 9%, 6%, 5% [Note 1]
Real estate tax	Ad valorem tax: levied at 1.2% of the remaining value after deducting 30% from the original value of the housing property; Tax levied from rent: levied at 12% of the rental income.	1.2%, 12%
Urban maintenance and construction tax	Turnover tax paid	5%, 7% [Note 2]
Educational fee	Turnover tax paid	3%
Local educational fee	Turnover tax paid	By 2%
Enterprise income tax	Amount of taxable income	25%, 20%, 15%, 8.25%

[Note 1] The tax of the Company's main products is levied at the tax rate of 13%, and VAT of interest income is levied at the tax rate of 6%; VAT of the real estate rental income of subsidiaries Banmen Electric Appliance and Shanghai Gongniu is levied at a tax rate of 5% according to the simple method; VAT of Lingbo Gongniu's real estate rental income is partly levied at a tax rate of 5% and partly at 9% according to the simple method.

[Note 2] Electric Sales is levied at a tax rate of 7%, and other companies at a tax rate of 5%

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

Applicable  Not applicable

Name of taxpayer	Income tax rate (%)
The Company	15%
Ningbo Gongniu	15%
Gongniu Photoelectric	15%
Gongniu Digital	15%
Domestic Electrical Appliance	15%
Bull HK	8.25%
Xingluo Trading	20%
Bull International Trading	20%
Hainan Dacheng	20%
Other taxpayers except the above	25%

## 2. Tax concessions

Applicable  Not applicable

1. According to the Notice on the Filing of the First Batch of High-tech Enterprises Identified by Ningbo City's Accreditation Authority in 2022 issued by the Office of the National Leading Group for the Identification and Management of High-tech Enterprises on 30 December 2022, the Company and Domestic Electrical Appliance were identified as high-tech enterprises in Ningbo in 2022, with a valid term of 3 years. Therefore, from 2022 to 2024, the Company and Domestic Electrical Appliance enjoy a preferential corporate income tax rate of 15%.

2. According to the Notice on Publishing the List of High-tech Enterprises in Ningbo in 2020 (YGQRL [2020] No.1) issued by the Leading Group for the Identification and Management of High-tech Enterprises of Ningbo on 15 January 2021, Gongniu Digital was recognized as a high-tech enterprise in Ningbo in 2020, and its qualification is valid for 3 years. From 2020 to 2022, Gongniu Digital enjoys a preferential corporate income tax rate of 15%.

3. According to the Notice on Publishing the List of High-tech Enterprises in Ningbo in 2021 issued by Beilun District Science and Technology Bureau of Ningbo on 19 January 2022, Ningbo Gongniu and Gongniu Photoelectric were recognized as high-tech enterprises in Ningbo in 2020, and their qualification is valid for 3 years. From 2021 to 2023, Ningbo Gongniu and Gongniu Photoelectric enjoy a preferential corporate income tax rate of 15%.

4. In line with the Announcement of the Ministry of Finance, the State Taxation Administration, and the Ministry of Science and Technology on Increasing Pre-tax Deductions in Support of Scientific and Technological Innovation (Announcement No. 28 [2022] of the Ministry of Science and Technology) issued on 22 September 2022, equipment and instruments purchased from 1 October 2022 to 31

December 2022 were eligible for a full deduction in a lump sum for the year in the calculation of taxable income and for a 100% pre-tax additional deduction. The Company, Ningbo Gongniu, Photoelectric Technology, Digital Technology and Domestic Electrical Appliance satisfied the above requirements and enjoyed relevant concessions.

5. In accordance with the Notice on Implementing Inclusive Tax Credit Policies for Small and Micro Enterprises (C.SH. [2019] No. 13) issued by the Ministry of Finance and the State Taxation Administration and the Announcement on Issues Related to Implementing Inclusive Income Tax Reduction and Exemption Policy for Small Low-profit Enterprises (State Administration of Taxation Announcement No. 2 in 2019) issued by the State Administration of Taxation, from 1 January 2019 to 31 December 2021, the annual taxable revenue of small low-profit enterprises with a value of less than RMB1 million (including RMB1 million) shall be included in the taxable revenue at a reduced rate of 25%, and the corporate revenue tax shall be levied at the tax rate of 20%. The part that the annual taxable revenue exceeds RMB1 million but not more than RMB3 million shall be included in the taxable revenue at a reduced rate of 50%, and the corporate revenue tax shall be levied at the tax rate of 20%. According to the Announcement on the Implementation of Preferential Income Tax Policies for Small- and Micro-sized Enterprises and Individual Industrial and Commercial Entities (No. 12 of 2021) issued by the Ministry of Finance and the State Taxation Administration, from 1 January 2021 to 31 December 2022, the portion of the annual taxable income of small- and micro-sized enterprises not exceeding RMB1 million, the corporate income tax will be levied by half on the basis of the preferential policies stipulated in Article 2 of the Tax Credit Policies for Small and Micro Enterprises (C.SH. [2019] No. 13) issued by the Ministry of Finance and the State Taxation Administration. Xingluo Trading, Bull International Trading and Hainan Dacheng meet the recognition criteria of small low-profit enterprises, and pay corporate income tax at the preferential tax rate of small low-profit enterprises.

### 3. Other information

Applicable  Not applicable

## VII. Notes to the Consolidated Financial Statements

### 1. Monetary assets

Applicable  Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	34,167.84	
Bank deposits	4,435,294,692.17	4,230,383,599.91
Other monetary assets	55,930,602.55	87,372,876.35
Interest receivable on term deposits	120,706,706.98	59,472,080.48
Total	4,611,966,169.54	4,377,228,556.74
Of which: Total amount deposited overseas	174,605.10	217,966.13
Deposits placed with finance companies		

## Other notes

The limited funds in the closing balance of other monetary assets include a futures margin of RMB13,774,515.95 and cash deposits for L/G of RMB7,141,771.63.

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

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Financial assets at fair value through profit or loss	6,949,000,000.00	5,926,600,000.00
Of which:		
Banking WM products	1,919,000,000.00	1,936,600,000.00
Trust product	1,260,000,000.00	1,120,000,000.00
Asset management plan	3,420,000,000.00	2,670,000,000.00
Securities return voucher	350,000,000.00	200,000,000.00
Total	6,949,000,000.00	5,926,600,000.00

## Other notes:

√Applicable □Not applicable

(1) Description of held-for-trading financial assets with restrictions on the realisation

The closing balance of held-for-trading financial assets includes closed-end WM products worth RMB6,853 million

(2) Details of banking WM products

Item	Closing balance	Opening balance	Type
“Yangguang Tianli Zhenxiang” No. C001 of Everbright Wealth Management	300,000,000.00		Non-principal-guarante floating income
Ningxin One-year Regular Open Wealth Management Product No. 32 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo	300,000,000.00	100,000,000.00	Non-principal-guaranteed floating income
CMBC Fuzhu Bond, Automatically Renewed Public Wealth Management Products, with a Holding Period of 182 Days	298,000,000.00	200,000,000.00	Non-principal-guaranteed floating income
Ningxin One-year Regular Open Wealth Management Product No. 19 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo	150,000,000.00		Non-principal-guaranteed floating income
BOC Wealth Management “Wenxiang” Enhanced Fixed Income (Closed-end) Phase 202218 of Bank of China	150,000,000.00		Non-principal-guaranteed floating income
BOC Wealth Management “Wenxiang” Enhanced Fixed Income (Closed-end) Phase 202219 of Bank of China	150,000,000.00		Non-principal-guaranteed floating income
Ningxin One-year Regular Open Wealth Management Product No. 34 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo	115,000,000.00	170,000,000.00	Non-principal-guaranteed floating income

Jingyao One-year Regular Open Wealth Management Product No. 7 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo	100,000,000.00		Non-principal-guaranteed floating income
Ningxin Closed-end Wealth Management Product No. 254 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo	100,000,000.00		Non-principal-guaranteed floating income
Ningxin One-year Regular Open Wealth Management Product No. 21 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo	100,000,000.00		Non-principal-guaranteed floating income
2021 Closed-end Net-value Private Placement Products of Bank of Ningbo	50,000,000.00	50,000,000.00	Non-principal-guaranteed floating income
Ningxin One-year Regular Open Wealth Management Product No. 16 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo	50,000,000.00		Non-principal-guaranteed floating income
CMB Wealth Management “Zhaorui Jinding” Fixed Income Program No. 4 with 14-month Fixed Opening Period	30,000,000.00		Non-principal-guaranteed floating income
“ABC Pay at Any Time” Open RMB Wealth Management Products of ABC Wealth Management	26,000,000.00	92,500,000.00	Non-principal-guaranteed floating income
CMBC Tiantian Zengli		372,000,000.00	Non-principal-guaranteed floating income
2020 Closed-end Net-value Private Placement Products of Bank of Ningbo		200,000,000.00	Non-principal-guaranteed floating income
Ningxin Semi-annual Regular Open Wealth Management Product No. 6 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo		180,000,000.00	Non-principal-guaranteed floating income
CMBC Corporate Wealth Management Product Ririxin 80008		125,200,000.00	Non-principal-guaranteed floating income
Ningxin Closed-end Wealth Management Product No. 75 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo		120,000,000.00	Non-principal-guaranteed floating income
CMBC Extraordinary Asset Management Daily Profit-increasing Wealth Management Products (Institutional Funds)		100,000,000.00	Non-principal-guaranteed floating income
Ningxin Closed-end Wealth Management Product No. 183 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of		100,000,000.00	Non-principal-guaranteed floating income

Ningbo			
Everbright Cash A of Everbright Bank (EB4395)		50,000,000.00	Non-principal-guaranteed floating income
Ningxin Semi-annual Regular Open Wealth Management Product No. 1 with Fixed Income of BNB Wealth Management Co., Ltd., Bank of Ningbo		50,000,000.00	Non-principal-guaranteed floating income
ICBC "TLB" Net-value Wealth Management Products		16,900,000.00	Non-principal-guaranteed floating income
ABC "Golden Key, Anxin Profits 90 Days" RMB Wealth Management Products		10,000,000.00	Non-principal-guaranteed floating income
Subtotal	1,919,000,000.00	1,936,600,000.00	

## (3) Details of trust products

Item	Closing balance	Opening balance	Type
Financial City Hongyu No. 1 Collective Fund Trust Plan of Lujiazui International Trust	490,000,000.00	350,000,000.00	Non-principal-guaranteed floating income
Xicheng Profit Increase Single Fund Trust of Huaneng Guicheng Trust	300,000,000.00	300,000,000.00	Non-principal-guaranteed floating income
Zhaofubao No. 17 Collective Fund Trust Plan of SDIC Taikang Trust	115,000,000.00		Non-principal-guaranteed floating income
Wenyong No. 2 Single Fund Trust of Lujiazui International Trust	110,000,000.00		Non-principal-guaranteed floating income
Wenyong No. 1 Single Fund Trust of Lujiazui International Trust	100,000,000.00		Non-principal-guaranteed floating income
Yongxinbao D-type WM No. 2 Collective Fund Trust Plan of SDIC Taikang Trust	50,000,000.00		Non-principal-guaranteed floating income
Fengli Jijixin No. 8 Collective Fund Trust Plan of Cofco Trust	50,000,000.00		Non-principal-guaranteed floating income
Xinyue Fengli FL30 of Shanghai Trust	30,000,000.00		Non-principal-guaranteed floating income
Yongxinbao D-type WM No. 2 Collective Fund Trust Plan of SDIC Taikang Trust	15,000,000.00		Non-principal-guaranteed floating income
Xinyue Fengli Series Collective Fund Trust Plan of Shanghai Trust		240,000,000.00	Non-principal-guaranteed floating income
Shengyuan Profit-increasing Bond Collective Fund Trust Plan of Everbright Securities and Everbright Trust		200,000,000.00	Non-principal-guaranteed floating income
Xinxiang Bond Investment Collective Fund Trust Plan of CITIC Trust		30,000,000.00	Non-principal-guaranteed floating income
Subtotal	1,260,000,000.00	1,120,000,000.00	

## (4) Asset management plan

Item	Closing balance	Opening balance	Type
Yuxiang No. 1 Collective Asset Management Plan of Everbright	1,500,000,000.00	250,000,000.00	Non-principal-guaranteed floating income

Securities Asset Management			
Anxiang Bond No. 53 of Haitong Securities	1,000,000,000.00		Non-principal-guaranteed floating income
Financing Business, Debt Income Right Transfer and Forward Transfer Contract of Founder Securities	300,000,000.00	100,000,000.00	Non-principal-guaranteed fixed income
Yuxiang No. 2 Collective Asset Management Plan of Everbright Securities Asset Management	220,000,000.00	220,000,000.00	Non-principal-guaranteed floating income
Anzhi No. 2 Single Asset Management Plan of Huafu Securities	200,000,000.00		Non-principal-guaranteed floating income
Yongxin No. 2 Single Asset Management Plan of Yongzheng Asset Management	200,000,000.00		Non-principal-guaranteed floating income
Yuexiang No.1 Collective Asset Management Plan of Everbright Securities Asset Management		800,000,000.00	Non-principal-guaranteed floating income
Niannianwang Collective Asset Management Plan of Haitong Securities Asset Management		400,000,000.00	Non-principal-guaranteed floating income
Huatai Zijin Collective Asset Management Plan of Huatai Securities		400,000,000.00	Non-principal-guaranteed floating income
Yongxin Single Asset Management Plan of Yongxing Securities Asset Management, Yongxing Securities		200,000,000.00	Non-principal-guaranteed floating income
Niannianwang No.88 Collective Asset Management Plan of Haitong Securities Asset Management		150,000,000.00	Non-principal-guaranteed floating income
Everbright Sunshine Big Dipper Star No. 7 Collective Asset Management Plan of Everbright Securities		90,000,000.00	Non-principal-guaranteed floating income
Everbright Sunshine Big Dipper Star No. 6 Collective Asset Management Plan of Everbright Securities		60,000,000.00	Non-principal-guaranteed floating income
Subtotal	3,420,000,000.00	2,670,000,000.00	

## (5) Securities return voucher

Item	Closing balance	Opening balance	Type
Caiyingtong Series CSI 500 Single Bullish Shark No. 28 Return Voucher of Caitong Securities	50,000,000.00		Principal-guaranteed floating income
Caiyingtong Series CSI 500 Single Bullish Shark No. 25 Return Voucher of Caitong Securities	50,000,000.00		Principal-guaranteed floating income
Guangpu 360 Feicui No. 154 of Everbright Securities	50,000,000.00		Principal-guaranteed floating income
Guangpu 360 Feicui No. 95 of Everbright Securities	50,000,000.00		Principal-guaranteed floating income
Zhangdiebao Spread Series No. 135 Return Voucher (CSI 500 Long) of Sinolink Securities	50,000,000.00		Principal-guaranteed floating income

Xingdong Series Single Bullish Shark Floating Return Voucher No. 235 (Ningbo) of Industrial Securities (CSI 500 Long)	50,000,000.00		Principal-guaranteed floating income
Caiyingtong Series CSI 500 Double Bullish Shark No. 20 Return Voucher of Caitong Securities	30,000,000.00		Principal-guaranteed floating income
Guangpu 360 Feicui No. 95 of Everbright Securities	20,000,000.00		Principal-guaranteed floating income
Return Voucher "JinTianli" No. D184 of Founder Securities		50,000,000.00	Principal-guaranteed floating income
Guangjing Series Return Voucher No. 30 of Everbright Securities		50,000,000.00	Principal-guaranteed floating income
Xingdong Series Automatically-redeemed Floating Return Voucher No. 65 of Industrial Securities (CSI 500 Long)		50,000,000.00	Principal-guaranteed floating income
Xingzhi Series Single Shark Floating Return Voucher No. 107 of Industrial Securities (Ningbo) (CSI 500 Long)		50,000,000.00	Principal-guaranteed floating income
Subtotal	350,000,000.00	200,000,000.00	

### 3. Derivative financial assets

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Hedge instruments - commodity future contract	643,100.00	3,613,050.00
Total	643,100.00	3,613,050.00

Other notes:

The Company hedged raw materials such as copper and plastic particles purchased, performed accounting treatment as cash flow hedges, and recorded the profit on the book in the derivative financial assets.

### 4. Notes receivable

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

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance notes		
Trade acceptance notes		750,723.35
Total		750,723.35

#### (2) Notes receivable pledged by the Company at the period-end

Applicable Not applicable

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

Applicable Not applicable

#### (4) Notes transferred to accounts receivable because the drawer of the notes failed to execute the contract or agreement

Applicable Not applicable

#### (5) Breakdown by method of establishing allowance for doubtful account

Applicable Not applicable

Unit: RMB



Type	Closing balance					Opening balance				
	Carrying balance		Bad debt provision		Carrying amount	Carrying balance		Bad debt provision		Carrying amount
	Amount	Percentage (%)	Amount	Accrued proportion (%)		Amount	Percentage (%)	Amount	Accrued proportion (%)	
Bad debt provision established on the individual basis	3,712,829.75	100.00	3,712,829.75	100.00		361,810.71	31.41	361,810.71	100.00	
Of which:										
Bank acceptance notes										
Trade acceptance notes	3,712,829.75	100.00	3,712,829.75	100.00		361,810.71	31.41	361,810.71	100.00	
Bad debt provision accrued by portfolio						790,235.11	68.59	39,511.76	5.00	750,723.35
Of which:										
Bank acceptance notes										
Trade acceptance notes						790,235.11	68.59	39,511.76	5.00	750,723.35
Total	3,712,829.75	100.00	3,712,829.75	100.00		1,152,045.82	100.00	401,322.47	34.84	750,723.35

Bad debt provision established on the individual basis:

Applicable Not applicable

Unit: RMB

Name	Closing balance			
	Carrying balance	Bad debt provision	Accrued proportion (%)	Reason for accruing
Sunac Real Estate Group Co., Ltd.	3,712,829.75	3,712,829.75	100.00	Significant impairment risk expected
Total	3,712,829.75	3,712,829.75	100.00	/

Notes to bad debt provision accrued by item:

Applicable Not applicable

Note: The Company is related to and controlled by Sunac Real Estate Group which is the ultimate voucher issuer.

Bad debt provision accrued by portfolio:

Applicable Not applicable

To accrue bad debt provision under the expected general model of credit loss, please refer to the disclosure of other receivables:

Applicable Not applicable

#### (6) Bad debt provision

Applicable Not applicable

Unit: RMB

Type	Opening balance	Changes for the current period			Closing balance
		Established	Reversed or transferred-back	Charged-off/Written-off	
Bad debt provision accrued by item	361,810.71	3,351,019.04			3,712,829.75
Bad debt provision accrued by portfolio	39,511.76	-39,511.76			
Total	401,322.47	3,311,507.28			3,712,829.75

Of which significant amount of recovered or transferred-back bad debt provision for the current period:

Applicable Not applicable

Other notes:

None.

**(7) Notes receivable with actual written-off for the Reporting Period**

Applicable Not applicable

Other notes

Applicable Not applicable

**5. Accounts receivable**

**(1) Breakdown by aging**

Applicable Not applicable

Unit: RMB

Aging	Closing carrying balance
Within 1 year	
Of which: Sub-items within one year	
Within 1 year	233,008,605.06
Subtotal within one year	233,008,605.06
1 to 2 years	5,456,955.48
2 to 3 years	1,078,528.87
Over 3 years	6,932,922.28
Total	246,477,011.69

**(2) Breakdown by method of establishing allowance for doubtful account**

Applicable Not applicable

Unit: RMB

Type	Closing balance					Opening balance				
	Carrying balance		Bad debt provision		Carrying amount	Carrying balance		Bad debt provision		Carrying amount
	Amount	Percentage (%)	Amount	Accrued proportion (%)		Amount	Percentage (%)	Amount	Accrued proportion (%)	
Bad debt provision established on the individual basis										

Bad debt provision accrued by portfolio	246,477,011.69	100.00	19,668,312.50	7.98	226,808,699.19	230,995,739.56	100.00	11,735,996.31	5.08	219,259,743.25
Total	246,477,011.69	100.00	19,668,312.50	7.98	226,808,699.19	230,995,739.56	100.00	11,735,996.31	5.08	219,259,743.25

Bad debt provision established on the individual basis:

Applicable Not applicable

Bad debt provision accrued by portfolio:

Applicable Not applicable

Unit: RMB

Name	Closing balance		
	Accounts receivable	Bad debt provision	Accrued proportion (%)
Within 1 year	233,008,605.06	11,650,430.23	5.00
1 to 2 years	5,456,955.48	545,695.54	10.00
2 to 3 years	1,078,528.87	539,264.45	50.00
Over 3 years	6,932,922.28	6,932,922.28	100.00
Total	246,477,011.69	19,668,312.50	7.98

Criteria and explanation of bad debt provision accrued by portfolio:

Applicable Not applicable

To accrue bad debt provision under the expected general model of credit loss, please refer to the disclosure of other receivables:

Applicable Not applicable

### (3) Bad debt provision

Applicable Not applicable

Unit: RMB

Type	Opening balance	Changes for the current period				Closing balance
		Established	Recovered or reversed	Transferred or written-off	Other changes	
Bad debt provision accrued by portfolio	11,735,996.31	324,932.55	817,175.84	615,760.06	7,405,967.86	19,668,312.50
Total	11,735,996.31	324,932.55	817,175.84	615,760.06	7,405,967.86	19,668,312.50

[Note] Other changes represent the increase in the bad debt provision arising from the acquisition of Dalitek.

Of which significant amount of recovered or transferred-back bad debt provision for the current period:

Applicable Not applicable

Unit: RMB

Entity	Amount reversed or transferred-back	Way of recovery
Shanghai Lotus Supermarket Chain Store Co., Ltd.	707,267.51	Litigation
Total	707,267.51	/

Other notes:

None.

**(4) Accounts receivable written-off in current period**

√Applicable □Not applicable

Unit: RMB

Item	Amount written-off
Accounts receivable written-off	615,760.06

Of which: The written-off of significant accounts receivable

□Applicable √Not applicable

Notes to written-off of accounts receivable:

□Applicable √Not applicable

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

√Applicable □Not applicable

Unit: RMB

Entity	Closing balance	As % of the closing balance of total accounts receivable	Closing balance of bad debt provision
Beijing Jingdong Century Trading Co., Ltd.	57,730,716.19	23.42	2,886,535.81
Ningbo Boya Metal Material Co.,Ltd	19,053,649.73	7.73	952,682.49
Zhejiang TMALL Technology Co., Ltd.	18,772,610.30	7.62	938,630.52
ALPHA.LTD	6,685,976.72	2.71	334,298.84
Kangcheng Investment (China) Co., Ltd.	6,223,169.73	2.52	311,158.49
Total	108,466,122.67	44.01	5,423,306.15

Other notes

None.

**(6) Accounts receivable derecognised due to the transfer of financial assets**

□Applicable √Not applicable

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

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

**6. Receivables financing**

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance notes	1,036,801.70	927,023.00
Total	1,036,801.70	927,023.00

The changes of accounts receivable financing in the Current Period and the changes in fair value

□Applicable √Not applicable

To accrue bad debt provision under the expected general model of credit loss, please refer to the disclosure of other receivables:

Applicable Not applicable

Other notes:

Applicable Not applicable

## 7. Prepayments

### (1) Breakdown of prepayments by aging

Applicable Not applicable

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	48,536,368.53	97.79	28,765,116.10	98.71
1 to 2 years	955,431.40	1.92	319,248.90	1.10
2 to 3 years	101,394.68	0.20	18,358.00	0.06
Over 3 years	42,500.00	0.09	37,500.00	0.13
Total	49,635,694.61	100.00	29,140,223.00	100.00

Reason for outstanding prepayments that are over 1 year and of a substantial amount:

None.

### (2) . Status of the top five advance payments in the closing balances by prepaid subject

Applicable Not applicable

Entity	Closing balance	Percentage of total advances to suppliers (%)
Guangxi Jingdong Xinjie E-commerce Co., Ltd.	4,418,549.65	8.90
Giugiaro Architecture S.r.l.	2,809,992.00	5.66
Tianjin Bohua Nangang International Trade Co., Ltd.	2,381,716.00	4.80
Beijing Jiahe Jingshi Culture Media Co., Ltd.	2,358,490.57	4.75
Jiangsu Pengbo Xingye E-commerce Co., Ltd.	2,342,768.60	4.72
Total	14,311,516.82	28.83

Other notes

None.

Other notes

Applicable Not applicable

## 8. Other receivables

### Breakdown

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Interests receivable		
Dividends receivable		
Other receivables	71,887,692.32	195,924,505.99
Total	71,887,692.32	195,924,505.99

Other notes:

Applicable Not applicable

**Interests receivable****(1) Category of interests receivable**

Applicable Not applicable

**(2) Significant overdue interest**

Applicable Not applicable

**(3) Bad debt provision**

Applicable Not applicable

Other notes:

Applicable Not applicable

**Dividends receivable****(4) Dividends receivable**

Applicable Not applicable

**(5) Significant dividends receivable aging over one Year**

Applicable Not applicable

**(6) Bad debt provision**

Applicable Not applicable

Other notes:

Applicable Not applicable

**Other receivables****(7) Breakdown by aging**

Applicable Not applicable

Unit: RMB

Aging	Closing carrying balance
Within 1 year	
Of which: Sub-items within one year	
Within 1 year	13,221,675.68
Subtotal within one year	13,221,675.68
1 to 2 years	4,000,909.07
2 to 3 years	112,402,564.49
Over 3 years	4,575,618.48
Total	134,200,767.72

**(8) Breakdown by nature**

Applicable Not applicable

Unit: RMB

Nature	Closing carrying balance	Opening carrying balance
Call money	110,000,000.00	111,000,000.00
Housing loan for employees	12,466,303.78	16,817,779.29
Guaranteed deposit	8,486,128.40	101,781,134.68
Others	3,248,335.54	670,191.81
Total	134,200,767.72	230,269,105.78

**(9) Bad debt provision**

Applicable Not applicable

Unit: RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance of 1 January 2022	5,363,986.42	22,483,651.78	6,496,961.59	34,344,599.79
Balance of 1				

January 2022 in the Current Period				
- Transferred to Stage 2	-250,045.44	250,045.44		
- Transferred to Stage 3		-20,240,256.45	20,240,256.45	
- Transferred back to Stage 2				
- Transferred back to Stage 1				
Amount accrued for the current period	-4,045,817.46	-1,571,349.86	32,451,250.70	26,834,083.38
Amount transferred-back for the current period				
Amount charged-off for the current period				
Amount written-off for the current period			11,100.00	11,100.00
Other changes	42,960.23	3,000.00	1,099,532.00	1,145,492.23
Balance as at 31 December 2022	1,111,083.75	925,090.91	60,276,900.74	62,313,075.40

Notes to significant changes in the carrying balance of other receivables for which changes in the loss reserve for the current period occurred:

Applicable Not applicable

Note: Other changes represent the increase in the bad debt provision arising from the acquisition of Dalitek.

The amount of bad debt provision for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

Applicable Not applicable

#### (10) Bad debt provision

Applicable Not applicable

Unit: RMB

Type	Opening balance	Changes for the current period				Closing balance
		Established	Reversed or transferred-back	Charged-off/Written-off	Other changes	
Bad debt provision accrued by item	22,000,000.00	33,500,000.00				55,500,000.00
Bad debt provision accrued by	12,344,599.79	-6,665,916.62		11,100.00	1,145,492.23	6,813,075.40

portfolio						
Total	34,344,599.79	26,834,083.38		11,100.00	1,145,492.23	62,313,075.40

Of which the bad debt provision recovered or transferred-back with significant amount during the current period:

Applicable Not applicable

**(11) Particulars of the actual written-off of other receivables during the current period**

Applicable Not applicable

**(12) Other receivables with the top five closing balances collected according to the arrears party**

Applicable Not applicable

Unit: RMB

Entity	Nature of other receivable	Closing balance	Aging	As a % of the closing balance of total other receivables	Bad debt provision Closing balance
Sunac Real Estate Group Co., Ltd. [note]	Call money	110,000,000.00	2 to 3 years	81.97	55,000,000.00
Changzhou Pa'erlingke Intelligent Lifting Lighting Equipment Co., Ltd.	Payment for goods	1,099,532.00	Over 3 years	0.82	1,099,532.00
Xie Weiwei	Advances Receivable	708,080.00	Within 1 year	0.53	35,404.00
Shanghai Caohejing Development Zone High-tech Park Development Co., Ltd.	Guaranteed deposit	702,062.90	Within 1 year	0.52	35,103.15
Beijing Jingdong Century Trading Co., Ltd.	Guaranteed deposit	650,000.00	Within 1 year	0.48	32,500.00
Total	/	113,159,674.90		84.32	56,202,539.15

[Note] The loan was provided by the Company's subsidiary Electric Sales to Sunac Real Estate Group Co., Ltd. Inclusive of seven of its subsidiaries in order to expand its sales to Sunac Group in the principal amount of RMB110,000,000.00 for a period of two years, which was guaranteed by Sunac Group.

**(13) Accounts receivable involving government grants**

Applicable Not applicable

**(14) Other receivables derecognised due to the transfer of financial assets**

Applicable Not applicable



**(15) Amount of assets and liabilities formed due to the transfer and the continued involvement of other receivables**

□Applicable √Not applicable

Other notes:

□Applicable √Not applicable

**9. Inventories****(1). Category of inventories**

√Applicable□Not applicable

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Inventory falling price reserves	Carrying amount	Carrying balance	Inventory falling price reserves	Carrying amount
Finished goods	673,207,187.70	14,761,249.29	658,445,938.41	893,826,248.24	9,387,709.01	884,438,539.23
Goods in transit	293,819,050.68		293,819,050.68	130,428,496.71		130,428,496.71
Raw materials	113,937,083.04		113,937,083.04	124,009,445.42		124,009,445.42
Work-in-progress	160,824,141.92		160,824,141.92	163,087,929.27		163,087,929.27
Commissioned products	41,122,518.19		41,122,518.19	57,323,866.45		57,323,866.45
Low-value consumables	9,948,213.19		9,948,213.19	10,298,408.48		10,298,408.48
Packaging material	7,121,510.66		7,121,510.66	7,400,437.04		7,400,437.04
Total	1,299,979,705.38	14,761,249.29	1,285,218,456.09	1,386,374,831.61	9,387,709.01	1,376,987,122.60

**(2). Inventory falling price reserves and impairment allowances for contract performance costs**

√Applicable□Not applicable

Unit: RMB

Item	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Established	Others	Reversed or charged-off	Others	
Finished goods	9,387,709.01	11,504,455.94	2,529,326.21	8,660,241.87		14,761,249.29
Total	9,387,709.01	11,504,455.94	2,529,326.21	8,660,241.87		14,761,249.29

Note: Other increased amounts represent the increase in the acquisition of Dalitek.

**(3). Note on closing balance of inventory containing the capitalised amount of borrowing costs**

□Applicable √Not applicable

**(4). Notes of the amount of contract performance costs amortised for the current period**

□Applicable√Not applicable

Other notes

√Applicable □Not applicable

The specific basis for determining the net realisable value, the reasons for the shrinkage reserves for transferred-back or charged-off inventories for the current period

Item	The specific basis for determining the net realisable value	Reasons for transferred-backing the reserve for inventory shrinkage	Reasons for charged-off the reserve for inventory shrinkage
Finished goods	The net realisable value is determined by estimated selling price deducting the estimated selling expense and the relevant taxes		For the Current Period, the inventories, which accrued shrinkage reserves, have been sold

**10. Contract assets****(1). Details of contract assets**

Applicable Not applicable

**(2). Significant changes in the amount of carrying value and the reason in the Reporting Period**

Applicable Not applicable

**(3). Impairment allowances for contract assets in the current period**

Applicable Not applicable

To accrue bad debt provision under the expected general model of credit loss, please refer to the disclosure of other receivables:

Applicable Not applicable

Other notes:

Applicable Not applicable

**11. Assets held for sale**

Applicable Not applicable

**12. Current portion of non-current assets**

Applicable Not applicable

Significant investments in debt obligations and other investments in debt obligations at the period-end:

Applicable Not applicable

**13. Other current assets**

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Contract acquisition costs		
Refund costs receivable		
Wealth management products	283,755,939.73	1,114,551,150.68
Input VAT to be credited	63,937,448.75	10,534,966.75
Advance payment of enterprise income tax	16,132,038.41	1,434,781.01
Total	363,825,426.89	1,126,520,898.44

Other notes

Details of WM products

Item	Closing balance	Opening balance	Type
Structural bank deposits of Ningbo Bank	150,000,000.00		Structural bank deposits
Return voucher of Founder Securities	100,000,000.00		Fixed income
Structural bank deposits of China Merchants Bank	30,000,000.00		Structural bank deposits

Yanguangbi Jigouying of Everbright Bank	10,000.00	10,000.00	Fixed income
Structural bank deposits of Industrial & Commercial Bank of China		500,000,000.00	Structural bank deposits
Structural bank deposits of Agricultural Bank of China		300,000,000.00	Structural bank deposits
Structural bank deposits of Bank of Communications		200,000,000.00	Structural bank deposits
Structural bank deposits of Bank of Communications		100,000,000.00	Structural bank deposits
Interest on structural bank deposits	3,745,939.73	14,541,150.68	
Total	283,755,939.73	1,114,551,150.68	

**14. Debt investments****(1). Debt investments**

Applicable Not applicable

**(2). Significant debt investments at the period-end**

Applicable Not applicable

**(3). Status of accrued depreciation reserves**

Applicable Not applicable

The amount of the depreciation reserves for the current period and the basis for assessing whether the credit risk for financial instruments has increased significantly

Applicable Not applicable

Other notes

Applicable Not applicable

**15. Other debt investments****(1). Other debt investments**

Applicable Not applicable

**(2). Significant other debt investments at the period-end**

Applicable Not applicable

**(3). Status of accrued depreciation reserves**

Applicable Not applicable

The amount of the depreciation reserves for the current period and the basis for assessing whether the credit risk for financial instruments has increased significantly

Applicable Not applicable

Other notes:

Applicable Not applicable

**16. Long-term receivables****(1). Details of long-term receivables**

Applicable Not applicable

**(2). Bad debt provision**

Applicable Not applicable

The amount of the bad debt provision for the current period and the basis for assessing whether the credit risk for financial instruments has increased significantly

Applicable Not applicable

**(3). Derecognition of long-term receivables due to the transfer of financial assets**

Applicable Not applicable

**(4). The amount of the assets and liabilities formed due to the transfer and the continued involvement of long-term receivables**

Applicable Not applicable

Other notes

Applicable Not applicable

**17. Long-term equity investments**

Applicable Not applicable

**18. Other equity investments****(1). Investment in other equity instruments**

Applicable Not applicable

**(2). Status of an equity investment that is not held for trading**

Applicable Not applicable

Other notes:

Applicable Not applicable

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

Applicable Not applicable

Other notes:

Applicable Not applicable

**20. Investment property**

Investment property by measurement method

N/A

**21. Fixed assets****Breakdown**

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Fixed assets	1,851,129,657.93	1,489,874,874.31
Fixed assets disposed of	3,364,852.64	3,858,246.51
Total	1,854,494,510.57	1,493,733,120.82

Other notes:

Applicable Not applicable

**Fixed assets****(1). List of fixed assets**

√Applicable □Not applicable

Unit: RMB

Item	Buildings and constructions	Machinery equipment	Transportation vehicle	Electronic and other equipment	Decoration of the fixed assets	Total
<b>I. Original Carrying Value:</b>						
1. Opening balance	1,178,242,527.05	950,248,036.79	32,711,306.57	125,410,346.27	62,388,782.80	2,349,000,999.48
2. Increase in the current period	428,700,972.22	125,281,944.29	3,459,432.68	28,830,928.84	6,156,530.82	592,429,808.85
(1) Purchased	14,355,932.40	9,477,055.49	1,269,001.99	9,358,706.80	2,686,096.74	37,146,793.42
(2) Transfer from construction in progress	414,345,039.82	115,804,888.80	954,252.38	18,387,916.45	3,470,434.08	552,962,531.53
(3) Increase due to business combination			1,236,178.31	1,084,305.59		2,320,483.90
3. Decrease in the current period	1,096,640.58	40,015,377.08	1,981,471.84	4,457,862.07		47,551,351.57
(1) Disposal or retirement	1,096,640.58	40,015,377.08	1,981,471.84	4,457,862.07		47,551,351.57
4. Closing balance	1,605,846,858.69	1,035,514,604.00	34,189,267.41	149,783,413.04	68,545,313.62	2,893,879,456.76
<b>II. Accumulated Depreciation</b>						
1. Opening balance	244,794,519.60	429,424,279.29	28,809,594.52	105,290,677.82	42,062,826.50	850,381,897.73
2. Increase in the current period	59,642,335.61	129,819,079.79	5,694,034.54	19,473,402.27	9,226,461.39	223,855,313.60
(1) Established	59,642,335.61	129,819,079.79	4,923,341.74	18,809,459.48	9,226,461.39	222,420,678.01
(2) Increase			770,692.80	663,942.79		1,434,635.59

through consolidation						
3. Decrease in the current period	1,087,607.83	29,238,818.56	1,918,590.01	4,457,862.07		36,702,878.47
(1) Disposal or retirement	1,087,607.83	29,238,818.56	1,918,590.01	4,457,862.07		36,702,878.47
4. Closing balance	303,349,247.38	530,004,540.52	32,585,039.05	120,306,218.02	51,289,287.89	1,037,534,332.86
<b>III. Impairment Allowances</b>						
1. Opening balance		8,124,587.26		619,640.18		8,744,227.44
2. Increase in the current period						
(1) Established						
3. Decrease in the current period		3,528,761.47				3,528,761.47
(1) Disposal or retirement		3,528,761.47				3,528,761.47
4. Closing balance		4,595,825.79		619,640.18		5,215,465.97
<b>IV. Carrying Amount</b>						
1. Closing carrying amount	1,302,497,611.31	500,914,237.69	1,604,228.36	28,857,554.84	17,256,025.73	1,851,129,657.93
2. Opening carrying amount	933,448,007.45	512,699,170.24	3,901,712.05	19,500,028.27	20,325,956.30	1,489,874,874.31

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

Applicable Not applicable

**(3). Status of fixed assets obtained by finance lease**

Applicable Not applicable

**(4). Fixed assets leased out from operation lease**

Applicable Not applicable

Unit: RMB

Item	Ending carrying amount
Buildings and constructions	2,499,295.57

**(5). Fixed assets with pending ownership certificate**

Applicable Not applicable

Unit: RMB

Item	Carrying amount	Reason for not obtaining ownership certificate
A technology information company in Room 301 and others, Building 7, Zone A, Yinggang East Road, Zhao Xiang Town	240,154,680.74	Delivered and procedures are in process in the Current Period
The 3# Factory in the Western Base of the Company	170,760,567.22	Information needs to be changed, and ownership certificate needs to be replaced
The 2# Factory and auxiliary engineering in Cidong Precision Manufacturing Base of the Company	89,207,113.81	Information needs to be changed, and ownership certificate needs to be replaced
The 1# Factory and auxiliary engineering in the Company's precision manufacturing base	81,103,303.69	Information needs to be changed, and ownership certificate needs to be replaced
Auxiliary engineering of the 3# Factory	11,740,932.14	Information needs to be changed, and ownership certificate needs to be replaced
Subtotal	592,966,597.60	

Other notes:

Applicable Not applicable

**Fixed assets disposed of**

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Scrapped machinery equipment yet to be completely disposed	3,364,852.64	3,858,246.51
Total	3,364,852.64	3,858,246.51

Other notes:

None.

**22. Construction in progress****Breakdown**

Applicable Not applicable

Other notes:

Applicable Not applicable

**Construction in progress****(1). Details of construction in progress**

√Applicable □Not applicable

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Impairment allowances	Carrying amount	Carrying balance	Impairment allowances	Carrying amount
R&D centre and headquarters base construction project	212,491,009.57		212,491,009.57	73,430,650.25		73,430,650.25
Base construction project for annual output of 180 million sets of LED lamps	146,348,397.94		146,348,397.94	71,757,502.31		71,757,502.31
Base construction project for annual output of 410 million sets of wall switches and sockets	130,109,662.81		130,109,662.81	2,156,275.13		2,156,275.13
Construction project for automation upgrading of annual output of 400 million sets of converters	20,761,287.51		20,761,287.51	14,280,038.14		14,280,038.14
Information construction project	2,814,215.88		2,814,215.88	3,539,851.67		3,539,851.67
Equipment to be installed	22,521,969.18		22,521,969.18	28,504,645.70		28,504,645.70
Other small projects	76,411,307.65		76,411,307.65	4,695,173.77		4,695,173.77
Total	611,457,850.54		611,457,850.54	198,364,136.97		198,364,136.97



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

√Applicable □Not applicable

Unit: RMB

Project	Budget	Period-beginning balance	Increase in the current period	Transferred to fixed assets in the current period	Transferred in fixed assets in the Current Period	Other decreases in the current period	Period-end balance	Cumulative project investment as % of the budget	Project progress(%)	Cumulative capitalised interest	Of which: Capitalised interest in the current period	Interest capitalisation rate for the current period (%)	Funding source
R&D centre and headquarters base construction project	708,225,600.00	73,430,650.25	144,438,563.25	5,217,588.00	160,615.93		212,491,009.57	30.95	35.00				Fund raising
Base construction project for annual output of 180 million sets of LED lamps	743,810,500.00	71,757,502.31	74,590,895.63				146,348,397.94	23.90	30.00				Fund raising
Base construction project for annual output of 410 million sets of wall switches and sockets	1,204,528,600.00	2,156,275.13	132,618,896.80	4,665,509.12			130,109,662.81	32.76	40.00				Fund raising

Annual Report 2022

Construction project for automation upgrading of annual output of 400 million sets of converters	999,036,300.00	14,280,038.14	55,065,646.71	48,087,765.13	496,632.21		20,761,287.51	30.70	35.00				Fund raising
Information construction project	240,350,000.00	3,539,851.67	9,760,392.16	7,741,067.27	2,744,960.68		2,814,215.88	6.63	10.00				Fund raising
Equipment to be installed		28,504,645.70	80,312,526.06	85,068,408.83	1,226,793.75		22,521,969.18						Equity fund
Other small projects		4,695,173.77	473,898,327.06	402,182,193.18			76,411,307.65						Equity fund
Total	3,895,951,000.00	198,364,136.97	970,685,247.67	552,962,531.53	4,629,002.57		611,457,850.54	/	/			/	/

**(3). Impairment allowances for construction in progress for the current period**

□Applicable√Not applicable

Other notes

□Applicable√Not applicable

**Engineering materials****(4) Status of engineering materials**

□Applicable√Not applicable

**23. Productive living assets****(1). Productive living assets adopting cost measurement mode**

□Applicable√Not applicable

**(2). Productive living assets adopting fair value measurement mode**

□Applicable√Not applicable

Other notes

□Applicable√Not applicable

**24. Oil and gas assets**

□Applicable√Not applicable

**25. Right-of-use assets**

√Applicable□Not applicable

Unit: RMB

Item	Buildings and constructions	Total
<b>I. Original Carrying Value</b>		
1. Opening balance	30,054,784.58	30,054,784.58
2. Increase in the current period	14,993,101.31	14,993,101.31
(1) Rent	5,813,706.50	5,813,706.50
(2) Increase through consolidation	9,179,394.81	9,179,394.81
3. Decrease in the current period	8,500,077.77	8,500,077.77
(1) Disposed amount	8,500,077.77	8,500,077.77
4. Closing balance	36,547,808.12	36,547,808.12
<b>II. Accumulated Depreciation</b>		
1. Opening balance	11,244,984.87	11,244,984.87
2. Increase in the current period	16,375,484.00	16,375,484.00
(1) Accrued amount	14,110,005.67	14,110,005.67
(2) Increase through consolidation	2,265,478.33	2,265,478.33
3. Decrease in the current period	4,385,368.32	4,385,368.32
(1) Disposal	4,385,368.32	4,385,368.32
4. Closing balance	23,235,100.55	23,235,100.54
<b>III. Impairment Allowances</b>		
1. Opening balance		
2. Increase in the current period		
(1) Accrued amount		
3. Decrease in the current period		
(1) Disposal		
4. Closing balance		
<b>IV. Carrying Amount</b>		

1. Closing carrying amount	13,312,707.57	13,312,707.57
2. Opening carrying amount	18,809,799.71	18,809,799.71

Other notes:

None.

## 26. Intangible assets

### (1). Details of intangible assets

Applicable Not applicable

Unit: RMB

Item	Land use rights	Software	Patent and know-how	Total
<b>I. Original carrying value</b>				
1. Opening balance	311,759,224.07	84,490,456.01	30,283,018.69	426,532,698.77
2. Increase in the current period	44,980,100.00	6,326,653.77		51,306,753.77
(1) Purchased	44,980,100.00	450,443.00		45,430,543.00
(2) Increase through business combination		1,247,208.20		1,247,208.20
(3) Transfer from construction in progress		4,629,002.57		4,629,002.57
3. Decrease in the current period		62,239.32		62,239.32
(1) Disposal		62,239.32		62,239.32
4. Closing balance	356,739,324.07	90,754,870.46	30,283,018.69	477,777,213.22
<b>II. Accumulated depreciation</b>				
1. Opening balance	39,952,495.42	60,527,542.18	30,283,018.69	130,763,056.29
2. Increase in the current period	7,001,392.06	14,349,718.01		21,351,110.07
(1) Established	7,001,392.06	13,493,236.91		20,494,628.97
(2) Increase through consolidation		856,481.10		856,481.10
3. Decrease in the current period		62,239.32		62,239.32
(1) Disposal		62,239.32		62,239.32
4. Closing balance	46,953,887.48	74,815,020.87	30,283,018.69	152,051,927.04
<b>IV. Carrying amount</b>				
1. Closing carrying amount	309,785,436.59	15,939,849.59		325,725,286.18
2. Opening carrying amount	271,806,728.65	23,962,913.83		295,769,642.48

The proportion of intangible assets formed from the internal R&D of the Company at the Period-end to the ending balance of intangible assets is 0.

### (2). Status of land use right without certificate of title

Applicable Not applicable

Other notes:

Applicable Not applicable

## 27. Development costs

Applicable Not applicable

## 28. Goodwill

### (1). Original carrying value of goodwill

Applicable Not applicable

Unit: RMB

Investee or item generating goodwill	Opening balance	Increase in the current period		Decrease in the current period		Closing balance
		Generated due to business combination		Disposal		
Dalitek		45,133,442.04				45,133,442.04
Total		45,133,442.04				45,133,442.04

### (2). Impairment allowances for goodwill

Applicable Not applicable

### (3). Information on the asset group or combination of asset groups to which goodwill is apportioned

Applicable Not applicable

Composition of the asset group or combination of asset groups	Dalitek assets group
Carrying value of this assets group or combination of assets groups	39,853,583.71
Carrying value of goodwill apportioned to this asset group or combination of asset groups	64,476,345.77 [Note]
Carrying value of this asset group or combination of asset groups including goodwill	104,329,929.48
Is this asset group or combination of asset groups consistent with that at the time it was purchased and that in the prior year goodwill impairment tests?	Yes

### (4). Describe the goodwill depreciation testing process, key parameters (e.g., expect growth rate during the forecast period when the present value of future cash flows, growth rate during the stabilisation period, profit margin, discount rate, forecast period, etc., if applicable) and the method of recognizing impairment losses of goodwill

Applicable Not applicable

1) The recoverable amount of the asset group is calculated based on the present value of the projected cash flow in the future, which is on the basis of the Company's approved detailed cash flow projections for the 5-year forecast period, with a discount rate of 11.76%. The Company expects its cash flows to remain stable beyond the five-year period, with cash flows beyond the detailed projection period remaining consistent with those of 2027.

According to the test, the recoverable amount of asset group containing goodwill is RMB108.8546 million, which is higher than the difference of the carrying value of the asset group or combination of asset groups containing goodwill by RMB4.5247 million. Therefore, no impairment loss on goodwill was recognised at the end of the period.

Other key data used in the impairment test include the expected selling price of the product, sales volume, production costs and other related expenses. The company determines the above key data based on historical experience and forecasts of market developments. The discount rate adopted by the

Company is a pre-tax rate that reflects the current market time value of money and the risks specific to the related asset group.

2) Completion of performance commitments and the impact on goodwill impairment testing

Due to the impact of the pandemic, the business development of Dalitek was restricted and its operating revenue of RMB53.136 million in 2022 was lower than the committed amount of RMB79.6752 million, and the performance commitment for the year was not fulfilled.

The current goodwill impairment is a projection based on the audited operating results of Dalitek in the year 2022. Failure to meet the performance commitments for the year has no impact on the goodwill impairment test.

**(5). Impact of goodwill impairment tests**

Applicable Not applicable

Other notes

Applicable Not applicable

**29. Long-term prepaid expense**

Applicable Not applicable

Unit: RMB

Item	Opening balance	Increase in the current period	Increase amount through consolidation	Amortisation in the current period	Other decreases	Closing balance
2020 Special Talent Shareholding Plan	17,750,835.99	8,033,477.00		6,611,860.38		19,172,452.61
Payment for fixtures			2,586,173.25	1,394,395.08		1,191,778.17
Total	17,750,835.99	8,033,477.00	2,586,173.25	8,006,255.46		20,364,230.78

Other notes:

For details of the 2020 Special Talent Shareholding Plan, please refer to “5. Other information” under “XIII Share-based Payments” of “Part X Financial Statements” herein.

**30. Deferred income tax assets/Deferred income tax liabilities**

**(1). Deferred income tax assets before offsetting**

Applicable Not applicable

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax Assets	Deductible temporary differences	Deferred income tax Assets
Unrealised profit of internal transactions	252,930,292.22	62,732,294.01	131,943,914.81	32,868,900.61
Discount on sale accrued in advance	215,847,304.76	53,961,826.18	285,699,608.15	71,424,902.04
Restricted share Incentive Plan	75,629,104.14	12,895,430.16	40,618,629.47	6,833,658.60
Deferred income	53,820,328.00	8,073,049.20		
Bad debt provision of accounts receivable	12,807,769.56	2,837,063.79	11,005,073.06	2,741,024.17
Shrinkage reserves for inventories	11,405,652.18	2,113,928.17	9,387,709.01	1,686,199.27
2020 Special Talent Shareholding Plan	5,153,783.46	865,523.02	5,569,298.01	901,685.09

Total	627,594,234.32	143,479,114.53	484,224,232.51	116,456,369.78
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**(2). Deferred income tax liabilities before offsetting**

√Applicable □Not applicable

Unit: RMB

Item	Closing balance		Opening balance	
	Taxable temporary differences	Deferred income tax Liabilities	Taxable temporary differences	Deferred income tax Liabilities
Depreciation policy on fixed assets subject to tax variances	340,139,021.71	54,854,169.49	309,268,738.92	50,024,829.68
Gain and loss of hedge instrument included in the other comprehensive income	5,817,762.23	1,454,440.56	1,021,158.47	255,289.62
Total	345,956,783.94	56,308,610.05	310,289,897.39	50,280,119.30

**(3). Deferred income tax assets or liabilities listed in net amount after offset**

□Applicable √Not applicable

**(4). Schedule of deferred income tax assets unrecognised**

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary differences	88,836,167.52	43,819,750.48
Deductible losses	37,516,651.15	46,483,443.12
Total	126,352,818.67	90,303,193.60

**(5). Deductible losses on which deferred income tax assets were unrecognised will expire in the following years**

√Applicable □Not applicable

Unit: RMB

Year	Closing balance	Opening balance	Remark
2025		11,515,440.62	
2026	5,998,535.59	34,968,002.50	
2027	31,518,115.56		
Total	37,516,651.15	46,483,443.12	/

Other notes:

□Applicable √Not applicable

**31. Other non-current assets**

√Applicable □Not applicable

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Impairment allowances	Carrying amount	Carrying balance	Impairment allowances	Carrying amount
Contract acquisition costs						
Contract performance costs						

Refund costs receivable						
Contract assets						
Prepayment for equipment acquisition	57,186,173.77		57,186,173.77	21,722,939.50		21,722,939.50
2020 Special Talent Shareholding Plan	19,321,842.00		19,321,842.00	27,355,319.00		27,355,319.00
Prepayment for investment				26,990,656.00		26,990,656.00
Total	76,508,015.77		76,508,015.77	76,068,914.50		76,068,914.50

Other notes:  
None.

### 32. Short-term borrowings

#### (1). Category of short-term borrowings

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Borrowings secured by pledge		
Borrowings secured by collateral		
Borrowings secured by guarantee	4,000,000.00	
Credit loan	840,000,000.00	500,000,000.00
Interest payable on short-term borrowings	1,374,749.03	430,555.55
Total	845,374,749.03	500,430,555.55

Notes of the category for short-term borrowings:

Note: Zhang Wenying, a minority shareholder of Dalitek, and her spouse, Zhou Yun, provided guarantee for the loan to Dalitek.

#### (2). Short-term borrowings overdue but not returned

Applicable Not applicable

Of which: The status of significant overdue short-term borrowings that are not repaid is as follows:

Applicable Not applicable

Other notes

Applicable Not applicable

### 33. Held-for-trading financial liabilities

Applicable Not applicable

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Held-for-trading financial liabilities		27,300,000.00	9,100,000.00	18,200,000.00
Of which:				
Investment payables		27,300,000.00	9,100,000.00	18,200,000.00
Financial liabilities measured at fair value through profit and				



loss for the current period				
Of which:				
Total		27,300,000.00	9,100,000.00	18,200,000.00

Other notes:

Applicable Not applicable

For details of the investment payables, please refer to “1. Business combinations involving entities not under the common control” under “VIII Changes to the Consolidation Scope” of “Part X Financial Statements”.

#### 34. Derivative financial liabilities

Applicable Not applicable

#### 35. Notes payable

##### (1). List of notes payable

Applicable Not applicable

Unit: RMB

Type	Closing balance	Opening balance
Trade acceptance notes		
Bank acceptance notes		2,333,774.75
Total		2,333,774.75

Total amount of notes payable which became matured but unpaid at the end of the current period is RMB0.00.

#### 36. Accounts payable

##### (1). Breakdown of accounts payable

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Payment for goods	1,506,053,347.86	1,580,297,065.42
Engineering equipment	87,123,159.57	69,316,617.33
Payment for expense	50,485,456.10	52,072,881.39
Total	1,643,661,963.53	1,701,686,564.14

##### (2). Substantial accounts payable that are over 1 year

Applicable Not applicable

Other notes

Applicable Not applicable

#### 37. Advances from customers

##### (1). Breakdown of advances from customers

Applicable Not applicable

##### (2). Significant advances from customers aged over 1 year

Applicable Not applicable

Other notes

Applicable Not applicable

#### 38. Contract liabilities

##### (1). Details of contract liabilities

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Advance receipt of payment for goods	431,654,611.71	437,999,921.93
Total	431,654,611.71	437,999,921.93

**(2). Significant changes in the amount of carrying value and the reason in the Reporting Period**

□Applicable√Not applicable

Other notes:

□Applicable√Not applicable

**39. Employee benefits payable****(1). Breakdown of employee benefits payable**

√Applicable□Not applicable

Unit: RMB

Item	Opening balance	Increase in the current period	Increase through consolidation	Decrease in the current period	Closing balance
I. Short-term Benefits	271,307,479.92	1,835,393,373.35	3,588,183.40	1,783,678,472.30	326,610,564.37
II. After-service Benefits-defined Contribution Schemes	8,155,992.51	112,420,655.50	163,189.93	112,325,743.30	8,414,094.64
III. Severance Benefits		7,295,211.88		7,227,711.88	67,500.00
IV. Other Benefits that are due within 1 year					
Total	279,463,472.43	1,955,109,240.73	3,751,373.33	1,903,231,927.48	335,092,159.01

**(2). Breakdown of short-term benefits**

√Applicable□Not applicable

Unit: RMB

Item	Opening balance	Increase in the current period	Increase through consolidation	Decrease in the current period	Closing balance
I. Salaries, Bonuses, Allowances and Subsidies	265,991,374.61	1,643,543,719.39	3,397,504.18	1,592,175,792.41	320,756,805.77
II. Staff welfare		58,214,632.72		58,214,632.72	
III. Social Insurance Premiums	5,183,398.31	59,915,305.96	107,639.33	59,470,100.95	5,736,242.65
Of which: Medical insurance premiums	4,818,852.08	55,950,293.65	103,704.86	55,541,039.48	5,331,811.11
Work-related injury insurance premiums	364,546.23	3,965,012.31	3,934.47	3,929,061.47	404,431.54
Maternity insurance					
IV. Housing Allowance	132,707.00	52,377,114.54	71,373.09	52,463,678.68	117,515.95
V. Labour Union Expense and Employee Education Budget		21,342,600.74	11,666.80	21,354,267.54	

VI. Short-term Paid Absence					
VII. Short-term Profit Sharing Plan					
Total	271,307,479.92	1,835,393,373.35	3,588,183.40	1,783,678,472.30	326,610,564.37

**(3). List of defined contribution plan**

√Applicable □Not applicable

Unit: RMB

Item	Opening balance	Increase in the current period	Increase through consolidation	Decrease in the current period	Closing balance
1. Basic pension insurance	7,877,141.07	108,108,662.80	158,244.56	108,018,315.26	8,125,733.17
2. Unemployment insurance premiums	278,851.44	4,311,992.70	4,945.37	4,307,428.04	288,361.47
3. Supplementary pension payment					
Total	8,155,992.51	112,420,655.50	163,189.93	112,325,743.30	8,414,094.64

Other notes:

□Applicable √Not applicable

**40. Taxes and levies payable**

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Enterprise income tax	203,734,037.13	305,914,943.40
VAT	58,417,765.49	195,348,236.75
Real estate tax	10,551,939.19	10,692,552.05
Stamp duty	8,636,239.12	877,508.40
Land use tax	4,827,210.48	4,695,105.35
Personal income tax	4,800,514.20	4,038,032.19
Urban construction and maintenance tax	3,173,319.78	5,836,578.13
Disability allowance	3,103,966.10	1,695,195.50
Educational surcharges	1,838,024.51	2,387,890.63
Local educational fee	1,225,349.64	1,591,927.11
Total	300,308,365.64	533,077,969.51

Other notes:

None.

**41. Other payables****Breakdown**

√Applicable □Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Interest payable		
Dividends payable		
Other payables		
Discount on sale accrued in advance	215,847,304.76	285,699,608.15
Obligations of restricted stock repurchase within one year	94,791,611.30	34,586,352.50

Guaranteed deposit	90,292,099.16	61,020,316.08
Accrued expenses	44,520,261.35	46,433,533.02
Temporary receipts and advances payable	962,594.28	3,073,950.35
Total	446,413,870.85	430,813,760.10

Other notes:

Applicable Not applicable

#### Interest payable

(1). List by category

Applicable Not applicable

#### Dividends payable

(2) List by category

Applicable Not applicable

#### Other payables

(1). Other payables listed by nature of account

Applicable Not applicable

(2). Other significant payables aging over one year

Applicable Not applicable

Other notes:

Applicable Not applicable

#### 42. Liabilities directly associated with assets held for sale

Applicable Not applicable

#### 43. Current portion of non-current liabilities

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Current portion of long-term borrowings		660,000,000.00
Current portion of long-term borrowings - interest payable		686,888.90
Current portion of bonds payable		
Current portion of long-term payables		
Lease obligation matured within 1 Year	8,798,658.13	13,225,048.63
Total	8,798,658.13	673,911,937.53

Other notes:

None.

#### 44. Other current liabilities

Other current liabilities

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Short-term bond payable		
Refunds payable		
Output VAT to be charged off	56,140,971.75	56,939,989.86
Total	56,140,971.75	56,939,989.86

Increase/decrease of the short-term bonds payable:

Applicable Not applicable

Other notes:

Applicable Not applicable

#### 45. Long-term borrowings

##### (1). Category of long-term borrowings

Applicable Not applicable

Other notes, including interest rate range:

Applicable Not applicable

#### 46. Bonds payable

##### (1). Bonds payable

Applicable Not applicable

##### (2). Changes of bonds payable: (excluding other financial instruments divided as financial liabilities such as preferred shares and perpetual bonds)

Applicable Not applicable

##### (3). Notes of the conditions for the conversion of convertible corporation bonds and the time of conversion

Applicable Not applicable

##### (4). Notes of other financial instruments classified as financial liabilities

Basic information about other outstanding financial instruments such as preferred shares and perpetual bonds at the period-end

Applicable Not applicable

Changes of outstanding financial instruments such as preferred shares and perpetual bonds at the period-end

Applicable Not applicable

Notes of basis for the classification of other financial instruments as financial liabilities:

Applicable Not applicable

Other notes:

Applicable Not applicable

#### 47. Lease liabilities

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
The amount of the lease payment that has not yet been made	4,668,943.91	5,208,552.97
Minus: Unrecognised financing expenses	124,324.69	118,715.58
Total	4,544,619.22	5,089,837.39

Other notes:

None.

#### 48. Long-term payables

##### Breakdown

Applicable Not applicable

Other notes:

Applicable Not applicable

**Long-term payables****(1). Long-term payables listed by nature**

□Applicable√Not applicable

**Specific payables****(2) Special payables listed by nature of payments**

□Applicable√Not applicable

**49. Long-term employee benefits payable**

□Applicable√Not applicable

**50. Provisions**

□Applicable√Not applicable

**51. Deferred income**

Deferred income

√Applicable □Not applicable

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Reason for Formation
Government grants		53,820,328.00		53,820,328.00	Related to assets
Total		53,820,328.00		53,820,328.00	/

Item involving government grants:

√Applicable□Not applicable

Unit: RMB

Item	Opening balance	Amount of newly subsidy for the current period	Amount recorded into non-operating income in the Current Period	Amount recorded into other income in the Current Period	Other changes	Closing balance	Related to assets/related income
Awards and subsidies for Longshan Leasing Market		53,820,328.00				53,820,328.00	Related to assets
		53,820,328.00				53,820,328.00	

Other notes:

√Applicable□Not applicable

Note: For details of government grants, please refer to “84. Government grants” under “VII Notes to the Consolidated Financial Statements” of “Part X Financial Statements” herein.

**52. Other non-current liabilities**

√Applicable□Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Contract liabilities		

Obligations of restricted stock repurchase for over one year	34,814,148.70	46,125,187.50
Total	34,814,148.70	46,125,187.50

Other notes:  
None.

### 53. Share capital

Applicable Not applicable

Unit: RMB

	Opening balance	Increase/Decrease (+/-)					Closing balance
		Issuance New shares	Bonus shares	Provident fund Conversion of capital	Others	Subtotal	
Total shares	601,180,520				-102,930	-102,930	601,077,590

Other notes:

Due to the departure of employees participating in the restricted share incentive plan in the current period, the Company repurchased 102,930 shares of restricted shares, reducing share capital by RMB102,930.00 and capital reserves (share premium) by RMB7,413,649.30.

### 54. Other equity instruments

#### (1). Basic information about other outstanding financial instruments such as preferred shares and perpetual bonds at the period-end

Applicable Not applicable

#### (2). Changes of outstanding financial instruments such as preferred shares and perpetual bonds at the period-end

Applicable Not applicable

Changes of other equity instruments in the Current Period, reasons thereof and basis of related accounting treatment:

Applicable Not applicable

Other notes:

Applicable Not applicable

### 55. Capital reserves

Applicable Not applicable

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Capital premium (share premium)	3,756,383,873.79		127,989,881.86	3,628,393,991.93
Other capital reserves	157,684,414.77	77,469,476.84		235,153,891.61
Total	3,914,068,288.56	77,469,476.84	127,989,881.86	3,863,547,883.54

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

1) Decrease in capital premium (share premium): ① the actual repurchase amount of RMB120,576,232.56 borne by the Company due to the repurchase of shares under the 2022 Restricted Share Incentive Plan was charged to the capital premium (share premium), as described in “XIII Share-based Payments” in “Part X Financial Statements”; ② A decrease of RMB7,413,649.30 in the current period was due to the departure of employees participating in the restricted share incentive plan.

2) Increase in other capital reserves: Based on the performance appraisal conditions and service vesting period of the restricted shares, the Company recognised the share-based payment cost of RMB77,469,476.84, which was recorded in capital reserves (other capital reserves).

#### 56. Treasury stock

√Applicable □Not applicable

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Treasury stock	80,711,540.00	309,989,842.56	261,089,028.56	129,612,354.00
Total	80,711,540.00	309,989,842.56	261,089,028.56	129,612,354.00

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

1) Due to the implementation of the 2022 Restricted Share Incentive Plan, the Company repurchased stock from the secondary market, increasing the treasury stock by RMB215,286,334.56, granted restricted share incentives to awardees, reducing treasury stock by RMB215,279,740.56, and recognized the repurchase obligation on the aforesaid restricted shares, increasing treasury stock by RMB94,703,508.00. For further information, see “XIII Share-based Payments” under “Part X Financial Statements” herein.

2) The departure of awardees of the restricted share incentive plans in the current period resulted in a decrease in treasury stock worth RMB7,516,579.30; the partially unlocked shares under the 2020 and 2021 restricted share incentive plans in the current period caused a decrease in treasury stock worth RMB33,467,436.70; and the dividend for the current period includes locked-up restricted share incentives and the cash dividend is revocable, resulting in a decrease in treasury stock worth RMB4,825,272.00.



**57. Other comprehensive income**

√Applicable □Not applicable

Unit: RMB

Item	Period-beginning balance	2022						Period-end balance
		Amount before deducting income tax for the current period	Less: recorded in other comprehensive income in prior period and transferred in profit or loss in the current period	Less: recorded in other comprehensive income in prior period and transferred in retained earnings in the current period	Less: Income tax expense	Attributable to the Company as the parent after tax	Attributable minority shareholders after tax	
I. Other Comprehensive Income that may not be Reclassified to Profit or Loss								
Of which: The changes of re-measurement of the defined benefit pension plan								
Other comprehensive income that will not be reclassified to profit or loss under the equity method								
Changes in the fair value of other equity investments								
Changes in the fair value arising from changes in own credit risk								
II. Other Comprehensive Income that may Subsequently be Reclassified to Profit or Loss	7,537,390.37	-4,208,833.60			-1,060,970.18	-3,147,863.42		4,389,526.95
Of which: Other								

comprehensive income that will be reclassified to profit or loss under the equity method								
Changes in the fair value of other debt investments								
Other comprehensive income arising from the reclassification of financial assets								
Credit impairment allowances for other debt investments								
Reserve for cash flow hedges	7,546,232.21	-4,243,880.72			-1,060,970.18	-3,182,910.54		4,363,321.67
Differences arising from the translation of foreign currency-denominated financial statements	-8,841.84	35,047.12				35,047.12		26,205.28
Total of other comprehensive income	7,537,390.37	-4,208,833.60			-1,060,970.18	-3,147,863.42		4,389,526.95

Other notes, including the adjustment of the effective gain/loss on cash flow hedges to the initial recognised amount:  
None.

**58. Specific reserve**

□Applicable√Not applicable

**59. Surplus reserves**

√Applicable□Not applicable

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
Statutory surplus reserves	302,797,998.73			302,797,998.73
Discretionary surplus reserves				
General reserves				
Enterprise expansion fund				
Others				
Total	302,797,998.73			302,797,998.73

Notes, including changes and reason of change:

None.

**60. Retained earnings**

√Applicable□Not applicable

Unit: RMB

Item	2022	2021
Beginning balance of retained profits before adjustments		
Adjust the total amount of undistributed profits at the beginning of the year (increase +, decrease -)		
Beginning balance of retained profits after adjustments	6,010,878,918.97	4,431,669,986.31
Add: Net profit attributable to owners of the Company as the parent	3,188,619,359.56	2,780,360,732.66
Less: Withdrawal of statutory surplus reserve		
Withdrawal of discretionary surplus reserves		
Appropriated to general reserve		
Dividends of common shares payable	1,442,833,248.00	1,201,151,800.00
Dividends on common stock transferred to equity		
Ending retained profits	7,756,665,030.53	6,010,878,918.97

List of adjustment of beginning retained profits:

1. RMB0.00 beginning retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
2. RMB0.00 beginning retained profits was affected by changes in accounting policies.
3. RMB0.00 beginning retained profits was affected by correction of significant accounting errors.
4. RMB0.00 beginning retained profits was affected by changes in combination scope arising from same control.
5. RMB0.00 beginning retained profits was affected totally by other adjustments.

**61. Revenue and cost of sales****(1). Operating revenue and cost of sales**

√Applicable□Not applicable

Unit: RMB

Item	2022		2021	
	Income	Cost	Income	Cost
Principal business	14,052,771,512.23	8,716,930,704.54	12,336,870,690.29	7,790,762,754.47
Other businesses	28,601,518.71	13,151,880.54	48,045,647.22	17,777,912.37
Total	14,081,373,030.94	8,730,082,585.08	12,384,916,337.51	7,808,540,666.84
Of which: Revenue generated by contracts with customers	14,080,683,516.01	8,729,867,530.13	12,383,778,964.63	7,808,260,223.58

**(2). Status of contract revenue**Applicable Not applicable

Details of contract revenue:

Applicable Not applicable**(3). Details of obligation for contract performance**Applicable Not applicable**(4). Notes of the allocation to the remaining obligations for contract performance**Applicable Not applicable

Other notes:

None.

**62. Taxes and levies**Applicable Not applicable

Unit: RMB

Item	2022	2021
Urban maintenance and construction tax	43,535,121.72	31,545,703.77
Educational surcharges	24,378,077.48	17,945,609.53
Local education surcharge	16,252,051.57	12,118,900.15
Real estate tax	10,331,309.05	10,754,950.02
Stamp duty	16,430,918.58	5,560,108.84
Land use tax	4,770,521.69	4,791,701.11
Vehicle and vessel usage tax	44,403.17	53,029.46
Environment protection tax	15,656.64	15,293.6
Total	115,758,059.90	82,785,296.48

Other notes:

None.

**63. Selling expense**Applicable Not applicable

Unit: RMB

Item	2022	2021
Employee remuneration	325,364,319.34	261,647,749.30
Marketing expense	299,723,604.19	217,339,450.58
Advertising expense	77,484,221.03	5,339,637.47

Travel expense	43,297,989.40	34,695,865.40
Administrative expense	36,290,184.82	32,909,137.36
Lease rental	9,778,151.66	1,976,612.98
Others	8,449,188.97	6,278,549.71
Total	800,387,659.41	560,187,002.80

Other notes:

None.

#### 64. Administrative expense

Applicable Not applicable

Unit: RMB

Item	2022	2021
Employee remuneration	256,350,627.82	214,964,233.06
Restricted share incentive	77,469,476.84	41,090,453.82
Depreciation and amortisation	52,172,006.88	43,934,085.95
Administrative expense	45,742,988.76	56,125,085.23
House and equipment maintenance expense	21,657,342.01	26,859,235.14
Consultant service expense	16,904,014.09	20,597,126.42
Lease rental	9,285,328.92	2,455,152.98
Entertainment expense	5,668,555.03	5,788,268.11
Expense on 2020 special talent plan	6,611,860.38	6,701,548.01
Tax	3,082,509.25	2,864,245.72
Others	5,651,663.90	6,236,122.53
Total	500,596,373.88	427,615,556.97

Other notes:

None.

#### 65. R&D expense

Applicable Not applicable

Unit: RMB

Item	2022	2021
R&D of converters	249,597,370.31	204,811,830.81
R&D of wall switches and sockets	154,925,908.04	141,889,975.17
R&D of LED	67,196,736.33	53,911,159.57
R&D of digital accessories	51,413,278.02	41,413,616.82
R&D of household appliances	25,044,926.07	17,154,346.37
R&D of circuit breakers	15,897,548.30	11,834,088.08
R&D of smart door locks	12,858,419.10	
R&D of smart lighting	11,361,893.94	
Total	588,296,080.11	471,015,016.82

Other notes:

None.

#### 66. Finance costs

Applicable Not applicable

Unit: RMB

Item	2022	2021
Interest costs	35,925,352.09	39,763,491.76
Interest income	-137,795,215.87	-128,887,165.64
Exchange profit and loss	-6,216,803.18	1,365,206.44
Auxiliary expense	812,258.47	1,194,046.81
Cash discount	-718,892.47	-1,277,860.69

Total	-107,993,300.96	-87,842,281.32
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Other notes:  
None.

### 67. Other income

Applicable Not applicable

Unit: RMB

Item	2022	2021	Amount recorded in non-recurring profit or loss in the Current Period
Government grants related to income [Note]	130,991,587.24	388,196,973.94	130,991,587.24
Employment VAT reduction or exemption for veterans and key groups	236,650.00	416,950.00	
Return of auxiliary expense for individual income tax withheld	1,712,485.52	2,322,217.53	1,712,485.52
Total	132,940,722.76	390,936,141.47	132,704,072.76

Other notes:

[Note] For details of government grants included in other income, please refer to “84. Government grants” under “VII Notes to the Consolidated Financial Statements” of “Part X Financial Statements” herein.

### 68. Investment income

Applicable Not applicable

Unit: RMB

Item	2022	2021
Long-term equity investment income accounted by equity method		
Investment income from disposal of long-term equity investment		
Investment income from holding of held-for-trading financial asset		
Dividend income of other equity investments gained for the holding period		
Interest income earned on investment in debt obligations during the holding period		
Interest income earned on other investment in debt obligations during the holding period		
Investment income from disposal of held-for-trading financial asset		
Investment income from disposal of other equity instruments		
Investment income from disposal of investment in debt obligations		

Investment income from disposal of other investment in debt obligations		
Earnings of debt restructuring		
Investment income from bank wealth management products	279,374,491.92	171,623,256.63
Investment income from disposal of financial instruments	-7,385,680.00	11,107,836.63
Of which: Investment in futures	-7,385,680.00	11,107,836.63
Interest income from calling money		7,294,215.55
Total	271,988,811.92	190,025,308.81

Other notes:

None.

#### 69. Net gain on exposure hedges

Applicable Not applicable

#### 70. Income from changes in fair value

Applicable Not applicable

#### 71. Credit impairment loss

Applicable Not applicable

Unit: RMB

Item	2022	2021
Loss on bad debts of notes receivable		
Bad debt loss of accounts receivable		
Bad debt loss of other receivables		
Impairment loss on investment in debt obligations		
Impairment loss on other investment in debt obligations		
Bad debt loss of long-term receivables		
Contractual Asset Impairment Loss		
Bad debt loss	-30,470,523.21	-24,746,561.94
Total	-30,470,523.21	-24,746,561.94

Other notes:

None.

#### 72. Asset impairment loss

Applicable Not applicable

Unit: RMB

Item	2022	2021
I. Bad Debt Loss		
II. Inventory shrinkage loss and impairment provision for contract performance costs	-11,504,455.94	-7,512,895.82
III. Impairment Loss on Long-term Equity Investment		
IV. Impairment Loss on Investment Property		
V. Impairment loss on fixed assets		-8,744,227.44
VI. Depreciation Loss of Engineering Materials		
VII. Impairment Losses on Construction in Progress		

VIII. Impairment Losses on Productive Living Assets		
IX. Impairment Losses of Oil & Gas Assets		
X. Impairment Losses on Intangible Assets		
XI. Impairment losses on Goodwill		
XII. Miscellaneous		
Total	-11,504,455.94	-16,257,123.26

Other notes:

None.

### 73. Gains on disposal of assets

Applicable Not applicable

Unit: RMB

Item	2022	2021	Non-recurring amount in the Current Period
Gains on disposal of fixed assets	-3,139,686.69	-11,308,464.89	-3,139,686.69
Total	-3,139,686.69	-11,308,464.89	-3,139,686.69

Other notes:

None.

### 74. Non-operating revenue

Non-operating Income

Applicable Not applicable

Unit: RMB

Item	2022	2021	Amount recorded in the current non-recurring profit or loss
Gains from disposal of non-current assets			
Of which: Gains from fixed assets disposal			
Gains from disposal of intangible assets			
Gains on exchange of non-monetary assets			
Donation accepted			
Government grants			
Damages for infringement and contract breaching	2,952,203.08	2,254,500.38	2,952,203.08
Default revenue of suppliers	498,535.51	931,382.02	498,535.51
Default revenue of dealers	17,277.64	362,538.90	17,277.64
Payment not required to be made	12,773.55	701,484.58	12,773.55
Others	303,573.54	103,363.88	303,573.54
Total	3,784,363.32	4,353,269.76	3,784,363.32

Government grants recorded in profit or loss for the current period

Applicable Not applicable



Other notes:

Applicable Not applicable**75. Non-operating expenses**Applicable Not applicable

Unit: RMB

Item	2022	2021	Amount recorded in the current non-recurring profit or loss
Gains from disposal of non-current assets	841,203.58	1,593,839.71	841,222.69
Of which: Loss caused by disposal of fixed assets			
Loss caused by disposal of intangible assets			
Loss caused by exchange of non-monetary assets			
Donation	62,500,296.94	32,185,534.91	62,500,296.94
Compensation expense		2,025,121.90	
Fines expenditure		294,810,000.00	
Others	47,161.99	43,227.39	47,161.99
Total	63,388,662.51	330,657,723.91	63,388,681.62

Other notes:

Details of donations:

Item	Amount of Current Period	Same period of last year
Cixi General Institution of Charity	56,275,000.00	7,402,000.00
Red Cross Society of China Cixi Branch	4,688,737.42	
Shanghai Charity Foundation	1,000,000.00	11,583,534.91
Peking University Education Foundation		10,000,000.00
Red Cross Society of China Ningbo Branch		2,000,000.00
Sichuan Province Leshan Normal University Education Development Foundation		1,000,000.00
Other petty donations	536,559.52	200,000.00
Subtotal	62,500,296.94	32,185,534.91

**76. Income tax expense****(1). Income tax expense**Applicable Not applicable

Unit: RMB

Item	2022	2021
Current income tax expense	589,710,229.89	582,281,936.16
Deferred income tax expense	-20,714,816.96	-37,682,743.86
Total	568,995,412.93	544,599,192.30

**(2). Adjustment process of accounting profit and income tax expense**Applicable Not applicable

Unit: RMB

Item	2022
Total profit	3,754,456,143.17

Income tax expense calculated at the parent company's applicable tax rate	563,168,421.48
Influence of applying different tax rates by subsidiaries	87,944,503.29
Influence of income tax before adjustment	237,402.68
Influence of non-taxable income	
Influence of non-deductible costs, expenses and losses	793,597.28
The effect of using deductible losses of deferred income tax assets that have not been recognised in the previous period	-10,088,778.03
Effect of deductible temporary differences or deductible losses on deferred income tax assets not recognised in the current period	13,289,743.03
Influence of R&D and deductions	-77,819,239.95
Fourth quarter add-on deduction	-8,530,236.85
Income tax expense	568,995,412.93

Other notes:

Applicable Not applicable

#### 77. Other comprehensive income

Applicable Not applicable

For details of other comprehensive income after tax, please refer to "57. Other comprehensive income" under "VII Notes to the Consolidated Financial Statements" of "Part X Financial Statements" herein.

#### 78. Cash flow statement items

##### (1). Other cash received from business activities

Applicable Not applicable

Unit: RMB

Item	2022	2021
Income from government subsidy	184,811,915.24	390,519,191.47
Deposit received	94,815,279.98	46,881,551.84
Interest income	76,560,589.37	82,233,607.43
Return of housing loan for employees	8,172,679.13	2,447,354.41
Others	5,675,054.71	3,344,812.08
Total	370,035,518.43	525,426,517.23

Notes:

None.

##### (2). Cash payments related to other operating activities

Applicable Not applicable

Unit: RMB

Item	2022	2021
Out-of-pocket expense	982,834,528.81	705,132,660.86
Fine payment		294,810,000.00
Deposit payment	58,237,557.33	173,494,360.86
Donation expenditure	62,500,296.94	32,185,534.91
Housing loan for employees	3,821,203.62	4,840,000.00
Others	4,072,643.97	3,264,696.97
Total	1,111,466,230.67	1,213,727,253.60

Notes:

None.

**(3). Other cash received from investment activities**

√Applicable □Not applicable

Unit: RMB

Item	2022	2021
Redemption of investments such as bank wealth management	9,314,400,000.00	11,033,100,000.00
Return of futures margin	298,315,309.31	241,233,253.72
Received interest on call money	1,000,000.00	7,200,000.00
Total	9,613,715,309.31	11,281,533,253.72

Notes:

None.

**(4). Other cash paid for investment activities**

√Applicable □Not applicable

Unit: RMB

Item	2022	2021
Investment expenditure such as bank wealth management	10,321,800,000.00	12,413,600,000.00
Payment for futures margin	293,700,000.00	180,500,000.00
Payment for equity transfer		26,990,656.00
Total	10,615,500,000.00	12,621,090,656.00

Notes:

None.

**(5). Other cash received from funding activities**

□Applicable √Not applicable

**(6). Other cash paid for funding activities**

√Applicable □Not applicable

Unit: RMB

Item	2022	2021
Repurchase of share incentive	222,802,913.86	7,808,216.40
Repayment of lease liabilities	13,844,786.80	12,579,833.83
Total	236,647,700.66	20,388,050.23

Notes:

None.

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

√Applicable □Not applicable

Unit: RMB

Supplemental information	Amount during the current period	Previous period
<b>1. Reconciliation of net profit to net cash flows generated from operating activities</b>		
Net profit	3,185,460,730.24	2,780,360,732.66
Add: Provision for impairment of credit	30,470,523.21	24,746,561.94
Asset impairment loss	11,504,455.94	16,257,123.26
Depreciation of fixed assets, oil and gas assets, and productive living assets	222,420,678.01	206,424,241.17

Amortisation of right-of-use assets	14,110,005.67	11,244,984.87
Amortisation of intangible assets	20,494,628.97	16,458,214.68
Amortisation of long-term prepaid expenses	8,006,255.46	6,701,548.01
Losses from disposal of fixed assets, intangible assets and other long-lived assets (gains represented by “-”)	3,139,686.69	11,308,464.89
Losses from scrap of fixed assets (gains represented by “-”)	841,203.58	1,593,839.71
Losses from changes in fair value (gains represented by “-”)		
Finance costs (gains represented by “-”)	-30,687,370.90	41,128,698.20
Investment loss (gains represented by “-”)	-271,988,811.92	-190,025,308.81
Decrease in deferred income tax assets (gains represented by “-”)	-27,022,744.75	-49,553,192.50
Increase in deferred income tax liabilities (decrease represented by “-”)	6,028,490.75	11,870,448.64
Decrease in inventory (gains represented by “-”)	100,544,363.75	-596,259,958.11
Decrease in accounts receivable generated from operating activities (gains represented by “-”)	-72,562,204.17	-190,636,989.81
Increase in accounts payable used in operating activities (decrease represented by “-”)	-220,315,149.21	869,359,175.52
Others	77,469,476.84	43,348,156.82
Net cash generated from/used in operating activities	3,057,914,218.16	3,014,326,741.14
<b>2. Significant investing and financing activities without involvement of cash receipts and payments</b>		
Conversion of debt to capital		
Convertible corporate bonds matured within one year		
Fixed asset under finance lease		
<b>3. Net increase/decrease of cash and cash equivalent:</b>		
Closing balance of cash	1,925,343,174.98	2,552,716,453.54
Less: Opening balance of cash	2,552,716,453.54	1,829,551,296.70
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-627,373,278.56	723,165,156.84

**(2). Net cash paid for the current period to acquire subsidiaries**
Applicable Not applicable

Unit: RMB

	Amount
Cash or cash equivalents paid in the current period for the business combination occurring in the current period	45,809,344.00
Of which: Dalitek	45,809,344.00
Less: cash and cash equivalents held by subsidiaries on the purchase date	26,701,851.91
Of which: Dalitek	26,701,851.91

Add: Payments of cash and cash equivalents made in current period due to business combinations incurred in previous periods	
Net cash paid for acquisition of subsidiaries	19,107,492.09

Other notes:

None.

**(3). Net cash received for the disposal of subsidiaries for the current period**

Applicable Not applicable

**(4). Composition of cash and cash equivalents**

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	1,925,343,174.98	2,552,716,453.54
Of which: Cash on hand	34,167.84	
Bank deposits on demand	1,890,294,692.17	2,500,383,599.91
Other monetary assets on demand	35,014,314.97	52,332,853.63
Due from central banks that can be used for payment		
Due from banks and other financial institutions		
Interbank withdrawal		
II. Cash Equivalents		
Of which: Investment in bonds due within three months		
III. Ending balance of cash and cash equivalents	1,925,343,174.98	2,552,716,453.54
Of which: Cash and cash equivalents with restricted use by the Company as the parent or subsidiaries within the Group		

Other notes:

Applicable Not applicable

Supplemental information for cash flow statement

As at 31 December 2022, the balance of monetary assets was RMB4,611,966,169.54, the balance of cash and cash equivalents was RMB1,925,343,174.98, the difference was RMB2,686,622,994.56, which was the futures margins of RMB13,774,515.95 not belonging to cash and cash equivalents, the cash deposits for L/G was RMB7,141,771.63, and the fixed deposit of RMB2,545,000,000.00 and the interest of RMB120,706,706.98 that cannot be withdrawn at any time.

As at 31 December 2021, the balance of monetary assets was RMB4,377,228,556.74, the balance of cash and cash equivalents was RMB2,552,716,453.54, the difference was RMB1,824,512,103.20, which was the futures margins of RMB25,988,465.80 not belonging to cash and cash equivalents, the cash deposits for L/G was RMB6,654,782.17, and the bill deposits was RMB2,333,774.75. The third party pays the platform deposit of RMB63,000.00, and the fixed deposit of RMB1,730,000,000 and the interest of RMB59,472,080.48 that cannot be withdrawn at any time.

**80. Notes to items of the statements of changes in owners' equity**

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

Applicable Not applicable

**81. Assets with restricted ownership or right to use**

√Applicable □Not applicable

Unit: RMB

Item	Ending carrying amount	Reason for Restriction
Monetary assets	20,916,287.58	Deposits that cannot be withdrawn at any time
Notes receivable		
Inventories		
Fixed assets		
Intangible assets		
Total	20,916,287.58	/

Other notes:

None.

**82. Foreign currency monetary items****(1). Foreign currency monetary items**

√Applicable □Not applicable

Unit: RMB

Item	Closing foreign currency balance	Exchange rate	Closing balance converted to RMB balance
Monetary assets	-	-	1,500,906.06
Of which: USD	205,639.39	6.9646	1,432,196.10
EUR	5,970.43	7.4229	44,317.90
CAD	4,212.75	5.1385	21,647.22
HKD	3,072.80	0.8933	2,744.84
Accounts receivable	-	-	33,989,427.41
Of which: USD	4,880,312.93	6.9646	33,989,427.41
EUR			
HKD			
Long-term borrowings	-	-	
Of which: USD			
EUR			
HKD			

Other notes:

None.

**(2). Notes to overseas operating entities, including: For important overseas operating entities, their main overseas business location, bookkeeping base currency and basis for selection should be disclosed, and the reasons for changes in the bookkeeping base currency should also be disclosed**

√Applicable □Not applicable

As Bull HK was established and carries out its operating activities in Hong Kong, its bookkeeping base currency is HKD.

**83. Hedge**

√Applicable □Not applicable

The hedge items, related hedge instruments, and qualitative and quantitative information about hedged risks are disclosed by hedging category:

The Company used commodity future contracts to hedge the Company's exposure to raw material price risks. The future contracts used by the Company are mainly the cathode copper future standard contracts of the Shanghai Futures Exchange and the polypropylene standard contracts of the Dalian Commodity Exchange.

Hedged items	Expected bulk-purchase of raw materials such as copper and plastic particles
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Hedge instruments	Commodity future contracts
Hedging method	Commodity future purchase contracts locked in changes of price in expected raw materials bulk-purchase contract

The Company used commodity future contracts to hedge the expected bulk-purchase of raw materials of copper and plastic particles to avoid the risk of fluctuations in the expected future cash flows caused by the fluctuations in the market price of the above raw materials.

As at 31 December 2022, the pre-tax profit arising from the change in fair value of cash flow hedge instruments that has been included in other comprehensive income was RMB5,817,762.23.

#### 84. Government grants

##### (1). Basic information on government subsidy

Applicable Not applicable

Unit: RMB

Type	Amount	Listed items	Amount recorded in the current profit or loss
Financial aid in the first half of 2022	44,500,000.00	Other income	44,500,000.00
Financial aid from the Bureau of Finance of Ningbo Meishan Bonded Port Area	26,410,000.00	Other income	26,410,000.00
Financial aid cleared in 2021	21,930,000.00	Other income	21,930,000.00
2021 Ningbo award for Top 100 manufacturing companies	11,000,000.00	Other income	11,000,000.00
Industrial incentive from administrative committee of Zhejiang Cixi Binhai Economic Development Zone	5,608,000.00	Other income	5,608,000.00
Refund of unemployment insurance premiums from stabilizing job positions	3,933,289.18	Other income	3,933,289.18
2021 Ningbo city digital workshop upgrading project subsidy	3,800,000.00	Other income	3,800,000.00
Government support incentive from Qingpu district finance Bureau, Shanghai	2,556,600.00	Other income	2,556,600.00
2021 Cixi key sectors industrial internet platform pilot application project subsidy	1,591,200.00	Other income	1,591,200.00
2021 subsidy for M&A and restructuring projects of high quality enterprises in Ningbo	1,274,000.00	Other income	1,274,000.00
2022 rewards for recruiting	966,000.00	Other income	966,000.00
Industrial Economy Awards	715,100.00	Other income	715,100.00
2021 subsidy of integration application project of information technology and manufacturing industry	576,800.00	Other income	576,800.00
Support funds from Xinzhuang Industrial Zone	490,000.00	Other income	490,000.00
Award for integrated management system of informatisation and industrialisation and excellent industrial APPs in Cixi in 2021	420,000.00	Other income	420,000.00
Intellectual property strategy funding grant project (appearance design excellence award)	410,000.00	Other income	410,000.00
Refund of unemployment insurance premiums from stabilizing job positions	395,702.58	Other income	395,702.58
Rewards for enterprises that retained employees, hired talents, steadily developed and enhanced investment in the first quarter in 2022 in Ningbo	369,000.00	Other income	369,000.00
2021 annual science and technology innovation voucher use cashing-in grant	368,800.00	Other income	368,800.00
2021 Industrial Governance Project Incentive	300,000.00	Other income	300,000.00
2021 Ningbo award for green manufacturing	290,000.00	Other income	290,000.00

project (enterprises)			
Subsidy for export credit insurance provided by Cixi Municipal Bureau of Commerce	270,615.00	Other income	270,615.00
Service industry contribution award	263,520.30	Other income	263,520.30
The second batch of project-based support in Meilong Town in 2022	260,000.00	Other income	260,000.00
2021 Technical innovation project incentive	236,300.00	Other income	236,300.00
2021 Industrial design subsidy	214,100.00	Other income	214,100.00
Postdoctoral subsidy funding	200,000.00	Other income	200,000.00
Items to be supported of advanced manufacturing industry special project by Minhang District (some categories)	200,000.00	Other income	200,000.00
VAT deduction of enterprises recruiting key group personnel	192,400.00	Other income	192,400.00
One-time expansion grant	159,000.00	Other income	159,000.00
2021 introduction of scientific management model incentive	158,500.00	Other income	158,500.00
Incentive for trade and circulation enterprises to get bigger and stronger provided by Cixi Municipal Bureau of Commerce	150,000.00	Other income	150,000.00
Refund of unemployment insurance premiums from stabilizing job positions	121,529.16	Other income	121,529.16
2021 awards and subsidies for enterprise industrial control safety diagnosis and excellent protection products	118,800.00	Other income	118,800.00
2021 enterprise on cloud awards	100,000.00	Other income	100,000.00
Output value standard reward for manufacturing enterprises above designated size in Ningbo in the fourth quarter of 2021	100,000.00	Other income	100,000.00
Others	342,331.02	Other income	342,331.02
Subtotal	130,991,587.24		130,991,587.24

**(2). Return of government subsidy**

Applicable Not applicable

Other notes:

None.

**85. Others**

Applicable Not applicable

**VIII Changes in Consolidation Scope****1. Business combination not under common control**

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB

Name of acquiree	Time and place of gaining equity	Cost of gaining the equity	Proportion of equity (%)	Way to gain equity	Purchase date	Recognition basis of purchase date	Income of acquiree from the purchase date to period-end	Net profits of acquiree from the purchase date to period-end
Dalikteck	1 January 2022	91.00 million	70.00	Outsourcing	1 January 2022	Controlled	53,135,968.72	-10,978,504.44



Other notes:

On 18 August 2021, the Company signed the Equity Transfer Agreement with Dalitek and its shareholders Bridges Electronic Technology Co., Ltd., Shanghai Houqi Investment Centre (Limited Partnership) and natural person shareholders Pan Xiaobin and Zhang Wenying, agreeing that 70% of the equity interests of the Company held by the shareholders be transferred at the price of RMB91,000,000 (inclusive of contingent considerations). The agreement stipulates that the compound growth rate of the audited main business revenue of Dalitek for 2021-2023 over 2020 shall not be less than 20%, i.e. the committed revenue for 2021-2023 shall be RMB66.396 million, RMB79.6752 million and RMB95.6102 million respectively, and the main business revenue can be calculated cumulatively. If Dalitek reaches the performance commitment requirement, the Company shall pay the original shareholders of Dalitek a contingent consideration of RMB27.3 million, with a maximum of RMB9.1 million in 2022, a maximum of RMB18.2 million in 2022 and 2023 combined, and a maximum of RMB27.3 million in 2022, 2023 and 2024 combined.

The Company has paid for the equity transfer in two installments, including RMB26.9907 million in November 2021 and RMB36.7093 million in January 2022, which amounted to more than 50% of the total consideration for the equity transfer. Therefore, Dalitek has been included in the consolidated financial statements from 1 January 2022. RMB9.1 million of contingent consideration was paid in 2022 and the remaining consideration for the equity transfer (contingent consideration) of RMB18.2 million is unpaid.

## (2). Combination cost and goodwill

Applicable Not applicable

Unit: RMB

Combination cost	Dalitek
-Cash	63,700,000.00
-Fair value of non-cash assets	
-Fair value of debt issued or assumed	
-Fair value of equity securities issued	
-Fair value of contingent consideration	27,300,000.00
-Fair value of equity interests held before the purchase date	
--Other	
Total combination costs	91,000,000.00
Less: share in the fair value of identifiable net assets acquired	45,866,557.96
Goodwill	45,133,442.04

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

The Company uses the net assets of Dalitek on the acquisition date as the fair value.

The contingent consideration for the Company's acquisition of Dalitek was RMB27.3 million. Dalitek has completed the performance commitment in 2021, and the Company paid RMB9,100,000 for the performance commitment in 2021 on 2 September 2022. The audited revenue of Dalitek in 2022 was RMB53.136 million, which did not reach the performance commitment in 2022. Therefore, the Company does not need to pay the amount in relation to the performance commitment of Dalitek. If Dalitek's performance in 2023 can meet the cumulative target, the Company will pay the contingent consideration.

The main formation reason for the large goodwill:

None.

Other notes:

None.

## (3). The acquiree can identify the assets and liabilities on the date of purchase

Applicable Not applicable

Unit: RMB

	Dalitek	
	Fair value on purchase date	Carrying value on purchase date
Assets:	97,523,456.12	97,523,456.12
Monetary assets	26,701,851.91	26,701,851.91
Accounts receivable	22,606,150.89	22,606,150.89
Inventories	22,809,479.39	22,809,479.39
Fixed assets	885,848.31	885,848.31
Intangible assets	390,727.10	390,727.10
Held-for-trading financial assets	10,000,000.00	10,000,000.00
Receivables financing	886,500.00	886,500.00
Prepayments	1,396,516.07	1,396,516.07
Other receivables	843,244.24	843,244.24
Other current assets	2,612.50	2,612.50
Right-of-use assets	6,913,916.48	6,913,916.48
Long-term prepaid expense	2,586,173.25	2,586,173.25
Deferred income tax assets	1,478,587.98	1,478,587.98
Other non-current assets	21,848.00	21,848.00
Liabilities:	31,999,801.89	31,999,801.89
Borrowings	9,010,201.37	9,010,201.37
Accounts payable	8,376,364.12	8,376,364.12
Deferred income tax liabilities		
Contract liabilities	1,750,598.84	1,750,598.84
Employee benefits payable	3,751,373.33	3,751,373.33
Taxes and levies payable	1,540,092.96	1,540,092.96
Deferred income tax liabilities		
Other payables	168,126.42	168,126.42
Current portion of non-current liabilities	2,170,444.17	2,170,444.17
Other current liabilities	227,577.86	227,577.86
Lease liabilities	5,005,022.82	5,005,022.82
Net assets	65,523,654.23	65,523,654.23

Less: non-controlling interests		
Net assets acquired	65,523,654.23	65,523,654.23

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

The Company uses the audited net assets of Dalitek on the acquisition date as the fair value.

Contingent liability of acquiree undertaken in the business combination:

None.

Other notes:

None.

**(4). Gains or losses resulting from the remeasurement of equity held prior to the date of purchase at fair value**

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

Applicable Not applicable

**(5). Notes to reasonable consideration or fair value of identifiable assets and liabilities of the Acquiree that cannot be determined on the date of purchase or at the end of the merger**

Applicable Not applicable

**(6). Other notes**

Applicable Not applicable

**2. Adjustments for business combinations involving entities under common control**

Applicable Not applicable

**3. Counter purchase**

Applicable Not applicable

**4. Disposal of subsidiary**

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

Applicable Not applicable

Other notes:

Applicable Not applicable

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

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

Applicable Not applicable

Increase in scope of combination

Company name	Way to gain equity	Time and place of gaining equity	Paid-in capital	Contribution proportion
Information technology	Set-up	January 2022	RMB100 million	100.00%
Gongniu Tools	Set-up	January 2022		62.00%
Gongniu New Energy	Set-up	April 2022	RMB600,000	100.00%
Shenzhen Intelligent	Set-up	July 2022	RMB1 million	100.00%
Muguang Technology	Set-up	July 2022	RMB1 million	100.00%

Gongniu Marketing	Set-up	November 2022		100.00%
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On 17 January 2022, Information Technology completed the business registration procedures, and obtained a business licence with a unified social credit code of 91310118MA7F49691P, with a registered capital of RMB100 million, and a shareholding ratio of 100% of the Company. As at 31 December 2022, the Company's paid-up capital contribution was RMB100 million. Therefore, since the date of its establishment, Information Technology has been included in the scope of the consolidated financial statements.

On 27 January 2022, Gongniu Tools completed the business registration procedures, and obtained a business licence with a unified social credit code of 91330206MA7GDPWU2Q, with a registered capital of RMB48 million and a shareholding ratio of 62% of the Company. As at 31 December 2022, the Company didn't pay its capital contribution. Therefore, since the date of its establishment, Gongniu Tools has been included in the scope of the consolidated financial statements.

On 12 April 2022, Gongniu New Energy completed the business registration procedures, and obtained a business licence with a unified social credit code of 91330282MA7NGRDG5Q, with a registered capital of RMB10 million and a shareholding ratio of 100% of the Company. As at 31 December 2022, the Company's paid-up capital contribution was RMB600,000. Therefore, since the date of its establishment, Gongniu New Energy has been included in the scope of the consolidated financial statements.

On 25 July 2022, Shenzhen Intelligent completed the business registration procedures, and obtained a business licence with a unified social credit code of 91440300MA5HEL5G8Y, with a registered capital of RMB10 million and a shareholding ratio of 100% of the Company. As at 31 December 2022, the Company's paid-up capital contribution was RMB1 million. Therefore, since the date of its establishment, Shenzhen Intelligent has been included in the scope of the consolidated financial statements.

On 27 July 2021, Muguang Technology completed the business registration procedures, and obtained a business licence with a unified social credit code of 91441303MABUTN451A, with a registered capital of RMB10 million and a shareholding ratio of 100% of the Company. As at 31 December 2022, the Company's paid-up capital contribution was RMB1 million. Therefore, since the date of its establishment, Muguang Technology has been included in the scope of the consolidated financial statements.

On 29 November 2022, Gongniu Marketing completed the business registration procedures, and obtained a business licence with a unified social credit code of 91330282MAC3BUBJ9H, with a registered capital of RMB10 million and a shareholding ratio of 100% of the Company. As at 31 December 2022, the Company didn't pay its capital contribution. Therefore, since the date of its establishment, Gongniu Marketing has been included in the scope of the consolidated financial statements.

## 6. Other information

Applicable Not applicable

**IX Interests in Other Entities****1. Interests in subsidiaries****(1). Subsidiaries**

√Applicable □Not applicable

Subsidiary Name	Main Operating Place	Place of Registration	Business Nature	Shareholding Ratio (%)		Acquisition Method
				Directly	Indirectly	
Ningbo Gongniu	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing industry	100.00		Merge under common control
Gongniu Photoelectricity	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing industry	100.00		Set-up
Gongniu Digital	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing industry	100.00		Set-up
Banmen Electrical Appliances	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing industry	100.00		Set-up
Gongniu Precision Manufacturing	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing industry	100.00		Set-up
Electric Sales	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	100.00		Merge under common control
Cixi Gongniu	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	100.00		Merge under common control
Shanghai Gongniu	Shanghai	Shanghai	Commercial	100.00		Merge under common control
Gongniu Management	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	100.00		Set-up
Gongniu International Trade	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	100.00		Set-up
Hong Kong Gongniu	Hong Kong	Hong Kong	Commercial	100.00		Merge under common control
Xingluo Trading	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	100.00		Merge under common control
Gongniu Low Voltage Electrical	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	100.00		Set-up
Household Electrical Appliances	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing industry	100.00		Set-up
Hainan Dacheng	Sanya, Hainan	Sanya, Hainan	Commercial services	100.00		Set-up
Intelligent Technology	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacturing industry	100.00		Set-up
Dalitek	Shanghai	Shanghai	Commercial	70.00		Business combination not under common control
Information	Shanghai	Shanghai	Commercial	100.00		Set-up

technology						
Gongniu Tools	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	62.00		Set-up
Gongniu New Energy	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	100.00		Set-up
Murora Intelligent	Guangdong	Guangdong	Manufacturing industry	100.00		Set-up
Shenzhen Intelligent	Shenzhen	Shenzhen	Manufacturing industry	100.00		Set-up
Gongniu Marketing	Ningbo, Zhejiang	Ningbo, Zhejiang	Commercial	100.00		Set-up

Notes of shareholding percentage in subsidiaries different from voting percentage:

None.

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

None.

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

None.

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

None.

Other notes:

None.

## (2). Significant non-wholly-owned subsidiary

Applicable Not applicable

Unit: RMB

Name of subsidiaries	Shareholding of minority shareholder Percentage	The profit or loss attributable to the non-controlling interests for the current period	Declaring dividends distributed to non-controlling interests for the current period	Balance of non-controlling interests at the period-end
Dalitek	30.00%	-3,158,629.32		16,498,466.95
Gongniu Tools	38.00%			

Holding proportion of non-controlling interests in subsidiary different from voting proportion:

Applicable Not applicable

Other notes:

Applicable Not applicable

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

√Applicable □Not applicable

Unit: RMB

Name of subsidiaries	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Dalitek	70,444,095.63	7,160,779.01	77,604,874.64	19,948,974.82	2,661,009.99	22,609,984.81	85,246,355.00	12,277,101.12	97,523,456.12	26,994,779.07	5,005,022.82	31,999,801.89

Name of subsidiaries	2022				2021			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Dalitek	53,135,968.72	-10,528,764.40	-10,528,764.40	-4,681,119.04	73,742,183.32	2,578,060.73	2,578,060.73	4,144,776.69

Other notes:

None.

**(4). Significant restrictions on the use of assets and the settlement of debts of the Group**

Applicable Not applicable

**(5). Financial or other support to structured entities included in the scope of consolidated financial statements**

Applicable Not applicable

Other notes:

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

**4. Significant co-operation**

Applicable Not applicable

**5. Rights and interests in structured entities where not included in the consolidated financial statements**

Notes to the structured entity excluded in the scope of consolidated financial statements:

Applicable Not applicable

**6. Other information**

Applicable Not applicable



**X Risks Related to Financial Instruments**

√Applicable □Not applicable

The Company is engaged in risk management to achieve balance between risks and returns, minimizing the negative effects of risks on its operation performance and maximizing the interests of its shareholders and other equity investors. Based on that risk management goal, the fundamental strategy of its risk management is to identify and analyse various risks facing the Company, establish an appropriate risk bottom line, carry out risk management and monitor various risks in a timely and reliable manner to control them within a restricted scope.

The Company faces various risks related to financial instruments in its routine activities, mainly including credit risk, liquidity risk market risk. The management has reviewed and approved the policies of managing those risks, which are summarised as follows.

**(I) Credit risk**

Credit risk means the risk of financial losses incurred to the other party when one party of a financial instrument is unable to fulfil its obligations.

**1. Practices of credit risk management****(1) Methods for evaluating credit risk**

On each balance sheet date, the Company shall evaluate whether the credit risk of relevant financial instruments has increased significantly since the initial recognition. After determining whether the credit risk has increased significantly since the initial recognition, the Company shall consider obtaining reasonable and reliable information without paying unnecessary extra costs or efforts, including qualitative and quantitative analysis based on historical data, external credit risk rating and forward-looking information. On the basis of the single financial instrument or combination of financial instruments with similar credit risk characteristics, the Company compares the risk of default of financial instruments on the balance sheet date with the risk of default on the initial recognition date to determine the change of default risk of financial instruments during their expected duration.

When one or more of the following quantitative and qualitative criteria prevails, the Company shall believe the credit risk of financial instruments has increased significantly:

- 1) The quantitative criteria are mainly that the probability of default in the remaining period at the balance sheet date increases by more than a certain percentage from the time of initial recognition;
- 2) The qualitative criteria are mainly material adverse changes in the debtor's operating or financial status, changes in the existing or expected technical, market, economic or legal environment that will have a material adverse impact on the debtor's ability to repay the Company.

**(2) Definition of default and asset with credit impairment**

When a financial instrument meets one or more of the following conditions, the Company shall define the financial asset as having defaulted, and its criteria are consistent with the definition of having incurred credit impairment:

- 1) The debtor has major financial difficulties;
- 2) The debtor violates the binding clauses of the contract against the debtor;
- 3) The debtor is likely to go bankrupt or undergo other financial restructuring;
- 4) The creditor, out of economic or contractual considerations related to the debtor's financial difficulties, gives concessions to the debtor which would not have been made in any other circumstances.

**2. Measurement of expected credit losses**

The key parameters for measuring expected credit loss included default probability, loss given default and exposure at default. The Company considered quantitative analysis and forward-looking information of historical statistical data (such as counterparty rating, guarantee method, repayment method, etc.) to establish a model of probability of default, default loss ratio and default risk exposure.

For details of the reconciliation statements of opening balance and closing balance of financial instrument loss provision, please refer to "4. Notes receivable", "5. Accounts receivable", and "8. Other receivables" under "VII Notes to the Consolidated Financial Statements" of "Part X Financial Statements" herein.

**4. Credit risk exposure and credit risk concentrations**

The Company's credit risk mainly comes from monetary assets and accounts receivable. To control the aforementioned relevant risks, the Company has adopted the following measures.

**(1) Monetary assets**

The Company places the bank deposit and its monetary assets with financial institutions of high credit ratings. Thus, its credit risk is low.

(2) Accounts receivable

The Company continuously conducted credit assessments for customers who trade on credit lines. Based on the credit assessment result, the Company chooses to trade with recognised customers with good credit and monitor the balance of the accounts receivable from them to ensure that the Company will not face any significant bad debt risk.

Due to the Company merely trades with the authorised third party with good credit, the guarantee is not required. Credit risk concentration is managed in accordance with the customers. As at 31 December 2022, there were certain credit concentration risks in the Company, and 44.01% of the accounts receivable of the Company (70.04% on 31 December 2021) came from the top 5 customers by balance. The Company hasn't held any guarantee or other credit enhancement for balance of accounts receivable.

The maximum credit risk exposure the Company undertook shall be the carrying value of each financial asset on balance sheet.

(II) Liquidity risk

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

To control the risk, the Company comprehensively used a variety of financing methods such as bank clearing and bank borrowing, and adopted the appropriate combination of long-term and short-term financing methods to optimise the financing structure and maintain a balance between financing sustainability and flexibility. The Company has obtained the line of credit from a number of commercial banks to satisfy its operation fund needs and capital expenditure.

Financial liabilities classified by remaining maturity

Item	Closing balance				
	Carrying amount	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Banking borrowings	845,374,749.03	857,063,545.21	857,063,545.21		
Held-for-trading financial liabilities	18,200,000.00	18,200,000.00	18,200,000.00		
Notes payable					
Accounts payable	1,643,661,963.53	1,643,661,963.53	1,643,661,963.53		
Other payables	446,413,870.85	446,413,870.85	446,413,870.85		
Current portion of non-current liabilities	8,798,658.13	9,116,363.36	9,116,363.36		
Lease liabilities	4,544,619.22	4,668,943.91		4,668,943.91	
Subtotal	2,966,993,860.76	2,979,124,686.86	2,974,455,742.95	4,668,943.91	

(Continued)

Item	Amount of the Previous Period				
	Carrying amount	Undiscounted contract amount	Within 1 year	1-3 years	Over 3 years
Banking borrowings	1,161,117,444.45	1,172,065,444.45	1,172,065,444.45		
Held-for-trading financial liabilities					

Notes payable	2,333,774.75	2,333,774.75	2,333,774.75		
Accounts payable	1,701,686,564.14	1,701,686,564.14	1,701,686,564.14		
Other payables	430,813,760.10	430,813,760.10	430,813,760.10		
Current portion of non-current liabilities	13,225,048.63	13,759,081.13	13,759,081.13		
Lease liabilities	5,089,837.39	5,208,552.97		5,208,552.97	
Subtotal	3,314,266,429.46	3,325,867,177.54	3,320,658,624.57	5,208,552.97	

## (III) Market risk

Market risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments arising from changes in market prices. Market risk mainly includes interest rate risk and foreign exchange risk.

## 1. Interest rate risk

Interest rate risk refers to the risk of fluctuations in the fair value or future cash flows of financial instruments arising from changes in market interest rates. Interest-bearing financial instruments with fixed interest rates may bring the fair value interest rate risk to the Company, while those with floating interest rate may bring the cash flow interest rate risk to the Company. The Company will determine the proportion between the financial instruments with fixed interest rate and those with floating interest rate in combination with market environment, and maintain an appropriate portfolio of financial instruments through regular review and monitoring. The interest rate risk of cash flows facing the Company is mainly related to the bank loans calculated by floating interest rate of the Company.

As at 31 December 2022, the Company had borrowed RMB844 million (RMB1,160 million at 31 December 2021) from banks, and the interest rate change would not have a significant influence on the Company's gross profit and shareholders' equity.

## 2. Foreign exchange risk

Foreign exchange risk refers to the risk that may lead to the changes of fair value of financial instruments or future cash flows due to fluctuation in exchange rate. The Company operates in mainland China, and the main activities are recorded by RMB. Thus, the foreign exchange market risk undertaken is insignificant for the Company.

For details of the Company's foreign currency monetary assets and liabilities at the end of the Current Period, please refer to "82. Foreign currency monetary items" under "VII Notes to the Consolidated Financial Statements" of "Part X Financial Statements" herein.

**XI The Disclosure of Fair Value****1. Closing fair value of assets and liabilities measured at fair value**

√Applicable □Not applicable

Unit: RMB

Item	Closing fair value			Total
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	
<b>I. Consistent Fair Value Measurement</b>				
i. Held-for-trading Financial Assets	643,100.00		6,950,036,801.70	6,950,679,901.70
1. Financial assets measured at fair value through profit or loss for the current period	643,100.00		6,950,036,801.70	6,950,679,901.70
(1) Debt instrument investments				

(2) Equity instruments investments				
(3) Derivative financial assets	643,100.00			643,100.00
(4) Banking WM products			6,949,000,000.00	6,949,000,000.00
(5) Receivables financing			1,036,801.70	1,036,801.70
2. Financial assets assigned to be measured at fair value through profit or loss for the current period				
(1) Debt instrument investments				
(2) Equity instruments investments				
(II) Other equity investments				
(III) Other equity instrument investment				
(IV) Investment properties				
1. Land use right for rent				
2. Buildings for rent				
3. Land use right held and to be transferred after appreciation				
(V) Biological assets				
1. Consumptive biological assets				
2. Productive living assets				
<b>The total amount of assets consistently measured at fair value</b>	643,100.00		6,950,036,801.70	6,950,679,901.70
vi. Trading financial liabilities				
1. Financial liabilities measured at fair value through profit or loss for the current period			18,200,000.00	18,200,000.00
Of which: Issued trading bonds				
Derivative financial liabilities				
Investment payables			18,200,000.00	18,200,000.00
2. Designated as a financial liabilities measured at fair value through profit or loss for the current period				
<b>Total amount of liabilities at fair value</b>			18,200,000.00	18,200,000.00

<b>II. Inconsistent Fair Value Measurement</b>				
(I) Assets held for sale				
<b>Total assets of inconsistent fair value measurement</b>				
<b>Total liabilities of inconsistent fair value measurement</b>				

**2. Basis for determining the market prices of consistent and inconsistent fair value measurement items at Level 1**

Applicable Not applicable

The Company's first-level item measured at fair value is derivative financial assets (futures contract), which determines the fair value based on the public quotation of the futures market.

**3. Valuation technique adopted and qualitative and quantitative information of important parameters for consistent and inconsistent fair value measurement items at Level 2**

Applicable Not applicable

Applicable Not applicable

**4. Valuation technique adopted and qualitative and quantitative information of important parameters for consistent and inconsistent fair value measurement items at Level 3**

Applicable Not applicable

**5. Reconciliation information between opening and closing carrying value, and sensitivity analysis of unobservable parameters of third-level items measured consistently at fair value**

Applicable Not applicable

The Company's third-level items measured at fair value are bank WM products and trust products, etc., with a low expected yield rate and a small change in fair value, so the initial recognition cost is used as its fair value.

**6. The reason for the conversion and the policy for determining the timing of the conversion, where there is a conversion between the various levels for the current period in items consistently measured at fair value**

Applicable Not applicable

**7. Technical changes in valuation techniques that occurred for the current period and the reasons for the changes**

Applicable Not applicable

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

Applicable Not applicable

**9. Other information**

Applicable Not applicable

**XII Related Party and Related-party Transaction**

**1. The Company as the parent**

Applicable Not applicable

Unit: RMB'0,000

Name of the Company as the parent	Place of Registration	Business Nature	Registered Capital	Shareholding percentage held by the Company as the parent to the Company	Proportion of voting rights owned by the Company as the parent to the

					Company (%)
Liangji Industrial	Ningbo, Zhejiang	Investment	50,000	53.90	53.90

Notes: Information on the Company as the parent

Ruan Liping and Ruan Xueping are the joint actual controllers of the Company, and the two jointly hold 100% of the equity of Liangji Industrial, 53.89% of the equity of the Company through Liangji Industrial, and directly hold 32.22% of the equity of the Company through the Ningbo Ninghui Investment Management Partnership (Limited Partnership), indirectly holds 0.68% of the voting rights of the Company and indirectly holds 0.30% of the voting rights of the Company through the Ningbo Suiyuan Investment Management Partnership (Limited Partnership).

The ultimate controllers of the Company are Ruan Liping and Ruan Xueping.

## 2. Subsidiaries of the Company

Details of the subsidiaries of the Company are in the notes

Applicable Not applicable

The Company's subsidiaries are detailed in "IX. Interests in Other Entities" of "Section 10 Financial Report" of the Annual Report

## 3. Joint ventures and associated enterprises of the Company

Details of joint ventures and associated enterprises of the Company are in the notes

Applicable Not applicable

The following are the circumstances of other joint ventures or associated enterprises that have a balance with the Company for the current period or that have formed balances from related-party transactions with the Company for the previous period

Applicable Not applicable

Other notes

Applicable Not applicable

## 4. Other related party

Applicable Not applicable

Name of other related party	Relationship with the Company
Ruan Shuhong	Daughter of the actual controller Ruan Liping
Liangniu Hardware	A company controlled by the actual controller, Ruan Liping's wife's brother Pan Minfeng and his wife Xu Yirong
Hangniu Hardware	A company controlled by the actual controller, Ruan Liping's wife's brother Pan Minfeng and his wife Xu Yirong
Feiniu Hardware	The actual controller Ruan Liping's wife's brother Pan Minfeng and his wife Xu Yirong's son Pan Qianliang holds 55% of the shares, and Xu Yirong holds 45% of the shares
Niuweiwang Trading	A company controlled by Yu Shoufu, father of Director Cai Yingfeng's daughter's spouse
Cixi Libo	The main body controlled by Cai Libo, sister of Director Cai Yingfeng
Jianke Trading	A company controlled by the Ying Jianguo, brother-in-law of Director Cai Yingfeng
Yaoyang Trading	Zhang Meina, sister of Senior Executive Zhang Lina, holds 100% of the shares
Huantian Technology	Zhang Meina, sister of Senior Executive Zhang Lina, indirectly holds 7.9% of the shares, and Xu Yanhao, son of Zhang Meina, holds 43.10% of the shares

Chenhao Electronics	A company controlled by Xia Zhonggui, brother of Supervisor Li Yu's spouse, and his spouse Zeng Minhui
Minshen Property	A company controlled by another company controlled by Ruan Liping and Ruan Xueping
Shenghui Electronics	A company controlled by Liangji Industrial
Guoxin Trading	A company controlled by the Ying Jianguo, brother-in-law of Director Cai Yingfeng
Qiudi Trading	A company controlled by siblings of Senior Executive Li Guoqiang

## 5. Related transactions

### (1). Related-party transactions of purchase and sale of goods, provision and acceptance of services

Information on acquisition of goods and reception of labour service

Applicable Not applicable

Information of sales of goods and provision of labour service

Applicable Not applicable

Unit: RMB

Related Parties	Content of the Related-Party Transaction	2022	2021
Liangniu Hardware	Adapters, wall switches, LEDs, digital products	13,079,962.46	19,286,108.43
Hangniu Hardware	Adapters, wall switches, LEDs, digital products	36,858,578.23	35,795,907.44
Feiniu Hardware	Adapters, digital products	1,481,704.60	1,282,944.42
Subtotal of Hangniu Hardware [note]		51,420,245.29	56,364,960.29
Guoxin Trading	Adapters, LEDs, digital products	7,242,317.55	
Jianke Trading	Adapters, LEDs, digital products	3,625,007.82	10,814,536.24
Subtotal of Jianke Trading [note 2]		10,867,325.37	10,814,536.24
Huantian Technology	Adapters, LEDs, digital products	14,088,847.19	12,206,053.32
Niuweiwang Trading	Adapters, LEDs	21,583,182.90	21,108,464.96
Cixi Libo	Adapters, LEDs, digital products	12,230,224.20	11,075,424.86
Chenhao Electronics	Digital products, Adapters	1,116,890.54	894,547.84
Minshen Property	Adapters, wall switches, LEDs, digital products	252,151.56	
Qiudi Trading	Adapters, LEDs, digital products	5,179,424.46	
Subtotal		116,733,608.32	112,463,987.51

[Note 1] includes Hangniu Hardware, Liangniu Hardware and Feiniu Hardware. Liangniu Hardware and Hangniu Hardware are controlled by Pan Minfeng and his spouse Xu Yirong; Feiniu Hardware is 55% owned by Pan Minfeng's son Pan Qianliang and 45% owned by Xu Yirong.

[Note 2] Jianke Trading comprises Guoxin Trading and Jianke Trading, which are both under control of Ying Jianguo.

Notes to acquisition of goods and reception of labour service

Applicable Not applicable

### (2). Related entrusted management/contracting and entrusted management/outsourcing

Lists of trusteeship/contract of the Company:

Applicable Not applicable

Notes:

Applicable Not applicable

Entrusted management/contracting of the Company

Applicable Not applicable

Notes:

Applicable Not applicable

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

The Company was lessor:

Applicable Not applicable



The Company as the lessee:

Applicable Not applicable

Unit: RMB

Name of lessor	Category of leased assets	Rental expense of simplified short-term leases and low-value asset leases (if applicable)		Variable lease payments that are not covered in the measurement of the lease liabilities (if applicable)		Rent payable		Interest expense on lease liabilities borne		Added right-of-use assets	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Ruan Shuhong	Buildings and constructions					798,806.97	799,598.46	36,133.46	36,133.46		
Shenghui Electronics	Buildings and constructions	233,539.20									

Notes:

Applicable Not applicable

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

The Company was guarantor:

Applicable Not applicable

The Company was secured party

Applicable Not applicable

Unit: RMB'0,000

Guarantor	Amount of guarantee	Start date	End date	Execution accomplished or not
Liangji Industrial	16,000.00	28 December 2020	27 January 2022	Yes
Liangji Industrial	50,000.00	8 April 2021	7 May 2022	Yes

Notes:

Applicable Not applicable**(5). Borrowings of funds**Applicable Not applicable**(6). Information on assets transfer and debt restructuring by related party**Applicable Not applicable**(7). Remuneration for key management personnel**Applicable Not applicable

Unit: RMB'0,000

Item	2022	2021
Remuneration for key management personnel	2,507.90	2,436.63

**(8). Other related transaction**Applicable Not applicable**6. Accounts receivable and payable of related party****(1). Accounts receivable**Applicable Not applicable**(2). Accounts payable**Applicable Not applicable

Unit: RMB

Item name	Related Parties	Closing carrying balance	Opening carrying balance
Contract liabilities	Hangniu Hardware	2,387,446.01	96,061.89
Contract liabilities	Niuweiwang Trading	883,947.33	13,432.85
Contract liabilities	Guoxin Trading	527,657.82	
Contract liabilities	Cixi Libo	437,257.56	157,748.83
Contract liabilities	Huantian Technology	234,326.66	28,959.98
Contract liabilities	Jianke Trading	194,410.70	322,837.70
Contract liabilities	Liangniu Hardware	126,617.06	1,500,950.96
Contract liabilities	Feiniu Hardware	90,790.88	11,914.81
Contract liabilities	Qiudi Trading	3,955.24	
Contract liabilities	Yaoyang Trading	3,461.19	3,461.19
Contract liabilities	Chenhao Electronics	245.67	2,727.19
Subtotal		4,890,116.12	2,138,095.40
Other payables	Hangniu Hardware	2,387,446.01	96,061.89
Other payables	Liangniu Hardware	70,000.00	70,000.00
Other payables	Cixi Libo	70,000.00	70,000.00
Other payables	Yaoyang Trading	30,000.00	30,000.00
Other payables	Qiudi Trading	30,000.00	30,000.00
Other payables	Niuweiwang Trading	23,000.00	

Other payables	Feiniu Hardware	20,000.00	20,000.00
Other payables	Huantian Technology	20,000.00	20,000.00
Other payables	Chenhao Electronics	20,000.00	20,000.00
Other payables	Guoxin Trading	20,000.00	10,000.00
Other payables	Jianke Trading	20,000.00	
Subtotal			20,000.00

**7. Commitments of related party**

Applicable Not applicable

**8. Others**

Applicable Not applicable

**XIII Share-based Payment****1. Overall status of share payments**

Applicable Not applicable

Unit: Share Currency: RMB

The total amount of equity instruments granted by the Company for the current period	1,501,800.00
The total amount of the Company's equity instruments exercised for the current period	403,870.00
The total amount of equity instruments of the Company losing efficacy for the current period	
The range of exercise prices of stock options issued and outstanding at the end of the period of the Company and the remaining term of the contract	
The range of exercise prices of other equity instruments issued at the end of the period of the Company and the remaining term of the contract	The exercise price of restricted shares in 2020 was: RMB76.13; the remaining contract term was: 0.5 years; the exercise price of restricted shares in 2021 was: RMB88.15; the remaining contract term was: 1.5 years; the exercise price of restricted shares in 2022 was: RMB63.06; the remaining contract term was: 2.5 years

**Other notes****(1) Restricted share Incentive Plan in 2020**

The Company held the 12th Meeting of the 1st Board of Directors of the Company and the 2019 Annual General Meeting, where the Proposal on the Company's Restricted Share Incentive Plan in 2020 (Draft) and Its Summary, Proposal on Adjusting the List of Awardees, the Number of Grants and the Grant Price of the Restricted Share Incentive Plan in 2020 and the Proposal on Granting Restrictive Shares to Awardees were deliberated and adopted. The Company decided to grant 613,800 restricted shares to 441 incentive subjects who met the conditions for the grant at a price of RMB76.13 per share, with an equity grant date of 3 June 2020.

The main performance appraisal requirements for restricted shares: For the first release period, the performance appraisal target was the operating revenue or net profit attributable to the shareholders of the listed company in 2020 was not less than the average of the previous three fiscal years (i.e. 2017 - 2019); for the second release period, the performance appraisal target was the operating revenue or net profit attributable to the shareholders of the listed company in 2021 was not lower than the average of the previous three fiscal years (i.e. 2018 - 2020); for the third release period, the performance appraisal target was the operating revenue or net profit attributable to the shareholders of the listed company in 2022 was not lower than the average of the previous three fiscal years (i.e. 2019 - 2021).

In 2021, the Company's restricted share Incentive Plan in 2020 recognised equity incentive expenses of RMB7,347,206.26.

**(2) Restricted share Incentive Plan in 2021**

The Company held the 5th Meeting of the 2nd Board of Directors of the Company and the 2020 Annual General Meeting, where the Proposal on the Company's Restricted Share Incentive Plan in 2021

(Draft) and Its Summary, Proposal on Adjusting the List of Awardees, the Number of Grants and the Grant Price of the Restricted Share Incentive Plan in 2021 and the Proposal on Granting Restrictive Shares to Awardees were deliberated and adopted. The Company decided to grant 668,400 restricted shares to 523 incentive subjects who met the conditions for the grant at a price of RMB88.15 per share, with an equity grant date of 4 June 2021.

The main performance appraisal requirements for restricted shares: For the first release period, the performance appraisal target was the operating revenue or net profit attributable to the shareholders of the listed company in 2021 was not less than 110% of the average of the previous three fiscal years (i.e. 2018 - 2020); for the second release period, the performance appraisal target was the operating revenue or net profit attributable to the shareholders of the listed company in 2022 was not less than 110% of the average of the previous three fiscal years (i.e. 2019 - 2021); for the third release period, the performance appraisal target was the operating revenue or net profit attributable to the shareholders of the listed company in 2023 was not less than 110% of the average of the previous three fiscal years (i.e. 2020 - 2022).

As at 22 June 2021, the Company has received a total of RMB58,919,460 in restricted share subscription payments from 523 incentive subjects in monetary assets, of which RMB668,400 is included in the paid-up share capital, and RMB58,251,060 in capital reserves (premium on stock). The matter was examined by Pan-China Certified Public Accountants LLP, which issued the Capital Verification Report (T.J.Y. [2021] No. 343).

In 2022, the Company's restricted share Incentive Plan in 2020 recognised equity incentive expenses of RMB27,625,677.80

### (3) Restricted share Incentive Plan in 2022

The Company held the 10th and 12th Meeting of the 2nd Board of Directors of the Company and the 2021 Annual General Meeting, where the Proposal on the Company's Restricted Share Incentive Plan in 2022 (Draft) and Its Summary, Proposal on Adjusting the List of Awardees, the Number of Grants and the Grant Price of the Restricted Share Incentive Plan in 2022 and the Proposal on Granting Restrictive Shares to Awardees were deliberated and adopted. The Company planned to implement the restricted share Incentive Plan with shares of the Company's common stock repurchased from the secondary market.

The main performance appraisal requirements for restricted shares in 2022: For the first release period, the performance appraisal target was the operating revenue or net profit attributable to the shareholders of the listed company in 2022 was not less than 110% of the average of the previous three fiscal years (i.e. 2019 - 2021); for the second release period, the performance appraisal target was the operating revenue or net profit attributable to the shareholders of the listed company in 2023 was not less than 110% of the average of the previous three fiscal years (i.e. 2020 - 2022); for the third release period, the performance appraisal target was the operating revenue or net profit attributable to the shareholders of the listed company in 2024 was not less than 110% of the average of the previous three fiscal years (i.e. 2021 - 2023).

The Company determined to grant 1,501,800 restricted shares to 646 awardees who met the conditions at a price of RMB63.06 per share on 20 May 2022. The Company repurchased shares from the secondary market for RMB215,279,740.56, increasing treasury shares by RMB215,279,740.56; received RMB94,703,508.00 in subscriptions for shares from the awardees, decreasing treasury shares by RMB94,703,508.00; the difference between the cost of repurchase in the secondary market and the subscriptions received was RMB120,576,232.56, decreasing capital reserves (share premium) by the corresponding amount. The Company had a repurchase obligation for restricted shares that had not been unlocked at the end of the period, and the provision for the repurchase obligation increased treasury shares by RMB94,703,508.00.

In 2022, the Company's restricted share Incentive Plan in 2022 recognised equity incentive expenses of RMB42,496,592.78.

## 2. Equity-settled share payments

√Applicable □Not applicable

Unit: RMB

Methods for determining the fair value of equity instruments on the grant date	The fair value of the restricted shares is the closing price on the grant date
Basis for determining the number of feasible right equity instruments	The number of people expected to exercise the rights is multiplied by the number granted per

	person
Reasons for the significant discrepancy between the current period estimates and the previous estimates	
Accumulated amount of equity-settled share-based payment included in capital reserves	139,156,125.60
The total amount of the expense recognised for the current period paid on equity-settled shares	77,469,476.84

Other notes

The Company accounts for the above share payments in line with the relevant provisions of share-based payments in Accounting Standard for Business Enterprises as equity-settled share-based payments, and on each balance sheet date of the waiting period, on the basis of the best estimate of the number of viable equity instruments, the services received in the current period are included in the administrative expense based on the fair value of the equity instruments granted on the grant date, and the capital reserves (other capital reserves) of RMB77,469,476.84 are added.

### 3. Cash-settled share payments

Applicable Not applicable

### 4. Modification or termination of share payments

Applicable Not applicable

### 5. Other information

Applicable Not applicable

On 23 April 2020, the Company held the 11th Meeting of the 1st Board of Directors, where the Special Talent Shareholding Plan was deliberated and adopted, which granted shares of the Special Talent Shareholding Plan to eligible employees of the Company. The number of people involved included supervisors, specially introduced talents and talents with special contribution, and the number of people did not exceed 23. The source of funds for the shareholding plan is the special fund of the shareholding plan accrued by the Company, and the total amount of funds for the shareholding plan is RMB50 million, RMB1 per share. The source of stock in the shareholding plan is the A-share common stock of the Company acquired in the secondary market.

After the Company's performance evaluation target under the current shareholding plan is achieved, the corresponding interests of the underlying stock of the holders will be vested to the holders in batches in line with the evaluation situation in the year of attribution. If there is any remaining unallocated underlying stock and its corresponding dividends (if any), they will all belong to the Company.

The duration of the shareholding plan is 60 months, counting from the date of completion of the acquisition of the underlying stock announced by the Company. Before the expiration of the duration, it may be extended after the shareholding plan management committee submits it to the Board of Directors for deliberation and adoption.

The lock-up period for each batch of the subject shares under the shareholding plan is 12 months, 24 months, 36 months and 48 months, respectively, and the lock-up period is calculated from the date of the Company's disclosure of the completion of the stock acquisition in the secondary market, and no transactions shall be carried out during the lock-up period.

After the expiration of the lock-up period, it is divided into four batches, and the specific attribution arrangement of each batch is as follows: Attribution of the 1st batch: 12 months from the date of completion of the Company's announcement of the completion of the stock acquisition, the planned attribution amount is 25% of the total number of stock subject to the shareholding plan. Attribution of the 2nd batch: 24 months from the date of completion of the stock acquisition announced by the Company, the planned attribution amount is 25% of the total number of stock subject to the shareholding plan. Attribution of the 3rd batch: 36 months from the date of completion of the stock acquisition announced by the Company, the planned attribution amount is 25% of the total number of stock subject to the shareholding plan. Attribution of the 4th batch: 48 months from the date of completion of the stock acquisition announced by the Company, the planned attribution amount is 25% of the total number of stock subject to the shareholding plan.

The evaluation target for the attribution of each batch under the shareholding plan is that the operating revenue or net profit for the current year is not lower than the average of the previous three fiscal years.

On 25 September 2020, Sinolink Securities Co., Ltd., the manager entrusted by the Company, has completed the stock acquisition of the 2020 Special Talent Shareholding Plan through the 2020 Special Talent Shareholding Single Asset Management Plan of Sinolink Securities and Gongniu Group, with a total acquisition of 322,000 shares, a transaction amount of RMB50,002,409, and an average transaction price of RMB155.29 per share.

The Company actually granted 3,600,000 shares of the 2020 employee shareholding plan and 26,592,932 shares of the 2021 employee shareholding plan, and recovered 5,290,548 shares due to the resignation of employees. In 2022, the Company actually granted 8,033,477 shares the employee shareholding plan. The Company presents the granted share of the plan as the long-term prepaid expense, confirmed the amortisation of share payment by the evaluation period, and presents the portion not granted as the other non-current assets. In 2021, the Company's amortisation by service period was included in the administrative expense of RMB6,611,860.38.

## XIV Commitment and Contingency

### 1. Significant commitment

Applicable Not applicable

The external significant commitments, nature and amounts that exist on the balance sheet date

As at 31 December 2022, the Company's public offerings to raise funds for investment items are as follows:

Item name	Fund raising Investment amount (RMB'0,000)	Amount used Raised fund (RMB0'000)
Base construction project for annual output of 410 million sets of wall switches and sockets	75,452.86	35,666.63
Construction project for automation upgrading of annual output of 400 million sets of converters	58,883.63	40,721.84
Base, R&D centre and headquarters base construction project for an annual output of 180 million sets of LED lamps	115,203.61	65,849.35
Information construction project	16,035.00	10,459.19
Channel terminal construction and brand promotion projects	84,745.75	51,686.17
Total	350,320.85	204,383.18

### 2. Contingency

#### (1). Significant contingencies existing on the balance sheet date

Applicable Not applicable

On 31 March 2022, Guangdong Ebelong Intelligent Technology Co., Ltd. (hereafter referred as Ebelong) filed a lawsuit with Hangzhou Intermediate People's Court in Zhejiang Province against the Company, Ningbo Gongniu, Cixi Gongniu, and Information Technology, as well as Zhejiang Tmall Network Co., Ltd. (hereafter referred as Tmall), demanding the defendants to stop manufacturing, selling and promising to sell the infringing products, destroy the infringing products in stock and the corresponding moulds, and compensate for the infringing economic loss of RMB 3 million.

As of the date of approval of the Current Report, the Company expects that the probability of outflow of economic benefits from the Company as a result of the present obligation of the Company arising from the above-mentioned litigation is insignificant, thus no related estimated liability has been accrued.

#### (2). If the Company does not have significant contingencies to be disclosed, it should also be stated:

Applicable Not applicable

### 3. Other information

Applicable Not applicable

**XV Subsequent Events after the Balance Sheet Date****1. Significant non-adjusting event**Applicable Not applicable**2. Profit distribution**Applicable Not applicable

Unit: RMB

Profit or dividend to be distributed	1,983,555,895.20
Profit or dividend announced to issue after review and approval	

**3. Sales returns**Applicable Not applicable**4. Notes to other events after the balance sheet date**Applicable Not applicable**(1) Profit distribution after the balance sheet date**

On 27 April 2023, the 2022 final dividend and bonus issue plan was approved at the 17<sup>th</sup> Meeting of the Second Board of Directors. Based on the total share capital (exclusive of the shares in the Company's repurchased share account) at the record date of the dividend payout, the Company intends to pay a cash dividend of RMB33 (tax inclusive) per 10 shares to shareholders, with a bonus issue of 4.8 additional shares for every 10 shares held by shareholders from capital reserves.

**(2) The 2023 Restricted Share Incentive Plan**

According to the 2023 Restricted Share Incentive Plan approved at the 17<sup>th</sup> Meeting of the Second Board of Directors on 27 April 2023, the Company intends to grant a total of 1,510,000 restricted shares to 762 awardees at a certain price. The plan is subject to final approval by a general meeting of shareholders.

The restricted shares granted under the incentive plan will be subject to performance appraisal in three unlocking years/periods, with the achievement of the performance requirements as the condition for the unlocking of the restricted shares for the awardees. For the first unlocking period, the operating revenue or net profit in 2023 shall be no less than the average of the previous three fiscal years (i.e. 2020-2022) and no less than 110% of the average of the previous two fiscal years (i.e. 2021-2022); for the second unlocking period, the operating revenue or net profit in 2024 shall be no less than the average of the previous three fiscal years (i.e. 2021-2023) and no less than 110% of the average of the previous two fiscal years (i.e. 2022-2023); for the third unlocking period, the operating revenue or net profit in 2025 shall be no less than the average of the previous three fiscal years (i.e. 2022-2024) and no less than 110% of the average of the previous two fiscal years (i.e. 2023-2024).

**XVI Other Significant Events****1. Correction of prior-period accounting errors****(1). Retrospective restatement**Applicable Not applicable**(2). Prospective application**Applicable Not applicable**2. Debt reorganisation**Applicable Not applicable**3. Asset replacement****(1). Exchange of non-monetary assets**Applicable Not applicable**(2). Replacement of other assets**Applicable Not applicable**4. Annuity plan**Applicable Not applicable

**5. Termination of business**

Applicable Not applicable

**6. Segment information****(1). Basis for the determination of the reporting segment and accounting policies**

Applicable Not applicable

The Company determines the reporting segment on the basis of the regional division, the income from principal businesses and the cost of principal business are divided based on the final sales place, and the assets and liabilities are divided based on the location of the operating entity.

**(2). Financial information of reporting segment**

Applicable Not applicable

Unit: RMB

Item	Domestic	Overseas companies in China	Overseas companies outside China	Offset among segment	Total
Revenue from principal business	13,791,305,035.94	261,466,476.29			14,052,771,512.23
Principal business cost	8,486,294,382.03	230,636,322.51			8,716,930,704.54
Total assets	16,650,319,848.38	177,349.94			16,650,497,198.32
Total liabilities	4,235,133,055.62				4,235,133,055.62

**(3). If the Company does not report the segment, or cannot disclose the total assets and liabilities of each reporting segment, the reasons should be explained**

Applicable Not applicable

**(4). Other notes**

Applicable Not applicable

**7. Other significant transactions and events that have an influence on investors' decisions**

Applicable Not applicable

**8. Other information**

Applicable Not applicable

**XVII Notes of Main Items in the Financial Statements of the Company as the Parent****1. Accounts receivable****(1). Breakdown by aging**

Applicable Not applicable

Unit: RMB

Aging	Closing carrying balance
Within 1 year	
Of which: Sub-items within one year	
Within 1 year	359,382,480.21
Subtotal within 1 year	359,382,480.21
1 to 2 years	
2 to 3 years	
Over 3 years	
3 to 4 years	
4 to 5 years	
Over 5 years	



Total	359,382,480.21
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**(2). Breakdown by method of establishing allowance for doubtful account**

√Applicable□Not applicable

Unit: RMB

Type	Closing balance					Opening balance				
	Carrying balance		Bad debt provision		Carrying amount	Carrying balance		Bad debt provision		Carrying amount
	Amount	Percent age (%)	Amount	Accrue d proporti on (%)		Amount	Percent age (%)	Amount	Accrue d proporti on (%)	
Bad debt provision established on the individual basis										
Bad debt provision accrued by portfolio	359,382,480.21	100.00	17,969,124.01	5.00	341,413,356.20	3,982,866.46	100.00	199,143.32	5.00	3,783,723.14
Total	359,382,480.21	/	17,969,124.01	5.00	341,413,356.20	3,982,866.46	/	199,143.32	5.00	3,783,723.14

Bad debt provision established on the individual basis:

□Applicable√Not applicable

Bad debt provision accrued by portfolio:

√Applicable□Not applicable

Unit: RMB

Name	Closing balance		
	Accounts receivable	Bad debt provision	Accrued proportion (%)
Within 1 year	359,382,480.21	17,969,124.01	5.00
Total	359,382,480.21	17,969,124.01	5.00

Criteria and explanation of bad debt provision accrued by portfolio:

□Applicable√Not applicable

To accrue bad debt provision under the expected general model of credit loss, please refer to the disclosure of other receivables:

□Applicable√Not applicable

**(3). Bad debt provision**

√Applicable□Not applicable

Unit: RMB

Type	Opening balance	Changes for the current period				Closing balance
		Established	Reversed or transferred-back	Charged-off/Written-off	Other changes	
Bad debt provision	199,143.32	17,779,904.69		9,924.00		17,969,124.01

n accrued by portfoli o						
Total	199,143.32	17,779,904.69		9,924.00		17,969,124.01

Of which significant amount of recovered or transferred-back bad debt provision for the current period:

Applicable Not applicable

**(4). Accounts receivable written-off in current period**

Applicable Not applicable

Unit: RMB

Item	Amount written-off
Accounts receivable written-off	9,924.00

Of which: The written-off of significant accounts receivable

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB

Entity	Closing balance	As % of the closing balance of total accounts receivable	Closing balance of bad debt provision
Information technology	349,673,489.15	97.30	17,483,674.46
Gongniu International Trade	3,784,596.47	1.05	189,229.82
Murora Intelligent	2,730,979.62	0.76	136,548.98
Kehua Hengsheng (Guangzhou) Co., Ltd.	1,395,298.00	0.39	69,764.90
Kehua Data Co., Ltd.	898,089.82	0.25	44,904.49
Total	358,482,453.06	99.75	17,924,122.65

**(6). Accounts receivable derecognised due to the transfer of financial assets**

Applicable Not applicable

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

Applicable Not applicable

Other notes:

Applicable Not applicable

**2. Other receivables**

**Breakdown**

Applicable Not applicable

Unit: RMB

Item	Closing balance	Opening balance
Interests receivable		
Dividends receivable	1,700,000,000.00	2,000,000,000.00
Other receivables	1,056,026,303.85	1,038,980,082.79
Total	2,756,026,303.85	3,038,980,082.79

Other notes:

Applicable Not applicable

**Interests receivable****(1). Category of interests receivable**

Applicable Not applicable

**(2). Significant overdue interest**

Applicable Not applicable

**(3). Bad debt provision**

Applicable Not applicable

Other notes:

Applicable Not applicable

**(4). Dividends receivable**

Applicable Not applicable

Unit: RMB

Project (or investee)	Closing balance	Opening balance
Ningbo Gongniu	1,200,000,000.00	1,000,000,000.00
Electric Sales	500,000,000.00	700,000,000.00
Gongniu Photoelectricity		300,000,000.00
Total	1,700,000,000.00	2,000,000,000.00

**(5). Significant dividends receivable aging over one year**

Applicable Not applicable

**(6). Bad debt provision**

Applicable Not applicable

Other notes:

Applicable Not applicable

**Other receivables****(1). Breakdown by aging**

Applicable Not applicable

Unit: RMB

Aging	Closing carrying balance
Within 1 year	
Of which: Sub-items within 1 year	
Within 1 year	437,048,066.18
Subtotal within 1 year	437,048,066.18
1 to 2 years	711,594,599.88
2 to 3 years	791,002.18
Over 3 years	1,570,245.20
Total	1,151,003,913.44

**(2). Breakdown by nature**

Applicable Not applicable

Unit: RMB

Nature	Closing carrying balance	Opening carrying balance
Intercourse funds	1,143,058,695.61	1,000,999,087.76
Guaranteed deposit	1,858,945.12	88,048,852.00
Housing loan for employees	4,768,468.33	7,347,019.79
Others	1,317,804.38	474,737.12
Total	1,151,003,913.44	1,096,869,696.67

**(3). Bad debt provision**

√Applicable□Not applicable

Unit: RMB

Bad debt provision	Phase I	Phase II	Phase III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance of 1 January 2022	54,565,748.60	161,109.99	3,162,755.29	57,889,613.88
Balance of 1 January 2022 in the Current Period				
- Transferred to Stage 2	-35,579,730.00	35,579,730.00		
- Transferred to Stage 3		-79,100.22	79,100.22	
- Transferred back to Stage 2				
- Transferred back to Stage 1				
Amount accrued for the current period	2,866,384.71	35,497,720.22	-1,276,109.22	37,087,995.71
Amount transferred-back for the current period				
Amount charged-off for the current period				
Amount written-off for the current period				
Other changes				
Balance as at 31 December 2022	21,852,403.31	71,159,459.99	1,965,746.29	94,977,609.59

Notes to significant changes in the carrying balance of other receivables for which changes in the loss reserve for the current period occurred:

□Applicable√Not applicable

The amount of bad debt provision for the current period and the basis for assessing whether the credit risk of financial instruments has increased significantly:

□Applicable√Not applicable

**(4). Bad debt provision**

□Applicable□Not applicable

Unit: RMB

Type	Opening balance	Changes for the current period				Closing balance
		Established	Reversed or transferred-back	Charged-off/Written-off	Other changes	
Bad debt provision						

accrued by item					
Bad debt provision accrued by portfolio	57,889,613.88	37,087,995.71			94,977,609.59
Total	57,889,613.88	37,087,995.71			94,977,609.59

Of which the bad debt provision recovered or transferred-back with significant amount during the current period:

Applicable Not applicable

**(5). Particulars of the actual written-off of other receivables during the current period**

Applicable Not applicable

**(6). Other receivables with the top five closing balances collected according to the arrears party**

Applicable Not applicable

Unit: RMB

Entity	Nature of other receivable	Closing balance	Aging	As a % of the closing balance of total other receivables	Closing balance of bad debt provision
Ningbo Gongniu	Transaction amounts	152,607,928.97	Within 1 year	13.26	7,630,396.45
		556,470,349.85	1-2 years	48.34	55,647,034.99
Cixi Gongniu	Transaction amounts	116,000,000.00	Within 1 year	10.08	5,800,000.00
		96,700,000.00	1-2 years	8.40	9,670,000.00
Electric Sales	Transaction amounts	113,107,936.67	Within 1 year	9.83	5,655,396.83
		45,600,000.00	1-2 years	3.96	4,560,000.00
Gongniu Photoelectricity	Transaction amounts	33,328,569.55	Within 1 year	2.90	1,666,428.48
Gongniu Digital	Transaction amounts	15,558,901.56	Within 1 year	1.35	777,945.08
Total	/	1,129,373,686.60	/	98.12	91,407,201.83

**(7). Accounts receivable involving government grants**

Applicable Not applicable

**(8). Other receivables derecognised due to the transfer of financial assets**

Applicable Not applicable

**(9). Amount of assets and liabilities formed due to the transfer and the continued involvement of other receivables**

Applicable Not applicable

Other notes:

Applicable Not applicable

**3. Long-term equity investments**

Applicable Not applicable

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying balance	Impairment allowances	Carrying amount	Carrying balance	Impairment allowances	Carrying amount
Investment to subsidiaries	688,178,210.52		688,178,210.52	441,959,500.17		441,959,500.17
Investment to joint ventures and associated enterprises						
Total	688,178,210.52		688,178,210.52	441,959,500.17		441,959,500.17

## (1). Investment to subsidiaries

√Applicable □Not applicable

Unit: RMB

Investee	Opening balance	Increase in the current period	Decrease in the current period	Closing balance	Depreciation reserves accrued for the current period	Closing balance of impairment allowance
Ningbo Gongniu	142,720,497.66	14,127,013.30		156,847,510.96		
Gongniu Photoelectricity	16,135,993.74	6,130,156.42		22,266,150.16		
Gongniu Digital	14,677,129.14	6,358,997.83		21,036,126.97		
Banmen Electrical Appliances	11,546,142.26	288,241.80		11,834,384.06		
Gongniu Precision Manufacturing	102,141,438.83	2,589,365.47		104,730,804.30		
Cixi Gongniu	42,399,186.50	1,170,285.63		43,569,472.13		
Shanghai Gongniu	40,502,198.63	1,816,922.44		42,319,121.07		
Gongniu Management	30,041,028.00	86,356.46		30,127,384.46		
Gongniu International Trade	3,110,000.00	221,613.44		3,331,613.44		
Electric Sales	13,385,245.91	8,425,502.56		21,810,748.47		
Xingluo Trading	9,910,274.20			9,910,274.20		
LV Electric	1,799,085.11	1,138,137.90		2,937,223.01		
Household Electrical Appliances	2,591,280.19	2,872,366.86		5,463,647.05		
Hainan Dacheng	10,000,000.00			10,000,000.00		
Intelligent Technology	1,000,000.00	1,929,997.01		2,929,997.01		
Dalitek		91,000,000.00		91,000,000.00		
Information		104,999,859.03		104,999,859.03		

technology					
Gongniu New Energy		600,000.00		600,000.00	
Shenzhen Intelligent		1,271,829.22		1,271,829.22	
Murora Intelligent		1,192,064.98		1,192,064.98	
Total	441,959,500.17	246,218,710.35		688,178,210.52	

**(2). Investment to joint ventures and associated enterprises**

Applicable Not applicable

**4. Revenue and cost of sales****(1). Operating revenue and cost of sales**

Applicable Not applicable

Unit: RMB

Item	2022		2021	
	Revenue	Cost	Revenue	Cost
Principal business	5,488,247,628.07	4,258,503,387.22	5,196,022,727.01	3,782,944,961.56
Other businesses	39,346,073.23	21,125,679.79	110,267,497.14	93,117,094.92
Total	5,527,593,701.30	4,279,629,067.01	5,306,290,224.15	3,876,062,056.48
Of which: Revenue generated by contracts with customers	5,503,428,124.33	4,271,075,267.90	5,292,184,752.33	3,867,282,763.40

**(2). Status of contract revenue**

Applicable Not applicable

**(3). Details of obligation for contract performance**

Applicable Not applicable

**(4). Notes of the allocation to the remaining obligations for contract performance**

Applicable Not applicable

Other notes:

None.

**5. Investment income**

Applicable Not applicable

Unit: RMB

Item	2022	2021
Long-term equity investment income accounted by cost method	1,700,000,000.00	2,000,000,000.00
Long-term equity investment income accounted by equity method		
Investment income from disposal of long-term equity investment		
Investment income from holding of held-for-trading financial asset		
Dividend income of other equity investments gained for the holding period		

Interest income earned on investment in debt obligations during the holding period		
Interest income earned on other investment in debt obligations during the holding period		
Investment income from disposal of held-for-trading financial asset		
Investment income from disposal of other equity instruments		
Investment income from disposal of investment in debt obligations		
Investment income from disposal of other investment in debt obligations		
Earnings of debt restructuring		
Investment income from bank wealth management products	111,912,481.21	79,124,417.58
Total	1,811,912,481.21	2,079,124,417.58

Other notes:

None.

## 6. Other information

√Applicable □Not applicable

R&D expense

Item	2022	2021
Employee remuneration	155,896,137.96	119,019,111.86
Direct investment	52,557,844.59	44,047,037.17
Depreciation and amortisation	7,656,663.14	5,049,216.83
Others	27,046,508.58	22,328,622.99
Total	243,157,154.27	190,443,988.85

## XVIII Supplemental Information

### 1. Schedule of current year's non-recurring profits and losses

√Applicable □Not applicable

Unit: RMB

Item	Amount	Note
Gain or loss on disposal of non-current assets	-3,980,890.27	
Exceptional tax rebates, reductions and exemptions given with ultra vires approval, in lack of official approval documents or for other reasons		
Government grants through profit or loss (exclusive of government grants consistently given in the Company's ordinary course of business at fixed quotas or amounts as per governmental policies or standards)	130,991,587.24	
Capital occupation charges on non-financial enterprises that are recognized in profit or loss	590,062.34	
Gain equal to the amount by which		



investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the Company's enjoyable fair value of identifiable net assets of investees when making investments		
Gain or loss on non-monetary asset swaps		
Gain or loss on assets entrusted to other entities for investment or management	279,374,491.92	
Allowance for asset impairments due to acts of God such as natural disasters		
Gain or loss on debt restructuring		
Restructuring costs in staff arrangement, integration, etc.		
Gain or loss on the over-fair value amount as a result of transactions with distinctly unfair prices		
Current profit or loss on subsidiaries obtained in business combinations involving entities under common control from the period-begin to combination dates, net		
Gain or loss on contingencies that do not arise in the Company's ordinary course of business		
Gain or loss on fair-value changes on held-for-trading and derivative financial assets and liabilities & income from disposal of held-for-trading and derivative financial assets and liabilities and other debt investments (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	-7,385,680.00	
Reversed portions of impairment allowances for receivables and contract assets which are tested individually for impairment		
Gain or loss on loan entrustments		
Gain or loss on fair-value changes in investment property of which subsequent measurement is carried out using the fair value method		
Effects of all adjustments required by taxation, accounting and other applicable laws and regulations on current profit or loss		
Income from charges on entrusted management		
Non-operating income and expense other than the above	-58,763,095.61	
Other gains and losses that meet the definition of exceptional gain/loss	1,712,485.52	
Less: Income tax effects	57,894,123.94	
Non-controlling interests effects (net of tax)	173,895.14	
Total	284,470,942.06	

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

Applicable Not applicable

## 2. Return on equity (ROE) and earnings per share (EPS)

Applicable Not applicable

Profit of the Reporting Period	Weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	27.88	5.32	5.30
Net profit attributable to ordinary shareholders before exceptional gains and losses	25.39	4.84	4.82

## 3. Accounting data differences under China's and foreign accounting standards

Applicable Not applicable

## 4. Other information

Applicable Not applicable

Chairman of the Board: Ruan Liping

Date when this Report was authorized for issue: 27 April 2023

## Revised information:

Applicable Not applicable